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

27 February 2025

Contango Holdings Plc
('Contango' or the 'Company')

Unaudited Interim Results for the six months to 30 November 2024

Contango Holdings Plc, the London listed natural resource development company, announces its results for the six-month period ended 30 November 2024.

Highlights

- Transitioning to a cash-generative royalty company.
- Strategic partnership formed with Huo Investments Ltd, the investment vehicle of a prominent Zimbabwe-based Chinese national (the 'Investor') to drive significant progress at the Muchesu Mine in Zimbabwe ('Muchesu').
- The Investor has already committed significant funds to Muchesu to increase production capacity:
  - Dense media separation ('DMS') plant has been successfully installed, commissioned and calibrated and a second DMS plant has been ordered.
  - Expansion of the open pit at Muchesu to access to substantial additional resources, ensuring a long-term, sustainable supply of coking coal.
- First royalty payment received post period.

Carl Esprey, CEO Of Contango, commented:

"Contango continues to make strong progress as it transitions to a cash-generative royalty company and I am pleased with the strides we have made during this defining period. The decision to transition to a royalty focused company has removed a number of the previous risks associated with being the sole mine operator at Muchesu. This strategy not only offers our investors significant growth potential but also protects shareholders from changes to future operating, as well as capital expenditure and working capital funding requirements. Moreover, the Company has now resized its cost base and expects to see the benefits of a leaner organisation flow through in the next financial year.

"The Investor has demonstrated his support for the Project by advancing an initial $1,000,000 in July 2024 against a future equity subscription into the Company. A Prospectus was published in January 2025, leading to an additional payment of $1,000,000 by the Investor, enabling the closing of the envisaged $2,000,000 equity placing, which in turn has made the Investor the largest shareholder in the Company, owning approximately 20%. Moreover, during the period the Investor commenced significant material investment into Muchesu to expand operations and production capacity.

"Post period we received our first royalty payments under the proposed MRA, which provides for a minimum of $2,000,000 per annum, although the Company envisages materially higher royalties as operations advance. Accordingly, this has been a transformational period for Contango, and I look forward to sharing further updates with our investors in the coming weeks.

We have established a truly collaborative partnership with the Investor and are confident in their ability to deliver a highly profitable operation at Muchesu."

For further information, please visit www.contango-holdings-plc.co.uk or contact:

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Chairman's Statement

I am pleased to share my chairman's update as we reflect on a pivotal period for Contango. Throughout this time, we achieved significant progress both operationally and corporately, and I am confident that the Company is poised for a bright and prosperous future.

As shareholders are aware, the key milestone for Contango during this period was the strategic partnership formed with our Investor. This partnership resulted in the acquisition of a 51% stake in Muchesu and a subscription for approximately 20% of Contango's shares. This collaboration has proven transformative, driving significant progress at Muchesu and redefining our long-term growth vision for Contango.

Our relationship with the Investor continues to flourish, with significant funds already injected into the Muchesu project. As reported post period end, the dense media separation ('DMS') plant has now been successfully installed, commissioned and calibrated, marking a major milestone. The plant, with an estimated capacity of 3,000 tonnes of washed coal per day, is now operational, setting the stage for ramping up production as planned. We have also been advised by the Investor that a second DMS plant has been ordered and we expect to see the full benefits of these and other upgrades as we progress throughout 2025.

Alongside the ongoing upgrades to the processing infrastructure at Muchesu, efforts have also focused on expanding the open pit, which unlocks access to substantial additional resources, ensuring a long-term, sustainable supply of coking coal. As we near the commencement of full-scale mining operations, we remain confident in Muchesu's growth potential, with continued enhancements expected to significantly elevate the mine's overall production capacity.

Funding and Capital Structure

The Company anticipates a significant improvement in its financial performance during 2025, driven by royalty payments under the Mineral Royalty Agreement (‘MRA’) with the Investor. The Company has received $500,000 in royalty payments, with a further $500,000 to be paid shortly. An additional $1,000,000 is expected in Q2 2025 in line with the $2,000,000 per annum minimum royalty schedule outlined in the MRA.

Moving forward, royalty payments during the second half of 2025 and beyond will be directly tied to operational productivity at Muchesu. The Investor’s primary focus remains on the production and sale of coking coal, which generates a royalty payment of US$8/tonne to the Company.

Following the publication of a Short Form Prospectus (‘SFP’) in January 2025, the Company raised gross proceeds of £1,850,000, with the Investor subscribing for 142,000,000 shares. Following the Subscription and subsequent on-market acquisition of shares in the Company, the Investor currently holds 154,750,000 shares in the Company resulting in a holding of approximately 20.42%, establishing the Investor as the Company’s largest shareholder, further aligning the Investor’s interests with those of the Company.

The Subscription funds paid by the Investor, in addition to the received and expected royalty payments, will principally be used to repay outstanding investor loans, which stood at £4,418,062 at 30 November 2024 (the ‘Investor Loans’).

The Board has agreed with the holders of the Investor Loans, many of whom are long-standing shareholders of the Company, that any additional income will initially be applied to the repayment of the Investor Loans and for general working capital purposes before the Company implements its intended dividend policy. The Board will continue to update shareholders on the production levels at Muchesu and royalties are paid one month in arrears.

Outlook

Looking forward, I remain highly optimistic about the outlook for the remainder of 2025 and beyond. We are well positioned to transition from being a mining operation to a profitable royalty business, with the infrastructure now in place to support continued growth. As we ramp up production at Muchesu and begin to see the full impact of the DMS plants, we expect operational momentum to accelerate, translating into increased sales and increasing royalty receipts.

I am confident that the steps we have taken, alongside the continued support from our Investor, will enable us to deliver on our strategy and create lasting value for all stakeholders. I would like to express my sincere gratitude to our shareholders for their continued trust and support.

We look forward to providing further updates on operational developments and the continued success of the Muchesu project.

Roy Pitchford
26 February 2025

Condensed Consolidated Statements of Comprehensive Income

For the six months ended 30 November 2024

	Notes	Unaudited Six Months ended 30 November 2024 £	Unaudited Six Months ended 30 November 2023 £	Audited Year to 31 May 2024 £
Administrative fees and other expenses		(330,715)	(514,912)	(1,538,818)
Operating loss		**(330,715)**	**(514,912)**	**(1,538,818)**
Finance expense		(413,394)	(496,383)	(957,416)
Loss before tax		**(744,109)**	**(1,011,295)**	**(2,496,234)**
Income tax		-	-	-
Loss for the period from continuing operations		(744,109)	(1,011,295)	(2,496,234)
Loss for the period from discontinued operations	3	(126,129)	(365,039)	(1,927,461)
Loss for the period		(870,238)	(1,376,334)	4,423,695
Loss attributable to owners of the parent company		(832,402)	(1,257,498)	(3,799,059)
Loss attributable to non-controlling interests		(37,837)	(118,836)	(624,636)
		(870,238)	**(1,376,334)**	**(4,423,695)**
Other comprehensive income		(282,086)	(24,296)	(30,140)
Total comprehensive loss for the period		**(1,152,324)**	**(1,400,630)**	**(4,453,835)**
Total comprehensive loss attributable to owners of Contango Holdings Plc		(1,033,444)	(1,269,069)	(3,819,326)
Total comprehensive loss attributable to non-controlling interests		(118,880)	(131,561)	(634,509)
Total comprehensive loss for the period		(1,152,324)	(1,400,630)	(4,453,835)
Basic and diluted loss per share from total operations (pence)	4	(0.16)	(0.27)	(0.78)
Basic and diluted loss per share from continuing operations	4	(0.14)	(0.22)	(0.50)
Basic and diluted loss per share from discontinued operations	4	(0.02)	(0.05)	(0.28)

Condensed Consolidated Statements of Financial Position
For the six months ended 30 November 2024

	Notes	Unaudited as at 30 November 2024 £	Unaudited as at 30 November 2023 £	Audited as at 31 May 2024 £
Non-current assets				
Intangible assets		-	14,213,896	-
Investments		5,811	40,071	5,811
Property, plant and equipment		43,670	2,947,166	43,670
Total non-current assets		**49,481**	**17,201,133**	**49,481**
Current assets				
Other receivables	5	31,238	184,105	164,385
Cash and cash equivalents		1,090	90,150	1,166
Total current assets		**32,328**	**274,255**	**165,551**
Disposal Group assets	6	**16,677,801**	**-**	**16,667,773**
Total assets		**16,759,610**	**17,475,388**	**16,882,805**
Current liabilities				
Trade and other payables	7	(2,243,787)	(1,312,574)	(1,081,195)
Investor loans		(4,418,062)	(3,395,706)	(4,184,740)
Total current liabilities		**(6,661,849)**	**(4,708,280)**	**(5,265,935)**
Disposal Group liabilities	6	(637,569)	-	(1,004,354)
Total liabilities		(7,299,418)	(4,708,280)	(6,270,289)
Net assets/(liabilities)		**9,460,192**	**12,767,108**	**10,612,516**
Equity				
Share capital	8	5,667,240	4,727,240	5,667,240
Share premium	8	17,285,180	17,332,180	17,285,180
Shares to be issued		-	-	-
Warrant reserve		1,022,515	2,101,664	2,107,277
Option reserve		-	-	-
Foreign exchange reserve		(2,261)	207,477	198,781
Retained earnings		(15,728,173)	(13,438,972)	(15,980,533)
Total equity attributable to owners		8,244,501	10,929,589	9,277,945
Non-controlling interests		1,215,691	1,837,519	1,334,571
Total equity		**9,460,192**	**12,767,108**	**10,612,516**

Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 November 2024

	Share capital £	Share premium £	Warrant reserve £	Translation reserve £	Retained earnings £	Total Equity of Owners £	Non-controlling interests £	Total £
Balance at 31 May 2023	**4,727,240**	**17,332,180**	**2,101,664**	**219,048**	**(12,181,474)**	**12,198,658**	**1,969,080**	**14,167,738**
Loss for the year	-	-	-	-	(3,799,059)	(3,799,059)	(624,636)	(4,423,695)
Other comprehensive income								
Translation differences	-	-	-	(20,267)	-	(20,267)	(9,873)	(30,140)
Total comprehensive income for the year	-	-	-	(20,267)	(3,799,059)	(3,819,326)	(634,509)	(4,453,835)
Transactions with owners								
Share issues	940,000	-	-	-	-	940,000	-	940,000
Share issue costs	-	(47,000)	-	-	-	(47,000)	-	(47,000)
Warrants issued	-	-	5,613	-	-	5,613	-	5,613
Total transactions with owners	940,000	(47,000)	5,613	-	-	898,613	-	898,613
Balance at 31 May 2024	**5,667,240**	**17,285,180**	**2,107,277**	**198,781**	**(15,980,533)**	**9,277,945**	**1,334,571**	**10,612,516**
Loss for the period	-	-	-	-	(832,402)	(832,402)	(37,837)	(870,238)
Other comprehensive income								
Translation differences	-	-	-	(201,042)	-	(201,042)	(81,044)	(282,086)
Total comprehensive income for the period	-	-	-	(201,042)	(832,402)	(1,033,444)	(118,880)	(1,152,324)
Transactions with owners								
Share issues	-	-	-	-	-	-	-	-
Share issue costs	-	-	-	-	-	-	-	-
Warrants expired	-	-	(1,084,762)	-	1,084,762	-	-	-
Total transactions with owners	-	-	(1,084,762)	-	1,084,762	-	-	-
Balance at 30 Nov 2024	**5,667,240**	**17,285,180**	**1,022,515**	**(2,262)**	**(15,728,173)**	**8,244,501**	**1,215,691**	**9,460,192**

Condensed Consolidated Statements of Cash Flows
For the six months ended 30 November 2024

	Notes	Unaudited Six Months	Unaudited Six Months	Audited Year ended

	ended 30 November 2024	ended 30 November 2023	31 May 2024
	£	**£**	**£**
Operating activities			
Loss after tax	(744,109)	(1,011,295)	(2,496,234)
Adjustment for:			
Depreciation	-	11,407	45,487
Share based transactions	-	-	5,613
Loan facility fees	233,322	488,525	924,558
Impairment of listed investment	-	-	34,260
Impairment of exploration licences	-	-	23,157
Writing off of debtor balance	-	-	-
Changes in working capital			
(Increase) in trade and other receivables	5,550	26,193	52,515
Increase in trade and other payables	(234,264)	(32,779)	(205,186)
Cash used in continuing operating activities	(739,501)	(517,949)	(1,615,830)
Cash used in discontinued operating activities	(732,345)	(365,039)	(425,790)
Decrease in cash from operating activities	**(1,471,846)**	**(882,988)**	**(2,041,620)**
Investing activities			
Cash used investing in continuing operating activity	-	-	-
Cash used investing in discontinued operating activity	(26,060)	(1,056,811)	(1,163,524)
Net cash outflow from investing activities	**(26,060)**	**(1,056,811)**	**(1,163,524)**
Financing activities			
Ordinary Shares issued	-	-	940,000
Share issue costs	-	-	(47,000)
Proceeds from investor loans	-	1,855,000	2,208,000
Proceeds from Huo subscription payments	1,522,753	-	-
Net cash flows from financing activities	**1,522,753**	**1,855,000**	**3,101,000**
Increase/(Decrease) in cash and cash equivalents	**24,847**	**(84,799)**	**(104,144)**
Cash and short-term deposits as at the start of period	1,166	75,692	75,692
Effect of foreign exchange changes	(24,923)	99,257	29,618
Cash at the end of the period	**1,090**	**90,150**	**1,166**

Notes to the Condensed Consolidated Financial Statements
For the six months ended 30 November 2023

1 **General information**

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

The Company is listed on the Standard Market of London Stock Exchange plc.

The unaudited interim consolidated financial statements for the six months ended 30 November 2024 were approved for issue by the board on 26 February 2025.

The figures for the six months ended 30 November 2024 and 30 November 2023 are unaudited and do not constitute full accounts. The comparative figures for the period ended 31 May 2024 are extracts from the annual report and do not constitute statutory accounts.

2 Basis of Preparation and Risk Factors

The Company Financial Information has been prepared in accordance with and comply with IFRS as adopted by the European Union, International Financial Reporting Interpretations Committee interpretations 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.

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

The accounting policies and methods of calculation adopted are consistent with those of the financial statements for the year ended 31 May 2024.

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

Exploration and development risks

- There can be no assurance that the development and production activities at Muchesu will be successful.

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 close the previously referenced Definitive Agreements entered with the Investor
- 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 Muchesu
- The revenues and financial performance are dependent on the price of coal and coke

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

3. Discontinued activities

	Unaudited As at 30 November 2024	Unaudited As at 30 November 2023	Audited As at 31 May 2024
	£	**£**	**£**
Revenue	-	-	64,218
Cost of sales	-	-	(408,548)
Gross loss	-	-	(344,330)
Administrative fees and other expenses	(126,129)	(365,039)	(1,583,131)
Operating loss	(126,129)	(365,039)	(1,583,131)
Finance expense	-	-	-
Loss before tax	(126,129)	(365,039)	(1,927,461)

Income tax	-	-	-
Loss for the year from discontinued operations	(126,129)	(365,039)	(1,927,461)

4. Loss per Ordinary Share

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

	Unaudited Six Months to 30 November 2024 **£**	Unaudited Six Months to 30 November 2023 **£**	Audited Year to 31 May 2024 **£**
Earnings			
Loss from continuing operations for the period attributable to the equity holders of the Company	(832,402)	(1,257,498)	(3,799,059)
Number of Ordinary Shares			
Weighted average number of Ordinary Shares for the purpose of basic and diluted earnings per Ordinary Share (number)	532,987,037	472,724,023	485,858,270
Basic and diluted loss per Ordinary Share (pence)	**(0.16)**	**(0.27)**	**(0.78)**
Basic and diluted loss per Ordinary Share (pence) on continuing activities	**(0.14)**	**(0.22)**	**(0.50)**
Basic and diluted loss per Ordinary Share (pence) on discontinued activities	**(0.02)**	**(0.05)**	**(0.28)**

There are no potentially dilutive Ordinary Shares in issue.

5. Other receivables

	Unaudited As at 30 November 2024 **£**	Unaudited As at 30 November 2023 **£**	Audited As at 31 May 2024 **£**
Prepayments	28,544	29,859	28,545
Other debtors	2,694	154,246	135,840
	31,238	184,105	164,385

6. Asset held for sale

	Unaudited As at 30 November	Unaudited As at 30 November	Audited As at 31 May

	2024 £	2023 £	2024 £
Assets of disposal group classified as held for sale			
Property, plant & equipment	2,285,925	-	2,287,421
Intangible assets	14,240,549	-	14,259,569
Cash at bank	50,726	-	24,690
Other current assets	100,601		96,093
	16,677,801	-	16,667,773
Liabilities of disposal group classified as held for sale			
Other current liabilities	(637,569)	-	(1,004,354)
Net assets of disposal group classified as held for sale	16,040,232	-	15,663,419

7. Trade and other payables

	Unaudited As at 30 November 2024 £	Unaudited As at 30 November 2023 £	Audited As at 31 May 2024 £
Trade payables	(406,723)	(1,135,621)	(536,127)
Accruals and other payables	(314,311)	(176,953)	(545,068)
Huo share subscription payable	(1,522,753)	-	-
	(2,243,787)	(1,312,574)	(1,081,195)

8. Share capital

	Number of Ordinary Shares issued and fully paid	**Share Capital £**	**Share Premium £**	**Total Share Capital £**
As at 01 June 2024	566,724,023	5,667,240	17,285,180	22,952,420
Shares issued	-	-	-	-
As at 30 November 2024	566,724,023	5,667,240	17,285,180	22,952,420

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 £7,220,000 ordinary shares at £0.01 per share resulting in 722,000,000 ordinary shares.