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Contango Holdings PLC  
18 November 2021

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Contango Holdings Plc

('Contango' or the 'Company')

Placing of £2.5M to bring the Lubu Coking Coal Project ("Lubu") into Production

Highlights

- **US\$3M will be used to fast track Lubu into production by late Q1 2022**
- **Installation of coke batteries at site in Q4 2021 to capture full value proposition**
- **Funds also applied to further the Garalo-Ntiela Project in Mali**

Contango Holdings Plc is pleased to announce that it has raised £2,500,000 (before expenses) through a Placing of 41,666,666 New Ordinary Shares of GBP0.01 each ("Placing Shares") at a price of 6 pence per Placing Share (the "Placing"). Investors in the Placing will also receive one warrant per Placing Share to subscribe for one new ordinary share at a cost of 12p per share. The Placing was undertaken by its broker Brandon Hill Capital Limited.

Use of Funds and Work Programme

The Placing will provide the Company with sufficient funds to bring Lubu into production towards the end of Q1 2022, marking the Company's transition into cashflow and profitability from operations.

This development route is now feasible following the recent verification by Bureau Veritas' studies on the Lubu coking coals which confirmed to both the Company and potential customers the product's attractive characteristics. The studies indicated the potential for 96Mt from Block 2 of high-quality coking coal with low ash and sulphur and with high yields and swelling indices. There is currently significant demand both regionally and globally for coking coal with such characteristics.

Also, the Company has recently visited a number of potential customers and off-takers and following such conversations with these groups the directors of the Company have chosen to begin operations with immediate effect and take advantage of strong commodity prices and forecasts.

The Company intends to commence with an initial 300Ktpa production operation with the possibility of increasing production in due course. The local demand is likely to increase as regional coke battery capacity in Hwange (approximately 200Km from Lubu) is being increased from 570Ktpa to 1.92Mtpa, which would create further demand for suitable coking coals used in the process of coke manufacture.

Given the historical expenditure of over US\$20M on Lubu, CAPEX required to bring Lubu into production is expected to be US\$3M, comprising principally of the following:

- Constructing a decline shaft and associated infrastructure;
- Installing a continuous miner with retractable conveyor;
- Installing a surface wash plant; and
- Mining equipment.

#### Coke Battery Installation

The Company intends to install an initial 150Ktpa coke battery at site by the end of 2022 following the commencement of initial production earlier in the year. This would enable Contango to have a fully integrated operation and produce coke, which has seen prices reach approximately US\$700/t in China this year and which is currently selling at circa US\$600/t.

By manufacturing coke, Contango expects to receive the highest value possible for its resource and produce a product that can be sold internationally at market rates. The Company will look to optimise the funding strategy of the initial coke battery during 2022, with the expectation that existing cash resources, cash flows from coking coal sales, as well as offtake-linked finance and debt will be available. Given the modular nature of the coke batteries, further expansion in coke production will also be explored in due course.

#### Garalo-Ntiela Gold Project

The balance of the proceeds from the Placing, along with existing cash resources which have been further boosted by £1.025M during 2021 through the exercise of warrants, are to be used for general working capital and to advance the Garalo-Ntiela Project in Mali, where a short drilling programme is expected to commence imminently as the Company looks to further verify the 2Moz potential outlined in a NI 43-101 Independent Technical Report earlier this year, ahead of finalising the development strategy.

A further update is expected to be provided on Garalo-Ntiela before year end.

#### Director Participation & Resignation

Existing major shareholder RAB Capital, has agreed to invest £200,000 in the Placing. As Philip Richards is currently a director of the Company and controlling shareholder of RAB Capital, 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 Placing are fair and reasonable insofar as the Company's shareholders are concerned.

Philip Richards has also advised the Board of his intention to resign upon completion of this Placing as non-executive Director to focus on his other business commitments. Philip Richards commented:

"I am proud to have been one of the founders of Contango and with what we have achieved so far as a company. When we set out, our primary objective was to acquire a mining asset that could be brought into production quickly and in a cost-effective manner, with minimal dilution to shareholders. I believe Contango has successfully navigated these uncertain times and is meeting these objectives.

"With this Placing, construction already underway at Lubu and the huge potential to be unlocked from our assets in Mali, I am confident of the outlook for Contango. Following a subscription for a further £200,000 in this Placing, RAB Capital will remain a +10% shareholder of the Company. I will continue to remain a supportive shareholder, offering any assistance I can to Contango going forward."

#### Admission and Total Voting Rights

An application has been made for the Placing Shares to be admitted to trading on the Official List and the London Stock Exchange with effect from 8.00 a.m. on 24 November 2021 ("Admission").

In accordance with the FCA's Disclosure Guidance and Transparency Rules, the Company confirms that following Admission, the Company's enlarged issued ordinary share capital will comprise 309,424,932 Ordinary Shares. The Company does not hold any Ordinary Shares in Treasury. Therefore, following Admission, the above figure may be used by shareholders in the Company as the denominator for the calculations to determine if they are required to notify their interest in, or a change to their interest in the Company, under the FCA's Disclosure Guidance and Transparency Rules.

Carl Esprey, Executive Director of Contango Holdings, said:

"I am delighted by the level of institutional support we have seen in this at-market Placing, including subscriptions from a number of new strategic investors. We now have funding in place to bring our first asset into production towards the end of Q1 2022. Work has already commenced at site and I look forward to keeping the markets updated at this exciting time.

"The demand and outlook for coking coal remains very encouraging. Its essential role within the steel and other manufacturing industries means it will continue to play an important role as advanced and emerging economies continue to invest in their infrastructure. This is equally true in the manufacture of coke and I believe our development strategy has positioned Contango to be able to generate significant free cashflow from operations going forward.

"Finally, I would like to thank Philip for his efforts in helping Contango reach this pivotal moment in its history. The Company is in advanced discussions to appoint a new Non-Executive to the Board, who I believe will further strengthen the team as we quickly move into development and production across the portfolio. An update will be made on this in the near term."

**\*\*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

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