



# NEAR-TERM COKING COAL PRODUCER IN ZIMBABWE

PRESENTATION | June 2020



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# HIGHLIGHTS



Contango will produce a mix of semi-soft coking coals to be exported to Southern African countries by H2 2020. Additional potential for sales of thermal coal to domestic power companies

Raised £1.4m with new and existing investors to enable site preparation and box cut for mining; first revenues to commence within 6 months from Admission

The Board is aligned with shareholders given its material equity holding and total remuneration being £96k per annum. Initial focus on early cashflows from Lubu to underpin the Company's financial position and support a dividend policy

Over \$740,000 spent at Lubu on drilling and coal product studies since proposed transaction between CGH and CGO, enabling offtake discussions to commence

The directors provide Contango with a combination of proven natural resources operational expertise and specialist natural resources financing experience, enabling both the identification & subsequent execution of transactions

Over \$20M spent on the project by previous owners with over 100 holes drilled and a resource of +1 Bn Tonnes (indicated and inferred) identified

# CORPORATE SNAPSHOT



Capital Structure Upon Readmission	
Initial Shares in issue	46,283,317
CGH Consideration Shares (5p)	128,849,961
Placing Shares (£1.40m at 5p)	28,000,000
<b>Enlarged Share Capital</b>	<b>203,133,278</b>
Market Cap on Listing (5p)	c.£10M
Warrants	30.33M @ VWAP of 3.77p
Fully Diluted Share Capital	234,866,595
Pre-Readmission Financings	£1m shell IPO in Nov 2017 Asset Vend: £6.44M

Use Of Proceeds	
Project development costs (including site preparation and clearance)	£485,000
Transaction cost	£341,000
PLC administration costs	£170,000
In-country management and G&A	£124,000
Directors fees	£96,000
Contingency	184,000
<b>Total</b>	<b>£1,400,000</b>

Shareholders Upon Readmission	
CGH	63.4%*
Current Contango Shareholders	21.1%**
Placing	13.8%
* CGH locked in for 12 months * *Current Board and management will own 9% of the enlarged share capital / Brandon Hill Capital will own 0.9% of the enlarged share capital	



# THE BOARD



## **Roy Pitchford**

Non-Executive Chairman

Roy has had an illustrious career in the mining industry, and has previously held the roles of Chairman of Anglo-African Minerals Plc, Non-Executive Director of Falcon Gold Zimbabwe Ltd., Non-Executive Director of Keras Resources Plc, Independent Non-Executive Chairman of Village Main Reef Gold Mining Co. Ltd., Chief Executive Officer & Non-Executive Director of African Minerals Ltd., Chief Executive Officer of African Platinum Plc, Chief Executive Officer of Masasa Mines (Pvt) Ltd., Chief Executive Officer of Central African Gold Ltd., Chief Executive Officer of Cluff Resources Zimbabwe Ltd, Chairman of Lesego Platinum Mining Ltd., Chairman of SA Metals Ltd., Chief Executive Officer of Zimbabwe Platinum Mines and Chief Executive Officer of Vast Resources. Roy is also ex-President of the Chamber of Mines of Zimbabwe.

## **Carl Esprey**

Executive Director

Carl qualified as a Chartered Accountant and Chartered Financial Analyst, and has built an expansive career in the natural resource investment and development sector. After beginning his career at Deloitte in Johannesburg in 2001, Mr Esprey joined BHP Billiton in 2004 as an analyst focussed on mergers and acquisitions. After four years at BHP Billiton, Carl used his expertise in the resource industry to move into equity investment and joined GLG Partners in London in 2008, where he focussed on natural resources investments.

## **Oliver Stansfield**

Non-Executive Director

Oliver is the Chief Executive Officer of Brandon Hill Capital (“BHC”). He joined Fox-Davies Capital in 2004 (acquired by Optima Worldwide Group plc in June 2014 and renamed to BHC in January 2015) where he held the role of Director Equity Sales. As CEO of Brandon Hill, Oliver continues to oversee and lead the equity sales team, having developed relationships with a broad range of investors including Natural Resources and Emerging Market Funds, Family Offices and High-Net-Worth individuals. Over the last 10 years he has sourced in excess of \$1bn for natural resource companies in a variety of jurisdictions and across a multitude of commodities.

## **Philip Richards**

Non-Executive Director

Philip Richards is Founder and President of RAB Capital which he jointly founded in 1999. He was Chief Executive Officer and Chief Investment Officer until 2008. As manager of the RAB Special Situations Fund he ran around \$2bn in the mining and energy sector. Previous to founding RAB Capital he was a Managing Director in equity research and then investment banking at Merrill Lynch. He is a graduate of Oxford University.



## **Richard Rice** Technical Manager

Richard is a geology graduate of the University of the Witwatersrand and has over 39 years of professional experience leading multi-disciplinary teams in finding orebodies and establishing mines in developing countries around the world, particularly in Zimbabwe and Africa. Richard is registered with the SACNASP council as a professional geologist and first became involved in the Lubu Project in 2010 and is currently responsible for overseeing the ongoing exploration programme. Richard has headed up the technical departments for two AIM listed mining companies and was a Senior VP for Sun Mining, a private equity mining company with assets in Russia, Kazakhstan, Canada and South Africa. Richard has also managed successful exploration programmes all over the world, and specialises in the application of computer modelling in the evaluation of mining opportunities

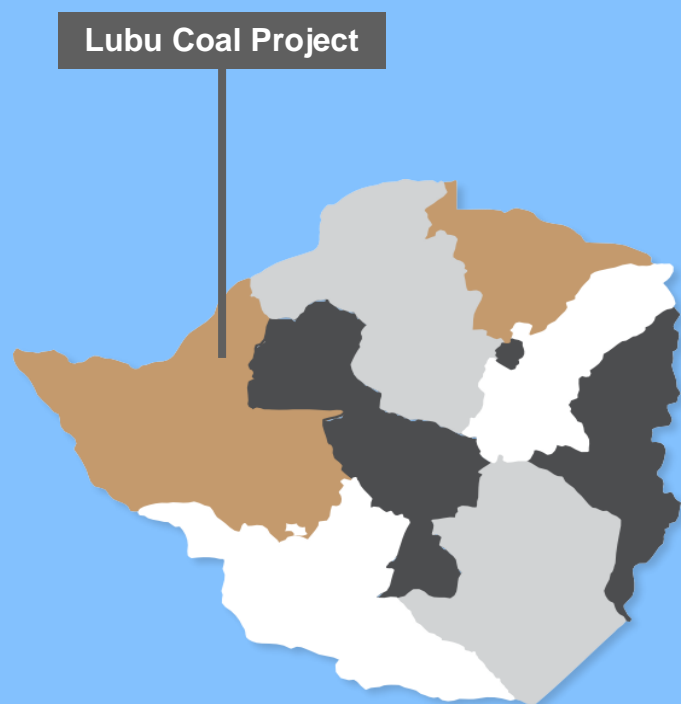
## **Jacques Cormack** Country Manager

Jacques is based in Zimbabwe and is the Country Manager for the Lubu Coal Project. Having spent a significant amount of time in Zimbabwe, Jacques has been responsible for dealing with a wide variety of operational activities and logistics. He has also developed good relationships with the authorities, including at the Ministerial level, and is fluent in Shona.

# IN COUNTRY MANAGEMENT

# THE LUBU COAL PROJECT

## The Transaction



- + Contango has acquired 70% of the Lubu coal project in Zimbabwe for **an implied value of £6.4M**, through the issue of shares in Contango at 5p. In addition Contango has acquired receivables of US\$6.7M, previously held by the vendor, which is expected to enable greater economic returns from initial production than its equity interest in the project.
- + 30% of the project continues to be held by supportive local partners
- + Previous owners have spent c.US\$20M on advancing the Lubu coal project
- + Contango is targeting to complete site preparation and box cut in Q3 2020, with first production expected in Q4 2020
- + Nine additional product testing holes were drilled from June-August 2019 enabling full washability test work, determination of product range, SG and grade to determine product types for the purposes of offtake discussions
- + Contango have identified semi soft coking coal as its initial primary product, given both demand and current market price

# THE LUBU COAL PROJECT

## Background

The project covers 19,236 hectares of the highly prospective Karroo Mid Zambezi coal basin in established Hwange mining district in north-western Zimbabwe. Historically c.US\$20M has been spent on the Lubu Coal Project by previous and current owners including the following work:

- 100 holes for 12,000 m of drilling
- Down-hole geophysics on all holes
- Test work on the washability characteristics of the coal
- NI43-101 Resource of 702Mt (Indicated) and 510Mt(Inferred)
- Completion of a pre-feasibility study
- Test work confirming thermal and metallurgical coal at Lubu

Since entering into the Heads of Agreement with Contango in 2017, CGH has continued to advance Lubu by:

1. Spending in excess of \$740k
2. Maintaining the licences in good order in Zimbabwe
3. Drilling 500m of large diameter core to assist with remodelling of the resource and defining the mine plan
4. Drilling nine holes and completing metallurgical studies
5. Identifying potential buyers of Lubu coal products in both the domestic and international markets



In situ NI43-101  
Resource of 702Mt  
(Indicated) and 510Mt  
(Inferred)



Over 100 holes and  
12,000m of drilling  
completed



Recent drilling in 2019  
indicate saleable  
product of thermal,  
high grade 28CV  
coking coal and semi  
soft coking coal



Offtake discussions  
underway



# THE LUBU COAL PROJECT

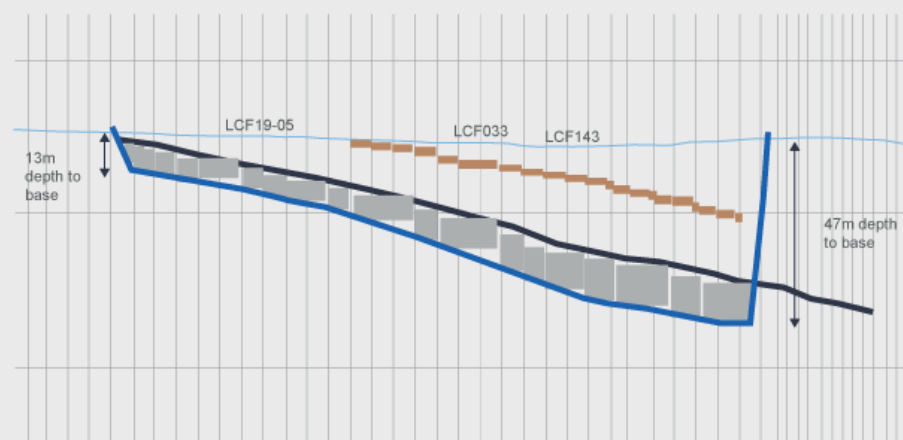
## Production and Sales Strategy

### Production Strategy

- The company intends to start mining a small section of the north-eastern part of the deposit in Block 2.
- The deposit starts at surface and dips to a maximum depth of 47m
- Forecast 10Mt of coal product expected from 18Mt in situ resource as follows:
  - 1C Seam – 1.25mt coking coal
  - 1A Seam – 1mt high grade 28CV metallurgical coal
  - Main Seam Upper - 1mt coking coal / 1mt domestic coal
  - Main Seam Middle - 3.5mt high grade 28CV metallurgical coal
  - Main Seam Lower - 3.5mt high grade 28CV metallurgical coal
- Pricing for products as at 31 January 2020:
  - Industrial 28CV Coal - US\$130/t
  - Coking coal US\$90-100/t
  - Domestic thermal coal US\$30-40/t
- Cost per tonne of production is expected to be \$15
- Targeting an initial 1Mtpa of coal product sales



The deposit starts at surface and dips to a maximum depth of 47m



West to East Cross Section through the northern part of the initial pit area with blue line showing pit outline

- 1C Seam
- 1A Lower seam
- Main Seam

# THE LUBU COAL PROJECT

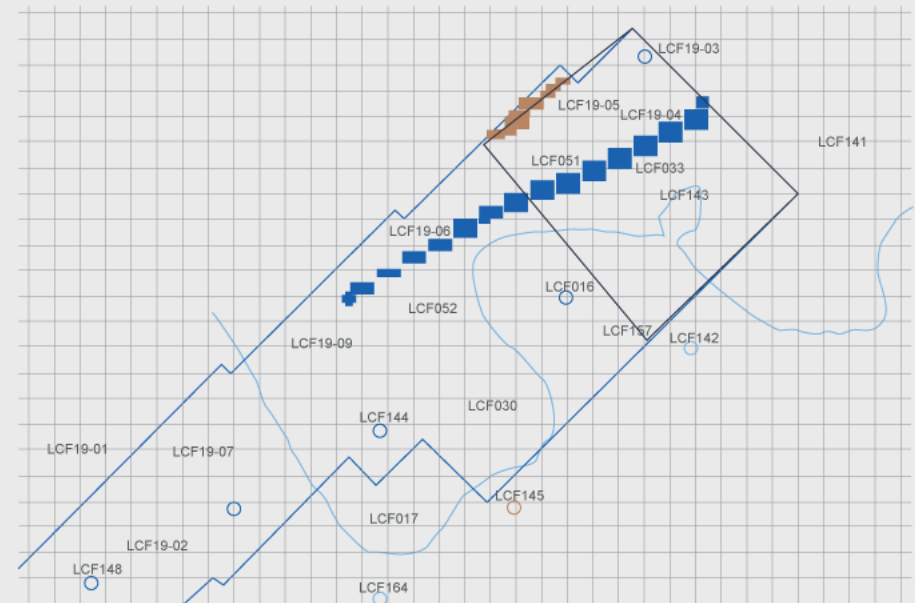
## Steps to Production – Q4 2020

### Open Pit Preparation and Production

- Following readmission the Company will refurbish current facilities including campsite, water and fuel storage and maintenance workshop
- Additional operational activity will include:
  - Ground clearance of overburden of 100M x 50M strip
  - Commencement of box cut for mining
  - Construction of full access road to the site
- Coal Extraction and Production
  - Interpretation of results from the assays which have already been sent to independent laboratories
  - Ongoing discussions with potential customers and off takers in place will look to be finalised

### Longer Term Potential & Upside

- Given the significant size of the resource, Contango will explore other synergistic development scenarios
- The Company will also assess potential additional markets for its variety of products



Plan view of Northern part of Lubu initial pit area showing borehole locations and sub-crop positions of the 1C and 1A Lower seams

# THE LUBU COAL PROJECT

## 2019 Work Program (Completed)

### 2019 Objectives

- To confirm structure and continuity of coal package
- Coking coal content and characteristics
- Investigate caking properties
- Determine which seams are best suited to produce high grade 28CV coal

### 2019 Results

#### Near Surface

- 2 faults identified which have beneficial impact of bringing the Main Seam to within 15m of the surface
- Top 1C seam 4m in thickness contains high yield of semi-soft coking coal

#### High Value

- Seam 1A can produce 28CV coal with 40% yield
- Caking tests completed – results due in the near term

#### Offtake Ready

- Based on these positive results discussions have now commenced with potential offtake partners



# SUMMARY



Following a raise of £1.4M, Contango will be funded through to first production, expected Q4 2020



The Company is focused on securing initial sales via an offtake for its coking coal products. Production is expected to be exported to Southern African industrial groups and commodities traders



The size of the Lubu Resource will enable Contango to look at additional markets and develop expansion scenarios for its production



Contango will seek to become a cash generative company and introduce a dividend policy. Anticipated excess cash will enable Contango to review additional investment opportunities





THANK YOU.

**Financial Adviser and Broker**



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# APPENDIX 1 - LUBU COAL RESOURCES



## COAL RESOURCE - LUBU COALFIELD - AS AT 30 APRIL 2018

Block	Seam	Ply	Thick (m)	Area (Mm <sup>2</sup> )	Volume (Mm <sup>3</sup> )	Density (ton/m <sup>3</sup> )	GTIS(mt)	Drill Grid (m xm)	Confidence level	Geological Loss (%)	TTIS (Mt)
B1	ALL	ALL	26.78	0.022	0579	1.675	0.968	147	INFERRED	20	0.774
B2	ALL	ALL	36.33	16.452	499.960	1.652	826.127	490	INDICATED	15	702.208
B3	ALL	ALL	51.43	1.542	63.536	1.673	106.026	517	INFERRED	20	84.821
B4	ALL	ALL	42.88	5.182	211.156	1.666	351.006	916	INFERRED	20	280.805
B5	ALL	ALL	44.91	2.750	108.133	1.664	179.501	917	INFERRED	20	143.601
B6	ALL	ALL	44.53	3.301	135.362	1.670	225.454	1,250	POTENTIAL	30	157.818
B7	ALL	ALL	39.39	6.558	241.906	1.669	402.733	1,459	POTENTIAL	30	281.913
B8	ALL	ALL	34.11	4.008	130.164	1.677	217.761	1,402	POTENTIAL	30	152.433
B9	ALL	ALL	35.75	1.437	49.852	1.664	82.746	1,192	POTENTIAL	30	249.347
B10	ALL	ALL	36.16	7.647	215.813	1.655	356.211	1,098	POTENTIAL	30	249.347
B11	ALL	ALL	40.82	3.198	119.545	1.661	198.076	1,239	POTENTIAL	30	138.653
B12	ALL	ALL	34.69	5.382	183.680	1.658	303.760	1,331	POTENTIAL	30	212.632
TOTAL			38.46	57.480	1959.686	1.662	3 250.368	1,003		24.2	2 462.977

### TOTAL TONS IN SITU

INDICATED	<b>702.2 Mt</b>	INFERRED	510 Mt	POTENTIAL	1,251 Mt	TOTAL	2,463 Mt
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