

Contango Holdings Plc / Index: LSE / Epic: CGO / Sector: Natural Resources

16 September 2024

Contango Holdings PLC
("Contango" or the "Company")

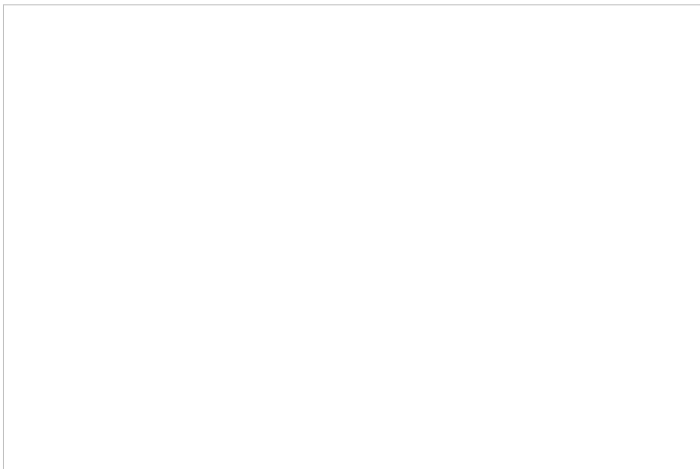
Operational & Financial Update

Contango Holdings Plc, a company focused on unlocking value from the +2 billion tonne Muchesu coal project in Zimbabwe ("Muchesu"), is pleased to provide an update with respect to recent and ongoing operations at site, as well as timing of the closing of the previously announced binding transaction agreements (the "Definitive Agreements") entered with the strategic investor Huo Investments (Pvt) Limited (the "Investor").

Operational Update

As reported on 3 July 2024, the Investor has begun investing in Muchesu to fund the development and expansion of Muchesu, under its US 20,000,000 Revolving Facility Agreement ("RFA").

The Investor has funded the delivery of a number of capital items, including excavators and trucks that have enabled the stripping of approximately 20,000 m² of overburden to date, to enlarge the existing open pit and enable a greater amount of steady state production once full-scale mining recommences following the Investor's upgrades. Work will continue to further expand the open pit, as required, given the size of the Muchesu resource.



New open pit area in the foreground (background original CGO open pit)

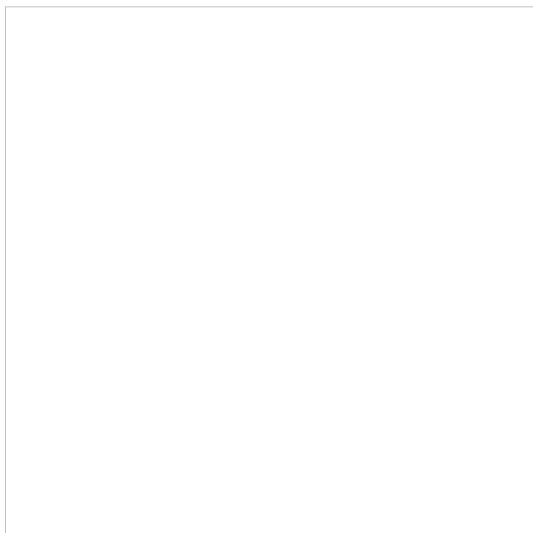
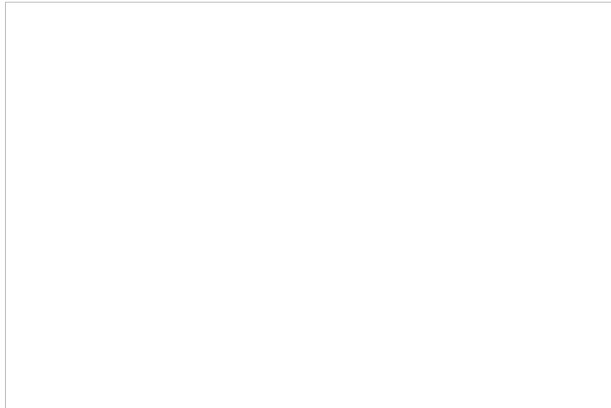


Muchesu resource extends beyond open pits to elevated terrain in background

Also, the Investor has acquired and delivered a Dense Media Separation ("DMS") Plant to site. The Company has been advised the

Also, the investor has acquired and delivered a Dense Media Separation (DMS) Plant to site. The Company has been advised the DMS has an estimated production capacity of 3,000 tonnes of washed coal per day. The concrete foundations of the DMS plant have now been laid and the DMS plant installation is underway. The Investor has confirmed the target is for the DMS plant to be operational before the end of October 2024. The DMS plant will be calibrated to process coking coal from Muchesu, which is readily available following the aforementioned pit expansion.

Under the Mineral Royalty Agreement ("MRA") entered with the Investor (see RNS 17 June 2024), a royalty of US 8 per tonne is payable to Contango for washed coking coal, on a monthly basis in arrears. Additional DMS plants are planned to be installed by the investor in the future to further increase production output.



DMS Plant being installed on concrete foundation

Update on Contango Subscription by the Investor

The Investor has entered into a subscription agreement with the Company to subscribe for 142,000,000 new ordinary shares ("**Subscription Shares**") at a price of £0.0111 pence per share ("**Subscription Price**"). The Company submitted a Short Form Prospectus ("SFP") for the FCA to approve in July 2024 and the Company believes an approved version can be published in the near term. The prospectus is required to allow the Company to issue more than 20% of its issued share capital in a 12-month period.

Financial

As reported on 3 July 2024, the Company has already received a payment of US 1,000,000 as an advance against the Subscription Shares. Outstanding funds from the Subscription will be paid to the Company by the Investor following the approval of the SFP, along with the delivery of shares to the Investor.

On 17 June 2024 the Company confirmed the expected headline terms of the Definitive Agreements, which were subsequently formalised on 2 July 2024. This included details of the MRA with the Investor, specifically that a minimum of US 2,000,000 a year royalty would be payable to the Company following a six-month holiday.

The Company can now advise it has received confirmation from the Investor that the first US 1,000,000 under the MRA will be paid in Q4 2024, with a second payment around the end of Q1 2025. It should be noted that assuming the DMS plant operates as expected then the royalty payments going forward are expected to be materially higher than the minimum of US 2,000,000 per

annum.

Following entering into the Definitive Agreements, in July 2024 the Company changed auditors from Crowe U.K. LLP to Moore Kingston Smith LLP. The audit is making good progress, however given the time of year and site visit requirements as part of the audit process the Company has been advised the audit will likely be completed during October 2024. In the event the Company does not file its audited final results for the year ended 31 May 2024 ("FY 2024") before 30 September 2024, the Company will be required to seek approval for a temporary suspension of trading in its shares, until such time as the FY 2024 are published.

Carl Esprey, Chief Executive Officer of Contango, commented:

"I am pleased to provide this positive update on operations in Zimbabwe. Since entering into the Definitive Agreements in July 2024, just over two months ago, the Investor has already committed significant capital into Muchesu and expanded the platform for future production.

"Corporately we have addressed our plc creditors following the advance of US 1,000,000 by the Investor against the Subscription and have also taken this opportunity to rationalise general and administrative costs going forward. The Board will continue to defer their salaries (combined approx. £100,000) until such time that material royalty income is established.

"Muchesu is now under new stewardship, although we continue to hold a residual non-operated 24.75% interest in Muchesu. Looking to Q4 2024, we expect the DMS plant to become operational, thereby enabling the washing of material amounts of readily accessible coking coal, which in turn is expected to trigger the commencement of royalty payments above and beyond the minimum required under the MRA.

"Finally, we are nearing the completion of the Short Form Prospectus which will enable the closing of the Subscription and as result the Investor will be our largest shareholder, with an approximate holding of 20% of the enlarged share capital, further aligning the Investor with the Company. The Company will provide further updates as appropriate."

****ENDS****

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