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Contango Holdings PLC
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Contango Holdings Plc ('Contango' or the 'Company')

3 June 2021

Operational & Corporate Update

Highlights:

- **Further positive exploration results in Mali from Garalo and Ntiela**
- **8,000m of additional RC drilling in Mali**
- **Zero Coupon GBP1M Convertible Loan entered into at 6p**

Contango Holdings Plc, the London listed natural resource development company, is pleased to provide a summary of recent work undertaken at the Garalo-Ntiela Gold Project Area ('the Project') in Southern Mali. The work programme was designed to assist in the Company's previously reported focus of fast tracking the Project into production by the end of 2021, as well as further increasing the understanding of the wider prospectivity of the licences.

Given the focus on early production and cash generation, most of the exploration activities have centred on the Garalo permit, which has demonstrated potential for a 2Moz Resource. However, work on the more recently acquired Ntiela concession, has also continued to yield encouraging results with the intersection of two major structures already. A summary of operations is presented below:

Work performed

- Detailed regolith mapping on both Garalo and Ntiela sites;
- Interpretation of historic data across both sites, identifying multiple new gold anomalies;
- Over 1,000 samples collected and sent to in-country laboratory;
- Land clearance completed for new operational camp, with buildings expected to arrive later this month

Planned work programme:

- Aeromagnetics and airborne geophysics for the collection of magnetic and radiometric data - expected to commence in July 2021
- 8,000m of RC drilling to further increase the resource and understanding of the orebody
- Core will be sent for oxide / sulphide testing to support final design work for the initial low-cost early production plant
- First production remains targeted for end 2021

GBP1M Convertible Loan

The Company is pleased to advise it has received commitments for GBP1,000,000 in a Convertible Loan. The Convertible Loan has a fixed conversion price of 6 pence per share and conversion is mandatory on 4 January 2022. The Convertible Loan carries zero interest and upon conversion into shares, each subscriber will receive one warrant for every two ordinary shares they receive, with an exercise price of 8p and a life of 2 years.

Existing major shareholder RAB Capital, has agreed to invest GBP200,000 in the Convertible Loan. As Philip Richards is a director of the Company, this Subscription is deemed a related party transaction as defined under DTR 7.3. The independent director, Roy Pitchford (Non-Executive Chairman), considers the terms of the Director participation in the Fundraising are fair and reasonable insofar as the Company's shareholders are concerned.

Carl Esprey, Chief Executive Officer of Contango Holdings, said: *"Our exploration and development activities at Garalo and the newly acquired Ntiela permit continue to deliver highly encouraging results which point to the Project having the potential to be a major new mine in the region. Our work in the short-term is focussed on properly assessing the upside potential to the current 2Moz gold resource we are contemplating at Garalo and establishing the optimum route to first production by the end of 2021. As a result, we have made the decision to undertake a short, low-cost drill programme to help with our understanding and optimisation.*

"To fund this expanded pre-production work programme, the Company has sourced £1M, primarily from existing investors at the current market price. The convertible is a zero-coupon instrument and has a mandatory conversion at 6p at the end of 2021, highlighting the belief of the subscribers in the inherent value Contango offers. The subsequent development to first production of Garalo is still intended to be funded via a mixture of royalties and debt as previously outlined.

"We look forward to providing further updates over the coming weeks as we receive results from the laboratory and begin our aeromagnetic and airborne geophysics programme, as well as additional drilling."

Project Background

The combined Garalo-Ntiela Project covers an area of 161.5km² and is in the department of Bougouni within the Sikasso region in southern Mali, 200km south-south-east of Bamako and close to the Guinea border. The Project is surrounded by several multi-million-ounce gold deposits and the region is home to some of the world's leading gold miners, which has helped to establish Mali as the third largest gold producer in Africa.

An NI 43-101 Independent Technical Report delivered in March 2021 highlighted the potential for the Garalo to have up to 2Moz Resource. The Company believes that there is still room for improvement over and above this threshold as, in addition to G1 and G3 targets (the basis for 2Moz), numerous other clusters of anomalous zones with potential for gold discovery have been identified in both the Garalo and contiguous Ntiela permit area. With this background and given the excellent infrastructure in the vicinity, historical exploration, and the deposit's surface location, the Company aims to establish a processing hub in the region, capable of supporting multiple open pit operations targeting initial production of gold in Q4 2021 in conjunction with an exploration programme including expansion drilling.

Accordingly, as part of the exploration programme, Contango has completed a detailed regolith mapping exercise across both permits to gain a better understanding of the geology/structures of the area, as well as collecting key data like anomalous structural site, gold endowment, hydrothermal alteration, and mineralisation, and deep mantle related fertility indicators. The Company has also undertaken an interpretation exercise relating to historical data which has identified multiple new gold anomalies.

To facilitate the exploration and development campaigns now gaining momentum at Garalo-Ntiela, a camp is being constructed capable of supporting up to 20 employees and contractors, along with a secure storage building for drill core. Ground clearance has now been completed at the selected site and the specialist camp buildings are due to be shipped from South Africa to Mali in the next 3 weeks. This camp will support a permanent presence on site at Garalo-Ntiela as work programmes intensify ahead of first production.

These work programmes will begin with an aeromagnetics and airborne geophysics campaign and this will be followed by 8,000m of RC drilling. The over-arching strategy of this work is to better define the extents and characteristics of the orebody, considering the significant increase in resource quantum that is now contemplated at Garalo. As previously announced, the Company is advancing the development of a 30,000oz per annum heap leach operation from the shallow oxides given the high margins and low capex for its development. Given the increased resource potential highlighted in the NI 43-101 Independent Technical Report released in March 2021, the proposed drilling campaign is designed to complement this strategy and help realise and optimise the asset's full potential, as Contango looks to establish a large standalone gold mine with multiple open pit operations across both permit areas.

****ENDS****

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