



CONTANGO

HOLDINGS Plc

Annual Report and Financial Statements
For the year ended 31 May 2021

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Board of Directors

The only employees in the Parent Company are the Directors, who are all considered to be key management personnel.

Brian McMaster (resigned on 18 June 2020)

Brian qualified as a chartered accountant in Australia in 1994 and is a registered and official liquidator with over 20 years' experience in the areas of corporate reconstruction, turnaround and performance improvement. He worked in New York and Jakarta before returning to Australia to become a partner at Ernst & Young. From 2004, he was a partner at Korda Mentha, a leading investment and restructuring services firm in Australia. In 2010 he joined Garrison Capital to advise on the identification and development of natural resources projects globally. In this capacity, he has been a director of a number of companies across the sector.

Philip Richards (resigned on 18 November 2021)

Philip 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 US\$2bn in the mining and energy sector. Prior 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.

Neal Griffith (resigned on 18 June 2020)

Neal commenced his career in finance at SG Warburg before moving to Gow & Co, a commodities trading firm. He subsequently moved into a business career as both owner/manager and investor in the telecoms, property, farming and corporate restructuring services sectors. Neal is the former CEO of Optima Worldwide Group plc, a provider of capital to growth companies.

Oliver Stansfield

Oliver joined Fox-Davies Capital in 2004 where he held the role of Director Equity Sales. In January 2015 the company was renamed to Brandon Hill Capital and Oliver was appointed CEO. He 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 Worths (HNWs). During his career he has raised in excess of \$1 billion for junior resource companies in a variety of jurisdictions and across a multitude of commodities.

Carl Esprey (appointed on 18 June 2020)

Carl, who qualified as a Chartered Accountant and Chartered Financial Analyst, has built a career in the natural resource investment and development sector. After beginning his career at Deloitte in Johannesburg in 2001, Carl 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 resources industry to move into equity investment and joined GLG Partners in London in 2008, where he focussed on natural resources investments. In 2014 Carl joined the board of Atlas Development & Support Services Limited and guided the company through its dual listing on the Growth Enterprise Market Segment of the Nairobi Securities Exchange, whilst also managing operations across Kenya, Ethiopia and Tanzania. Most recently, Carl has separately founded Elatio Tech Limited, a southern-African revenue generating gaming business and Waraba Gold Limited, a west-African gold exploration company.

Roy Pitchford (appointed 18 June 2020)

Roy is a Zimbabwean national and qualified as a Chartered Accountant in Zimbabwe. He has a long history in the country's mining sector and was the President of the Chamber of Mines in Zimbabwe. He was the Chief Executive Officer at Cluff Resources, where he led the redevelopment of Freda Rebecca mine, the largest gold mine in the country, as well as several smaller mines in the portfolio. Also, he was Chief Executive Officer at Zimplats, where he oversaw the development of the Ngezi Opencast Platinum Mine into production, the re-commission of the Selous Metallurgical Complex in 2002 and created a company with a platinum-group metals resource base in excess of 300 million ounces. More recently, he was Chief Executive Officer at Vast Resources until December 2017, a company that has mines in both Romania and Zimbabwe and is currently non-executive director of LSE listed Mining, Minerals & Metals plc.

Chairman's report

The year under review has been a highly active period for Contango Holdings Plc and saw the Group achieve various milestones in our wider investment and growth strategy. After identifying and reviewing a number of opportunities, Contango successfully acquired two high value gold assets whilst continuing to advance the Lubu Coking Coal Project ("Lubu") in Zimbabwe. The addition to Contango's portfolio of the Garalo Gold Project ("Garalo") in October 2020 and the Ntiela Gold Project ("Ntiela") in March 2021, located adjacent to each other in one of Africa's largest gold producing regions in Mali, has significantly strengthened the Company's portfolio as it looks to transition into a cash generative mining group in 2022.

The work completed during the period at Garalo has returned exceptional results; far exceeding the internal estimates and expectations we had in place at the time of acquisition. A key development for us was the publication of the independent technical report in March 2021, which confirmed a new model for gold formation and highlighted the potential for up to 2Moz at the mine, with gold structures nearly identical to those at the nearby Kalana gold deposit being developed by Endeavour Mining. Following this report and the earlier December 2020 report, which returned a 460% uplift from our previous estimated potential gold resource, we have expanded both the near term production case and also begun work to define an even larger development. An initial 20-30,000oz per annum heap leach oxide operation, with margins in excess of US\$1,000/oz at current gold prices, is being evaluated, to bring on production in 2022, ahead of a subsequent larger development to capture the full resource.

Ntiela, the most recent addition to our portfolio, was acquired in March 2021 for a total consideration of approximately £750,000. The acquisition of the project, which is contiguous to our Garalo Project, further solidifies our mineralised footprint in this world-class gold producing region in Mali. Sharing the western boundary of Garalo, the existing data from Ntiela suggests a strong correlation with Garalo's which is highly encouraging for its capacity for high-grade gold mineralisation. Exploration activities commenced in Q2 2021 and the extension of at least two target zones from Garalo to Ntiela have already been identified, providing even more upside. Due to their proximity and the aforementioned target zones, we have consolidated the assets to a single Garalo-Ntiela Project Area as we focus on implementing a work programme to realise their full potential simultaneously.

The progress made so far at Lubu has laid the foundations for a very profitable cash generative operation with first revenues expected towards the end of Q1 2022. As previously reported, we have provided bulk samples to a number of potential future customers which has confirmed the strong demand for our high-quality coal product. In addition, during the period negotiations with a Zimbabwean subsidiary of a major Chinese industrial company and one of the world's largest stainless-steel producers, developed encouragingly. Post period we undertook further studies on the composition of our coking coals, with excellent results that highlighted the value of Lubu. Whilst this reaffirmed our confidence in entering into the aforementioned offtake arrangements, the Company is now looking to install coke batteries at site in 2022, thus enabling the generation of a higher value product that can be transported internationally. Post period Contango raised sufficient funds to bring Lubu into production, further strengthening the Company's position in offtake discussions. The coking coal and coke markets saw significant price increases both during the period and beyond. This has naturally improved the economics and outlook for Lubu yet further.

Financial Review

Funding

During the period, the Parent Company raised £1,800,000 (before expenses) through an oversubscribed Placing of 36,000,000 New Ordinary Shares of GBP0.01 each at a price of 5 pence per Placing Share, in conjunction with the acquisition of the Garalo Project in October 2020.

Post period end, in June 2021, the Parent Company received commitments for £1,000,000 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.

In November 2021 the Parent Company raised a further £2,500,000 (before costs) from a placing of 41,666,666 ordinary shares at a price of 6p each.

Chairman's report *(continued)*

Revenue

The Group generated no revenue during the year as it was focussing on assets that will ultimately generate revenue for the Group.

Expenditure

The Group has low ongoing overheads and devoted its cash resources to transaction costs and the development of Lubu and Garalo-Ntiela towards commercial production.

Liquidity, cash and cash equivalents

As of 31 May 2021, the Group held £22,143 (in 2020 the Company held £10,430).

Outlook

The last 12 months have evidently been a landmark period for Contango, for our existing projects and growing portfolio, and in relation to our wider group strategy. As an emerging natural resources investment vehicle, Contango has been able to benefit from the unique advantage over larger developers to apply agile and flexible development models to our assets to achieve cashflow in an ambitious timeframe. I look forward to providing updates from advancements in our portfolio in what is set to be another breakthrough period for Contango.



Roy Pitchford

Chairman

30 November 2021

Strategic report

Contango's focus during the period was on the development of its Lubu Coal Project in Zimbabwe, and the identification, acquisition and development of the Garalo-Ntiela Gold Project in Mali.

Lubu Coal Project ('Lubu')

Contango has a 70% interest in Lubu, with the remaining 30% held by supportive local partners.

Previous owners have expended more than \$20 million on Lubu, which has enabled a sizeable resource in excess of 1.3 billion tonnes to be identified under NI 43-101 standard. Contango will initially focus on producing coking coal from Block B2, where extensive work has also been undertaken to define the specific properties of the coal, which in turn has enabled offtake conversations to commence. The coal seams within Block B2 are from surface down to a maximum depth of 47m, ensuring operating costs are kept at very attractive levels. Contango is initially focussed on the production of coking coal, with sales expected to local and international consumers.

The Board has focussed on developing markets for its semi soft coking coal and 28MJ/kg CV coal which is known to be in demand by industrial users in the Southern Africa region. The Group may develop a relatively material operation without recourse to the full-scale mining given that the terms of the Special Grant area does not stipulate a maximum threshold of production under the trial mining licence and bulk licence.

A key development during the period was the advancement of long-term offtake discussions for coking coal produced at Lubu with a Zimbabwean subsidiary of a major Chinese industrial company and one of the world's largest stainless-steel producers. 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.

The Contango team undertook a productive site visit in H2 2021 with senior members from the major Chinese industrial company in attendance. Since the site visit discussions have continued to make good progress. However, following further positive results from studies during H2 2021 the Company is now looking to optimise the development of Lubu with a fully integrated operation enabling the manufacture of coke.

Contango will 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 Group to focus specifically on the high value product of particular interest to the major Chinese industrial company for its newly built coke batteries and for the expected Contango-owned coke battery.

Following a capital raise post period, the Company is fully funded to bring Lubu into production at the end of Q1 2022 and development is underway.

Garalo-Ntiela Gold Project ('Garalo-Ntiela')

With the acquisition of Garalo in October 2020, and Ntiela in March 2021, Contango has now amassed a very significant foothold in one of Africa most productive regions for gold. The permit is surrounded by a number of multi-million ounce gold deposits and the region is home to some of the world's leading gold miners, including IAMGOLD, Barrick, B2 Gold, Endeavour Mining and Hummingbird Resources, which has helped to establish Mali as the third largest gold producer in Africa.

When originally acquired, Garalo had a non-independent resource of 320,000oz gold. Post acquisition Contango Birima Gold Resources Consulting ('BRG Consult'), an international mineral exploration consulting company with significant experience in West Africa, to prepare an Independent Technical Report to NI 43-101 standards and this was published in March 2021 (the 'Report').

The Report summarised historic and more recent technical information on Garalo and concludes that the main structure that controls the gold mineralisation at the Garalo G1 and G3 Targets is a north-south-striking, shallowly-west-dipping shear zone system forming pull-apart similar to the nearby 2.8Moz Kalana Gold Deposit.

This new model for the gold formation at Garalo suggests that the gold mineralisation is hosted in a system of parallel dilation fracture networks within shear zones. These fracture networks are under-explored and may contain a gold potential of up to 2Moz. The Report found that Garalo has high potential to host economic gold mineralisation, which can be delineated via Reverse Circulation (RC), Diamond (DD) and Rotary Air Blast (RAB) drilling programmes.

Strategic report *(continued)*

The Report also concluded that historic exploration works completed between 2001 and 2008 were professionally managed and procedures were consistent with generally accepted industry best practices. Consequently, the exploration data from soil geochemistry sampling, ground geophysical survey, trenches and drilling were assessed to be sufficiently reliable to confidently allow interpretation of the gold mineralisation in the Garalo property, enabling the outline of an extensive drilling programme over existing gold deposits and in areas with potential for new discovery to be drawn. Exploration works performed in the Garalo permit resulted in the discovery of the Garalo G1 and G3 gold deposits and numerous other clusters of anomalous zones with potential for gold discovery, some of which have offered additional high-grade potential.

In March 2021, Contango acquired the neighbouring Ntiela licence, which borders the western boundary of the Garalo permit. The prospectivity of Ntiela has been established from work programmes conducted by the previous operator which included soil and termite mound sampling and geochemistry, regolith mapping and extensive trenching. Existing data from soil geochemistry studies on Ntiela also suggests a strong correlation with the data the Group has been collecting at the G3 target on Garalo, pointing to the potential for high-grade gold mineralisation on the Ntiela licence. This work has been supplemented by drone surveys conducted by Contango geologists, which supported the potential for the extension of at least two target zones from Garalo to Ntiela.

The combined Garalo-Ntiela Project, which covers an area of 161.5km², is now expected to host a large processing hub, capable of supporting multiple open pit operations targeting initial production of gold in the near term in conjunction with an exploration programme including expansion drilling.

Recent work has focussed on aeromagnetics and airborne geophysics campaign which has been completed with the data currently being analysed, with ground-based IP studies set to commence shortly. The objective of this work programme is to better define the extents and characteristics of the orebody, considering the significant increase in resource quantum that is now contemplated at Garalo. Contango 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 dramatic increased resource potential highlighted in the NI 43-101 Independent Technical Report released in March 2021, the Company is also likely to undertake a drilling programme in parallel to 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.

Key performance indicators (KPIs)

At this stage in its development, the Group is focusing on financing, operating, health and safety and environmental issues of the Lubu and Garalo/Ntiela Projects.

Financial KPIs

Funding

During the year the Parent Company was funded through cash raised from the placements at the relisting on 17 June 2020 and the further placement on 22 October 2020.

Revenue

The Group generated no revenue during the year, however was focussing on acquisition targets that will ultimately generate revenue for the Group.

Expenditure

The Group has low ongoing overheads and devoted the majority of its cash to acquisition and progressing the development of the Lubu Coalfield site in Zimbabwe and the Garalo/Ntiela gold licences in Mali.

Liquidity, cash and cash equivalents

At 31 May 2021, the Group held £22,143 (in 2020 the Company held £10,430). However, as discussed in Note 2 (e) the parent company is planning to raise significant new funding during the course of 2021/22 to fund its planned capital expenditure.

Non-financial KPIs**Environmental**

Lubu and Garalo/Ntiela Projects are still at an early stage of project development and further consideration will need to be given to environmental and social issues affecting these sites. Environmental and safety legislation may change in a manner that may require stricter or additional standards than those now in effect, a heightened degree of responsibility for companies and their directors and employees and more stringent enforcement of existing laws and regulations.

Employees

With the exception of the Directors, the Group has five employees. Other people work on a consultancy basis at present to keep overheads at a minimum during the early stages of development of the projects. The Board of Directors' is comprised of four males. For more information about the Group's employees see directors' remuneration report on pages 17 to 21 and Note 5.

Financial risk management objectives and policies

The Group's principal financial instruments comprise cash and trade and other payables. It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are liquidity risk, price risk and foreign exchange risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash reserves to fund the Group's exploration and operating activities. Management prepares and monitors forecasts of the Group's cash flows and cash balances monthly and ensures that the Group maintains sufficient liquid funds to meet its expected future liabilities. The Group intends to raise funds in discrete tranches to provide sufficient cash resources to manage the activities through to profitability.

Price risk

The Group is exposed to fluctuating prices of commodities, including coal and gold, and the existence and quality of these commodities within the licence and project areas. The directors will continue to review the prices of relevant commodities as development of the projects continue and will consider how this risk can be mitigated.

Foreign exchange risk

The Group operates in a number of overseas jurisdictions and carries out transactions in a number of currencies including British pound sterling (currency symbol: GBP or GBP£) and United States dollar (currency symbol: USD or US\$). The Group does not have a policy of using hedging instruments but will continue to keep this under review. The Group operates foreign currency bank accounts to help mitigate the foreign currency risk.

COVID-19 risk

The Group regards the health and safety of its employees and contractors as its highest priority. This is especially so during the current global COVID-19 outbreak. All Contango employees and contractors follow the Group's strict protocols to reduce the risk of transmission of COVID-19 across the Group's operations.

The business and operations of the Group are subject to a number of risk factors which may be sub-divided into the following categories:

Exploration and development risks, including but not limited to:

- Mineral exploration is speculative and uncertain.
- Verification of historical washability analysis.
- Independent verification of internal resource estimation at Garalo.
- Mining is inherently dangerous and subject to conditions or events beyond the Company's control, which could have a material adverse effect on the Company's business.
- The volume and quality of coal recovered may not conform to current expectations.

Strategic report *(continued)*

- The extent and grade of gold mineralisation at Garalo may not conform to current expectations.

Permitting and title risks, including but not limited to:

- Licence and permits.
- The Group will be subject to a variety of risks associated with current and any potential future joint ventures, which could result in a material adverse effect on its future growth, results of operations and financial position.

Political risks, including but not limited to:

- Political stability.
- Enforcement of foreign judgements.
- Potential legal proceedings or disputes may have a material adverse effect on the Group's financial performance, cash flow and results of operations.

Financial risks, including but not limited to:

- Foreign exchange effects.
- Valuation of intangible assets.
- The Group may not be able to obtain additional external financing on commercially acceptable terms, or at all, to fund the development of its projects.
- The Group will be subject to taxation in several different jurisdictions, and adverse changes to the taxation laws of such jurisdictions could have a material adverse effect on its profitability.
- The Group's insurance may not cover all potential losses, liabilities and damage related to its business and certain risks are uninsured and uninsurable.

Commodity prices, including but not limited to:

- The price of coal may affect the economic viability of ultimate production at Lubu.
- The revenues and financial performance are dependent on the price of coal.
- The price of gold may affect the economic viability of ultimate production at Garalo.

Operational risks, including but not limited to:

- Availability of local facilities.
- Adverse seasonal weather.
- The Group's operational performance will depend on key management and qualified operating personnel which the Group may not be able to attract and retain in the future.
- The Group's directors may have interests that conflict with its interests.
- Risk relating to Controlling Shareholders.

The Company's comments and mitigating actions against the above risk categories are as follows:

Exploration and development risks

There can be no assurance that the Group's development activities will be successful however significant exploratory work has been conducted to date at Lubu and Garalo which supports the Board's confidence that a profitable mining operation can be developed.

Additionally, the phased development route which will be employed at Lubu seeks to mitigate risks along the development life cycle of the project.

Permitting and title risks

The Group complies with existing laws and regulations and ensures that regulatory reporting and compliance in respect of each permit is achieved. Applications for the award of a permit may be unsuccessful. Applications for the renewal or extension of any permit may not result in the renewal or extension taking effect prior to the expiry of the previous permit. There can be no assurance as to the nature of the terms of any award, renewal or extension of any permit.

The Group regularly monitors the good standing of its permits.

Political risks

The Group maintains an active focus on all regulatory developments applicable to the Group, in particular in relation to the local mining codes.

In recent years the political and security situations in Zimbabwe and Mali have been particularly volatile.

Financial risks

The board regularly reviews expenditures on projects. This includes updating working capital models, reviewing actual costs against budgeted costs, and assessing potential impacts on future funding requirements and performance targets.

Commodity prices

As projects move towards commercial mining the Group will increasingly review changes in commodity prices so as to ensure projects remain both technically and economically viable.

Operational risks

Continual and careful planning, both long-term and short-term, at all stages of activity is vital so as to ensure that work programmes and costings remain both realistic and achievable.

COVID-19 outbreak

In addition to the foregoing comments and mitigating actions against the above risk categories the Group has implemented various protocols in relation to the current COVID-19 outbreak. Contango places the health and safety of its employees and contractors as its highest priority. Accordingly, a business continuity programme has been put in place to protect employees whilst ensuring the safe operation of the Group.

Having spoken with, amongst others, local government, staff and contractors, strict protocols have been implemented to reduce the risk of transmission of COVID-19 at all the Group's operations.

The situation in respect of COVID-19 is an evolving one and the Board will continue to review its potential impact on its staff and the business.

Directors' section s172 statement

The Board of Contango Holdings plc is aware that the decisions it makes may affect the lives of many people. The Board makes a conscious effort to try and understand the interests of the Group's stakeholders, and to reflect them in the choices the Board makes in creating long-term sustainable value for the business.

The Board views engagement with the Group's shareholders and wider stakeholder groups as essential work. The Board is aware that it needs to listen to each stakeholder group, so that it can understand specific interests, and foster effective and mutually beneficial relationships. By understanding the Group's stakeholders, the Board can build their needs into the decisions it takes.

Throughout this Annual Report, the Board provides examples of how Contango:

- Considers the likely consequences of long-term decisions;
- Fosters relationships with stakeholders;
- Understands its impact on local communities and the environment; and
- Demonstrates the importance of behaving responsibly.

Strategic report *(continued)*

This section serves as Contango's section 172 statement and should be read in conjunction with the Strategic Report and the Group's Corporate Governance Statement. Section 172 of the Companies Act 2006 requires Directors to act in a way that they consider, in good faith, would most likely promote the success of the Group for the benefit of its members as a whole, taking into account the factors listed in s172 in regard to:

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the Group's employees;
- (c) the need to foster the Group's business relationships with suppliers, customers and others;
- (d) the impact of the Group's operations on the community and the environment;
- (e) the desirability of the Group maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly between members of the Group.

The Directors continue to have regard to the interests of the Group's employees and other stakeholders, including the impact of its activities on the community, the environment and the Group's reputation, when making decisions. Acting in good faith and fairly between members, the Directors consider what is most likely to promote the success of the Group for its members in the long term.

The Group is seeking to produce coal and gold to benefit our employees, investors, communities and regional stakeholders. The Board regularly reviews its principal stakeholders and how the Board engages with them. The stakeholder voice is brought into the boardroom throughout the annual cycle through information provided by management and also by direct engagement with stakeholders themselves. The relevance of each stakeholder group may increase or decrease depending on the matter or issue in question, so the Board seeks to consider the needs and priorities of each stakeholder group during its discussions and as part of its decision making.

The following table acts as Contango's s172(1) statement by setting out the key stakeholder groups, their interests and how the Group has engaged with them over the reporting period.

STAKEHOLDER	THEIR INTEREST	ENGAGEMENT METHOD
Investors	<ul style="list-style-type: none"> – Business sustainability – High standard of governance – Comprehensive review of financial performance of the business – Ethical behaviour – Awareness of long term strategy and direction – Continual approval of market perception of the business – Delivering long term value 	<ul style="list-style-type: none"> – Annual and Interim reports – Regular operations and trading updates – RNS Announcements – Investor relations section on website – AGM – Shareholder circulars – Shareholder liaison through board – Board encourages open dialogue with the Group's investors – Social media
Regulatory bodies	<ul style="list-style-type: none"> – Compliance with regulations – Worker pay and conditions – Health & Safety – Waste and environment – Insurance – Environmental Protection 	<ul style="list-style-type: none"> – Stock Exchange announcements – Annual Report – Website – Direct contact with regulators – Compliance update at Board meetings – Communications with Zimbabwean and Malian Governments – Engagement with local community leaders

Environment	<ul style="list-style-type: none">– Sustainability– Waste Management– Energy usage	<ul style="list-style-type: none">– Adhere to local environmental codes
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STAKEHOLDER	THEIR INTEREST	ENGAGEMENT METHOD
Community	<ul style="list-style-type: none">– Community outreach– Human Rights– Sustainable growth minimising adverse impacts	<ul style="list-style-type: none">– Meeting with key community representatives– Partnering with communities in which we operate
Contractors and JV Partners	<ul style="list-style-type: none">– Terms and conditions of contract– Health & Safety– Human rights and modern slavery	<ul style="list-style-type: none">– Anti-bribery policy– Whistleblowing policy

Signed on behalf of the board of directors



Carl Esprey
Chief Executive Officer
30 November 2021

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 May 2021. The Parent Company was incorporated on 18 May 2016.

Principal Activity

The principal activity of the Group during the period was that of developing the mineral resources held by its subsidiaries in Zimbabwe and Mali.

Results

The Group recorded a loss for the year before taxation of £3,248,015 (in 2020 the Company recorded a loss of £258,027).

Dividends

No dividend has been paid during the year nor do the Directors recommend the payment of a final dividend.

Directors

The Directors who serve at any time during the year were:

Philip Richards	Non-Executive Director (resigned on 18 November 2021)
Brian McMaster	Executive Director (resigned on 18 June 2020)
Neal Griffith	Executive Director (resigned on 18 June 2020)
Oliver Stansfield	Non-Executive Director
Carl Esprey	Chief Executive Officer (appointed 18 June 2020)
Roy Pitchford	Chairman (appointed 18 June 2020)

Details of the Directors' holding of Ordinary Shares, Warrants and Options are set out in the Directors' Remuneration report.

Further details of the interests of the Directors in the Warrants and Options of the Parent Company are set out in Note 15 of the financial statements.

Share Capital

Contango Holdings Plc is incorporated as a public limited company and is registered in England and Wales with the registered number 10186111. Details of the Parent Company's issued share capital, together with details of the movements during the year, are shown in Note 14. The Parent Company has one class of Ordinary Share and all shares have equal voting rights and rank *pari passu* for the distribution of dividends and repayment of capital.

Substantial Shareholdings

As at 18 November 2021, the Parent Company had been informed of the following substantial interests over 3% of the issued share capital of the Parent Company.

	Holdings	Percentage
Consolidated Growth Holdings Ltd	98,349,961	31.84%
RAB Capital	37,048,864	12.00%
Hargreaves Lansdown (Nominees) Ltd	21,770,040	7.06%
JIM Nominees Ltd	13,172,959	4.26%
Vidacos Nominees Limited	12,472,982	4.04%
James Capel (Nominees) Limited	12,197,809	3.95%
Luna Nominees Ltd	11,615,000	3.76%
HSBC Global Custody Nominee (UK) Ltd	10,124,565	3.28%

The directors' beneficial interests in the Ordinary share capital, which were all individually over 3% prior to the relisting on 18th June 2020 and as such a substantial interest, are disclosed on page 18.

Corporate Governance Statement

The Board is committed to maintaining appropriate standards of corporate governance. The statement below, together with the report on Directors' remuneration on pages 17 to 21, explains how the Group has observed principles set out in The UK Corporate Governance Code ("the Code") as relevant to the Group and contains the information required by section 7 of the UK Listing Authority's Disclosure Rules and Transparency Rules.

The Group is a small entity with modest resources. The Group has a clear mandate to optimise the allocation of limited resources to source acquisition(s) and support its future plans. As such the Group strives to maintain a balance between conservation of limited resources and maintaining robust corporate government practices. As the Group evolves, the Board is committed to enhancing the Group's corporate governance policies and practices deemed appropriate to the size and maturity of the organisation.

Board of Directors

The Board currently consists of two executive directors and two non-executive Directors. It met regularly throughout the year to discuss key issues and to monitor the overall performance of the Group. With a Board comprising of just the four executive Directors, all matters and committees, such as Remuneration, Audit and Nominations are considered by the Board as a whole. The Directors will actively seek to expand Board membership to provide additional levels of corporate governance procedures at the relevant opportunity.

Audit Committee

The Board seeks to present a balanced and understandable assessment of the Group's position and prospects in all interim, final and price-sensitive reports and information required to be presented by statute. There is no separate audit committee at present.

The Directors consider the size of the Group and the close involvement of executive Directors in the day-to-day operations makes the maintenance of an internal audit function unnecessary. The Directors will continue to monitor this situation.

External auditor

During the year the Board met with the auditor to discuss the audit process and the matters the auditor identified during the audit. The Board will continue to meet with the auditor at least twice a year to consider the results, internal procedures and controls and matters raised by the auditor. The Board considers auditor independence and objectivity and the effectiveness of the audit process. It also considers the nature and extent of the non-audit services supplied by the auditor reviewing the ratio of audit to non-audit fees and ensures that an appropriate relationship is maintained between the Group and its external auditor.

The Group has a policy of controlling the provision of non-audit services by the external auditor in order that their objectivity and independence are safeguarded and approved the non-audit services provided by the external auditors. As part of the decision to recommend the appointment of the external auditor, the Board takes into account the tenure of the auditor in addition to the results of its review of the effectiveness of the external auditor and considers whether there should be a full tender process. There are no contractual obligations restricting the Board's choice of external auditor. The auditors have provided services in relation to the annual audit of the group and acted as reporting accountants in relation to the proposed acquisition during the year. The board of directors have reviewed the scope and scale of the non-audit services undertaken by the auditors in order to ensure that their independence and objectivity is safeguarded.

Remuneration Committee

There is no separate Remuneration Committee at present, instead all remuneration matters are considered by the Board as a whole. It meets when required to consider all aspects of directors' and staff remuneration, share options and service contracts.

Nominations Committee

A nominations Committee has not yet been established.

Directors' Report *(continued)*

Internal financial control

Financial controls have been established so as to provide safeguards against unauthorised use or misappropriation of the assets, to maintain adequate accounting records and to provide reliable financial information for internal use. Key financial controls include:

- The maintenance of adequate records;
- A schedule of matters reserved for the approval of the Board;
- Close involvement of the Directors in the day-to-day operational matters of the Group.

Shareholder Communications

The Group uses its corporate website (www.contango-holdings-plc.co.uk) to ensure that the latest announcements, press releases and published financial information are available to all shareholders and other interested parties.

The AGM is used to communicate with both institutional shareholders and private investors and all shareholders are encouraged to participate. Separate resolutions are proposed on each issue so that they can give proper consideration and there is a resolution to approve the Annual Report and financial statements.

The Group counts all proxy votes and will indicate the level of proxies lodged on each resolution after it has been dealt with by a show of hands.

Statement of Directors' Responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing this report and the financial statements in accordance with applicable United Kingdom law and regulations and with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Company law requires the Directors to prepare financial statements for each financial period which present fairly the financial position of the Group and the financial performance and cash flows of the Group for that period.

In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- State whether applicable United Kingdom law and regulations and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business; and
- Provide additional disclosures when compliance with the specific requirements in IFRS as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations, and for ensuring that the Annual report includes information required by the Listing Rules of the Financial Conduct Authority.

The financial statements are published on the Group's website <http://www.contango-holdings-plc.co.uk>. The work carried out by the Auditor does not involve consideration of the maintenance and integrity of this website and accordingly, the Auditor accepts no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors of the website need to be aware that legislation in the United Kingdom covering the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

The Directors confirm that to the best of their knowledge:

- The Group financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Group;
- This Annual report includes the fair review of the development and performance of the business and the position of the Group together with a description of the principal risks and uncertainties that it faces; and
- The Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide information necessary for shareholders to assess the Group's performance, business and strategy.

Greenhouse Gas Disclosures

The Group has as yet no greenhouse gas emissions to report from the operations of the Group and does not have responsibility for any other emission producing sources under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Disclosure and Transparency Rules

Details of the Parent Company's share capital and warrants are given in Notes 7 and 14 respectively. The Directors undertook not to sell any of their holdings for a year after admission to the standard listing without the consent of the Group and Brandon Hill Capital, the Group's broker. There are now no restrictions on transfer or limitations on the holding of the ordinary shares. None of the shares carry any special rights with regard to the control of the Parent Company. There are no known arrangements under which the financial rights are held by a person other than the holder and no known agreements or restrictions on share transfers and voting rights.

As far as the Group is aware there are no person with significant direct or indirect holdings other than the Directors and other significant shareholders as shown on page 12 and page 17.

The provisions covering the appointment and replacement of directors are contained in the Parent Company's articles, any changes to which require shareholder approval. There are no significant agreements to which the Group is party that take effect, alter or terminate upon a change of control following a takeover bid and no agreements for compensation for loss of office or employment that become effective as a result of such a bid.

Auditor Information

The Directors who held office at the date of approval of the Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's Auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Group's Auditor is aware of that information.

Auditor

Crowe U.K. LLP has expressed its willingness to continue in office as Auditor of the Group and resolutions for its re-appointment and for the Directors to determine its remuneration will be proposed at the forthcoming AGM.

Financial Instruments

The Group has exposure to liquidity risk. Note 2 presents information about the Group's exposure to these risks, along with the Group's objectives, processes and policies for managing the risks.

Events after the reporting period

Note 16 of the financial statements provides further detail on capital raises since the end of the financial year.

Directors' Report *(continued)*

Directors' Indemnity Provisions

The Group has implemented Directors and Officers Liability Indemnity insurance.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. However, the directors acknowledge that there is a material uncertainty in respect of going concern. Further details are given in Note 2 (b) to the Financial Statements. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Donations

The Group made no political donations during the year.



Carl Esprey

Chief Executive Officer on behalf of the Board

30 November 2021

Directors' Remuneration Report

Remuneration Policies

The remuneration policy of the Group, which has been in effect from 18 June 2020, is designed to attract, retain and motivate Executive Directors and senior management of a high calibre with a view to encouraging commitment to the development of the Group and for long term enhancement of a shareholder value. The Board believes that shared ownership by Executive Directors strengthens the link between their personal interests and those of shareholders although there is no formal shareholding policy in place.

The current Directors' remuneration comprises a basic fee and a long-term incentive plan in the form of a nil cost performance share option package as announced on 9 April 2021.

Service contracts

Each of the Executive Directors entered into Service Agreements on 19 May 2020 with the Parent Company and continue to be employed until terminated by the Group giving three months' prior notice or the Director giving three months' prior notice to save in cases of a material breach of contract when the Executive Directors can be dismissed without notice.

In the event of termination or loss of office the Director is entitled only to payment of his basic salary in respect of his notice period. In the event of termination or loss of office in the case of a material breach of contract the Director is not entitled to any further payment.

The Chief Executive Officer is paid at a rate of £42,000 per annum.

The Executive Chairman is paid at a rate of £24,000 per annum.

Executive Directors are allowed to accept external appointments with the consent of the Board, provided that these do not lead to conflicts of interest. Executive Directors are allowed to retain fees paid.

Non-executive directors are paid at a rate of £18,000 per annum and are required to seek re-election at the annual general meeting.

The contracts are available for inspection at the Parent Company's registered office.

Approval by members

The remuneration policy above will be put before the members for approval at the next Annual General Meeting.

Implementation Report

Particulars of Directors' Remuneration

Particulars of directors' remuneration, including directors' warrants which, under the Companies Act 2006 are required to be audited, are given in Notes 4 and 15 and further referenced in the Directors' report.

Remuneration paid to the Directors' during the year ended 31 May 2021:

Executive Director	Base salary (£)	Share Performance Options (£)	Share-based bonus (£)	Total 2021 (£)
Carl Esprey	42,000	310,050	–	352,050
Roy Pitchford	24,000	78,705	–	102,705
Philip Richards	18,000	143,100	25,000	186,100
Brian McMaster	900	–	25,000	25,900
Neal Griffith	900	–	25,000	25,900
Oliver Stansfield	18,000	143,100	25,000	186,100
	103,800	674,955	100,000	878,755

Directors' Remuneration Report *(continued)*

Remuneration paid to the Directors' during the period ended 31 May 2020 was:

Executive Director	Base salary (£)	Share Performance Options (£)	Share-based bonus (£)	Total 2020 (£)
Philip Richards	18,000	–	–	18,000
Brian McMaster	18,000	–	–	18,000
Neal Griffith	18,000	–	–	18,000
Oliver Stansfield	18,000	–	–	18,000
	72,000	–	–	72,000

There were no performance measures associated with any aspect of Directors' remuneration during the year.

Payments to past Directors

There are no payments to past Directors.

Payments for loss of office

There were no payments for loss of office during the year.

Bonus and incentive plans

The original company directors were each paid a bonus of £25,000 in shares on 18 June 2020 in recognition of their efforts to bring the Monaf acquisition to completion.

Percentage change in the remuneration of the Chief Executive

The Group appointed Carl Esprey as Chief Executive Officer on 18 June 2020. Mr Esprey's salary has not changed since that date.

Directors interests in shares

The Group has no Director shareholder requirements.

The beneficial interest of the Directors in the Ordinary Share Capital of the Parent Company was as follows:

	31 May 2021 Number	% age of issued share capital 2021	31 May 2020 Number	% age of issued share capital 2020
Carl Esprey	4,200,000	1.65%		
Philip Richards*	–	0%	3,214,033	7.48%
Brian McMaster	–	0%	3,214,033	7.48%
Neal Griffith	4,690,699	1.93%	3,214,033	7.48%
Oliver Stansfield	5,300,000	2.18%	3,214,033	7.48%
	14,190,699	5.76%	12,856,132	29.92%

The Directors held the following warrants at the end of the year:

Director	2021	2020	Exercise Price	Earliest date of exercise	Latest date of exercise
Philip Richards*	–	3,068,200	Series 1: 3p	1 Nov 2019	31 Oct 2021
	–	72,916	Series 2: 5p		
Brian McMaster	3,068,200	3,068,200	Series 1: 3p	1 Nov 2019	31 Oct 2021
	72,916	72,916	Series 2: 5p		
Neal Griffith	3,068,200	3,068,200	Series 1: 3p	1 Nov 2019	31 Oct 2021
	72,916	72,916	Series 2: 5p		
Oliver Stansfield	–	3,068,200	Series 1: 3p	1 Nov 2019	31 Oct 2021
		72,916	Series 2: 5p		

The Directors held the following share performance options at the end of the year:

Director	2021	2020	Exercise Price	Earliest date of exercise	Latest date of exercise
Carl Esprey	3,900,000	–	£Nil	9 April 2021	8 April 2023
Philip Richards*	1,800,000	–	£Nil	9 April 2021	8 April 2023
Roy Pitchford	990,000	–	£Nil	9 April 2021	8 April 2023
Oliver Stansfield	1,800,000	–	£Nil	9 April 2021	8 April 2023

*Philip Richards' holdings in the Company are held by RAB Capital, a company that he controls. Please refer to page 12 for details of RAB Capital's holdings in the Company.

Remuneration Committee

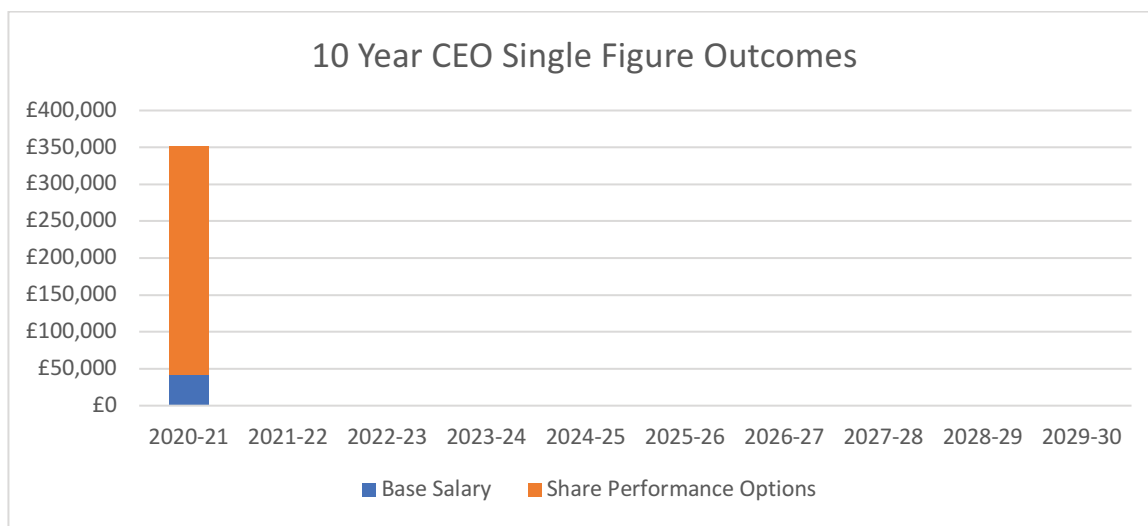
There is no separate Remuneration Committee at present, instead all remuneration matters are considered by the Board as a whole. It meets when required to consider all aspects of directors' remuneration, share options and service contracts.

Shareholder voting at the Annual General Meeting

Given the Parent Company ordinary shares were only recently relisted on the Main Market of the London Stock Exchange during the current year, it has not yet presented its Directors' Remuneration Report and the Directors' Remuneration Policy to its members at the Annual General Meeting.

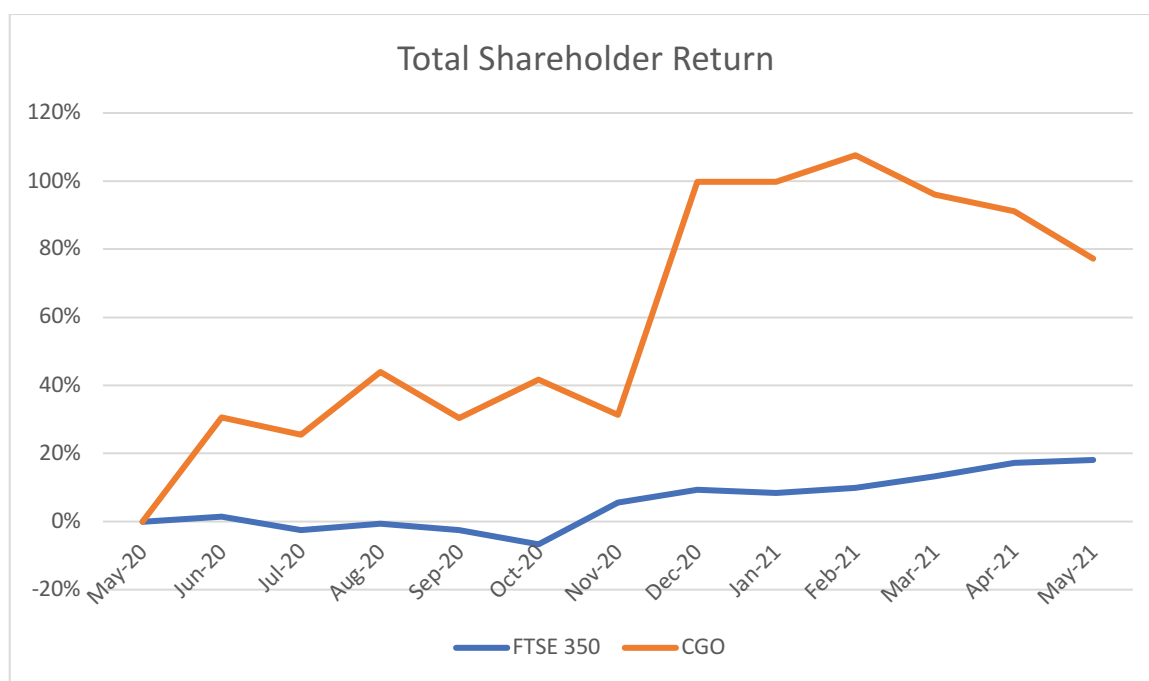
Directors' Remuneration Report *(continued)*

2021 CEO Single Figure of Remuneration



The single figure of remuneration for Carl Esprey is £352,050. This is made up of a base salary of £42,000 and £310,050 in the form of 3,900,000 £nil cost share performance options granted during the year.

Total Shareholder Return



The table above illustrates the total return of Contango shareholders over the year since relisting of 77% as opposed to the 18% return for the FTSE 350 as a whole. Contango Holdings is part of the FTSE 350.

Statement

From incorporation the outset the Board has set out and implemented a policy designed in its view to attract, retain and motivate executive Directors of the right calibre and ability. There have been no major changes during the period either in that policy or its implementation, including levels of remuneration and terms of service for the Directors.

Requirements for the Listing Rules

Listing Rule 9.8.4 requires the Group to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures required in relation to Listing Rule 9.8.4.

ON BEHALF OF THE BOARD



Carl Esprey

Chief Executive Officer

30 November 2021

Independent Auditor's Report To The Members of Contango Holdings Plc

Opinion

We have audited the financial statements of Contango Holdings Plc (the "Parent Company") and its subsidiaries (the 'Group') for the year ended 31 May 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended; and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group and Parent's financial statements is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Group and of the Parent Company's affairs as at 31 May 2021 and of the Group's loss for the year then ended;
- the Group and Parent financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2 to the financial statements which explains that the Group and Parent Company's ability to continue as a going concern is dependent on the availability of future further fundraising. These conditions indicate the existence of a material uncertainty which may cast significant doubt over the Parent Company's and the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included considering the inherent risks associated with the company's business model, including macroeconomic uncertainties, assessing and challenging the reasonableness of estimates made by the directors and the related disclosures and analysing how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the financial statements as a whole to be £230,000 (2020 £8,000), based on a percentage of the total assets as the Group is a cash shell and not yet generating any revenue.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. We determined performance materiality to be £168,000 (2020: £5,700).

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the with the board of directors to report to it all identified errors in excess of £11,500 (2020: £400). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

The Group is accounted for from one central operating location, the Company's registered office. The main exploration activity of the group is planned to occur in Zimbabwe and Mali. Our audit was performed remotely and the scope of the audit included both the parent and the entities acquired in the period.

As part of designing our audit, we determined the group and component materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered the areas where the directors have made estimates and judgements, on the basis that there was no trading activity by the company in the period under review and as such we did not identify any significant subjective judgements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Except for the matter described in the Material uncertainty related to going concern, we have determined the following, as key audit matters.

Key audit matter	How our scope addressed the key audit matter
<p>Asset acquisition accounting</p> <p>During the year, the Company acquired 70% of Monaf Investments Pty Limited (Monaf) and 75% of Contango Gold Mali SARL (CGM).</p> <p>This acquisition was treated as asset acquisition as it did not meet the definition of business per IFRS 3.</p>	<p>We reviewed the share purchase agreement to understand the terms of the transaction and we agreed the consideration paid. We ensured that the accounting treatment of asset acquisition was correctly reflected in the financial statements and adequate disclosures were made.</p> <p>We challenged the management on whether the acquisition should be treated as business combination and obtained their assessment which we reviewed and concluded that the acquisition of the subsidiaries should be treated as asset acquisition as it does not meet the definition of business, per IFRS 3: Business Combinations.</p> <p>We discussed and challenged management on the fair value adjustment to the value of exploration assets recognised on acquisition. We challenged management on the consideration paid for the acquisition of Monaf and CGM.</p>

Independent Auditor's Report *(continued)*

Key audit matter	How our scope addressed the key audit matter
<p>Carrying value of intangible assets</p> <p>Following the acquisition of Monaf and CGM Group now owns a mining licence and has significant exploration assets.</p> <p>There is a risk that these may be impaired.</p> <p>Management performed an impairment indicator review to assess whether there were any indicators of impairment for the exploration assets and whether an impairment test was required to be performed. No indicators of impairment of the asset were identified.</p>	<p>We considered the indicators of impairment applicable to the exploration asset, including those indicators identified in IFRS 6: 'Exploration for the Evaluation of Mineral Resources' and reviewed management's assessment of these indicators. The following work was undertaken:</p> <ul style="list-style-type: none"> • We reviewed the licence documentation to confirm the exploration permits are valid • We made specific enquiries of management and reviewed market announcements, budgets and plans which confirmed the plan to continue investment in the Lubu coalfield, Gold Mali mining subject to sufficient funding being available, as disclosed in note 2. • We considered whether the feasibility studies to date indicated any impairment for the project.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on pages 14 to 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- enquiry of management about the Company's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance;
- examining supporting documents for all material balances, transactions and disclosures;
- review of the Board of directors' minutes;
- enquiry of management about litigations and claims and inspection of relevant correspondence;
- evaluation of the selection and application of accounting policies related to subjective measurements and complex transactions;
- analytical procedures to identify any unusual or unexpected relationships;
- testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- review of accounting estimates for biases;
- Review photographs of the site.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organized schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report *(continued)*

Other matters which we are required to address

We were appointed by the board on 20 July 2020 to audit the financial statements for the year ended 31 May 2021. This is our fourth year acting as the company's auditors.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Matthew Stallabrass
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

30 November 2021

Consolidated Statements of Comprehensive Income

For the year ended 31 May 2021

	Notes	Year ended 31 May 2021 £	Year ended 31 May 2020 £
Administrative fees and other expenses	5	(3,304,899)	(258,027)
Operating loss		–	(258,027)
Finance revenue		–	–
Finance expense		–	–
Loss before tax		(3,304,899)	(258,027)
Income tax		–	–
Loss for the year		(3,304,899)	(258,027)
Loss attributable to owners of Contango Holdings PLC		(3,248,015)	(258,027)
Loss attributable to non-controlling interests		(56,884)	–
Loss for the period		(3,304,899)	(258,027)
Basic and diluted loss per Ordinary Share (pence)	6	(1.49)	(0.60)
Other comprehensive income		(48,797)	–
Total comprehensive loss for the period		(3,353,696)	–
Total comprehensive loss attributable to owners of Contango Holdings PLC		(3,281,408)	(258,027)
Total comprehensive loss attributable to non-controlling interests		(72,288)	–
Total comprehensive loss for the period		(3,353,696)	(258,027)

The notes to the financial statements form an integral part of these financial statements.

Consolidated Statement of Financial Position

For the year ended 31 May 2021

	Notes	Year ended 31 May 2021 £	Year ended 31 May 2020 £
Non-current assets			
Investment	8	62,260	–
Intangible assets	9	10,118,098	–
Property plant and equipment	10	31,168	–
Total non-current assets		10,211,526	–
Current assets			
Other receivables	11	135,699	403,163
Cash and cash equivalents	13	22,143	10,430
Total current assets		157,842	413,593
Total assets		10,369,368	413,593
Current liabilities			
Trade and other payables	14	(281,664)	(435,173)
Total current liabilities		(281,664)	(435,173)
Net (liabilities)/assets		10,087,704	(21,580)
Equity			
Share capital	15	2,279,338	429,500
Share premium	15	8,294,643	368,978
Shares to be issued		400,000	–
Warrant reserve		160,074	84,874
Option reserve		1,700,505	–
Translation reserve		(33,393)	–
Retained earnings		(4,152,947)	(904,932)
Total equity attributable to owners of Contango Holdings		8,648,220	(21,580)
Non-controlling interests		1,439,484	–
Total Equity		10,087,704	(21,580)

The notes to the financial statements form an integral part of these financial statements.

This report was approved by the Board and authorised for issue on 30 November 2021 and signed on its behalf by:



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Carl Esprey
Director

Registered number: 10186111

Parent Statement of Financial Position

For the year ended 31 May 2021

	Notes	Year ended 31 May 2021 £	Year ended 31 May 2020 £
Non-current assets			
Investments	8	1,477,327	–
Intangible assets	9	746,517	–
Total non-current assets		2,223,844	–
Current assets			
Other receivables	11	6,780,820	403,163
Cash and cash equivalents	13	10,696	10,430
Total current assets		6,791,516	413,593
Total assets		9,015,360	413,593
Current liabilities			
Trade and other payables	14	(228,820)	(435,173)
Total current liabilities		(228,820)	(435,173)
Net assets/(liabilities)		8,786,540	(21,580)
Equity			
Share capital	15	2,279,338	429,500
Share premium	15	8,294,643	368,978
Shares to be issued		400,000	—
Warrant reserve		160,074	84,874
Option reserve		1,700,505	–
Retained earnings		(4,048,020)	(904,932)
Total Equity		8,786,540	(21,580)

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the Parent Company for the year was £3,359,885 (2020: £258,027).

The notes to the financial statements form an integral part of these financial statements.

This report was approved by the Board and authorised for issue on 30 November 2021 and signed on its behalf by:



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Carl Esprey
 Director

Registered number: 10186111

Consolidated Statements of Changes in Equity

For the year ended 31 May 2021

	Share capital £	Share premium £	Shares to be issued £	Warrant reserve £	Option reserve £	Translation reserve £	Retained earnings £	Total Equity of Owners £	Non-controlling interests £	Total £
Balance as at 31 May 2019	429,500	368,978	-	84,874	-	-	(646,905)	236,447	-	236,447
Loss for the year			-				(258,027)	(258,027)	-	(258,027)
Balance as at 31 May 2020	429,500	368,978	-	84,874	-	-	(904,932)	(21,580)	-	(21,580)
Loss for the year	-	-	-	-	-	-	(3,248,015)	(3,248,015)	(56,884)	(3,304,899)
Other comprehensive income										
Translation differences	-	-	-	-	-	(33,393)	-	(33,393)	(15,404)	(48,797)
Total comprehensive income for the year	-	-	-	-	-	(33,393)	(3,248,015)	(3,281,408)	(72,288)	(3,353,696)
Transactions with owners										
Share issues										
- cash received net	1,819,838	7,815,665	-	-	-	-	-	9,635,503	-	9,635,503
Share issues										
- warrants exercised	30,000	110,000	-	(10,600)	-	-	-	129,400	-	129,400
Shares to be issued	-	-	400,000	-	-	-	-	400,000	-	400,000
Warrants issued	-	-	-	85,800	-	-	-	85,800	-	85,800
Options issued	-	-	-	-	1,700,505	-	-	1,700,505	-	1,700,505
Minority interest share of intangible asset acquisitions	-	-	-	-	-	-	-	-	1,511,772	1,511,772
Total transactions with owners	1,849,838	7,925,665	400,000	75,200	1,700,505	-	-	11,951,208	1,511,772	13,462,980
Balance at 31 May 2021	2,279,338	8,294,643	400,000	160,074	1,700,505	(33,393)	(4,152,947)	8,648,220	1,439,484	10,087,704

Parent Statements of Changes in Equity

For the year ended 31 May 2021

	Share capital £	Share premium £	Shares to be issued £	Warrant reserve £	Option reserve £	Retained earnings £	Total Equity of Owners £
Balance as at 31 May 2019	429,500	368,978	–	84,874	–	(646,905)	236,447
Loss for the year	–	–	–	–	–	(258,027)	(258,027)
Balance as at 31 May 2020	429,500	368,978	–	84,874	–	(904,932)	(21,580)
Loss for the year	–	–	–	–	–	(3,143,088)	(3,143,088)
Other comprehensive income							
Translation differences	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	–	(3,143,088)	(3,143,088)
Transactions with owners							
Share issues – cash received net	1,819,838	7,815,665	–	–	–	–	9,635,503
Share issues – warrants exercised	30,000	110,000	–	(10,600)	–	–	129,400
Shares to be issued			400,000				400,000
Warrants issued	–	–	–	85,800	–	–	85,800
Options issued	–	–	–	–	1,700,505	–	1,700,505
Total transactions with owners	1,849,838	7,925,665	400,000	75,200	1,700,505	–	11,951,208
Balance at 31 May 2021	2,279,338	8,294,643	400,000	160,074	1,700,505	(4,048,020)	8,786,540

Statements of Cash Flows

For the year ended 31 May 2021

	Notes	Year ended 31 May 2021 £	Year ended 31 May 2020 £
Operating activities			
Loss after tax		(3,304,899)	(258,027)
Adjustments for:			
Depreciation and amortisation		4,443	–
Share based transactions		1,775,705	–
Revaluation of intangible asset		(54,986)	–
<i>Changes in working capital</i>			
(Increase)/decrease in trade and other receivables		212,334	(371,852)
(Decrease)/Increase in trade and other payables (see reconciliation below)		(153,509)	359,425
(Decrease) in Net cash from operating activities		(1,520,912)	(270,454)
Investing activities			
Purchase of exploration licences		(1,145,678)	–
Spending on exploration licences		(136,781)	–
Purchase of investments		(62,260)	–
Purchase of fixed assets		(35,397)	–
Net cash outflow from investing activities		(1,380,116)	–
Financing activities			
Ordinary Shares issued (net of issue costs)	15	2,940,674	–
Net cash flows from financing activities		2,940,674	–
(Decrease)/Increase in cash and short-term deposits		39,646	(270,454)
Cash and short-term deposits as at the start of the period		10,430	280,884
Effect of foreign exchange rate changes		(27,933)	–
Cash and short-term deposits at the end of the period		22,143	10,430

The notes to the financial statements form an integral part of these financial statements.

Parent Cash Flow Statement

For the year ended 31 May 2021

	Notes	Year ended 31 May 2021 £	Year ended 31 May 2020 £
Operating activities			
Loss after tax		(3,143,088)	(258,027)
Adjustments for:			
Share based transactions		1,775,705	–
<i>Changes in working capital</i>			
(Increase)/decrease in trade and other receivables		321,272	(371,852)
(Decrease)/Increase in trade and other payables		(206,352)	359,425
(Decrease) in Net cash from operating activities		(1,252,463)	(270,454)
Investing activities			
Purchase of investments		(64,227)	–
Purchase of exploration licences		(346,517)	–
Loans to subsidiaries		(1,274,024)	–
Net cash outflow from investing activities		(1,684,768)	–
Financing activities			
Ordinary Shares issued (net of issue costs)	15	2,940,674	–
Net cash flows from financing activities		2,940,674	–
(Decrease)/Increase in cash and short-term deposits		3,443	(270,454)
Cash and short-term deposits as at the start of the period		10,430	280,884
Effect of foreign exchange rate changes		8,270	–
Cash and short-term deposits at the end of the period		22,143	10,430

The notes to the financial statements form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 May 2021

1 General information

The Parent Company was incorporated in England under the Laws of England and Wales with registered number 10186111 on 18 May 2016. All of the Parent Company's Ordinary Shares were admitted to the London Stock Exchange's Main Market and commenced trading on 1 November 2017. The Parent Company was re-registered as a public company under Companies Act 2006 on 1 June 2017, by the name Contango Holdings plc.

The acquisition of the Lubu coalfield project by the Parent Company took place on the 18 June 2020 and the Parent Company's shares were readmitted for trading on the London Stock Exchange. The Parent Company's shares had been suspended on 22 December 2017 when it was announced that it had signed a memorandum of understanding with CGH and entered into an exclusivity period with regards to the possible acquisition of Monaf, a company incorporate in Zimbabwe which holds the Lubu Coalfield. Dealings in the Parent Company's Ordinary Shares were, accordingly, suspended pending the publication of a prospectus in relation to this transaction. The Parent Company acquired 70% of the shares of Monaf, which holds the Lubu Coalfield project, with the issue of 128,849,961 new shares in Contango Holdings and the payment of £392,331 in cash which had already been advanced to the vendor, Consolidated Growth Holdings. In the associated placing 28 million new ordinary shares were issued and a total of £1.4 million (before costs) was raised at this date.

On 19 October 2020 Contango announced that it had issued 36 million new ordinary shares in a placing that raised £1.8 million (before costs). On the same date the company announced that it had bought a 75% stake in the Garalo gold mining project in Mali for \$1 million.

2 Summary of Significant Accounting Policies

The Board has reviewed the accounting policies set out below and considers them to be the most appropriate to the Group's business activities.

(a) Basis of Preparation

The Group Financial Information has been prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies to the European Union and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified for financial assets carried at fair value.

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not effective, and have not been adopted early by the Group. The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policies for the first period beginning on or after the effective date of the pronouncement.

The Group has not early adopted amended standards and interpretations which are currently in issue but not effective for accounting periods commencing after 1 June 2021 as adopted by the EU. The Directors do not anticipate that the adoption of standards and interpretations will have a material impact on the Group's financial statements in the periods of initial application.

The financial information of the Group is presented in British Pound Sterling ("£").

(b) Acquisition of Monaf Investments Pty Ltd

On 18 June 2020 Contango (acting as the principal in the transaction) acquired 70% of the shares of Monaf, which holds the Lubu Coalfield project, with the issue of 128,849,961 new shares in Contango Holdings and the payment of £392,331 in cash which had already been advanced to the vendor, Consolidated Growth Holdings ("CGH"). At the time this resulted in CGH controlling 63.4% of the issued share capital of Contango – which as anticipated had fallen to 40.63% by the end of the accounting year. The directors have concluded that whilst this transaction retains elements of a reverse takeover of Contango by CGH/Monaf which would require the adoption of acquisition accounting policies in reality Contango acquired an asset rather than an operating business. Furthermore CGH had entered into a legally binding agreement as disclosed in the 2020 Prospectus to treat its majority shareholding as a passive investment and not to try and influence decisions taken by the board.

Notes to the Financial Statements *(continued)*

(c) **Acquisition of Contango Gold Mali Sarl**

On 14 October 2020 Contango acquired 75% of the shares of Contango Gold Mali Sarl (CGM) which was incorporated on that day. Subsequent to this the Garalo gold exploration licence was acquired by CGM for \$1.1 million in cash. \$100,000 was paid immediately with the remaining \$1,000,000 paid in February 2021. The remaining 25% of CGM was acquired by the vendor of the Garalo licence.

(d) **Basis of Consolidation**

The Consolidated Financial Statements comprise the financial statement of the Parent Company; Monaf Investments Pty Limited ("Monaf") following the Parent Company's acquisition of Monaf 70% of the share capital on 18 June 2020; and Contango Gold Mali ("CGM") following the acquisition of 75% of the share capital on 14 October 2020.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the Group Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intragroup transactions that are recognised in assets, are eliminated in full.

(e) **Going concern**

The Group has raised finance post year end to fund the acquisitions and development expenses. The Group projects that it will need to raise further debt or equity finance of approximately £7.5 million to fund the planned development expenditure over the period to December 2022. The directors believe that this will bring the projects to production and cash generation however due to the inherent uncertainties associated with the development of mining assets neither this, nor the raising of the finance, can be guaranteed. Whilst the directors are confident they will be able to realise the additional finance required, based on their recent experience of raising money in the Covid-19 environment, this is not guaranteed and hence there is a material uncertainty in respect of going concern. However, the directors have, at the time of approving the financial statements, a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future, which is defined as twelve months from the signing of this report. For this reason, the directors continue to adopt the going-concern basis of accounting in preparing the financial statements.

In making this assessment the directors have considered current and developing impact on the business as a result of the COVID-19 virus. Whilst this has not had an immediate impact on the group's operations, it is not anticipated to have any significant impact given the relatively limited activities of the group. The directors are aware that if the current situation becomes prolonged then this may need to be re-evaluated.

(f) **Standards and interpretations issued but not yet applied**

At the date of authorisation of this Document, the Directors have reviewed the accounting standards in issue by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee, which are effective for annual accounting periods ending on or after the stated effective date. In their view, none of these standards would have a material impact on the financial reporting of the Group.

Notes to the Financial Statements *(continued)*

2 Summary of Significant Accounting Policies *(continued)*

(g) Taxation

The tax currently payable is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred income tax is provided for using the liability method on temporary timing differences at the reporting date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised in full for all temporary differences. Deferred income tax assets are recognised for all deductible temporary differences carried forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, and carry-forward of unused tax credits and unused losses can be utilised. The carrying amount of deferred income tax assets is assessed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it is probable that future taxable profits will allow the deferred income tax asset to be recovered.

(h) Intangible Assets

Exploration and evaluation assets

The Group recognises expenditure as exploration and evaluation assets when it determines that those assets will be successful in finding specific mineral resources. Expenditure included in the initial measurements of exploration and evaluation assets and which are classified as intangible assets relate to the acquisition of rights to explore, exploratory drilling, sampling and activities to evaluate the technical feasibility and commercial viability of extracting a mineral resource. Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production.

Impairment

Exploration and evaluation assets are not subject to amortisation but are assessed annually for impairment. The assessment is carried out by allocating exploration and evaluation assets to cash generating units ("CGU's"), which are based on specific projects or geographical areas. The CGU's are then assessed for impairment using a variety of methods including those specified in IFRS 6.

Whenever the exploration for and evaluation of mineral resources in cash generating units does not lead to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities of that unit, the associated expenditures are written off to the Statement of Comprehensive Income.

Exploration and evaluation assets recorded at fair-value on acquisition

Exploration assets which are acquired are recognised at fair value. When an acquisition of an entity whose only significant assets are its exploration asset and/or rights to explore, the Directors consider that the fair value of the exploration assets is equal to the consideration. Any excess of the consideration over the capitalised exploration asset is attributed to the fair value of the exploration asset.

(i) Property, plant and equipment

All items of property, plant and equipment are stated at historical cost less depreciation (see below) and impairment. Historical cost includes expenditure that is directly attributable to the acquisition. Subsequent costs are included in the asset's carrying value when it is considered probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each item, as follows:

Motor vehicles 20%

Office furniture and equipment 33.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement.

Impairment of property, plant and equipment

Whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable an asset is reviewed for impairment. An asset's carrying value is written down to its estimated recoverable amount (being the higher of the fair value less costs to sell and value in use) if that is less than the asset's carrying amount.

(j) Financial Instruments

The Group applies IFRS 9 which sets out requirements for recognising and measuring financial assets and financial liabilities. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

Financial Assets

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL).

As at the reporting date the Group holds no financial assets other than cash and the loans to its subsidiaries.

Financial liabilities and equity instruments***Classification as debt or equity***

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition.

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

(k) Warrants

Warrants classified as equity are recorded at fair value as of the date of issuance on the Group's Statement of Financial Position and no further adjustments to their valuation are made. Management estimates the fair value of these liabilities using option pricing models and assumptions that are based on the individual characteristics of the warrants or instruments on the valuation date, as well as assumptions for future financing, expected volatility, expected life, yield, and risk-free interest rate. See Note 15.

Notes to the Financial Statements *(continued)*

2 Summary of Significant Accounting Policies *(continued)*

(l) Options

Options classified as equity are recorded at fair value as of the date of issuance on the Group's Statement of Financial Position and no further adjustments to their valuation are made. Management estimates the fair value of these liabilities using the Black-Scholes option pricing model and assumptions that are based on the individual characteristics of the options or instruments on the valuation date, as well as assumptions for future financing, expected volatility, expected life, yield, and risk-free interest rate. See Note 15.

(m) Financial Risk Management Objectives and Policies

The Group's major financial instruments include bank balances, trade payables and accruals. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments, and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Liquidity Risk – the Group raises funds as required on the basis of budgeted expenditure and inflows. When funds are sought, the Group balances the costs and benefits of equity and debt financing.

(n) Foreign currency

Transactions in foreign currencies are translated to the functional currency (GBP) at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Exchange differences arising on translation are recognised in other comprehensive income.

(o) Listed investments

Listed investments are initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss. However, where an investment is traded very infrequently and a true market value is difficult to measure the Group has decided that it is prudent to measure the investment at the lower of cost and market value.

3 Asset Acquisition

On 17 June 2020 Contango Holdings acquired 70% of the voting equity instrument of Monaf Investments (Pty) Limited for a total consideration of £6,834,829. The directors have concluded that whilst this transaction retains elements of a reverse takeover of Contango by CGH/Monaf which would require the adoption of acquisition accounting policies in reality Contango acquired an asset rather than an operating business. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition date fair value of assets transferred, liabilities incurred, and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

Contango Holdings was formed for the purposes of acquiring natural resources assets. The board believe that the Lubu Mining Project has the potential to be highly profitable due to the high quality product and scale of the target resource.

The Group recognises identifiable assets acquired and liabilities assumed in an asset acquisition regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition date fair values.

Details of the fair value of the identifiable assets and liabilities and purchase consideration are as follows;

	Book Value (£)	Fair Value (£)
Exploration assets		8,235,849
Trade and other payables	(59,000)	(59,000)
Non-controlling interests		(1,342,020)
Total	(59,000)	6,834,829

On acquisition the exploration assets were fair valued to bring the fair value of the assets in line with the consideration paid to the vendor. The company has minimal other assets and liabilities other than those relating to the mining licence and therefore the fair value is considered to be the value that the Company has paid to acquire Monaf in the year. The total consideration paid to CGH on 17 June 2020 was £6,834,829. This was comprised of £6,442,498 satisfied by the issue of 128,849,961 ordinary shares of £0.05 each; and an amount of £392,331 in cash which had been advanced to CGH during the prior year to fund exploration activities at the Lubu licence.

4 Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of income, expenditure, assets and liabilities. Estimates and judgements are continually evaluated, including expectations of future events to ensure these estimates to be reasonable.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

(a) **Going concern**

Going concern is assessed to be a significant judgement which is detailed in accounting policy note 2 (e).

(b) **Impairment of intangible assets – exploration and evaluation costs**

Exploration and evaluation costs have a carrying value as at 31 May 2021 of £10,118,098 (2020: £Nil). Licences have useful lives of between 1 and 25 years and the Group has a right to renew exploration licences. No amortisation will be applied to the assets until extraction of the resource commences. Management tests for impairment annually whether exploration projects have future economic value. Specifically the Directors have noted the following in their impairment assessment:

- The Group has the right to explore in the respective licences in Zimbabwe and Mali for a number of years or has the right to renew;
- Substantive expenditure on future exploration and mine development is budgeted for subsequent to the recent £2.5 million fundraising;
- Exploration activity to date has indicated the presence of commercially viable quantities of mineral resources - or initial findings that warrant further exploratory work;
- And there is no indication at present that the carrying value of the exploration assets exceeds the value that could be extracted from these if and when they are taken into production.

The results of actual or future mining test will be taken into consideration when evaluating the value of the intangible assets.

(c) **Options**

During the year the Group issued the directors and other key employees with performance share options. The valuation of these options involved making a number of critical estimates relating to the price volatility, expected life of the options and interest rates. These assumptions are described in more details in note 15. The expenses charged to the Statement of Comprehensive Income during the year in relation to options was £1,700,505 (2020: £Nil).

Notes to the Financial Statements *(continued)*

4 Critical accounting estimates and judgements *(continued)*

(d) **Acquisition of Monaf Investments**

On 17 June 2020 Contango Holdings acquired 70% of the voting equity instrument of Monaf Investments (Pty) Limited for a total consideration of £6,834,829. The directors have concluded that whilst this transaction retains elements of a reverse takeover of Contango by CGH/Monaf which would require the adoption of acquisition accounting policies in reality Contango acquired an asset rather than an operating business. Prior to the transaction completing CGH had entered into a legally-binding agreement to treat its Contango shareholding as a passive investment; it has never appointed board members; and its majority shareholding has as expected fallen below 40% at the time of the signing of these accounts.

(e) **Acquisition of Nthiela Licence**

On 25 February 2021 the Group acquired 100% of the Nthiela gold licence (adjacent to the Garalo licence) in Mali. The consideration paid was €400,000 in cash and 4 million shares in Contango Holdings Plc at £0.10 each for a total purchase price of approximately £750,000. At the date of the signing of these accounts the licence is still under the name of Samagold Resources SARL (a subsidiary of the vendor - African Mineral Exploration Ressources Mali SARL) whilst the formal transfer is processed by the Mali Ministry of Mining. This process often takes many months. Given that the Group and the vendor have abided by all local regulations with regards to the licence there is no reason why the licence transfer should not be formally approved. If in the unlikely event the local authorities did not approve the legal transfer of the licence title from Samagold to the Group the €400,000 would be repaid to the Group. Notwithstanding the fact that the transfer is awaiting approval the consideration amount has been classified as an intangible asset as the Directors believe that this best reflects the nature of the asset purchased.

(f) **Recovery of Trade Receivables**

Following the Group's adoption of IFRS 9 it has assessed the likelihood that the loans advanced by the parent company to its operating subsidiaries in Zimbabwe and Monaf will not be repaid. Repayment is dependent upon successful monetisation of the Group's exploration assets in those countries. Given the recent £2.5 million fundraising which will pay to bring the Lubu mine into production next year, and the promising exploration results coming from the gold assets in Mali, the Directors felt that there is no reason to believe that the loans will not be repaid.

5 Loss before taxation

Loss before income tax is stated after charging:

	Year ended 31 May 2021	Year ended 31 May 2020
	£	£
Directors' remuneration	103,800	72,000
Contango share-based bonus on IPO	100,000	–
Relisting costs	203,727	–
Ongoing listing costs	191,091	–
Salaries	370,337	–
Consultancy fees	117,867	–
Legal and accountancy fees	8,053	–
Travel	257,333	–
Office costs	189,454	–
Share performance options	1,700,505	–
Net warrant issue costs	75,200	–
Depreciation	4,443	–
Fee payable to the Group's auditor for the audit of the Group's annual accounts	25,000	15,250
Fee payable to the Group's auditor in respect of all other non-audit services	2,475	5,113

6 Loss per Ordinary Share

The calculation of the basic and diluted loss per Ordinary Share is based on the following data:

	Year ended 31 May 2021	Year ended 31 May 2020
Earnings		
Loss from continuing operations for the period attributable to the equity holders of the Group	(3,248,015)	(258,027)
Number of Ordinary Shares		
Weighted average number of Ordinary Shares for the purpose of basic and diluted earnings per Ordinary Share (number)	218,418,394	42,949,987
Basic and diluted loss per Ordinary Share (pence)	(1.49)	(0.60)

There are no potentially dilutive Ordinary Shares in issue.

7 Income tax

Corporation tax is calculated at 19% of the estimated taxable loss for the period.

As the Group continues to be loss-making, no account has been made for Corporation Tax nor for Deferred Tax in the year ended 31 May 2021. The Group also believes there are no accumulated losses to be carried forward. The Board believes that the previously reported losses in the years ended 31 May 2019 and 2020 may not be recoverable against future gains.

Notes to the Financial Statements *(continued)*

8 Investments

	31 May 2021		31 May 2020	
	Group £	Company £	Group £	Company £
Monaf Investments Pty Ltd	–	1,413,100	–	–
Contango Gold Mali Sarl	–	1,967	–	–
Waraba Gold Limited	62,260	62,260	–	–
	62,260	1,477,327	–	–

The investment in Waraba Gold Limited (a company listed on the Toronto Stock Exchange) is made up of 675,000 ordinary shares and 378,000 warrants. These were purchased for a combined amount of CAD106,300 or CAD0.1575 per share. As at 31 May 2021 the shares were trading at CAD0.21 per share. Each warrant gives the Group the right to purchase one ordinary share at CAD1.00 per share.

Carl Esprey is chief executive officer of Waraba Gold Limited.

9 Intangible assets

	Year ended 31 May 2021	Year ended 31 May 2020
Additions – on acquisition	8,235,849	–
Additions – during year	1,882,249	–
Amortisation	–	–
Total	10,118,098	–
Mining rights Zimbabwe (Lubu Licence)	8,299,256	–
Mining rights Mali (Garalo Licence)	1,072,325	–
Mining rights Mali (Nthiela Licence)	746,517	–
	10,118,098	–

The intangible asset represents the mining rights and technical information acquired when the Group acquired its 70% shareholding in Monaf Investments (Pty) Ltd on 18 June 2020; its 75% share in the Garalo gold licence in Mali bought for \$1 million on 22 October 2020; and its 100% share in the Nthiela gold licence (adjacent to Garalo) in Mali. The Nthiela licence was acquired for approximately £750,000 – being €400,000 (£346,517) in cash and 4,000,000 ordinary shares at £0.10 to be issued in the second half of 2021.

The Nthiela gold licence is still under the name of Samagold Resources SARL (a subsidiary of the vendor - African Mineral Exploration Ressources Mali SARL) whilst the formal transfer is processed by the Mali Ministry of Mining. The cash element paid (£346,517) together with the £400,000 of shares to be issued are currently held on the parent company balance sheet until the transfer is completed. See Note 4.

10 Property Plant and Equipment

	Motor Vehicle £	Office Equipment £	Total £
Cost			
At 1 June 2020	–	–	–
Additions	35,397	55	35,452
Exchange differences	159	–	159
At 31 May 2021	35,556	55	35,611
Accumulated Depreciation			
At 1 June 2020	–	–	–
Charge for period	4,407	36	4,443
At 31 May 2021	4,407	36	4,443
Net Book Value			
At 31 May 2021	31,149	19	31,168
At 31 May 2020	–	–	–

11 Other receivables

	2021 Group £	2021 Company £	2020 Group £	2020 Company £
Prepayments	24,254	11,144	10,832	10,832
Other debtors	111,445	70,747	–	–
Subsidiary loans	–	6,698,929	–	–
Loan to CGH	–	–	392,331	392,331
	135,699	6,780,820	403,163	403,163

The loans made to the Group's subsidiaries (Monaf and Contango Gold Mali) are for the purpose of funding the development of the mining assets held by those entities. The loans are interest free and repayable on demand.

Notes to the Financial Statements *(continued)*

12 Categories of financial instruments

	2021 Group £	2021 Company £	2020 Group £	2020 Company £
Financial assets at amortised cost				
Cash and cash equivalents	22,143	10,696	10,430	10,430
Loan to CGH	–	–	392,331	392,331
Loan to Monaf Investments	–	5,581,022	–	–
Loan to Contango Gold Mali	–	1,117,907	–	–
Financial liabilities at amortised cost				
At amortised cost	281,664	228,820	435,173	435,173

13 Cash and Cash Equivalents

	2021 Group £	2021 Company £	2020 Group £	2020 Company £
Cash at Bank	22,143	10,696	10,430	10,430

14 Trade and other payables

	2021 Group £	2021 Company £	2020 Group £	2020 Company £
Trade payables	180,974	180,974	206,194	206,194
Accruals and other payables	100,690	47,846	228,979	228,979
	281,664	228,820	435,173	435,173

15 Share capital

	Number of Ordinary Shares issued and fully paid	Share Capital £	Share Premium £	Total Share Capital £
As at 1 June 2020	42,949,987	429,500	368,978	798,478
Shares issued to purchase subsidiary	128,849,961	1,288,450	5,153,998	6,442,448
Shares issued for cash	60,550,000	518,679	2,422,000	2,940,679
Director Bonus Shares	3,333,330	33,333	91,667	125,000
Director Placement Shares	3,450,000	34,500	138,000	172,500
Warrants Exercised	3,499,998	35,000	120,000	155,000
Less share issue costs	–	(60,124)	–	(60,124)
As at 31 May 2021	242,633,276	2,279,338	8,294,643	10,573,981

The Ordinary Shares issued by the Parent Company have par value of 1p each and each Ordinary Share carries one vote on a poll vote. The Authorised share capital of the Parent Company is £5,000,000 ordinary shares at £0.01 per share resulting in 500,000,000 ordinary shares.

On 18 June 2020 Consolidated Growth Holdings were paid for their 70% shareholding in the Lubu project with the issue of 128,849,961 new shares in Contango Holdings. In the associated placing 28 million new ordinary shares were issued. These included 3,450,000 shares issued to the directors in lieu of unpaid salary. Separately the directors also received 3,333,330 bonus shares. This increased the total number of shares in issue to 203,133,278.

On 5 August 2020 500,000 Series 1 warrants were exercised.

On 19 October 2020 Contango announced that it had issued 36 million new ordinary shares in a placing. This increased the total number of shares in issue to 239,633,278.

On 13 January 2021 583,333 Series 2 warrants were exercised.

On 19 February 2021 500,000 Series 1 warrants and 750,000 warrants were exercised.

On 15 March 2021 166,666 Series 2 warrants were exercised.

On 5 May 2021 833,333 Series 2 warrants were exercised.

On 10 May 2021 166,666 Series 2 warrants were exercised.

Explanation of Reserves

Share Capital – Represents the nominal value of ordinary shares issued.

Share Premium – Represents the amount in excess of nominal value received from the issue of ordinary shares.

Shares to be paid – Represents the 4,000,000 ordinary shares at £0.10 that are due to be issued by the end of 2021 to the vendor of the Nthiela licence as part of the acquisition cost to the Group.

Warrant reserve – Is used to recognise the fair value of the issuance of warrants , net of issue costs. This will be transferred to the share capital/premium reserves upon the exercise of the warrants.

Option reserve – Is used to recognise the fair value of the issuance of performance share options , net of issue costs. This will be transferred to the share capital/premium reserves upon the exercise of the options.

Retained Earnings – Reflects the entity's accumulated earnings recognised in the statement of financial position.

Foreign currency translation reserve – Represents the gains/losses arising on translating the net assets of overseas operations into the Group's functional currency of GBP£.

Notes to the Financial Statements *(continued)*

16 Warrants

At the beginning of the year ended 31 May 2021 the Group had the following classes of warrants outstanding:

Class	Number	Exercise Price	Vesting Date	Expiry Date	Fair Value of Individual Warrant
Series 1	–	£0.03	26 Oct 2017	31 Oct 2021	£0.0026
At 01/06/20	18,666,667	–	–	–	–
Granted during Year	–	–	–	–	–
Exercised during Year	(1,000,000)	–	–	–	–
At 31/05/21	17,666,667	–	–	–	–
Series 2	–	£0.05	1 Nov 2017	31 Oct 2021	£0.0032
At 01/06/20	11,666,650	–	–	–	–
Granted during Year	1,400,000	£0.05	18 Jun 2020	17 Jun 2023	£0.019
Granted during Year	1,800,000	£0.05	22 Oct 2020	21 Oct 2023	£0.033
Exercised during Year	(2,499,998)	–	–	–	–
At 31/05/21	12,366,652	–	–	–	–
Total at 31/05/21	30,033,319	–	–	–	–

Options

On the 9 April 2021 the following performance share options were issued to directors and key employees:

Class	Number	Exercise Price	Vesting Date	Expiry Date	Fair Value of Individual Option
At 01/06/20					
Granted during Year	21,390,000	£nil	9 Apr 2021	9 Apr 2023	£0.0795
Exercised during Year	–	–	–	–	–
At 31/05/21	21,390,000	–	–	–	–

The fair value of the options is calculated using the Black-Scholes pricing model. The variables factored into the valuation calculation include the underlying share price on the date of issue; the Bank of England 5 year bond yield on the date of issue as a proxy for the risk free rate; the maximum term of the options (2 years); exercise price (£nil); and expected volatility (77%) based on the cumulative share price movement over the period from relisting to the financial year end.

17 Events after the reporting date

On 3 June 2021 the Group announced that it had raised £1 million 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.

On 18 November the Group announced it was raising £2.5 million (before expenses) through the issue of 41,666,666 ordinary shares at a price of £0.06 each. The funds will be used to bring the Lubu coal project into production and fund further exploratory work on the Mali gold assets.

18 Related Party Transactions

All directors hold shares and warrants as disclosed on pages 18 and 19 in the Directors' Remuneration Report. Neal Griffiths and Oliver Stansfield are Directors of both Brandon Hill Capital and Contango Holdings. Brandon Hill Capital acts as the broker to the Group and are paid an annual retainer of £35,000 per annum.

£100,000 worth of shares were issued on 18 June 2020 to the original Parent Company directors (Oliver Stansfield, Philip Richards, Brian McMaster and Neil Griffiths) as a bonus to recognise their work bringing the Monaf transaction to completion.

£62,260 was invested in shares in Waraba Gold Limited – a company listed on the Toronto Stock Exchange of which Carl Esprey is Chief Executive Officer. See Note 7.

As at 31 May 2021 £15,617 was owed by Eurocan Pty Ltd (a company of which Carl Esprey is a director) for expenses paid on its behalf by the Group. This amount was repaid by Eurocan subsequent to the year end.

£59,921 was paid to Green & Park Limited (a company of which Carl Esprey is a director) for office rent and associated costs.

Philip Richards sold his shareholding in Contango Holdings of 5,940,669 ordinary shares to RAB Capital – an entity of which he owns 64.9%. Together with other share purchases RAB Capital now owns 30,040,699 (12.38%) ordinary shares in the Parent Company.

19 Subsidiaries

Subsidiary	Proportion Held	Country of Incorporation	Nature of Business
Monaf Investments Pty Limited	70%	Zimbabwe	Exploration
Contango Gold Mali	75%	Mali	Exploration

Parent Company Information

Directors

Neal Griffith (resigned on 18 June 2020)

Brian McMaster (resigned on 18 June 2020)

Oliver Stansfield

Philip Richards (resigned 18 November 2021)

Carl Esprey (appointed 18 June 2020)

Roy Pitchford (appointed 18 June 2020)

Company Secretary

Graham May

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