30 September 2014

INTERIM RESULTS FOR THE SIX MONTHS TO 30 JUNE 2014

Zanaga Iron Ore Company Limited ("ZIOC" or the "Company") (AIM: ZIOC) is pleased to announce its unaudited interim results for the six months ended 30 June 2014.

Highlights

- Feasibility Study completed in April 2014, confirming attractive project economics
    - Stage One 12Mtpa initial operation
        - US$32/dmt FOB bottom quartile operating costs including royalty
        - US$2.2bn capital expenditure
        - Premium quality 66% Fe content iron ore pellet feed product
    - Stage Two expansion to 30Mtpa operation
        - US$2.5bn capital expenditure for additional 18Mtpa production
        - US$26/dmt FOB bottom quartile operating costs including royalty
        - Premium quality 67.5% Fe content iron ore pellet feed product
- Announcement of Ore Reserve for Staged Development Project, including maiden Proved Ore Reserve
    - Total Ore Reserves of 2,070Mt at 33.9% Fe
    - Proved Ore Reserves of 774Mt at 37.3% Fe
- Social Environmental Impact Assessment completed and Environmental Permit application for Stage One lodged with the Ministry of Environment
- Mining Licence issued
- Mining Convention signed
- Cash balance of US$17.6 million, as at 30 June 2014

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

"The first half of 2014 saw tremendous progress on the Zanaga Project, with the completion of the Feasibility Study, which confirmed attractive project economics. Shortly thereafter, we were delighted that the Project received its Mining Licence and that a Mining Convention has been signed which establishes the fiscal and legal framework for the project.

The development of this world class iron ore project, underpinned by one of the largest iron ore deposits in Africa, is advancing as planned and, critically, sets itself apart in the industry as a low cost iron ore project capable of delivering high quality iron ore product."

Copies of the unaudited interim results for the six months ended 30 June 2014 are available on the Company's website at www.zanagairon.com.

Note: Mineral Resources are inclusive of Reserves. Mineral Reserves and Resource referred to above, announced by ZIOC on 25 July 2014 and 30 September 2014 is consistent with the terms and definitions included in the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2004 edition).

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Business Review - Operations

2014 stands out as a year in which many important milestones have been achieved on the Zanaga Project. In May 2014, the positive results of the Feasibility Study ("FS") were announced, clearly demonstrating the Zanaga Project is a highly attractive and globally competitive iron ore project. At the same time, the application for a Mining Licence was submitted, supported by the FS and Social Environmental Impact Assessment ("SEIA").

These positive developments were followed closely by the announcement in August 2014 that the Project's Mining Licence had been issued and a Mining Convention had been signed with the Government of the Republic of Congo.

Finally, we were pleased to announce today an updated Ore Reserve statement for the Zanaga Project to reflect the proposed staged development plan, including the announcement of a maiden Proved Ore Reserve estimate. This supports the Company's confidence in the quality of the Zanaga Project and is indicative of the rigorous standard that has been applied to all study work conducted to date.

The Project has now advanced to the next phase of development, in which the Project team will be advancing financing initiatives and preparing for the commencement of Front End Engineering Design ("FEED"), ahead of a potential investment and construction decision.

Highly Attractive FS Results

The Stage One development plans to produce 12Mtpa of premium quality 66% Fe content iron ore pellet feed product at a forecast operating cost of US$32/t FOB including royalty (US$57/t CFR China), which positions the Project in the industry's bottom quartile of operating costs. The capital cost is estimated at US$2.2bn, including contingency. The initial cash flows and project returns are maximised by commencing mining of the higher grade near surface ore for the first eight years of operation. Importantly, the Stage One development has been designed as a standalone business case with a 30 year life of mine and does not rely on, or require, the Stage Two expansion to justify the business case.

The Stage Two expansion of 18Mtpa has been nominally scheduled to suit the project mine development, construction timing and forecast cash flow generation and will increase the Project's total production capacity to 30Mtpa. The product grade will increase to an even higher premium quality 67.5% Fe content iron ore pellet feed, while operating costs will reduce further to US$26/t FOB including royalty (US$50/t CFR China), maintaining the Project's ranking in the industry's bottom quartile of operating costs. The US$2.5bn capital expenditure for the additional 18Mtpa production, including contingency, can potentially be financed from the cash flows from Stage One, which is a compelling expansion case.

The high grade pellet feed products that the Project will produce under Stage One and Stage Two will have an iron grade of 66% and 67.5% respectively, similar to existing high grade Brazilian supply. Impurities are expected to be low. It is anticipated that the products would command a price premium relative to the 62% Fe IODEX, both as a function of the Fe content and the low impurities, and will be attractive feed for pellet plants or as part of a sinter feed blend.

Mining Licence and Mining Convention for the Zanaga Project

In August 2014 the Mining Licence was issued and the Mining Convention was signed by the Republic of Congo.

These are significant milestones for the Zanaga Project and are demonstrative of the Government of the Republic of Congo's firm commitment to developing the country's mining sector and testament to the Project's strong stakeholder relations.

The Mining Licence covers the proposed staged development of the Project, as described in the FS. Under the Republic of Congo Mining Code, the holder of a mining licence has the exclusive right to mine the relevant minerals within the boundaries of the licence area for an initial period of 25 years. The Mining Licence may be renewed for further periods of 15 years each subject to further application.

The Mining Convention covers the proposed staged development of the Zanaga Project and sets out the fiscal and legal terms with respect to the construction and operation of the Zanaga Project pursuant to its Mining Licence (For further details, and key terms of the Mining Convention please refer to ZIOC's announcement on 15 August 2014).

Iron Ore Market

The iron ore market is currently experiencing a period of relative price weakness, with iron ore prices currently trading around U$80-85/t. ZIOC expects the iron ore industry's marginal producers to experience substantial pressure, resulting in a number of these high cost producers being removed from the market over the next few years. The Zanaga Project's forecast competitive operating costs and premium quality product are expected to deliver high profit margins even in a low iron ore price environment. This differentiates the Project as an attractive investment opportunity even at an iron ore price of less than US$80/t. The Zanaga Project is expected to be able to compete, on a benchmark 62% iron ore price equivalent basis, with some of the lowest cost mining operations in Australia and Brazil, making it unique amongst competitor projects globally.

Joint Funding Initiative

A joint funding process is underway with the Project's JV partner Glencore plc ("Glencore") with a view to attracting the financing required for the implementation of Stage One. The level of interest in the Project from third party debt and equity financing partners is encouraging and ZIOC looks forward to updating the market as these discussions develop.

Mineral Ore Reserves

Following completion of the Feasibility Study ("FS") and updated Mineral Resource Estimate (announced 8 May 2014), the Ore Reserve statement for the Zanaga Project was revised to reflect the proposed staged development plan.

A maiden Proved Ore Reserve estimate of 770Mt was announced, which underpins the Stage One project on a standalone basis for more than 25 years. In addition, the total Proved and Probable Ore Reserve Estimate of 2Bt at 33.9% Fe is more than sufficient to support the combined two stage development described above over the scheduled 30 year life of mine.

The Ore Reserve Statement is a key milestone for the Project and supports the economic viability of mining at least 2Bt of the 4.7Bt Measured and Indicated Mineral Resource. The significant scale of the Ore Reserve supports the Company's confidence in the quality of the Zanaga Project and is indicative of the rigorous standard that has been applied to all study work conducted to date.

Outlook

An application for the Environmental Permit for Stage One has been lodged with the RoC Ministry of Environment and the process for seeking ratification of the Mining Convention is proceeding. ZIOC expects to provide an update on the status of these developments by the end of the year, as well as the Joint Funding Initiative underway with Glencore, ZIOC's joint venture partner.

For further details of the Zanaga Iron Ore Project, please refer to the Company's website: www.zanagairon.com

Financial review

Results from operations

The financial statements contain the results for ZIOC for the first half of 2014. ZIOC made a profit in the half-year of US$43.7m compared to a profit of US$4.0m in the year to 31 December 2013. The completion of the FS during H1 2014 also completed the consideration required from Glencore to conclude the share option agreement under which Glencore owns 50% plus 1 share shareholding in the Project. The consideration for 50% plus 1 share cost investment in the project of US$150.8m, compared to a US$105.3m 50% plus 1 share reduction in the Company's Zanaga Project asset value at 30 April 2014, realises a surplus of US$45.5m. The profit for the half-year comprised:

	1 January to 30 June 2014 Unaudited US$000	1 January to 30 June 2013 Unaudited US$000	1 January to 31 December 2013 Audited US$000
General expenses	**(1,933)**	(2,504)	(5,161)
Net foreign exchange profit/(loss)	**515**	(2,166)	(32)
Share-based payments	**(168)**	(197)	(397)
Share of (loss)/profit of associate	**(72)**	157	(1,202)
Interest income	**28**	53	97
Gain on part sale of associate	**45,521**	-	-
Gain/(Loss) before tax	**43,891**	(4,657)	(6,695)
Tax	**(22)**	(28)	(58)
Currency translation	**(8)**	(4)	-
Share of other comprehensive income of associate – foreign exchange	**(156)**	(4,276)	10,706
Total comprehensive gain/(loss)	**43,705**	(8,965)	3,953

General expenses of US$1.9m (2013: US$2.5m) consist of staff costs of US$0.5m (2013: US$0.5m), Directors' fees of US$0.3m (2013: US$0.3m), professional fees of US$0.6m (2013: US$1.1m) and US$0.5m (2013: US$0.6m) of other general operating expenses.

The foreign exchange gain of US$0.5m (2013: US$2.2m loss) can be attributed to the impact of the strengthening of UK sterling against the US Dollar during the half-year on the cash balances that are held in UK Sterling.

The share-based payment charges reflect the expense associated with the grant of share options to one of ZIOC's directors, two key employees and one of ZIOC's consultants.

The share of loss of associate reflected above relates to ZIOC's investment in Jumelles Limited, the joint venture company in respect of the Zanaga Project, which generated a loss of US$0.1m (2013: US$0.2m gain) in the six months to 30 June 2014. From May 2014, as a result of the completion of the FS and thus consideration to complete the Glencore share option, only 50% (less one share) of the Jumelles results are now included above.

During the half year period, Jumelles Limited spent US$7.3m on exploration (net of foreign currency revaluation), increasing its capitalised exploration assets to US$294.1m.

Financial position

ZIOC's net asset value ("NAV") of US$276.0m comprises of a US$258.8m investment in Jumelles Limited, US$17.6m of cash balances and US$0.4m of other net current liabilities.

	30 June 2014	30 June 2013	31 December 2013
	Unaudited	Unaudited	Audited
	US$m	US$m	US$m
Investment in associate	**258.8**	184.9	208.5
Fixed assets	**-**	0.1	0.1
Cash	**17.6**	35.1	24.0
Other net current liabilities	**(0.4)**	(1.1)	(0.5)
Net assets	**276.0**	219.0	232.1

Cost of investment

The investment in associate relates to the carrying value of the investment in Jumelles, which as at 30 June 2014 owned 100% of the Project. The carrying value of this investment has increased by US$50.3m due to:

- The completion of the FS during H1 2014 also completed the consideration required from Glencore to conclude the share option agreement under which Glencore owns 50% plus 1 share shareholding in the Project. The consideration for 50% plus 1 share cost investment in the project of US$150.8m, compared to a US$105.3m 50% plus 1 share reduction in the Company's Zanaga Project asset value at 30 April 2014, realises a surplus of US$45.5m.
- Post FS completion funding per the Supplemental Agreement US$5.0m
- The US$0.2m comprehensive loss made by Jumelles Limited during the half-year. Note that this value represents 100% of Jumelles results up until 30 April 2014 FS completion, and 50% less one share proportion thereafter.

As at 30 June 2014, Jumelles Limited had aggregated assets of US$307.6m (June 2013: US$267.7m) and aggregated liabilities of US$5.6m (June 2013: US$6.0m). Assets consisted of US$294.1m (June 2013: US$255.9m) of capitalised exploration assets and US$8.1m (June 2013: US$8.9m) of other fixed assets including property, plant and equipment. A total of US$7.3m (2013: US$14.4m) of exploration costs (net of currency revaluation) were capitalised during the half year period. Cash balances totaled US$4.4m (June 2013: US$1.7m) and other current assets totaled US$1.0m (June 2013: US$1.1m).

Cash flow

Cash balances have decreased by US$6.4m since 31 December 2013. Additional investment in Jumelles required under the Supplemental Agreement (outline details in note 1 to the financial statements) utilized US$5.0m, operating activities US$1.9m, and foreign exchange gains were US$0.5m as the value of UK sterling strengthened against the US Dollar, thus increasing the US Dollar value of the UK Sterling denominated cash balances.

	30 June 2014 Unaudited	30 June 2013 Unaudited	31 December 2013 Audited
GBP Balances	**9.0**	23.4	10.1
	US$000	US$000	US$000
USD value of GBP balances	**15.4**	29.9	16.7
USD value of other currencies	**-**	-	-
USD balances	**2.2**	5.2	7.3
Cash Total	**17.6**	35.1	24.0

Statement of Comprehensive Income

for the six months ended 30 June 2014

	Note	**1 January to 30 June 2014 Unaudited US$000**	1 January to 30 June 2013 Unaudited US$000	1 January to 31 December 2013 Audited US$000
Administrative expenses		**(1,586)**	(4,867)	(5,590)
Share of (loss)/profit associate		**(72)**	157	(1,202)
Operating loss		**(1,658)**	(4,710)	(6,792)
Interest Income		**28**	53	97
Gain on part sale of associate		**45,521**	-	-
Gain/(Loss) before tax		**43,891**	(4,657)	(6,695)
Taxation	5	**(22)**	(28)	(58)
Gain/(Loss) for the period		**43,869**	(4,685)	(6,753)
Foreign exchange translation – foreign operations		**(8)**	(4)	-
Share of other comprehensive income of associate – foreign exchange translation		**(156)**	(4,276)	10,706
Other comprehensive loss		**(164)**	(4,280)	10,706
Total comprehensive gain/(loss)		**43,705**	(8,965)	3,953
Earnings/(Loss) per share (Cents)				
Basic	7	**32.2**	(1.7)	(2.4)
Diluted	7	**31.8**	(1.7)	(2.4)

The gain for the period is attributable to the equity holders of the parent company. All other comprehensive income may be classified as profit and loss in the future.

Statement of changes in equity

for the six months ended 30 June 2014

	Share capital US$000	Retained earnings US$000	Foreign currency translation reserve US$000	Total equity US$000
Balance at 1 January 2013	265,365	(35,529)	(1,729)	228,107
Consideration for share-based payments - other services	197	-	-	197
Share buy backs	(328)	-	-	(328)
Loss for the period	-	(4,685)	-	(4,685)
Other comprehensive income	-	-	(4,280)	(4,280)
Total comprehensive loss	-	(4,685)	(4,280)	(8,965)
Balance at 30 June 2013	265,234	(40,214)	(6,009)	219,011
Consideration for share-based payments - other services	200	-	-	200
Share buy backs	-	-	-	-
Loss for the period	-	(2,068)	-	(2,068)
Other comprehensive income	-	-	14,986	14,986
Total comprehensive loss	-	(2,068)	14,986	12,118
Balance at 31 December 2013	**265,434**	**(42,282)**	**8,977**	**232,129**
Consideration for share-based payments - other services	168	-	-	168
Share buy backs	-	-	-	-
Gain for the period	-	43,869	-	43,869
Other comprehensive income	-	-	(164)	(164)
Total comprehensive loss	-	43,869	(164)	43,705
Balance at 30 June 2014	**265,602**	**1,587**	**8,813**	**276,002**

Balance sheet

as at 30 June 2014

	Note	**30 June 2014 Unaudited US$000**	30 June 2013 Unaudited US$000	31 December 2013 Audited US$000
Non-current asset				
Property, plant and equipment		**30**	66	62
Investment in associate	6	**258,806**	184,890	208,513
		258,836	184,956	208,575
Current assets				
Other receivables		**79**	145	165
Cash and cash equivalents		**17,631**	35,066	24,009
		17,710	35,211	24,174
Total Assets		**276,546**	220,167	232,749
Current liabilities				
Trade and other payables		**(544)**	(1,156)	(620)
Net assets		**276,002**	219,011	232,129
Equity attributable to equity holders of the parent				
Share capital		**265,602**	265,234	265,434
Retained earnings		**1,587**	(40,214)	(42,282)
Foreign currency translation reserve		**8,813**	(6,009)	8,977
Total equity		**276,002**	219,011	232,129

These financial statements set out below were approved by the Board of Directors on 30 September 2014:

Cash flow statement

for the six months ended 30 June 2014

	1 January to 30 June 2014 Unaudited US$000	1 January to 30 June 2013 Unaudited US$000	1 January to 31 Dec 2013 Audited US$000
Cash flows from operating activities			
Total comprehensive income/(loss) for the period	**43,705**	(8,965)	3,953
Adjustments for:			
Depreciation	**36**	11	29
Interest received	**(28)**	(53)	(97)
Taxation expense	**22**	28	58
Decrease in other receivables	**82**	137	117
Decrease in trade and other payables	**(85)**	(524)	(1,027)
Net exchange (profit)/loss	**(515)**	2,166	32
Gain on part sale of associate	**(45,521)**	-	-
Share of loss/(profit) of associate	**228**	4,119	(9,504)
Share-based payments	**168**	197	397
Tax paid	**-**	-	(51)
Net cash from operating activities	**(1,908)**	(2,884)	(6,093)
Cash flows from financing activities			
Proceeds from the issue of share capital	**-**	-	-
Share issue costs	**-**	-	-
Repurchase of own shares	**-**	(328)	(328)
Net cash from financing activities	**-**	(328)	(328)
Cash flows from investing activities			
Interest received	**28**	53	97
Acquisition of property, plant and equipment	**-**	(4)	(11)
Investment in associate	**(5,000)**	-	(10,000)
Net cash from investing activities	**(4,972)**	49	(9,914)
Net decrease in cash and cash equivalents	**(6,880)**	(3,163)	(16,335)
Cash and cash equivalents at beginning of period	**24,009**	40,383	40,383
Effect of exchange rate difference	**502**	(2,154)	(39)
Cash and cash equivalents at end of period	**17,631**	35,066	24,009

Notes to the financial statements

1. Business information and going concern basis of preparation

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

Following completion of the FS in April 2014, modified to a staged development basis under the terms of the Supplemental Agreement announced on 13 September 2013, the consideration for the Call Option whereby Glencore owns 50% plus one share shareholding in the project, is now satisfied. The Mining Licence application and the Environmental Permit application for stage one development of the Project were submitted in May 2014. The Mining Licence was granted in August 2014 and a Mining Convention was signed with the Government of the republic of Congo, with the Convention scheduled to become law by the end of 2014. The Supplemental Agreement also extended the work programme up to 31 December 2014. The final payment of US$2m of the US$17m that the Company agreed to contribute towards funding this work programme, is required in December 2014. The directors have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for the foreseeable future. For these reasons, the financial statements of the Company have been prepared on a going concern basis.

Together with Glencore, the Company is jointly exploring funding options with a view to attracting third party debt and equity financing for project implementation.

2. Accounting policies

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

3. Basis of preparation

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

In accordance with the AIM Rules for Companies, the condensed set of financial statements has been prepared in applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the year ended 31 December 2013. The comparative figures for the financial year ended 31 December 2013 are not the Company's statutory accounts for that financial year. The 2013 accounts have been reported on by the Company's auditors. The report of the auditors was (i) unqualified and (ii) did not include a reference to any matter to which the auditors drew attention by way of emphasis without qualifying their report.

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

4. Segmental reporting

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

5. Taxation

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

The tax charge in the period relates to the Company's subsidiary Zanaga UK Services Limited.

	30 June 2014 Unaudited US$000	30 June 2013 Unaudited US$000	31 December 2013 Audited US$000
Recognised in other comprehensive income:			
Current year	**(22)**	(28)	(58)
Reconciliation of effective tax rate			
Gain/(Loss) before tax	**43,891**	(4,657)	(6,695)
Income tax using the BVI corporation tax rate of 0% (2013: 0%)	**-**	-	-
Effect of tax rate in foreign jurisdictions	**(22)**	(28)	(58)
	(22)	(28)	(58)

The effective tax rate for the Group is 0.1% (December 2013: 0.9%).

6. Investment in associate

	US$000
Balance at 1 January 2013	**189,009**
Additions	**-**
Share of comprehensive income	**(4,119)**
Balance at 30 June 2013	**184,890**
Additions	**10,000**
Share of comprehensive income	**13,623**
Balance at 31 December 2013	**208,513**
Change in investment carrying value from gain on dilution of shares	**45,521**
Additions	**5,000**
Share of comprehensive income	**(228)**
Balance at 30 June 2014	**258,806**

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

The completion of the FS during H1 2014 also completed the consideration required from Glencore to conclude the share option agreement under which Glencore owns 50% plus 1 share shareholding in the Project. The consideration for 50% plus 1 share cost investment in the project of US$150.8m, compared to a US$105.3m 50% plus 1 share reduction in the Company's Zanaga Project asset value at 30 April 2014, realises a surplus of US$45.5m.

The additions to the investment during 2013 and 2014, were due to US$15,000,000 of additional investment agreed in accordance with the Joint Venture Supplemental Agreement. A further US$2,000,000 is payable in December 2014.

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

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

As at 30 June 2014, Jumelles Limited had aggregated assets of US$307.6m (June 2013: US$267.7m) and aggregated liabilities of US$5.6m (June 2013: US$6.0m). For the 6 months ended 30 June 2014, it incurred expenses of US$84k (June 2012 interest income net of administrative expenses, gain: US$157k) and incurred no taxation charge (June 2013: US$nil). A summarised consolidated balance sheet of Jumelles Limited for the 6 months ended 30 June 2014, including adjustments made for equity accounting, is included below:

	30 June 2014 Unaudited US$000	30 June 2013 Unaudited US$000	31 December 2013 Audited US$000
Non-current assets			
Property, plant and equipment	**8,055**	8,672	7,421
Exploration and other evaluation assets	**294,129**	255,896	286,876
Related party receivable from Xstrata Project Services	**-**	-	-
Intangible assets	**3**	207	3
	302,187	264,775	294,300
Current assets	**5,423**	2,890	4,948
Current liabilities	**(5,629)**	(6,019)	(8,416)
Net current liabilities	**(206)**	(3,129)	(3,468)
Net assets	**301,981**	261,646	290,832
Share capital	**310,779**	9,593	9,593
Share option reserve	**-**	287,021	292,584
Capital Contribution 1 (ZIOC+Glencore)	**1,030**	1,030	1,030
Capital Contribution 2 (ZIOC)	**15,000**	-	10,000
Translation reserve	**6,018**	(6,595)	8,387
Retained earnings	**(30,846)**	(29,403)	(30,762)
	301,981	261,646	290,832

7. Earnings per share	**30 June 2014 Unaudited**	30 June 2013 Unaudited	31 December 2013 Audited
Gain/(Loss) (Basic and diluted)	**43,891**	(4,685)	(6,753)

Weighted average number of shares (thousands)			
Basic and diluted			
Issued shares at beginning of period	**278,777**	279,777	279,777
Effect of shares issued	**-**	-	–
Effect of share repurchase	**-**	(994)	(997)
Effect of own shares	**(4,042)**	(4,655)	(4,346)
Effect of share split	**-**	-	–
Weighted average number of shares at end of period - basic	**274,735**	274,128	274,434
Earnings/(Loss) per share (Cents)			
Basic	**32.2**	(1.7)	(2.4)
Diluted	**31.8**	(1.7)	(2.4)

8. Related parties

The following transactions occurred with related parties during the period:

	Transactions for the period			**Closing balance**		
	30 June 2014 Unaudited US$000	30 June 2013 Unaudited US$000	31 December 2013 Audited US$000	**30 June 2014 Unaudited US$000**	30 June 2013 Unaudited US$000	31 December 2013 Audited US$000
Intercompany payable Jumelles Limited	**-**	20	25	**-**	45	-
Intercompany payable Jumelles Technical Services UK Limited	**-**	(4)	53	**-**	49	-
Harris GeoConsult Ltd[1] payable	**112**	106	(228)	**24**	27	(10)
Strata Capital UK LLP[2] payable	**123**	352	(729)	**66**	183	(8)
Xstrata Services UK Ltd	**-**	-	(9)	**5**	14	5
Funding:						
To Jumelles Limited	**5,000**	-	10,000	**-**	-	-

1. Harris GeoConsult is a consulting company in which director Colin Harris has a controlling interest.
2. Strata Capital UK LLP is an investment and consulting company in which director Michael Haworth has an interest.

In addition to the transactions above, the Company has also granted awards of share options in respect of consultancy services provided by Strata Capital. For further details, please refer to the Non Employees section of Share-based payments Note 11 in the Company's 2013 Annual Report.
