

14 August 2020

Contango Holdings Plc

('Contango' or the 'Company')

## Coal Product Offtake - Letter of Intent Signed

Contango Holdings Plc, the London listed natural resource development company, is pleased to announce that it has signed a Letter of Intent ('LOI') with South Mining (Pvt) Limited ('South Mining') relating to an offtake agreement for coal products produced at the Company's Lubu Coalfield Project in Zimbabwe ('Lubu').

### Overview

- The LOI establishes the framework for formal offtake documentation to be advanced between Monaf Investments (Private) Limited ('Monaf'), Contango's subsidiary company, and South Mining, a Zimbabwean coke producer
- South Mining is a prominent coke producer in Zimbabwe and is committed to producing 420,000 tonnes of coke from its new battery oven located in the Hwange district
- Subject to contract and appropriate standard and quality coal testing, South Mining has in principle agreed to purchase an anticipated minimum of 30,000 metric tonnes of raw coal per month from Monaf
- Pricing of the offtake remains subject to contract, negotiation and prevailing market conditions however on present assumptions a sale price of between US\$45 and US\$55 per metric tonne of raw coal, and between US\$70 and US\$80 per metric tonne of washed coal, is anticipated
- As previously outlined, upon entering a formal offtake contract, Contango expects to enter into a contract mining arrangement to minimize CAPEX - based on discussions the Company envisages the proposed offtake with South Mining would provide significant cashflow to Contango
- The Company expects to enter into a formal offtake agreement ahead of the anticipated commissioning of Lubu in Q4 2020

**Carl Esprey, Executive Director of Contango Holdings, said:** *"This LOI with South Mining is highly encouraging and an important demonstration of the significant demand for high quality coking coal in Southern Africa."*

"This LOI has been entered into despite a period of lockdown in Zimbabwe due to the COVID-19 pandemic and follows work undertaken by Contango in 2019 and 2020 to clearly identify the characteristics of Lubu coal. I am confident that we are well positioned to finalise commercial negotiations with South Mining and commence mine construction in earnest as travel and work restrictions ease across the country over the coming weeks. Moreover, the Company continues to receive additional interest in its suite of coal products and we remain optimistic of further offtakes in due course to further boost profitability."

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

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