

RNS Number : 5953Y  
Contango Holdings PLC  
14 May 2021

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

14 May 2021

Contango Holdings Plc

('Contango' or the 'Company')

### Lubu Coking Coal Update

Contango Holdings Plc, the London listed natural resource development company, is pleased to announce an update following the announcement of 26 March 2021 regarding the Company's discussions relating to a potential long-term offtake for coking coal produced at Contango's Lubu Coking Coal Project (the "Project") with the Zimbabwean subsidiary of a major Chinese industrial company and one of the world's largest stainless-steel producers (the "Potential Offtake Partner"). As previously reported the Potential Offtake Partner has a sizeable footprint in Zimbabwe, with plans to construct a US\$1bn carbon steel plant in the country and is currently in the process of constructing several coke batteries in the Hwange region of Zimbabwe.

Contango is pleased to advise a productive site visit recently took place at Lubu with senior members of the Potential Offtake Partner in attendance. Since the site visit discussions have continued to make good progress, with an agreement now reached between Contango and the Potential Offtake Partner on the next steps to advance the Project.

Contango will now focus on extracting bulk samples of the high value coking and metallurgical coals found in the 1A Lower and MSU seams. Although close to surface, this will be treated as an underground operation, like those previously mined around Hwange Colliery, enabling the Company to focus specifically on the high value product of particular interest to the Potential Offtake Partner for its newly built coke batteries, expected to be commissioned later this month.

Given the increasing likelihood of a positive outcome with the Potential Offtake Partner, Contango will shortly approve the appointment of a mining engineer, who will be charged with identifying the best areas for underground mining, specifically looking at fresh coal characteristics and strength importance, needed to determine mine depth cut-off. In addition, liaising with Contango's technical team, the engineer will also help select the best excavation position for a 4m x 4m shaft, from which the bulk sample will be taken.

Completion of the shaft and collection of the approximate 150 tonnes bulk sample is expected to take approximately 45 days. The bulk samples will then be transferred to Hwange, where it will be washed by the Potential Offtake Partner's plant before being run through its laboratory and coke batteries at the Potential Offtake Partner's cost.

Given the work already undertaken by Contango and the Potential Offtake Partner, the Company believes there will be a good level of confidence in the positive results of this testwork, which will enable the two parties to finalise the long-term formal offtake agreement. Moreover, this targeted underground approach is expected to be funded from existing cash resources, having minimised the upfront capital expenditure by Contango prior to finalising an offtake agreement, with the Potential Offtake Partner also bearing some of the testwork costs.

**Carl Esprey, Chief Executive Officer of Contango Holdings, said:** *"Discussions with the Potential Offtake Partner continue to progress well, and I am pleased we have now reached a clear path to enable formal offtake agreements to be entered into. Our potential partner is one of the largest companies in Zimbabwe and its parent company is one of the largest steel producers in the world. The synergies between us are evident and I have every belief that upon completion of this brief and low-cost test work we will be able to enter a mutual and highly beneficial arrangement."*

"I look forward to updating the market on our progress at Lubu in due course and also expect to provide an update on our Mali gold operations before the end of the month."

**\*\*ENDS\*\***

For further information, please visit [www.contango-holdings-plc.co.uk](http://www.contango-holdings-plc.co.uk) or contact:

Contango Holdings plc  
Chief Executive Officer  
Carl Esprey

E: [info@contango-holdings-plc.co.uk](mailto:info@contango-holdings-plc.co.uk)

Brandon Hill Capital Limited  
Financial Adviser & Broker  
Jonathan Evans

T: +44 (0)20 3463 5000

St Brides Partners Ltd  
Financial PR & Investor Relations  
Susie Geliher / Cosima Akerman

T: +44 (0)20 7236 1177

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact [rns@lseg.com](mailto:rns@lseg.com) or visit [www.rns.com](http://www.rns.com).

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

UPDSFDFIDEFSELI