28 September 2021

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

Zanaga Iron Ore Company Limited ("ZIOC" or the "Company") (AIM: ZIOC) is pleased to announce its unaudited interim results for the six months ended 30 June 2021 and an update on post reporting period end events to September 2021.

Highlights

- Zanaga Iron Ore Project (the “Project” or the “Zanaga Project”) 30Mtpa staged development project (12Mtpa Stage One (“Stage One”), plus 18Mtpa Stage Two expansion (“Stage Two”))
    - Initiative completed to update the cost estimates associated with Stage One, as outlined in the 2014 Feasibility Study (the “FS Review”), with results announced in May 2021
    - External independent technical expert engineering firms engaged by Jumelles Limited ("Jumelles"), the joint venture company between ZIOC and Glencore, to oversee and provide input into the FS Review
    - Successfully ascertained potential capital and operating costs associated with the construction of Stage One in the current market environment
    - FS review indicates that capital and operating cost estimates for Stage One remain approximately within the guidance levels outlined in the 2014 Feasibility Study (“2014 FS”)
- Early Production Project (“EPP Project” or “EPP”)
    - Multiple production scenarios remain under investigation on processing facilities and suitable logistics solutions, with a particular focus on an export solution through the Republic of Congo ("RoC")
    - Increased engagement underway with other mining project developers in RoC to explore potential collaboration opportunities, especially in relation to logistics solutions and alternatives for upgrades to existing infrastructure
- Ore Reserve estimate re-statement
    - The Zanaga Project’s updated 2.1 billion tonne Ore Reserve estimate, announced in May 2021, re-stated by SRK and updated based on market pricing as of 31 December 2020, and remains based on the 30Mtpa Feasibility Study and 6.9 billion tonne Mineral Resource
- Strategic investor discussions
    - Approaches continue to be received from a number of strategic investors interested in investing in the Zanaga Project
    - Discussions remain at a very early stage and there is no certainty that these discussions will proceed or a transaction will ultimately be entered into

Corporate

- Funding update – Shard Merchant Capital Ltd (“SMC”) equity subscription agreement
    - In H1 2021 SMC subscribed for 14 million shares of no par value in ZIOC, as part of the 21 million ordinary share facility signed in 2020
    - Proceeds of £1,134,946 has been received to date from SMC, following 16,650,000 shares being placed by SMC, with a further 4,350,000 ordinary shares remaining to be placed at 27 September 2021

    - Of the total amount received to date, mentioned above, £613,620 was received by ZIOC from the SMC facility during the first half of 2021 and £109,003 has been received since 30 June 2021 to date
    - Proceeds applied to general working capital, including the provision of further contributions to the Zanaga Project's operations
- Outbreak of COVID-19 has not had a material impact upon the Group although the continuing prevalence of the pandemic constrains a number of commercial activities
- Cash balance of US$0.8m as at 30 June 2021 remained constant at US$0.8m at 31 August 2021 following the receipt of funds from the Subscription Agreement in July and August
- Annual General Meeting to be held in November 2021, and notice will be sent to shareholders shortly

Clifford Elphick, Non-Executive Chairman of ZIOC, commented:

"During the first half of 2021 the Zanaga Project Team have continued to progress key initiatives at the Project. Significant work is underway to evaluate options to move the Early Production Project forward in a rapid manner, in order to capitalise on current iron ore prices.

The iron ore market has experienced robust demand from China and is benefitting from strong iron ore prices, despite a recent pull back from previous highs. The Project Team have been working for some time to evaluate potential avenues to bringing the project into production, and continue to make every effort to work with local stakeholders and partners in assessing these options. We hope to report soon on the Project Team's findings".

Copies of the unaudited interim results for the six months ended 30 June 2021 are available on the Company's website at www.zanagairon.com

The Zanaga Iron Ore Company Limited LEI number is 21380085XNXEX6NL6L23.

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Zanaga Iron Ore

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About us:

Zanaga Iron Ore Company Limited ("ZIOC" or the "Company") (AIM ticker: ZIOC) is the owner of 50% less one share in the Zanaga Iron Ore Project based in the Republic of Congo (Congo Brazzaville) through its investment in its associate Jumelles Limited. The Zanaga Iron Ore Project is one of the largest iron ore deposits in Africa and has the potential to become a world-class iron ore producer.

Business Review - Operations

Iron Ore Market

The iron ore market has experienced significant volatility in recent months. Prices initially surged to record highs, providing support to existing producers benefiting from existing production and high cash flows. Robust demand from

China continues to support the iron ore price at high levels but prices have recently pulled back from their highs and are experiencing a certain degree of volatility. This is causing a challenge to development projects as prices cannot easily be forecasted in such an unpredictable environment. However, we expect that prices will ultimately stabilise and establish a level at which potential investors can more easily assess the long term potential of an iron ore project like Zanaga.

Strategic investor discussions

Jumelles has received, this year, approaches from a number of entities interested in investing in the Zanaga Project. However, it is emphasized that any such discussions are at a very early stage and there is no certainty that these discussions will proceed or ultimately that a transaction will be entered into. Further updates will only be provided as required by market rules.

EPP Project

The Project Team continue to undertake a process to evaluate the potential development of an EPP Project that would be quicker to construct than the larger 30Mtpa staged development project and would utilise existing road, rail and port infrastructure. After careful consideration the team have concluded that a solution contained within the Republic of Congo would be best for the Zanaga Project and hence have dedicated significant time recently to developing a clearer cost estimate and optimised engineering solution on this basis.

Engagement with other mining project developers in RoC has been increased in order to explore potential collaboration opportunities, especially in relation to logistics solutions and alternatives for upgrades to existing infrastructure.

The Project Team continue to advance study work in an effort to improve their understanding of the viability of the EPP Project. The Project Team continue to evaluate the potential for the EPP Project to operate as a standalone project, or as an initial pathway to production during the construction period of the flagship 30Mtpa Staged Development Project.

12Mtpa Stage One project cost review

The Project Team's ultimate objective remains to develop the flagship 30Mtpa staged development mining project. As a reminder, the Stage One project plans to produce 12Mtpa of premium quality 66% Fe content iron ore pellet feed product at bottom quartile operating costs for more than 30 years on a standalone basis.

The Stage Two expansion of 18Mtpa is nominally scheduled to suit the project mine development, construction timing and forecast cash flow generation, and would increase the Project's total production capacity to 30Mtpa. The product grade would increase to an even higher premium quality 67.5% Fe content due to the addition of 18Mtpa of 68.5% Fe content iron ore pellet feed production, at an even lower operating cost. The capital expenditure for the additional 18Mtpa production, including contingency, could potentially be financed from the cash flows from the Stage One phase.

The Zanaga Project Team has continually taken steps to monitor evolving improvements into its strategy for assessing the options available for the development of the Zanaga Project. The Project Team maintained its view that high quality products will continue to achieve significant price premiums in the future and has sought to lock in this additional revenue benefit into the Project's development plan.

In light of the current positive market environment for high grade iron ore products, in late 2020 the Jumelles shareholders considered it sensible to obtain a "high level" indicative review of certain costs of the Project (including costs generated by exchange rate movements) by leading external technical consultancy firms without any re-engineering of the Project. Jumelles commissioned a report, led by Coffey Geotechnics Ltd (a Tetra Tech Company ("Tetra Tech")), to assess the potential capital and operating costs associated with Stage One of the 30Mtpa staged development project outlined in the 2014 Feasibility Study ("2014 FS"). Since the 2014 FS was produced, industry input costs dropped initially and have now returned to approximately the same levels seen in 2014. The initial review of the 2014 FS cost estimates indicates that capital and operating costs associated with the Stage One 12Mtpa project are broadly in line with the estimates provided in 2014.

The review was announced in May 2021 and indicates that as regards the costs of the 12 Mtpa Stage One Project, the capital cost is estimated to be between 2.5% above and 2.9% below the estimate provided in the 2014 FS. Operating costs are expected to be approximately in line with the estimate provided in 2014, with an estimated variance of + or - 2%.

It is encouraging to see that the costs estimated for the construction of the Zanaga Project remain in broad alignment with the costs outlined in the 2014 FS, especially as iron ore prices have risen substantially beyond the levels seen in 2014, ultimately providing the potential for significant improvement in the economic returns of the Project. It is important to recognise that these numbers have not yet been re-estimated to a high level of definition and are only estimates as to the potential costs of bringing the project into production in the current market. In order to better define these estimates the Project Team would require further work to be conducted ahead of considering a full re-estimate of the 2014 FS.

The Project Team will continue to engage in activity to ascertain opportunities for optimisation and improvement of the 30Mtpa staged development project and will update the market as these improvements develop.

1) *Overview of the process*

Tetra Tech completed the high level, top-down review and update of the Zanaga Iron Ore Stage One Feasibility Study capital and operating cost estimates as contained in the 2014 FS.

The scope of the 2014 FS and the associated estimates is the development of the Zanaga iron ore deposit, complete with infrastructure for transport and seaborne loading. This update review looked at the capital and operating costs of the front-end engineering design (FEED) and Stage One 12Mtpa portions of the total project.

Since the March 2014 FS study, an increase in global and regional economic volatility, structural changes to the mining equipment supply chain, changes in the contracting market and changes in commodity consumption patterns have impacted the basis of the capital and operating cost estimates with varying effects.

The updating process relied on a variety of information sources to define trends expressed as factored cost drivers. In some cases, direct re-pricing of major line items were indicated. The updated estimate is expressed in US dollars (USD), but was significantly influenced by the exchange rate movements of the past decade, including impacts of the Central African Franc (XAF), Euro (EUR) and South African Rand (ZAR) rates of exchange to the USD.

The updated estimate is thus qualified and strongly impacted by global economic insights and relative cost movements rather than being a re-priced estimate.

2) *Capital Cost*

Capital expenditure is expected to range between -2.9% and +2.5% of the 2014 Feasibility Study estimate, or between US$2,154m and US$2,275m.

The lower estimate includes adjustments to the cost estimates for particular items which were viewed to be overstated in the 2014 FS, or possible to reduce based on optimised procurement and contracting to find lower costs without compromising quality. Furthermore, the piping estimate for the process plant had been factorised and appears significantly overstated, for which a further adjustment of 40% reduction was made. The other adjustments were limited to 80% of the adjustment percentage that was made in a review conducted in 2017, since the 2020 review already includes some consideration of the current market conditions.

Once the opportunity adjustments are applied, the estimate is that there would be a 2.9% reduction in the capital cost estimate provided by the 2014 FS.

It should be noted that any potential savings identified by the Project Team through the implementation of a floating port solution, as announced in May 2020, have not been factored into the lower estimate provided above.

3) *Operating Cost*

The outcome of Tetra Tech’s analysis showed that overall operating cost is likely to fall within the range of -2% to +2% when compared to the March 2014 estimate as contained in the 2014 FS. As such, Jumelles regards the operating costs of the 12Mtpa Stage One project to be approximately in line with the estimate provided in the 2014 FS.

Ore Reserve Statement Update

The Project Team completed a process to update the Ore Reserve estimate. The Zanaga Project's 2.1 billion tonne Ore Reserve estimate has been re-stated by SRK Consulting (UK) Limited ("SRK") and updated based on market pricing as of 31 December 2020, and is based on the 30Mtpa Feasibility Study and 6.9 billion tonne Mineral Resource (announced by the Company on 8 May 2014). The restatement exercise confirmed that the Ore Reserves, reported in May 2021, are reported in accordance with the terms and definitions of the JORC Code and are restated to be so with an effective date of 31 December 2020.

Cash Reserves and Project Funding

As already reported in the Company's annual results published on 30 June 2021, Glencore and ZIOC agreed a 2021 Project Work Programme and Budget for the Zanaga Project of US$1.2m plus US$0.1m of discretionary spend, dependent on certain workstreams requiring capital. ZIOC agreed to contribute towards the work programme and budget an amount comprising US$0.6m plus 49.99% of all discretionary items approved jointly with Glencore. Ignoring any entitlement to savings, ZIOC's potential contribution to the Zanaga Project in 2021 is expected to be US$0.7m in total.

We are pleased to report that the Zanaga Project's activities are currently running in line with the 2021 budget forecast.

As at 31 August 202, ZIOC had cash reserves of US$0.8m and the Board continues to take a very prudent approach to the management of the business and its cash reserves.

Outlook

During 2021 the Project Team have made a number of significant steps in advancing solutions to unlock the key logistical challenges associated the EPP Project. The Project Team are engaging with other mining project developers in RoC to explore potential collaboration opportunities, especially in relation to logistics solutions and alternatives for upgrades to existing infrastructure. We look forward to updating our shareholders on the outcome of these initiatives.

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Financial review

Results from operations

The financial statements contain the results for ZIOC for the first half of 2021. ZIOC made a loss in the half-year of US$0.7m compared to a loss of US$1.8m in the full year ended December 2020. The loss for the 2021 half-year period comprised:

	1 January to 30 June 2021 Unaudited US$000	1 January to 30 June 2020 Unaudited US$000	1 January to 31 December 2020 Audited US$000
General expenses	**(383)**	**(458)**	(1,074)
Net foreign exchange (loss)/gain	**3**	**(35)**	(25)
Share of loss of associate	**(353)**	**(288)**	(724)
Interest income	**-**	**1**	-
(Loss)/Gain before tax	**(733)**	**(780)**	(1,823)
Tax		-	8
Currency translation	**-**	**(10)**	
Share of other comprehensive income of associate – foreign exchange	**3**	**(4)**	3
Total Comprehensive income	**(730)**	**(794)**	(1,812)

General expenses of US$0.4m (2020: US$0.5m), consisting of: Directors' fees of US$Nil (2020: US$Nil), professional fees of US$Nil (2020: US$Nil), LTIP charge of US$0.3m (2020 US$0.3m) and US$0.1m (2020: US$0.2m) of other general operating expenses.

The share of loss of associate of US$0.4m (2020: US$0.3m) relates to ZIOC's investment in Jumelles Limited ("Jumelles"), the joint venture company in respect of the Zanaga Project. From May 2014, as a result of the completion of the Feasibility Study and thus consideration to complete the Glencore share option, only 50% (less one share) of the Jumelles results are now included above.

During the half year period, the Company's share of Jumelles' project expenditure was US$0.4m including the effects of currency translation of $0.07m loss. Capitalised exploration assets remain at US$80.0m.

Financial position

ZIOC's net asset value ("NAV") of US$38.7m is comprised of a US$37.3m investment in Jumelles, US$0.8m of cash balances and US$0.6m net current assets.

	30 June 2021	30 June 2020	31 December 2020
	Unaudited	Unaudited	Audited
	US$m	US$m	US$m
Investment in associate	**37.3**	**37.4**	37.4
Fixed assets		**-**	
Cash	**0.8**	**0.4**	0.4
Other net current assets/(liabilities)	**0.6**	**0.4**	(0.2)
Net assets	**38.7**	**38.2**	37.6

Cost of investment

The investment in associate relates to the carrying value of the investment in Jumelles, which as at 30 June 2021 owned 50% less one share of the Project. The carrying value of this investment is unchanged in 2021 due to:

- Company funding per the Funding Agreement of US$0.3m; and
- The Company's US$0.35m share of the comprehensive loss US$ 0.7m made by Jumelles during the half-year.

As at 30 June 2021, Jumelles had aggregated assets of US$81.3m (June 2020: US$81.2m) and aggregated liabilities of US$0.7m (June 2020: US$0.5m). Non-current assets consisted of US$80.0m (June 2020: US$80.0m) of capitalised exploration assets and US$1.0m (June 2020: US$1.0m) of other fixed assets including property, plant and equipment. Cash balances amounted to US$0.3m (June 2020: US$0.2m) and other current assets were US$Nil (June 2020: US$Nil).

Cash flow

Cash balances have increased by US$0.4m since 31 December 2020. Additional investment in Jumelles required under the Funding Agreement (details set out in note 1 to the financial statements) utilised US$0.3m, operating activities US$0.1m. The Shard facility provided funds of US$0.8m.

	30 June 2021	30 June 2020	31 December 2020
	Unaudited	Unaudited	Audited
	US$000	US$000	US$000
GBP Balances	**0.6**	**0.3**	0.3
USD value of GBP balances	**0.8**	**0.4**	0.4
USD value of other currencies	**-**	**-**	-
USD balances	**-**	**-**	-
Cash Total	**0.8**	**0.4**	0.4

Consolidated Statement of Comprehensive Income for the six months ended 30 June 20201

	Note	**1 January to 30 June 2021 Unaudited US$000**	1 January to 30 June 2020 Unaudited US$000	1 January to 31 December 2020 Audited US$000
Administrative expenses		**(380)**	**(493)**	(1,099)
Share of (loss)/profit associate		**(353)**	**(288)**	(724)
Operating loss		**(733)**	**(781)**	(1,823)
Interest Income		**-**	**1**	-
(Loss) before tax		**(733)**	**(780)**	(1,823)
Taxation	5	**-**	**-**	
(Loss) for the period		**(733)**	**(780)**	(1,823)
Foreign exchange translation – foreign operations		**-**	**(10)**	8
Share of other comprehensive (loss)/income of associate – foreign exchange translation		**3**	**(4)**	3
Other comprehensive (loss)/gain		**3**	**(14)**	11
Total comprehensive (loss)/gain		**(730)**	**(794)**	(1,812)
(Loss)/Earnings per share (Cents)				
Basic	7	**(0.2)**	**(0.3)**	(0.6)
Diluted	7	**(0.2)**	**(0.3)**	(0.6)

All other comprehensive income may be classified as profit and loss in the future.

Consolidated Statement of changes in equity

for the six months ended 30 June 2021

	Share capital US$000	Retained earnings US$000	Foreign currency translation reserve US$000	Total Equity US$000
Balance at 1 January 2020	**267,592**	**(232,794)**	**3,322**	**38,120**
Consideration for share-based payments - other services	321	-	-	321
Issued Capital	564	-	-	564
Loss for the period	-	(780)	-	(780)
Other comprehensive (loss)/ income	-	-	(14)	(14)
	-	(780)	(14)	(794)
Total comprehensive (loss)/income				
Balance at 30 June 2020	**268,477**	**(233,574)**	**3,308**	**38,211**
Consideration for share-based payments - other services	386	-	-	386
Issued Capital	1	-	-	1
Loss for the period	-	(1,043)	-	(1,043)
Other comprehensive (loss)/income	-	-	25	25
Total comprehensive (loss)/income		(1,043)	25	(631)
Balance at 31 December 2020	**268,864**	**(234,617)**	**3,333**	**37,580**
Consideration for share-based payments - other services	278	-	-	278
Issue of shares	1,525	-	-	1,525
Loss for the period	-	(733)	-	(733)
Other comprehensive (loss)/income	-	-	3	3
	-	(733)	3	(730)
Total comprehensive loss				
Balance at 30 June 2021	**270,667**	**(235,350)**	**3,336**	**38,653**

Consolidated Balance sheet

as at 30 June 2021

	Note	**30 June 2021 Unaudited US$000**	30 June 2020 Unaudited US$000	31 December 2020 Audited US$000
Non-current asset				
Property, plant and equipment		**-**	**-**	
Investment in associate	6	**37,285**	**37,402**	37,354
		37,285	**37,402**	37,354
Current assets				
Other receivables		**787**	**612**	58
Cash and cash equivalents		**765**	**364**	352
		1,552	**976**	410
Total Assets		**38,837**	**38,378**	37,764

Current liabilities			
Trade and other payables	**(184)**	**(167)**	(184)
Net assets	**38,653**	**38,211**	37,580
Equity attributable to equity holders of the parent			
Share capital	**270,667**	**268,477**	268,864
Retained earnings	**(235,350)**	**(233,574)**	(234,617)
Foreign currency translation reserve	**3,336**	**3,308**	3,333
Total equity	**38,653**	**38,211**	37,580

These financial statements were approved by the Board of Directors on 28 September 2021.

Consolidated Cash flow statement

for the six months ended 30 June 2021

	1 January to 30 June 2021 Unaudited US$000	1 January to 30 June 2020 Unaudited US$000	1 January To 31 Dec 2020 Audited US$000
Cash flows from operating activities			
Loss for the year	**(733)**	**(780)**	(1,823)
Adjustments for:			
Share based payments	**278**	**321**	707
Interest received	**-**	**(1)**	-
Increase in other receivables	**(729)**	**(565)**	(11)
Decrease in trade and other payables	**-**	**(9)**	9
Net exchange (profit)/loss	**(3)**	**(10)**	25
Share of Total Comprehensive income of associate	**353**	**288**	724
Net cash from operating activities	**(834)**	**(756)**	(369)
Cash flows from financing activities			
Issue of shares	**1,525**	**564**	564-
Net cash from financing activities	**691**	**564**	564
Cash flows from investing activities			
Interest received		**1**	-
Acquisition of property, plant and equipment		**-**	
Investment in associate	**(284)**	**(201)**	(578)
Net cash from investing activities	**(284)**	**(200)**	(578)
Net decrease in cash and cash equivalents	**407**	**(392)**	(383)
Cash and cash equivalents at beginning of period	**352**	**755**	755
Effect of exchange rate difference	**4**	**1**	(20)
Cash and cash equivalents at end of period	**765**	**364**	352

Notes to the financial statements

1. Business information and going concern basis of preparation

In common with many exploration and development companies in the mining sector, the Company raises funding in phases as its projects develop.

Under the 2021 Funding Agreement entered into by the Company and Glencore, the Company's funding obligations for the 2021 work programme and budget are for a sum of US$0.6m, plus a percentage share of discretionary costs. Such share for the Company would be US$0.1m if all the discretionary costs were approved jointly by the Company and Glencore. On current projections, it is estimated that the cash amounts payable by the Company to Jumelles during 2021 will be between approximately US$0.6m and US$0.7m. As regards ZIOC's corporate cash costs for the 2021 financial year, it is estimated that such costs will be of the order of US$0.2m.

Based on the current cost base at the Zanaga Project, the current low corporate overheads of ZIOC, the agreed cash preservation plan adopted by the Company (described below), the Company's existing cash reserves and (on the basis of cautious assumptions made by the Company in its funding model) the funds expected to be obtained in the future from the funding facility established by the Subscription Agreement with SMC, the Company will be adequately positioned to support its operations going forward in the near future. As the final cash amounts to be received for each tranche of shares issued to SMC, and the timing of this receipt, are dependent on SMC successfully selling the shares prior to transferring funds to the Company, the board of directors of ZIOC (the "Board") is of the view that the going concern basis of accounting is appropriate. However, the Board acknowledges that there is a material uncertainty which could give rise to significant doubt over the Company's ability to continue as a going concern and, therefore, that the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. Consequently, based on and taking into account the foregoing factors, the Board are satisfied the Company will have sufficient funds to meet its own working capital requirements for the foreseeable future, being a period of at least twelve months from the date of approval of these half-yearly financial statements.

The Company continues to review the costs of its operational activities with a view to conserving its cash resources. As part of such ongoing review, and in order to preserve the cash position of the Company, it has been agreed with the Directors and management that fees are deferred. Additionally, the Directors and management have indicated to the Company that they will assist the cash preservation plan of the Company, by re-negotiating contractual arrangements so as to provide for payments of fees in shares and/or options in lieu of cash. If this course of action is determined to be necessary, it is expected that this will take effect by the end of Q4 2021.

2. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

3. Basis of preparation

The condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

In accordance with the AIM Rules for Companies, the condensed set of financial statements has been prepared in applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the year ended 31 December 2020. The comparative figures for the financial year ended 31 December 2020 are not the Company's statutory accounts for that financial year. The 2020 accounts have been reported on by the Company's auditors. The report of the auditors was (i) unqualified and (ii) did not include a reference to any matter to which the auditors drew attention by way of emphasis without qualifying their report**.**

Up until 30 April 2014, the Company accounted for 100% of the Jumelles group Comprehensive Income. From May 2014, as a result of completion of the Feasibility Study (note 1 above) and thus consideration to complete the Call Option, the Company has accounted for 50% less one share shareholding portion of that Comprehensive Income.

4. Segmental reporting

The Company has one operating segment, being its investment in the Zanaga Project, held through Jumelles. Financial information regarding this segment is provided in note 6.

5. Taxation

The Company is exempt from most forms of taxation in the British Virgin Islands ("BVI"), provided the Company does not trade in the BVI and does not have any employees working in the BVI. All dividends, interest, rents, royalties and other expense amounts paid by the Company, and capital gains realised with respect to any shares, debt obligations or other securities of the Company, are exempt from taxation in the BVI.

The effective tax rate for the Group is 0.00% (December 2020: 0.00%).

6. Investment in associate

	US$000
Balance at 1 January 2020	**37,492**
Additions	**202**
Share of comprehensive loss	**(292)**
Balance at 30 June 2020	**37,402**
Additions	**376**
Share of comprehensive loss	**(432)**
Balance at 31 December 2020	**37,354**
Additions	**284**
Share of comprehensive loss	**(353)**
Balance at 30 June 2021	**37,285**

From 30 April 2014, the investment represents a 50% less one share shareholding (previously 100%) in Jumelles for 2,000,000 shares of 4,000,001 total shares in issue.

On 11 February 2011, Xstrata Projects (now renamed Glencore Projects) exercised the Xstrata Call Option and from that date owns 50% plus one share of Jumelles and Jumelles is controlled at both a shareholder and director level by Glencore Projects. However, as the shares issued on exercise of the option were not considered to vest until provision of the services relating to the Preliminary Feasibility Study and the Feasibility Study had been completed, the Group continued to account for a 100% interest in Jumelles until the Feasibility Study was completed in April 2014. From May 2014 the Group has accounted for the reduction of its interest in Jumelles. The Group's interest remains accounted for as an associate using the equity method of accounting.

The Group financial statements account for the Glencore Projects transaction as an in-substance equity-settled share-based payment for the provision of services by Glencore Projects to Jumelles in relation to the Preliminary Feasibility Study and the Feasibility Study. These services largely were provided through third party contractors and were measured at the cost of the services provided.

As at 30 June 2021, Jumelles had aggregated assets of US$80.9m (June 2020: US$80.7m) and aggregated liabilities of US$0.7m (June 2020: US$0.8m). For the 6 months ended 30 June 2021, Jumelles incurred no taxation charge (June 2020: US$nil). A summarised consolidated unaudited balance sheet of Jumelles for the 6 months ended 30 June 2021, including adjustments made for equity accounting, is included below:

	30 June 2021 Unaudited US$000	30 June 2020 Unaudited US$000	31 December 2020 Audited

			US$000
Non-current assets			
Property, plant and equipment	**982**	**1,001**	1,054
Exploration and other evaluation assets	**80,000**	**80,000**	80,000
Total non-current assets	**80,982**	**81,001**	81,054
Current assets	**324**	**216**	388
Current liabilities	**(748)**	**(485)**	(828)
Net current liabilities	**(424)**	**(269)**	(440)
Net assets	**80,558**	**80,732**	80,614
Share capital	**293,103**	**293,103**	293,103
Translation reserve	**40,488**	**39,109**	39,845
Translation reserve	**(4,805)**	**(4,835)**	(4,812)
Accumulated deficit	**(248,228)**	**(246,645)**	(247,522)
	80,558	**80,732**	80,614

7. Loss per share	**30 June 2021 Unaudited US$000**	30 June 2020 Unaudited US$000	31 December 2020 Audited US$000
Profit/(Loss) (Basic and diluted) (US$000)	**(733)**	**(780)**	(1,823)
Weighted average number of shares (thousands)			
Basic and diluted			
Issued shares at beginning of period	**293,034**	**286,034**	286,034
Effect of shares issued	**14,000**	**7,000**	7,000
Effect of share repurchase	**-**	**-**	
Effect of own shares	**-**	**-**	
Effect of share split	**-**	**-**	
Weighted average number of shares at end of period – basic	**307,034**	**293,034**	293,034
(Loss)/Earnings per share (Cents)			
Basic	**(0.2)**	**(0.3)**	
Diluted	**(0.2)**	**(0.3)**	

8. Related parties

The following transactions occurred with related parties during the period:

	Transactions for the period			**Closing balance**		
	30 June 2021 Unaudited US$000	30 June 2020 Unaudited US$000	31 December 2020 Audited US$000	**30 June 2021 Unaudited US$000**	30 June 2020 Unaudited US$000	31 December 2020 Audited US$000
Funding:						
To Jumelles Limited	**284**	**201**	578	**34**	**33**	34