

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

3 December 2024

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

Investor Loans Update

Contango Holdings Plc, a company focused on unlocking value from the +2 billion tonne Muchesu coal project in Zimbabwe ("Muchesu"), reported in its recent audited financial statements for the year ended 31 May 2024 ("FY 2024") that investor loans amounting to £4,184,740 ("Investor Loans") were due for repayment by 30 November 2024.

The Company is pleased to advise the providers of the Investor Loans, many of whom are also long-standing shareholders of the Company, have reiterated their ongoing support of the Company and its intention to repay these debts from both the proceeds of the subscription with the new strategic investor, Huo Investments (Pvt) Limited (the "Investor"), (pending publication of the prospectus to be approved by the FCA) ("Subscription") and forthcoming royalty income, which consists of both minimum payments and further payments linked to the production of coal at Muchesu.

The providers of the Investor Loans have not entered into formal agreements to defer loan repayments and may still exercise their right to be repaid immediately on demand, however the Company does not believe this to be a likely scenario, with repayment instead taking place once the Company has improved its working capital position.

The Company's working capital position will be improved in the near future from the receipt of the balance of US 1m from the Subscription and an additional US 1m from the minimum royalty payment by the end of this month. Also, the Company expects to receive a further minimum royalty payment of US 1m around the end of Q1 2025. These funds amounting to a total of 3m (£2.4m) will principally be used to repay Investor Loans.

In addition, the Board expects to receive additional regular royalty income following the commencement of coal production at Muchesu with operations on site now active and the new plant now in the process of being ramped up. The Dense Media Plant ("DMS") has a processing capability of 3,000 tonnes per day of coking coal, with a royalty of US 8/t owed to Contango on processed coking coal. The Company has also recently been advised by the strategic investor that an additional DMS Plant has been ordered and is due for delivery in Q1 2025.

The Company has agreed with the holders of the Investor Loans that any additional income will initially be applied to the repayment of Investor Loans and for general working capital purposes before the Company implements its intended dividend policy. The Board will continue to update shareholders on the production levels at Muchesu and royalties are paid one month in arrears.

The Company notes that the working capital position of the Company is reliant on the receipt of the subscription funds and royalty income. If the Company failed to realise revenue from the receipt of royalty income it would be required to raise further capital or reach a settlement with the holders of the Investor Loans. Following the closing of the Subscription, the Investor will be largest shareholder of the Company and aligned with existing shareholders of the Company.

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Contango Holdings plc
Chief Executive Officer
Carl Esprey

E: contango@stbridespartners.co.uk

Tavira Financial Limited
Financial Adviser & Broker
Jonathan Evans

T: +44 (0)20 7100 5100

St Brides Partners Ltd
Financial PR & Investor Relations
Susie Geliher

T: +44 (0)20 7236 1177

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