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Contango Holdings PLC
23 November 2020

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

23 November 2020

Contango Holdings Plc

('Contango' or the 'Company')

Audited Final Results for the year ended 31 May 2020

Overview

· Executed successful acquisition strategy - two high quality and near-term revenue projects acquired as Contango establishes itself as an emerging mining and development company with multiple commodities and revenue streams

· Acquisition of the Lubu Coal Project in Zimbabwe completed in June 2020 and significant progress made towards achieving first production and sales of coking coal

· Acquisition of the Garalo Gold Project in Mali in October 2020 - work underway ahead of achieving first gold production in H2 2021

· Appointment of Carl Esprey and Roy Pitchford to the Board to assist with the advancement of the Company's two initial assets and manage Contango's future growth strategy

Chairman's Statement

The year under review saw Contango Holdings Plc progress the previously announced acquisition of the Lubu Coal Project in Zimbabwe. As shareholders will be aware, this transaction proved to be a lengthy and complicated process however our reasoning was solid - by taking this somewhat prolonged route, Contango eventually acquired (post period end on 18 June 2020) an asset with total historical spend in excess $20 million, over 100 holes and 12,000m of drilling completed and a total resource in excess of 1 billion tonnes of coal. The company has raised further finance post year end and intends on raising a further $4m of debt or asset finance to fund the expansion of the Garalo project.. The development plans are discussed in more detail in the Strategic Report.

The main focus of attention during the period was on advancing the transaction and ensuring the asset was developed to the point of pre-production. In June 2019, Contango began advancing funds to commence a new work programme including a nine-hole drill campaign designed to enable full washability test work, determination of product range, specific gravity and grade to verify product types for the purposes of off-take discussions.

This was a strategy which rewarded the Company following the completion of the transaction as we were able to swiftly move forward with off-take discussions, based on the evaluation of samples sent as part of our development activities during 2019, which has translated in two Letters of Intent from potential off-take partners in the past month. The initial two LOIs, for a total of 32,000 tonnes of coal per month, would, if formalised, generate EBITDA in excess of $1 million per month for Contango. This is clearly a remarkable result for shareholders and I believe that further LOIs and formal off-take agreements will be signed in the coming weeks as travel restrictions ease, and businesses further recover, following the COVID-19 lockdown experienced in recent months.

Contango is targeting an initial 1Mtpa of coal product sales, focussing on the production and sale of semi-soft coking coal for export to southern African countries. Although the project has a total resource in excess of 1 billion tonnes of coal, we are focussing initially on a small area of the B2 Block of Lubu, where the deposit starts at surface and goes down to a maximum depth of 47m. Site preparation has begun, and we are planning to use contract mining to fast track production whilst minimising capex. The Board expects that combined contract mining and processing costs will total US$15 per tonne, versus the sales price (minus potential transport costs of a further circa US$15 per tonne) of between $70 and $105 per tonne, highlighting the significant margin achievable using this model.

The Board is now confident that we have the right foundation for a highly profitable mine at Lubu and we continue to press forward towards production, subject to formal off-take agreements, which are expected by the end of 2020. Whilst Lubu remains a priority focus for us, we have also returned to our original investment strategy in order to evaluate additional opportunities through which to generate further value. The Company has benefited from both its regional expertise in Zimbabwe and the profile of its UK listing, such that a number of opportunities have emerged that appear complementary to the Company's growth strategy. This strategy remains centred on targeting assets or businesses with near term cash flow, low capital commitments and short payback periods.

As announced in October, the Company advanced our investment strategy through the acquisition of the Garalo Gold Project ("Garalo") in Mali for US$1 million. The Acquisition of Garalo, which is expected to commence gold production in H2 2021, brings a new and potentially lucrative dimension to Contango, diversifying both the Company's geographic presence and commodity focus.

The Garalo permit occupies 62.5km^2 in the Sikasso region of southern Mali, 200km south-east of the capital Bamako and close to the Guinea border. The permit is surrounded by a number of multi-million ounce gold deposits and the region is home to some of the world's leading gold miners, including AngloGold Ashanti, IAMGOLD, Barrick, B2 Gold, Endeavour Mining and Hummingbird Resources, which has helped to establish Mali as the third largest gold producer in Africa.

Known to certain members of the Contango team since 2015, the board is confident that Garalo, which benefits from excellent proximal infrastructure, historical exploration and the deposit's surface location, can be brought into production in H2 2021 for a capital cost of just US$1.2m. This will enable initial production of circa 10,000oz of gold per annum through an oxide plant, with further capital required for subsequent production from the sulphides. The Company is also looking at the potential of sourcing a further US$4M through non-equity capital providers, which would enable the Company to increase production to a rate of 30,000oz per annum. Discussions are underway with regional banks, well versed in the gold industry, as well as providers of royalties and the Company is optimistic it will have sourced this additional funding, without any dilution at the plc level, to enable a larger project and significantly enhanced economics by the time construction is scheduled to start in Q1 2021.

Corporate Overview

With the completion of the transaction post period end in June 2020, the Board's composition also changed. I joined the Board as Non-Executive Chairman and my colleague Carl Esprey joined as Executive Director. At the same time, and as previously announced, Brian McMaster and Neal Griffith, both Non-Executive Directors, retired.

I would like to extend my thanks to both Brian and Neal - both of whom were extremely supportive and influential during the advancement of the Lubu transaction - and I wish them well in their future endeavours.

Outlook

Since the conclusion of the Lubu transaction in June 2020, both corporate and operational activities have accelerated, and I am confident that Contango will be revenue generative in 2021. This is a significant achievement for Contango and represents the first phase of our growth strategy as we look to become an emerging mining and development company with multiple commodities and revenue streams.

As we look to earnings in 2021 and thereafter, as outlined earlier, the previously announced LOIs for 32,000 tonnes per month from Lubu the Board could translate to earnings of circa US$1m per month based on current pricing discussions. And at current gold prices of circa US$1,900, the Company's mine planning and block modelling studies at Garalo suggest that margins on production would exceed US$1,000/oz at the 10,000oz per annum production level, with the margin further enhanced once the larger 30,000oz operation was commissioned. Based on the initial 10,000oz scenario, the Board believes that Garalo would deliver a potential EBIT figure of circa US$1m per month, highlighting the material and near-term earnings potential for Contango.

It is with great optimism that I look forward to the remaining months in 2020, and 2021 onwards, as we build out on our guiding investing principles and generate material value for our shareholders. I would like to thank our shareholders, and the Contango team here, in Zimbabwe and Mali, for their support during the year and I look forward to providing further updates in due course.

Roy Pitchford

Non-Executive Chairman

20 November 2020

Strategic Report

Contango's primary objective during the year was to advance the transaction to acquire, by way of a reverse takeover, Consolidated Growth Holdings' interest in the Lubu Coalfield Project in Zimbabwe ("Lubu"). Although the transaction completed post period end, Contango provided assistance to Monaf Investments (Private) Limited ("Monaf"), which holds legal title to the Lubu Coalfield Project in Zimbabwe during the year under review.

Post period end, the Company announced the acquisition of the Garalo Gold Project in Mali which the Company plans to develop into production in H2 2021.

Lubu Coal Project

On 22 February 2010, Monaf was granted SG 4686 to prospect for coal (excluding oil) in the Bulawayo Mining District of Zimbabwe. Exploration work started on the Special Grant Area on 22 February 2010 (with subsequent phases on 2 February 2011 and 12 October 2011). SG 4686 was extended for a period of two years from 22 February 2016. On 7 August 2017, Monaf submitted an application to extend SG 4686 for a further 25 years.

The Zimbabwean Mining Affairs Board sat in April 2018 and recommended this application for approval; on 4 September 2018 SG 4686 was extended to 27 September 2043, inclusive.

2019 Work Programme

Monaf undertook a programme that commenced in June 2019 to drill nine holes to extract samples from near surface seams within the initial pit design at Block B2 of the Lubu Coalfield. The seams at or closest to surface are seams 1C and 1A Lower. Both of these seams are amenable to open pit mining.

The analytical tests of these samples were undertaken by an independent laboratory being Bureau Veritas in South Africa.

The objective of the drilling was twofold:

i) to confirm the near surface structure of the coal measures; and

ii) to extract these samples for detailed analysis for washability to determine coking/caking yields and basic analysis to measure testing was primarily to investigate coking and caking properties.

The cokeability of coal is an important technology parameter of coals during the reduction process in the electric furnace method. The simplest test to evaluate whether a coal is suitable for production of coke is the free swelling index test. The free swelling index in British Standards Index (BSI) nomenclature (the crucible swelling index number (CSN) in ISO nomenclature) is a measure of increase in the volume of coal when heated, with exclusion of air. This parameter is useful in evaluating coals for coking and combustion. Coals with a low free swelling index (0-2) are not suitable for coke manufacture. Coals with high swelling numbers (+8) cannot be used by themselves to produce coke, as the resultant coke is usually weak and will not support the loads imposed within the blast furnace.

The caking test is a measure of the strength of the coal once burnt. A successful coke must be strong and not powdery. There are a number of methods to calculate the caking, however, the G index was developed in China and is performed in accordance with GB/T 5447 and ISO 15585 standards. It is used as one of the primary met coal evaluation tools by Chinese coke producers. In this test, 1g of minus 0.2mm coal is mixed with 5g anthracite and placed in a crucible and is run through a range of tests to determine its durability. A desirable result is from 60 to 90.

The results from the Bureau Veritas laboratory in South Africa noted the following:

i) The coking properties of seam 1C which has a circa 45% yield at a float of F1.60, are supported by an average swell index of over 7. Seam 1A Lower was tested for a high 28MJ/KG CV coal which for (circa 44%) yield for a 28MJ/kg CV coal but can also produce a coking coal with swell indices ranging between 5.5 and 7.5; and

ii) The caking results from seam 1C ranges from 66 to 87, and seam 1A Lower range from 60 to 82 respectively.

The tests have not been reported upon by the Competent Person as tests are ongoing and designed for discussions with potential purchasers of the coal only.

Development Strategy

The main strategy and emphasis of the Monaf exploration programme was to focus on coal seams of economic significance within Block B2.

Monaf's current NI 43-101 compliant resource mineral resource estimate presents an opportunity to establish a large-scale coal mining operation. The drilling results from the Block B2 area indicates lateral continuity over a large surface area (roughly 1,600 ha). This block has the potential to become the opencast nucleus of a relatively large dragline operation. With additional drilling, the Block B2 Indicated resource may be taken up the confidence level to Measured status, while Block B7 also may have potential as an open-castable block. The balance of the resource appears to consist of discrete, fault bounded blocks with the potential to form economic underground business units. Although the balance of the resource is at a Speculative level, it is understood that the structural elements of the deposit will allow for these blocks to be taken up the confidence curve into mineable blocks of sustainable magnitude.

The Company will undertake a phased development of Lubu by initially undertaking a period of small-scale mining from the open pit of predominantly coking coal. The Company will be required to undertake a Bankable Feasibility Study to determine the decision to invest in the full-scale production which is dependent on the economic conditions in the country and the development of the power generation capacity given the magnitude of developing the project.

The Board will focus on developing markets for its semi soft coking coal and 28MJ/kg CV coal which is known to be in demand by industrial users in the Southern Africa region. The Company may develop a relatively material operation without recourse to the full-scale mining given that the terms of the SG 4686 does not stipulate a maximum threshold of production under the trial mining licence and bulk licence.

The Directors have engaged with the local environmental consultancies and the Zimbabwean Environmental Management Agency to progress discussions and applications for the licences and permits. These discussions have centred on establishing Monaf's regulatory obligations and are ongoing.

Coal extraction and sales of coal from the open pit

Once the site preparation is complete, the company will commence production of coking coal from the open pit in compliance with the terms of SG 4686. Monaf shall use contract mining companies based in Zimbabwe to carry out the extraction, for which the Directors estimate the mining costs will be circa US$15 per tonne of coal based on recent enquiries from mining contractors in Zimbabwe.

By renting the wash plant, the Company will, other things being equal, be able to avoid the need for significant capital expenditure on Lubu. The downside to this approach is that the rental costs are likely to result in a higher production cost per tonne of coal of US$15, however the economics of the operation are estimated to cover this and the recently signed LOIs further support this assertion.

Whilst the Directors currently take the view that it is optimal to hire contractors rather than engage in the greater capital expenditure required for owner-operated mining at the present time, the Directors shall weigh-up the benefits of the contract-mining versus the owner-operated mining approaches on a regular basis in light of changing conditions.

The Board will review the appropriate time to initiate the Bankable Feasibility Study following a period of sustained success in Phase 1 operations. The likelihood of embarking on a much larger development would increase in the event international funding is made available for investment in power infrastructure.

Garalo Gold Mine

Post period end, in October 2020 the Company announced the acquisition of the Garalo Gold Project in Mali for a consideration of US$1m, of which US$100k has already been paid to the vendor, who will retain an initial 25%. The vendor's interest is not free carried and will dilute in the event the vendor does not provide its pro rata contribution to the development of Garalo. The balance of the acquisition cost, being US$900k, falls due in February 2021, following conformational exploration work to be undertaken by Contango in the period.

Garalo is an advanced discovery and has a non-independent resource of 320koz Au at an average grade of 1.5g/t across three dominant structural trends. Garalo has been subject to the following work to date:

- regolith mapping and interpretation;
- soil geochemistry;
- airborne magnetic and radiometric surveys;
- over 900 drill holes, which have returned grades of up to 43g/t.

To date the drilling programme has focused on the G1A and G3 targets, which cover a relatively small footprint of the licence and remain open along strike, indicating further resource upside. With the planned exploration work to be undertaken by Contango over the coming months, the Company expects to be in a position to reclassify the resource to JORC standards in 2021, in conjunction with an anticipated increase in resource ounces. However, given the attractiveness and robust nature of the economics and drilling undertaken to date, the Company intends to trigger construction ahead of this to enable first production in H2 2021.

Financial Review

Funding

During the year the Company was funded through cash raised from the IPO.

Revenue

The Company generated no revenue during the year, however was focussing on acquisition targets that will ultimately generate revenue for the Company.

Expenditure

The Company has low ongoing overheads and devoted its cash resources to the transactions costs and advancing certain funds to Consolidated Growth Holdings in order to progress activities on the Lubu Coalfield site.

Liquidity, cash and cash equivalents

At 31 May 2020, the Company held £10,430 (2019: £280,884). However, the company relisted on the main market of the London Stock Exchange on 18th June 2020 in conjunction with a capital raise of £1.4 million. A further £1.8 million was raised in October 2020. As disclosed in note 2 (b) the company will seek further funding during the course of 2021 to fund its planned capital expenditure.

Financial risk management objectives and policies

The Company's principal financial instruments comprise cash and trade and other payables. It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Company's financial instruments are liquidity risk, price risk and foreign exchange risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash reserves to fund the Company's exploration and operating activities. Management prepares and monitors forecasts of the Company's cash flows and cash balances monthly and ensures that the Company maintains sufficient liquid funds to meet its expected future liabilities. The Company intends to raise funds in discrete tranches to provide sufficient cash resources to manage the activities through to profitability.

Price risk

The Company is exposed to fluctuating prices of commodities, including coal and gold, and the existence and quality of these commodities within the licence and project areas. The directors will continue to review the prices of relevant commodities as development of the projects continue and will consider how this risk can be mitigated.

Foreign exchange risk

The Company operates in a number of overseas jurisdictions and carries out transactions in a number of currencies including British pound sterling (currency symbol: GBP or GBP£) and United States dollar (currency symbol: USD or US$). The Company does not have a policy of using hedging instruments but will continue to keep this under review. The Company operates foreign currency bank accounts to help mitigate the foreign currency risk.

COVID-19 risk

The Company regards the health and safety of its employees and contractors as its highest priority. This is especially so during the current global COVID-19 outbreak. All Contango employees and contractors follow the Company's strict protocols to reduce the risk of transmission of COVID-19 across the Company's operations.

The business and operations of the Company are subject to a number of risk factors which may be sub-divided into the following categories:

Exploration and development risks, including but not limited to:

· Mineral exploration is speculative and uncertain

· Verification of historical washability analysis

· Independent verification of internal resource estimation at Garalo

· Mining is inherently dangerous and subject to conditions or events beyond the Company's control, which could have a material adverse effect on the Company's business

· The volume and quality of coal recovered may not conform to current expectations

· The extend and grade of gold mineralisation at Garalo may not conform to current expectations

Permitting and title risks, including but not limited to:

· Licence and permits

· The Company will be subject to a variety of risks associated with current and any potential future joint ventures, which could result in a material adverse effect on its future growth, results of operations and financial position

Political risks, including but not limited to:

· Political stability

· Enforcement of foreign judgements

· Potential legal proceedings or disputes may have a material adverse effect on the Company's financial performance, cash flow and results of operations

Financial risks, including but not limited to:

· Foreign exchange effects

· Valuation of intangible assets

· The Company may not be able to obtain additional external financing on commercially acceptable terms, or at all, to fund the development of its projects

· The Company will be subject to taxation in several different jurisdictions, and adverse changes to the taxation laws of such jurisdictions could have a material adverse effect on its profitability

· The Company's insurance may not cover all potential losses, liabilities and damage related to its business and certain risks are uninsured and uninsurable

Commodity prices, including but not limited to:

· The price of coal may affect the economic viability of ultimate production at Lubu

· The revenues and financial performance are dependent on the price of coal

· The price of gold may affect the economic viability of ultimate production at Garalo

Operational risks, including but not limited to:

· Availability of local facilities

· Adverse seasonal weather

· The Company's operational performance will depend on key management and qualified operating personnel which the Company may not be able to attract and retain in the future

· The Company's directors may have interests that conflict with its interests

· Risk relating to Controlling Shareholders

The Company's comments and mitigating actions against the above risk categories are as follows:

Exploration and development risks

There can be no assurance that the Company's development activities will be successful however significant exploratory work has been conducted to date at Lubu and Garalo which supports the Board's confidence that a profitable mining operation can be developed.

Additionally, the phased development route which will be employed at Lubu seeks to mitigate risks along the development life cycle of the project.

Permitting and title risks

The Company complies with existing laws and regulations and ensures that regulatory reporting and compliance in respect of each permit is achieved. Applications for the award of a permit may be unsuccessful. Applications for the renewal or extension of any permit may not result in the renewal or extension taking effect prior to the expiry of the previous permit. There can be no assurance as to the nature of the terms of any award, renewal or extension of any permit.

The Company regularly monitors the good standing of its permits.

Political risks

The Company maintains an active focus on all regulatory developments applicable to the Company, in particular in relation to the local mining codes.

In recent years the political and security situations in Zimbabwe and Mali have been particularly volatile.

Financial risks

The board regularly reviews expenditures on projects. This includes updating working capital models, reviewing actual costs against budgeted costs, and assessing potential impacts on future funding requirements and performance targets.

Commodity prices

As projects move towards commercial mining the Company will increasingly review changes in commodity prices so as to ensure projects remain both technically and economically viable.

Operational risks

Continual and careful planning, both long-term and short-term, at all stages of activity is vital so as to ensure that work programmes and costings remain both realistic and achievable.

COVID-19 outbreak

In addition to the foregoing comments and mitigating actions against the above risk categories the Company has implemented various protocols in relation to the current COVID-19 outbreak. Contango places the health and safety of its employees and contractors as its highest priority. Accordingly, a business continuity programme has been put in place to protect employees whilst ensuring the safe operation of the Company.

Having spoken with, amongst others, local government, staff and contractors, strict protocols have been implemented to reduce the risk of transmission of COVID-19 at all the Company's operations.

The situation in respect of COVID-19 is an evolving one and the Board will continue to review its potential impact on its staff and the business.

Directors' section s172 statement

The Board of Contango Holdings plc is aware that the decisions it makes may affect the lives of many people. The Board makes a conscious effort to try and understand the interests of the Company's stakeholders, and to reflect them in the choices the Board makes in creating long-term sustainable value for the business.

The Board views engagement with the Company's shareholders and wider stakeholder groups as essential work. The Board is aware that it needs to listen to each stakeholder group, so that it can understand specific interests, and foster effective and mutually beneficial relationships. By understanding the Company's stakeholders, the Board can build their needs into the decisions it takes.

Throughout this Annual Report, the Board provides examples of how Contango:

· Considers the likely consequences of long-term decisions;

· Fosters relationships with stakeholders;

· Understands its impact on local communities and the environment; and

· Demonstrates the importance of behaving responsibly.

This section serves as Contango's section 172 statement and should be read in conjunction with the Strategic Report and the Company's Corporate Governance Statement. Section 172 of the Companies Act 2006 requires Directors to act in a way that they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole, taking into account the factors listed in s172 in regard to:

(a) the likely consequences of any decision in the long term;

(b) the interests of the Company's employees;

(c) the need to foster the Company's business relationships with suppliers, customers and others;

(d) the impact of the Company's operations on the community and the environment;

(e) the desirability of the Company maintaining a reputation for high standards of business conduct; and

(f) the need to act fairly between members of the Company.

The Directors continue to have regard to the interests of the Company's employees and other stakeholders, including the impact of its activities on the community, the environment and the Company's reputation, when making decisions. Acting in good faith and fairly between members, the Directors consider what is most likely to promote the success of the Company for its members in the long term.

The Company is seeking to produce coal and gold to benefit our employees, investors, communities and regional stakeholders. The Board regularly reviews its principal stakeholders and how the Board engages with them. The stakeholder voice is brought into the boardroom throughout the annual cycle through information provided by management and also by direct engagement with stakeholders themselves. The relevance of each stakeholder group may increase or decrease depending on the matter or issue in question, so the Board seeks to consider the needs and priorities of each stakeholder group during its discussions and as part of its decision making.

The following table acts as Contango's s172(1) statement by setting out the key stakeholder groups, their interests and how the Company has engaged with them over the reporting period.

STAKEHOLDER	THEIR INTEREST	ENGAGEMENT METHOD
Investors	- Business sustainability - High standard of governance - Comprehensive review of financial performance of the business - Ethical behaviour - Awareness of long term strategy and direction - Continual approval of market perception of the business - Delivering long term value	- Annual and Interim reports - Regular operations and trading updates - RNS Announcements - Investor relations section on website - AGM - Shareholder circulars - Shareholder liaison through board - Board encourages open dialogue with the Company's investors - Social media
Regulatory bodies	- Compliance with regulations - Worker pay and conditions - Health & Safety - Waste and environment - Insurance - Environmental Protection	- Stock Exchange announcements - Annual Report - Website - Direct contact with regulators - Compliance update at Board meetings - Communications with Zimbabwean and Malian Governments - Engagement with local community leaders
Environment	- Sustainability - Waste Management - Energy usage	- Adhere to local environmental codes

Community	- Community outreach - Human Rights - Sustainable growth minimising adverse impacts	- Meeting with key community representatives - Partnering with communities in which we operate
Contractors and JV Partners	- Terms and conditions of contract - Health & Safety - Human rights and modern slavery	- Anti-bribery policy - Whistleblowing policy

Signed on behalf of the board of directors

Carl Esprey

Executive Director

20 November 2020

FINANCIAL STATEMENTS

Statements of Comprehensive Income

For the year ended 31 May 2020

	Notes	Year ended 31 May 2020 £	Year ended 31 May 2019 £
Administrative fees and other expenses	4	(258,027)	(320,229)
Operating loss		(258,027)	(320,229)
Finance revenue		-	-
Finance expense		-	-
Loss before tax		(258,027)	(320,299)
Income tax		-	-
Loss for the year and total comprehensive loss for the year		(258,027)	(320,299)
Basic and diluted loss per Ordinary Share (pence)	5	(0.60)	(0.75)

The notes to the financial statements form an integral part of these financial statements.

Statements of Financial Position

For the year ended 31 May 2020

	Notes	As at 31 May 2020 £	As at 31 May 2019 £
Current assets			
Other receivables	9	403,163	31,311
Cash and cash equivalents	10	10,430	280,884
Total current assets		413,593	312,195
Current liabilities			
Trade and other payables	11	435,173	75,748
Total current liabilities		435,173	75,748
Net (liabilities)/assets		(21,580)	236,447
Equity			
Share capital	7	429,500	429,500
Share premium	7	368,978	368,978
Warrant reserve	7	84,874	84,874
Retained earnings	7	(904,932)	(646,905)
Total equity		(21,580)	236,447

The notes to the financial statements form an integral part of these financial statements.

This report was approved by the board and authorised for issue on 20 November 2020 and signed on its behalf by:

………………………………

Carl Esprey

Director

Statements of Changes in Equity

For the year ended 31 May 2020

	Share Capital £	Share premium £	Warrant Reserve £	Retained earnings £	Total Equity £
Balance as at 31 May 2018	429,500	368,978	84,875	(326,676)	556,676
Loss for the year 31 May 2019	-	-	-	(320,229)	(320,229)
Balance as at 31 May 2019	429,500	368,978	84,874	(646,905)	236,447
Loss for the year	-	-	-	(258,027)	(258,027)
Balance as at 31 May 2020	429,500	368,978	84,874	(904,932)	(21,580)

The notes to the financial statements form an integral part of these financial statements.

Statements of Cash Flows

For the year ended 31 May 2020

	Notes	Year ended 31 May 2020 £	Year ended 31 May 2019 £
Operating activities			
Loss after tax		(258,027)	(320,229)
Changes in working capital			
(Increase)/decrease in trade and other receivables		(371,852)	(19,123)
Increase in trade and other payables (see reconciliation below)		359,425	(17,322)
(Decrease) in Net cash from operating activities		(270,454)	(356,674)
Financing activities			
Ordinary Shares issued (net of issue costs)	7	-	-
Net cash flows from financing activities		-	-
(Decrease)/Increase in cash and short-term deposits		(270,454)	(356,674)
Cash and short-term deposits as at the start of the period		280,884	637,557
Cash and short-term deposits at the end of the period		10,430	280,884

The notes to the financial statements form an integral part of these financial statements**.**

Reconciliation of Movements in Financial Liabilties

Classification	1 June 2019	Cash Flow	Trade and Other Payables	31 May 2020
Trade Payables	35,350	(124,349)	295,193	206,194
Accruals and Other Payables	40,398	(81,339)	269,920	228,979
Total	75,748			435,173

Notes to the Financial Statements

For the year ended 31 May 2020

1 **General information**

The Company was incorporated in England under the Laws of England and Wales with registered number 10186111 on 18 May 2016. All of the Company's Ordinary Shares were admitted to the London Stock Exchange's Main Market and commenced trading on 1 November 2017. The company was re-registered as a public company under Companies Act 2006 on 1 June 2017, by the name Contango Holdings plc.

The Company's focus is to identify, acquire and scale projects focused on mining. At present, the Company is looking to reverse a mining asset into the Company. The Company had no employees during the period other than the Directors.

2 **Summary of Significant Accounting Policies**

The Board has reviewed the accounting policies set out below and considers them to be the most appropriate to the Company's business activities.

a) ***Basis of Preparation***

The Company Financial Information has been prepared in accordance with and comply with IFRS as adopted by the European Union, International Financial Reporting Interpretations Committee interpretations and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified for financial assets carried at fair value.

At the date of authorisation of these financial statements. certain new standards, amendments and interpretations to existing standards have been published but are not effective, and have not been adopted early by the Company. The Directors anticipate that all of the pronouncements will be adopted in the Company's accounting policies for the first period beginning on or after the effective date of the pronouncement.

The Company has not early adopted amended standards and interpretations which are currently in issue but not effective for accounting periods commencing after 1 June 2019 as adopted by the EU. The Directors do not anticipate that the adoption of standards and interpretations will have a material impact on the Company's financial statements in the periods of initial application.

The financial information of the company is presented in British Pound Sterling ("£").

b) Going concern

The company has raised finance post year end to fund the acquisitions and development expenses. The company projects that it will need to raise further debt or asset finance of approximately $4m to fund the planned development expenditure over the period to December 2021. The directors believe that this will bring the projects to production and cash generation however due to the inherent uncertainties associated with the development of mining assets neither this, nor the raising of the finance, can be guaranteed. Whilst the directors are confident they will be able to realise the additional finance required, based on their recent experience of raising money in the Covid-19 environment, this is not guaranteed and hence there is a material uncertainty in respect of going concern. However, the directors have, at the time of approving the financial statements, a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future, which is defined as twelve months from the signing of this report. For this reason, the directors continue to adopt the going-concern basis of accounting in preparing the financial statements.

In making this assessment the directors have considered current and developing impact on the business as a result of the COVID-19 virus. Whilst this has not had an immediate impact on the group's operations, it is not anticipated to have any significant impact given the relatively limited activities of the group. The directors are aware that if the current situation becomes prolonged then this may need to be re-evaluated.

c) *Standards and interpretations issued but not yet applied*

At the date of authorisation of this Document, the Directors have reviewed the accounting standards in issue by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee, which are effective for annual accounting periods ending on or after the stated effective date. In their view, none of these standards would have a material impact on the financial reporting of the Company.

d) *Taxation*

The tax currently payable is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred income tax is provided for using the liability method on temporary timing differences at the balance sheet date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised in full for all temporary differences. Deferred income tax assets are recognised for all deductible temporary differences carried forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, and carry-forward of unused tax credits and unused losses can be utilised. The carrying amount of deferred income tax assets is assessed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that is probable that future taxable profits will allow the deferred income tax asset to be recovered.

e) *Financial Instruments*

The Company applied IFRS 9 for the first time in the prior year financial statements. IFRS 9 sets out requirements for recognising and measuring financial assets and financial liabilities and replaces IAS 39 Financial Instruments: Recognition and Measurement.

The company has applied the new standard with effect from 1 January 2018. There has been no impact on opening equity. This has not lead to any changes in the basis of the measurement categories of either financial assets or financial liabilities. The comparative period have not been restated and reflect the requirements of IAS 39.

Financial Assets

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL).

As at the reporting date the Company holds no financial assets other than cash and the loan to Consolidated Growth Holdings Ltd.

f) *Financial liabilities and equity instruments*

Classification as debt or equity

Financial liabilities and equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Warrants

Warrants classified as equity are recorded at fair value as of the date of issuance on the Company's Balance Sheet and no further adjustments to their valuation are made. Management estimates the fair value of these liabilities using option pricing models and assumptions that are based on the individual characteristics of the warrants or instruments on the valuation date, as well as assumptions for future financing, expected volatility, expected life, yield, and risk-free interest rate.

g) *Derecognition of financial liabilities*

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

h) *Financial Risk Management Objectives and Policies*

The Company's major financial instruments include bank balances, trade payables and accruals. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments, and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Liquidity Risk - the Company raises funds as required on the basis of budgeted expenditure and inflows. When funds are sought, the Company balances the costs and benefits of equity and debt financing.

3 Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of income, expenditure, assets and liabilities. Estimates and judgements are continually evaluated, including expectations of future events to ensure these estimates to be reasonable.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Company's nature of operations is to act as a special purpose acquisition company.

Going concern is assessed to be a significant judgement which is detailed in accounting policy note 2 (b)

4 **Loss before taxation**

Loss before income tax is stated after charging:	Year ended 31 May 2020 £	Year ended 31 May 2019 £
Directors' remuneration	72,000	48,000
Fee payable to the Company's auditor for the audit of the company's annual accounts	15,250	16,800
Fee payable to the Company's auditor in respect of all other non-audit services	5,113	60,750

The Company did not employ any staff during the period under review other than the Directors. The Directors are the only members of key management and their remuneration related solely to short-term employee benefits.

5 **Loss per Ordinary Share**

The calculation of the basic and diluted loss per Ordinary Share is based on the following data:

	Year ended 31 May 2020	Year ended 31 May 2019
Earnings		
Loss from continuing operations for the period attributable to the equity holders of the Company	(258,027)	(320,229)
Number of Ordinary Shares		
Weighted average number of Ordinary Shares for the purpose of basic and diluted earnings per Ordinary Share (number)	42,949,987	42,949,987
Basic and diluted loss per Ordinary Share (pence)	(0.60)	(0.75)

There are no potentially dilutive Ordinary Shares in issue.

6 **Income tax**

Corporation tax is calculated at 19% of the estimated taxable loss for the period.

As the Company continues to be non-trading, no account has been made for Corporation Tax nor for Deferred Tax in the year ended 31 May 2020. The Company also believes there are no accumulated losses to be carried forward. The Board believes that the previously reported losses in the year ended 31 May 2019 may not be recoverable against future gains.

7 **Share capital**

	Number of Ordinary Shares issued and fully paid	Share Capital	Share Premium	Warrants Reserve	Total Share Capital
		£	£	£	£
As at 31 May 2019 and 2020	42,949,987	429,500	368,978	84,874	883,352

The Ordinary Shares issued by the Company have par value of 1p each and each Ordinary Share carries one vote on a poll vote. The Authorised share capital of the company is £5,000,000 ordinary shares at £0.01 per share resulting in 500,000,000 ordinary shares.

On 18 June 2020 Consolidated Growth Holdings were paid for their 70% shareholding in the Lubu project with the issue of 128,849,961 new shares in Contango Holdings. In the associated placing 28 million new ordinary shares were issued along with 3,333,330 bonus shares for the Contango directors. This increased the total number of shares in issue to 203,133,278.

On 5 August 500,000 warrants were exercised.

On 19 October Contango announced that it had issued 36 million new ordinary shares in a placing.

This increased the total number of shares in issue to 239,633,278. See Note 12.

Explanation of Reserves

Share Capital - Represents the nominal value of ordinary shares issued.

Share Premium - Represents the amount in excess of nominal value received from the issue of ordinary shares.

Warrant reserve - Is used to recognise the fair value of the issuance of warrants , net of issue costs. This will be transferred to the share capital/premium reserves upon the exercise of the warrants.

Retained Earnings - Reflects the entity's accumulated earnings recognised in the statement of financial position.

8 **Financial instruments**

	As at 31 May 2020 £	As at 31 May 2019 £
Financial assets		
Cash and cash equivalents	10,430	280,884
Loan to CGH	392,331	-
Financial liabilities		
At amortised cost	435,173	75,748

9 Other receivables

	2020 £	2019 £
Prepayments	10,832	31,311
Loan to Consolidated Growth Holdings Ltd (CGH)	392,331	
	403,163	31,311

The loan was made to CGH to fund ongoing exploration work at the Lubu coal project in Zimbabwe whilst the acquisition was being considered by the UK Listing Authority (see Note 12). Had the transaction not gone ahead the loan would have been repayable by CGH by the end of 2020. On completion of the transaction in June 2020 the balance was considered to be part of the purchase consideration and hence will be classified as investments and a non-current asset. When assessing the asset for impairment Management have considered the overall carrying value of the assets acquired as the loan has funded their development.

10 Cash and Cash Equivalents

	2020	2019
	£	£
Cash at Bank	10,430	280,884

11 Trade and other payables

	2020	2019
	£	£
Trade payables	206,194	35,350
Accruals and other payables	228,979	40,398
	435,173	75,748

12 Events after the reporting date

The acquisition of the Lubu coalfield project by the company took place on the 18 June 2020 and the company's shares were readmitted for trading on the London Stock Exchange. The company's shares had been suspended on 22 December 2017 when it was announced that it had signed a memorandum of understanding with CGH and entered into an exclusivity period with regards to the possible acquisition of Monaf, a company incorporate in Zimbabwe which holds the Lubu Coalfield. Dealings in the Company's Ordinary Shares were, accordingly, suspended pending the publication of a prospectus in relation to this transaction. The company acquired 70% of the shares of Monaf, which holds the Lubu Coalfield project, with the issue of 128,849,961 new shares in Contango Holdings and the payment of £392,331 in cash which had already been advanced to the vendor, Consolidated Growth Holdings (see note 9). This represents 63.4% of the enlarged share capital of

Contango. In the associated placing 28 million new ordinary shares were issued and a total of £1.4m (before costs) was raised at this date.

The preliminary assessment of the assets acquired on acquisition of Monaf is:

	£
Intangible assets - mining rights	9,823,084
Trade and other payables	(59,000)
Non-controlling interest	(2,929,255)
Purchase consideration	6,834,829

If the acquisition had occurred at the beginning of the accounting period no additional revenue would have been recognised and the reported loss would have increased by an estimated £127,000.

The above disclosure assumed the acquisition of Monaf will be accounted for as an acquisition under IFRS 3. Management are, however, still reviewing the details of the transaction and in particular whether it meets the definition of a reverse acquisition under IFRS 3. This involves an analysis of the legal agreements and in particular the Relationship Agreement which governs the relationship between the company and Consolidated Growth Holdings, its majority shareholder. This analysis is still ongoing. If the transaction were accounted for as a reverse acquisition the assets of Monaf would be recognised at book value (limited to the £59,000 value of trade payables) and the assets of Contango fair valued. The difference to the purchase consideration would be recognised in reserves.

On 19 October 2020 Contango announced that it had issued 36 million new ordinary shares in a placing that raised £1.8m (before costs). On the same date the company announced that it had bought a 75% stake in the Garalo gold mining project in Mali for $1m.

13 Related Party Transactions

All directors hold shares and warrants as disclosed on pages 16 and 17 in the Directors' Remuneration Report. Neal Griffiths and Oliver Stansfield are Directors of both Brandon Hill Capital and the Company. Brandon Hill Capital acts as the broker to the Company and are paid an annual retainer of £35,000 per annum

As at 31 May 2020 an amount of £252,665 (2019: nil) was due to the directors of the company. This amount is included in trade and other payables. Subsequent to the year-end £162,000 of this balance was converted into equity and the remainder repaid.

14 Warrants

During the year ended 31 May 2020 the Company renewed the following warrants (originally due to expire on 31 October 2019) to subscribe for shares:

Warrant exercise Price	Number of warrants granted	Vesting Date	Expiry Date	Fair value of individual option
£0.03	18,666,667	26 Oct 2017	31 Oct 2021	£0.0026
£0.05	11,666,650	1 Nov 2017	31 Oct 2021	£0.0032
Total granted during the year ended 31 May 2020	30,333,317			

No warrants have been exercised in the Company.

* ENDS *

For further information, please visit www.contango-holdings-plc.co.uk or contact:

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