

Zanaga Iron Ore Company Limited – 2022 Annual Report and Accounts

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Business Overview

2 July 2023

2022 Highlights and post reporting period end events to 30 June 2023

Zanaga Iron Ore Project (the “Project” or the “Zanaga Project”)

- Partnership launched with Chinese iron ore technical expert engineering firm (“Chinese EPC Partner”) as part of a two stage optimisation process of the Zanaga 30Mtpa staged development project
 - Phase 1 – Feasibility Study update (the “FS Update”)
 - 2014 Feasibility Study cost estimates to be updated to current market pricing using Chinese contractor pricing for both phases of both 12Mtpa Stage One (“Stage One”), plus 18Mtpa Stage Two expansion (“Stage Two”) projects.
 - Chinese EPC Partner possesses specific, specialised, design and construction expertise in slurry pipeline projects as well as iron ore pellet feed concentrate projects similar to the Zanaga Project.
 - Guidance provided by Chinese EPC Partner that potential capital and operating cost savings of more than 20% could be achieved.
 - The results of this exercise are expected to be received in Q4 2023.
 - Phase 2 – Processing technology application study
 - Chinese EPC Partner possesses proprietary new processing technology for iron ore processing, with the potential to provide further capital and operating cost savings beyond the results of the FS Update.
 - The application of this processing technology to the iron ore from the Zanaga Project is planned to undergo technical assessment as initial results from the FS Update are received in the coming months.
- Port infrastructure discussions underway
 - Discussions in progress with large port infrastructure development firm, including consideration of:
 - Opportunity for expansion of the existing port of Pointe-Noire.
 - Potential development solutions for a large bulk mineral port capable of supporting the Zanaga 30Mtpa staged development project.
- 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”).

Corporate

- Acquisition completed of Glencore Projects Pty Limited’s (“Glencore Projects”) 50% plus one share interest in Jumelles Limited (the “Acquisition”), owner of the Zanaga Project.
 - Acquisition increased Zanaga Iron Ore Company Limited (“ZIOC” or the “Company”) ownership of the Zanaga Project to 100%.

- Acquisition concluded through the issuance of 286,340,379 new Shares (the “Consideration Shares”) to Glencore Projects, representing a post-transaction shareholding of 48.26% in ZIOC.
- Appointment of Peter Hill and Denis Weinstein to the board of the Company, following their nomination by Glencore Projects.
- Relationship Agreement entered into between Glencore Projects and ZIOC to ensure that the Company can carry on its business independently of Glencore Projects.
- Agreement by Glencore Projects that it will not dispose of any of the Consideration Shares in the Company in the six months following Admission without the consent of the Company (not to be unreasonably withheld or delayed) other than in certain limited circumstances and to comply with orderly market provisions in the following six months.
- Marketing Agreement entered into between Glencore International, the Company and MPD Congo.
 - Life-of-mine marketing agreement granting Glencore International the exclusive marketing right for all iron ore conforming to certain specifications produced by MPD Congo, ZIOC or their respective Affiliates from the Project or in the Republic of Congo using similar infrastructure that is not subject to existing sales arrangements.
 - Agreement by Glencore Projects to purchase from MPD Congo or the Company the Product, or sell the Product on behalf of the Company on arm’s length terms.
 - Glencore International to be entitled to receive a marketing fee in accordance with the detailed provisions of the Marketing Agreement.

Funding

- Loan funding agreement
 - In order to fund the Project’s continuing work programme and budget, as well as the working capital requirements of ZIOC, until 31 December 2023, Glencore Projects entered into a loan facility (the “Loan Facility”) with Jumelles Ltd to provide up to US\$1.8 million of loan capital.
 - Loan repayable by 31 December 2023.
 - ZIOC able to utilise up to US\$200,000 of the loan facility to fund its working capital.
 - As at 29 June 2023, ZIOC had drawn US\$1.185m of the Loan Facility and accrued US\$70k of loan interest.
- Shard Merchant Capital Ltd (“SMC”) equity subscription agreements (“Shard ESAs”).
 - Original SMC equity subscription agreement (ESA) fully completed (“2020 ESA”).
 - In 2022 SMC subscribed for 7 million shares of no par value in ZIOC, as part of the final tranche of the 21 million ordinary share facility signed in 2020.
 - Total proceeds of £1,318,126.12 were received from the facility, following the placement of the final 7,000,000 tranche shares by SMC in 2022.
 - New ESA signed with SMC on 1 July 2023 (“2023 ESA”).
 - Following the successful completion of the 2020 ESA, ZIOC has entered into the 2023 ESA with SMC.
 - Under the terms of the 2023 ESA the Company will issue and SMC will subscribe for up to 36 million ordinary shares of no par value in the Company (“Subscription Shares”) in up to three tranches of up to 12 million shares each.

- Pursuant to the 2023 ESA, SMC has undertaken to use its reasonable endeavours to place the relevant Subscription Shares that it has subscribed for and to pay to ZIOC 95% of the gross proceeds of any such sales.
- Proceeds of the Shard ESAs 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 31 December 2022 and a cash balance of US\$0.5m as at 29 June 2023.

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

"I am pleased to report that ZIOC has launched a process with its Chinese EPC Partner to secure Chinese contractor pricing and to update the cost estimates of the 30Mtpa Feasibility Study, while also considering the application of new iron ore processing technology to reduce estimated costs further.

Furthermore, port infrastructure discussions are underway with a large port infrastructure development firm seeking to expand the existing port of Pointe-Noire. Consideration is also being given to potential development solutions for a large bulk mineral port capable of supporting the 30Mtpa staged development project.

2022 was a pivotal year for ZIOC, with the controlling shareholding of the Zanaga Project being acquired from Glencore in exchange for shares in ZIOC. The streamlining of the ownership and control of the Zanaga Project enables ZIOC to now engage with strategic entities interested in participating in the Zanaga Project going forward, and ensures a single unified voice engaging with collaboration partners on the ground. It is pleasing to have secured the support of Glencore for this initiative and I look forward to working with the Glencore team in unlocking value from the project for all stakeholders going forward."

The Company will post its Annual Report and Accounts for the year ended 31 December 2022 ("2022 Annual Report and Accounts") to shareholders on approximately 10 July 2023.

The 2022 Annual Report and Accounts will be available on the Company's website www.zanagairon.com today.

For further information, please contact:

Zanaga Iron Ore

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

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

Zanaga Iron Ore Company Limited ("ZIOC" or the "Company") (AIM ticker: ZIOC) is the owner of 100% of the Zanaga Iron Ore Project based in the Republic of Congo (Congo Brazzaville) through its subsidiary 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.

Chairman's Statement

Dear Shareholder,

Following the acquisition of the controlling shareholding in the Zanaga Project we are progressing in-country activities with the objective of unlocking the potential of Zanaga's vast resource. Our focus is on updating the cost estimates of the 30Mtpa staged development project, while investigating the potential to enable port logistics solutions in country with a large port developer and operator.

Chinese EPC contractor engagement

ZIOC has entered into an engagement with a Chinese EPC partner with substantial experience in the design, engineering and construction management of large iron ore projects. The Chinese EPC contractor possesses specific, specialised, design and construction expertise in slurry pipeline projects as well as iron ore pellet feed concentrate projects similar to the Zanaga Project.

The process involves a two stage project optimisation work programme.

The initial FS Update will involve updating the 2014 Feasibility Study cost estimates to current market pricing using Chinese contractor pricing for both phases of the 30Mtpa staged development project, including both 12Mtpa Stage One, plus 18Mtpa Stage Two expansion.

The Chinese EPC has guided that cost savings of more than 20% could be available through the utilisation of Chinese construction contractor firms capable of building the Zanaga Project utilising lower cost construction solutions than traditional Western EPC firms would typically be able to provide.

The results of this exercise are expected to be received in Q4 2023.

The second phase of work will involve investigating the potential to apply proprietary iron ore processing technology that the Chinese EPC Partner possesses, with the potential to provide further capital and operating cost savings beyond the results of the FS Update.

The application of this processing technology to the iron ore from the Zanaga Project is planned to undergo technical assessment as initial results from the FS Update are received in the coming months.

Port infrastructure discussions underway

I am pleased to report that discussions are in progress with a large port infrastructure development firm to investigate opportunities to align the Zanaga Project with their planned port infrastructure facilities in Pointe-Noire. Consideration is being given to both of the following port infrastructure initiatives:

- Opportunity for expansion of the existing port of Pointe-Noire, potentially enabling a larger solution for the EPP Project.
- Potential development solutions for a large bulk mineral port terminal capable of supporting the Zanaga 30Mtpa staged development project.

Iron Ore Market

The iron ore market has been relatively stable in recent months, providing a positive backdrop for sustained pricing at these levels. China continues to consume significant quantities of iron ore to feed its substantial steel industry. Furthermore, given the current geopolitical environment, we believe that increased resource independence will provide impetus to strategic investors in China and outside of China to secure access to globally significant assets, especially outside Australia and Brazil – for Chinese investors. The Zanaga Project therefore has the potential to deliver substantial iron ore production to strategic customers looking to secure positions in the commodity.

Acquisition of controlling shareholding in the Zanaga Project

On 16 December 2022 ZIOC completed the acquisition of Glencore Projects' controlling shareholding in the Project through the purchase of Glencore Projects' 50% plus one share interest in Jumelles, an entity

which indirectly holds the benefit of the Project's mining licence, in exchange for a minority shareholding of 48.26% in ZIOC. ZIOC and MPD, an indirect wholly owned subsidiary of Jumelles which holds the benefit of the Project's mining licence, also entered into a Marketing Agreement with Glencore International for the sale and purchase of all future iron ore production from the Project or any other of their or their Affiliates' assets using similar infrastructure in the Republic of Congo.

Transaction overview

Prior to the Acquisition of Glencore Projects' ownership of Jumelles, the Project was managed through a joint venture agreement in respect of Jumelles. The Company held 50% less one share of the entire issued share capital of Jumelles, whilst Glencore Projects owned 50% plus one share of the entire issued share capital of Jumelles. The Acquisition involved the Company purchasing Glencore Projects' entire holding in the Project (comprising 50% plus one share interest in Jumelles) in consideration for issuing new Consideration Shares in the Company to Glencore Projects.

Transaction rationale

The Project is one of the largest iron ore deposits in Africa and the Company believes that the Project has the potential to become a world-class iron ore producer. Based on the 2014 FS, the quality of the Project's iron ore resource indicates the potential to produce premium iron ore product with prospective premium pricing. It is expected that new strategic investors are required to enable the development and construction of the Project.

The Acquisition enabled ZIOC to:

- (a) consolidate the Company's ownership of Jumelles to provide a clear ownership structure and direction in respect of the development and management of the Project;
- (b) provide Glencore Projects with the right to appoint up to two non-executive directors of the Company (comprising of a minority within the Board) whilst still also requiring Glencore Projects to observe the terms of the Relationship Agreement;
- (c) provide a new structure that is expected to facilitate capital raising and enhance liquidity for Shareholders; and
- (d) remove the complexities of the previous joint venture structure.

The Company believes that the factors mentioned above will enhance the attractiveness of the Project as a potential investment for large strategic investors.

Project progress

Whilst ZIOC's focus during 2022 was on completing the acquisition of a controlling stake in the Zanaga Project, the Project Team continued 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 continued to advance study work in an effort to improve their understanding of the viability of the EPP Project. The Project Team has continued 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.

Cash Reserves and Project Funding

At 31 December 2022 the Company had cash reserves of US\$0.3m. As at 29 June 2023, ZIOC has outlined a 2023 Project Work Programme and Budget as outlined below.

The Company had cash reserves of US\$0.5m as at 27 June 2023.

In order to raise additional funding the Company entered a Subscription Agreement with SMC (as described above). 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. For illustrative purposes only, if the average price at which SMC places the 36,000,000 shares was 13.30 pence (being ZIOC's mid-market closing share price on 29 June 2023), the net proceeds received by ZIOC from such sales would be approximately £4.55m. 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 (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 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 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 previously deferred would be reviewed. As of today, discussions with management continue and a resolution is expected to be reached in due course.

Subscription Agreement with Shard Merchant Capital Ltd

The Company has been pleased with the success of the 2020 ESA with SMC which has provided the Company with access to funding through a relatively low cost structure that minimised dilution to shareholders.

The proceeds received by the Company from SMC pursuant to the Subscription Agreement have been applied to general working capital, including the provision of further contributions to the Zanaga Project's operations.

As a result the Company has entered into a new 2023 ESA with SMC. An overview of the two ESAs is provided below:

1) 2020 ESA

- a. As previously announced, on 26 June 2020 ZIOC announced that the Company had entered into a Subscription Agreement with SMC, a financial services provider.
- b. Under the Subscription Agreement, and over the course of 2020 to 2022, the Company issued and SMC subscribed for 21 million ordinary shares of no par value in the Company ("Subscription Shares") in three tranches of 7 million shares each (First tranche in 2020 and the subsequent tranches in 2021 and 2022).
- c. During 2022, the final 7,000,000 ordinary shares in the Company were placed by SMC. As a result of such transactions, as at 28 June 2023, all of the 21,000,000 ordinary shares in the Company had been placed and the Company had received the aggregate net sum of £1,318,126.12.

2) 2023 ESA

- a. As announced by the Company, on 1 July 2023 the Company entered into a new Subscription Agreement (the 2023 ESA) with SMC.
- b. Under the Subscription Agreement, the Company will issue and SMC has subscribed for 36 million ordinary shares of no par value in the Company ("Subscription Shares") in three tranches of 12 million shares each (First tranche to be issued immediately).

Outlook

With ZIOC now positioned as 100% owner of the Zanaga Project we are now able to engage with strategic entities interested in partnering with us going forward. It is pleasing to have secured the support of Glencore for this initiative and we look forward to working with the Glencore team in unlocking value from the project for all stakeholders.

Despite globally uncertainty, the Project Team have continued to progress numerous workstreams with the potential to add significant value to the options available for the development of the Zanaga Project.

Our investigations of opportunities that have the potential to unlock existing infrastructure solutions, as well as options available for lowering capital and operating costs of the project have been a key focus of the team, and we hope to provide an update on these initiatives in due course.

Clifford Elphick

Non-Executive Chairman



Strategic Report

Business Review

The Zanaga Project remains a unique large scale tier one asset with multiple potential development options from a scale perspective.

The Project Team have dedicated significant effort to securing updated development costs associated with the flagship 30Mtpa staged development project, and are excited to have engaged its Chinese EPC partner to provide a cost update of the 30Mtpa Zanaga Project to current market pricing estimates. The Chinese EPC also possesses substantial technical capabilities in iron ore process plant design and engineering which we expect to bring value to the cost exercise process. This study work is expected to complete by the end of this year.

In addition, the EPP Project remains an area of significant interest for the Project Team and work continues to explore the potential to utilise existing logistics infrastructure to enable initial production to take place, particularly through collaboration and joint infrastructure initiatives underway investigation in RoC.

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.

Chinese EPC contractor engagement

ZIOC has entered into an engagement with a Chinese EPC partner with substantial experience in the design, engineering and construction management of large iron ore projects. The Chinese EPC contractor possesses specific, specialised, design and construction expertise in slurry pipeline projects as well as iron ore pellet feed concentrate projects similar to the Zanaga Project.

The process involves a two stage project optimisation process.

The initial FS Update will involve updating the 2014 Feasibility Study cost estimates to current market pricing using Chinese contractor pricing for both phases of the 30Mtpa staged development project, including both 12Mtpa Stage One, plus 18Mtpa Stage Two expansion.

The Chinese EPC has guided that cost savings of more than 20% could be available through the utilisation of Chinese construction contractor firms capable of building the Zanaga Project utilising lower cost construction solutions than traditional Western EPC firms would typically be able to provide.

The results of this exercise are expected to be received in Q4 2023.

The second phase of work will involve investigating the potential to apply proprietary processing technology to Chinese EPC Partner possesses proprietary new processing technology for iron ore processing, with the potential to provide further capital and operating cost savings beyond the results of the FS Update.

The application of this processing technology to the iron ore from the Zanaga Project is planned to undergo technical assessment as initial results from the FS Update are received in the coming months.

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.

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.

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.

Next Steps

Throughout the remainder of 2023, the Project Team will focus on engaging with our selected Chinese EPC partner to update the development costs of the 30Mtpa Zanaga Project and investigate applicability of new iron ore processing technology, while continuing to investigate potential opportunities for smaller scale production utilising existing infrastructure.

Financial Review

Results from operations

The financial statements contain the results for the Group's twelfth full year of operations following its incorporation on 19 November 2009. The Group made a total comprehensive income in the year of US\$4.7m (2021: total comprehensive loss US\$1.9m). The total comprehensive income for the year comprised:

	2022 US\$000	2021 US\$000
General expenses	(516)	(1,214)
Net foreign exchange (loss)	-	(12)
Share of loss of associate	(436)	(672)
Gain on revaluation of investment	9,050	-
Profit / (Loss) before tax	8,098	(1,898)
Share of other comprehensive income / (loss) of associate – foreign exchange	61	(17)
Reclassification of share of other comprehensive (loss) / income of associate	(3,447)	
Total comprehensive income / (loss)	4,712	(1,915)

General expenses of US\$0.5m (2021: US\$1.2m) consists of Long Term Incentivisation Plan ("LTIP") US\$0.2m (2021 US\$0.5m) and US\$0.3m (2021: US\$0.7m) of other general operating expenses.

The share of loss of associate reflected above relates to ZIOC's investment in the Project, through Jumelles, which, generated a loss of US\$0.8m in the year to 31 December 2022 (2021: loss US\$1.3m). During the year Jumelles spent a net US\$0.8m (2021 US\$1.3m) on continuing operations.

The acquisition of the Glencore stake in Jumelles generated a gain on revaluation of investment of US\$9.05m

Financial Position

ZIOC's Net Asset Value ("NAV") of US\$85.2m] (2021: US\$37.7m) comprises of US\$nil (2021: US\$37.3m) investment in Jumelles, US\$85.3m of exploration and evaluation assets, US\$0.7m of PPE, US\$0.3m (2021: US\$0.4m) of cash balances and US\$1.11m (2021: US\$0.08m) of other net current liabilities.

	2022 US\$000	2021 US\$000
Investment in Associate	-	37,269
Exploration and evaluation assets	85,300	-
PPE	703	-
Cash	310	387
Net current assets/(liabilities)	(1,110)	80
Net assets	85,203	37,736

Subscription Agreement concluded with Shard Merchant Capital Ltd

As outlined in the Chairman's Statement above, on 1 July 2023 ZIOC entered into a 2023 ESA with SMC, a financial services provider. Under the terms of the agreement the Company will issue and SMC will subscribe for up to 36 million ordinary shares of no par value in the Company in up to three tranches of up to 12 million shares each.

Pursuant to the 2023 ESA, SMC has undertaken to use its reasonable endeavours to place the relevant Subscription Shares that it has subscribed for and to pay to ZIOC 95% of the gross proceeds of any such sales.

Cash flow

Cash balances decreased by US\$0.08m during 2022 (2021: decrease of US\$0.03m). Additional investment in Jumelles required under the 2022 Funding Agreement (outline details in Note 1 to the financial statements) utilised US\$0.1m (2021: US\$0.6m) and operating activities utilised US\$0.5m (2021: US\$0.4m). The Company raised funds of US\$0.2m from the Shard facility during the year and \$385k was drawdown from the Glencore loan facility

Fundraising activities

The fundraising activities carried out in 2022 of US\$0.2m (2021: US\$0.6m) unaudited by MHA were those relating to the SMC facility which are described earlier in this Annual Report.

Reserves & Resource Statement

The Zanaga Project has defined a 6.9bn tonne Mineral Resource and a 2.1bn tonne Ore Reserve, reported in accordance with the JORC Code (2012), and defined from only 25km of the 47km strike length of the orebody so far identified.

Ore Reserve Statement

The Ore Reserve estimate (announced by the Company on 5 May 2021) was prepared by independent consultants, SRK Consulting (UK) Ltd ("SRK") and is based on the 30Mtpa Feasibility Study and the 6,900Mt Mineral Resource (announced by the Company on 8 May 2014).

As stipulated by the JORC Code, Proven and Probable Ore Reserves are of sufficient quality to serve as the basis for a decision on the development of the deposit. Based on the studies performed, the mine plan as reported in the 2014 FS was reassessed in respect of the updated sales revenue, operating expenditure and capital expenditures and confirmed as at 31 December 2020 to be technically feasible and economically viable.

Ore Reserve Category	Tonnes (Mtdry)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)
Proved	774	37.3	35.1	4.7	0.04
Probable	1,296	31.8	44.7	2.3	0.05
Total	2,070	33.9	41.1	3.2	0.05

Notes:

Long term price assumptions are based on a CFR IODEX 65%Fe forecast of US\$90tdry (USc138/dmtu) with adjustments for quality, deleterious elements, moisture and freight.

Discount Rate 10% applied on an ungeared 100% equity basis

Mining dilution ranging between 5% and 6%

Mining losses ranging between 1% and 5%

Note: The full Ore Reserve Statement is available on the Company's website (www.zanagairon.com)

Mineral Resource

Classification	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	Mn (%)	LOI (%)
Measured	2,330	33.7	43.1	3.4	0.05	0.11	1.46
Indicated	2,460	30.4	46.8	3.2	0.05	0.11	0.75
Inferred	2,100	31	46	3	0.1	0.1	0.9
Total	6,900	32	45	3	0.05	0.11	1.05

Reported at a 0% Fe cut-off grade within an optimised Whittle shell representing a metal price of 130 USc/dmtu. Mineral Resources are inclusive of Reserves. A revised Mineral Resource, prepared in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2012 Edition) was announced on 8 May 2014 and is available on the Company's website (www.zanagairon.com).

Note: The figures shown are rounded; they may not sum to the subtotals shown due to the rounding used.

The Mineral Resource was estimated as a block model within constraining wireframes based upon logged geological boundaries. Tonnages and grades have been rounded to reflect appropriate confidence levels and for this reason may not sum to totals stated.

Geological Summary

The Zanaga iron ore deposit is located within a North-South oriented (metamorphic) Precambrian greenstone belt in the eastern part of the Chaillu Massif in South Western Congo. From airborne geophysical survey work, and morphologically, the mineralised trend constitutes a complex elongation in the North-South direction, of about 47 km length and 0.5 to 3 km width.

The ferruginous beds are part of a metamorphosed, volcano-sedimentary Itabirite/banded iron formation ("BIF") and are inter-bedded with amphibolites and mafic schists. It exhibits faulted and sheared contacts with the crystalline basement. As a result of prolonged tropical weathering the BIF has developed a distinctive supergene iron enrichment profile.

At surface there is sometimes present a high grade ore (+60% Fe), classified as canga, of apparently limited thickness (<5m) capping a discontinuous, soft, high grade, iron supergene zone of structure-less

hematite/goethite of limited thickness (<7m). The base of the high-grade supergene iron zone grades quickly at depth into a relatively thick, leached, well-weathered to moderately weathered friable hematite Itabirite with an average thickness of approximately 25 metres and grading 45-55% Fe.

The base of the friable Itabirite zone appears to correlate with the moderately weathered/weakly weathered BIF boundary, and fresh BIF comprises bands of chert and magnetite/grunerite layers.

Competent Persons

The statement in the report relating to Ore Reserves is based on information compiled by Dr Iestyn Humphreys, FIMM, AIME, PhD who is a Corporate Consultant, and Practice Leader with SRK. He has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the JORC Code (2012). The Competent Person, Dr Iestyn Humphreys, confirms that the Ore Reserve Estimate is accurately reproduced in this announcement and has given his consent to the inclusion in the report of the matters based on his information in the form and context within which it appears.

The information in the report that relates to Mineral Resources is based on information compiled by Malcolm Titley, BSc MAusIMM MAIG, of CSA Global (UK) Ltd. Malcolm Titley takes overall responsibility for the report as Competent Person. He is a Member of the Australasian Institute of Mining and Metallurgy ("AUSIMM") and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of the JORC Code. The Competent Person, Mr Malcolm Titley, has reviewed this Mineral Resource statement and given his permission for the publication of this information in the form and context within which it appears.

Definition of JORC Code

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012) as published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

Principal Risks & Uncertainties

The principal business of ZIOC currently comprises managing ZIOC's interest in the Zanaga Project, including the Jumelles group, and monitoring the development of the Project and engaging in discussions with potential investors. The principal risks facing ZIOC are set out below. Risk assessment and evaluation is an essential part of the Group's planning and an important aspect of the Group's internal control system. Overall these potential risks have remained broadly constant over the past year with the exception of the implications of COVID-19 on the long term outlook for the iron ore market.

Risks relating to iron ore prices, markets and products

The ability to raise finance for the Project is largely dependent on movements in the price of iron ore. Iron ore prices have historically been volatile and are primarily affected by the demand for and price of steel and the level of supply of iron ore. Such prices are also affected by numerous other factors beyond the Company's and the Jumelles group's control, including the relative exchange rate of the U.S. dollar with other major currencies, global and regional demand, political and economic conditions, production levels and costs and transportation costs in major iron ore producing regions.

While it appears to be the case that there has been some degree of stabilisation of iron ore prices in the global market for iron ore, the duration of such stabilisation remains uncertain. The level of iron ore prices in the global market for iron ore continues to be subject to uncertainty. Although the 2014 FS identifies the product from the Project and the potential demand for such product within a range of iron ore prices, there are no assurances that the demand for the Project's product will be sufficient in quantity or in price to ensure the economic viability of the Project or to enable finance for the development of the Project to be raised. Furthermore, the range of iron ore prices in the 2014 FS will need to be reviewed so as to reflect changed market conditions and changed expectations relating to the supply and demand for iron ore. Such risk is reviewed constantly and any relevant changes considered.

Risks relating to an EPP

For some considerable period, an initiative has been and is being carried out to investigate the possibility of a low-cost small scale start-up, using existing infrastructure, focussing on a standard 62% Fe benchmark iron ore product or a high grade 65% Fe pellet feed iron ore product that would involve simple 'processing' applications. In conjunction with this, the possibility of a low-cost small scale start-up involving the production of a pellet feed concentrate and conventional pelletisation continues to be investigated. This initiative also involves the assessment of methods of providing the necessary power requirements as well as logistical support to enable the product to be transported to an available exit port. There will also be the need to put in place the appropriate contractual and permitting arrangements. There is a risk that such kind of start-up is found not to be viable or is not proceeded with for other reasons or is delayed. Such risk is reviewed constantly and any relevant changes considered.

Risks relating to financing the Zanaga Project

Any decision of the Company to proceed with construction of the mine and related infrastructure (or any variant such as a low capital cost, small scale start-up EPP Project) is itself dependent upon the ability of the Company to raise the necessary debt and equity to finance such construction and the initial operation of the mine (or any variant such as a low-cost small scale start-up). The Company may be unable to obtain debt and/or equity financing in the amounts required, in a timely manner, on favourable terms or at all and should this occur, it is highly likely to pose challenges to the proposed development of the Zanaga Project and the proposed timeline for its development. Moreover, the poor current global equity and credit environment may pose additional challenges to the ability of the Company to secure equity or debt finance or to secure equity or debt finance on acceptable terms, including as to rates of interest. Current negative global market conditions and increasing political and geopolitical tensions could also adversely impact the ability to finance the Zanaga Project. Such risk is reviewed constantly and any relevant changes considered.

Risks relating to financing of the Company

The Company will not generate any material income until an operating stage of the Project has been constructed and mining and export of the iron ore has successfully commenced at commercial volumes. In the meantime the Company will continue to expend its cash reserves. Should the Company seek to raise additional finance, it may be unable to obtain debt and/or equity financing in the amounts required, in a timely manner, on favourable terms or at all.

If construction of the mine and related infrastructure proceeds (including any preparatory steps associated with the construction of the mine and related infrastructure) or any small scale start-up proceeds, and ZIOC elects to fund its pro rata equity share of construction capital expenditure, there is no certainty as to its ability to raise the required finance or the terms on which such finance may be available.

If ZIOC raises additional funds (including for the purpose of funding the construction of the Project or any part of the Project, including any small-scale start-up) through further issuances of securities, the holders of ordinary shares could suffer significant dilution, and any new securities that ZIOC issues could have rights, preferences and privileges superior to those of the holders of the ordinary shares.

If the Company fails to generate or obtain sufficient financial resources to develop and operate its business, this could materially and adversely affect the Company's business, results of operations, financial condition and prospects. Current negative global market conditions and increasing political and geopolitical tensions could also adversely impact the ability to finance the Company. Such risk is reviewed constantly and any relevant changes considered.

Risk relating to Ore Reserves estimation

Ore Reserves estimates include diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserve estimates are by their nature imprecise and depend, to a certain extent, upon statistical inferences and assumptions which may ultimately prove unreliable. Estimated mineral reserves or mineral resources may also have to be recalculated based on changes in iron ore or other commodity prices, further exploration or assessment or development activity and/or actual production experience. Such risk is reviewed constantly and any relevant changes considered.

Host country related risks

The operations of the Zanaga Project are located mainly in the RoC. These operations will be exposed to various levels of political, regulatory, economic, taxation, environmental and other risks and uncertainties. As in many other countries, these (varying) risks and uncertainties can include, but are not limited to: political, military or civil unrest; fluctuations in global economic and market conditions impacting on the economy; terrorism; hostage taking; extreme fluctuations in currency exchange rates; high rates of inflation; labour unrest; nationalisation; changes in taxation; illegal mining; restrictions on foreign exchange and repatriation. In addition, the RoC is an emerging market and, as a result, is generally subject to greater risks than in the case of more developed markets.

HIV/AIDS, malaria and other diseases are prevalent in the RoC and, accordingly, the workforce of the ZIOC group and of the Jumelles group will be exposed to the health risks associated with the country. The operating and financial results of such entities could be materially adversely affected by the loss of productivity and increased costs arising from any effect of HIV/AIDS, malaria and other diseases on such workforce and the population at large.

Weather conditions in the RoC can fluctuate severely. Rainstorms, flooding and other adverse weather conditions are common and can severely disrupt transport in the region where the Jumelles group operates and other logistics on which the Jumelles group is dependent.

The host country related risks described above could be relevant both as regards day-to-day operations and the raising of debt and equity finance for the Project. The occurrence of such risks could have a material adverse effect on the business, prospects, financial condition and results of operations of the Company and/or the Jumelles group. Such risk is reviewed constantly and any relevant changes considered.

Risks relating to the Project's licences and the regulatory regime

The Project's Mining Licence was granted in August 2014 and a Mining Convention has been entered into. With effect from 20 May 2016, the Zanaga Mining Convention has been promulgated as a law of the RoC, following ratification by the Parliament of the RoC and publication in the Official Gazette.

The holder of a mining licence is required to incorporate a Congolese company to be the operating entity and the Congolese Government is entitled to a free participatory interest in projects which are at the production phase. This participation cannot be less than 10%. Under the terms of the Mining Convention, there is a contingent statutory 10% free participatory interest in favour of the Government of the RoC as regards the mine operating company and a contingent option for the Government of the RoC to buy an additional 5% stake at market price.

The granting of required approvals, permits and consents may be withheld for lengthy periods, not given at all, or granted subject to conditions which the Jumelles group may not be able to meet or which may be costly to meet. As a result, the Jumelles group may incur additional costs, losses or lose revenue and its business, result of operations, financial condition and/or growth prospects may be materially adversely affected. Failure to obtain, renew, enforce or comply with one or more required approvals, permits and consents could have a material adverse effect on the business, prospects, financial condition and results of operations of the Company and/or the Jumelles group. Mitigation of such risks is in part dependent upon the terms of the Mining Convention and compliance with its terms. Such risk is reviewed constantly and any relevant changes considered.

Transportation and other infrastructure

The successful development of the Project (including any low-cost small scale start-up) depends on the existence of adequate infrastructure and the terms on which the Project can own, use or access such infrastructure. The region in which the Project is located is sparsely populated and difficult to access. Central to the Zanaga Project becoming a commercial mining operation is access to a transportation system through which it can transport future iron ore product to a port for onward export by sea. In order to achieve this it will be necessary to access a port at Pointe-Indienne, which is still to be constructed, or some other exit port in the case of a low-cost small scale start-up.

The nature and timing of construction of the proposed new port are still under discussion with the government of the RoC and other interested parties. In relation to the pipeline and Project facilities at the proposed new port and (to the extent needed) other infrastructure, the necessary permits, authorisations and access, usage or ownership rights have not yet been obtained.

Failure to construct the proposed pipeline and/or facilities at the proposed new port and/or other needed infrastructure or a failure to obtain access to and use of the proposed new port and/or other needed infrastructure or a failure to do this in an economically viable manner or in the required timescale could have a material adverse effect on the Project.

In the case of a low-cost small scale start-up, failure to put in place the necessary logistical requirements (including trucking, rail transportation and port facilities) and/or other needed infrastructure or a failure to obtain access to and use of the proposed logistical requirements or a failure to do this in an economically viable manner or in the required timescale could have a material adverse effect on the Project.

The availability of reliable and continuous delivery of sufficient quantity of power to the Project at an affordable price will also be a significant factor on the costs at which iron ore can be produced and transported to any proposed exit port and will impact on the economic viability of the Project.

Reliable and adequate infrastructure (including an outlet port, roads, bridges, power sources and water supplies) are important determinants which affect capital and operating costs and the ability of the Jumelles group to develop the Project, including any low-cost small scale start-up. Failure or delay in putting in place or accessing infrastructure needed for the development of the Zanaga Project could have a material adverse effect on the business, prospects, financial condition and results of operations of the Company and/or the Jumelles group. Such risk is reviewed constantly and any relevant changes considered.

Risks associated with access to land

Pursuant to the laws of the RoC, mineral deposits are the property of the government with the ability to purchase surface rights. Generally speaking, the RoC has not had a history of native land claims being made against the state's title to land. There is no guarantee, however, that such claims will not occur in the future and, if made, such claims could have a deleterious effect on the progress of development of the Project and future production.

The Mining Convention envisages that the RoC will carry out a process to expropriate the land required by the Zanaga Project and place such land at the disposal of the holder of the Mining Licence in order to build the mine and the infrastructure, including the pipeline, required for the realisation of the Zanaga Project. This means that the rights of the Jumelles company which holds the Mining Licence to the relevant land will be subject to negotiation between the Congolese government and such company. Alternatively, if the land is not declared DUP (i.e. is expropriated by the State under its sovereign powers) then the Jumelles group will have to reach agreement with the local land owners which may be a more time consuming and costly process. Such risk is reviewed constantly and any relevant changes considered.

Risks relating to timing

Any delays in (i) obtaining rights over and access to land and infrastructure; (ii) obtaining the necessary permits and authorisations; (iii) the construction or commissioning of the mine, the pipeline or facilities at or offshore an exit port or power transmission lines or other infrastructure; or (iv) negotiating the terms of access to the exit port and supply of power and other infrastructure (including an offshore loading facility); or (v) raising finance to fund the development of the mine and associated infrastructure, could prevent altogether or impede the development of the Zanaga Project, including the ability of the Zanaga Project to export its future iron ore products whether on the anticipated timelines or at projected volumes and costs or otherwise. Such delays or a failure to complete the proposed infrastructure or the terms of access to infrastructure or to do this in an economically viable manner, could have a material adverse effect on the business, results of operations, financial condition and prospects of the Company and/or the Jumelles group. Such risk is reviewed constantly and any relevant changes considered.

Environmental risks

The operations and activities of the Zanaga Project are subject to potential risks and liabilities associated with the pollution of the environment and the disposal of waste products that may occur as a result of its mineral exploration, development and production, including damage to preservation areas, over-exploitation and accidental spills and leakages. Such potential liabilities include not only the obligation to remediate environmental damage and indemnify affected third parties, but also the imposition of court judgments, administrative penalties and criminal sanctions against the relevant entity and its employees and executive officers. Awareness of the need to comply with and enforcement of environmental laws and regulations continues to increase. Notwithstanding precautions taken by entities involved in the development of the Project, breaches of applicable environmental laws and regulations (whether inadvertent or not) or environmental pollution could materially and adversely affect the financial condition, business, prospects and results of operations of the Company and/or the Jumelles group. Such risk is reviewed constantly and any relevant changes considered.

Health and safety risks

The Jumelles group is required to comply with a range of health and safety laws and regulations in connection with its business activities (including laws and regulations relating to the COVID-19 pandemic) and will be

required to comply with further laws and regulations if and when construction of the Project commences and the mine goes into operation. A violation of health and safety laws relating to the Jumelles group and/or the Project's operations, or a failure to comply with the instructions of the relevant health and safety authorities, could lead to, amongst other things, a temporary shutdown of all or a portion of the business activity of the Jumelles group and/or the Project's operations or the imposition of costly compliance measures. Where health and safety authorities and/or the RoC government require the business activity of the Jumelles group and/or the Project to shut down or reduce all or a portion of its activities of operations or to implement costly compliance measures, whether pursuant to applicable health and safety laws and regulations, or the more stringent enforcement of such laws and regulations, such measures could have a material adverse effect on the financial condition, business, prospects, reputation and results of operations of the Company and/or the Jumelles group. Such risk is reviewed constantly and any relevant changes considered.

Risks relating to third party claims

Due to the nature of the operations to be undertaken in respect of the development of the Zanaga Project, there is a risk that substantial damage to property or injury to persons could be sustained during such development. Any such damage or injury could have a material adverse effect on the financial condition, business, prospects, reputation and results of operations of the Company and/or the Jumelles group. Such risk is reviewed constantly and any relevant changes considered.

Risks relating to outsourcing

The 2014 FS envisages that certain aspects of the Zanaga Project will be carried out by third parties pursuant to contracts to be negotiated with such third parties. Any low-cost small scale start-up is also likely to involve the undertaking of various key elements of the Project by third parties. There is a risk that agreement might not be reached with such third parties or that the terms of any such agreement are more stringent than currently anticipated; this could adversely impact upon the Project and/or the proposed timescale for carrying out the Project. Such risk is reviewed constantly and any relevant changes considered.

Fluctuation in economic factors

In terms of currency exchange rates, the Jumelles group's functional and reporting currency is the U.S. dollar, and most of its in country costs are and will be denominated in CFA francs and Euros. Consequently, the Jumelles group must translate the CFA franc and Euro denominated assets and liabilities into U.S. dollars. To do so, non-U.S. dollar denominated monetary assets and liabilities are translated into U.S. dollars using the closing exchange rate at the reporting period end date. Consequently, increases or decreases in the value of the U.S. dollar versus the Euro (and consequently the CFA franc) and other foreign currencies may affect the Jumelles group's financial results, including its assets and liabilities in the Jumelles group's balance sheets. These factors will affect the financial results of the Company. In addition, ZIOC holds the majority of its funds in Pounds Sterling, and incurs the majority of its corporate costs in Pounds Sterling, but its contributions to funding the Jumelles group in 2021 and 2022 are calculated in U.S. dollars. Consequently, any fluctuation in exchange rates between Pounds Sterling versus the U.S. dollar or the Euro, could also adversely affect the financial results of the Company. Furthermore, current fluctuations in inflation, interest rates, and supply chain reliability has the potential to adversely impact the Company and Jumelles today, while also potentially adversely impacting the economic viability of the Zanaga Project, as well as the ability to secure finance for the development of the Zanaga Project. Such risks are reviewed constantly and any relevant changes considered.

Cash resources

The Company has limited cash resources. Although the Company has taken steps to conserve and replenish its cash resources, there is a risk that a shortage of such cash resources will adversely affect the Company. Such shortage could result in further expenditure cuts being introduced by the Company, both in its internal and its external operations. Volatile and uncertain economic global conditions in means that there can be no certainty as to when the Zanaga resource is likely to be developed. The challenging economic conditions as well as difficulties of monetising this resource given its location impact upon the ability of the Jumelles group

to raise new finance for the Project as well as on the Company's ability to raise new finance for itself. The Company's existing cash resources may continue to come under increasing pressure unless a more predictable investment, travel and trading climate materialises in the foreseeable future which benefits the Project and the Company can take steps which result in an improvement of its financial position. Such risk is reviewed constantly and any relevant changes considered.

Environmental, Social and Governance

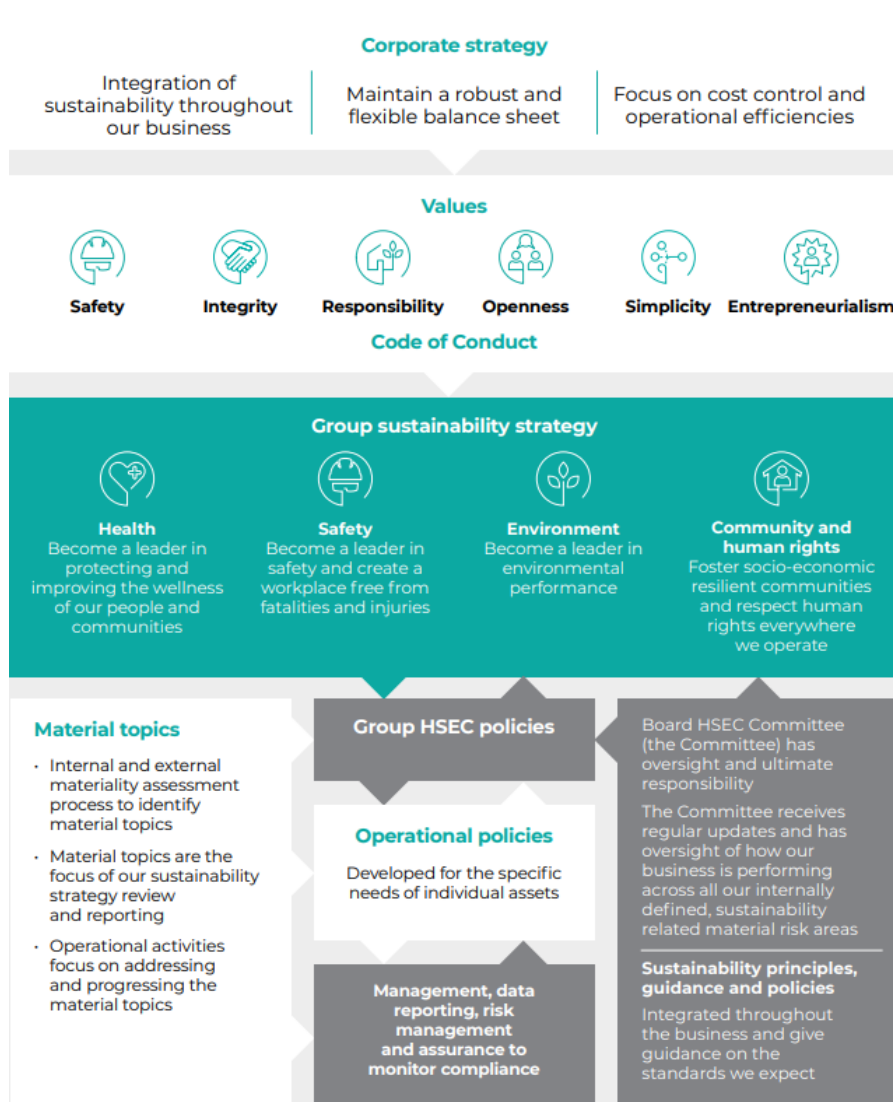
Why is Environmental, Social and Governance (“ESG”) important to Zanaga?

Operating in a socially responsible manner is integral to the way that a company conducts its business. ZIOC’s licence to operate, access to finance, ability to attract and retain the right employees and ability to maintain good relations with all stakeholders are all closely linked to the manner in which ZIOC conducts its business.

From the early days of exploration, ZIOC developed a basic health, safety, environmental and community management system based on the principles of ISO 14001 and the IFC’s Performance Standards on Environmental and Social Sustainability. This ensured a seamless transition to the Xstrata, and subsequently the Glencore group’s, systems when they took a managing stake in the Project in 2013.

Glencore Group’s Policies

During all the year 2022, the Project’s approach to corporate responsibility continued to be governed by Glencore group’s framework for HSEC and Human Rights, which is based on the following structure, and which ZIOC has committed to maintaining going forward:



Glencore's values statement includes the following commitment with respect to corporate social responsibility:

Sustainability is a key pillar of the Corporate Strategy

We believe that our long-term success requires us to prioritise health and safety and environmental management as well as the welfare of all our workers, contribute to the development and well-being of the communities in which we work, and engage in open dialogue with our stakeholders.

Safety

We never compromise on safety. We look out for one another and stop work if it's not safe.

Integrity

We have the courage to do what's right, even when it's hard. We do what we say and treat each other fairly and with respect.

Responsibility

We take responsibility for our actions. We talk and listen to others to understand what they expect from us. We work to improve our commercial, social and environmental performance.

Openness

We're honest and straightforward when we communicate. We push ourselves to improve by sharing information and encouraging dialogue and feedback.

Simplicity

We work efficiently and focus on what's important. We avoid unnecessary complexity and look for simple, pragmatic solutions

Entrepreneurialism

We encourage new ideas and quickly adapt to change. We're always looking for new opportunities to create value and find better and safer ways of working.

Management systems, trainings and fight against bribery

The Zanaga Project operates HSEC and Human Rights procedures to practice management systems that conformed throughout 2022 to the overall Glencore group's framework. The system is risk-based to address all aspects of the Project's activities and includes regular reporting of developments and progress to ensure that management is able to monitor performance.

A quarterly report is produced by the management team for the Project's managers, the shareholders of Jumelles and the RoC's state representatives. This details the Project's activities and incorporates information about its environmental, health, safety and community performance as well as details of local stakeholder and community engagement activities.

The local team delivered several capacity building meetings under the following themes: compliance procedures, good practices and anti-corruption. Additionally employees undertook 2022 annual online e-training courses on the Code of Conduct, Anti-Corruption, and Conflicts of Interest.

Key Health and Safety performance indicators

- No Restricted Work Injury and no Lost Time Injuries recorded during 2022.
- Personal protection equipment (helmet, gloves, masks, etc.) are renewed every year and have been renewed again in 2022 and put at the disposal of all employees and subcontractors.
- Four Meetings of the health and safety MPD Congo committee took place as a mandatory exercise under Congolese law on the following themes: Malaria prevention, fire fighting and prevention, safe driving and protection and treatment against snake bites.

- 15 safety and Job Safety Analysis (“JSA”) meetings were held during the year as part of the proactive programme and more than 30 awareness meetings (total 80 people and 45 hours of training).
- 50 induction (health, safety, environment and community) for site visitors (total of 70 people and 30 hours of training).
- Awareness meetings have been held under the following themes: the fight against corruption and conflicts of interest, electrical safety, driving, incident and emergency conduct.
- Regular alcohol tests were carried out on site, the results were negative for all employees.
- No cases of medical and restricted work-related treatment in 2022 and no Medical Treatment Incident (“MTI”) incidents were reported in 2022.
- Health and safety is a priority for the Project. Every incident, including very minor ones, is recorded in a quarterly report written by the Project’s management team and forwarded to state representatives and shareholders through the quarterly report.
- At the end of 2022 the Zanaga Project achieved a total of 3,782 days without any accident.
- No Restricted Work Injury was recorded during 2022, and no Lost Time Injuries occurred. This is an excellent result for the Project, taking into account that different activities that were carried out by the local team (rehabilitation of roads to access the camp area, studies on site, collection and testing of samples, etc.). The focus for the health and safety programme remains on the implementation of the Fatal Hazard Protocols and the 10 Golden Rules.

Key Environmental performance indicators

- The Environmental Permit awarded by the Ministry of Environment (April 2020) is valid for a period of twenty-five years.
- 15 training courses were delivered to all the camp employees, subcontractors and visitors to the camp (total 66 people and 26 hours of training) under the themes: protection of the forest, protection of the species in the area of the project, fight against plastic pollution, etc.
- Participation in different events such as the Trees Day, Environmental World Day, etc.
- ZIOC has now stated its intention to commence Climate & Emissions reporting, in line with an externally accredited framework.
- While it should be noted that the high quality nature of the Zanaga Project’s planned iron ore products would enable lower coal consumption at steel customers’ operations, the Project Team have also made significant efforts, and allocated financing towards, investigation of opportunities to reduce the carbon footprint of the Zanaga Project. A particular emphasis has been placed on evaluating solutions to further beneficiate the Zanaga Project’s iron ore product in order to produce a higher value product in a low emission manner, thereby reducing emissions downstream in the steel industry. These efforts have included the study of cold pelletisation technologies, dry magnetic separation, and other iron ore beneficiation technologies that would enable reduced carbon emissions downstream. These efforts continue and the Project Team are committed to constantly investigating and monitoring the capability of incorporating these solutions into the development case for the Zanaga Project.

Key Community and Human rights indicators

- During 2022, 158 community communication meetings took place with approximately 358 local stakeholders.
- Approximately US\$15,000 was spent as part of the Project’s commitment to communities to facilitate:
 - Access to quality care for the populations present in the mining concession by supporting the Léfoutou health centre (supporting part of the indemnity of the 5 agents at the health center,

purchase of medicines in collaboration with the Departmental Health Department, and additional expenses including 2,400 litres of diesel for the health centre and the maintenance of the ambulance donated in 2015).

- Access to quality primary schools (contribution to the assistant teachers in collaboration with the parents association) to improve the capacity of the 8 schools of the villages surrounding the Project.
- HIV/AIDS awareness outreach campaign was undertaken in 2022 to increase the awareness of the HIV prevention programme. The HIV/AIDS awareness outreach campaign sessions were attended by 30 employees and contractors and the community around the camp on basic knowledge on HIV and AIDS, risk management and self-esteem. Over 1,000 condoms were distributed at the work place and at the Lefoutou health center

Details of the community programs

Supporting local health

- In September 2015, the health centre at Lefoutou was opened and is now fully functional. MPD Congo equipped the health centre with medical equipment, medical supplies, gave a fully equipped ambulance, paid half of the salaries of the employees of the health centre every month during the whole year 2022, gave 200 litres of fuel every month and provided medical supplies for an amount of US\$5,000 for 2022.
- The statistics for the year 2022 of the Lefoutou health center are very encouraging. More than 80 persons are treated at the health centre per month and this health center play an important role for the prevention of spread of COVID-19 in the area of the Project and for information, prévention, and vaccination, etc.

Supporting access to quality water

From December 2016 to March 2017 MPD Congo realized a water drilling campaign in order to provide access to quality water for the local population. In total seven water drill holes were sunk and fully equipped with pumping facilities in the area of the project. In 2022, the MPD team continued to maintain and repair the pump when necessary.

Supporting local education

As in previous years, the Zanaga Project continues to support the schools and school teachers in the eight villages in the immediate vicinity of the Project camp at Lefoutou. This support includes the payment of 50% of 20 voluntary teachers' salaries for an amount of US\$7,000 for 2022.

Rehabilitation of the road in Komono and between Lefoutou Douakani Kingani Vouka

During 2022, MPD Congo rehabilitated a number of the departmental road between the villages of Lefoutou and Douakani, on the Lefoutou-Komono axis and inside the town of Komono.

In total, MPD Congo has rehabilitated more than 10 km of roads in order to facilitate the circulation inside Komono town and to reduce the difficulties of the populations to circulate, and facilitate access to the camp.

This work led to the creation of several daily jobs and contributed to opening up the mining area.

Supporting agriculture development, environment and access

- The project continues to buy foodstuffs from the populations of the project area (chili peppers, cassava sticks, tomatoes, vegetables, bananas, pineapples, carp fish, etc.). The purchase of other foodstuffs that MPD Congo are not available near the camp were made in Sibiti and Dolisie during the year 2022. The objective is to improve the local market and contribute to the economic development of the area of the project.

Corporate Governance

Board of Directors

The Board of Directors currently comprises three Directors.

Clifford Thomas Elphick

Non-Executive Chairman

Clifford Elphick is the founder and CEO of Gem Diamonds Limited, a diamond mining company listed on the Main Market of the London Stock Exchange. Mr Elphick joined Anglo American Corporation in 1986 and was seconded to E Oppenheimer & Son as Harry Oppenheimer's personal assistant in 1988.

In 1990 he was appointed managing director of E Oppenheimer & Son, a position he held until his departure from the company in December 2004. During that time, Mr Elphick was also a director of Central Holdings, Anglo American and DB Investments. Following the buy-out of De Beers in 2000, Mr Elphick served on the De Beers executive committee until 2004. Mr Elphick formed Gem Diamonds Limited in July 2005.

Clinton James Dines

Non-Executive Director

Clinton Dines has been involved in business in China since 1980, including senior positions with the Jardine Matheson Group, Santa Fe Transport Group and Asia Securities Venture Capital. In 1988 he joined BHP as their senior executive in China and following the merger of BHP and Billiton in 2001, he became president of BHP Billiton China, a position from which he retired in 2009.

Jonathan Andrew Velloza

Non-Executive Director

Jonathan Velloza has a wealth of experience in the mining industry, having previously acted as Deputy CEO and COO of Gem Diamonds Ltd. Prior to this he was with BHP Western Australia Iron Ore where he was General Manager at Mining Area C, the largest iron ore mine in the BHP portfolio, from 2013 to 2015, leading a number of successful operational efficiency programmes. He has also acted as a Senior Exploration Manager in Zambia and Chile for BHP from 2011-2013, Operations Manager at AngloGold Ashanti from 2009-2010 and held numerous managerial positions at De Beers from 2001-2009.

Peter Edward Montague Hill

Non-Executive Director

Peter is Head of Iron Ore Marketing at Glencore International AG. Peter brings over 14 years' experience in the mining sector, having joined Glencore in 2009 and was previously at BHP Billiton.

Denis Weinstein

Non-Executive Director

Denis is a trader in Glencore International AG's Iron Ore Marketing team. Denis rejoined Glencore in 2022, having previously been with the company from 2012 to 2020.

Directors' Report

The current Directors of the Company (Clifford Elphick, Clinton Dines, Jonathan Velloza, Peter Hill and Denis Weinstein), who were members of the Board at the time of approving the Directors' Report, hereby present their 2022 Annual Report to the shareholders of Zanaga Iron Ore Company Limited, together with the full financial statements for the year ended 31 December 2022.

Status and activities

The Company is a British Virgin Islands Business company registered under the Territory of the British Virgin Islands ("BVI"), BVI Business Companies Act, 2004. Formation, changes and project ownership history:

- The Company was incorporated on 19 November 2009 with the name Jumelles Holdings Limited.
- On 1 October 2010, the Company changed its name to Zanaga Iron Ore Company Ltd.
- On 18 November 2010, the Company's share capital was admitted to trading on the AIM Market ("AIM") of the London Stock Exchange ("Admission").
- At Admission, the Company held 100% of the Project through Jumelles which in turn owns 100% of the Project subject to the minimum 10% free carried interest of the Government of the RoC.
- Following both pre and post Admission development funding received from Xstrata, in 2011, Xstrata exercised its Call Option (the "Call Option") and acquired a 50% plus one share interest in the Project through Jumelles. The Company retains a 50% less one share interest in the Project through Jumelles ("Minority Stake").
- Following the merger of the Glencore group and Xstrata in 2013 the 50% plus one share shareholder has become Glencore.

The Company's long-term objective is to maximise the value of the Company's sole asset – its minority stake in Jumelles – and the Project which is currently focused on managing, developing and constructing a world-class iron ore asset capable of mining, processing, transporting and exporting iron ore at full production.

Activities and Business Review

The Company's performance, activities during the year and future prospects are discussed in the Company Profile, Chairman's Statement and in the Business Review as set out on pages 6 - 11.

The financial risk profile

The Company's financial instruments comprise cash and various items such as debtors and creditors that arise directly from the Company's operations. The main risks that the Company faces are summarised on pages 16 - 21. Further details are given in Note 13 to the financial statements.

The risks and uncertainties facing the Company are regularly reviewed by the Board and management.

Dividends

No dividends were declared or paid during the year under review (2021: US\$nil) nor between 31 December 2022 and the date of this annual report.

Future funding requirements and going concern basis of preparation

Please refer to Note 1 of the Financial Statements on pages 50 - 52.

Brexit considerations

The Group does not envisage other implications resulting from Brexit other than the FX impact described in Note 1 to the financial statements.

Directors

Members of the Board who served as Directors throughout or during part of 2022 are Clifford Elphick, Peter Hill, Denis Weinstein, Johnny Velloza and Clinton Dines.

Biographical details of the Directors and the period of each directorship are shown on pages 26 and 30. Details of Board meetings and Directors' attendance at Board meetings are laid out on pages 31-32.

The Directors' interests in the ordinary shares of the Company as at 31 December 2022 and at the date of signing of this Annual Report are set out on page 37 in the Remuneration Report.

Directors' remuneration

A Directors' Remuneration Report, which shareholders will be asked to approve at the Annual General Meeting, can be found on pages 36 - 38.

Company Secretary

Elysium Fund Management Limited is responsible for the provision of company secretarial and related administrative services.

Indemnities and insurance

The Company maintains directors' and officers' liability insurance cover, to cover claims made against directors and officers of the Company, arising out of actions taken in relation to the Company's business and its Admission.

Corporate governance

Following the Company's Admission to AIM in November 2010, whilst the Company was under no obligation to apply the Financial Reporting Council's UK Corporate Governance Code the Directors took measures to apply the principles of that Code so far as was appropriate and practical having regard to the size and nature of the Company. The Directors have taken the same approach as regards the application of the recent reissues of that Code. A report on corporate governance can be found on pages 30 - 35.

Corporate responsibility

The Company places the highest priority on the health and safety of its employees, respect for the environment and active engagement with the local communities in which it operates. A report on corporate responsibility can be found on pages 22 - 25.

Substantial share interests

According to the Company's shareholder register, as at 31 December 2022 and 23 June 2023, the following interests of 3% or more of the issued ordinary share capital had been notified to the Company:

Funds managed by:	Number of shares	% of share capital
Glencore ¹	286,340,379	48.26%
Guava Minerals Limited ²	80,252,592	13.52%
Keith Everitt	17,270,000	2.91%

1. Peter Hill and Denis Weinstein are indirectly interested in these ordinary shares, which are registered in the name of Glencore, by virtue of their interest as a potential beneficiary in these ordinary shares.

2. Clifford Elphick is indirectly interested in these ordinary shares by virtue of his interest as a potential beneficiary in a discretionary trust, which has an indirect interest in these ordinary shares.

Policy on payment to suppliers

Amounts due to suppliers and service providers are settled promptly within the terms of the payment, except in cases of dispute.

Material contracts

The Company's material contracts are with Glencore (see Note 1 of the Financial Statements on pages 50 – 52 for more details); Liberum Capital Limited, which acts as Nominated Adviser and joint Corporate Broker; Computershare Investor Services (BVI) Limited, which acts as Registrar; Hyposwiss Private Bank Geneve SA, the Company's banker; and SMC, as detailed above.

Legal proceedings

The Company is not engaged in any litigation or claim of material importance, nor, so far as the Directors are aware, is any litigation or claim of material importance pending or threatened against the Company.

Disclosure of information to Auditors

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

By order of the Board



Clifford Elphick

Non-Executive Director

2nd Floor, Coastal Building
Wickham's Cay II
Road Town P.O. Box 2221
Tortola
British Virgin Islands
2 July 2023

Corporate Governance Report

For many years the Directors have recognised the importance of sound corporate governance and the guidelines set out in the UK Corporate Governance Code. In the past, the Company has applied the Code so far as was considered appropriate having regard to the size and nature of the Company and its business and role.

General objectives

In light of the updated AIM Rules for Companies and the introduction of the revised 2018 Corporate Governance Code (the “Code”), the Company has taken steps to further formalise its compliance with the Code. As part of this process, the Company continues to adhere to the following objectives:

- it is led by an effective and entrepreneurial Board which is collectively responsible for the long-term success of the Company;
- the role of the Board is to promote the long-term sustainable success of the Company;
- the Board has the appropriate balance of skills, experience, independence, and knowledge of the Company to enable it to discharge its duties and responsibilities effectively;
- the Board establishes a formal and transparent arrangement for considering how it applies the corporate reporting, risk management, and internal control principles and for maintaining an appropriate relationship with the Company’s auditors; and
- there is a dialogue with shareholders based on the mutual understanding of objectives.

The Board

Board of Directors

As at 31 December 2022, the Board was led by a Non-Executive Chairman, Clifford Elphick. The Board consisted of five Directors, all of whom were Non-Executive Directors, three of which held office for the duration of the year.

Further details of the Directors and length of directorships are included in the table below.

Name	Nationality	Age	Position	Date of appointment
Clifford Thomas Elphick	South African	62	Non-Executive Chairman	26 November 2009
Jonathan Andrew Velloza	South African	52	Non-Executive Director	6 September 2018
Clinton James Dines	Australian	65	Non-Executive Director	16 August 2010
Peter Edward Montague Hill	British	38	Non-Executive Director	17 December 2022
Denis Weinstein	Hungarian	32	Non-Executive Director	17 December 2022

The biographical profiles of the Directors, which demonstrate their skills and experience, can be found on page 26.

The Board is comprised of only non-Executive Directors, being:

- a Non-Executive Chairman, who is responsible for leadership of the Board and ensuring its overall effectiveness in directing the Company. (Code Principle F) The Chairman has primary responsibility for the delivery of the Company’s corporate governance model. The Chairman has a clear separation from the day-to-day business of the Company which allows him to make independent decisions; and
- Four Non-Executive directors.

The Board has a breadth of experience relevant to the Company, and the Directors believe that any changes to the Board’s composition can be managed without undue disruption. The Board believes that the mix of skills, experience, ages and length of service are appropriate to the requirements of the Company. (Code Principle K)

The Board consider that, of the current Non-Executive Directors, each of Mr Clinton Dines and Mr Johnny Velloza can be viewed as an Independent Non-Executive Director (notwithstanding the criteria set out in Code Provisions 10 and 11). The Directors believe that independence is not a state of mind that can be measured objectively; given the character, judgement and decision making process of Mr Clinton Dines and Mr Johnny Velloza respectively, each can be considered independent, notwithstanding share options awarded to Mr Dines in 2014 under the Company's long-term share incentive scheme and the cross holdings of directorships of Mr Velloza.

The Company reviews the independence of the Directors annually and all new appointments will be made after consideration of the independence of the Company's Directors. Induction processes are followed upon the appointment of a new Director.

The Chairman conducts a performance evaluation of the Non-Executive Directors on an informal basis, which is considered appropriate to the small size of the Company and the limited range of its activities (Code Principle L and Code Provisions 21 and 22). The Non-Executive Directors should be responsible for performance evaluation of the chairman (Code Provision 12).

Copies of the service contracts of Directors (all of which are terminable by less than one year's notice) are available for inspection by shareholders during normal business hours, at the Company's registered office (Code Provision 39).

Election of Directors

As per the Company's Articles of Association, one third of Directors are subject to retirement at each annual general meeting of the Company ("AGM") by rotation. In addition, any Director who would not otherwise be required to retire shall retire by rotation at the third AGM after his last appointment or reappointment. A retiring Director shall be eligible for re-election unless he has indicated that he does not wish to stand for re-election.

Attendance at Board meetings

The Company holds regular Board meetings during the year, at which the Directors review the exploration and development progress of the Project and all other important issues to ensure control is maintained over the Company's affairs. There is set out below details of the number of meetings of the board held during that financial year and of the attendance by Directors.

In addition, between these formal meetings there is regular contact with the Company's consultants, management and the Nominated Adviser and Broker. The Directors are kept fully informed of investment, financial and other matters that are relevant to the business of the Company and that should be brought to the attention of the Directors. The Directors also have access to the Company Secretary and, where necessary in the furtherance of their duties, to independent professional advice at the expense of the Company (Code Provision 16).

The Board considers agenda items laid out in the notice and agenda, which are formally circulated to the Board in advance of a meeting as part of the Board papers. The Directors may request any agenda items to be added that they consider appropriate for Board discussion. Additionally, each Director is required to inform the Board of any potential or actual conflicts of interest prior to Board discussion.

The quorum for a Board meeting is two but attendance by all Directors at each meeting is strongly encouraged. Whilst Directors try to arrange their schedules accordingly, non-attendance is unavoidable in certain circumstances.

During 2022, seven Board meetings were held and three meetings of a committee of the Board. The table below details the number of Board meetings.

	Total	Board meetings	Committee meetings
Clifford Thomas Elphick	6	4	2
Jonathan Andrew Velloza	6	4	2
Clinton James Dines	4	4	0
Peter Hill	-	-	-
Denis Weinstein	-	-	-

Apart from the regular Board meetings, additional meetings will be arranged when necessary to review strategy, planning, operational, financial performance, risk, capital expenditure, human resources and environmental management.

Company Secretary

Additionally, the Company has appointed a professional company secretary in Guernsey, whom the Directors are free to consult. The company secretary provides advice and guidance to the extent required by the Board on the legal and regulatory environment (Code Provision 16). With the assistance of the Company Secretary, appropriate insurance cover in respect of the risk of legal action against Directors is arranged annually.

Annual report and Accounts and half-yearly financial statement

Pages 52 to 59 of this 2022 annual report of the Company, sets out details of the basis of preparation of the accounts (including their preparation on a going concern basis) and the responsibilities of the Directors and auditors in preparing the annual report. In addition, the Notes to the latest half-yearly financial statement sets out details of the basis of preparation of such statement, including their preparation on a going concern basis (Code Provision 30).

Boardroom diversity

Given the level of uncertainty in iron ore markets, and the need to maintain a low cost base, the Company intends to maintain the board composition currently in place. In the event that iron ore markets improve and the Company is able to attract new financing then the diversity of the Board will be addressed through the appointment of new Board members.

Directors' shareholdings and dealings

The interests of the Directors in the share capital of the Company are disclosed in the Directors' Remuneration Report on pages 36 – 38.

The Directors comply with Rule 21 of the AIM Rules for Companies relating to Directors' dealings and take all reasonable steps to ensure compliance by the Company's applicable employees. The Company has adopted and operates a share dealing code for Directors and employees in accordance with the AIM Rules for this purpose.

Board streamlining and Board committees

Following a period in which there were constraints on the Company due to the difficult and challenging developments in the iron ore global market, the Board decided to operate on a streamlined basis. As part of such streamlined approach the audit committee, the remuneration committee and the Health, Safety, Social and Environment Committee have been discontinued and the duties and responsibilities which were delegated to them have reverted to the Board. As previously, responsibility for nominations to the Board continues to be reserved to the Board; consequently no nominations committee has been put in place (Code Provisions 17 and 23). The Board is also responsible for monitoring the activities of the executive management team.

Audit Matters

As part of its overall responsibilities, the Board determines and examines any matters relating to the financial affairs of the Group including the terms of engagement of the Group's auditors and, in consultation with the auditors, the scope of the audit. In addition it considers the financial performance, position and prospects of the Company and ensure they are properly monitored and reported on. (Code Principles M and O)

Given the current size and nature of the Company, staff may raise concerns surrounding possible improprieties in matters of financial reports, in confidence with the Chairman, and the Directors do not feel it appropriate at this stage to put in place a detailed procedure by which staff may, in confidence, raise concerns surrounding possible improprieties in matters of financial reporting. The Directors will continue to keep this under review should staff numbers increase significantly

External Auditor

The Board is now also responsible for managing the relationship with MHA ("Company's Auditors"), including approval of their remuneration and terms of engagement.

The Board has continued to be satisfied with the independence and effectiveness of the Company's Auditors and does not at this stage consider it is necessary to require an independent tender process. The Board will consider this again following publication of the 2022 Annual Report and will keep this under ongoing review.

The Company's Auditor is permitted to provide non-audit services that are not in conflict with Company's Auditor's independence and objectivity. The Board is responsible for ensuring that any non-audit services do not jeopardise this independence and objectivity and given the size and stage of development of the Company do this on a case by case basis.

Auditor's remuneration for the Company's Auditor, for audit services for the year 2022 are US\$107,000 (2021: US\$70,000), and US\$nil for non-audit services (2021: US\$nil).

Internal control and risk management

The Directors have overall responsibility for establishing and maintaining the Company's system of internal control and risk management systems. Internal control systems are designed to meet the particular needs of the Company and the risks to which it is exposed, and, by their very nature, provide reasonable, but not absolute, assurance against material misstatement or loss. (Code Principle C).

The key procedures which have been established to provide effective internal controls are as follows:

- Elysium Fund Management Limited ("Company Secretary") is responsible for the provision of company secretarial duties. The Directors of the Company clearly define the duties and responsibilities of their agents and advisors in the terms of their contracts.
- The Board reviews financial information produced by the administrator on a regular basis.
- The Board monitors the performance of the Company's service providers and their obligations under their agreements with the Company.
- All expenditure is subject to approval in accordance with the Company's accounting policies, procedures and Delegated Financial Authority.

The Company does not have an internal audit department. Due to the size and nature of the Company it is not felt that there is at this stage a need for the Company to have an internal audit facility. The Board will continue to keep this under ongoing review. (Code Provision C.3.6).

In addition there is kept under review potential conflicts of interest. (Code Provision 7)

A review of business risks was carried out during 2022 and subsequently. A summary of the principal risks facing the Company can be found on pages 16 – 21.

Remuneration Committee

In view of the discontinuance of the Remuneration Committee, the Remuneration Report on pages 36 - 38 has been produced under the auspices of the Board.

The terms of reference which the Board follows in relation to remuneration can be found on the Company's website at www.zanagairon.com.

Health, Safety, Social and Environment Committee

The HSSE Committee has been permanently discontinued since June 2021.

Share Dealing Code

The Company has adopted a share dealing code to ensure Directors and certain other persons do not abuse, and do not place themselves under suspicion of abusing inside information of which they are in possession and to comply with its obligations under the Market Abuse Regulation ("MAR") which applies to the Company by virtue of its shares being traded on AIM. Furthermore, the Company's share dealing code is compliant with the AIM Rules for Companies published by the London Stock Exchange (as amended from time to time) and MAR.

Under the share dealing code, there are provisions regulating the following:

- all persons discharging managerial responsibilities and certain other persons must obtain clearance by the Company before they are allowed to trade in Company securities; and
- all persons discharging managerial responsibilities and persons closely associated to them must notify both the Company and the Financial Conduct Authority of all trades in Company securities that they make.

Relationships with shareholders and stakeholders

The Code encourages dialogue with institutional and other shareholders based on the mutual understanding of objectives. The Directors are always available to enter into dialogue with shareholders. The Company has appointed an "Investor relations" manager who has had long term experience of involvement with the Company's affairs and its relationship with shareholders. All ordinary shareholders have the opportunity to attend and vote at the AGM during which the members of the Board, the Nominated Advisor and Brokers are available to discuss issues affecting the Company. The Board stays abreast of shareholders' views via regular updates from its "investor relations" manager, the Nominated Advisor and its Broker as to meetings that may have held with shareholders. (Code Principle D and Code Provision 3 and E.1.2).

The Board also has regard to the views of other key stakeholders. In particular and in view of the small size of the Company, there is maintained an informal dialogue between the Board and management. (Code Provisions 5 and 6)

Departure from the Code and reasons

- For the reasons stated above, the Company departs from the Code provision which deals with the division of powers between the Non-Executive Chairman and a CEO. In addition, the Company departs from the Code by only having Non-Executive Directors (Code Principle G and Code Provisions 9 and 13).
- In view of the small size of the Company and the limited number of directors, the establishment of a nomination committee and the formal appointment of a senior independent director are regarded as unnecessary. Where new directors are appointed, the Chairman conducts an informal consultation process with the other directors. Consequently, Code Principles J and Code Provisions 12, 17 and 23 are departed from.
- In view of the small size of the Company and the limited number of directors, there is no fixed requirement for the Chairman to stand down after a period of years or for all directors to seek annual re-election, thereby departing from Code Provisions 18 and 19.
- As explained above, the Board has decided not to appoint an audit committee or a remuneration committee, thereby departing from the following Code Provisions: 24 to 26 inclusive, 32 and 33.
- In view of the small size of the Company, a streamlined approach for the Board's role in relation to the remuneration of Directors and staff and the establishment and implementation of share incentive schemes has been adopted. Consequently there is a degree of departure from Code Provisions 36 and 37.
- As mentioned, and for the reasons stated above, no internal audit function has been set up, thereby departing from Code Provisions 24 and 25.

Remuneration report

This report to shareholders for the year ended 31 December 2022 sets out the policies under which Non-Executive Directors are remunerated.

As an AIM listed company this report is not intended to comply with the 2013 regulations applicable to quoted companies covered by the scope of those regulations. Whilst under no obligation to provide a remuneration report, the Board believes it appropriate to continue to do so, and, as a matter of best practice, this report will be subject to an advisory shareholder vote at the AGM.

Remuneration policy terms of reference

The terms of reference for the Company's remuneration policy, which are reviewed annually, can be found on the Company's website at www.zanagairon.com.

The key objectives of the remuneration policy are to:

- ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;
- review the ongoing appropriateness and relevance of the remuneration policy; and
- approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes.

The main responsibilities of the Board in relation to remuneration are to:

- determine the framework or broad policy for the remuneration of the Company's Chairman of the Board, the Company Secretary and such other members of the executive management as it is designated to consider. The remuneration of Non-Executive Directors shall be a matter for the Chairman of the Board within the overall framework of the remuneration policy determined by the Board. No Director or manager shall be involved in any decisions as to their own remuneration;
- review the ongoing appropriateness and relevance of the remuneration policy;
- approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes; and
- review the design of all share incentive plans for approval by the Board. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to senior executives and the performance targets to be used.

Remuneration policy

The Board, as a whole, establishes the remuneration policy.

Advice

During the year the Company received legal services from its solicitors, the independent law firm Bryan Cave Leighton Paisner LLP.

Service contracts and notice periods

The Board consisted of three Directors at the year end, all of whom were Non-Executive Directors for the duration of the year. Further details of the Directors and length of directorships are reflected in the table set out on pages 30 and 31 in the Corporate Governance section of this Report.

All the Directors are appointed for an indefinite period subject to three months' notice by either party at any time and subject to the Company's Articles of Association.

The service contracts for the Directors are available for inspection by members during normal business hours, at the Company's registered office.

Non-Executive Directors' remuneration package

The Non-Executive Directors (other than the Chairman) shall be paid by way of fees for their services a sum not exceeding an aggregate of £500,000 per annum or such larger amount as the Company may by resolution of its shareholders determine.

The annual remuneration package, in Sterling, of the Non-Executive Directors who served during the year is detailed below:

Audited	Annual fee £000	Annual fee Audit Committee £000	Annual fee HSSE Committee £000	Annual fee Remuneration Committee £000	Total annual fee £000
Non-Executive Director					
Clifford Elphick	-	-	-	-	-
Clinton Dines	-	-	-	-	-
Jonathan Velloza	-	-	-	-	-
Peter Hill	-	-	-	-	-
Denis Weinstein	-	-	-	-	-

Note : Whilst the Audit Committee, Health, Safety, Social and Environmental Committee ("HSSE Committee") and Remuneration Committee have been dissolved, the functions and responsibilities still remain and are discharged by the Board; accordingly the fee paid reflects these ongoing duties.

No Director is entitled to any bonus, pension or other benefits (save as disclosed above or in relation to the long-term incentive scheme as set out below). In the event of termination of appointment, howsoever caused, each Director has agreed that they will not be entitled to any compensation for loss of office as a Director of the Company.

Please refer to page 51 for further information on fees relating to Directors.

Directors' shareholdings

The interests of the Directors who served during the year to 31 December 2022 in the share capital of the Company, all of which are beneficial unless otherwise stated, are as follows:

Audited	31 December 2022		31 December 2021	
	Number of shares	% of issued share capital	Number of shares	% of issued share capital
Directors				
Peter Hill and Denis Weinstein ¹	286,340,379	48.26%	-	-
Clifford Elphick ²	80,252,592	13.52%	80,252,592	28.06%
Clinton Dines ³	632,330	0.11%	632,330	0.22%
Jonathan Velloza	214,285	0.04%	214,285	0.07%

- Peter Hill and Denis Weinstein are indirectly interested in these ordinary shares, which are registered in the name of Glencore, by virtue of their interest as a potential beneficiary in these ordinary shares.*
- Clifford Elphick is indirectly interested in these ordinary shares, which are registered in the name of Guava Minerals Limited, by virtue of his interest as a potential beneficiary in a discretionary trust which has an indirect interest in those ordinary shares.*
- Comprising 430,483 ordinary shares and 201,847 ordinary shares over which options have been granted.*

Remuneration for the year to 31 December 2022

No remuneration was paid to Directors during 2021 or 2022. The emoluments for the Directors who served for the year to 31 December 2022 can be found below:

Audited	Director fee 2022 £000	Other emoluments 2022 £000	Total emoluments 2022 £000	Director fee 2021 £000	Other emoluments 2021 £000	Total emoluments 2021 £000
Director						
Clifford Elphick	-	-	-	-	-	-
Clinton Dines	-	-	-	-	-	-
Jonathan Velloza	-	-	-	-	-	-
Peter Hill	-	-	-	-	-	-
Denis Weinstein	-	-	-	-	-	-
Total in £	-	-	-	-	-	-
	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
Total in US\$	-	-	-	-	-	-

Fee deferment arrangements

Please refer to page 51 for further information on fees relating to Directors and Management.

Long Term Incentivisation Plan (LTIP)

At its Admission in 2010, the Company approved and implemented a split interest LTIP scheme in order to recruit and retain key officers and employees of the Company and the Company's associate. In recognition of the achievement of key corporate and project milestones since 2012, and to incentivise key employees and consultants to achieve certain new performance targets, the Board approved the grant of 9,027,274 standard share options outside the split interest LTIP scheme to certain Directors, key employees and consultants to the Company. The 2010 split interest LTIP scheme was discontinued in Q4 2017 following the exercise of all outstanding options by participants in this scheme. These options were exercised over shares which had already been issued in 2010 and which were jointly owned by the two discretionary trusts ("Trusts") established in 2010 for the benefit of current and former employees and officeholders and the relevant participant. The trustee of the Trusts throughout 2017 was Geneva Management Group (BVI) Limited. Upon the exercise of the options, the participants became the sole owner of the shares in which he was interested. As regards the 9,027,274 standard share options which were issued in 2014 and were outside the split interest LTIP scheme referred to above, 4,424,503 of these options were exercised in Q1 2019. A further 13,633,335 options were issued in 2020, none of which have been exercised, but all have now vested. Consequently, currently there are 18,236,106 standard share options which have not been exercised.

The following is a summary of awards made to Directors of the Company:

Audited	Award Year	Number of shares	Exercise Price	Market price at 31 Dec 2016	Highest and lowest market price in year	Expiry Date	Number vested at 31 Dec 2016
Director							
Clinton Dines	2014	201,847	£0.0001	£0.06725	£0.07875-0.01425	29 July 2024	134,566

The total charge to the profit and loss account for the awards made to the Directors in the year to 31 December 2022 was US\$nil (2020: US\$nil). Further details of the LTIP can be found in Note 11 to the Financial Statements on pages 64 – 66.

By order of the Board

Clifford Elphick

Director

2 July 2023

Statement of Directors' Responsibilities

The Directors of Zanaga Iron Ore Company Limited (the "Directors") are responsible for preparing the annual report and group's financial statements, which are intended by them to give a true and fair view of the state of affairs of the group and of its profit and loss for the period.

The Directors are required by the AIM Rules of the London Stock Exchange (the "AIM Rules") to prepare the group's financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the United Kingdom.

In preparing the group financial statements, the Directors have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether they have been prepared in accordance with IFRSs as adopted by the United Kingdom; and
- prepared the financial statements on the going concern basis unless it is inappropriate to presume that the group and the Parent Company will continue in business.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors have decided to prepare voluntarily a Directors' Remuneration Report, which can be found on page 36 - 38

Auditor's Report

Independent auditor's report to the members of Zanaga Iron Ore Company Limited

For the purpose of this report, the terms "we" and "our" denote MHA in relation to UK legal, professional and regulatory responsibilities and reporting obligations to the members of Zanaga Iron Ore Company Limited. For the purposes of the table on pages 41 to 42 that sets out the key audit matters and how our audit addressed the key audit matters, the terms "we" and "our" refer to MHA. The Group financial statements, as defined below, consolidate the accounts of Zanaga Iron Ore Company Limited and its subsidiaries (the "Group").

Opinion

We have audited the financial statements of Zanaga Iron Ore Company Limited for the year ended 31 December 2022.

The financial statements that we have audited comprise:

- the Consolidated Statement of Total Comprehensive Income
- the Consolidated Statement of Financial Position
- the Consolidated Statement of Changes in Equity
- the Consolidated Cash Flow Statement
- Notes 1 to 17 to the consolidated financial statements, including significant accounting policies

The financial reporting framework that has been applied in the preparation of the group's financial statements is International Financial Reporting Standards as adopted by the United Kingdom ("UK Adopted IFRS").

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2022 and of the Group's profit for the year then ended; and
- have been properly prepared in accordance with UK Adopted IFRS

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which indicates that the Group has entered into an agreement with Shard Merchant Capital Ltd ("SMC") to raise funding for the costs that the Group is expected to meet in the near future and SMC have 36,000,000 shares still to be placed into the market. However, 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 Group. As stated in note 1, these events or conditions, along with the other matters as set forth in note 1, indicate that a material

uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Therefore, as is stated in Note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- review of the Group's projected financial performance; and
- review of the subscription agreement with SMC

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

Overview of our audit approach

Scope	<p>Our audit was scoped by obtaining an understanding of the Group, and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement.</p> <p>We, and our component auditors, acting on specific group instructions, undertook full scope audits on the complete financial information of 5 components.</p>		
Materiality	2022	2021	
Group	US\$1,700,000	US\$750,000	2% (2021:2%) of net assets
Key audit matters			
Event driven	<ul style="list-style-type: none"> • Acquisition of the remaining stake in associate – Jumelles Ltd 		

Key Audit Matters

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

Acquisition of the remaining stake in associate – Jumelles Ltd

Key audit matter description	<p>During the current year, on 16 December 2022, the Company acquired the remaining stake in Jumelles from Glencore, thereby gaining control, with a 100% stake in Jumelles Ltd. The consideration for this acquisition was made by issuing ordinary shares of the Company.</p> <p>The Company has allocated the consideration paid to the acquired assets and liabilities based on their respective fair values. These fair values are deemed equal to their existing carrying values as at the acquisition date.</p> <p>Areas with increased complexity in respect of the recognition of the acquisition of the remaining stake in the associate include:</p>
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	<ul style="list-style-type: none"> • The determination of whether or not this acquisition represents a business or asset acquisition; • The fair value of the assets and liabilities acquired.
How the scope of our audit responded to the key audit matter	<ul style="list-style-type: none"> • We engaged the support of our technical team to assess the appropriateness of management's key judgements and assumptions in determining the acquisition as an asset acquisition instead of a business combination, under IFRS 3; • We obtained the agreements in respect of the transaction and identify the key terms of the transaction; • We evaluated the adequacy of Directors' estimation of the fair value of the net assets acquired by auditing the assets and liabilities as at the acquisition date. This was performed using the support of our valuation expert; • Disclosure – We assessed the adequacy of disclosures for compliance with the accounting standards and regulatory considerations.
Key observations communicated to the Group's Board of Directors	<p>We are satisfied that the treatment and disclosure of the acquisition of the remaining stake in associate, Jumelles Ltd, is reasonable and recognised in accordance with the applicable reporting framework. We highlighted the following matters to the Group's Board of Directors:</p> <ul style="list-style-type: none"> • We assessed and questioned the assumptions used in the valuation model and an adjustment was made in the financial statements.

Our application of materiality

Our definition of materiality considers the value of error or omission on the financial statements that, individually or in aggregate, would change or influence the economic decision of a reasonably knowledgeable user of those financial statements. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole. Materiality is used in planning the scope of our work, executing that work and evaluating the results.

Materiality in respect of the Group was set at US\$1,700,000 (2021: US\$750,000) which was determined on the basis of 2% (2021: 2%) of the Group's net assets. Net assets were deemed to be the appropriate benchmark for the calculation of materiality as this is a key area of the financial statements. The main activity of the group is to hold its investment in the subsidiaries and also to prepare for the operation of a large scale iron ore mine, processing and infrastructure through one of its subsidiary undertakings. However, the subsidiary's business activities are still in the development phase and operations and trading have not yet started. Hence, we consider net assets as an appropriate benchmark.

Performance materiality is the application of materiality at the individual account or balance level, set at an amount to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Performance materiality for the Group was set at US\$1,190,000 (2021: US\$525,000) which represents 70% (2021: 70%) of the above materiality levels.

The determination of performance materiality reflects our assessment of the risk of undetected errors existing, the nature of the systems and controls and the level of misstatements arising in previous audits.

We agreed to report any corrected or uncorrected adjustments exceeding US\$85,000 (US\$ 37,000) in respect of the Group to the Board of Directors as well as differences below this threshold that in our view warranted reporting on qualitative grounds.

Overview of the scope of the Group audits

Our assessment of audit risk, evaluation of materiality and our determination of performance materiality sets our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. This assessment takes into account the size, risk profile, organisation /

distribution and effectiveness of group-wide controls, changes in the business environment and other factors such as recent internal audit results when assessing the level of work to be performed at each component.

In assessing the risk of material misstatement to the consolidated financial statements, and to ensure we had adequate quantitative and qualitative coverage of significant accounts in the consolidated financial statements, of the 5 reporting components of the group, we identified 1 component in the UK, 2 components in British Virgin Islands (BVI), 1 component in Mauritius and 1 component in Republic of Congo which represent the principal business units within the Group.

Full scope audits – All 5 components of the group were subject to full scope audit; this approach was determined following an assessment of the size and risk characteristics of each and any potential impact that misstatements arising within those components might have on the group position and our audit opinion.

The group audit team was involved in the audit work performed by the component auditors in Republic of Congo through a combination of group planning meetings and calls, provision of group instructions (including detailed supplemental procedures), review and challenge of related component interoffice reporting and of findings from their working papers and weekly interaction on audit and accounting matters which arose. For the year 2022 audit, the group audit team intensified the interaction with local teams through video conferences to review and direct the audit approach taken in respect of significant and a number of other relevant risks of material misstatement, including assessing the appropriateness of conclusions and consistency between reported findings and work performed.

The control environment

We evaluated the design and implementation of those internal controls of the Group, which are relevant to our audit, such as those relating to the financial reporting cycle.

We deployed our internal IT audit specialists to gain an understanding of the general IT environment.

Climate-related risks

In planning our audit, we considered the potential impacts of climate change on the Group's business and its financial statements. We held discussions with management to understand the Group's process for identifying climate-related risks, the determination of mitigating actions and the impact on the Group's financial statements. We then engaged internal specialists to assess, amongst other factors, the nature of the Group's business activities and its exposure to severe weather, its processes to accurately provision for such impact and the geographic distribution of its activities.

The Group has stated on page 24 that further work will be undertaken in the following years to better define the physical and transition risks to the Group from climate change including appropriate ESG reporting in its financial statements.

Reporting on other information

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

We have nothing to report in this regard.

Voluntary reporting - Directors' remuneration report

The Group voluntarily prepares a Directors' Remuneration Report in accordance with the provisions of the UK Companies Act 2006 and the terms of our engagement require us to audit this report as if Zanaga Iron Ore Company Limited were a UK quoted company.

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

Responsibilities of directors

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

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

Auditor responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Identifying and assessing potential risks arising from irregularities, including fraud

The extent of the procedures undertaken to identify and assess the risks of material misstatement in respect of irregularities, including fraud, included the following:

- We considered the nature of the industry and sector the control environment, business performance including remuneration policies and the Group's own risk assessment that irregularities might occur as a result of fraud or error. From our sector experience and through discussion with the directors, we obtained an understanding of the legal and regulatory frameworks applicable to the Group focusing on laws and regulations that could reasonably be expected to have a direct material effect on the financial statements, such as tax legislation or those that had a fundamental effect on the operations of the Group.
- We enquired of the directors and management concerning the Group's policies and procedures relating to:
 - identifying, evaluating and complying with the laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they had any knowledge of actual or suspected fraud; and

- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included utilising the spectrum of inherent risk and an evaluation of the risk of management override of controls. We determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce costs, creating fictitious transactions to hide losses or to improve financial performance, and management bias in accounting estimates. The group engagement team shared this risk assessment with the Component Auditors of Significant Subsidiaries so that they could include appropriate audit procedures in response to such risks in their work.

Audit response to risks identified

In respect of the above procedures:

- we corroborated the results of our enquiries through our review of the minutes of the Group's board meetings, inspection of the breaches register, inspection of legal and regulatory correspondence and correspondences from the regulators;
- audit procedures performed by the engagement team in connection with the risks identified included:
 - reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations expected to have a direct impact on the financial statements.
 - testing journal entries, including those processed late for financial statements preparation, those posted by infrequent or unexpected users, those posted to unusual account combinations;
 - evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias;
 - enquiry of management around actual and potential litigation and claims.
 - challenging the assumptions and judgements made by management in its significant accounting estimates; and
 - obtaining confirmations from third parties to confirm existence of a sample of transactions and balances.
- the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities; and
- we communicated relevant laws and regulations and potential fraud risks to all engagement team members, including experts, and the component auditors and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with our engagement letter and solely for the purpose of meeting the listing requirements of the London Stock Exchange – Alternative Investment Market. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



MHA

Statutory Auditor
London, United Kingdom
2 July 2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

Financial Statements

Consolidated statement of total comprehensive income for year ended 31 December 2022

	Note	2022 US\$000	2021 US\$000
Gain on revaluation of investment	6b	9,050	-
General and administrative expenses		(516)	(1,226)
Share of loss of associate	6b	(436)	(672)
Operating profit / (loss)		8,098	(1,898)
Profit / (Loss) before tax		8,098	(1,898)
Taxation	5	-	-
Profit / (Loss) for the year		8,098	(1,898)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Share of other comprehensive loss of associate – foreign exchange translation	6b	-	(17)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Share of other comprehensive income of associate – foreign exchange translation	6b	61	-
<i>Reclassification of share of other comprehensive loss of associate</i>	6b	(3,447)	-
Other comprehensive loss		(3,386)	(17)
Total comprehensive income / (loss)		4,712	(1,915)
Earnings / (Loss) per share			
Basic (Cents)	12	0.3	(0.60)
Diluted (Cents)	12	0.3	(0.60)

Gain / (Loss) and total comprehensive income / (loss) for the year is attributable to the equity holders of the Parent Company and are from continuing operations.

The notes form an integral part of the financial statements.

Consolidated statement of financial position
as at 31 December 2022

		2022	2021
	Note	US\$000	US\$000
Non-current assets			
Exploration and evaluation assets	6a	85,300	-
Property, plant and equipment	6a	703	-
Investment in Associate	6b	-	37,269
		86,003	37,269
Current assets			
Other receivables	7	113	233
Cash and cash equivalents	8	310	387
		423	620
Total Assets		86,426	37,889
Non-current liabilities			
Lease liability	9a	104	-
Current liabilities			
Loans and borrowings	9b	385	-
Trade and other payables	9c	724	153
Lease Liability	9a	11	-
Net assets		85,202	37,736
Equity attributable to equity holders of the Parent Company			
Share capital	10	313,689	270,935
Accumulated deficit		(228,418)	(236,516)
Foreign currency translation reserve		(69)	3,317
Total equity		85,202	37,736

The notes form an integral part of the financial statements.

These financial statements were approved by the Board of Directors on 2 July 2023 and were signed on its behalf by:



Mr Clifford Elphick
Director

Consolidated statement of changes in equity
for year ended 31 December 2022

	Share Capital US\$000	Accumulated deficit US\$000	Foreign currency translation reserve US\$000	Total Equity US\$000
Balance at 1 January 2021	268,864	(234,618)	3,334	37,580
Loss for the year	-	(1,898)	-	(1,898)
Other comprehensive loss	-	-	(17)	(17)
Total comprehensive income for the year	-	(1,898)	(17)	(1,915)
Transactions with owners in their capacity as owners:				
Issue of ordinary shares	1,525	-	-	1,525
Consideration for share-based payments	546	-	-	546
Balance at 31 December 2021	270,935	(236,516)	3,317	37,736
Balance at 1 January 2022	270,935	(236,516)	3,317	37,736
Profit for the year	-	8,098	-	8,098
Other comprehensive income	-	-	(3,386)	(3,386)
Total comprehensive income for the year	-	8,098	(3,386)	4,712
Transactions with owners in their capacity as owners:				
Issue of shares as consideration for acquisition of assets	42,591	-	-	42,591
Consideration for share-based payments	163	-	-	163
Balance at 31 December 2022	313,689	(228,418)	(69)	85,202

Consolidated cash flow statement
for year ended 31 December 2022

	Note	2022 US\$000	2021 US\$000
Cash flows used in operating activities			
Profit/(Loss) for the year		8,098	-1,898
<i>Adjustments for:</i>			
Share based payments		163	547
Net exchange loss		-	12
Gain on revaluation of investment in associate	6b	(9,050)	-
Share of loss in associate	6b	436	672
Working capital changes:			
- (Increase)/decrease in other receivables	7	130	(175)
- (Decrease)/increase in trade and other payables	9c	126	(31)
Net cash used in operating activities		(97)	(873)
Cash flows used in investing activities			
Investment in associate	6b	(95)	(604)
Net cash used in investing activities		(95)	(604)
Cash flows generated by financing activities			
Proceeds from share issuance		-	1,524
Net cash flow generated by financing activities		-	1,524
Net increase/(decrease) in cash and cash equivalents		(192)	47
Cash and cash equivalents at beginning of year		387	352
Acquired as acquisition of assets (refer note 6b)		115	-
Effect of movements in exchange rates on cash held		-	(12)
Cash and cash equivalents at end of year	8	310	387

Notes to the financial statements

1 Business information and going concern basis of preparation

Background

Zanaga Iron Ore Company Ltd (the “Company”), was incorporated on 19 November 2009 under the name of Jumelles Holdings Limited. The Company changed its name on 1 October 2010. The Company is incorporated in the British Virgin Islands (“BVI”) with registered office is situated at 2nd Floor, Coastal Building, Wickham’s Cay II, Road Town, P.O. Box 2221, Tortola, British Virgin Islands. On 18 November 2010, the Company’s share capital was admitted to trading on the AIM Market (“AIM”) of the London Stock Exchange (“Admission”). The Company’s principal place of business as an investment holding vehicle is situated in Guernsey, Channel Islands.

At 31 December 2010 the Company held 100% of the share capital of Jumelles Limited subject to the then Call Option.

On 14 March 2011 the Company incorporated and acquired the entire share capital of Zanaga UK Services Limited for US\$2, a company registered in England and Wales which provides investor management and administrative services.

In 2007, Jumelles became the special purpose holding company for the interests of its then ultimate 50/50 founding shareholders, Garbet Limited (“Garbet”) and Guava Minerals Limited (“Guava”), in MPD Congo which, owns and operates 100% of the Zanaga Project in the RoC (subject to a minimum 10% free carried interest in MPD Congo in favour of the Government of the RoC).

In December 2009 Garbet and Guava contributed their then respective 50/50 joint shareholding in Jumelles to the Company.

Guava is majority owned by African Resource Holdings Limited (“ARH”), a BVI company that specialises in the investment and development of early-stage natural resource projects in emerging markets. Guava owns approximately 27.39% of the share capital of the Company.

At the time that Garbet was a shareholder in the Company, it was majority owned by Strata Limited (“Strata”), a private investment holding company based in Guernsey, which specialises in the investment and development of early-stage natural resource projects in emerging markets, predominately Africa. Until 3 April 2017 Garbet owned approximately 41.49% of the share capital of the Company. Pursuant to a transaction effected on 2 April 2017 Garbet ceased to hold any shares in the Company. As part of such transaction the shares in the Company which were held by Garbet were transferred directly or indirectly to Garbet’s shareholders and the shareholders of Garbet’s holding company, Strata.

Jumelles has three subsidiary companies, namely Jumelles M Limited, Jumelles Technical Services (UK) Limited and MPD Congo.

Transactions involving Xstrata and Glencore

- As a result of transactions entered into on 16 October 2009 and 3 December 2009, Xstrata acquired a majority stake in Jumelles in return for providing funding towards ongoing exploration of the Zanaga exploration licence area, the preparation of a pre-feasibility study (the “PFS”) and a feasibility study (the “FS”). In addition a joint venture agreement which regulated the respective rights of the Company, Jumelles and Xstrata in relation to Jumelles was entered into. >Subsequently:
 - Xstrata merged with the Glencore group on 2 May 2013 to form Glencore Xstrata and the holding company of the merged group subsequently changed its name to Glencore.
 - the Feasibility Study was completed in March 2014 and paid for.
 - In December 2022, ZIOC acquired Glencore’s 50% plus one share in Jumelles in exchange for 286,340,379 new Shares in ZIOC, enabling ZIOC to secure 100% ownership of Jumelles

Relationship between Jumelles and its shareholders since February 2011 until December 2022

The Company, Jumelles and Xstrata Projects agreed to regulate their respective rights in relation to the Project following exercise of the Call Option under the terms of the joint venture agreement (“JVA”). Under the terms of the JVA (as amended), all significant decisions regarding the conduct of Jumelles’ business (other than certain protective rights which require the agreement of shareholders holding at least 95% of the voting rights in Jumelles) were made by the Board of Directors.

Glencore had the right to appoint three directors to the Jumelles Board while ZIOC had a right to appoint two directors. At any Jumelles Board meeting, the directors nominated by Glencore had between them such number of votes as represents Glencore’s voting rights in the general meetings of Jumelles and the directors nominated by ZIOC had between them such number of votes as represents ZIOC’s voting rights in the general meetings of Jumelles.

As a consequence of the provisions of the JVA (in its original version and as subsequently amended), Glencore controlled Jumelles at both a shareholder and director level and therefore controlled what was the Company’s sole mineral asset, the Zanaga Project. As a result, the Company previously accounted for this as an Investment in Associate in respect of the Project with Glencore.

Since the acquisition by ZIOC of Glencore’s majority stake in Jumelles the JVA is no longer effective and ZIOC has 100% ownership of Jumelles.

Future funding requirements and going concern basis of preparation

The Directors have prepared the accounts on a going concern basis. At 31 December 2022 the Company had cash reserves of US\$0.3m.

The Company had cash reserves of US\$0.5m as at 27 June 2023, with annual ZIOC corporate costs of US\$0.6m, project operating costs of US\$1.3m, deferred transaction fees of US\$0.2m, and deferred Glencore loan and interest costs of US\$1.2m. In order to raise additional funding the Company entered a Subscription Agreement with SMC (as described above). 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. For illustrative purposes only, if the average price at which SMC places the 36,000,000 shares was 13.30 pence (being ZIOC’s mid-market closing share price on 29 June 2023), the net proceeds received by ZIOC from such sales would be approximately £4.55m. 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 (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 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 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 deferred fees previously would be reviewed. As of today, discussions with management continue and a resolution is expected to be reached in due course.

In common with many exploration and development companies in the mining sector, the Company raises funding in phases as its project develops. As the Zanaga Project is still in the development stage and the cash resources of the Company are diminishing, the Company recognises that steps will need to be taken to raise additional investment either at the corporate level or at the Zanaga Project level, or a combination of the two. The raising of additional funds is linked to the progress that is made in relation to the development of the Zanaga Project. The initiatives that are being undertaken in relation to the development of the Zanaga Project have been described earlier in this announcement. There are a range of options for raising funds which the Company is pursuing. It is recognised that there is a risk that the Company may be unable to obtain debt and/or equity financing in the amounts required, in a timely manner, on favourable terms or at all and should this occur, it is highly likely to pose challenges for the Company and could adversely have an impact upon the proposed development of the Zanaga Project and the proposed timeline for its development.

If construction of the mine and related infrastructure proceeds (including any preparatory steps associated with the construction of the mine and related infrastructure), and the Company elects to fund its pro rata equity share of construction capital expenditure, it will need to raise further funds. There is no certainty as to the Company's ability to raise the required finance or the terms on which such finance may be available.

In addition, any decision of the Company to proceed with construction of the mine and related infrastructure (or any variant such as a low-cost small-scale start-up) is itself dependent upon the ability of the Company to raise the necessary debt and equity to finance such construction and the initial operation of the mine. Jumelles itself may be unable to obtain debt and/or equity financing in the amounts required, in a timely manner, on favourable terms or at all and should this occur, it is highly likely to pose challenges to the proposed development of the Zanaga Project and the proposed timeline for its development.

The Company still believes that once the proposed staged development of the Zanaga Project occurs, the Project offers high grade ore at competitive cost, thereby offering an attractive rate of return, at an acceptable level of risk. However, in order to carry out such staged development, it is still the case that substantial capital expenditure will be required both at the prospective mine site and in respect of transportation and other associated infrastructure and for working capital. Revenues from mining are dependent upon such development being financed and taking place.

At a time when the staged development of the Project takes place (or, if viable, a small-scale start-up takes place) the Company will need to obtain additional funding should it decide to elect to fund its share of any such development of the mine. If such staged development continues to be deferred due to unfavourable market conditions, the Company will need at the appropriate time to explore options to raise additional funding, pending the staged development (or, if viable, a small-scale start-up) taking place.

Volatility in currencies

Various factors, including the the Russia/Ukraine war and its impact on global markets as well as supply chain issues and inflation has resulted in increased volatility in currency rates applicable to Pounds Sterling. Such volatility is likely to continue. As the Company's cash resources are held in Pounds Sterling, such volatility could adversely affect the Company's financial position and results where it is obliged to make payments of sums denominated in other currencies. This particularly applies to contributions made by the Company to funding the Jumelles group as these amounts are calculated in United States dollars.

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.

Basis of preparation

These financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the United Kingdom ("UK Adopted IFRS"). Adopted IFRS comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") as adopted by the United Kingdom.

These consolidated financial statements comprise the Company and its subsidiaries (together referred as the 'Group'), and the Company's investment in an associate which is accounted for using the equity method.

The Company's presentation currency and functional currency is US dollars. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

These financial statements were authorised for issue by the Company's board of directors on 2 July 2023.

New standards, amendments and interpretations

The following IFRSs standards and amendments are effective from 1 January 2022:

- Annual Improvements to IFRS Standards 2018–2020.
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)
- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

The amendments listed above did not have a material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New and revised IFRS Standards in issue but not yet effective

The following amendments are in issue, but are not effective for the current period:

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
- Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)
- Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to IAS 1)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Non-current Liabilities with Covenants (Amendments to IAS 1)

These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Measurement convention

These financial statements have been prepared on the historical cost basis.

The preparation of financial statements in conformity with Adopted IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Basis of consolidation

Subsidiaries

Subsidiaries are all entities over which the group has control. . The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

In case of acquisition of assets that do not qualify as a business, these are recognised as acquired when the company obtains control over the asset, which is typically evidenced by legal ownership or the ability to direct the use and obtain the economic benefits.

Acquired assets are initially measured at their fair value, which represents the amount for which the asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Consideration paid for the asset acquisition is allocated to the individual assets and liabilities acquired based on their respective fair values at the date of acquisition. The fair value of acquired assets is determined using appropriate valuation techniques, such as market comparisons, income-based approaches, or other relevant methods.

The initial recognition and measurement of acquired assets and liabilities occur at the date when the company obtains control over the assets, which is typically the date of legal transfer or other events signalling control. Subsequent measurement depends on the nature of the asset and is driven by the applicable standards.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting right.

Investments in associates are recorded using the equity method of accounting.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income.

Where the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described below.

Changes in ownership interests

An entity remeasures the previously held equity interest to fair value at the date on which it obtains control and recognises any resulting gain or loss in profit or loss or other comprehensive income, as appropriate.

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

(ii) Transactions and balances

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss.

All foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within general and administrative expenses.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Leases

Assets and liabilities arising from a lease are initially measured on a present value basis, measured in accordance with IFRS 16.26. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and

- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Impairment of non financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Share-based payments

Employees

The Group makes equity-settled share-based payments to certain employees and similar persons as part of a Long-Term Incentive Plan ('LTIP'). The fair value of options granted is recognised as an expense within general and administrative expenses, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the entity's share price).
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period).
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity

Where awards were granted to employees of the Group's associate and similar persons, the equity-settled share-based payments were recognised by the Group as an increase in the cost of the investment with a corresponding increase in equity over the vesting period of the awards.

Non-employees

Where the Group receives goods or services from a third party in exchange for a fixed number of its own equity instruments, the equity instruments and related goods or services are measured at the fair value of the goods or services received. These are recognised as the goods are obtained or the services rendered. Equity instruments issued under such arrangements for the receipt of services are only considered to be vested once provision of services is complete.

Non-derivative financial instruments

Financial assets and financial liabilities are initially recognised when the group becomes a party to the contractual provisions of the instrument in accordance with IFRS 9.

Financial assets are initially recognised at their fair value, including, in the case of instruments not recorded at fair value through profit or loss, directly attributable transaction costs. Financial assets are subsequently measured at amortised cost, at fair value through other comprehensive income (FVTOCI) or at fair value through profit or loss (FVTPL) depending upon the business model for managing the financial assets and the nature of the contractual cash flow characteristics of the instrument.

Financial liabilities, other than derivatives, are initially recognised at fair value of consideration received net of transaction costs as appropriate and subsequently carried at amortised cost.

Non-derivative financial instruments in the balance sheet comprise other receivables, cash and cash equivalents, and trade and other payables.

(i) Impairment of financial assets

A loss allowance for expected credit losses is determined for all financial assets, other than those at FVTPL, at the end of each reporting period. The expected credit loss recognised represents a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The expected credit loss allowance is determined on the basis of twelve month expected credit losses and where there has been a significant increase in credit risk, lifetime expected credit losses. Financial assets are credit impaired when there is no realistic likelihood of recovery.

(ii) Derecognition of financial assets and financial liabilities

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or have expired.

On derecognition of a financial asset/financial liability in its entirety, the difference between the carrying amount of the financial asset/financial liability and the sum of the consideration received and receivable/paid and payable is recognised in profit and loss.

Other receivables

Other receivables amounts due from related parties and trade receivables, which are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. See note 13 for a description of group's impairment policies.

Trade and other payables

Trade and other payables are initially recognised at the fair value of consideration received net of transaction costs as appropriate and subsequently measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise balances with financial institutions.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

When share capital recognised as equity is repurchased, the amount of consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are cancelled.

Impairment of investment in associate

The carrying amounts of the group's investment in associate are reviewed at each reporting period end to determine whether there is any indication of impairment. The investment is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that investment. If any such indication exists, the investment's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of the investment or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

(i) Calculation of recoverable amount

The recoverable amount of the Group's investments carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets).

(ii) Reversals of impairment

An impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financing income and expenses

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs

Borrowing costs are expensed in the period in which they are incurred unless they relate to a qualifying asset, in which these are capitalised.

Taxation

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. . However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Segmental Reporting

The Group has one operating segment, being its investment in the Project, held through Jumelles. Financial information regarding this segment is provided in Note 6b.

Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares

Exploration and evaluation expenditure

Capitalised exploration and evaluation expenditure represents the accumulated costs incurred relating to exploration and evaluation of the Zanaga properties.

Ultimate recoupment of these costs is dependent on the successful development and commercial exploitation, or alternatively sale of the respective areas of interest.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate components of the item of property, plant and equipment and each component is depreciated over its estimated useful life.

Depreciation is charged to the consolidated income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

- | | |
|-------------------------|------------|
| - Fixtures and fittings | 3-10 years |
| - Motor vehicles | 4 years |

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Subsequent events

Post year-end events that provide additional information about the Group's position at the end of each reporting period (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements where material. Please see note 17.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, and the accompanying disclosures as at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which has the most significant effect on the amounts recognised in the consolidated financial statements:

Acquisition of assets

The Company has acquired a 100% stake in Jumelles during the current year. IFRS 3 '*Business Combinations*' requires an entity to assess if the acquired set of assets and activities constitutes a business, which needs to have an input and a substantive process. The acquired set of assets and activities does not have significant processes and programs in place at the acquisition date. In addition, the employees that have been transferred are merely for administrative, maintenance and security of the site, which are not considered to have the intellectual capability or expertise to start development of the mine and convert the reserves underground into output for sales.

The acquired set does not include substantive processes due to lack of a skilled workforce or contracts in place for development and extraction activities and therefore does not meet the definition of business, and is accounted for as an asset acquisition. Accordingly, the Group has allocated the cost of acquisition to the assets and liabilities acquired in proportion of their relative fair values.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Given the material risk but also upside potential, in our opinion, detailed disclosure in the Financial Statements should be made that:

- the potential of the project is material, given the results of the feasibility study, the material reserves, etc.
- the estimated future value considers the material risk at this phase, driven by the early/greenfield stage of the project, the relatively long development period of more than four years and large capital cost, and major project assumptions which might change in due course, but also country risk effects.
- the volatility of the markets, including the global uncertain geopolitical situation and country risks adds to the risks that affect the project.
- the sensitivity of the project to the weighted average cost of capital ("WACC") (and other major assumptions) could be indicated as: +/-0.5% change in the discount rate would change the value of the project by approximately +/-US\$ 50-54m.
- due to the above factors, material risk and volatility of the future value could be expected under better/worse market or operational conditions.

(i) Deferred taxes

At each balance sheet, the Group assesses whether the realisation of future tax benefits is sufficiently probable to recognise deferred tax assets. This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax assets could change if estimates of projected future taxable income or if changes in current tax regulations are enacted. Refer note 5 for further information on potential tax benefits for which no deferred tax asset is recognised.

4 Note to the comprehensive income statement

Operating profit/(loss) before tax is stated after charging/(crediting):

2022

2021

	US\$000	US\$000
Share-based payments (see Note 11)	163	547
Net foreign exchange loss/(gain)	(34)	(12)
Directors' fees	-	-
Auditor's remuneration	107	70

Other than the Company Directors, the Group did not directly employ any staff in 2022 (2021: Nil). The Directors received Nil remuneration for their services as Directors of the Group (2021: Nil).

5 Taxation

The Group is exempt from most forms of taxation in the BVI, provided the Group 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 are 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 Nil % (2021: Nil %).

In case of the wholly-owned subsidiary, Jumelles Limited (acquired during the current year), the Avenant to the MPD Convention applied from August 2010 provides corporate income tax exemption to foreign companies providing services to MPD for the benefit of the Zanaga project during the exploration and feasibility phase of the project. In 2011 a service note from the Congolese tax authorities gave further precisions and interpretations on the tax exemptions. The Mine Operating Agreement signed in August 2014 contains a detailed tax regime and in effect at the authorisation date.

Under the Mine Operating Agreement provisions of corporate tax exemption are as follows:

Complete exemption from corporate income tax during the First Exemption Period of 5 years from the First Financial Year which is defined as the financial year of the mining code ("SEM") as:

- (i) after the year, in the course of which the date of Commercial Production Stage 1 occurs.
- (ii) in relation to which previously reported tax deficits (ordinary losses and amortisations deemed deferred) have been set off against taxable profits.
- (iii) in the course of which the SEM achieves a taxable profit.

An additional period of complete exemption from corporate income tax for a period of 5 years. However this exemption will only apply to 50% of the taxable profit and will be applicable from the First Financial Year of the Second Exemption Period which refers to the financial year of the SEM as:

- (i) after the year, in the course of which the date of Commercial Production Stage 2 occurs.
- (ii) in relation to which it is established that the tax deficits previously reported (ordinary losses and amortisations deemed deferred) have been previously imputed in their totality to taxable profits.
- (iii) in the course of which the SEM achieves a taxable profit.

6a Property, Plant and Equipment

	Motor vehicles US\$000	Right of use asset US\$000	Fixtures and fittings US\$000	Exploration assets US\$000	Total US\$000
Cost					
Balance at 1 January 2021	43	-	-	-	43
Additions on account of acquisition of assets (refer note 6b)	-	100	603	85,300	86,003
Balance as at 31 December 2022	43	100	603	85,300	86,046
Depreciation					
Balance at 1 January 2021	43	-	-	-	43
Charge for period	-	-	-	-	-
Balance at 31 December 2022	43	-	-	-	43
Net book value					
Balance at 31 December 2022	-	100	603	85,300	86,003
Balance at 31 December 2021	-	-	-	-	-

The Right-of-use assets consist of office space and airstrip.

6b Investment in Associate

	US\$000
Balance at 1 January 2021	37,354
Additions	604
Share of profit or loss	(672)
Share of currency translation reserve	(17)
Balance at 31 December 2021	37,269
Balance at 1 January 2022	37,269
Share of profit or loss	(436)
Share of currency translation reserve	61
Additional investment during the year	95
Disposal – on account of acquisition of controlling stake	(36,988)
Balance at 31 December 2022	-

As at 1 January 2022, the investment in associate comprises of 2,000,000 shares, which accounts for 50% minus one share of the total share capital of 4,000,001 shares. Initially recorded at cost, this investment has been adjusted to reflect changes in the Company's share of the net assets of Jumelles, taking into account impairment losses. The investment has been historically impaired based on Company's proportionate share of the impaired value of the Project as declared in Jumelles's previous years' accounts.

The additions to the investment are made in accordance with the 2022 Funding Agreement amounting to US\$0.95m (2021 US\$0.60m).

During the current year, on 16 December 2022, the Company acquired the remaining stake in Jumelles from Glencore, thereby gaining control, with 100% stake in Jumelles. The consideration for this acquisition was made by issuing ordinary shares of the Company.

Summarised financial information of the associate as on the date of acquisition is set out below.

	15 December 2022 US\$000	2021 US\$000
Non-current Assets:		
Property, plant and equipment	703	828
Exploration and other evaluation assets	85,300	80,000
Total non-current assets	86,003	80,828
Current assets	125	202
Non-current liabilities	(100)	(117)
Current liabilities	(944)	(469)
Net assets	85,084	80,444

Share capital	293,103	293,103
Additional paid in capital	41,242	41,052
Translation reserve	(6,112)	(4,846)
Accumulated deficit	(243,149)	(248,865)
	85,084	80,444

The acquisition has been determined to involve assets that do not qualify as a business, therefore the purchase is an asset acquisition and not a business combination. This is primarily due to the absence of a skilled workforce and contracts for development or extraction activities. As a result, the Company has allocated the consideration paid to the acquired assets and liabilities based on their respective fair values. These fair values are deemed equal to their existing carrying values as at the acquisition date.

The main assumptions used for the valuation were using a discounted flow model (DCF) using a discount rate of 18%.

In addition, the Company has revalued its investment in the associate and recorded a gain in statement of comprehensive income in amount of US\$ 5,603,000 in accordance with the accounting policies outlined in Note 2.

Previously accumulated Foreign currency translation reserve on this investment of US\$ 3,447,000 was also processed through the statement of comprehensive income.

7 Other receivables

	2022	2021
	US\$000	US\$000
Prepayments and receivables	103	199
Prepayments and receivables acquired as acquisition of assets (refer note 6b)	10	-
Amounts receivable from the Jumelles group	-	34
Other receivables	113	233

8 Cash and cash equivalents

	2022	2021
	US\$000	US\$000
Cash and cash equivalents	195	387
Acquired as acquisition of assets (refer note 6b)	115	-
	310	387

9a Lease liability

	2022	2021
	US\$000	US\$000
Acquired as acquisition of assets (refer note 6b)		
Current portion	11	-
Non-current portion	104	-

9b Loans and borrowings

	2022	2021
	US\$000	US\$000
Acquired as acquisition of assets (refer note 6b)		
Loan from Glencore	385	-

9c Trade and other payables

	2022	2021
	US\$000	US\$000
Accounts payable	279	153
Acquired as acquisition of assets (refer note 6b)		
Other payables	445	-
	724	153

No amounts payable are due in more than 12 months (31 December 2021: US\$nil).

10 Share capital

	Ordinary Shares	Ordinary Shares
In thousands of shares		
	2022	2021
In issue at 1 January	307,034	293,034
Shares issued	286,340	14,000
In issue at 31 December	593,374	307,034

The Company is able to issue an unlimited number of no par value shares. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. No dividends have been paid or declared in 2022 or in the prior year (2021: US\$nil).

Share capital changes in 2022

286,340,379 shares were issued to Glencore International AG in 2022 as part of the Jumelles transaction as described in note 6b. There were no share repurchases.

Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency translation reserve comprises of all foreign currency differences arising from translation of the financial statements of foreign operations.

11 Share-based payments

Employees

There are no new awards that have been issued during the current and previous years ended 31 December 2022 and 31 December 2021 respectively.

The following fully vested awards are currently in operation:

	Award 6 (2014)		Award 8 (2014)		Award 9 (2014)		Total	
	Weighted Average Exercise Price (£)	Number	Weighted Average Exercise Price (£)	Number	Weighted Average Exercise Price (£)	Number	Weighted Average Exercise Price (£)	Number
At 1 January 2021 *	0.01	1,002,771	0.01	1,013,418	0.01	2,000,000	£0.01	3,002,771
							(US\$0.04)	
Granted	N/A	Nil	N/A	Nil	N/A	Nil	N/A	Nil
Forfeited	N/A	Nil	N/A	Nil	N/A	Nil	N/A	Nil
Exercised	N/A	Nil	N/A	Nil	N/A	Nil	N/A	Nil
Lapsed	N/A	Nil	N/A	Nil	N/A	Nil	N/A	Nil
At 31 December 2021 *	0.01	1,002,771	N/A	1,013,418	0.01	Nil	£0.01	Nil
At 1 January 2022 *	0.01	1,002,771	0.01	1,013,418	0.01	2,000,000	£0.01	3,002,771
							(US\$0.04)	
Granted	N/A	Nil	N/A	Nil	N/A	Nil	N/A	Nil
Forfeited	N/A	Nil	N/A	Nil	N/A	Nil	N/A	Nil
Exercised	N/A	Nil	N/A	Nil	N/A	Nil	N/A	Nil
Lapsed	N/A	Nil	N/A	Nil	N/A	Nil	N/A	Nil
At 31 December 2022 *	0.01	1,002,771	0.01	1,013,418	0.01	2,000,000	£0.01	3,002,771
	Award 6 (2014)		Award 8 (2014)		Award 9 (2014)		Total	
Range of exercise prices *	£0.00–£0.01 (US\$0.00–US\$0.02)		£0.01 (US\$0.02)		£0.01 (US\$0.02)		£0.00 – £0.02 (US\$0.00–US\$0.04)	
Weighted average fair value of share awards granted in the period *	N/A)		N/A)		N/A		N/A	
Weighted average share price at date of exercise (£)	N/A		N/A		N/A		N/A	
Total share awards vested	1,137,338		1,013,418		4,000,000			
Weighted average remaining contractual life (Days)	39		Nil		Nil			
Expiry date	29 July 2024**		29 July 2024		29 July 2024		N/A	

* Sterling amounts have been converted into US Dollars at the grant dates exchange rates of: Awards 1,2, US\$1.547:£1.00, Subsequent awards US\$ 1.6944:£1.00.

** Excepting 199,076 share options with expiry date 7 July 2023

The following information is relevant for determination of fair value of options granted :

	Award 6 (2014)	Award 8 (2014)	Award 9 (2014)
Option pricing model used	Black-Scholes	Black-Scholes	Black-Scholes
	£0.19	£0.19	£0.19
Weighted average share price at date of grant	(US\$0.31)	(US\$0.31)	(US\$0.31)
Weighted average expected option life	5.0 years	4.0 years	4.6 years
Expected volatility (%)	91%	91%	91%
Dividend growth rate (%)	Zero	Zero	Zero
Risk-free interest rate (%)	1.75% for	1.75% for	1.75% for
	12 month expected life	12 month expected life	12 month expected life
	2.25% in excess	2.25% in excess	2.25% in excess
	24 month expected life	24 month expected life	24 month expected life

* Sterling amounts have been converted into US Dollars at the grant dates exchange rates of: Awards 1,2, US\$1.547:£1.00, Subsequent awards US\$ 1.6944:£1.00.

Non-employees

In August 2019 the Group entered into a new incentive plan which granted share options in the Group to two non-employee individuals and Harris Geoconsult Limited who provide consulting services to the Group. On 29 August 2019, 13,633,335 options were granted under this scheme. The scheme will be settled in equity instruments of the Group and is therefore treated as an equity-settled share-based payment arrangement. The options vest in multiple tranches based on the Group achieving key performance milestone including:

- (a) The approval by Jumelles of the Early Production Project (EPP), including its potential technical and financial feasibility, as the basis for advancing the development of the Zanaga Project;
- (b) Raising finance either for the Group or separately for the development phase of the Zanaga Project; or
- (c) The completion of a significant merger or acquisition involving the Group or any member of the Jumelles Group acquiring a material interest (as determined by the Group board) in a third party or a third party acquiring a material interest (as determined by the Group board) in the Group or a member of the Jumelles Group.

All unvested options will also vest on the occurrence of certain events, such as a change of control of the Company, which has now occurred. Once vested all options are exercisable within seven years of the grant date of award. The options have a nominal exercise price of 0.01p (one hundredth of one penny). The number of share options are as follows:

	Number of options 2022	Number of options 2021
In number of shares		
Granted during the year	-	-
Exercised during the year	-	-
Outstanding at the end of the year	13,633,335	13,633,335
Exercisable at the end of the year	13,633,335	-

The services to be provided in exchange for the options are unidentifiable at the date of the grant and therefore the Group has measured the fair value of the services with reference to the fair value of the options granted. The fair value is measured using a Black Scholes model. Measurement inputs and assumptions as follows:

	2022
Fair value at grant date	0.09
Share price at valuation date	0.09
Exercise price	Nominal
Expected volatility (weighted average)	N/A
Option life (weighted average life in years)	2.4
Expected dividends	Nil

As the options are effectively nil-cost options, the expected volatility and risk-free rate does not impact the fair value under the Black Scholes model and therefore has been excluded from the inputs into the model. The share options are granted with a number of non-market performance conditions that relate to achievement of specific performance milestones for the Group as set out above. In addition, the option holders must continue to provide consulting services to the Group as at the vesting date. Such conditions are not considered in the fair value measurement on the grant date but to estimate the expected vesting period over which the equity-settled share-based payment charged to profit or loss. As at year end the expected vesting date of each tranche of options is between 30 June 2020 and 31 December 2021 resulting in a weighted average option life of 2.4 years.

The total expenses recognised for the year relating to equity-settled share-based payments is US\$547k.

In addition, there are 1,600,000 options outstanding which were issued to a consultant in 2014 at 18.5p that have vested but have not yet been exercised.

12 Earnings / (Loss) per share

	2022	2021
Profit (Loss) (US\$,000)	8,098	(1,898)
Weighted average number of shares (thousands)		
<i>Basic</i>		
Issued shares at beginning of period (a)	307,034	293,034
Shares issued during the year (b)	286,340	14,000
Weighted average of new shares issued (c)	11,767	14,000
Weighted average number of shares at 31 December – basic (a+c)	318,801	307,034
Loss per share		
Basic (Cents)	0.3.	(0.60)
Diluted (Cents)	0.3.	(0.60)

13 Financial Risk Management and Fair value measurements

1. Financial Risk Management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (comprising currency risk and interest rate risk). The Group seeks to minimise potential adverse effects of these risks on the Group's financial performance. The Board has overall responsibility for managing the risks and the framework for monitoring and coordinating these risks. The Group's financial risk management policies are set out below:

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group receivables related parties. The Group has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. At 31 December, the Group's maximum exposure to credit risk was as follows:

	2022 US\$000	2021 US\$000
Cash and cash equivalents	310	387
Receivables	113	199
Amounts receivable from Jumelles Group	-	34

Significant concentrations of credit risk manifest with the Group's banking counterparties with which the cash and cash equivalents are held, and accounts receivable from Jumelles.

(b) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations when due, or that it is unable, on an ongoing basis, to borrow funds in the market on an unsecured or secured basis at an acceptable price to fund actual or proposed commitments. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and availability of adequate committed funding facilities.

The Group evaluates on a continuous basis, the amount of liquid funds that may be required for business operations, in order to secure funding needed for business activities.

The maturity profile of the Group's financial liabilities based on the contractual terms is as follows:

\$'000	Less than 1 month	1 – 6 months	Greater than 6 months	Total
2022				
Borrowings	-	-	385	385
Lease liabilities	11	-	104	115
Accounts payable	-	724	-	724
Total	11	724	489	1,224
2021				
Accounts payable	83	-	70	153

(c) Market risk

(i) Foreign currency risk

Foreign currency risk is the risk that changes in foreign exchange rates will affect the Group's income or value of its holdings of financial instruments, if any.

The foreign currency denominated financial assets and liabilities are not hedged, thus the changes in their value are charged or credited to profit and loss.

The Group's exposure to foreign currency risk at the end of the reporting period is as follows:

	31/12/2022			31/12/2021		
	<i>XAF</i>	<i>EURO</i>	<i>GBP</i>	<i>XAF</i>	<i>EURO</i>	<i>GBP</i>
	<i>\$ 000</i>	<i>\$ 000</i>	<i>\$ 000</i>	<i>\$ 000</i>	<i>\$ 000</i>	<i>\$ 000</i>
Cash and cash equivalents	100	-	195	-	-	387
Receivables	10	-	103	-	-	233
Payables	(55)	(69)	(279)	-	-	(153)
Total	55	(69)	(19)	-	-	605

The following significant exchange rates applied during the year:

	Average rate	Reporting date	Average rate	Reporting date
	2022	2022	2021	2021
Against US Dollars	US\$	US\$	US\$	US\$
Pounds Sterling	1.2369	1.2098	1.33680	1.3532

(ii) Sensitivity analysis

A 10% weakening of the following currencies against US Dollar at the end of the reporting period would have increased/(decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the end of each reporting period and has been applied to risk exposures existing at that date. This analysis further assumes that all other variables remain constant.

	Equity	Profit or loss	Equity	Profit or loss
	2022	2022	2021	2021
	US\$000	US\$000	US\$000	US\$000
Pounds Sterling	(29)	(29)	(35)	(35)

A 10% strengthening of the above currencies against the US Dollar at the end of the reporting period would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(iii) Capital management

The Board's policy is to maintain a stable capital base so as to maintain investor and market confidence. Capital consists of share capital and retained earnings. The Directors do not intend to declare or pay a dividend in the foreseeable future but, subject to the availability of sufficient distributable profits, intend to commence the payment of dividends when it becomes commercially prudent to do so.

The Company has a share incentive programme which is now administered by the Board. The share incentive programme is discretionary, and the Board will decide whether to make share awards under the share incentive programme at any time. *Fair value of financial assets and liabilities*

All the financial assets and liabilities are measured at amortised cost. The carrying amounts of all financial assets and liabilities are a reasonable approximation of their fair values.

They are classified as Level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

14 Commitments for expenditure

None.

15 Related parties

I. Subsidiaries

(a) Wholly-owned subsidiaries

- Zanaga UK Services Limited
- Jumelles Limited*

(b) Indirectly wholly-owned subsidiaries (held by Jumelles Limited)

- MPD Congo
- Jumelles M Limited

II. Entities that have significant influence

- Glencore International AG*

*Until 15 December 2022, Jumelles Limited was an associate of the Company. The acquisition resulted in Jumelles Limited being a wholly-owned subsidiary of the Company and Glencore International AG exercising significant influence. Refer note 6b.

The following transactions occurred with related parties during the period:

	Transactions for the period		Closing balance (payable)/receivable	
	2022 US\$000	2021 US\$000	2022 US\$000	2021 US\$000
Funding:				
Loan from Glencore to Jumelles	385	-	385	-

Non Executive Directors as at 31 December 2022 –

16 Transactions with key management personnel

	2022 US\$000	2021 US\$000
Directors' fees	-	-
Total	-	-

The Directors have no material interest in any contract of significance subsisting during the financial year, to which the Group is a party.

17 Subsequent Events

On 1 July 2023, the Company entered into a new Subscription Agreement (the 2023 ESA) with SMC.

Under the Subscription Agreement, the Company will issue and SMC has subscribed for 36 million ordinary shares of no par value in the Company ("Subscription Shares") in three tranches of 12 million shares each (First tranche to be issued immediately).

*** End of Financial Statements ***

Glossary

Al₂O₃	Alumina (Aluminium Oxide)
Fe	Total Iron
JORC Code	The 2004 or 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves as published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.
LOI	Loss on ignition
LOM	Life of mine
Mineral Resource	A concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.
Mn	Manganese
Ore Reserve	The economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves. A Probable Ore Reserve has a lower level of confidence than a Proved Ore Reserve but is of sufficient quality to serve as the basis for a decision on the development of the deposit.
P	Phosphorus
PFS	Pre-feasibility Study
SiO₂	Silica
Beneficiation	The process of improving (benefiting) the economic value of the ore by removing the waste minerals, which results in a higher grade product (concentrate)
Pelletisation	The process of compressing or moulding a material into the shape of a pellet
Mtpa	Million Tonnes Per Annum

Resource Appendix

JORC Code 2012, Table 4 for Zanaga Iron Ore Project, located in Republic of Congo, as at September 2013

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. 	<p>The deposit was sampled between 2007 and 2013 by diamond and reverse circulation ("RC") drilling on an average grid of 100 x 400 m at the northern end of the deposit and 200 x 400 m at the southern end of the deposit. The central area is more densely drilled to 100 x 200 m, 100 x 100 m and 100 x 50 m grids, with the tighter drilling east-west along the sections.</p> <p>A total of 323 diamond holes were drilled for 74,614 m and 908 RC holes for 103,439 m. Drill holes are inclined to the west typically at an angle of 60° to intercept the true thickness of mineralisation where possible. Drilling at the closest spacing give intersections around 100 x 100 m apart. The maximum number of intersections into the fresh material on any one section is 5, averaging 1-2 intersections per unit.</p> <p>The diamond core was sampled at 1 m intervals to the lithological contacts and the RC chips were sampled at 2 m intervals (with a few exceptions where samples are 1 m). A paint line on the mast allowed drillers to identify the 2 m intervals adequately.</p> <p>RC samples were split twice at the drill site using a three tier splitter to produce A and B samples, each of which represent 6.25% of the original sample. The A and B sample weights vary between 2.5 and 3.5 kg each depending on the horizon intersected. Samples A and B are then tagged and labelled.</p>

Criteria	JORC Code explanation	Commentary
		<p>Diamond drill ("DD") samples were split using a core saw or where too friable for sawing, were cut or cleaved in half.</p> <p>CSA Global (UK) Ltd ("CSA") reviewed the drilling and sampling procedures prior to the Mineral Resource Estimate ("MRE") being completed and concludes that the sampling techniques are suitable, of good practise for the style of mineralisation so as to ensure reliable and representative data is collected for downstream MRE use.</p> <p>54 RC holes were twinned by DD to validate RC data and this is described in more detail in "Verification of sampling and assaying".</p>
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<p>DD drilling commenced using PQ or PQ3 rods to produce 85 / 83.1 mm diameter core from surface which reduced to HQ or HQ3 (63.5 / 61.1 mm diameter) and in some cases to NQ / NQ3 (47.6 / 45.1 mm diameter) with depth. All DD drilling was completed using triple tube.</p> <p>DD core was oriented by means of a Reflex ACE tool with three levels of confidence in the orientation recorded in the database, indicating high, moderate and low confidence. This enables interrogation of the oriented data using the appropriate level of confidence.</p> <p>RC holes have the bit type and bit size (mm) recorded in the database. Often a wider bit was used for the pre-collar and a smaller diameter bit for the remainder of the hole. The average depth of the PQ/PQ3 pre-collar was 50 m but varied between 14 m and 99 m, with depth being a function of the oxidation profile and depth of friable materials.</p>
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential 	<p>DD core recoveries were recorded per drilled run by measuring the length recovered compared to the length drilled.</p>

Criteria	JORC Code explanation	Commentary
	<i>loss/gain of fine/coarse material.</i>	<p>In the competent lithologies (competent itabirite ("ITC"), transitional itabirite ("ITT") and banded iron formation ("BIF"), the core recovery was excellent with mean recoveries of 92%, 92% and 97% respectively. Recovery was poorer in the friable materials (colluvium and canga "COL", goethitic itabirite "ITG" and friable itabirite "ITF") with mean recoveries for DD core of 69% for COL, 74% for ITG and 86% for ITF. CSA did not see drilling actively take place during the site visit (the drill program had just ended), however, a review of the procedures was completed, and they state that shorter runs should be employed through the more friable material.</p> <p>For RC samples, recovery was measured by comparing the actual weight of sample drilled and the theoretical weight of the material. Of 38,645 RC samples, 38,406 had sample weights, and therefore recovery data for near 100% of data could be reviewed.</p> <p>Sample recovery for RC drilling was approximately 50%, which is considered low, particularly with respect to fresh BIF material. The reason for the low recovery is believed to be due to the presence of water in samples, with no auxiliary booster in place to keep the samples drilled at depth dry. A review of recovery by sample condition (dry, moist, wet) showed that recovery was best for dry samples. A review of Fe grade by sample condition showed good compatibility and suggests that no bias was introduced by the inclusion of moist and wet samples. However, if further drilling is conducted, CSA recommends that efforts are made to keep samples dry through the use of an auxiliary booster.</p> <p>CSA investigated the relationship between iron grade and recovery and found there was no definable relationship between recovery and grade. In addition, the comparison between DD core, where there is very good recovery and RC chips shows excellent correlation. In conclusion, the low</p>

Criteria	JORC Code explanation	Commentary
		recovery observed in RC chips does not introduce bias into the resource, and are suitable for use in the MRE.
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged. 	<p>RC chip samples were logged for lithology on 2 m intervals at the rig. Magnetic susceptibility readings were measured at the rig. All RC chips were logged for lithology and chip trays were stored to preserve the record.</p> <p>DD core was orientated and lithologically and geotechnically logged at the Mining Project Development Congo ("MPD") Camp core shed where it was also photographed. Magnetic susceptibility readings were taken.</p> <p>DD logging was completed on 1 m intervals or <1 m where contacts between geological units were encountered (<5% total records). All DD core was logged.</p> <p>Core was photographed on completion of logging, and prior to sampling. Pathways to core photographs are stored in the database.</p> <p>The level of information gained from the sampling is of sufficient quality and consistency to be used for the basis of Mineral Resource Estimation, mining studies and metallurgical studies.</p>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. Whether sample sizes are appropriate to the grain size of the material 	<p>Core was orientated and sampled on 1 m intervals. Where core was not orientated, samples are between 0.5 and 1.5 m in length. Some samples (<0.3% of total number) are less than 0.5 or greater than 1.5 m in length.</p> <p>31% of DD core was split in half using a core saw and sampled along the apex of the structures in the core. 69% of DD core was quarter split, due to the requirement to retain samples for metallurgical test work. If the apex line coincided with the orientation line, the core was sampled 5 mm to the right of the line. Where half core samples were submitted for</p>

Criteria	JORC Code explanation	Commentary
	<i>being sampled.</i>	<p>preparation and analysis, the remaining half was stored for reference. Where quarter core samples were submitted for preparation and analysis, one half was available for metallurgical test work, and the remaining one quarter was stored for reference. Checks on the compatibility of sample types was completed – quarter core vs half core, chips vs core, and samples showed a very high level of correlation. Where core was too friable for sawing, it was sampled using a machete.</p> <p>The majority (98%) of RC chips were sampled at 2 m intervals. Dry RC samples were split twice at the rigs using a three tier splitter and wet samples were collected in bulk, dried in the sun, and then split by a three tier Jones Riffle splitter into approximately 3 kg samples. The sample weights were recorded at each stage of the process to enable recoveries be calculated. Original sample condition (dry, moist, wet) is recorded in the database.</p> <p>The samples were prepared at the on-site ALS Chemex facility where they were crushed to 70% passing 2 mm then split to obtain 1,000 g sample (through a 50:50 Jones riffle splitter). The 1,000 g samples were then pulverised to 85% passing 75 µm with the remaining crushed sample retained for reference purposes. 100 g of the pulp was submitted to ALS Chemex in Perth for XRF analysis. The remaining pulp was stored on site for reference. Lab standards, duplicates and blanks were reviewed and no issues were identified.</p> <p>100 g pulps were analysed on site by portable XRF using a desktop Niton. Comparison of Niton and laboratory analyses showed an excellent correlation.</p> <p>Field duplicates were sampled and analysed using both portable XRF Niton and laboratory XRF methods. They were collected at the same time as the primary sample, using the same sampling protocol and were used</p>

Criteria	JORC Code explanation	Commentary
		<p>to measure the precision of the sample preparation and analysis and results indicate that the procedures in place are working.</p> <p>The sample preparation procedures are appropriate for the iron ore mineralisation at Zanaga.</p>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<p>The primary samples were analysed by multi-element XRF (fused disc) at ALS Chemex (Perth, Australia) for Al₂O₃, As, Ba, CaO, Cl, Co, Cr₂O₃, Cu, Fe, K₂O, MgO, Mn, MnO, Na₂O, Ni, P, Pb, S, SiO₂, Sn, Sr, TiO₂, V, Zn, Zr and Loss on Ignition at 105°C, 400°C, 650°C and 1,000°C.</p> <p>1,166 samples from the magnetite bearing material (ITC, ITT and BIF) were also analysed by Davis Tube Recovery at ALS Perth.</p> <p>A portable XRF (Niton XL3t) was used on site to collect additional oxide analyses from 100 g of the remaining pulp after sample preparation. Calibration of the machine was done at the beginning of each day. Field duplicates were used to assess the precision of the Niton results. Niton results were reviewed against laboratory assays, and were found to have an excellent correlation, but were not used in the MRE, since laboratory assays were available for all samples.</p> <p>Blanks, Field Duplicates and Certified Reference Materials ("CRMs") were used to monitor the precision and accuracy of the analytical data through insertion into the sample stream before submission to the laboratory.</p> <p>1,938 of the primary samples (approximately 2%) were analysed by XRF at umpire laboratories (Ultratrace and ALS Perth).</p> <p>Field duplicates were inserted into the sample stream at a rate of 5%, field blanks at a rate of 3.4%, CRMs at a rate of 2.5% constituting an overall 10.9% check on the original data. 17 different standards were used to cover the expected ranges of iron mineralisation. In addition, the</p>

Criteria	JORC Code explanation	Commentary
		<p>laboratory quality assurance and quality control ("QAQC") material was reviewed (17% CRMs and blanks and 13% pulp splits).</p> <p>On analysis of the results of the QAQC system CSA concluded:</p> <p>There was good correlation (correlation coefficient of 0.98) between the Niton and laboratory results.</p> <p>High analytical precision was demonstrated by good correlation between duplicate and original samples.</p> <p>Accuracy was demonstrated by the majority of CRMs.</p> <p>A small number of QC samples appeared to have been affected by contamination and misallocation of standard IDs. The proportion was small enough to be considered not material.</p> <p>The results of blanks analysis suggested that there may have been an issue of sample switching in the laboratory preparation since two samples showed noticeable contamination. Overall, the blanks performed well and showed no material contamination (noting that the field blanks were uncertified sands sourced locally).</p> <p>Overall, the laboratory procedures and analysis were considered appropriate and did not indicate bias.</p>
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	Two umpire laboratories (Ultratrace and ALS Perth) were used to verify samples during the drilling campaigns. Other QAQC checks were employed as outlined above.

Criteria	JORC Code explanation	Commentary
		<p>Sampling, Logging, Niton and Data Management Procedures were documented and have been reviewed by CSA and are considered fit for purpose.</p> <p>Maria O'Connor verified logged intercepts from several DD and RC drill holes while on site. Collar locations were field checked, database spot checks conducted, and geological interpretation and review were completed during the site visit. The site visit lasted four days from 4th May until 7th May 2012 inclusive.</p> <p>Drilling had stopped during the site visits completed by CSA, and therefore, drilling procedures were not verified first hand. However, sample preparation and logging were still ongoing, and CSA verified that these were being completed as outlined in the procedures.</p> <p>The information collected from the drill site, core shed and laboratory was digitally entered and imported into DataShed software (a data management system by Maxwell GeoServices).</p> <p>54 RC holes were twinned and results were reviewed and show good correlation. No adjustments were made to the data.</p>
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. 	<p>Drill collars are surveyed on completion of the hole using a Total Station (Sokkia) differential GPS in the WGS84 projection and UTM coordinate system.</p> <p>The topographical survey used is a LiDAR based digital terrain model which gives a very high level of accuracy.</p> <p>Downhole surveys were recorded at the end of the hole using a gyro survey. The data was also collected at regular intervals of 2 m, 3 m or 5 m in the majority of cases. Older data recorded downhole surveys by a</p>

Criteria	JORC Code explanation	Commentary
		<p>camera shot tool at the end of the hole and at approximately 30 m intervals.</p> <p>Where drill holes collars were picked up by hand held GPS, and the difference between the surveyed RL and topography was greater than 2 m, the collars were draped onto the topography, since the reliability of a hand held GPS in the RL can be considered low.</p> <p>Where collars were ± 2 m from the topography, coordinates were sent to site for verification.</p> <p>The level of topographic control and accuracy of the drill hole and sample locations is suitable for the reporting of Mineral Resources.</p>
Data spacing and distribution	<ul style="list-style-type: none"> • Data spacing for reporting of Exploration Results. • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied. 	<p>The deposit was sampled between 2007 and 2013 by DD and RC drilling on an average grid of 100 x 400 m at the northern end of the deposit and 200 x 400 m at the southern end of the deposit. The central area is more densely drilled to 100 x 200 m, 100 x 100 m and 100 x 50 m grids, with the tighter drilling east-west along the sections.</p> <p>The drilling pattern is sufficiently dense to interpret the geometry and boundaries of the iron mineralisation with confidence. The data quantity and distribution is considered appropriate for the reporting of Inferred, Indicated and Measured Mineral Resources.</p> <p>Samples were composited to 2 m within each of the different lithological zones for the majority of drilling, which CSA believes is appropriate given the original sample size and support of the RC and DD drilling.</p>
Orientation of data in relation to	<ul style="list-style-type: none"> • Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a 	<p>The majority of the drill holes have been orientated perpendicular to the dipping lenses so that sampling bias is not introduced although the</p>

Criteria	JORC Code explanation	Commentary
geological structure	sampling bias, this should be assessed and reported if material.	<p>geometry of the iron mineralisation indicates there are faults that offset the mineralisation that are sometimes sub- parallel to the sections.</p> <p>The sampling configuration has not introduced any material bias to the grade and tonnage estimation.</p>
Sample security	<ul style="list-style-type: none"> • The measures taken to ensure sample security. 	<p>Core samples taken from surface holes are kept in secure storage on the Zanaga camp until submission to the laboratory for analysis. The Chain of Custody is managed by Glencore Iron Ore ("Glencore") personnel on site.</p>
Audits or reviews	<ul style="list-style-type: none"> • The results of any audits or reviews of sampling techniques and data. 	<p>CSA visited site to review and audit the drilling, logging and sampling on site in March 2012 and May 2012.</p> <p>CSA considers the sample collection and assaying techniques to be appropriate for the style of geometry and style of mineralisation and the data is suitable for use in the Mineral Resource Estimate.</p>

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> • Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. • The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<p>The licences are owned by MPD, a company wholly owned by Zanaga Iron Ore Company ("ZIOC"). Glencore is majority joint venture partner with ZIOC and has effective management control of the project.</p> <p>On 14th August 2014, a mining licence was awarded over a single permit area – Zanaga – covering 499.3 km². This mining licence replaces two exploration licences that had previously covered the same area (Zanaga-Bambama and Zanaga- Mandzoumou). The mining licence has been granted for a duration of 25 years, with options to extend as per the</p>

Criteria	JORC Code explanation	Commentary																																																																											
		<p>Mining Code of Republic of Congo. The Zanaga deposit lies wholly within the licence boundary.</p> <p>The licence name is 2014-443 and the coordinates are in the following table (extracted from the 'Permis Zanaga' mining licence document).</p> <table border="1"> <thead> <tr> <th>SOMMETS</th><th>LONGITUDES</th><th>LATITUDES</th></tr> </thead> <tbody> <tr><td>A</td><td>13° 32' 14" E</td><td>2° 27' 36" S</td></tr> <tr><td>B</td><td>13° 32' 13" E</td><td>2° 35' 22" S</td></tr> <tr><td>C</td><td>13° 34' 37" E</td><td>2° 35' 22" S</td></tr> <tr><td>D</td><td>13° 34' 37" E</td><td>2° 37' 29" S</td></tr> <tr><td>E</td><td>13° 34' 18" E</td><td>2° 37' 29" S</td></tr> <tr><td>F</td><td>13° 34' 17" E</td><td>2° 45' 31" S</td></tr> <tr><td>G</td><td>13° 34' 46" E</td><td>2° 45' 31" S</td></tr> <tr><td>H</td><td>13° 34' 46" E</td><td>2° 49' 55" S</td></tr> <tr><td>I</td><td>13° 34' 26" E</td><td>2° 49' 55" S</td></tr> <tr><td>J</td><td>13° 34' 26" E</td><td>2° 52' 34" S</td></tr> <tr><td>K</td><td>13° 35' 08" E</td><td>2° 52' 34" S</td></tr> <tr><td>L</td><td>13° 35' 08" E</td><td>2° 57' 37" S</td></tr> <tr><td>M</td><td>13° 35' 42" E</td><td>2° 57' 37" S</td></tr> <tr><td>N</td><td>13° 35' 42" E</td><td>2° 58' 40" S</td></tr> <tr><td>O</td><td>13° 38' 17" E</td><td>2° 58' 40" S</td></tr> <tr><td>P</td><td>13° 38' 17" E</td><td>2° 53' 00" S</td></tr> <tr><td>Q</td><td>13° 37' 50" E</td><td>2° 53' 00" S</td></tr> <tr><td>R</td><td>13° 37' 51" E</td><td>2° 48' 53" S</td></tr> <tr><td>S</td><td>13° 37' 21" E</td><td>2° 48' 53" S</td></tr> <tr><td>T</td><td>13° 37' 22" E</td><td>2° 40' 17" S</td></tr> <tr><td>U</td><td>13° 37' 59" E</td><td>2° 40' 17" S</td></tr> <tr><td>V</td><td>13° 38' 00" E</td><td>2° 35' 22" S</td></tr> <tr><td>W</td><td>13° 41' 35" E</td><td>2° 35' 22" S</td></tr> <tr><td>X</td><td>13° 41' 35" E</td><td>2° 27' 37" S</td></tr> </tbody> </table>	SOMMETS	LONGITUDES	LATITUDES	A	13° 32' 14" E	2° 27' 36" S	B	13° 32' 13" E	2° 35' 22" S	C	13° 34' 37" E	2° 35' 22" S	D	13° 34' 37" E	2° 37' 29" S	E	13° 34' 18" E	2° 37' 29" S	F	13° 34' 17" E	2° 45' 31" S	G	13° 34' 46" E	2° 45' 31" S	H	13° 34' 46" E	2° 49' 55" S	I	13° 34' 26" E	2° 49' 55" S	J	13° 34' 26" E	2° 52' 34" S	K	13° 35' 08" E	2° 52' 34" S	L	13° 35' 08" E	2° 57' 37" S	M	13° 35' 42" E	2° 57' 37" S	N	13° 35' 42" E	2° 58' 40" S	O	13° 38' 17" E	2° 58' 40" S	P	13° 38' 17" E	2° 53' 00" S	Q	13° 37' 50" E	2° 53' 00" S	R	13° 37' 51" E	2° 48' 53" S	S	13° 37' 21" E	2° 48' 53" S	T	13° 37' 22" E	2° 40' 17" S	U	13° 37' 59" E	2° 40' 17" S	V	13° 38' 00" E	2° 35' 22" S	W	13° 41' 35" E	2° 35' 22" S	X	13° 41' 35" E	2° 27' 37" S
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Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	Resistivity survey work was undertaken by the United Nations Development Programme between 1967 and 1969 which reported a strong resistivity contrast between the mineralised and unmineralised lithologies.																																																																											
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	The mineralisation of the Zanaga deposit comprises a series of Itabirite sequences steeply dipping to the east at 60-65°.																																																																											

Criteria	JORC Code explanation	Commentary
		<p>The deposit is overprinted by a horizontal weathering profile with colluvium and canga at surface (40-60% Fe, 4-8 m), underlain by goethitic itabirite (45% Fe, 6-10 m), friable itabirite (40-45% Fe, 10-26 m), competent itabirite (35-40% Fe, 6-24 m), transition material (30-35% Fe in places, 4-12 m thick) and the primary unweathered magnetite BIF (25-30% Fe). Overall, the eastern units are higher grade than the western units.</p> <p>The geological descriptions reveal that the Canga, Colluvium and goethitic units are structureless and do not have a prominent banding in the rock which implies that the base of oxidation is at the base of the goethitic clay. Immediately below this, the units may still display some oxidation but are more similar to saprock with the original mineralised structures still visible, until the fresh BIF is reached.</p> <p>The contacts between the different weathering profiles are generally transitional over a distance of up to 5 m in places but more usually 1-2 m.</p>
Drill hole Information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<p>It is the Competent Person's opinion that listing this material would not add any further material understanding of the deposit and Mineral Resource. The Project is at an advanced stage of exploration, resource development and mine planning. Furthermore, no Exploration Results are specifically reported.</p> <p>However, all available drill hole data is contained in the SQL database.</p> <p>The following table summarises drilling data used in the MRE. It has been adapted from "JORC Technical Report on the September 2013 Mineral Resource Update of the Zanaga Iron Ore Project, Republic of Congo" (referred to hereafter as the "2013 JORC Technical Report").</p>

Criteria	JORC Code explanation	Commentary																																																	
		<table><tr><th rowspan="2">Area</th><th rowspan="2">Hole Type</th><th colspan="3">Total 2013 MRE Update</th></tr><tr><th># Drill holes</th><th>Metres</th><th># 2m Composites</th></tr><tr><td rowspan="2">North</td><td>DD</td><td>198</td><td>49,841</td><td>12,425</td></tr><tr><td>RC</td><td>512</td><td>63,368</td><td>18,036</td></tr><tr><td rowspan="2">Central</td><td>DD</td><td>91</td><td>19,268</td><td>3,529</td></tr><tr><td>RC</td><td>325</td><td>33,295</td><td>8,832</td></tr><tr><td rowspan="2">South</td><td>DD</td><td>34</td><td>5,504</td><td>952</td></tr><tr><td>RC</td><td>71</td><td>6,777</td><td>1,506</td></tr><tr><td rowspan="2">Total</td><td>DD</td><td>323</td><td>74,614</td><td>16,906</td></tr><tr><td>RC</td><td>908</td><td>103,439</td><td>28,374</td></tr><tr><td colspan="2">Grand Total</td><td>1,231</td><td>178,053</td><td>45,280</td></tr></table> <p>Drill holes ranged from 8 to 318 m for RC holes, and 14 to 657 m for DD holes. The average depth for RC holes was 114 m and for DD holes was 231 m.</p> <p>178,053 m of drilling was available for use in the MRE, with 74,614 m coming from 323 DD holes and 103,439 m coming from 908 RC holes.</p> <p>The vast majority of holes were drilled between 55° and 70° to the west.</p>	Area	Hole Type	Total 2013 MRE Update			# Drill holes	Metres	# 2m Composites	North	DD	198	49,841	12,425	RC	512	63,368	18,036	Central	DD	91	19,268	3,529	RC	325	33,295	8,832	South	DD	34	5,504	952	RC	71	6,777	1,506	Total	DD	323	74,614	16,906	RC	908	103,439	28,374	Grand Total		1,231	178,053	45,280
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Data aggregation methods	<ul style="list-style-type: none">In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.The assumptions used for any reporting of metal equivalent values should be clearly stated.	<p>Samples were composited to 2 m intervals for use in the estimation. No bottom cut for Fe was applied.</p> <p>Al₂O₃, SiO₂, %S, %P, LOI, MnO, MgO, CaO, K₂O and Na₂O composite values were top-cut in some domains, where necessary.</p>																																																	
Relationship between mineralisation widths and	<ul style="list-style-type: none">These relationships are particularly important in the reporting of Exploration Results.If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.If it is not known and only the down hole lengths are reported, there	<p>Drill holes are inclined to the west, typically at an angle of 60° in order to try to intercept the true thickness of mineralisation.</p>																																																	

Criteria	JORC Code explanation	Commentary
intercept lengths	should be a clear statement to this effect (eg 'down hole length, true width not known').	<p>The drilling was generally perpendicular to the geometry of the orebody. In a small number of cases, there may be sub-optimal intersections due to locally changing orientations of the orebody due to faulting and intrusions, but the proportion is considered low relative to the amount of data, and is not likely to introduce bias into the dataset.</p>
Diagrams	<ul style="list-style-type: none">Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	<p>Maps and sections showing the location of the mineralisation are presented in the 2013 Technical Report, which includes plan views, cross sections showing the location of the deposit, the data, interpretations, resistivity and block model.</p>
Balanced reporting	<ul style="list-style-type: none">Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	<p>Exploration Results are not reported here, but data used in the resource is representative of mineralisation.</p> <p>Sample intercepts have been composited so that all data is weighted equally.</p> <p>High grade outliers are managed through top cutting prior to grade estimation.</p>
Other substantive exploration data	<ul style="list-style-type: none">Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	<p>Resistivity surveying was undertaken between 1967 and 1969 by the United Nations Development Programme.</p> <p>A small program of down-hole geophysical logging was completed in 2012. This comprised of 29 holes. This data has not been reviewed in the context of the Mineral Resource and has therefore not been used.</p> <p>Evaluation of Landsat Enhanced Thematic Mapper Satellite and SRTM elevation data of the licence area.</p> <p>Select pitting and trenching. Detailed ground mapping.</p>

Criteria	JORC Code explanation	Commentary
		<p>Airborne magnetic survey and interpretation.</p> <p>Bulk density was measured on an ongoing basis during the drill programs using the water displacement method on billets of core. QAQC was completed on bulk density measurements through spot-checks of the bulk density dataset and re-measurement using the same procedures.</p>
Further work	<ul style="list-style-type: none"> The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<p>The project is currently in the advanced exploration / resource development / mine planning phase.</p> <p>A figure showing the magnetic anomaly and its 47 km extent at Zanaga is presented in the 2013 JORC Technical Report. It remains partially unexplored, but no further work is planned at present.</p>

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	<ul style="list-style-type: none"> Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes. Data validation procedures used. 	<p>Data validation procedures are in place to ensure integrity of the data in the geological database which is housed in an SQL database with inbuilt validations, constraints and triggers. Assays were merged into the database from the laboratory assay certificates.</p> <p>The drill hole data was checked for errors and validated in Datamine before modelling of the deposit. Any apparent errors were discussed with personnel on site and investigated, with the database being corrected on site, and re-exported, prior to further work.</p>
Site visits	<ul style="list-style-type: none"> Comment on any site visits undertaken by the Competent Person and the outcome of those visits. If no site visits have been undertaken indicate why this is the case. 	<p>Maria O'Connor, Senior Resource Geologist, CSA, and Robyn Belcher, Principal Database Geologist, CSA, visited site on separate visits during May 2012 and March 2012 respectively. Robyn Belcher visited site</p>

Criteria	JORC Code explanation	Commentary
		<p>between 27th and 30th March 2012. During the site visit, a review and audit of the drilling, logging, sampling and data management procedures was completed.</p> <p>Malcolm Titley, Principal Consultant, CSA, and Competent Person for the MRE has not visited site. However, he supervised the site visit completed by Maria O'Connor, between 4th and 7th May 2012. Collar locations, DD core and RC chips were checked against logs, the procedure of measuring density was observed, the sample preparation procedures were observed and the sample preparation facility was inspected. The conclusions from the site visit were that sample collection procedures are to industry standard or better, and that data collected was fit for use in the MRE. Note: no drilling was observed during the site visit. The drill program for the MRE had finished in February 2012.</p>
Geological interpretation	<ul style="list-style-type: none"> Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit. Nature of the data used and of any assumptions made. The effect, if any, of alternative interpretations on Mineral Resource estimation. The use of geology in guiding and controlling Mineral Resource estimation. The factors affecting continuity both of grade and geology. 	<p>The geological modelling of the iron-bearing zones is based on the geological logging codes of DD core and RC chips. 2D sectional interpretations of these units, snapped to drill hole intersections, were completed on drill sections at 100 and 200 m spacing along strike (over 25 km) within the defined resource area. The deposit was modelled in three contiguous blocks, termed North, Central and South.</p> <p>The majority of interpretation was completed on site and any anomalous logging was checked against chips and core.</p> <p>The mineralised units dip to the east at between 60-70°. The units have been modelled between 1 and 300 m in thickness, with the average downhole length being approximately 45 m. The northern units are the thickest, between 150 and 200 m, the central units are between 20 and 150 m, and the southern units are between 10 and 60 m in thickness. Internal waste of greater than 5 m thickness was modelled separately. In addition, the surfaces between the six material type zones were</p>

Criteria	JORC Code explanation	Commentary
		<p>generated, based on lithological logging codes, COL, ITG, ITF, ITC, ITT and BIF.</p> <p>The interpretation of colluvium differs from ITG, ITF, ITC, ITT and BIF in that mineralisation is not solely focused directly above BIF. The reason for this is that extreme weathering has mobilised it to drape over a wider area than that defined by the mineralisation wireframes. The interpretation was extended beyond the BIF units by 50 m where supported by drill data and resistivity.</p> <p>A waste surface was digitised to define sub-grade material close to surface, whose thickness was between 1 and 5 m.</p> <p>Major units were extended down to the 100 and 0 mRL based on the deepest intercept encountered along strike. Minor units, particularly in the west, which were less well supported by data, were extended to the 400 and 200 mRL.</p> <p>The continuity of grade in the other units is directly related to the continuity of the BIF units, and Fe grades decrease with depth through the various units. There are faults, some which offset or terminate mineralisation in places. There is a mapped ultramafic body that terminates mineralisation between the Central and Northern units, and several dykes are noted in the logging.</p> <p>Overall, there is good confidence in the geological interpretation of the deposit.</p>
Dimensions	<ul style="list-style-type: none"> The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource. 	<p>The MRE has a strike length of over 25 km. The depth below surface is approximately 500 to 600 m, while the plan width extent is approximately 1,200 m at its widest point, made up of several sub-parallel vertical units. Individual units range from approximately 5 to 500 m width.</p>

Criteria	JORC Code explanation	Commentary
		<p>The deepest mineralised drill intercept was at 0 mRL in the North, 180 mRL in the Central and 140 mRL in the south.</p>
Estimation and modelling techniques	<ul style="list-style-type: none"> The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used. The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data. The assumptions made regarding recovery of by-products. Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation). In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed. Any assumptions behind modelling of selective mining units. Any assumptions about correlation between variables. Description of how the geological interpretation was used to control the resource estimates. Discussion of basis for using or not using grade cutting or capping. The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available. 	<p>The MRE was constrained by the wireframes as detailed in the "Geological Interpretation" section above.</p> <p>The samples within the mineralised wireframe were composited to 2 m which, given the potential bench height and average sample length is considered appropriate. No bottom cut was considered necessary for Fe. The composites were then considered for top cutting in the case of Al₂O₃, SiO₂, %S, %P, LOI, MnO, MgO, CaO, K₂O, Na₂O. Anomalous values were reduced to the cut value and the pre and post capping statistics for these variables do not have a significant effect on the mean grade in the majority of cases.</p> <p>17 domains were used for estimation, divided by lithology and geographically into the west and east units. In addition, the COL domain was subdivided into a low Fe grade and high Fe grade domain, and the ITG into low Fe, moderate Fe and high grade Fe domains. The geological interpretation was central to domaining, with hard boundaries modelled between COL, ITG, ITF, ITC, ITT and BIF.</p> <p>Variography was performed on the composites. Directional variograms were modelled for Fe and were modelled for the six lithological domains. The ranges varied along strike between 650 and 2,050 m, across strike between 130 and 640 m and down dip between 9 and 82 m. All variograms were horizontally orientated, except those for the BIF which were orientated with an azimuth of 010° and a dip of -70° to the east. Variograms were modelled for Al₂O₃, S, P, SiO₂ and LOI in the COL, ITG and ITF horizons, where deleterious elements are most concentrated. The normalised Fe variogram parameters were used for interpolation of</p>

Criteria	JORC Code explanation	Commentary																																																				
		<p>Al₂O₃, SiO₂, %S, %P, LOI, MnO, MgO, CaO, K₂O and Na₂O where variograms were not modelled in the ITC, ITT and BIF.</p> <p>The estimation was completed in Micromine Software. The block model, was not rotated and has a parent cell size of 50 m x 50 m x 10 m (X, Y, Z), which is considered compatible with the drill spacing in Measured and Indicated areas. The minimum sub-block size was set as 5 m x 5 m x 1 m to honour the volume of the wireframes more accurately. The grades were interpolated by Ordinary Kriging in three search passes with increasing search radii and decreasing minimum number of samples, including a minimum number of four holes for interpolation. The zones were interpolated with samples from the lithological code. The search ellipse for estimation was orientated in the same direction as the variograms.</p> <p>Sample search rotations and neighbourhoods are presented in the following tables.</p>																																																				
		<table><tr><th rowspan="2">Material</th><th rowspan="2">Orientation</th><th colspan="3">Axes</th></tr><tr><th>Azimuth</th><th>Plunge</th><th>Rotation</th></tr><tr><td>Colluvium</td><td>All</td><td>0</td><td>0</td><td>0</td></tr><tr><td>ITG</td><td>All</td><td>0</td><td>0</td><td>0</td></tr><tr><td>ITF</td><td>All</td><td>0</td><td>0</td><td>-36</td></tr><tr><td rowspan="7">ITC/ITT/BIF</td><td>100</td><td>5</td><td>0</td><td>-55</td></tr><tr><td>200</td><td>325</td><td>0</td><td>-45</td></tr><tr><td>300</td><td>10</td><td>0</td><td>-45</td></tr><tr><td>400</td><td>0</td><td>0</td><td>-50</td></tr><tr><td>500</td><td>350</td><td>0</td><td>-60</td></tr><tr><td>600</td><td>0</td><td>0</td><td>-50</td></tr><tr><td>700</td><td>10</td><td>0</td><td>-60</td></tr></table>	Material	Orientation	Axes			Azimuth	Plunge	Rotation	Colluvium	All	0	0	0	ITG	All	0	0	0	ITF	All	0	0	-36	ITC/ITT/BIF	100	5	0	-55	200	325	0	-45	300	10	0	-45	400	0	0	-50	500	350	0	-60	600	0	0	-50	700	10	0	-60
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Grade estimation was completed for Fe, SiO₂, Al₂O₃, S, P, LOI, Mn, MgO, CaO, K₂O and Na₂O to fully characterise the mineralisation in terms of product specifications.

The model was validated by visual checks, comparing the global average grade against the output block model grades and the generation of swath plots by easting and northing. (For further details see the JORC Technical Report 2013).

Production has not commenced at Zanaga, and therefore there is no production data available for reconciliation.

A previous MRE was completed by SRK in 2011. A further 284 holes for 51,044 m were drilled and assays returned from a further 135 holes that had not been available for that MRE. The geological interpretation was in line with the original MRE and completed on site, updated to reflect the new data, and extended at depth (100 m beyond intercepts) where drilling supported continuity of the BIF units. A check estimate using IDW

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		<p>was completed alongside the MRE and compared closely with the reported MRE.</p> <p>Recovery of by-products is not considered relevant for this style of deposit.</p> <p>Work completed during Variography to assess the use of the Fe variogram for other variables showed correlation with Fe varies by unit. The following table shows the correlation coefficient results of cross-validation of other variables using the Fe variogram.</p> <table><tr><th>Lith</th><th>Al₂O₃</th><th>CaO</th><th>SiO₂</th><th>S</th><th>P</th><th>LOI</th><th>MnO</th><th>MgO</th><th>K₂O</th><th>Na₂O</th></tr><tr><td>Colluvium</td><td>0.72</td><td>0.30</td><td>0.78</td><td>0.79</td><td>0.78</td><td>0.72</td><td>0.27</td><td>0.26</td><td>0.54</td><td>0.39</td></tr><tr><td>ITG</td><td>0.79</td><td>0.20</td><td>0.86</td><td>0.84</td><td>0.64</td><td>0.82</td><td>0.45</td><td>0.34</td><td>0.61</td><td>0.17</td></tr><tr><td>ITF</td><td>0.81</td><td>0.14</td><td>0.89</td><td>0.65</td><td>0.74</td><td>0.84</td><td>0.43</td><td>0.42</td><td>0.53</td><td>0.21</td></tr><tr><td>ITC</td><td>0.79</td><td>0.73</td><td>0.91</td><td>0.52</td><td>0.68</td><td>0.81</td><td>0.57</td><td>0.65</td><td>0.60</td><td>0.69</td></tr><tr><td>ITT</td><td>0.75</td><td>0.86</td><td>0.94</td><td>0.45</td><td>0.74</td><td>0.74</td><td>0.49</td><td>0.70</td><td>0.65</td><td>0.63</td></tr><tr><td>BIF</td><td>0.75</td><td>0.81</td><td>0.95</td><td>0.49</td><td>0.81</td><td>0.69</td><td>0.80</td><td>0.73</td><td>0.69</td><td>0.65</td></tr></table> <p>The correlation between Fe and CaO, MnO and MgO is poor in certain units, and this may be related to the presence of mafic/intermediate intrusives or faulting, resulting in a different control on the distribution. Further work could be completed on this by modelling different orientations on for these variables, which would be unlikely to have a major effect on the total chemistry of the block. However, these elements do not appear to impact the overall DTR recovery and concentrate grade which counters any urgency on this work.</p>	Lith	Al ₂ O ₃	CaO	SiO ₂	S	P	LOI	MnO	MgO	K ₂ O	Na ₂ O	Colluvium	0.72	0.30	0.78	0.79	0.78	0.72	0.27	0.26	0.54	0.39	ITG	0.79	0.20	0.86	0.84	0.64	0.82	0.45	0.34	0.61	0.17	ITF	0.81	0.14	0.89	0.65	0.74	0.84	0.43	0.42	0.53	0.21	ITC	0.79	0.73	0.91	0.52	0.68	0.81	0.57	0.65	0.60	0.69	ITT	0.75	0.86	0.94	0.45	0.74	0.74	0.49	0.70	0.65	0.63	BIF	0.75	0.81	0.95	0.49	0.81	0.69	0.80	0.73	0.69	0.65
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Moisture	<ul style="list-style-type: none">Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	The resource estimates are expressed on a dry tonnage basis and in-situ moisture content is not estimated.																																																																													
Cut-off parameters	<ul style="list-style-type: none">The basis of the adopted cut-off grade(s) or quality parameters applied.	Grade or deleterious element cut-off was not applied in the MRE. The MRE was reported on a global basis.																																																																													

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Mining factors or assumptions	<ul style="list-style-type: none"> Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made. 	<p>CSA undertook a preliminary Whittle optimisation on the grade model prior to classification to satisfy the criteria that the resource reported is "potentially economic". This was used to constrain the mineralisation for reporting purposes.</p> <p>Benchmarked costs were used against a selling price of 130 USD/dmtu with 5% mining dilution.</p> <p>The Whittle parameters used are listed in the 2013 JORC Technical Report and reproduced below.</p>

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Metallurgical factors or assumptions	<ul style="list-style-type: none"> The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made 	Davis Tube Recovery test work was completed on 1,166 samples which covered ITC, ITT and BIF (the magnetite bearing lithologies). Bench scale grind-recovery tests were completed to determine the optimum grind size required to produce a saleable quality magnetite concentrate. Based																																																																																													

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	<p>when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.</p>	<p>on this test work, samples have a P97 of 75 microns with an expected P80 of 45 microns. The average mass recovery for the samples was 41% for a recovered concentrate grade of 68%.</p> <p>More detail has been provided in Section 4 Estimation and Reporting of Ore Reserves, which was reported in the Updated Reserve Statement for Zanaga Iron Ore Project, 30th September 2014.</p>
Environmental factors or assumptions	<ul style="list-style-type: none"> Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made. 	Detail regarding Environmental factors or assumptions has been provided in Section 4 Estimation and Reporting of Ore Reserves, which was reported in the Updated Reserve Statement for Zanaga Iron Ore Project, 30th September 2014.
Bulk density	<ul style="list-style-type: none"> Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples. The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit. Discuss assumptions for bulk density estimates used in the evaluation process of the different materials. 	<p>In-situ dry bulk density measurements were estimated from DD core using the water displacement method which is considered appropriate for the characteristics of the majority of mineralisation at Zanaga i.e. competent core with very low permeability. Core was coated in wax as part of the procedures.</p> <p>In-situ dry bulk density ("BD") data was collected in a systematic way throughout the deposit and there is a substantial dataset from all material types to adequately ascertain the tonnage factor and be considered representative of the deposit. 21,451 BD values were available and BD values less than 1.5 t/m³ and greater than 4.0 t/m³ were removed as outliers in the dataset.</p> <p>CSA reviewed density by grade and by lithology unit and results suggested that variations in bulk density were most sensitive to lithology.</p>

Criteria	JORC Code explanation	Commentary
		<p>Variability was low within lithological units, and there was no obvious relationship between grade and density within these units. Where density was a function of grade, it appeared to be with depth, which correlated to lithological boundaries.</p> <p>CSA assigned densities by lithology unit. Other methods of estimating density were considered e.g. regression and block estimation. On balance, CSA decided to assign average densities due to the lack of variability within lithological units. Regressions can be strongly influenced by the existence of outliers, while estimation of density through Kriging for example, can result in problems during production and reconciliation.</p> <p>Where lithologies are more friable, and likely to crumble when cored during DD drilling, densities may be difficult to verify. The volume of such material is a relatively small proportion of the resource but in situ dry bulk density can be estimated for bulk samples obtained during any small scale excavations for mining or metallurgical test work. Simple volume and mass checks should be taken and bulk density values compared with those already produced.</p>
Classification	<ul style="list-style-type: none"> The basis for the classification of the Mineral Resources into varying confidence categories. Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data). Whether the result appropriately reflects the Competent Person's view of the deposit. 	<p>The MRE for the Zanaga Project has been classified as Measured, Indicated and Inferred Mineral Resources, based on the guidelines specified in the JORC Code (2012 Edition). CSA has considered the following in determining the classification of the MRE:</p> <ul style="list-style-type: none"> Adequate validation of drilling, sampling and geological process completed during two site visits by Robyn Belcher, Principal Data Geologist, and Maria O'Connor, Senior Resource Geologist, CSA, in March and May 2012. The site visits included validation of tenement data, drill data, drilling and sampling procedures (note: no drilling was taking place during either visit), review of the

Criteria	JORC Code explanation	Commentary
		<p>geological mapping and core/chip logging and field checks on existing hole collars and outcrop;</p> <ul style="list-style-type: none"> Adequate geological evidence for continuity of mineralisation in the reporting of the mineral resource; Completion of a sampling and multi element assaying program suitable to estimate the grade of the mineralised material; Adequate DD core and RC chip sampling; Adequate QAQC controls in place to validate data used and ensure control on the estimation of the in-situ grade of mineralised material; Adequate drill spacing nominally at 100 m east-west and 100 m north-south to define Measured material, 200 m east-west and 200 m north-south to define Indicated material and a whittle shell to assist in constraining what deep material is classified as Inferred Mineral resources; Robust variography with good cross validation results which supported the ranges of Fe grade continuity indicated by drilling as well as the continuity of Al₂O₃, SiO₂, S, P and LOI in COL, ITG and ITF where variability in these deleterious variables are likely to be at their highest; Adequate twinning of RC drill holes to validate grades; Adequate DD core sampling to determine the dry in situ bulk density in order to estimate the tonnage of mineralisation; Completion of Davis Tube Recovery test work demonstrating the potential processing requirements, indicative recovery factors

Criteria	JORC Code explanation	Commentary
		<p>and potential quality of a saleable magnetite concentrate suggesting that Fe can be recovered from the lithology units with minimal contaminant issues.</p> <p>The additional criteria used to classify this MRE as Indicated and Measured Mineral Resources were:</p> <p>For Indicated Mineral Resources:</p> <ul style="list-style-type: none"> Block grade estimated using an average sample distance of between 100 and 200 m; Slope >0.4. <p>For Measured Mineral Resources:</p> <ul style="list-style-type: none"> Block grade estimated using an average sample distance \leq 100 m; Slope >0.6. <p>Block-by-block estimates of slope were smoothed into geologically reasonable and coherent zones that reflect a realistic level of geological and grade estimation confidence taking into account the amount, distribution and quality of data by wireframing.</p> <p>The remaining blocks have been classified as Inferred Mineral Resources if:</p> <ul style="list-style-type: none"> they are within the resource shell guided by the whittle optimisation; and

Criteria	JORC Code explanation	Commentary
		<ul style="list-style-type: none"> they do not meet the criteria specified above for Indicated or Measured Mineral Resources. <p>The only exception to point (a) are units close to the surface, namely COL, ITG and ITF, which fall outside the conceptual pit shell, but have been included in the MRE as Inferred Mineral resources. CSA is satisfied that the shallow nature of these units means that these units can be considered as having potential to be economically extracted, as required under JORC (2012) and therefore satisfy the criteria of being included as resources in the MRE.</p> <p>The classification of the MRE reflects the Competent Person's view of the deposit</p>
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of Mineral Resource estimates. 	<p>In house CSA reviews have been conducted prior to the release of the MRE to Glencore.</p> <p>SRK completed a review of the MRE prior to work commencing on the estimation of ore reserves. This is outlined in JORC Table 1 Section 4 Estimation and Reporting of Ore Reserves, reported in the Updated Reserve Statement for Zanaga Iron Ore Project, 30th September 2014.</p>
Discussion of relative accuracy/ confidence	<ul style="list-style-type: none"> Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate. The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. These statements of relative accuracy and confidence of the 	<p>The MREs have been prepared, classified and reported in accordance with the JORC (2012) code by CSA.</p> <p>Resource modelling has been completed using drilling data and geological interpretation to produce a resource within a lithological boundary (and therefore at a 0% Fe cut-off).</p> <p>The total Mineral Resource (as at 30th September 2013) comprises 2.33 Bt of Measured Mineral Resources at 33.7% Fe, 2.46 Bt of Indicated</p>

Criteria	JORC Code explanation	Commentary
	<i>estimate should be compared with production data, where available.</i>	<p>Mineral Resources at 30.4% Fe and 2.1 Bt of Inferred Mineral Resources at 31.0% Fe.</p> <p>The risks with respect to grade variability are considered low due to the low variability of Fe grade particularly in the magnetite bearing material where the majority of the resource lies.</p> <p>The confidence level is reflected in the MRE classification of the resource.</p> <p>If excavations are completed to estimate in-situ dry bulk density, particularly in the friable, less competent hematite units (representing 11% of the M&I material), this information can be used to verify the density data used in the MRE. The high level of drilling density and modelling of the deposit show its geological and grade continuity and provides a high level of confidence for the MRE.</p> <p>Mining of the deposit has not commenced and therefore production data is not available.</p> <p>The MRE models are provided as a basis for long term planning and mine design, and are not designed to be sufficient for short term planning and scheduling.</p>

Reserve Appendix

JORC Code, 2012 Edition Table 4 for Zanaga Iron Ore Project, located in Republic of Congo, as at September 2013

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	<ul style="list-style-type: none"> Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve. Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves. 	<p>The Mineral Resources were estimated by CSA global and this is detailed in “<i>JORC Technical Report on the August 2012 Mineral Resource Update, Zanaga Iron Ore Project, Republic of Congo for Xstrata Iron Ore</i>” authored by Malcom Titley and Maria O’Connor of CSA Global.</p> <p>The Mineral Resources are reported inclusive of the Ore Reserves.</p>
Site visits	<ul style="list-style-type: none"> Comment on any site visits undertaken by the Competent Person and the outcome of those visits. If no site visits have been undertaken indicate why this is the case. 	<p>A site visit was undertaken by the Competent Person in January 2014.</p>
Study status	<ul style="list-style-type: none"> The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves. The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered. 	<p>The Feasibility Study (2014) assessed three different production options. The study level varies between pre-feasibility and feasibility for the various study disciplines.</p> <p>The deposit had two pre-feasibility study options completed in 2010 and 2012 which evaluated product rates of 45Mtpa and 30Mtpa respectively.</p>
Cut-off parameters	<ul style="list-style-type: none"> The basis of the cut-off grade(s) or quality parameters applied. 	<p>A variable Fe head grade cut-off has been applied by each lithology:</p> <p>COL – 30%Fe (Processing Cut-Off)</p> <p>ITG – 11%Fe (Economic Cut-Off)</p> <p>ITF– 8%Fe (Economic Cut-Off)</p> <p>ITC – 9%Fe (Economic Cut-Off)</p> <p>ITT – 15%Fe (Processing Cut-Off)</p> <p>BIF – 15%Fe (Processing Cut-Off)</p>
Mining factors or assumptions	<ul style="list-style-type: none"> The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design). The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc. The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling. The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate). The mining dilution factors used. The mining recovery factors used. Any minimum mining widths used. The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion. The infrastructure requirements of the selected mining methods. 	<p>Geotechnics</p> <p>Weathered Rock (pit depth < 30m) – 35° OSA (overall slope angle)</p> <p>Weathered Rock (pit depth >30m) – 30 ° OSA</p> <p>Footwall Fresh Rock – 40 ° OSA</p> <p>Hangingwall Fresh Rock – 50 ° OSA</p> <p>The geotechnical design criteria for the pit slopes are considered to be at a Feasibility Study level.</p> <p>Grade Control</p> <p>Standard blasthole sampling will be used for grade control. No material pre-production drilling has been planned.</p> <p>Hematite - Stage 1</p> <p>The proposed mining method is a standard truck and shovel method on a 5m bench height. Drill and blast is only required at the ITC lithological boundary. Overland conveyors are required to transport ore from the four main mining areas to the plant.</p> <p>The resource model was regularized to a selective mining unit of 10m by 10m by 5m resulting in overall mining loss and dilution</p>

Criteria	JORC Code explanation	Commentary
		<p>modifying factors of 1% and 6% respectively for the COL, ITG, ITF and ITC lithologies.</p> <p>The Ore Reserves are reported within a pit design which is based on a pit optimisation using a US\$121/dmtu metal price when constrained to the hematite material. It is noted that there is no material increase in pit size above the US\$80/dmtu revenue factor. The pit optimisation was run inclusive of Measured, Indicated and Inferred Classified Mineral Resources. The Inferred Classified Mineral Resources represent approximately 12% of the ore within the Stage 1 pit design.</p> <p>The pits have been designed to a minimum bench width of 30m to accommodate a maximum truck size of 130t capacity.</p> <p>The stage 1 plan includes Measured, Indicated and Inferred Classified Mineral Resources. The Inferred Classified material accounts for 1.2% (3Mt), 2.2% (7Mt) and 25.1% (115Mt) of the ex-pit classified plant feed for years 0 to 10, 11 to 20 and 21 to year respectively. The exclusion of the Inferred Classified Mineral Resources in the financial model does not have a material difference to the project value.</p> <p>Magnetite - Stage 2</p> <p>The proposed mining method is a standard truck and shovel method on a 15m bench height. Drill and blast is required. Overland conveyors are required to transport ore from the four main mining areas to the plant.</p> <p>Global modifying factors of 5% and 5% have been applied for mining loss and dilution for the ITT and BIF lithologies. These global factors are reflective of the estimated losses and dilution modelled for the Zanaga Pre-Feasibility study in the North Region at a 15m bench height. No grade modifications have been made to the deleterious elements.</p> <p>The Ore Reserves are reported within a US\$33/dmtu pit shell constrained to the North Region. The pit optimization was run inclusive of Measured and Indicated Classified Mineral Resources. There are no material quantities of Inferred Classified Mineral Resources within the Stage 2 pit shell.</p> <p>The pre-feasibility study (2012) demonstrated that there is no material difference in ore and waste tonnages when the engineered pit is compared with the optimized pit shell. It is expected that an engineered design for the magnetite phase would not have a material impact on the pit shell ore and waste tonnages.</p> <p>The stage 2 plan only includes Measured and Indicated Classified Mineral Resources.</p>
Metallurgical factors or assumptions	<ul style="list-style-type: none"> • <i>The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.</i> • <i>Whether the metallurgical process is well-tested technology or novel in nature.</i> • <i>The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.</i> • <i>Any assumptions or allowances made for deleterious elements.</i> • <i>The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered</i> 	<p>Hematite Circuit (Stage 1):</p> <p>The hematite beneficiation circuit is based on gravity separation using spirals, with a supplementary recovery stage using flotation. This is a well-tested technology.</p> <p>Ore is crushed and then milled using SAG mills to -0.6mm, following which it is de-slimed (slimes to tailings), then split into Coarse and Fine fractions, with each fraction subjected to two stages (rougher and cleaner) of spiral separation. The spiral stages produce Concentrate, Tailings (from the rougher stage) and Middlings (rougher middlings plus cleaner tailings). The Middlings are reground (coarse stream only) to -0.25mm then subjected to a</p>

Criteria	JORC Code explanation	Commentary
	<p><i>representative of the orebody as a whole.</i></p> <ul style="list-style-type: none"> • <i>For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?</i> 	<p>further two stage spiral circuit, again producing Concentrate, Tailings and Middlings.</p> <p>These Middlings are further reground (to 65µm) and de-slimed (slimes to tailings), with the de-slimed material subjected to reverse flotation for silica rejection. Flotation produces Concentrate and Tailings. The combined Concentrate streams are further reground to meet the requirements of the slurry pipeline.</p> <p>Testwork has been undertaken in support of the development of the proposed flowsheet. However, SRK considers that the level of testwork undertaken and reported is deficient with regard to the following aspects:</p> <ul style="list-style-type: none"> • Gravity separation testwork has been undertaken using shaking tables, which provide a close but not exact reproduction of the performance of spirals. In addition, the tabling work was undertaken on a "whole" sample, i.e. not in a Coarse / Fine configuration, and the entire middlings stream was reground. For a Feasibility Study level of investigation, SRK would expect a spiral pilot plant to have been undertaken. The Glencore FS report refers to some preliminary spiral work as being in progress, but no results of such a program are reported. • Only a small number of bench scale flotation tests have been undertaken. While these were reasonably successful, the flowsheet envisages feeding much lower grade material to the flotation circuit than was tested, and the estimated mass recoveries to the floated phase are very high as a proportion of the feed material. SRK therefore expects that the flotation performance may be less successful than is being assumed. In addition, SRK notes that the flotation stage recoveries assume a constant figure irrespective of lithology type and head grade. Again, particularly given the extrapolation from testwork to the plant design criteria, SRK would expect to see much more testwork having been conducted to support a FS level of investigation. However, SRK notes that the contribution of the flotation stage to the overall product is small. • Limited SAG mill testwork has been undertaken and the results indicate larger sized SAG mills than planned may be required. Additional testwork will be required prior to finalizing the mill sizing during basic engineering. <p>The methodology used to develop the operating cost for the Stage 1 beneficiation plant is appropriate for a FS. However, given the uncertainty over the specification of the SAG mills, and given that (a) power is the largest contributor to the operating cost and (b) the largest power consumers in the plant are the SAG mills, SRK believes that sufficient contingency should be added to the financial evaluation to reflect the precision of the operating cost estimate.</p> <p>Regression relationships have been developed between Fe head grade and Fe recovery for the three lithology types that represent the Phase 1</p>

Criteria	JORC Code explanation	Commentary
		<p>feed to the Stage 1 plant (COL, ITG and ITF). These relationships appear to be reasonable based on the testwork conducted, bearing in mind the use of a constant recovery figure used for the flotation stage. However, a constant Fe recovery of 70% is assumed for the ITC lithology type, which is a key component of the Phase 2 operation of the Stage 1 plant. This recovery figure is not well supported by testwork data.</p> <p>Magnetite circuit (Stage 2):</p> <p>The magnetite beneficiation circuit assumes a conventional magnetite separation configuration based on the use of sequential stages of wet Low Intensity Magnetic Separation (LIMS). This is well tested technology.</p> <p>The flowsheet envisages three stages of grinding, each followed by a stage of LIMS. The first grinding stage will be using AG mills, the second using pebble mills, and the third using a ultrafine grinding mill, such that the feed to the third stage of LIMS is already of a size suitable for slurry pipeline transportation.</p> <p>The Stage 2 plant design is only at a PFS stage of investigation and cost estimation. SRK concurs with this assessment; the previous study into the processing of this material utilised a different flowsheet, and so the testwork used to support the proposed flowsheet uses relatively basic Davis Tube Test results. However, this type of testwork is appropriate for magnetite ores, certainly up to a PFS level of investigation.</p> <p>Constant Fe recovery figures have been used for the two Magnetite Circuit lithology types: 75% for ITT and 80% for BIF. The Davis Tube Test results reported indicate that a non-linear relationship is more appropriate, however as an average figure, the figure of 80% for the BIF material is probably reasonable. The Glencore FS report notes that the 75% figure assumed for the ITT material is "now considered too aggressive", however given that the ITT material represents only 12% of the planned Stage 2 ore feed (the remainder being the BIF material), the overall impact of the difference between the assumed figure of 75% and a more reasonable "flat line" figure of the order of 70% is probably not material.</p>
Environmental	<ul style="list-style-type: none"> <i>The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.</i> 	<p>An ESIA for the project has been undertaken and the ESIA report was submitted to the regulatory authorities in early 2014 for review and approval. Receipt of the environmental permit is a prerequisite to receipt of the mining licence.</p> <p>The ESIA states that the underlying rocks do not contain compounds with acid generation potential, and therefore the risk of acid rock drainage or metals leaching is unlikely. Separate environmental approvals for waste storage facilities are not currently required in the Republic of Congo.</p>
Infrastructure	<ul style="list-style-type: none"> <i>The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.</i> 	<p>Infrastructure</p> <p>A series of terraced plateaux are required to support the proposed mine site infrastructure, which will be expanded to match the increase in production. Run of mine will be transported by overland conveyor to the beneficiation and concentrate slurry batching plant.</p>

Criteria	JORC Code explanation	Commentary
		<p>The RoC government will be responsible for developing all local, diversion and access roads.</p> <p>During Stage 1, 12Mtpa of concentrate will be transported by a 367km long slurry pipeline to a new port facility 30km from Pointe Noire. A second slurry pipeline will be required to transport the additional 18Mtpa of concentrate during Stage 2.</p> <p>Raw and processing water will be drawn from a series of surface water attenuation reservoirs, recycling within the process circuit and reclamation from the tailings storage facilities. Package water treatment and waste water plants will be provided to supply drinking water and treat foul water.</p> <p>Labour will be predominantly sourced from within RoC with requirements for expatriates planned to reduce over the initial 11 years of operation. Dedicated workforce camps will be provided at the mine and port sites.</p> <p>Two 158km and 200km long, 220kV transmission lines will connect the mine site with existing national power infrastructure.</p> <p>There is sufficient existing generation capacity to support Stage 1, although daily blackouts present a project risk. Additional generation capacity is required to support Stage 2. The RoC power authority will be responsible for all power infrastructure capital investment.</p> <p>At the port site, following dewatering activities, concentrate will be stored in conventional open stockyards.</p> <p>During Stage 1, concentrate will be transported along a 625m long jetty and loaded onto 12,500DWT transshipment vessels, protected by a detached 385m long breakwater. Transshipment operations will load 250,000DWT Capsize ocean going vessels approximately 3 nautical miles from shore.</p> <p>To support direct loading of 250,000DWT vessels during Stage 2, the jetty will be extended by 1.33km, with additional capital dredging required to create an approach channel and turning basin. Dewatering and stockyard infrastructure will also be expanded.</p> <p>During operation all spares and consumables will be received at the existing PAPN port and transported to the mine site by road.</p> <p>There is an opportunity to export 2 to 6 Mtpa of DSO during Stage 1 using road haulage, existing rail infrastructure and a new berth at existing PAPN port. This opportunity has not been considered in depth and is dependent upon access to existing rail infrastructure.</p> <p>Tailings</p> <p>The first cell within the facility (TMF 1) will be developed in the catchment area located immediately west of the plant site. This will provide sufficient storage for 295Mt of tailings over the first 15 years of operations.</p> <p>The second tailings dam (TMF 2) will be constructed during Year 15 of operations, thus allowing deposition to commence in this area at year 16. This area will provide storage for a total of 369Mt of tailings.</p> <p>The stage 2 option involves deposition of 295Mt in TSF 1 over a period of 12 years and follows the same initial sequence as stage 1. Upon reaching full capacity, deposition will switch to a new cell (TSF 3) located to the west</p>

Criteria	JORC Code explanation	Commentary												
		of the northern extent of the mineralised zone. Previously called the ‘North TSF Option’ (SRK, 2010), this catchment will be developed due to the proximity to a second plant (Plant 2), which will be commissioned as part of the expanded case. The remaining 1,043Mt of tailings will be stored in TSF 3, which will be raised to a maximum elevation of 596.5mRL.												
Costs	<ul style="list-style-type: none">The derivation of, or assumptions made, regarding projected capital costs in the study.The methodology used to estimate operating costs.Allowances made for the content of deleterious elements.The source of exchange rates used in the study.Derivation of transportation charges.The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.The allowances made for royalties payable, both Government and private.	<p>Capital and operating costs have been estimated for both Stage 1 and Stage 2 of the project for a 30 year project period to achieve a 30 Mtpa product rate. The capital costs are estimated in USD with a Q1 2014 base date. Estimations of project capital costs are based on first principals build up. Some cost estimates from the previous ZIOP PFS’s have been escalated and incorporated into the FS.</p> <p>Adjustments have been made to the IODEX 62% pricing to include a Fe unit and quality adjustment for the two products.</p> <p>Transport changes are based on the slurry pipeline, port and transshipping operating costs.</p> <p>All costs and revenues have been estimates in USD using the following exchange rates:</p> <table><tr><td>GBP</td><td>UK Pound</td></tr><tr><td>EUR</td><td>Euro</td></tr><tr><td>CHF</td><td>Swiss Franc</td></tr><tr><td>AUD</td><td>Australian Dollar</td></tr><tr><td>XAF</td><td>CFA Franc</td></tr><tr><td>ZAR</td><td>SA Rand</td></tr></table> <p>A 3% royalty on revenues is payable to the government.</p> <p>The government maintains 10% free carry equity in the project.</p>	GBP	UK Pound	EUR	Euro	CHF	Swiss Franc	AUD	Australian Dollar	XAF	CFA Franc	ZAR	SA Rand
GBP	UK Pound													
EUR	Euro													
CHF	Swiss Franc													
AUD	Australian Dollar													
XAF	CFA Franc													
ZAR	SA Rand													
Revenue factors	<ul style="list-style-type: none">The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.	<p>Long term price assumptions used in the optimisation of the mining study, as at May 2014, were based on an IODEX 62%Fe forecast of US\$100/t_{dry} (US\$162/dmtu at 62%Fe) with adjustments for quality, deleterious elements, moisture and freight. Freight costs of approximately US\$22.50/t_{wet} were used to determine FOB pricing from RoC to China (Qingdao).</p> <p>The June 2016 financial evaluation is based on reduced long term CFR iron ore price forecasts of US\$60/t_{dry} at 62%Fe with adjustments for quality, deleterious elements, moisture and freight to support the Ore Reserve. Freight costs of US\$10.50/t_{wet} have been used to determine FOB pricing from RoC to China (Qingdao). Allowances for Fe unit premiums, quality adjustments and moisture adjustments result in an average FOB selling price assumption of:</p> <ul style="list-style-type: none">US\$54.20/tdry for concentrate from hematite; andUS\$56.80/tdry for concentrate from magnetite.												
Market assessment	<ul style="list-style-type: none">The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.A customer and competitor analysis along with the identification of likely market windows for the product.Price and volume forecasts and the basis for these forecasts.For industrial minerals the customer	<p>The products targeted by the Zanaga Iron Ore Project are two pellet feed products:</p> <ul style="list-style-type: none">From Hematite: 66%Fe, 3%SiO₂, 0.8%Al₂O₃, 0.04%PFrom Magnetite: 68.5%Fe, 3.3%SiO₂ to 3.7%SiO₂, 0.3%Al₂O₃ to 0.4%Al₂O₃, <0.01%P <p>No fundamental analysis of supply, demand and price and volume forecasts specific to the</p>												

Criteria	JORC Code explanation	Commentary
	specification, testing and acceptance requirements prior to a supply contract.	<p>Zanaga Iron Ore Project has been undertaken. The basis for the long term pricing assumption which supports the Ore Reserves has been sourced by The Company from consensus IODEX 62% Fe forecast (Standard Chartered, June 2016).</p> <p>Seaborne iron ore supply is dominated by Australia and Brazil, with South Africa, Canada the CIS and others making a smaller contribution to the total.</p> <p>The primary market competition will come from existing and expanding pellet feed supply in Brazil and new supply from Australia.</p> <p>A US\$60/t_{dry} at 62% Fe CFR long term price (real terms) has been used in the financial evaluation to support the Ore Reserve. This long term price is based on the analysis of consensus IODEX price forecasts as at June 2016. Shipping rates of US\$10.50/t_{wet} have been estimated from RoC to China to determine FOB pricing. Allowances for Fe unit premiums, quality adjustments and moisture adjustments result in an average FOB selling price assumption of:</p> <ul style="list-style-type: none"> • US\$54.20/t_{dry} for concentrate from hematite; and • US\$56.80/t_{dry} for concentrate from magnetite.
Economic	<ul style="list-style-type: none"> • <i>The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.</i> • <i>NPV ranges and sensitivity to variations in the significant assumptions and inputs.</i> 	<p>The financial modeling undertaken inclusive of only Measured and Indicated Classified Mineral Resources produces a positive NPV project at an appropriate discount rate.</p> <p>Based on the updated freight assumptions, the project requires a CFR IODEX 62% Fe Concentrate price of US\$51.00/t_{dry} in order to provide a real terms internal rate of return of 10%.</p>
Social	<ul style="list-style-type: none"> • <i>The status of agreements with key stakeholders and matters leading to social licence to operate.</i> 	<p>The land acquisition, resettlement and the associated compensation process will be led by the government. Land acquisition and resettlement for the areas occupied by the mine site and transport corridor have not been initiated. Delays to the land acquisition, compensation and resettlement processes could delay initiation of the construction phase. The project development schedule envisages resettlement of villages in the mine area in the first year of construction.</p> <p>Resettlement is a key issue for the project. At the mine site, 3,100 people are expected to be resettled (700 people for stage 1 and the remainder for stage 2). Resettlement planning has not commenced. As part of the process of preparing a resettlement action plan the resettlement agreement/ entitlement framework needs to be negotiated. It is not uncommon for it to take more than two years after the start of resettlement planning (i.e. after the announcement of the census cut-off date).</p>
Other	<p><i>To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:</i></p> <ul style="list-style-type: none"> • <i>Any identified material naturally occurring risks.</i> • <i>The status of material legal agreements and marketing arrangements.</i> • <i>The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory</i> 	<p>Applications for an environmental permit have been submitted to the Government. There is no information on how far through the permitting process the environmental permit application is. Delays in the issue of the environmental permit may impact the Project schedule.</p> <p>On 14th August 2014, a mining licence was awarded over a single permit area – Zanaga – covering 499.3 km². This mining license replaces two exploration licences that had previously covered the same area (Zanaga-Bambama and Zanaga-Mandzoumou). The</p>

Criteria	JORC Code explanation	Commentary
	<p><i>approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.</i></p>	<p>mining licence has been granted for a duration of 25 years, with options to extend as per the Mining Code of Republic of Congo. The Zanaga deposit lies wholly within the licence boundary. SRK is not aware of any issues that would prevent renewing the mining licence to cover the full life of mine plan.</p> <p>The Project plans a two stage development to produce 30Mtpa of high grade iron ore concentrate plus the potential for up to 2Mtpa of DSO. The application for environmental permit pertains to the Stage 1 development only.</p> <p>There is an existing Mining Convention between MPD and the Government that applies in respect of exploration works within the exploration licences. A Mining Convention between MPD and Government that will regulate the operating conditions for all components of the project has been negotiated and was signed on the 14th August 2014. This Mining Convention was approved by the Supreme Court in March 2015, and by the Council of Ministers in October 2015, ratified by the Parliament of the Republic of the Congo ("RoC") in April 2016 and was published in the Official Gazette' of the RoC on 20 May 2016.</p>
Classification	<ul style="list-style-type: none"> <i>The basis for the classification of the Ore Reserves into varying confidence categories.</i> <i>Whether the result appropriately reflects the Competent Person's view of the deposit.</i> <i>The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).</i> 	<p>There are Measured, Indicated, and Inferred Classified Mineral Resources within the block model.</p> <p>Hematite</p> <p>Only Measured and Indicated Classified Mineral Resources with the design pits have been converted to Proved and Probable (Measured to Proved, Indicated to Probable).</p> <p>Magnetite</p> <p>Only Measured and Indicated Classified Mineral Resources with the pit shells have been converted to Probable (Measured and Indicated to Probable).</p> <p>All of the Measured Mineral Resources attributable to the Stage 2 magnetite expansion have been downgraded to Probable Ore Reserves due to the reduced study level as compared with Stage 1.</p>
Audits or reviews	<ul style="list-style-type: none"> <i>The results of any audits or reviews of Ore Reserve estimates.</i> 	<p>Ore Reserves of 2,500Mt at 34%Fe have been historically stated by CSA Global (December 2012) following the completion of a pre-feasibility study evaluating a 30 tpa production rate.</p>
Discussion of relative accuracy/confidence	<ul style="list-style-type: none"> <i>Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.</i> <i>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation.</i> <i>Documentation should include assumptions made and the procedures</i> 	<p>The Mineral Resources which the Ore Reserves are based upon constitute 2,400Mt of Measured Resources at 34.0%Fe, 2,290Mt of Indicated Resources at 30.8%Fe and 2,100Mt of Inferred Resources at 31.0%Fe as authored by the Competent Person, Malcolm Titley, an employee of CSA Global ("CSA").</p> <p>Overall, SRK does not consider there to be material bias in the underlying data or grade estimate and modelling methodology employed by CSA that would affect the classification of the Mineral Resources. However the assignment of average densities to lithological units gives lower confidence to local tonnage estimates. In addition the bulk density sampling and determination methodology may result in a bias and is likely to overstate the tonnages.</p>

Criteria	JORC Code explanation	Commentary
	<p><i>used.</i></p> <ul style="list-style-type: none"> <i>Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.</i> <i>It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i> 	

Advisors

Nominated Advisor and Corporate Broker

Liberum Capital Limited
Ropemaker Place, Level 12
25 Ropemaker Street
London, EC2Y 9LY
United Kingdom

Company Secretary

Elysium Fund Management Limited
PO Box 650,
1st Floor, Royal Chambers
St Julian's Avenue
Guernsey, GY1 3JX
Channel Islands

Legal

Simmons & Simmons LLP
1 Ropemaker Street
London
EC2Y 9SS
United Kingdom

Auditor

MacIntyre Hudson LLP
6th Floor, 2 London Wall Place
London
EC2Y 5AU
United Kingdom

Registrars

Computershare Investor Services (BVI) Ltd
Woodbourne Hall PO Box 3162
Road Town
Tortola
British Virgin Islands