30 September 2019

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

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 2019 and an update on post reporting period end events to September 2019.

Highlights

- Infrastructure improvements announced in recent weeks in the Republic of Congo ("RoC") including further progress on the development of the Pointe Noire Special Economic Zone ("SEZ")
    - Increasing activity in infrastructure development in RoC with the potential to provide a positive impact to the economy of the RoC, including the development of mineral resource projects
    - Significant rail, port and power projects under investigation with the support of large Chinese government funding institutions and infrastructure companies
    - The SEZ has the potential to provide critical infrastructure to facilitate the advancement of mineral resource projects in RoC
    - The Zanaga Project Team have increased engagement with the entities involved in developing various infrastructure projects in RoC with the objective of exploring potential synergies that could support the development of the Zanaga Iron Ore Project (the "Project")
- Early Production Project ("EPP Project" or "EPP")
    - Brownfield logistics scenarios advancing well
        - Evaluation of both Congo and Gabon export routes continue
        - Preferred trucking contractors identified
    - Gabon export route
        - Railway excess capacity currently limited to 1 million tons per annum ("Mtpa")
        - Targeting c.US$110m capital cost estimate for 1Mtpa iron ore pellet project using conventional pelletisation process
        - Pellet feed process plant cost estimation increased to US$40m from US$38m following adjustments to the process flow sheet to ensure achievement of target 65% Fe product grade
        - Bolt-on conventional pellet plant cost estimate expected to be finalised in Q4 2019
        - Rail and port costs in negotiation
        - Engagement of third party contractors to assess customs and legal framework
        - Gabon export scenario evaluation expected to conclude in Q4 2019
    - Congo export route
        - Under further consideration due to the impact of potential third party upgrades to railway, port and power infrastructure in RoC
    - Direct Shipping Ore ("DSO") scenario evaluation expected to conclude in Q4 2019

    - On completion of assessment and evaluation work, outcomes to be presented to the board of Jumelles Ltd, the joint venture company ("Jumelles") for consideration

- 30Mtpa staged development project (12Mtpa Stage One ("Stage One"), plus 18Mtpa Stage Two expansion ("Stage Two")):
    - Value engineering opportunities continue to show potential to reduce construction time and reduce capital and operating cost estimates associated with the Zanaga Project
    - Zanaga Project Team engaging with third party contractors and consultants to evaluate value engineering options to a higher degree of confidence

- Management incentivisation scheme approved and announced on 30 August 2019 ensuring strong alignment with shareholder interests
- Cold pelletisation technology remains under evaluation
- Cash balance of US$1.4m as at 30 June 2019 and US$1.2m at 31 August 2019

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

"The first half of 2019 has been very positive for the Zanaga Iron Ore Project and the Company. Supported by its shareholders, Jumelles has made substantial progress in progressing the Zanaga Project through the definition of a small scale early production project solution (the EPP Project) while simultaneously engaging with large infrastructure and financing entities on the improved development case for the 30Mtpa staged development project.

The combination of higher iron ore prices in 2019 as well as simultaneous supply shocks from the major iron ore producers has led to more encouraging conditions for the Zanaga Project's development as a tier one iron ore project.

The Zanaga Early Production Project has the potential to produce iron ore in a shorter period of time, at low capital cost, utilising existing brownfield logistics solutions, while the substantial value of the larger 30Mtpa project provides strong foundations for a larger development case.

We look forward to updating our shareholders on these exciting developments towards the end of 2019."

Copies of the unaudited interim results for the six months ended 30 June 2019 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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About us:

Zanaga Iron Ore Company Limited (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.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

Business Review - Operations

Cash Reserves and Project Funding

As already reported in the Company's annual results published on 29 June 2019, Glencore and ZIOC agreed a 2019 Project Work Programme and Budget for the Zanaga Project of US$1.3m plus US$0.13m of discretionary spend, dependent on certain workstreams requiring capital. ZIOC agreed to contribute towards the work programme and budget an amount comprising US$0.65m 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 2019 is US$0.73m in total.

We are pleased to report that the Zanaga Project's activities are currently running in line with the 2019 budget forecast.

As at 31 August 2019, ZIOC had cash reserves of US$1.2m and the Board continues to take a very prudent approach to the management of the business.

Infrastructure developments in Republic of Congo and the Pointe Noire SEZ

The Zanaga Project Team have been monitoring evolving developments in infrastructure improvements in the Republic of Congo ("RoC") including the progress made in progressing the development of the Pointe Noire Special Economic Zone ("SEZ").

There has been a particular increase in activity surrounding infrastructure developments in RoC in recent weeks, as evidenced by a number of announcements involving the progression of multiple large scale infrastructure projects. Many of these projects involve significant rail, port and power projects which are under investigation with the support of large government funding institutions and infrastructure companies with the potential to provide a positive impact to the economy of the RoC, including the development of its mineral resource projects.

The Zanaga Project Team are encouraged by its discussions with these large infrastructure and financing institutions, predominantly from China, as well as discussions with institutions involved in the development of the Pointe Noire SEZ, which has the potential to provide critical infrastructure to facilitate the advancement of mineral resource projects in RoC.

The Zanaga Project Team are engaging with a number of the entities involved in developing these infrastructure projects in RoC with the objective of exploring potential synergies that could support the development of the Zanaga Iron Ore Project. The Zanaga Project Team have been particularly impressed with the extensive experience these entities have in developing large scale infrastructure projects in Africa including railways, process plants, multiple power plants, ports, and transshipping operations.

The discussions thus far could potentially substantially improve the development prospects of both the EPP Project as well as the 30Mtpa staged development project through debt and equity financing solutions, accelerated development timeframes for key logistics infrastructure, and collaboration on power and port alternatives associated with the Zanaga Project.

Early Production Project Assessment

The Zanaga Project Team's work continues in evaluating the potential for an early production project that would produce a minimum of 1Mtpa of high quality iron ore product at a capital cost of approximately US$110m. If the early production project is judged viable and is successfully proceeded with, it potentially provides a low cost platform for the Zanaga Project to enter into production. It could also lead to the evaluation of a number of alternative options for the development of the larger 30Mtpa staged development project.

The EPP Project is envisaged as an initial development stage for the Zanaga Project, targeting an operating scale of 1Mtpa of pellet feed iron ore concentrate and/or iron ore pellets with transportation of the product via existing logistics infrastructure.

The Zanaga Project Team has adopted a strategy towards the EPP Project of engaging with experienced third party contractors for mining and for all logistical aspects of the EPP Project such as the trucking, rail and port solutions. As a result, Zanaga's operating company would only be required to undertake the EPP Project's processing activities. Through this approach, it is believed capital expenditure can be minimised and limited predominantly to the processing plant solution required for the beneficiation of Zanaga iron ore into a high grade iron ore product pellet feed/pellet product.

A comprehensive update on the EPP Project's evaluation process as well as recent developments on the 30Mtpa staged development project was provided to shareholders in a project update on 28 March 2019 as well as the Company's 2018 Annual Results announced on 30 June 2019. A further update is provided below on specific aspects of the EPP's development.

1) Pellet Feed Concentrate Plant update

Together with the Project's preferred EPC contractor for the pellet feed concentrate plant, the Zanaga Project Team have reviewed the planned process flow sheet and decided to make some minor adjustments in order to have a high degree of comfort in achieving the targeted product grade. As a result the estimated capital cost associated with the pellet feed concentrate plant has increased slightly to US$40m, however the estimated operating cost remains unchanged at US$3.75/t Run of Mine (excluding power).

2) Trucking Contract

The Zanaga Project Team is evaluating the optimal solution for the export of the EPP Project's iron ore via either Gabon or RoC. In order to export the material it needs to be trucked to a railway siding in either RoC or Gabon. Two potential rail sidings are currently under consideration, either (a) Franceville in Gabon, which is approximately 173km from the Zanaga Project, or (b) Mossendjo in RoC, which is approximately 160km from the Zanaga mine site.

The Zanaga Project Team have evaluated proposals from multiple trucking companies capable of trucking Zanaga product to the rail siding alternatives. A shortlist of preferred trucking contractors has now been identified and the Project Team are now engaged in detailed discussions to optimise the commercial terms of the contract.

3) Rail and Port

The Zanaga Project Team are discussing a potential solution for the rail and port logistics solutions with the relevant service providers in Gabon and RoC. The Gabonese route has to date been the preferred route due to upgrades of capacity on the Transgabonais railway line as well as the significant port expansion underway in Libreville.

However, due to the potential for significant rail and port infrastructure improvements in RoC, through upgrades announced to the railway line and improvements planned by the SEZ to the existing port of Pointe Noire, the Zanaga Project Team are working to ensure these potential scenarios are also considered in the appraisal of the EPP Project.

4) Potential DSO stage

The board of Jumelles has approved a process to evaluate the potential for the production of up to 1Mtpa of DSO iron ore product. The evaluation of this option leverages the extensive study work already completed on the EPP Project.

The intention is to consider this interim production phase as a potential solution during the construction of the EPP Project; however the board of Jumelles is not ruling out the possibility of this option being a standalone project albeit with a shorter expected life of production.

Depending on how this initiative proceeds, it is the intention to provide further information in due course alongside information provided on the progress of the assessment of the EPP Project.

30Mtpa Staged Development Project

The ultimate objective of Jumelles remains to develop the larger 30Mtpa staged development mining project. 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 capital cost associated with this Stage One phase was estimated at US$2.2bn, including contingency, on completion of the 2014 FS.

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 iron ore pellet feed at even lower operating cost. The US$2.5bn capital expenditure for the additional 18Mtpa production, including contingency, could potentially be financed from the cash flows from the Stage One phase.

1) Economic evaluation exercise

In view of changes in the pricing of iron ore products in the market and the emergence of a high grade pricing index which has been developed in recent years, in March 2019 the Company carried out the exercise of inputting updated assumptions into the economic model produced as part of the 2014 FS in two specific areas focused entirely on freight and iron ore pricing. This exercise was carried out for illustrative purposes as a high level evaluation exercise.

As part of the 2014 FS on the 30Mtpa (12+18Mtpa) staged development Project, the potential economic outcomes of the Project were reviewed across a range of prices based on a long term 62% Fe benchmark index structure. However, in recent years the 65% concentrate index has become established and this should be seen as a more appropriate index on which to benchmark pellet feed concentrate products such as that which would be produced by the 12+18Mtpa staged development project.

Earlier this year, as explained above, the Company re-ran the 2014 FS model with a new range of prices from US$70/dmt to US$110/dmt for the 65% concentrate index, and these results were reported to shareholders on 28 March 2019.

2) Infrastructure opportunities

The Zanaga Project Team continue to engage with a number of entities on the potential to develop the infrastructure associated with the staged 30Mtpa Project. A number of enquiries have been made by third party experienced infrastructure builders capable of developing all areas of infrastructure associated with the Project. A process is underway to evaluate potential financing solutions with these parties as well as possible value engineering opportunities such as reduced capital cost and shorter delivery times for key infrastructure components of the Project.

Power

The Zanaga Project Team are engaging on a variety of solutions for off-grid power suitable for the EPP Project. The EPP Project requires approximately 10 megawatts of power and a number of entities have expressed an interest in providing this power solution. The Zanaga Project Team are evaluating the option of sourcing third party power with Independent Power Producers (“IPPs”), as well as the option of incorporating an owned power solution into the project.

In addition to the evaluation of diesel generator solutions, the Zanaga Project Team are also investigating multiple power solutions that would provide power to the mine site within a short timeframe, including a new heavy fuel oil (HFO) solution which may have the potential to further lower energy costs.

This is in addition to the continued investigations into the potential for the inclusion of small scale hydro power into the EPP Project which would increase capital costs but could provide very low cost power as regards operating costs, or potential transmission line connections to existing grid infrastructure.

As regards the 30Mtpa staged development project, the strategy is to connect the Zanaga Project to the national grid network. The Project’s 100MW power requirement would be supplied by existing and planned power generation capacity in the country. It is encouraging to note the progress in advancing the Sounda and Mourala dam projects which have the potential to supply all of the power required for the Zanaga Project’s development phases.

Power would be delivered to the mine site through two connection points to the current 220kV transmission network within 160km and 200km of a proposed new transmission line to the east and south of the mine site respectively. The Zanaga Project Team has been engaging with potential IPPs and Government departments in order to develop a power supply for the Project.

The Zanaga Project Team have also been working with a number of third parties to investigate the potential for optimisation of the power solution designed for the staged 30Mtpa Project outlined the 2014 FS. A number of projects in the RoC are under investigation and could form part of the power solution for the Project. In addition, a number of areas of optimisation of the initial design are under investigation today.

In addition, the Zanaga Project Team have been working with some of China's largest and most experienced hydropower developers on the development of hydro power solutions capable of providing power for the Zanaga Project's development phases.

The team will be conducting further work during the remainder of 2019 on the definition of potential power solutions.

Iron Ore Market

The iron ore market has experienced significant volatility in recent months. Substantial movements in price has been driven by evolving demand for different iron ore products, strong base demand from China, and significant iron ore supply shocks from the major iron ore producers.

As highlighted by ZIOC in the past, the crackdown by the Chinese government on the level of pollution resulting from domestic steel production plants has caused a change in the purchasing behaviour of the iron ore market's biggest consumer. This has led to a substantial increase in prices of high quality iron ore products, with high iron content itself (improving yield in a steel plant) and lower impurity levels, requiring less coking coal and having a significantly reduced environmental impact.

New Mineral Port in Pointe-Indienne

In March 2013, the RoC signed a Memorandum of Understanding with China Communications Construction Company ("CCCC"), and its subsidiary China Road and Bridge Corporation ("CRBC"), for the development of a new multi-user port facility 9km north of the existing port of Pointe-Noire at Pointe Indienne, including a deepwater bulk export facility for the iron ore industry. CRBC has conducted a significant amount of work on this major project, including a feasibility study on the port development.

ZIOC notes that there are ongoing discussions between the government of RoC, China EXIM Bank and CRBC on the financing and development plan for the new bulk materials port development north of Pointe Noire.

The Zanaga Project Team continue to engage with the authorities and CRBC to determine an economically and technically viable model for the development of the new port in alignment with the needs of the mining companies.

Permitting

It is recognised by the Zanaga Project Team that the current permitting regime which applies to the development of the Zanaga Project would need to be supplemented in the event of an early stage production process proceeding. Initial consideration has already been given to the supplemental regime which would need to be put in place.

As part of the continuing assessment of the EPP Project, the Zanaga Project Team is engaging with the relevant authorities in the RoC and Gabon in order to enable appropriate cross-border agreements between the RoC and Gabon to be prepared.

Management incentivisation scheme

As announced on 30 August 2019, in view of the significant work being undertaken on the Zanaga Project by the ZIOC management team in relation to investigations into the potential for delivery of an early production project (EPP) solution as well as options for enhancement of the 30Mtpa staged development Project, the Board of ZIOC approved an incentivisation package for the ZIOC management team.

The incentivisation scheme for three members of the management team comprises two components: (a) a milestone based Long Term Incentive Scheme (LTIP) for share options; and (b) a short term retention fee package. These were described in the announcement of 30 August 2019.

Outlook

As a result of the appraisal work being undertaken on the EPP Project, significant progress has been made in taking steps towards potentially repositioning the Zanaga Project to be developed initially on the basis of a smaller start-up with a relatively low capital cost investment requirement. This appraisal work, including an assessment of the economic viability of the EPP, is ongoing and is subject to the review of the Jumelles board. The objective is to establish a viable way of bringing the Zanaga resource into production at an early date.

In addition, in relation to recent announcements made for the advancement of infrastructure projects in the RoC, including the Pointe Noire SEZ, the Zanaga Project Team are focusing on the opportunities that might arise in relation to these initiatives in the context of the advancement of the infrastructure needed in relation to the Zanaga Project.

We look forward to providing further information to shareholders towards the end of 2019.

Financial review

Results from operations

The financial statements contain the results for ZIOC for the first half of 2019. ZIOC made a loss in the half-year of US$0.6m compared to a loss of US$1.8m in the full year ended December 2018. The loss for the 2019 half-year period comprised:

	1 January to 30 June 2019 Unaudited US$000	1 January to 30 June 2018 Unaudited US$000	1 January to 31 December 2018 Audited US$000
General expenses	**(281)**	**(416)**	(919)
Net foreign exchange (loss)/gain	**(5)**	**(64)**	(152)
Share of loss of associate	**(330)**	**(354)**	(795)
Interest income	**4**	**3**	9
(Loss)/Gain before tax	**(606)**	**(831)**	(1,857)
Tax	-	**-**	-
Currency translation	**(3)**	**(13)**	(8)
Share of other comprehensive income of associate – foreign exchange	**(21)**	**(9)**	-
Total Comprehensive income	**(630)**	**(853)**	(1,865)

General expenses of US$0.3m (2018: US$0.4m), consisting of: Directors' fees of US$Nil (2018: US$0.1m), professional fees of US$0.2m (2018: US$0.2m) and US$0.1m (2018: US$0.1m) of other general operating expenses.

The share of loss of associate of US$0.3m (2018: 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, Jumelles' project expenditure was US$0.7 including the effects of currency translation of $0.04m loss. Capitalised exploration assets however, remain at US$80.0m.

Financial position

ZIOC's net asset value ("NAV") of US$38.8m is comprised of a US$37.4m investment in Jumelles and US$1.4m of cash balances.

	30 June 2019	30 June 2018	31 December 2018
	Unaudited	Unaudited	Audited
	US$m	US$m	US$m
Investment in associate	**37.4**	**37.5**	37.5
Fixed assets	**-**	**-**	-
Cash	**1.4**	**3.0**	2.0
Other net current assets/(liabilities)	**-**	**-**	(0.1)
Net assets	**38.8**	**40.5**	39.4

Cost of investment

The investment in associate relates to the carrying value of the investment in Jumelles, which as at 30 June 2019 owned 50% less one share of the Project. The carrying value of this investment is unchanged in 2019 due to:

- Company funding per the Funding Agreement of US$0.3m; and
- The Company's US$0.3m share of the comprehensive loss US$ 0.6m made by Jumelles during the half-year.

As at 30 June 2019, Jumelles had aggregated assets of US$81.2m (June 2018: US$81.7m) and aggregated liabilities of US$0.9m (June 2018: US$0.8m). Non-current assets consisted of US$80.0m (June 2018: US$80.0m) of capitalised exploration assets and US$1.2m (June 2018: US$1.4m) of other fixed assets including property, plant and equipment. Cash balances amounted to US$0.5m (June 2018: US$0.3m) and other current assets were US$Nil (June 2018: US$0.1m).

Cash flow

Cash balances have decreased by US$0.6m since 31 December 2018. 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$0.3m.

	30 June 2019	30 June 2018	31 December 2018
	Unaudited	Unaudited	Audited
	US$000	US$000	US$000
GBP Balances	**1.1**	**2.3**	1.6
USD value of GBP balances	**1.4**	**3.0**	2.0
USD value of other currencies	**-**	**-**	-
USD balances	**-**	**-**	-
Cash Total	**1.4**	**3.0**	2.0

Consolidated Statement of Comprehensive Income for the six months ended 30 June 2019

	Note	**1 January to 30 June 2019 Unaudited US$000**	1 January to 30 June 2018 Unaudited US$000	1 January to 31 December 2018 Audited US$000
Administrative expenses		**(280)**	**(480)**	(1,071)
Share of (loss)/profit associate		**(330)**	**(354)**	(795)
Operating loss		**(610)**	**(834)**	(1866)
Interest Income		**4**	**3**	9
(Loss) before tax		**(606)**	**(831)**	(1,857)
Taxation	5	**-**	**-**	-
(Loss) for the period		**(606)**	**(831)**	(1,857)
Foreign exchange translation – foreign operations		**(3)**	**(13)**	(8)
Share of other comprehensive (loss)/income of associate – foreign exchange translation		**(21)**	**(9)**	-
Other comprehensive (loss)/gain		**(24)**	**(22)**	(8)
Total comprehensive (loss)/gain		**(630)**	**(853)**	(1,865)
(Loss)/Earnings per share (Cents)				
Basic	7	**(0.2)**	**(0.3)**	(0.6)
Diluted	7	**(0.2)**	**(0.3)**	(0.6)

The loss for the period is attributable to the equity holders of the parent company. 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 2019

	Share capital US$000	Retained earnings US$000	Foreign currency translation reserve US$000	Total Equity US$000
Balance at 1 January 2018	**267,012**	**(229,055)**	**3,326**	**41,283**
Consideration for share-based payments - other services	-	-	-	-
Share buy backs	-	-	-	-
Loss for the period	-	(831)	-	(831)
Other comprehensive (loss)/ income	-	-	(22)	(22)
	-	(831)	(22)	(853)
Total comprehensive (loss)/income				
Balance at 30 June 2018	**267,012**	**(229,886)**	**3,304**	**40,430**
Consideration for share-based payments - other services		-	-	
Share buy backs	-	-	-	-
Loss for the period	-	(1,026)	-	(1,026)
Other comprehensive (loss)/income	-	-	15	15
Total comprehensive (loss)/income	-	(1,026)	15	(1,011)
Balance at 31 December 2018	**267,012**	**(230.912)**	**3,319**	**39,419**
Consideration for share-based payments - other services	-	-	-	-
Share buy backs	-	-	-	-
Loss for the period	-	(606)	-	(609)
Other comprehensive (loss)/income	-	-	(24)	(21)
	-	(606)	(24)	(630)
Total comprehensive loss				
Balance at 30 June 2019	**267,012**	**(231,518)**	**3,295**	**38,789**

Consolidated Balance sheet

as at 30 June 2019

	Note	**30 June 2019 Unaudited US$000**	30 June 2018 Unaudited US$000	31 December 2018 Audited US$000
Non-current asset				
Property, plant and equipment		**-**	**-**	-
Investment in associate	6	**37,429**	**37,518**	37,450
		37,429	**37,518**	37,450
Current assets				
Other receivables		**94**	**38**	89
Cash and cash equivalents		**1,341**	**2,949**	1,955
		1,435	**2,987**	2,044
Total Assets		**38,864**	**40,505**	39,494
Current liabilities				
Trade and other payables		**(75)**	**(75)**	(75)
Net assets		**38,789**	**40,430**	39,419
Equity attributable to equity holders of the parent				
Share capital		**267,012**	**267,012**	267,012
Retained earnings		**(231,518)**	**(229,886)**	(230,912)
Foreign currency translation reserve		**3,295**	**3,304**	3,319
Total equity		**38.789**	**40,430**	39,419

These financial statements were approved by the Board of Directors on 29 September 2019.

Consolidated Cash flow statement

for the six months ended 30 June 2019

	1 January to 30 June 2019 Unaudited US$000	1 January to 30 June 2018 Unaudited US$000	1 January To 31 Dec 2018 Audited US$000
Cash flows from operating activities			
Loss for the year	**(606)**	**(831)**	(1,857)
Adjustments for:			
Depreciation	**-**	**-**	-
Interest received	**(4)**	**(3)**	(9)
Taxation expense	**-**	**-**	-
Increase in other receivables	**5**	**(3)**	(40)
Decrease in trade and other payables	**-**	**-**	-
Net exchange (profit)/loss	**(3)**	**64**	144
Gain on part sale of associate	**-**	**-**	-
Share of Total Comprehensive income of associate	**351**	**354**	795
Impairment to share of investment in associate	**-**	**-**	-
Share-based payments	**-**	**-**	-
Tax paid	**-**	**-**	-
Net cash from operating activities	**(257)**	**(419)**	967
Cash flows from financing activities			
Repurchase of own shares	**-**	**-**	-
Net cash from financing activities	**-**	**-**	-
Cash flows from investing activities			
Interest received	**4**	**3**	9
Acquisition of property, plant and equipment	**-**	**-**	-
Investment in associate	**(330)**	**(292)**	(656)
Net cash from investing activities	**(326)**	**(289)**	(647)
Net decrease in cash and cash equivalents	**(583)**	**(708)**	(1,614)
Cash and cash equivalents at beginning of period	**1,955**	**3,721**	3,721
Effect of exchange rate difference	**(31)**	**(64)**	(152)
Cash and cash equivalents at end of period	**1,341**	**2,949**	1,955

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 2019 Funding Agreement entered into by the Company and Glencore, the Company's funding obligations for the 2019 work programme and budget are for a sum of US$0.65m, plus a percentage share of discretionary costs. Such share for the Company would be US$0.13m 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 2019 will be between approximately US$0.65m and US$0.78m. As regards ZIOC's corporate costs for the 2019 financial year, it is estimated that such costs will be of the order of US$0.4m and US$0.5m.

As part of the Company's ongoing review to preserve its cash resources, each of the individuals who is a Director and each person who provides services to the Company in relation to the day-to-day operations of the Company have commenced discussions with the Company regarding the re-negotiation of each person's contractual arrangements so as to provide for payments of fees in shares and/or options in lieu of cash. This course of action has been determined to be necessary by the Board and it is contemplated that the revised arrangements will take effect retrospectively from the beginning of Q4 2019. Although it is the case that until such arrangements are agreed there can be no certainty that the Company will be able to preserve its cash balances in this manner, the Board of Directors is of the view that this cash preservation exercise will be successfully concluded in the near future, with agreement being reached between the Company and the persons mentioned above. Additionally, each of the individuals who is a Director has informed the Company that, in order to assist the Company in preserving its cash balances of the Company, he would not claim the fees due to him under his Director's Services Agreement in the period 1 January 2019 to 30 September 2019 unless agreement is reached to apply such fees in the subscription for shares in the Company.

The directors have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for the foreseeable future, being a period of at least twelve months from the date of approval of these half-yearly financial statements. For these reasons, the financial statements of the Company have been prepared on a going concern basis.

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 2018. The comparative figures for the financial year ended 31 December 2018 are not the Company's statutory accounts for that financial year. The 2018 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 2018: 0.00%).

6. Investment in associate

	US$000
Balance at 1 January 2018	**37,589**
Additions	**292**
Share of comprehensive loss	**(363)**
Balance at 30 June 2018	**37,518**
Additions	**364**
Share of comprehensive loss	**(432)**
Balance at 31 December 2018	**37,450**
Additions	**330**
Share of comprehensive loss	**(351)**
Balance at 30 June 2019	**37,429**

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 2019, Jumelles had aggregated assets of US$81.7m (June 2018: US$82.1m) and aggregated liabilities of US$0.8m (June 2018: US$0.8m). For the 6 months ended 30 June 2019, Jumelles incurred no taxation charge (June 2018: US$nil). A summarised consolidated balance sheet of Jumelles for the 6 months ended 30 June 2019, including adjustments made for equity accounting, is included below:

	30 June 2019 Unaudited US$000	30 June 2018 Unaudited US$000	31 December 2018 Audited US$000

Non-current assets			
Property, plant and equipment	**1,193**	**1,403**	1,270
Exploration and other evaluation assets	**80,000**	**80,000**	80,000
Total non-current assets	**81,193**	**81,403**	81,270
Current assets	**477**	**320**	323
3Current liabilities	**(886)**	**(763)**	(768)
Net current liabilities	**(409)**	**(443)**	(444)
Net assets	**80,784**	**80,960**	80,825
Share capital	**340,164**	**337,627**	339,502
Translation reserve	**(4,867)**	**(4,841)**	(4,824)
Retained earnings	**(254,513)**	**(251,826)**	(253,853)
	80,784	**80,960**	80,825

7. Earnings per share	**30 June 2019 Unaudited US$000**	30 June 2018 Unaudited US$000	31 December 2018 Audited US$000
Profit/(Loss) (Basic and diluted) (US$000)	**(606)**	**(831)**	(1,857)
Weighted average number of shares (thousands)			
Basic and diluted			
Issued shares at beginning of period	**283,201**	**283,201**	278,777
Effect of shares issued	**-**	**-**	4,424
Effect of share repurchase	**-**	**-**	-
Effect of own shares	**-**	**-**	-
Effect of share split	**-**	**-**	-
Weighted average number of shares at end of period – basic	**283,201**	**283,201**	283,201
(Loss)/Earnings per share (Cents)			
Basic	**(0.2)**	**(0.3)**	(0.6)
Diluted	**(0.2)**	**(0.3)**	(0.6)

8. Related parties

The following transactions occurred with related parties during the period:

	Transactions for the period			**Closing balance**		
	30 June 2019 Unaudited US$000	30 June 2018 Unaudited US$000	31 December 2018 Audited US$000	**30 June 2019 Unaudited US$000**	30 June 2018 Unaudited US$000	31 December 2018 Audited US$000
Funding:						
To Jumelles Limited	**338**	**292**	656	**34**	**35**	34