

02 May 2024

**Kavango Resources**

("Kavango" or "the Company")

**ZIM - Hillside Option Exercise Update**

Kavango Resources plc (LSE: KAV), the Southern Africa focussed metals exploration company (the "Company"), is pleased to announce that it has agreed updated terms for exercise of the Hillside Call Option with the vendors of the Hillside Project ("Hillside") and Leopard South Project ("Leopard South").

**Summary**

- The Sellers and Kavango entered into call options in respect of the Hillside, Leopard North and Leopard South projects in a Call Option Agreement ("The Call Option") dated 25 July 2023, [announced >>> 25 July 2023](#). The Call Option had an initial term of six months, expiring 24 January 2024. This was subsequently extended, pending finalisation of terms following introduction of the Special Capital Gains Tax in Zimbabwe.
- Kavango served notice of exercise to the Sellers, effective 23 April 2024 ([announced >>> 23 April 2024](#)).
- Sale and Purchase agreements for Hillside and Leopard South were signed by the Sellers with Kavango on 30 April, with what Kavango considers to be improved commercial terms. The main components comprise:
  - \$600,000 cash consideration to be paid to the sellers of Hillside.
  - \$50,000 cash consideration to be paid to the sellers of Leopard South.
  - Option on Leopard North extended to 30 June 2025, which Kavango may exercise in return for payment of \$100,000 and the issue of 34,125,000 shares in the Company. A further \$1,000,000 of shares are to be issued in the Company in the event that a code compliant resource in excess of 200,000 oz gold is defined.
  - Kavango to assume responsibility for up to \$350,000 of debt owed, which is repayable at \$10,000 per month.
  - Kavango has granted a royalty of 5% of gold production on the properties, capped at a value of \$1,500,000, and which Kavango may at its option buy out within 12 months for an issue of 63,125,000 shares in the Company.
- Completion is subject to satisfactory transfer by the Sellers of the mining claims into Kavango's Zimbabwe subsidiary, and on the Company paying the Zimbabwe Special Capital Gains Tax ("SCGT") due on the transaction.

**Ben Turney, Chief Executive of Kavango Resources, commented:**

"Following successful completion of yesterday's £3.08million financing, we've finalised terms on exercising the Hillside project option.

In completing this transaction, Kavango becomes the sole owner of a significant ground holding in a highly prospective area for large-scale gold mining. Our recent drill results from Hillside have confirmed the region's great potential. Highlights from our first two holes included 7.2m @ 9.95g/t at Prospect 2 and 2.53m @ 29.08g/t at Prospect 4. We plan to return soon with the drill rig to follow up on these targets to test for bulk-minable ore bodies.

Meanwhile, through Kavango Mining, we will continue to increase profitable gold production at Hillside. Encouragingly, production in April was just over 1kg, representing a second consecutive profitable month. It is encouraging that this business unit is performing better than expected and before we invest in new equipment. We will shortly announce a capital investment programme to grow production over the coming months.

I must congratulate all our team for the excellent work they are doing. Our exploration team is performing extremely well and the Kavango Mining team has got off to a great start. We are laying a strong foundation in Zimbabwe to build a successful business together."

For further information please contact:

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