30 September 2022

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

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 2022 and an update on post reporting period end events to September 2022.

Highlights

- Early Production Project ("EPP Project" or "EPP")
  - Numerous production scenarios remain under investigation on processing facilities and suitable logistics solutions, with a particular focus on an export solutions through the Republic of Congo ("RoC")
  - Multiple contract operators have been engaged across mining, logistics, and processing disciplines with the objective of providing updated cost estimates in-country
  - Significant 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
- 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"))
  - The Project Team 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. No material updates are available for the H1 2022 period.
- Work programme and budget for 2022, and $1.2m Jumelles Ltd working capital loan facility, agreed with Glencore Projects Pty Ltd ("Glencore"), a subsidiary of Glencore plc
  - Loan provides full financing for the Zanaga Project budget until 30 June 2023

Corporate

- Funding update – Shard Merchant Capital Ltd ("SMC") 21 million share equity subscription agreement
  - Proceeds of £1,141,574 has been received to date from SMC since launch, following 18,000,000 shares being placed by SMC, with a further 3,000,000 ordinary shares remaining to be placed at 29 September 2022
  - Of the total amount received to date, mentioned above, £62,628 was received by ZIOC from the SMC facility during the first half of 2022 and no further cash has been received since 30 June 2022 to date
  - Proceeds applied to general working capital, including the provision of further contributions to the Zanaga Project's operations
- Cash balance of US$0.3m as at 30 June 2022 and cash balance of US$0.1m as at 29 September 2022.
  - Jumelles level loan from Glencore resulted in reduced future funding for ZIOC towards the Project
  - Current available cash on hand is expected to cover ZIOC's corporate overheads until end Q1 2023, with current SMC facility placement expected to extend ZIOC working capital to end Q3 2023
- Annual General Meeting to be held in November 2022, and notice will be sent to shareholders shortly.

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

"I am pleased to report that significant work is underway to evaluate options to enable initial small scale production of iron ore from the Republic of Congo, utilising existing infrastructure.

The iron ore market has experienced substantial underinvestment by the major iron ore producers over the last decade. This provides an opportunity to demonstrate that smaller scale production can be delivered initially from RoC, with the upside potential of de-risking the larger scale potential following infrastructure upgrades. We look forward to providing an update on our activities in due course".

Copies of the unaudited interim results for the six months ended 30 June 2022 are available on the Company's website at www.zanagairon.com

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

For further information, please contact:

Zanaga Iron Ore

Corporate Development and Investor Relations Manager	Andrew Trahar +44 20 7399 1105

Liberum Capital Limited

Nominated Adviser, Financial Adviser and Corporate Broker	Scott Mathieson, Edward Thomas +44 20 3100 2000

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 substantial underinvestment by the major iron ore producers over the last decade, with no notable iron ore mine project approvals to report. Iron ore prices remain relatively stable as China continues to demonstrate robust demand in spite of the impact of Covid on industrial activity in China. Furthermore, given the current geopolitical environment, it is clear that resource independence is more important than ever and strategic investors are starting to consider iron ore development options outside of the usual territories of Australia and Brazil. In this respect, the quality of the Zanaga Project, and Republic of Congo's iron ore resources, has the potential to deliver substantial iron ore production to strategic customers looking to secure positions in the commodity.

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.

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. Multiple contract operators have been engaged across mining, logistics, and processing disciplines with the objective providing updated cost estimates in-country.

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.

30Mtpa staged development project

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.

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.

Cash Reserves and Project Funding

As reported in the Company's annual results published on 30 June 2022, Glencore and ZIOC agreed a 2022 Project Work Programme and Budget for the Zanaga Project of US$1.3m plus US$0.1m of discretionary spend, dependent on certain workstreams requiring capital. ZIOC agreed to contribute towards this work programme and budget an amount comprising US$0.09m; the remaining budget amount will be funded via a loan facility provided directly to Jumelles Ltd by Glencore thus requiring less funding by ZIOC over the subsequent 12 months compared to the historical levels observed. On 29 June 2022, Glencore and the group signed a side letter to the Jumelles loan facility confirming that there will be no dilution of the group's holding in Jumelles as a result of this change in funding structure.

We are pleased to report that the Zanaga Project's activities are currently running in line with the 2022 budget forecast. As at 29 September 2022, ZIOC had cash reserves of US$0.1m and the Board continues to take a very prudent approach to the management of the business and its cash reserves.

ZIOC is pleased that a financing structure is in place at the Jumelles level which ensures sufficient capital in place to cover all in-country costs associated with the Project until end June 2023. Furthermore, the SMC facility remains in place and has given, and continues to give, the Company access to funding through a relatively low cost structure which minimises dilution to shareholders. Going forward ZIOC's operating costs have been reduced to a low level with no contributions at a project level until at least end Q2 2023 and no board or management remuneration in place (as announced previously). Furthermore, no future contributions to project-level costs will be considered until ZIOC has first built up cash reserves capable of funding longer term corporate overheads at the current reduced level.

Outlook

During 2022 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.

Financial review

Results from operations

The financial statements contain the results for ZIOC for the first half of 2022. ZIOC made a loss in the half-year of US$0.5m compared to a loss of US$1.9m in the full year ended December 2021. The loss for the 2022 half-year period comprised:

	1 January to 30 June 2022	1 January to 30 June 2021	1 January to 31 December 2021
	Unaudited	Unaudited	Audited
	US$000	US$000	US$000
General expenses	**(160)**	**(383)**	(1,214
Net foreign exchange (loss)/gain	**(32)**	**3**	(12)
Share of loss of associate	**(334)**	**(353)**	(672)
Interest income	**-**	**-**	-
(Loss)/Gain before tax	**(526)**	**(733)**	(1,898)
Currency translation	**-**	**-**	-
Share of other comprehensive income of associate – foreign exchange	**37**	**3**	(17)
Total Comprehensive income	**(489)**	**(730)**	(1,915)

General expenses of US$0.2m (2021: US$0.4m), consisting of: Directors' fees of US$Nil (2021: US$Nil), professional fees of US$Nil (2021: US$Nil), LTIP charge of US$0.1m (2021 US$0.3m) and US$0.1m (2021: US$0.1m) of other general operating expenses.

The share of loss of associate of US$0.3m (2021: US$0.4m) 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$0.3m including the effects of currency translation of $0.04m gain. Capitalised exploration assets remain at US$80.0m.

Financial position

ZIOC's net asset value ("NAV") of US$37.5m is comprised of a US$37.1m investment in Jumelles, US$0.3m of cash balances and US$0.1m net current assets.

	30 June 2022 Unaudited US$m	30 June 2021 Unaudited US$m	31 December 2021 Audited US$m
Investment in associate	**37.1**	**37.3**	37.3
Fixed assets		**-**	
Cash	**0.3**	**0.8**	0.4
Other net current assets/(liabilities)	**0.1**	**0.6**	0.1
Net assets	**37.5**	**38.7**	37.8

Cost of investment

The investment in associate relates to the carrying value of the investment in Jumelles, which as at 30 June 2022 owned 50% less one share of the Project. The carrying value of this investment decreased in 2022 due to:

- Company funding per the Funding Agreement of US$0.1m; 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 2022, Jumelles had aggregated assets of US$81.0m (June 2021: US$81.3m) and aggregated liabilities of US$0.9m (June 2021: US$0.7m). Non-current assets consisted of US$80.0m (June 2021: US$80.0m) of capitalised exploration assets and US$0.8m (June 2021: US$1.0m) of other fixed assets including property, plant and equipment. Cash balances amounted to US$0.2m (June 2021: US$0.3m) and other current assets were US$Nil (June 2021: US$Nil).

Cash flow

Cash balances have decreased by US$0.1m since 31 December 2021. Additional investment in Jumelles required under the Funding Agreement (details set out in note 1 to the financial statements) utilised US$0.1m, operating activities US$0.1m. The Shard facility provided funds of US$0.1m.

	30 June 2022 Unaudited US$000	30 June 2021 Unaudited US$000	31 December 2021 Audited US$000
GBP Balances	**0.2**	**0.6**	0.3
USD value of GBP balances	**0.3**	**0.8**	0.4
USD value of other currencies	**-**	**-**	-
USD balances	**-**	**-**	-
Cash Total	**0.3**	**0.8**	0.4

Consolidated Statement of Comprehensive Income for the six months ended 30 June 2022

	Note	**1 January to 30 June 2022 Unaudited US$000**	1 January to 30 June 2021 Unaudited US$000	1 January to 31 December 2021 Audited US$000
Administrative expenses		**(192)**	**(380)**	(1,226)
Share of (loss)/profit associate		**(334)**	**(353)**	(672)
Operating loss		**(526)**	**(733)**	(1,898)
Interest Income		**-**	**-**	-
(Loss) before tax		**(526)**	**(733)**	(1,898)
Taxation	5	**-**	**-**	
(Loss) for the period		**(526)**	**(733)**	(1,898)
Foreign exchange translation – foreign operations		**-**	**-**	(17)
Share of other comprehensive (loss)/income of associate – foreign exchange translation		**37**	**3**	-
Other comprehensive (loss)/gain		**37**	**3**	(17)
Total comprehensive (loss)/gain		**(489)**	**(730)**	(1,915)
(Loss)/Earnings per share (Cents)				
Basic	7	**(0.2)**	**(0.2)**	(0.6)
Diluted	7	**(0.2)**	**(02)**	(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 2022

	Share capital US$000	Retained earnings US$000	Foreign currency translation reserve US$000	Total Equity US$000
Balance at 1 January 2021	**268,864**	**(234,617)**	**3,333**	**37,580**
Consideration for share-based payments - other services	278	-	-	278
Issued Capital	1,525	-	-	1,525
Loss for the period	-	(733)	-	(733)
Other comprehensive (loss)/ income	-	-	3	3
	-	(733)	3	(730)
Total comprehensive (loss)/income				
Balance at 30 June 2021	**270,667**	**(235,350)**	**3,336**	**38,653**
Consideration for share-based payments - other services	268	-	-	268
Issued Capital	-	-	-	-
Loss for the period	-	(1,166)	-	(1,166)
Other comprehensive (loss)/income	-	-	(19)	(19)
Total comprehensive (loss)/income		(1,166)	(19)	(1,185)
Balance at 31 December 2021	**270,935**	**(236,516)**	**3,3317**	**37,736**
Consideration for share-based payments - other services	82	-	-	82
Issue of shares	-	-	-	-
Loss for the period	-	(525)	-	(525)
Other comprehensive (loss)/income	-	-	37	37
	-	(525)	3	(406)
Total comprehensive loss			7	
	271,017	**(237,041)**	**3,354**	**37,330**
Balance at 30 June 2022				

Consolidated Balance sheet

as at 30 June 2022

	Note	**30 June 2022 Unaudited US$000**	30 June 2021 Unaudited US$000	31 December 2021 Audited US$000
Non-current asset				
Property, plant and equipment		**-**	**-**	
Investment in associate	6	**37,067**	**37,285**	37,269
		37,067	**37,285**	37,269
Current assets				
Other receivables		**157**	**787**	233
Cash and cash equivalents		**250**	**765**	387

	407	**1,552**	620
Total Assets	**37,473**	**38,837**	37,889
Current liabilities			
Trade and other payables	**(144)**	**(184)**	(153)
	37,330		
Net assets		**38,653**	37,736
Equity attributable to equity holders of the parent			
Share capital	**271,017**	**270,667**	270,935
Retained earnings	**(237,041)**	**(235,350)**	(236,516)
Foreign currency translation reserve	**3,354**	**3,336**	3,317
Total equity	**37,330**	**38,653**	37,736

These financial statements were approved by the Board of Directors on 30 September 2022.

Consolidated Cash flow statement

for the six months ended 30 June 2022

	1 January to 30 June 2022 Unaudited US$000	1 January to 30 June 2021 Unaudited US$000	1 January To 31 Dec 2021 Audited US$000
Cash flows from operating activities			
Loss for the year	**(526)**	**(733)**	(1,898)
Adjustments for:			
Share based payments	**82**	**278**	547
Interest received	**-**	**-**	-
Decrease in other receivables	**76**	**(729)**	(31)
Decrease in trade and other payables	**(9)**	**-**	(175)
Net exchange (profit)/loss	**32**	**(3)**	12
Share of Total Comprehensive income of associate	**334**	**353**	672
Net cash from operating activities	**(11)**	**(834)**	(873)
Cash flows from financing activities			
Issue of shares	**-**	**1,525**	1,524
Net cash from financing activities	**-**	**1,525**	1,524
Cash flows from investing activities			
Interest received		**-**	-
Acquisition of property, plant and equipment		**-**	
Investment in associate	**(95)**	**(284)**	(604)
Net cash from investing activities	**(95)**	**(284)**	(604)
Net decrease in cash and cash equivalents	**(106)**	**407**	47
Cash and cash equivalents at beginning of period	**387**	**352**	352
Effect of exchange rate difference	**(31)**	**4**	(12)
Cash and cash equivalents at end of period	**250**	**765**	387

Notes to the financial statements

1. Business information and going concern basis of preparation

At 30 June 2022 the Company had cash reserves of US$0.3m. On 29 June 2022, Glencore and ZIOC agreed a 2022 Project Work Programme and Budget for the Project of up to US$1.3m plus US$0.1m of discretionary spend. ZIOC agreed to contribute towards this work programme and budget an amount comprising US$0.09m; the remaining budget amount will be funded via a loan facility provided directly to Jumelles Ltd by Glencore thus requiring less funding by ZIOC over the subsequent 12 months compared to the historical levels observed. On 29 June 2022, Glencore and the group signed a side letter to the Jumelles loan facility confirming that there will be no dilution of the group's holding in Jumelles as a result of this change in funding structure.

The Company had cash reserves of US$0.1m as at 29 September 2022. In order to raise additional funding the Company entered a Subscription Agreement with SMC (as described above – see the Company's release of 26 June 2020.) The financing structure with SMC enables the Company to access funding for the costs that the Company is expected to meet in the near future. Due to the fact that SMC have 3,000,000 shares still to be placed into the market, for illustrative purposes only, if the average price at which SMC places the remaining 3,000,000 shares was 2.05 pence (being ZIOC's mid-market closing share price on 27 September 2022), the net proceeds received by ZIOC from such sales would be approximately £0.06m. Based on the current cost base at the Zanaga Project, the direct loan facility to Jumelles Ltd, the current low corporate overheads of ZIOC, the agreed cash preservation plan adopted by the Company, 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 from the funding facility established by the Subscription Agreement with SMC, the board of directors of ZIOC (the "Board") believes that 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 issued shares, and the timing of this receipt, are dependent on SMC successfully selling the shares prior to transferring funds to the Company, 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. Nevertheless, 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 up to, and beyond, twelve months from the approval of these accounts.

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 (since January 2019) and Management (since September 2019) 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. The way in which this could be achieved is being progressed.

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 2021. The comparative figures for the financial year ended 31 December 2021 are not the Company's statutory accounts for that financial year. The 2021 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 2021: 0.00%).

6. Investment in associate

	US$000
Balance at 1 January 2021	**37,354**
Additions	**284**
Share of comprehensive loss	**(353)**
Balance at 30 June 2021	**37,285**
Additions	**389**
Share of comprehensive loss	**(405)**
Balance at 31 December 2021	**37,269**
Additions	**95**
Share of comprehensive loss	**(297)**
Balance at 30 June 2022	**37,067**

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 2022, Jumelles had aggregated assets of US$80.8m (June 2021: US$80.9m) and aggregated liabilities of US$0.9m (June 2021: US$0.7m). For the 6 months ended 30 June 2022, Jumelles incurred no taxation charge (June 2021:

US$nil). A summarised consolidated unaudited balance sheet of Jumelles for the 6 months ended 30 June 2022, including adjustments made for equity accounting, is included below:

	30 June 2022 Unaudited US$000	30 June 2021 Unaudited US$000	31 December 2021 Audited US$000
Non-current assets			
Property, plant and equipment	**764**	**982**	828
Exploration and other evaluation assets	**80,000**	**80,000**	80,000
Total non-current assets	**80,764**	**80,982**	80,828
Current assets	**196**	**324**	202
Current liabilities	**(919)**	**(748)**	(586)
Net current liabilities	**(723)**	**(424)**	(384)
Net assets	**80,041**	**80,558**	80,444
Share capital	**293,103**	**293,103**	293,103
Translation reserve	**41,242**	**40,488**	41,052
Translation reserve	**(6,112)**	**(4,805)**	(6,112)
Accumulated deficit	**(248,192)**	**(248,228)**	(247,598)
	80,041	**80,558**	80,44

7. Loss per share	**30 June 2022 Unaudited US$000**	30 June 2021 Unaudited US$000	31 December 2021 Audited US$000
Profit/(Loss) (Basic and diluted) (US$000)	**(526)**	**(733)**	(1,898)
Weighted average number of shares (thousands)			
Basic and diluted			
Issued shares at beginning of period	**307,034**	**293,034**	293,034
Effect of shares issued	**-**	**14,000**	14,000
Effect of share repurchase	**-**	**-**	
Effect of own shares	**-**	**-**	
Effect of share split	**-**	**-**	
Weighted average number of shares at end of period – basic	**307,034**	**307,034**	307,034
(Loss)/Earnings per share (Cents)			
Basic	**(0.2)**	**(0.2)**	(0.6)
Diluted	**(0.2)**	**(0.2)**	(0.6)

8. Related parties

The following transactions occurred with related parties during the period:

	Transactions for the period	**Closing balance**

	30 June 2022 Unaudited US$000	30 June 2021 Unaudited US$000	31 December 2021 Audited US$000	**30 June 2022 Unaudited US$000**	30 June 2021 Unaudited US$000	31 December 2021 Audited US$000
Funding:						
To Jumelles Limited	**95**	**284**	604	**34**	**34**	34