

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

31 October 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 on its progress over the last month.

**Publication of Short Form Prospectus and Settlement of Subscription**

As reported on 3 July 2024, the Company entered into a Subscription Agreement with Huo Investments (Pvt) Limited (the "Investor"). The closing of the US 2,000,000 was subject to the issuance of a Short Form Prospectus ("SFP") to allow the Company to issue more than 20% of its issued share capital in a 12-month period. The Company expects to issue the SFP shortly following the publication of its Audited Annual Report and Financial Statements for the 12-month financial period ended 31 May 2024 (the "2024 Annual Report").

**Publication of the 2024 Annual Report**

Moore Kingston Smith LLP ("MKS") was appointed as auditor to the Company in July 2024 and is currently finalising the 2024 Annual Report. The latest advice from MKS is the report will be ready for publication in approximately two weeks. Once published the Company will arrange to lift the temporary suspension from trading on the London Stock Exchange so that the shares may commence trading again.

**Project Investment under the Revolving Facility Agreement ("RFA")**

The Investor has continued to make material investments at Muchesu throughout October under the US 20,000,000 RFA. The primary areas of the mine to receive investment are:

- i) the construction of a 3,000 tonne per day Dense Media Separation ("DMS") Plant; and
- ii) the significant expansion of the open pit to enable higher mining and processing capacity.

The DMS installation is nearing completion, with testing and commissioning expected in the first half of November, ahead of the start of production and processing in the second half of November. As previously reported the DMS plant will be calibrated to process readily available coking coal. Under the Mineral Royalty Agreement ("MRA") entered into with the Investor, a royalty of US 8 per tonne is payable to Contango for washed coking coal on a monthly basis in arrears.

A minimum of US 2,000,000 per annum is payable in terms of royalties to Contango, however the Company expects to benefit by materially higher royalty payments. In keeping with the highly collaborative relationship, the Investor has confirmed an inaugural royalty payment of US 1,000,000 will be made before the end of 2024, with a second US 1,000,000 expected around the end of Q1 2025. Thereafter the additional royalty payments to the Company will be in line with operational productivity at Muchesu.

The Investor has also advised it intends to deliver at least one further DMS plant to site under the RFA along with further capital investment to unlock additional revenue streams from Muchesu coal.

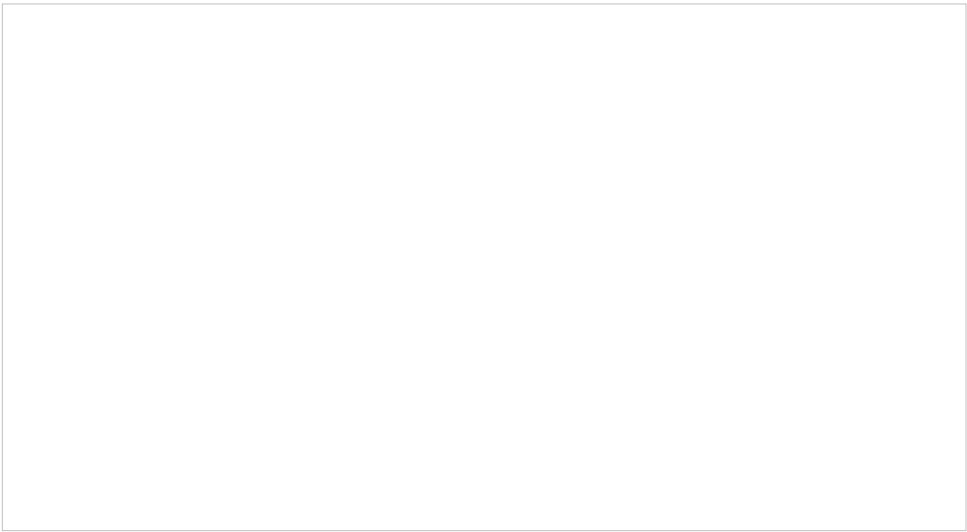
**Carl Esprey, CEO of Contango, commented:**

*"During October we have continued to see material investment into the Muchesu site. Visually the landscape is changing on a weekly basis and the speed of that change is very exciting. Muchesu has always been a world class deposit, and it is now benefiting from the level of investment required to unlock its full potential."*

*"Whilst I understand shareholder's frustrations over the temporary suspension, this too is expected to be lifted in the very near term following the completion of the audit and publication of the 2024 Accounts, which will coincide with the commencement of processing operations in earnest at site."*

*"With the expectation of a first royalty payment this year and welcoming the Investor as the largest shareholder in the Company following the issue of the SFP, the outlook for the Company is looking overwhelmingly positive.*

*"We look forward to providing further updates as appropriate."*



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**Contango Holdings plc**  
*Chief Executive Officer*  
Carl Esprey

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