THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document, or the action you should take, you should seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 ("FSMA") if you are in the United Kingdom or, if not, from another appropriately authorised independent adviser who specialises in advising on the acquisition of shares and other securities.

This Document, which comprises an AIM admission document, has been drawn up in accordance with the AIM Rules for Companies. This Document does not constitute an offer of transferable securities to the public within the meaning of section 102B of FSMA and is not required to be issued as a prospectus in accordance with the provisions of section 85 of FSMA and is not a prospectus (as defined in the AIM Rules for Companies). Accordingly, this Document has not been prepared in accordance with the Prospectus Rules (as defined in the AIM Rules for Companies), nor has it been approved by the Financial Services Authority (the "FSA") pursuant to section 85 of FSMA and a copy has not been and will not be delivered to the FSA.

The Company and the Directors, details of which or whom appear on page 4 of this Document, accept responsibility both individually and collectively for the information contained in this Document. To the best of the knowledge and belief of the Company and the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application will be made for all of the issued and to be issued Ordinary Shares to be admitted to trading on the AIM market of the London Stock Exchange ("AIM"). **AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this Document.** Neither the Ordinary Shares nor the Placee Warrants are admitted to trading on any recognised investment exchange and apart from the application for Admission, no such other applications have been or are intended to be made. The Directors expect that Admission will become effective and that dealings in the Ordinary Shares will commence on AIM on 9 October 2012.

SULA IRON & GOLD PLC

Incorporated and registered in England and Wales with registered number 7800337

Placing of 19,166,674 Ordinary Shares at a price of 6 pence per share with
1 Placee Warrant attached for every 2 Ordinary Shares subscribed for under the Placing
and
Admission of the Ordinary Shares to trading on AIM

Nominated Adviser	Joint Broker	Joint Broker
Cairn Financial Advisers LLP	*Northland Capital Partners Limited*	*Merchant Securities Limited*

Cairn Financial Advisers LLP, Northland Capital Partners Limited and Merchant Securities Limited, which are authorised and regulated in the United Kingdom by the FSA and are members of the London Stock Exchange, are the Company's nominated adviser and joint brokers respectively in connection with the Admission for the purposes of the AIM Rules and are acting exclusively for the Company and no one else in connection with the matters described herein and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Cairn Financial Advisers LLP, Northland Capital Partners Limited and Merchant Securities Limited or for advising any other person in respect of the proposed Placing and Admission or any acquisition of shares in any company. The responsibilities of Cairn Financial Advisers LLP, as nominated adviser under the AIM Rules, are owed solely to the London Stock Exchange and are not owed to the Company or any Director or to any other person in respect of their decision to acquire Ordinary Shares in reliance on any part of this Document. No person has been authorised to give any information or make any representations other than those contained in this Document and, if given or made, such information or representations must not be relied upon as having been so authorised. No representation or warranty, express or implied, is made by Cairn Financial Advisers LLP, Northland Capital Partners Limited or Merchant Securities Limited as to any of the contents of this Document. Neither Cairn Financial Advisers LLP nor Northland Capital Partners Limited nor Merchant Securities Limited has authorised the contents of any part of this Document for any purpose and no liability whatsoever is accepted by Cairn Financial Advisers LLP, Northland Capital Partners Limited or Merchant Securities Limited for the accuracy of any information or opinions contained in this Document. Neither the delivery of this Document hereunder nor any subsequent subscription or sale made for Ordinary Shares shall, under any circumstances, create any implication that the information contained in this Document is correct as of any time subsequent to the date of this Document.

Copies of this Document will be available free of charge during normal business hours on any day (except Saturdays, Sundays and UK public holidays) at the offices of Cairn Financial Advisers LLP, 61 Cheapside, London EC2V 6AX from the date of this Document and shall remain available for a period of one month from Admission. Additionally, an electronic version of this Document will be available on the Company's website, www.sulairongold.com.

An investment in the Company may not be suitable for all recipients of this Document. Any such investment is speculative and involves a high degree of risk. Prospective purchasers of Ordinary Shares should carefully consider whether an investment in the Company is suitable for them in light of their circumstances and the financial resources available to them. Attention is drawn, in particular, to the Risk Factors set out in Part II of this Document. The whole of the text of this Document should be read.

OVERSEAS SHAREHOLDERS

This Document does not constitute an offer to sell, or a solicitation to buy, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this Document is not, subject to certain exceptions, for distribution in or into the United States of America, Canada, Australia, the Republic of South Africa, Japan or the Republic of Ireland. Neither the Ordinary Shares nor the Placee Warrants have been nor will be registered under the United States Securities Act of 1933, as amended, nor under the securities legislation of any state of the United States or any province or territory of Canada, Australia, the Republic of South Africa, Japan, the Republic of Ireland or in any country, territory or possession where to do so may contravene local securities laws or regulations. Accordingly, neither the Ordinary Shares nor the Placee Warrants may, subject to certain exceptions, be offered or sold directly or indirectly in or into the United States of America, Canada, Australia, the Republic of South Africa, Japan, the Republic of Ireland or to any national, citizen or resident of the United States of America, Canada, Australia, the Republic of South Africa, Japan or the Republic of Ireland. The distribution of this Document in certain jurisdictions may be restricted by law. No action has been taken by the Company or by Cairn Financial Advisers LLP or Northland Capital Partners Limited or Merchant Securities Limited that would permit a public offer of Ordinary Shares or warrants or possession or distribution of this Document where action for that purpose is required. Persons into whose possession this Document comes should inform themselves about, and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Holding Ordinary Shares or warrants may have implications for overseas shareholders under the laws of the relevant overseas jurisdictions. Overseas shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each overseas shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

FORWARD-LOOKING STATEMENTS

Certain statements in this Document are forward-looking statements. These forward-looking statements are not based on historical facts but rather on the Directors' expectations regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, planned exploration and development activity and the results of such activity, business prospects and opportunities. Such forward-looking statements reflect Directors' current beliefs and assumptions and are based on information currently available to management. Forward-looking statements involve significant known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including risks associated with vulnerability to general economic and business conditions, competition, environmental and other regulatory changes, the results of exploration and development drilling and related activities, actions by governmental authorities, the availability of capital markets, reliance on key personnel, uninsured and underinsured losses and other factors, many of which are beyond the control of the Company. These forward-looking statements are subject to, *inter alia*, the risk factors described in Part II of this Document. Although the forward-looking statements contained in this Document are based upon what the Directors believe to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements.

CONTENTS

Part I of this Document contains cross-references to information contained in the Competent Person's Report set out at Part III of this Document. The Company confirms that the information contained in Part I which has been extracted from the Competent Person's Report has been accurately reproduced and that, so far as the Company is aware and is able to ascertain from the Competent Person's Report, no facts have been omitted which would render the extracts inaccurate or misleading. SRK ES has reviewed the information contained in this Document which relates to information contained in the Competent Person's Report and has confirmed in writing to the Company and Cairn Financial Advisers LLP that the information presented is accurate, balanced and complete and not inconsistent with the Competent Person's Report.

PLACING STATISTICS

Placing Price (per share)	6 pence
Number of Existing Ordinary Shares in issue before Admission	82,000,000
Number of Placing Shares	19,166,674
Number of Conversion Shares	13,000,000
Number of Ordinary Shares in issue following the Placing, the Conversion and Admission	114,166,674
Percentage of the Enlarged Share Capital constituted by the Placing Shares	16.8 per cent.
Number of Ordinary Shares under warrant and option following the Placing, the Conversion and Admission	29,695,372
Number of Ordinary Shares on a fully diluted basis following the Placing, the Conversion and Admission*	143,862,046
Net Proceeds	£0.84 million
Market capitalisation of the Company on Admission at the Placing Price (estimate)	£7 million
AIM symbol	SULA
International Security Identification Number ("ISIN")	GB00B6Y3CV16

* *on the basis that all warrants and options in existence on Admission have been exercised*

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2012
Publication of this Document	2 October
Admission and commencement of dealings on the London Stock Exchange	8.00 a.m. on 9 October
CREST accounts expected to be credited by	9 October
Despatch of definitive share certificates and warrant certificates by	16 October

Note: All references to times in this timetable are to London times. The times and dates may be subject to change.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Brian Michael Moritz	*Non-Executive Chairman*
	Nicholas Sherriff Warrell	*Chief Executive Officer*
	Gavin John Burnell	*Non-Executive Director*
	Dr Christopher Charles Wilson	*Non-Executive Technical Director*
Company Secretary	Lorraine Elizabeth Young	
Registered office	190 High Street Tonbridge Kent TN9 1BE United Kingdom	
Principal operating addresses	Craven House West Street Farnham Surrey GU9 7EN United Kingdom	
	Dalakuru Town Diang Chiefdom Koinadugu District Northern Province Sierra Leone	
Website	www.sulairongold.com	
Nominated Adviser	**Cairn Financial Advisers LLP** 61 Cheapside London EC2V 6AX United Kingdom	
Joint Broker	**Northland Capital Partners Limited** 60 Gresham Street London EC2V 7BB United Kingdom	
Joint Broker	**Merchant Securities Limited** 51-55 Gresham Street London EC2V 7EL United Kingdom	
Placing Agent	**Beaufort International Associates Limited** 131 Finsbury Pavement London EC2A 1NT United Kingdom	
Solicitors to the Company as to English law	**Moorhead James LLP** Kildare House 3 Dorset Rise London EC4Y 8EN United Kingdom	
Legal counsel to the Company as to Sierra Leone law	**Yada Williams & Associates** 2nd Floor 7 Walpole Street Freetown Sierra Leone	

Solicitors to the Placing	**Pinsent Masons LLP** 30 Crown Place Earl Street London EC2A 4ES United Kingdom
Auditor and Reporting Accountant *(Registered as auditors by the Institute of Chartered Accountants in England and Wales)*	**Chantrey Vellacott DFK LLP** Russell Square House 10-12 Russell Square London WC1B 5LF United Kingdom
Competent Person	**SRK Exploration Services Limited** 12 St Andrew's Crescent Cardiff CF10 3DD United Kingdom
Public Relations	**St Brides Media & Finance Limited** Chaucer House 38 Bow Lane London EC4M 9AY United Kingdom
Principal Bankers	**Coutts & Co** 440 Strand London WC2R 0QS United Kingdom
Registrar	**Share Registrars Limited** Suite E, First Floor 9 Lion and Lamb Yard Farnham Surrey GU9 7LL United Kingdom

DEFINITIONS

The following definitions apply throughout this Document unless the context otherwise requires:

"Act"	the UK Companies Act 2006, as amended;
"Admission"	the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with the AIM Rules for Companies;
"Advisers"	Cairn, Northland Capital, Merchant Securities and Beaufort;
"AIM"	the market of that name operated by the London Stock Exchange;
"AIM Rules"	the AIM Rules for Companies and the AIM Rules for Nominated Advisers;
"AIM Rules for Companies"	the rules which set out the obligations and responsibilities in relation to companies whose shares are admitted to AIM as published by the London Stock Exchange from time to time;
"AIM Rules for Nominated Advisers"	the rules which set out the eligibility, obligations and certain disciplinary matters in relation to nominated advisers as published by the London Stock Exchange from time to time;
"Articles"	the articles of association of the Company for the time being, a summary of which is set out in paragraph 5 of Part VI of this Document;
"Beaufort"	Beaufort International Associates Limited, which is acting as placing agent to the Company in the Placing;
"Beaufort Warrants"	the warrants issued, conditional on Admission, to Beaufort by the Company to subscribe for up to 471,657 Ordinary Shares at the Placing Price, further details of which are set out at paragraph 12 of Part VI of this Document;
"Blue Horizon"	Blue Horizon (S.L) Limited, a private limited company incorporated in Sierra Leone with registration number C.F/334/2011 and the wholly-owned subsidiary of the Company;
"Board" or "Directors"	the current directors of the Company, whose names are set out on page 4 of this Document;
"Cairn"	Cairn Financial Advisers LLP, the Company's nominated adviser;
"Cairn Warrants"	the warrants issued, conditional on Admission, to Cairn by the Company to subscribe for up to 1,141,667 Ordinary Shares at the Placing Price, further details of which are set out at paragraph 12 of Part VI of this Document;
"Certificated" or "in Certificated Form"	a share or other security recorded on the relevant register of the relevant company as being held in certificated form and title to which may be transferred by means of a stock transfer form;
"Competent Person's Report" or "CPR"	a report prepared by SRK ES addressed to the Company, Cairn, Northland Capital and Merchant Securities on the Sula Project, a copy of which is reproduced in Part III of this Document;
"Conversion"	the conversion of the Convertible Loan Notes into 13,000,000 Ordinary Shares on Admission;

"Conversion Shares"	13,000,000 Ordinary Shares to be issued to the Pre-IPO Investors pursuant to the Conversion;
"Convertible Loan Notes"	the convertible loan notes of £520,000 issued to the Pre-IPO Investors in the Pre-IPO Fundraising, which will convert into the Conversion Shares, further details of which are set out at paragraph 12 of Part VI of this Document;
"Convertible Loan Warrants"	the warrants issued, conditional on Admission, to the Pre-IPO Investors by the Company to subscribe for up to 6,500,000 Ordinary Shares at the Placing Price, further details of which are set out at paragraph 12 of Part VI of this Document;
"Corporate Governance Code"	the UK Corporate Governance Code published by the Financial Reporting Council in June 2010, as amended;
"CREST"	the computerised settlement system to facilitate the transfer of title of shares in uncertificated form operated by Euroclear;
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended;
"Disclosure and Transparency Rules"	the rules and regulations made by the FSA in its capacity as the UKLA under Part VI of FSMA, as amended, and contained in the UKLA publication of the same name;
"Document"	this document;
"Enlarged Share Capital"	the share capital of the Company upon Admission, comprising the Existing Ordinary Shares, the Conversion Shares and the Placing Shares;
"Euroclear"	Euroclear UK & Ireland Limited, a company incorporated in England and Wales with registration number 2878738, whose registered address is at 33 Cannon Street, London EC4M 5SB;
"Existing Ordinary Shares"	the 82,000,000 Ordinary Shares in issue as at the date of this Document;
"Financial Services Authority" or "FSA"	the United Kingdom Financial Services Authority;
"FSMA"	the Financial Services and Markets Act 2000 of the United Kingdom, as amended;
"GLR"	Golden Leo Resources Limited, a company registered in the British Virgin Islands, which held licences from 1996 to 2011 covering the same area as the Sula Licence;
"Group"	the Company and Blue Horizon, its wholly-owned subsidiary;
"HMRC"	Her Majesty's Revenue & Customs;
"IFRS"	the International Financial Reporting Standards as adopted by the International Accounting Standards Board;
"Lock-in Arrangements"	the lock-in arrangements entered into by the Locked-in Persons and the Pre-IPO Investors, described in paragraph 11 of Part I and paragraph 12 of Part VI of this Document;
"Locked-in Persons"	the Directors, Hot Rocks Investments plc and Woodland Capital Limited;

"London Stock Exchange"	London Stock Exchange plc;
"Merchant Securities"	Merchant Securities Limited, the Company's joint broker;
"Merchant Securities Warrants"	the warrants issued, conditional on Admission, to Merchant Securities by the Company to subscribe for up to 260,000 Ordinary Shares at the Placing Price, further details of which are set out at paragraph 12 of Part VI of this Document;
"Net Proceeds"	the estimated proceeds of the Placing after the deduction of expenses;
"Northland Capital"	Northland Capital Partners Limited, the Company's joint broker;
"Northland Capital Warrants"	the warrants issued, conditional on Admission, to Northland Capital by the Company to subscribe for up to 322,045 Ordinary Shares at the Placing Price, further details of which are set out at paragraph 12 of Part VI of this Document;
"Official List"	the list maintained by the UKLA in accordance with section 74(1) of FSMA for the purposes of Part VI of FSMA;
"Ordinary Shares"	ordinary shares of £0.01 each in the capital of the Company;
"Placees"	investors to whom Placing Shares are issued pursuant to the Placing;
"Placee Warrants"	the warrants issued, conditional on Admission, to the Placees by the Company to subscribe for up to 9,583,336 Ordinary Shares at 8 pence per share, further details of which are set out in Part VII of this Document;
"Placing"	the conditional placing by Northland Capital, Merchant Securities and Beaufort on behalf of the Company of the Placing Shares at the Placing Price pursuant to the Placing Agreement;
"Placing Agreement"	the conditional agreement dated 2 October 2012 between, *inter alia*, the Company, the Directors, Cairn, Northland Capital, Merchant Securities and Beaufort relating to the Placing, details of which are set out at paragraph 12 of Part VI of this Document;
"Placing Price"	6 pence per Placing Share;
"Placing Shares"	19,166,674 Ordinary Shares to be issued to the Placees pursuant to the Placing;
"Pre-IPO Fundraising"	the fundraising by the Company prior to the Placing under which the Convertible Loan Notes were issued to institutional and other investors;
"Pre-IPO Investors"	investors who subscribed for the Convertible Loan Notes in the Pre-IPO Fundraising;
"Shareholders"	the persons who are registered as holders of the Ordinary Shares;
"Sierra Leone"	The Republic of Sierra Leone;
"SLL"	Sierra Leonean Leone, the legal currency of Sierra Leone;
"SRK ES"	SRK Exploration Services Limited, the competent person;
"Sterling" or "£"	the legal currency of the UK;

"Sula" or "Company"	Sula Iron & Gold plc, a public limited company incorporated in England and Wales with registration number 7800337;
"Sula Licence"	Exploration Licence No EL 54/2011;
"Sula Project"	the development of the Sula Licence, the sole project of the Company, as described in Part I of this Document;
"Takeover Code"	the City Code on Takeovers and Mergers;
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland;
"UKLA"	the United Kingdom Listing Authority, being the FSA acting in its capacity as the competent authority for the purposes of Part VI of FSMA;
"Uncertificated" or "in Uncertificated Form"	a share or other security recorded on the relevant register of the relevant company concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
"US" or "United States"	the United States of America, its territories and possessions, any states of the United States of America and the District of Columbia and all other areas subject to its jurisdiction;
"US$"	the legal currency of the United States; and
"VAT"	value added tax.

GLOSSARY OF TECHNICAL TERMS AND MEASUREMENTS

The following table provides an explanation of certain technical terms and abbreviations used in this Document. The terms and their assigned meanings may not correspond to standard industry meanings or usage of these terms.

µ	micrometre, $1x10^{-6}$ of a meter (1,000µ = 1mm);
Ag	the chemical symbol for silver;
Au	the chemical symbol for gold;
BIF	banded iron formation, a rock formation which typically consists of repeated, thin layers of iron oxides, either magnetite or hematite, alternating with bands of iron-poor shale and chert;
Bt	billion tonnes;
Exploration Licence	exclusive authorisation granted by the Minister on the Minerals Advisory Board of the Ministry of Mineral Resources of Sierra Leone, permitting the holder to prospect for any mineral within the specified licence area of up to 250 km^2, granted for an initial period of four years and renewable for a further period of three years with the option for another two years;
Fe	the chemical symbol for iron;
Fe_{TOT}	total content of elemental iron, expressed as a percentage (incorporates all iron bearing minerals);
g/t	grams per tonne;
gossanous sulphide concentrations	an area of intense surface oxidisation/weathering which has caused the concentration of original sulphide mineralisation and secondary mineral pseudomorphs;
hematite	the mineral form of iron(III) oxide, with chemical formula Fe_2O_3;
Indicated	that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and average mineral content can be estimated with a reasonable level of confidence. It is based on exploration sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed and sufficient minerals have been recovered to allow a confident estimate of average mineral value;
Inferred	that part of a Mineral Resource for which tonnage, grade and average mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified by geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that may be limited or of uncertain quality and reliability;
JORC	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2004 that sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore

	Reserves. The definitions in the JORC Code are either identical to, or not materially different from, those similar codes, guidelines and standards published and adopted by the relevant professional bodies in Australia, Canada, South Africa, United States, UK, Ireland and many countries in Europe;
laterite	soil types rich in iron and aluminium, formed in hot and wet tropical areas;
magnetite	a ferromagnetic mineral with chemical formula Fe_3O_4;
Measured	that part of a Mineral Resource for which tonnage, grade and average mineral content can be estimated with a high level of confidence.
Mineral Resource	a concentration of material of economic interest in or on Earth's crust in such form, quality and quantity that there are reasonable and realistic prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a Mineral Resource are known, estimated from specific geological evidence and knowledge, or interpreted from a well constrained and portrayed geological model. Mineral Resources are subdivided, in order of increasing confidence in respect of geoscientific evidence, into Inferred, Indicated and Measured categories;
Mt	million tonnes;
regolith	a layer of loose, heterogeneous material covering solid rock, which includes dust, soil, broken rock, and other related materials;
RAB	rotary air blast drilling, being percussion drilling using a pneumatic hammer, cutting rock into chips which are flushed to the surface through the space between the drill pipe and the wall of the hole;
supergene	in ore deposit geology, supergene processes or enrichment occur relatively near the surface;
synkinematic	a geologic process or event (such as intrusion) occurring during tectonic activity; and
tourmaline	a crystal boron silicate mineral compounded with elements such as aluminium, iron, magnesium, sodium, lithium, or potassium.

PART I

INFORMATION ON THE GROUP

1. Introduction

The Company is a mineral exploration and development company formed for the purpose of exploring and developing the Sula Licence granted to Blue Horizon, its wholly-owned subsidiary, by the government of Sierra Leone in August 2011.

The Company is seeking to raise £1.15 million under the Placing.

Investment Case

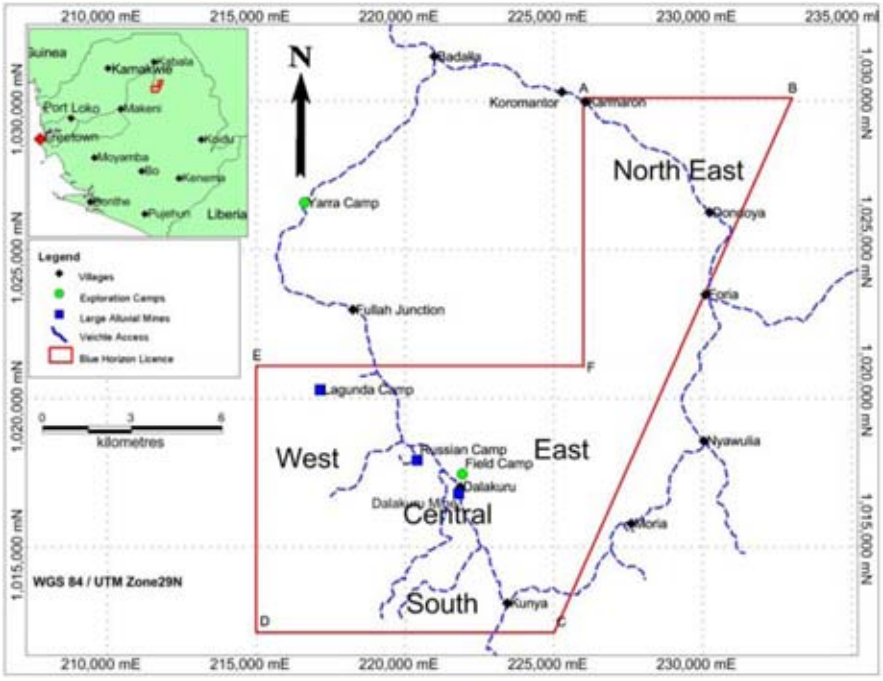
The Directors believe that the key attributes of the Sula Project are as follows:

- contiguous to a 12.8 Bt operational iron ore mine owned by African Minerals Limited;
- dual commodity exposure – iron ore and gold – in a prospective, mineral-rich region;
- iron ore exploration target of at least 500 million tonnes @ Fe content in excess of 30 per cent.;
- probable primary gold deposit and laterite-hosted secondary gold;
- defined exploration programme and strategy to prove Mineral Resource; and
- experienced team with in-depth knowledge of Sierra Leone and strong local support.

2. The Sula Project

Title, Location & Infrastructure

Blue Horizon was granted the Sula Licence on 23 August 2011 and was registered on 24 August 2011 for a period of four years according to the Mines and Minerals Act 2009 of Sierra Leone. The licence comprises some 153 km^2 and is located within the Northern Province of Sierra Leone, 55 km south of Kabala, the nearest town, and 290 km northeast of the capital Freetown, as detailed on the map below:



Location of the Sula Licence area

Source: SKR ES

The Sula Licence has good infrastructure with access from Freetown along a tarred road via the regional centre of Makeni, followed by 80km on unpaved tracks. The area is served by a circuit of dirt roads accessible by four-wheel drive vehicles. The area also contains the outflow of Lake Sonfon, which dominates the local geography draining down through the centre of the area, flowing eventually into the Sende River and southwest towards the Atlantic Ocean.

The Sula Licence contains an exploration camp adjacent to the village of Dalakuru (as indicated above). The exploration camp has recently been completely renovated by the Company with the installation of running water, sanitation, cooking and multiple air-conditioned accommodation facilities, all of which are powered by a fully integrated diesel generator. The camp is ideally situated and equipped to facilitate future exploration work within the Sula Licence.

Region

The Sula Licence is located within the northernmost part of the Sula mountain range, which is composed of a mixture of greenstone volcano-sedimentary metamorphosed units of the Sula-Kangari Greenstone Belt as well as the Late and Syn-kinematic granites.

The geology and mineralisation of the Sula mountain range were published by the Geological Survey between 1950 and 1954 and the first primary source of gold was documented in the area in 1958 by Wilson and Marmo's "Geology, Geomorphology and Mineral Resources of the Sula Mountains".

The structure of the Sula-Kangari Greenstone Belt is complicated with different generations of major structures and lineaments seen cross cutting all the way up through the belt. Gold mineralisation within the Sula mountain range is thought to be associated with structurally-controlled quartz-sulphide veins and sulphide-rich shear zones. This is backed up by the findings of Wilson and Marmo and results of more recent historical exploration work.

The Directors believe that the region is prospective for iron ore and gold, as evidenced by the work completed to date by the Group, the findings set out in the Competent Person's Report in Part III of this Document and by the presence of a number of operators in the region.

Adjoining Licences and Competitor Activity

African Minerals Limited ("AML"), an AIM-quoted company registered in Bermuda, wholly owns the Tonkolili licence, which adjoins the Sula Licence to the south and which was upgraded to a mining licence in August 2010. In December 2010, AML declared a JORC compliant Mineral Resource estimate comprising 12.8 Bt of iron ore. AML has since constructed an integrated mine, rail and port infrastructure and, in November 2011, announced loading of its first Tonkolili iron ore shipment.

In total, five contiguous orebodies have been drilled on the Tonkolili licence comprising over 21 km of strike length. The northernmost of these are the parallel Kasafoni West and Kasafoni East orebodies which have a combined strike length of 12 km and have been reported to contain a total of 4.3 Bt of ore, 2.9 Bt of which has been classed as Inferred and 1.4 Bt as Indicated, with an average FE_{TOT} content of 30.4 per cent. SRK ES considers that there is a possibility that these orebodies extend to the northeast into the Sula Licence.

Publicly available airborne aeromagnetic data shows that one of the magnetic anomalies delineated by AML at the northern end of the Tonkolili licence extends northeast into the Sula Licence. It is currently unnamed and undrilled. This anomaly has now been confirmed by SRK ES by a ground magnetometer survey and field observations as being a BIF.

Taia Lion Resources, Inc. ("TLR") is a private company registered in Canada and currently holds the Lake Sonfon mining licence, which borders the Sula Licence to the north and west. TLR's licence covers a total area of 108 km^2 and is licensed for the mining of gold. It is understood that TLR is currently actively working on this property.

The Sula Licence also borders other exploration licences to the east, west and south.

Historical Exploration Work

Historical exploration work was undertaken on the Sula Licence area by GLR, which held licences covering the same area as the Sula Licence from 1996 to 2011. During this period, a RAB drilling programme, a regolith infill sampling programme and two diamond drilling scouting programmes were conducted. SRK ES has concluded that it appears that the Sula Licence has previously been explored primarily for its gold potential. From publicly available documents, it appears that the potential for iron mineralisation in the form of a BIF has not been investigated to date, save for the ground magnetometer survey recently commissioned by the Group.

An analysis and summary of available results of historical exploration work are included in section 3.7 of the CPR, which is included in Part III of this Document.

Iron Ore Potential

The prospectivity for iron mineralisation in the form of BIF supergene enriched oxidised zones is very good. The Group commissioned a ground magnetometer survey over the south-western portion of the Sula Licence to delineate a BIF unit as seen in the south within the Sula-Kangari greenstone belt. The results of the survey, field observations and a detailed understanding of Tonkolili's geological model demonstrate that a BIF exists within the southwest quadrant of the Sula Licence. There is also a possibility that the already drilled Kasafoni East/West orebodies extend northwards into the concession although the anomalies are less strong and were not covered by the recent magnetometer survey.

The potential size and grade of the deposit cannot be estimated at present. However, a reasonable exploration target for the Sula Licence in terms of a BIF would be in the region of 500 million tonnes (0.5 Bt @ FE_{TOT} content of 30.4 per cent.). The grade of a hematite cap would be expected to be in the region of 55 per cent. FE_{TOT}.

Gold Potential

Gold mineralisation is present in the Sula Licence in the form of free gold in alluvial gravels, in clasts of vein quartz in the gravels, in quartz tourmaline veins and associated with gossanous sulphide concentrations or 'pods' within the upper part of the laterite tropical weathering profile (duricrust).

Artisanal alluvial mining is currently taking place in the western sector of the Sula Licence and varies in scale from subsistence panning of streams to large scale organised operations at Lagunda and Dalakuru. Two samples collected by SRK ES from Lagunda yielded grades of 3.52 g/t Au and 3.40 g/t Au respectively, which are encouraging results from an alluvial washing operation.

A grab sample of a sulphide 'pod' collected by SRK ES yielded a grade of 4.92 g/t Au while a sample collected from the same site in the Yafarina river was shown to contain visible gold when crushed and washed. All alluvial gold seen in the concession was small, at 375µ to 3mm, bright yellow and angular.

The Group's focus is primary gold mineralisation rather than secondary alluvial gold. The alluvial gold seen in the Sula Licence appears to have the characteristics of gold which has just entered the alluvial system and SRK ES consider it to be proximal to its source. SRK ES therefore considers it probable that a primary gold source lies within the Sula Licence and, given the geology of the area, this could be a mesothermal vein/lode deposit or related to a BIF.

Exploration Programme

Although notable exploration has been conducted on the Sula Licence, there remains significant work still to be done in following up discoveries made to date as well as evaluating previous untested parts of the Sula Licence.

The Group's strategy is towards Mineral Resource definition through a detailed exploration programme involving geochemical sampling, geophysical surveys and exploration drilling. The ultimate aim of the Company is to define a sufficient in-situ Mineral Resource to support a detailed feasibility study towards mine development and production.

The Group's primary focus at this stage is the evaluation of the BIF potential of the Sula Licence. Consequently, two additional magnetometer surveys to further establish the extent of the BIF will be undertaken in late 2012 at an estimated cost of £80,000.

In addition, the completion and analysis of a geochemical sampling programme (soils and rock chips), for which approximately 1,000 samples have already been collected from the same area as the initial ground magnetometer survey, is planned. The samples will be subjected to a multi-element analysis which will investigate any link between the BIF and gold mineralisation within the Sula Licence.

Subject to the results of the above programme and to the availability of further funding by way of equity issue or joint venture agreements, the Group's further exploration programme will comprise scout drilling on the BIF and soil/rock chip sampling on the South West Sector of the Sula Licence, as recommended in the CPR, at an estimated cost of £500,000.

Litigation brought against Blue Horizon by GLR

Prior to the grant of the Sula Licence, GLR held an exploration licence over the same licence area as is covered by the Sula Licence. GLR's licence was cancelled by the Sierra Leone Ministry of Mines in June 2011. In December 2011, GLR issued a writ against Blue Horizon seeking, *inter alia*, a declaration that GLR was the person entitled to the licence area and obtained an *ex parte* interim injunction against Blue Horizon and Nicholas Warrell.

The High Court of Sierra Leone has ruled in favour of Blue Horizon, setting aside in February 2012 the *ex parte* injunction and ruling in March 2012 that, *inter alia*, GLR had no cause of action against Blue Horizon and striking out GLR's action. Further details of the actions are set out in Part II and paragraph 13 of Part VI of this Document.

Sierra Leone – Mining Regime

Sierra Leone is governed by a British based legal system. Under the Mines and Minerals Act 2009 of Sierra Leone ("MMA"), an exploration licence may be granted for an initial period of not more than four years, over an area of not more than 250 km^2. An exploration licence must, *inter alia*, include an approved exploration programme and a minimum expenditure.

An exploration licence carries the exclusive right to carry on approved exploration activities in the licence area, to ward off squatters and proceed against the owner or any other previous lawful occupier if they try to interfere with its possession and control of the licence area.

Under the MMA, the licence holder has the right to renew the licence for a further period of three years, and to extend it on a second renewal for a further period of two years. The area subject to renewal will not be greater than 125 km^2 unless, exceptionally and subject to certain conditions, the surrender to 125 km^2 would result in (at first renewal) highly prospective areas being left out, or (at second renewal) the unavoidable exclusion of part of an economically recoverable mineral deposit.

Under Sierra Leone law, all lands in the provinces are vested in tribal authorities, and a licence holder has to negotiate with the relevant tribal authority if it needs land for its operations. If agreement cannot be reached, the Minister of Mines and Marine Resources will compulsorily acquire such land. The holder of a mineral right is obligated upon demand to give fair and reasonable compensation to the owner or lawful occupier for any disturbance of their rights and damage done to the surface of the land.

Where an exploration licence is concerned, there is no requirement for an environmental impact assessment, although operations must be carried out with due respect for the environment and restore the site at the end of exploration operations.

The holder of an exploration licence has the exclusive right to apply for a small-scale or large-scale mining licence over any part or the entire licence not later than 90 days before the expiry of the licence. Where such an application has not been dealt with before the date on which the licence would have expired, the exploration licence continues until the mining lease is granted or the application has otherwise been fully disposed of.

A brief description of Sierra Leone's history, politics and economics is set out in paragraph 2 of the CPR in Part III of this Document.

3. Corporate Structure

The Company was incorporated on 6 October 2011 for the purpose of being the holding company of the Group. The Company's only subsidiary is Blue Horizon, which was acquired by the Company on 24 February 2012 in exchange for 50,000,000 Ordinary Shares. Blue Horizon is the holder of the Sula Licence.

Further details of each of the Company and Blue Horizon are set out at paragraphs 2 and 3 respectively of Part VI of this Document.

4. Funding

Since incorporation, the Company has received initial equity funding from Directors and related parties of £390,000 and has outstanding loans from Brian Moritz of US$30,000 (approximately £19,200) and £10,000 and a loan from Hot Rocks Investments plc of £10,000.

On 13 July 2012, the Pre-IPO Fundraising was completed, raising, in aggregate, £520,000 (before expenses). The Pre-IPO Investors received Convertible Loan Notes which are to be converted to Ordinary Shares at Admission either at 5 pence per share or at a discount of 33.33 per cent. to the Placing Price at the investors' option. Upon conversion of their Convertible Loan Notes, each of the Pre-IPO Investors will receive Convertible Loan Warrants, as detailed in paragraph 12 of this Part I and in paragraph 12 of Part VI of this Document. Each of the Pre-IPO Investors has undertaken not to dispose of any of the Ordinary Shares arising on the Conversion or on the exercise of the Convertible Loan Warrants for a period of six months from Admission.

5. Details of the Placing

The Company is seeking to raise £1.15 million (before expenses) by the issue of the Placing Shares at the Placing Price, together with warrants to subscribe for Ordinary Shares. Placees will receive one Placee Warrant for every two Placing Shares subscribed for. The Company has not applied to AIM for admission to trading of the Placee Warrants and does not intend to. Further particulars of the Placee Warrants are set out in Part VII of this Document.

Northland Capital, Merchant Securities and Beaufort have conditionally agreed, pursuant to the Placing Agreement and as agents for the Company, to use their reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price together with the related Placee Warrants. The Placing Shares are being placed with institutional and other investors. The Placing Shares will represent approximately 16.8 per cent. of the Enlarged Share Capital. The Placing has not been underwritten and is conditional, *inter alia*, on Admission occurring by 9 October 2012 and in any event no later than 9 November 2012 and on the Placing Agreement not being terminated. Further details of the Placing Agreement are set out in paragraph 12 of Part VI of this Document. The Placing Agreement contains certain warranties and indemnities from the Company and the Directors in favour of Cairn, Northland Capital, Merchant Securities and Beaufort in relation, *inter alia,* to the accuracy of the information contained in this Document and certain matters relating to the Company.

In the case of Placees requesting Placing Shares or Pre-IPO Investors requiring Conversion Shares in Uncertificated Form, it is expected that the appropriate stock accounts of Placees and Pre-IPO Investors will be credited on or around 9 October 2012. In the case of Placees requesting Placing Shares or Pre-IPO Investors requesting Conversion Shares in Certificated Form, it is expected that certificates in respect of the Placing Shares and Conversion Shares will be despatched by post within seven days of the date of Admission. Certificates relating to the Placee Warrants and Convertible Loan Warrants will be despatched by post within seven days of the date of Admission.

6. Use of proceeds and reasons for the Placing and Admission

The Net Proceeds are expected to be approximately £0.84 million. The Directors intend that the Net Proceeds will be used to fund two further magnetometer surveys and to provide the Company with additional working capital.

Further exploration and development of the Sula Licence, which will be dependent on the results of the initial exploration programme detailed in paragraph 2 of this Part I, would require further funding in due course, either through the issue of equity or joint venture agreements.

The Directors believe that the benefits of Admission are that it will:

- enable the Company to gain access to institutional capital to broaden its investor base and assist in raising additional working capital;
- raise the Company's corporate profile as a company whose shares are traded on AIM; and
- allow the Company to attract, retain and motivate high calibre personnel through the grant of share options in due course.

7. Summary financial information

Set out in Part IV of this Document is an accountant's report and financial information on each of the Company and Blue Horizon for the period from incorporation to 31 December 2011 and unaudited consolidated financial information on the Group for the period from incorporation to 31 March 2012. The following has been extracted without material adjustment from the historical financial information set out in Part IV of this Document and should be read in conjunction with the full text of this Document. Prospective investors should not rely solely on this summarised information.

	31 March 2012	*31 December 2011*	
	Sula Iron & Gold plc (Group) £'000	*Sula Iron & Gold plc (Company) £'000*	*Blue Horizon (S.L) Limited £'000*
Operating loss	(107)	(7)	(53)
Loss for the period	(107)	(7)	(54)
Total assets	4,124	145	76
Net assets/(liabilities)	3,920	93	(54)

Set out in Part V of this Document is an unaudited pro forma consolidated statement of net assets of the Group illustrating how subscriptions since 1 April 2012, the issue of the Convertible Loan Notes and the Placing might have affected the financial information on the Group had they occurred prior to 31 March 2012.

8. Current trading and prospects

Since 1 April 2012, the Company has reached the following milestones:

- A ground magnetometer survey, which has confirmed the presence of a BIF on the Sula Licence, was commissioned by the Group and completed in June 2012;
- The exploration camp on the Sula Licence area has been completely renovated and is now equipped to facilitate future exploration work; and
- Relations with the local community have continued to be developed through renovation of a local school, which has been named after Blue Horizon.

9. Directors and Employees

A brief biography of each of the Directors is set out below:

Brian Michael Moritz – aged 76, Non-Executive Chairman

Mr Moritz is a Chartered Accountant and formerly the senior partner in the London office of Grant Thornton. He specialises in identifying and bringing to the market junior companies in the natural resources sector in Africa. He is a former chairman of Metal Bulletin PLC and African Platinum PLC, each of which was eventually sold for cash of approximately £300 million. He is currently director and chairman of a number of junior mining companies, primarily operating in Africa.

Mr Moritz entered into a letter of appointment with the Company on 2 October 2012 which will take effect on Admission, details of which are set out in paragraph 8 of Part VI of this Document.

Nicholas (Nick) Sherriff Warrell – aged 65, Chief Executive Officer

Mr Warrell is a respected mining entrepreneur who has headed up various exploration projects worldwide including the UK, Australia, South America and West Africa. Early in his career, he established a tunnelling company, and then re-opened the Wheal Concord tin mine in Cornwall. He also managed and subsequently owned the Gwynfynydd Gold Mine in Wales. Mr Warrell first visited Sierra Leone in 1989, where he discovered gold and platinum deposits and founded Golden Prospect Mining Limited, which was initially floated on OFEX and later on AIM. He is an Honorary Paramount Chief of the Diang Chiefdom which controls the area of the Sula Licence.

Mr Warrell entered into a service agreement with the Company on 2 October 2012 which will take effect on Admission, details of which are set out in paragraph 8 of Part VI of this Document.

Gavin John Burnell – aged 34, Non-Executive Director

Mr Burnell has 11 years' experience of advising smaller companies and is a Director of Corporate Finance at Northland Capital. He is a founder and/or director of several public and private companies in varying sectors including Globo Plc (AIM: GBO), Magnolia Petroleum Plc (AIM: MAGP), Hot Rocks Investments Plc (PLUS: HRIP), Hellenic Capital Plc (PLUS: HECP), Rift Resources Plc, Woodland Capital Limited and Sports 1st Limited.

Mr Burnell entered into a letter of appointment with the Company on 2 October 2012 which will take effect on Admission, details of which are set out in paragraph 8 of Part VI of this Document.

Dr Christopher (Chris) Charles Wilson – aged 48, Non-Executive Technical Director

Dr Wilson is an established geologist with over 20 years' experience in prospect generation and area selection through to the design and management of resource definition drilling programs. He has been Chief Executive Officer, President and a Director of Hunter Bay Minerals Plc (TSX.V: HBY) since May 2007 and also serves on the boards of Manado Gold Corp. (TSX.V: MDO) and Silver Pursuit Resources Ltd (TSX.V: SPF). Dr Wilson formed Exploration Alliance Ltd in 2007 and is its President Principal Consulting Geologist. He is a Qualified Person (NI43-101 and JORC), a Chartered Professional Geologist, Fellow of the Australian Institute of Mining and Metallurgy and a Fellow of the Society of Economic Geologists.

Dr Wilson entered into a letter of appointment with the Company on 2 October 2012, details of which are set out in paragraph 8 of Part VI of this Document.

The Group employs 37 people in Sierra Leone, including Nicholas Warrell, Richard Magee, the exploration manager at the Sula Project, and Des Congdon, the operations manager. The Directors will employ further staff as required in due course.

10. Admission to AIM and dealings in Ordinary Shares

Application will be made for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Ordinary Shares will commence on 9 October 2012. No application has been or will be made for any warrants to be admitted to trading on AIM.

Cairn has been appointed as the Company's nominated adviser and Northland Capital and Merchant Securities have been appointed as the Company's joint brokers in relation to Admission. Further details of the engagements of Cairn, Northland Capital and Merchant Securities are set out at paragraph 12 of Part VI of this Document.

11. Lock-in and Orderly Market Arrangements

Pursuant to AIM Rule 7, the Locked-in Persons have undertaken to the Company, Cairn, Northland Capital Merchant Securities and Beaufort that they will not dispose of any interest they hold in Ordinary Shares for a period of 12 months following Admission. In addition, for a further period of 12 months thereafter, the Locked-in Persons shall only dispose of an interest in Ordinary Shares having first obtained the consent of Cairn and either Northland Capital or Merchant Securities, such consent not to be unreasonably withheld.

Furthermore, each of the Pre-IPO Investors has undertaken not to dispose of any Ordinary Shares arising on the Conversion or on the exercise of the Convertible Loan Warrants for a period of six months from Admission.

Further details of the Lock-in Arrangements are set out in paragraph 12 of Part VI of this Document.

12. Warrants and options

The table below sets out a summary of the terms of the warrants and options that have been issued by the Company, conditional on Admission. Further details of the warrants and options are set out in paragraphs 7 and 12 of Part VI of this Document.

Warrant holders	*Number of warrants*	*Exercise Price*	*Exercise Period*		*% of Enlarged Share Capital*
			From	*To*	
Pre-IPO Investors	6,500,000	6p	Admission	First anniversary of Admission	5.7
Placees	9,583,336	8p			8.4
Cairn	1,141,667	6p	Date falling six months after Admission	Fifth anniversary of Admission	1.0
Northland Capital	322,045	6p			0.3
Merchant Securities	260,000	6p			0.2
Beaufort	471,657	6p			0.4
Christopher Wilson*	1,666,667	6p	50% from Admission; 50% from earlier of first anniversary of Admission and change in control	Tenth anniversary of Admission	1.5
Total warrants	**19,945,372**				**17.5**
Option holders	*Number of options*	*Exercise Price*	*Exercise Period*		*% of Enlarged Share Capital*
			From	*To*	
Gavin Burnell*	7,466,667	6p	Admission	Tenth anniversary of Admission	6.5
Brian Moritz*	2,283,333	6p			2.0
Total options	**9,750,000**				**8.5**
Total warrants & options	**29,695,372**				**26.0**

* Director of the Company

13. Dividend policy

The nature of the Company's business means that it is unlikely that the Directors would recommend a dividend in the early years following Admission. The Directors believe that the Company should seek to generate capital growth for its Shareholders but may recommend distributions at some future date, depending upon the generation of sustainable profits, when it becomes commercially prudent to do so.

14. Corporate Governance

The Directors support the highest standards of corporate governance and intend to observe the requirements of the Corporate Governance Code to the extent they consider appropriate in light of the Company's size, stage of development and resources and to take into account the Quoted Companies Alliance Corporate Governance Guidelines for AIM Companies.

The Company will hold timely board meetings periodically as issues arise which require the attention of the Board. The Board is responsible for the management of the business of the Company, setting the strategic direction of the Company and establishing the policies of the Company. It is the Board's responsibility to oversee the financial position of the Company and monitor the business and affairs of the Company on behalf of the Shareholders, to whom the Directors are accountable. The primary duty of the Board is to act in the best interests of the Company at all times. The Board also addresses issues relating to internal control and the Company's approach to risk management.

The Company has also established a remuneration committee ("the Remuneration Committee") and an audit committee ("the Audit Committee") with formally delegated duties and responsibilities.

The Remuneration Committee, which will comprise Gavin Burnell as Chairman and Brian Moritz, will meet not less than twice each year. The committee will be responsible for the review and recommendation of the scale and structure of remuneration for senior management, including any bonus arrangements or the award of share options with due regard to the interests of the Shareholders and the performance of the Company.

The Audit Committee, which will comprise Brian Moritz as Chairman and Gavin Burnell, will meet not less than twice a year. The committee will be responsible for making recommendations to the Board on the appointment of auditors and the audit fee and for ensuring that the financial performance of the Company is properly monitored and reported. In addition, the Audit Committee will receive and review reports from management and the auditors relating to the interim report, the annual report and accounts and the internal control systems of the Company.

The Company has adopted and will operate a share dealing code governing the share dealings of the Directors and applicable employees with a view to ensuring compliance with the AIM Rules.

15. CREST

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument in accordance with the CREST Regulations.

The Ordinary Shares will be eligible for CREST settlement. Accordingly, following Admission, settlement of transactions in the Ordinary Shares may take place within the CREST system if a Shareholder so wishes. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates are able to do so.

For more information concerning CREST, Shareholders should contact their stockbroker or Euroclear UK & Ireland Limited at 33 Cannon Street, London EC4M 5SB or by telephone on +44 (0) 20 7849 0000.

16. Taxation

General information regarding UK taxation is set out in paragraph 15 of Part VI of this Document. These details are intended only as a general guide to the current tax position under UK taxation law. If an investor is in any doubt as to his tax position he should consult his own independent financial adviser immediately.

Investors subject to tax in other jurisdictions are strongly urged to contact their tax advisers about the tax consequences of holding Ordinary Shares.

17. EIS Relief

HMRC has given advance assurance that the Placing Shares being issued by the Company pursuant to the Placing should satisfy the requirements for relief under the Enterprise Investment Scheme ("EIS") as set out in Part 5 of the Income Tax Act 2007.

The availability of EIS relief depends upon, amongst other things, the Company continuing to satisfy the requirements of being a qualifying company. The Company does not make any representations as to whether any such investment will be or will continue to meet the requirements of the EIS legislation.

The above information does not set out the provisions relating to the EIS legislation in full and potential investors who may be able to obtain tax reliefs under the EIS are strongly recommended to consult their own professional advisers for advice in particular on the conditions which must be satisfied to obtain such relief, the nature of the tax advantages which may be obtained and the circumstances in which such relief may be withdrawn.

Additional information on the EIS qualifying status is included in Part VI of this document.

18. Takeover Code

The Takeover Code applies to all takeover and merger transactions, however effected, where the offeree company is, *inter alia*, a quoted or unquoted public company which has its registered office in the United Kingdom and its central management is in the United Kingdom (and to certain categories of private limited companies). The Company is such a company and its Shareholders are entitled to the protection afforded by the Takeover Code.

19. Bribery Act 2010

The government of the United Kingdom has issued guidelines setting out appropriate procedures for companies to follow to ensure that they are compliant with the UK Bribery Act 2010 which came into force with effect from 1 July 2011. The Company has conducted a risk review into its operational procedures to consider the impact of the Bribery Act 2010 and has drafted and implemented an anti-bribery policy as adopted by the Board and also implemented appropriate procedures to ensure that the Directors, employees and consultants comply with the terms of the legislation.

20. Risk Factors

Shareholders and other prospective investors in the Company should be aware that an investment in the Company involves a high degree of risk. Your attention is drawn to the risk factors set out in Part II of this Document.

21. Further Information

Your attention is drawn to Parts II to VII of this Document, which contain further information on the Group. In particular, your attention is drawn to Part II of this Document, which contains certain risk factors relating to investment in the Company, and Part III of this Document, which contains the Competent Person's Report.

PART II

RISK FACTORS

This Document contains forward-looking statements, which have been made after due and careful enquiry and are based on the Board's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. These forward-looking statements are subject to, *inter alia*, the risk factors described in this Part II of the Document. The Directors believe that the expectations reflected in these statements are reasonable but may be affected by a number of variables which could cause actual results or trends to differ materially. Each forward-looking statement speaks only as of the date of the particular statement.

Factors that might cause a difference include, but are not limited to, those discussed in this Part II of this Document. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements. The Company disclaims any obligation to update any such forward-looking statements in this Document to reflect future events or developments.

There are significant risks associated with the Group. Prior to making an investment decision in respect of the Ordinary Shares, prospective investors should consider carefully all of the information within this Document, including the following risk factors. The Board believes the following risks to be the most significant for potential investors. However, the risks listed do not necessarily comprise all those associated with an investment in the Company. In particular, the Company's performance may be affected by changes in market or economic conditions and in legal, regulatory and/or tax requirements. The risks listed are not set out in any particular order of priority. Additionally, there may be risks not mentioned in this Document of which the Board is not aware or believes to be immaterial but which may, in the future, adversely affect the Group's business and the market price of the Ordinary Shares.

If any of the following risks were to materialise, the Group's business, financial condition, results or future operations could be materially and adversely affected. In such cases, the market price of the Ordinary Shares could decline and an investor may lose part or all of his investment. Additional risks and uncertainties not presently known to the Board, or which the Board currently deems immaterial, may also have an adverse effect upon the Group and the information set out below does not purport to be an exhaustive summary of the risks affecting the Group.

Before making a final investment decision, prospective investors should consider carefully whether an investment in the Company is suitable for them and, if they are in any doubt, should consult with an independent financial adviser authorised under FSMA which specialises in advising on the acquisition of shares and other securities.

Risks relating to the Group's business

Limited operating history

Sula is at an early stage of development with operating losses expected to be incurred for the foreseeable future. It currently has no positive operating cash flow and its ultimate success will depend on its ability to raise capital for the Sula Project and general cash flow in the future. The Group has not earned income or profit to date and there is no assurance that it will do so in the future or that it will be successful in achieving a return on Shareholders' investment.

Early stage of operations

The Group's operations are at an early stage of development and success will depend on the Directors' ability to manage the Sula Project. There can be no guarantee that the Group can, or will be able to, or that it will be commercially advantageous for the Group to, develop the Sula Project. Further, the Group has no positive operating cash flow and its ultimate success will depend on the Directors' ability to implement their strategy, generate cash flow from the Sula Project and access equity markets. Whilst the Directors are optimistic about the Group's prospects, there is no certainty that anticipated outcomes

and sustainable revenue streams will be achieved. The Group will not generate any material income until mining has successfully commenced and, in the meantime, the Group will continue to expend its cash reserves.

Ability to exploit successful discoveries

It is possible that the Group may not be able to exploit commercially viable discoveries in which it holds an interest. Exploitation may require external approvals or consents from relevant authorities and the granting of these approvals and consents is beyond the Group's control. The granting of such approvals and consents may be withheld for lengthy periods, not given at all, or granted subject to the satisfaction of certain conditions which the Group cannot meet. As a result of such delays, the Group may incur additional costs, losses of revenue or part or all of its interest in a licence.

Dependence on key personnel

The success of the Group, in common with other businesses of a similar size, will be highly dependent on the expertise and experience of its Directors and senior management. The loss of any key personnel could harm the business or cause delay in the plans of the Group whilst management time is directed at finding suitable replacements. The future success of the Group is in part dependent upon its ability to identify, attract, motivate and retain staff with the requisite expertise and experience. Although the Group enters into employment arrangements with its key personnel to secure their services, the Group cannot guarantee the retention of such key personnel. Should key personnel leave, the Group's business, prospects, financial condition or results of operations may be materially adversely affected.

Actions of third parties, including contractors and partners

The Group is and will be reliant to a significant extent on third parties to provide contracting services. There can be no assurance that these business relationships will continue to be maintained or that new ones will be successfully formed. A breach or disruption in these relationships could be detrimental to the future business, operating results and/or profitability of the Group. To the extent that the Group cannot engage contractors (for example drilling contractors) according to its plans and budgets, its operations may be adversely impaired.

In certain circumstances, the Group may be liable for the acts or omissions of its partners. If a third party pursues claims against the Group or against a joint venture vehicle as a result of the acts or omissions of the Group's partners, the Group's ability to recover from such partners may be limited. Recovery under such arrangements may involve delay, management time, costs and expenses or may not be possible at all which, in each case, could adversely affect the Group's financial performance and condition.

Future funding requirements

Whilst on Admission the Board believes that the Company will have adequate working capital to implement its initial work programme, in the longer term, the Group may need to raise additional funding to undertake work beyond that being funded by the Net Proceeds. Further, the Company will require additional funds to commence any additional exploration and mining operations. There is no certainty that this will be possible at all or on acceptable terms. In addition, the terms of any such financing may be dilutive to, or otherwise adversely affect, Shareholders.

Further licences and permits required

The Group will need to obtain further licences and permits prior to commencing commercial operations. The Group will also be required to obtain further environmental and technical permits for the construction and development of the Sula Project. There is a risk that these further permits, concessions and licences may not be granted which would have a significant material adverse effect on the Group.

Litigation in relation to the Sula Licence

Prior to the grant of the Sula Licence, GLR held an exploration licence over the same licence area as is covered by the Sula Licence. GLR's licence was cancelled by the Sierra Leone Ministry of Mines in June 2011. In December 2011, GLR issued a writ against Blue Horizon seeking, *inter alia*, a declaration that GLR was the person entitled to the licence area and obtained an *ex parte* interim injunction against Blue Horizon and Nicholas Warrell.

The High Court of Sierra Leone has ruled in favour of Blue Horizon, setting aside in February 2012 the *ex parte* injunction and ruling in March 2012 that, *inter alia*, GLR had no cause of action against Blue Horizon and striking out GLR's action.

The Company does not consider that the claims of GLR have any merit. However, there can be no guarantee that GLR will not make future claims which, if successful, could significantly adversely impact upon the Company, Blue Horizon and/or the Sula Licence.

Exploration, development and operating risks

It is impossible to ensure that the development programmes planned by the Group will result in a profitable commercial operation. Whether the Sula Project will be commercially viable depends on a number of factors, some of which are: (i) the gold and iron ore price, which can be volatile; and (ii) government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Operations

The Sula Project involves a number of risks and hazards, including industrial accidents, labour disputes, unusual or unexpected geological conditions, equipment failure, changes in the regulatory environment, environmental hazards and weather and other natural phenomena such as earthquakes and floods. The Group may experience a plant shutdown or periods of reduced production as a result of any of the above factors. Such occurrences could result in material damage to, or the destruction of, production facilities, human exposure to pollution, personal injury or death, environmental and natural resource damage, monetary losses and possible legal liability, any of which could materially adversely affect the Group's results of operations

Commodity prices

The profitability of the Group's operations will eventually be dependent upon the market price of iron ore and gold. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Group. General economic factors as well as the world supply of mineral commodities, the stability of exchange rates and political developments can all cause significant fluctuations in prices. The price of mineral commodities has fluctuated widely in recent years and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Company's business, financial condition and results of operations.

Furthermore, reserve estimates and feasibility studies using different commodity prices than the prevailing market price could result in material write-downs of the Group's investment in its assets, increased amortisation, reclamation and closure charges or even a reassessment of the feasibility of the Sula Project.

Infrastructure

The Sula Project depends to a significant degree, on adequate infrastructure. In the course of developing its operations the Group may need to construct and support the construction of infrastructure, which includes permanent water supplies, power, transport and logistics services which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, Government or other interference in the maintenance or provision of such infrastructure or any failure or unavailability in such infrastructure could materially adversely affect the Group's operations, financial condition and results of operations.

Environmental compliance

All phases of the Group's operations in Sierra Leone are subject to environmental legislation. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. Compliance with environmental laws requires on-going expenditure and considerable capital commitments from the Group. Non-compliance may subject the Group to significant penalties, including

the suspension or revocation of its rights in respect of its licences or assets. There is no assurance that existing or future environmental regulation will not materially adversely affect the Group's business, financial condition and results of operations.

Environmental approvals

Environmental approvals and permits may in future be required in connection with the Group's operations. Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities against the Group, causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations, including the Company, may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil, administrative or criminal fines or penalties imposed for violations of applicable environmental laws or regulations.

Uninsured hazards

The Group may be subject to substantial liability claims due to the inherently hazardous nature of its business or for acts and omissions of contractors, sub-contractors or operators. Any indemnities the Group may receive from such parties may be limited or may be difficult to enforce if such contractors, sub-contractors or operators lack adequate resources.

The Group can give no assurance that the proceeds of insurance applicable to covered risks will be adequate to cover expenses relating to losses or liabilities. Accordingly, the Group may suffer material losses from uninsurable or uninsured risks or insufficient insurance coverage. The Group is also subject to the risk of unavailability, increased premiums or deductibles, reduced cover and additional or expanded exclusions in connection with its insurance policies and those of operators of assets it does not itself operate.

Unknown environmental hazards

Environmental hazards may also exist on the properties on which the Group holds interests that are unknown to the Group at present and that have been caused by previous or existing licence holders or operators.

Exposure to economic cycle

Market conditions may affect the value of the Company's share price regardless of operating performance. The Company could be affected by unforeseen events outside its control including economic and political events and trends, inflation and deflation, terrorist attacks or currency exchange fluctuation. The combined effect of these factors is difficult to predict and an investment in the Company could be affected adversely by changes in economic, political, administrative, taxation or other regulatory factors in any jurisdiction in which the Group may operate.

Health and safety

The Group's activities will be subject to health and safety standards and regulations. Failure to comply with such requirements may result in fines and or penalties being assessed against the Group.

Geopolitical climate

The political climate in Sierra Leone is currently stable and generally held to offer a favourable outlook for foreign investments. There is no guarantee that it will remain so in the future. Changes in government, regulatory and legislative regimes cannot be ruled out.

Foreign currency exchange rates

The Group's revenues will be derived outside the UK and the Group's operations and profitability may be adversely affected by movements in foreign currency exchange rates, particularly by movements in the US dollar relative to the British pound sterling and the Sierra Leonean Leone, through both transaction and conversion risks.

Taxation

The attention of potential investors is drawn to paragraph 15 of Part VI of this Document headed "Taxation". Any change in the Group's tax status or in taxation legislation or its interpretation could affect the value of the investments held by the Group. Representations in this Document concerning the taxation of the Group and its investors are based upon current tax law and practice which is subject to change.

General African Risks

General

The Company's operations are located in Africa. African economies in general are emerging markets and are such as different from those in more developed countries in many respects including economic structure, government, level of development, growth rates and foreign exchange controls.

Crime and Corruption

Businesses in Africa may be subject to the influences of criminal elements or other forms of corruption. The Group may have to cease or alter certain activities or liquidate certain investments as a result of criminal threats or activities. Further, sometimes, legal rights may be difficult to enforce in the face of corruption. Prospective counterparties to the Group may seek to structure transactions in an irregular fashion, to evade fiscal or legal requirements. They may also deliberately conceal information from the Group and its advisers or provide inaccurate or misleading information.

Alleged or actual involvement by the Group, its Directors or officers in corruption or other illegal activity by such persons, could significantly damage the Group's reputation and its ability to do business and could materially adversely affect its financial condition, results of operations and share price.

Bribery Act 2010

It is generally recognised that bribery is more prevalent in emerging markets. The Group has put in place operational procedures to manage the potential issues that could arise under the Bribery Act but there can be no guarantee that the employees of the Group or its other associates will abide by these procedures and as such the Group, its Directors and employees of the Group could be exposed to criticism or prosecution under the Bribery Act.

Legal systems

Sierra Leone could, in future, have legal systems that result in risks such as: (i) potential difficulties in obtaining effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or in an ownership dispute; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; and (v) relative inexperience of the judiciary and courts in such matters. In certain jurisdictions the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that property title, or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured.

Health Risks

Malaria is a significant health risk in Central, West and East Africa where the disease assumes epidemic proportions because of ineffective national control programmes. This disease is a major cause of death in young children and pregnant women but also gives rise to fatalities and absenteeism in adult men. Consequently, if uncontrolled, the disease could have an adverse effect upon productivity and profitability levels of the Group's operation. Life expectancy in Africa is also considerably below that of Western countries and this may cause potential risk to the Group due to increased medical and other costs and lower productivity. The continued presence of malaria in the regions in which the Group operates may adversely impact the Group's operations and the viability of businesses in which it may invest.

Risks relating to an Investment in the Ordinary Shares

No prior market for the Ordinary Shares

Prior to Admission, there has been no public market for the Ordinary Shares. As a consequence, there can be no assurance that an active trading market will develop after Admission or, if developed, that an active trading market will be sustained. The Company cannot predict the extent to which investor interest in the Ordinary Shares will lead to the development of a trading market or how liquid such a market might become. Investors may experience greater price volatility and less efficient execution of buy and sell orders than expected.

Trading and performance of Ordinary Shares

The AIM Rules are less demanding than those of the Official List and an investment in a company whose shares are traded on AIM is likely to carry a higher risk than an investment in a company whose shares are quoted on the Official List. It may be more difficult for investors to realise their investment in a company whose shares are traded on AIM than to realise an investment in a company whose shares are quoted on the Official List. The share price of publicly traded, early stage exploration companies can be highly volatile. The price at which the Ordinary Shares will be traded and the price at which investors may realise these investments will be influenced by a large number of factors, some specific to the Company and its operations and some which may affect junior mining and exploration companies or quoted companies generally. The market perception of junior mining and exploration companies may impact upon the value of investors' holdings and on the ability of the Company to raise funds by the issue of further securities. The value of Ordinary Shares will be dependent upon the success of the operational activities undertaken by the Company, as well as further resource analysis, and prospective investors should be aware that the value of the Ordinary Shares can go down as well as up. Furthermore, there is no guarantee that the market price of an Ordinary Share will accurately reflect its underlying value.

Volatility of share price

The trading price of the Ordinary Shares may be subject to wide fluctuations in response to a number of events and factors, such as variations in operating results, announcements of innovations or new services by the Group or its competitors, changes in financial estimates and recommendations by securities analysts, the share price performance of other companies that investors may deem comparable to the Company, news reports relating to trends in the Group's markets, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, currency fluctuations, legislative or regulatory changes and general economic conditions. These fluctuations may adversely affect the trading price of the Ordinary Shares, regardless of the Group's performance.

Future sales of Ordinary Shares could adversely affect the price of the Ordinary Shares

Certain existing shareholders have given lock-in undertakings that, save in certain circumstances, they will not until (as the case may be) six or twelve months following Admission, dispose of the legal or beneficial ownership of, or any other interest in, Ordinary Shares held by them at Admission. There can be no assurance that such parties will not effect transactions upon the expiry of the lock-in or any earlier waiver of the provisions of their lock-in. The sale of a significant number of Ordinary Shares in the public market, or the perception that such sales may occur, could materially adversely affect the market price of the Ordinary Shares.

Shareholders not subject to lock-in arrangements and, following the expiry of (as the case may be) six or twelve months following Admission (or earlier in the event of a waiver of the provisions of the lock-in), Shareholders who are otherwise subject to lock-in arrangements, may sell their Ordinary Shares in the public or private market and the Company may undertake a public or private offering of Ordinary Shares. The Company cannot predict what effect, if any, future sales of Ordinary Shares will have on the market price of the Ordinary Shares. If the Company's existing shareholders were to sell, or the Company was to issue a substantial number of Ordinary Shares in the public market, the market price of the Ordinary Shares could be materially adversely affected. Sales by the Company's existing Shareholders could also make it more difficult for the Company to sell equity securities in the future at a time and price that it deems appropriate.

The specific and general risk factors detailed above do not include those risks associated with the Company which are unknown to the Directors.

Although the Directors will seek to minimise the impact of the Risk Factors, investment in the Company should only be made by investors able to sustain a total loss of their investment. Investors are strongly recommended to consult an investment adviser authorised under FSMA who specialises in investments of this nature before making any decision to invest.

PART III

COMPETENT PERSON'S REPORT

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COMPETENT PERSONS' REPORT (CPR) ON EXPLORATION LICENCE No. EL 54/2011 SIERRA LEONE FOR SULA IRON & GOLD PLC

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COMPETENT PERSONS' REPORT (CPR) ON EXPLORATION LICENCE No. EL 54/2011 SIERRA LEONE FOR SULA IRON & GOLD PLC

Report Prepared for:
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OCTOBER 2012

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Reviewed by:

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Executive Summary

SRK Exploration Services Ltd (SRK ES) was commissioned by Sula Iron and Gold plc (Sula) to write a Competent Persons' Report (CPR) on its exploration asset, the Blue Horizon Exploration Licence (No 54/2011), in northern Sierra Leone (Blue Horizon or the Property). As part of this commission SRK ES has conducted two site visits to the Property in December 2011 and May 2012. The first was an initial prospectivity assessment and the second was to conduct a ground magnetometer survey which confirmed the presence of a number of banded iron formation (BIF) bodies that crop out in the south western portion of the licence.

The Property is 153 km^2 in area and occupies a position south of Lake Sonfon and north of the Tonkolili iron ore mine. While there are some parts of the licence that remain inaccessible to vehicles, the access to the licence and some of the main areas of interest is good. In addition, the licence already has good infrastructure in place to support exploration including an abandoned exploration camp which Sula has renovated. It is now operational.

The Blue Horizon licence was previously held by Golden Leo who conducted exploration over a number of years culminating in a diamond drilling programme on three sites. A number of significant intersections were publicly reported but SRK ES has not had access, as yet, to the core or detailed logs in order to verify these.

Gold mineralisation is present in the licence in the form of free gold in alluvial gravels, in clasts of vein quartz in the gravels, in quartz tourmaline veins and associated with gossanous sulphide concentrations or 'pods' within the upper part of the laterite tropical weathering profile (duricrust). Artisanal alluvial mining is currently taking place in the western sector of the licence and varies in scale from subsistence panning of streams to large scale organised operations at Lagunda and Dalakuru. Two samples collected from Lagunda yielded grades of 3.52g/t gold (Au) and 3.40g/t Au respectively which are encouraging results for an alluvial washing operation. A grab sample of a sulphide 'pod' also yielded a grade of 4.92 g/t Au while a sample collected from the same site in the Yarafina River was shown to contain visible gold when crushed and washed. All alluvial gold seen in the concession was small 375µ to 3 mm, bright yellow and angular.

Sula's focus is primary mineralisation rather than secondary alluvial gold at this time. The alluvial gold seen in the Blue Horizon licence appears to have the characteristics of gold which has just entered the alluvial system and SRK ES consider it to be proximal to its source. SRK ES therefore considers it probable that a primary gold source lies within the Blue Horizon concession, and given the geology of the licence this could be a mesothermal vein/ lode deposit or related to a BIF .

The publicly available airborne aeromagnetic data shows quite clearly that one of the magnetic anomalies delineated by African Minerals Ltd at the northern end of its Tonkolili property extends NE into the Blue Horizon licence. It is currently un-named and un-drilled. This anomaly has now been confirmed by SRK ES by a ground magnetometer survey and field observations, as being BIF. There is also a possibility that the already delineated, Kasafoni East and West orebodies extend to the NE into the Blue Horizon licence area. The Kasafoni East and West orebodies contain a total of some 4.3 Billion tonnes (Bt) of iron ore (1.4Bt of which has been reported as Indicated and 2.9Bt as Inferred as defined by the JORC Code).

SRK ES recommends that any further exploration should include the evaluation of the Tonkolili extension already defined. The BIF could constitute an orebody in its own right and, could potentially have a direct link to the gold mineralisation in the licence. Notably, the nearby Baomahun Gold Project, an advanced gold project with a JORC compliant Mineral Resource of 2.06 Million ounces (Moz), comprises a series of steeply dipping zones of sulphide mineralisation exploiting the competency contrast between the BIF and metasediments.

In summary, SRK ES concludes that the Blue Horizon licence is highly prospective for two commodities, gold and iron, both presenting in a number of attractive targets. Good quality work has been conducted in the licence in the recent past and it is recommended that Sula works from this base.

An exploration programme for both BIF and gold mineralisation is recommended. This programme comprises a number of phases. The initial phase includes the 'scout' drilling of the BIF anomaly together with soil/rock chip sampling both located in the SW sector and is budgeted at £500,000. Future exploration will depend on the results of this phase.

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Appendix A

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COMPETENT PERSON'S REPORT (CPR) ON EXPLORATION LICENCE No. EL 54/2011 FOR SULA IRON & GOLD PLC, SIERRA LEONE

1 Introduction

1.1 Background

Sula Iron & Gold plc (Sula or SIG), commissioned SRK Exploration Services Limited (SRK ES) to prepare a Competent Persons' Report (CPR) for inclusion in an "Admission Document", in connection with the proposed admission of the ordinary shares of SIG to trading on the Alternative Investment Market (AIM) of the London Stock Exchange (LSE).

The principal asset (the Exploration Asset) of SIG is an all minerals licence (EL54/2011) located in the Northern Province of Sierra Leone. It is in the name of Blue Horizon (SL) Limited (BHL) which is a wholly owned subsidiary of Sula. BHL were granted the licence in August 2011 and the previous owners of the licence had advanced exploration for gold to a level of scout drilling. Sula has already initiated ground exploration work for both iron and gold. In undertaking its work SRK ES has reviewed the geology and prospectivity of the licence area and recommended an exploration programme and associated expenditure.

This CPR has been prepared in accordance with the AIM Rules for Companies and specifically the ''Note for Mining and Oil & Gas Companies June 2009". SRK ES accepts responsibility for the CPR and confirms that, to the best of its knowledge and belief having taken all reasonable care to ensure that such is the case, the information contained in the CPR is in accordance with the facts and contains no omission likely to affect its import for the purpose of paragraphs 1.1 and 1.2 of Annex I and paragraph 1.1 and 1.2 of Annex III of the AIM Rules for Companies.

This CPR has been prepared under the direction of the Competent Persons (the CPs, see Section 1.6) as defined by the Australasian Code for Reporting of Exploration Results,

Mineral Resources and Ore Reserves (the JORC Code), who assume overall professional responsibility for the geological statements as presented herein. The CPR however is published by SRK ES, the commissioned entity, and accordingly SRK ES assumes responsibility for the CPR.

1.2 Verification, Validation and Reliance

1.2.1 *Verification*

This CPR is dependent upon technical, financial and legal input much of which has been provided to and taken in good faith by SRK ES. SRK ES has, however, conducted a review and assessment of all material technical issues likely to influence the Exploration Asset, which included the following:

- Two visits to the Exploration Asset (one for reconnaissance and the second for a magnetometer survey);
- Discussion and enquiry following access to key project and head office personnel; and
- An examination of historical information and results made available by the Company in respect of the Exploration Asset up to 13/06/2012

Where fundamental base data have been provided (geological information, assay information, exploration programmes) for the purposes of review, SRK ES has performed all necessary validation and verification procedures deemed appropriate in order to place an appropriate level of reliance on such information.

To the knowledge of SRK ES, as informed by the Company, there has been no material change in respect of the Exploration Asset since 13/06/2012.

1.2.2 *Technical Reliance*

SRK ES places reliance on the Company and its technical representatives that all technical information provided to SRK ES, as at 13/06/2012, is accurate. The technical representative for the Company has been identified and the company is in the final stages of negotiations with this industry expert prior to appointment. He is the consulting geologist and proposed non-executive director for the Company and is responsible for all technical matters in respect of Exploration Assets at the Company and has over 20 years' experience in the exploration and mining industry.

1.2.3 *Financial Reliance*

In consideration of all financial aspects relating to the Exploration Assets, SRK ES has placed reliance on the Company that the following information for the exploration licence is appropriate as at 13/06/2012:

Forecast operating expenditures as included in the Company's Development Strategy and Exploration Programme;

- Forecast capital expenditures as included in the Company's Development Strategy and Exploration Programme;

- All statutory and regulatory payments as may be necessary to execute the Development Strategy and Exploration Programme.

The financial information referred to above has been prepared under the direction of Mr Brian Moritz FCA (Chairman) on behalf of the Board of Directors of the Company. Mr Moritz has in excess of 20 years' experience in financial management.

1.2.4 *Legal Reliance*

In consideration of all legal aspects relating to the Exploration Licences, SRK ES has placed reliance on the representations by the Company that the following are correct as at 13/06/2012 and remain correct until the date of the Admission Document:

- that, save as disclosed in the Admission Document, the Directors of the Company are not aware of any legal proceedings that may have any influence on the rights to explore for minerals;

- that the legal owners of all mineral and surface rights have been verified; and

- that, save as expressly mentioned in the Risk Factors of the main body of the Admission Document, no significant legal issue exists which would affect the likely viability of the exploration and production licences as reported herein.

The legal representatives of the Company in the United Kingdom are MOORHEAD JAMES LLP and YADA WILLIAMS & ASSOCIATES in Sierra Leone.

1.2.5 *Declaration*

SRK ES will receive a fee for the preparation of this report in accordance with normal professional consulting practice. This fee is not contingent on the outcome of the Admission and SRK ES will receive no other benefit for the preparation of this report.

Neither SRK ES, the Competent Person, nor any directors of SRK ES have at the date of this report, nor have had within the previous two years, any shareholding in the Company, the Exploration Assets or advisors of the Company. Consequently, SRK ES, the Competent Persons and the directors of SRK ES consider themselves to be independent of the Company.

1.2.6 *Consent*

SRK ES has given and has not withdrawn its written consent to the inclusion of this CPR in the Admission Document and also the references to this report and its name in the form and context in which they are respectively included in the Admission Document for the purposes of paragraph 23.1 of Annex I to the AIM Rules for Companies.

without written consent, any technical procedure and/or technique contained in this document. The intellectual property reflected in the contents resides with SRK ES and shall not be used for any activity that does not involve SRK ES, without the written consent of SRK ES.

1.3 Qualification of Consultants

The SRK Group, of which SRK ES is a subsidiary, comprises 1400 staff, offering expertise in a wide range of geological disciplines. The SRK Group's independence is ensured by the fact that it holds no equity in any project. This permits the SRK Group to provide its clients with conflict-free and objective recommendations on crucial judgment issues. The SRK Group has a demonstrated track record in undertaking independent assessments of Exploration assets, resources and reserves, project evaluations and audits, CPR's, Mineral Experts Reports and independent feasibility evaluations to bankable standards on behalf of exploration and mining companies and financial institutions worldwide. The SRK Group has also worked with a large number of major international mining companies and their projects, providing mining industry consultancy service inputs. The SRK Group and SRK ES also have specific experience in commissions of this nature.

This CPR has been prepared based on a technical review by a team of three consultants sourced from SRK ES. These consultants are specialists in the fields of exploration and mining geology.

The individuals who have provided input to this CPR, who are listed below, have extensive experience in the exploration and mining industry and are members in good standing of appropriate professional institutions.

William Kellaway	MSc, MAus IMM	Project Manager
Patrick Johnson	BSc *(Hons)*, FGS	Project Geologist
Daniel Marsh	MGeophys, FGS	Project Geophysicist
Gareth O'Donovan	CEng, FGS, FIMMM, MSc	Geology and Review

2 Sierra Leone Country Description

2.1 Introduction

The Republic of Sierra Leone (herein referred to as Sierra Leone) is an independent republic situated on the west coast of Africa between Liberia, the Republic of Guinea (herein referred to as Guinea) and the Atlantic Ocean, between latitude 7^0 and 10^0 north and longitude 10.5^0 and 13^0 west. It covers an area of 71,740 km^2 and has a population of around 5.5 million. The capital is Freetown, which is also the country's main port, and the country as whole has some 400 km of Atlantic coastline.

International access is through frequent flights to Lungi airport, from where Freetown can be reached via a short ferry/helicopter ride or a longer road journey. Access to the interior is via a network of roads (tar and dirt) and limited rail infrastructure. The other main towns are; Makeni, Kenema and Bo. The countries official language is English, however the most commonly spoken language is Krio, which is derived from a mixture of English, French and indigenous African languages, being understood by >95% of the population. The local currency is the Leone which is valued at 4370 to 1 US dollar (18/06/2012).

2.2 History, Politics and Economics

Sierra Leone was founded by returning slaves from Britain and North America in 1787. The original colony of Sierra Leone roughly comprised the current day Western Province (around Freetown) and subsequently the whole country was administered as a Protectorate by the British until it gained full independence on 27th April 1961 and was named the Republic of Sierra Leone.

Sierra Leone experienced its first military coup in 1967. This eventually led to one party rule which continued until August 1991 when a new constitution providing for a return to multi-party politics was approved. Elections were scheduled for 1992 but by this stage most major institutions had collapsed, mismanagement and corruption had ruined the economy and rising youth unemployment was a serious problem. Support from warlords from neighbouring Liberia led to a second military coup in 1992, and subsequently a third in 1996. International pressure led to elections in 1996 but the unstable Kabbah government was overthrown in yet another coup in 1997.

The late 1990's saw a series of military actions involving initially Economic Community of West African States (ECOWAS) troops and subsequently a UN peacekeeping force in late 1999. Further hostility led to a momentary falter of the UN mission until the intervention of British troops in May 2000. The United Nations Mission to Sierra Leone (UNAMSIL) peacekeeping force deployed across the country in November 2000 following the signing of the Abuja Peace Agreement and the war was officially declared over in February 2002.

However, with stability comes opportunity and amongst others the UK's Department for International Development made a long term commitment to Sierra Leone, a memorandum of understanding for which was signed in November 2002. The British Department for International Development also undertook to provide £120 Million over three financial years (2003/4 to 2005/6), and to provide long term support beyond that term.

As of February 2005, the World Bank had approved a total of 5 IBRD loans and 41 IDA credits and grants for Sierra Leone for a total amount of approximately US$721.2 Million. The commitment value of seven ongoing World Bank operations is approximately US$150.1 Million.

In August 2007, Sierra Leone held elections; however no presidential candidate won the 50% plus one vote majority on the first round of voting. A runoff election was held in September 2007 and Ernest Bai Koroma, the candidate of the APC was elected president.

In September 2010 the UN Security Council lifted the last remaining sanctions against Sierra Leone but stated that the country still needed the support of the UN to buttress peace-building efforts, so the mandate for UN operations has been extended for another year. More efforts to combat corruption and to guarantee free and fair elections in 2012 are being made by the UN.

The Republic of Sierra Leone in 2011 improved its ranking in the United Nations Development Programme's (UNDP) Human Development Index, from bottom to be ranked 180 out of 187 countries. Poverty however remains high with the country's GDP-per capita remaining at US$900 (2010 est.) and with the majority of the population living on less than US$2 per day.

The economy of Sierra Leone is based on agriculture and mining. Sierra Leone's primary mineral resources are diamonds, rutile, bauxite, gold, and iron ore with the mineral sector comprising three sub-sectors: large-scale production of non-precious minerals – rutile, bauxite and iron; large scale production of diamonds; and artisanal and small-scale production of precious minerals, mainly diamonds, and to a much lesser extent, gold.

Mineral exports are Sierra Leone's principal foreign exchange earner. Notably, Sierra Leone is a major producer of gem-quality diamonds. Though rich in this resource, the country has historically struggled to manage its exploitation and export. Annual production estimates range between US$250-300 Million. Specific penalties for diamond smuggling were passed in 2003 by the government which has taken a strong stance on anti-corruption.

Sierra Leone is split into four main provinces, West, North, East and South, within which are in turn split into fourteen districts and is a constitutional republic with a directly elected president and a unicameral legislature. The current system of government in Sierra Leone, established under the 1991 constitution, is modelled on the following structure of government: the Legislature, the Executive and the Judiciary. Each of the country's fourteen districts is represented in parliament whereby 112 members are elected concurrently with the presidential elections with the other 12 seats are filled by paramount chiefs from each of the country's 12 administrative Districts.

2.3 Mining and Exploration Licensing

Mining and exploration in Sierra Leone is regulated by the Mines and Minerals Act of 2009, which replaced the Act of 1994 and introduced major changes to how the sector is governed. The new Act is more comprehensive and has a more balanced view between the interests of investors and communities.

The Ministry of Mineral Resources (MMR) is responsible for the administration, licence issuing, field monitoring and enforcement of Mineral Rights. Records are maintained at the ministry in Freetown and in local, district level mining offices. The MMR includes two technical divisions; the Mines Division and the Geological Survey Division.

The Mines Division administers the provisions of the Mines and Mineral Act, which include the issue of all Mineral Rights upon the recommendation of the Mineral Advisory Board (MAB), and the administration and supervision of all activities under these rights. The Geological Survey Division provides advice to the MMR on all geological matters. It also compiles, publishes and disseminates data and information concerning the geology and mineral resources of Sierra Leone, and supervises prospecting and mineral exploration activities in the country.

There are five types of Mineral Rights in Sierra Leone, three of which are relevant to foreign investors seeking to explore and/or develop mines (Table 2-1).

A three percent Export duty is payable to the Gold and Diamond Department of the Geological Survey of Sierra Leone (GGDO). In the case of gold, the fee is related to the purity of the gold.

2.3.1 *Environmental Regulations*

Environmental regulations are governed by the Environmental Protection Agency under the Environmental Protection Agency Act, 2008. This new Act replaced the previous 2000 Act and was aimed at meeting global standards and notably eliminating illegal logging. The Act requires all mining licence holders to acquire an environmental impact assessment licence, in accordance with the Environmental Protection Act 2000. There is no such requirement for exploration licences.

Table 2-1 Exploration and Mining Licence Types According to the Mines and Mineral Act 2009

Mineral Licence Type	Code	Granting Body	Duration	Renewal	Area
Reconnaissance Licence	RL	Minister	1 year	1 year	10,000 sq km
Exploration Licence	EL	Minister on MAB* advice	4 years	3 years with the option for another 2 years	250 sq km
Artisanal Mining Licence	AML	Director of Mines and Paramount Chief	1 year	Further three times each not exceeding a period of a year	0.5 hectare
Small-Scale Mining Licence	SSML	Minister on MAB advice	3 years	Renewable upon application if approved by MAB	1 sq km
Large-Scale Mining Licence	LSML	Minister on MAB advice	25 years	Further 15 year periods at a time	250 sq km

MAB – Minerals Advisory Board of the Ministry of Mineral Resources

Table 2-1 cont:

Code	Surrender Obligation	Expenditure Commitment	Comment
RL	Nil	As indicated in the approved costed work programme submitted by the applicant and indicated in the licence	This allows for the prospecting for specific mineral(s), only by the holder of the licence within the licence boundaries. The licences are non-exclusive with sub-surface work including drilling and excavation not being permitted. The holder must submit a confidential annual report to the Director of Mines annually.
EL	50% on renewal	As indicated in the approved costed work programme submitted by the applicant and indicated in the licence	This allows for the prospecting for any mineral within the licence area, including drilling and excavations. The removal of specimens and samples for analysis are permitted as well as the instalment of temporary buildings. The holder must submit a confidential semi-annual to annual report for the Director of Mines and the Director of Geological Survey.
AML	Nil	No expenditure commitments	Restricted to Sierra Leoneans nationals, co-operative societies, corporate bodies, joint ventures and partnerships with majority Sierra Leonean interest in areas specified and declared for artisanal mining. Allows mining of specified mineral(s) by the holder within the area covered by the licence
SSML	Nil	No expenditure commitments	May be held by wholly-owned Sierra Leone companies registered in Sierra Leone, or by a corporate body that is incorporated in Sierra Leone with a minimum of 25% Sierra Leone share holding, preferably held by the community in which the proposed mining area is located. Required to register with the Director of Mines for approval to participate in small-scale mining of precious minerals and pay the specified fees
LSML	Nil	As specified in the lease	This allows for mine development and exploration of specified mineral(s) by the holder in the area covered by the lease. Requires an Environmental Impact Assessment and for the holder to enter into a binding Community Development Agreement with affected communities

3 The Exploration Asset

3.1 Introduction

This section gives an overview of the Company and its exploration asset including historical development, location and property description. When reference is made to legal compliance (in respect to title) within the regulatory environment in which the Company operates, SRK ES has placed reliance on the Company.

3.2 Title and Rights

Blue Horizon (SL) Ltd, a wholly owned subsidiary of Sula, was granted the Exploration Licence EL 54/2011 by the Minister of Mineral Resources on the 23rd August 2011 and was registered on the 24th August 2011 for a period of four years according to the Mines and Mineral Act 2009. The contract states that the licence area is 153 km^2 in area and located within the Northern Province of The Republic of Sierra Leone within the coordinates shown in Table 3-1.

Table 3-1 Licence point coordinates in UTM WGS (84) Zone 29N

Point	*X*	*Y*
A	225991	1030096
B	232991	1030096
C	224991	1012096
D	214991	1012096
E	214991	1021096
F	225991	1021096

Figure 3-1 shows how these coordinates relate to the EL54/2011 Licence as well as the concession areas within the property referred to throughout the rest of this report.

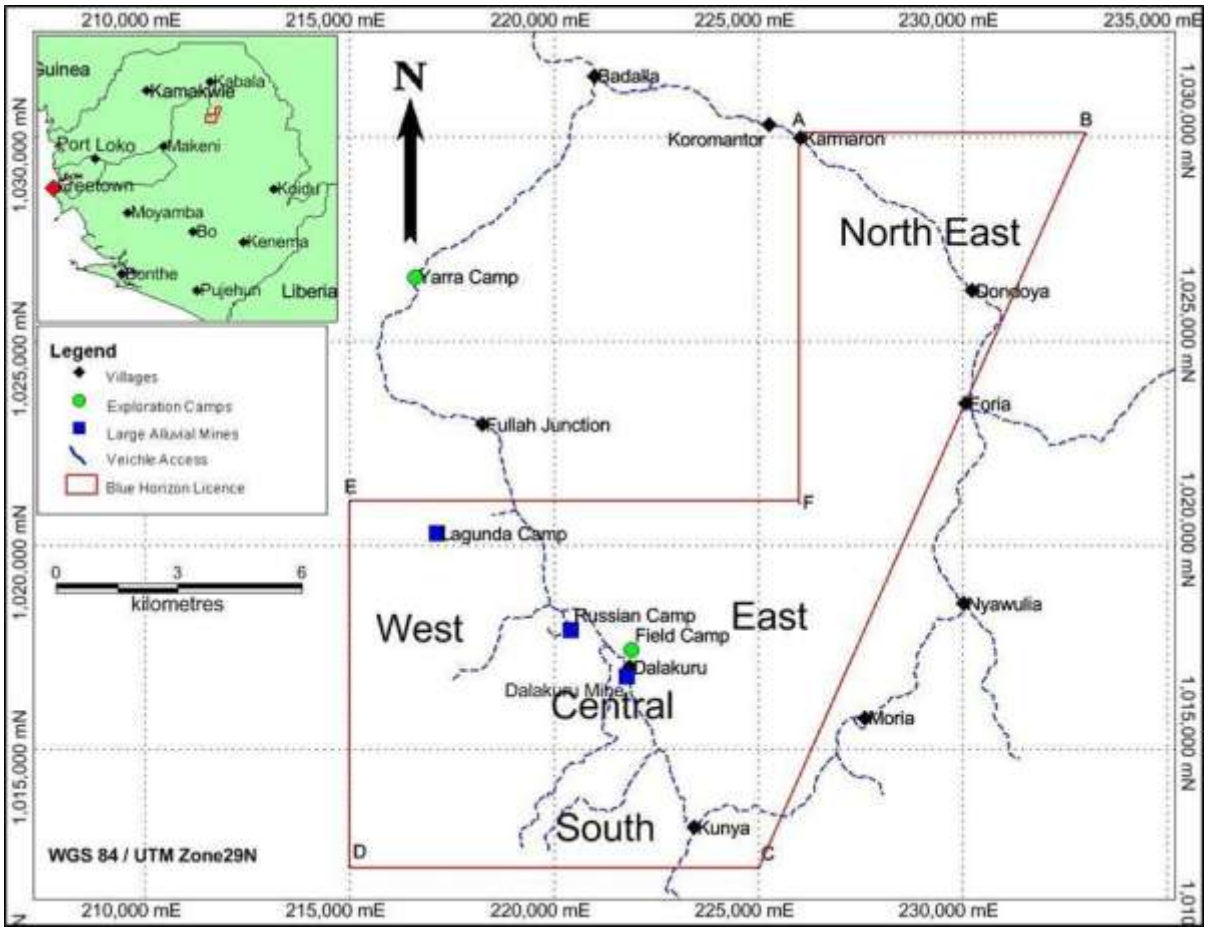

Figure 3-1 Concession with main villages and sections identified

3.3 Location, Access and Infrastructure

The Blue Horizon Property is located in the Diang Chiefdom, Koinadugu District, within the Northern Province of Sierra Leone, 55 km south of Kabala (the nearest major town in the area and a local administrative centre) and 290 km north east of Freetown (Figure 3-2).

Access to the licence from the capital is along a tarred road via the regional centre of Makeni, followed by 80 km on unpaved tracks. The total journey time is in the region of 7 to 8 hours.

The property contains the outflow of Lake Sonfon, which dominates the local geography draining down through the central section of the property. It eventually flows into the Sende River and southwest towards the Atlantic Ocean via the Pampana River. The north westerly areas of the licence drain into the Seli River which flows into the Rokel River which also flows west towards the coast (Figure 3-4).

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The largest village within the property is Dalakuru which is situated centrally (Figure 3-1). The smaller settlements of Dondoya and Foria are close to the eastern boundary. Kunya is believed to be the most southerly settlement in the licence. Other small settlements are found within close proximity of the main track which acts as a ring road diverging from Badalla.

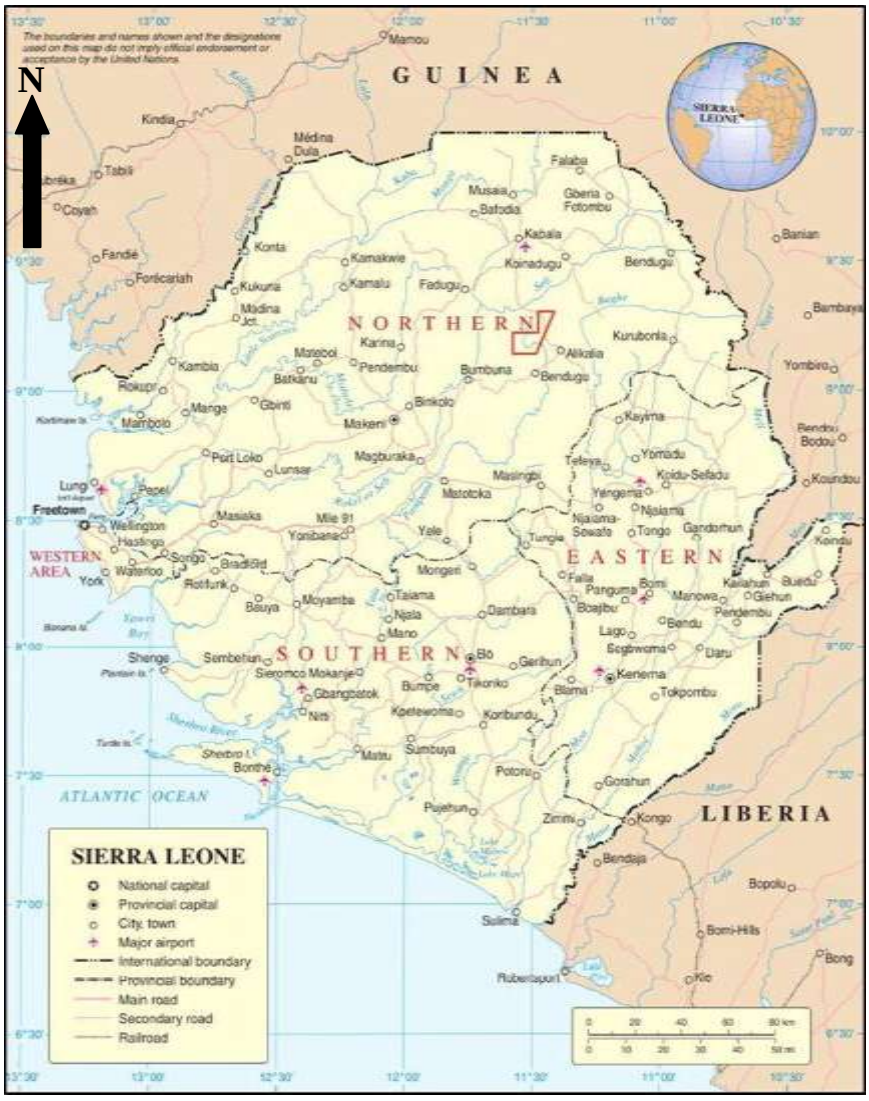


Figure 3-2 Location of Blue Horizon Project within Sierra Leone (United Nations Cartographic Section, 2004)

The property has an infrastructure of dirt roads assessable by four wheel drive vehicles with minor tracks branching off the major 'ring road' (Figure 3-1) which are only suitable for travel by foot or motorbike. Most of the roads, within the concession, were built by Golden Leo Resources (BVI) (GLR) who previously held the exploration licence. Access from Kabala is via a dirt road which travels through the Lake Sonfon licence to the north, which was constructed by previous operators of that licence. The dirt roads deteriorate during the rainy season and need regular maintenance in the form of grading and repair to fords across streams. During SRK ES visits the roads had not been maintained for some time significantly increasing the travelling time from Kabala to Dalakuru to almost 3 hours.

The property contains an exploration camp built by GLR which is adjacent to the village of Dalakuru (Figure 3-3A). Between SRK ES's two site visits, the exploration camp has been completely renovated with the installation of running water, sanitation, cooking and multiple air-conditioned accommodation facilities which are all powered by a fully integrated 80 kVA diesel generator. The camp is ideally situated and equipped to facilitate all future exploration work within the licence.

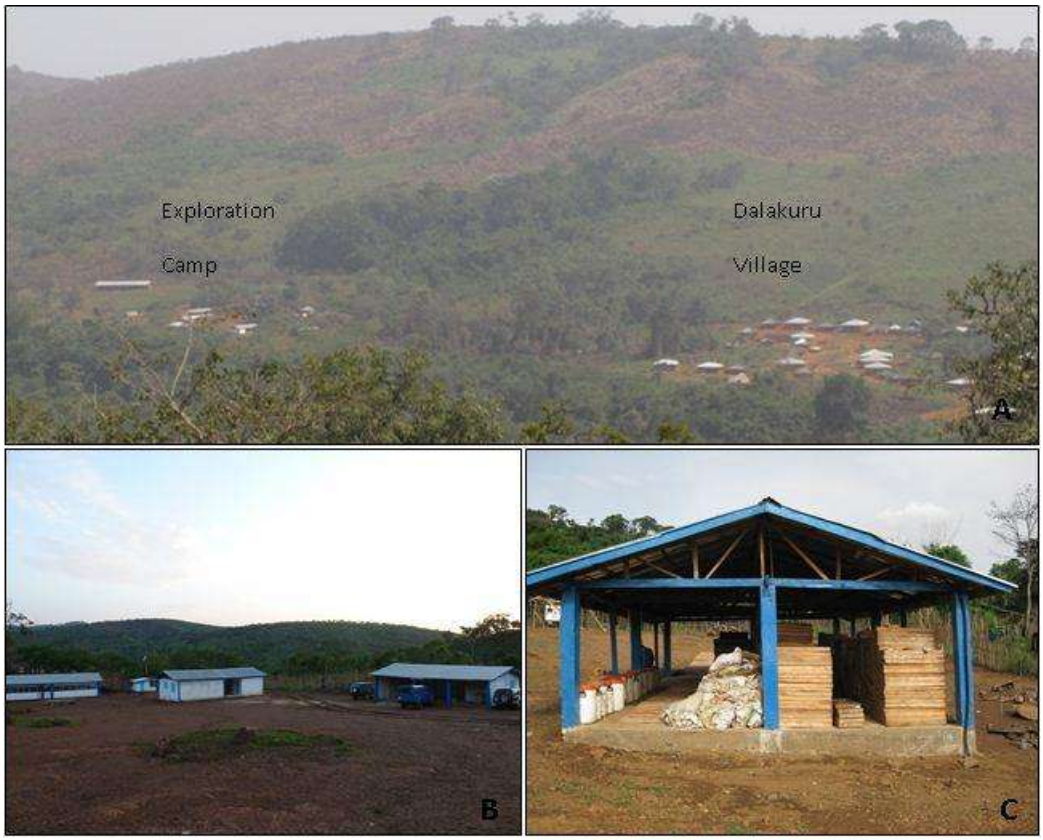


Figure 3-3 Exploration Camp near Dalakuru. A – View southeast of Dalakuru and the camp. B – Renovated camp buildings. C – Coreshed.

3.4 Terrain and Vegetation

The property contains two distinctive domains of terrain. The northern section of the property has a rolling landscape with a thicker soil upon the higher regions with wetlands and swamps dominating the lowlands in-between. The central and western portions of the property have a more varied topography, with high areas being constrained by rivers which incise deeply into the landscape creating steep sided ridges and has no floodplains or wetlands. The influencing factor behind the two different terrains may be the underlying geology (Figure 4-4), with the greenstone units within the central and western parts of the property generating a thick lateritic profile, and the granites to the east generating a more typical soil profile. Accessing the property directly from the north through similarly laterite terrain, the topography can be seen to become more exaggerated to the south, developing the steep high sided ridges observed within the Blue Horizon licence.

The vegetation within the property varies from moderately thick mixed tree savannah primary forest within the southern sector, to grasslands and scrublands dominating the central and northern sections including varying degrees of forests re-growth. Villages seem to be constrained to locations in which large ‘cotton trees’ have grown reaching >100ft, which have great cultural importance to the local population.

3.5 Drainage

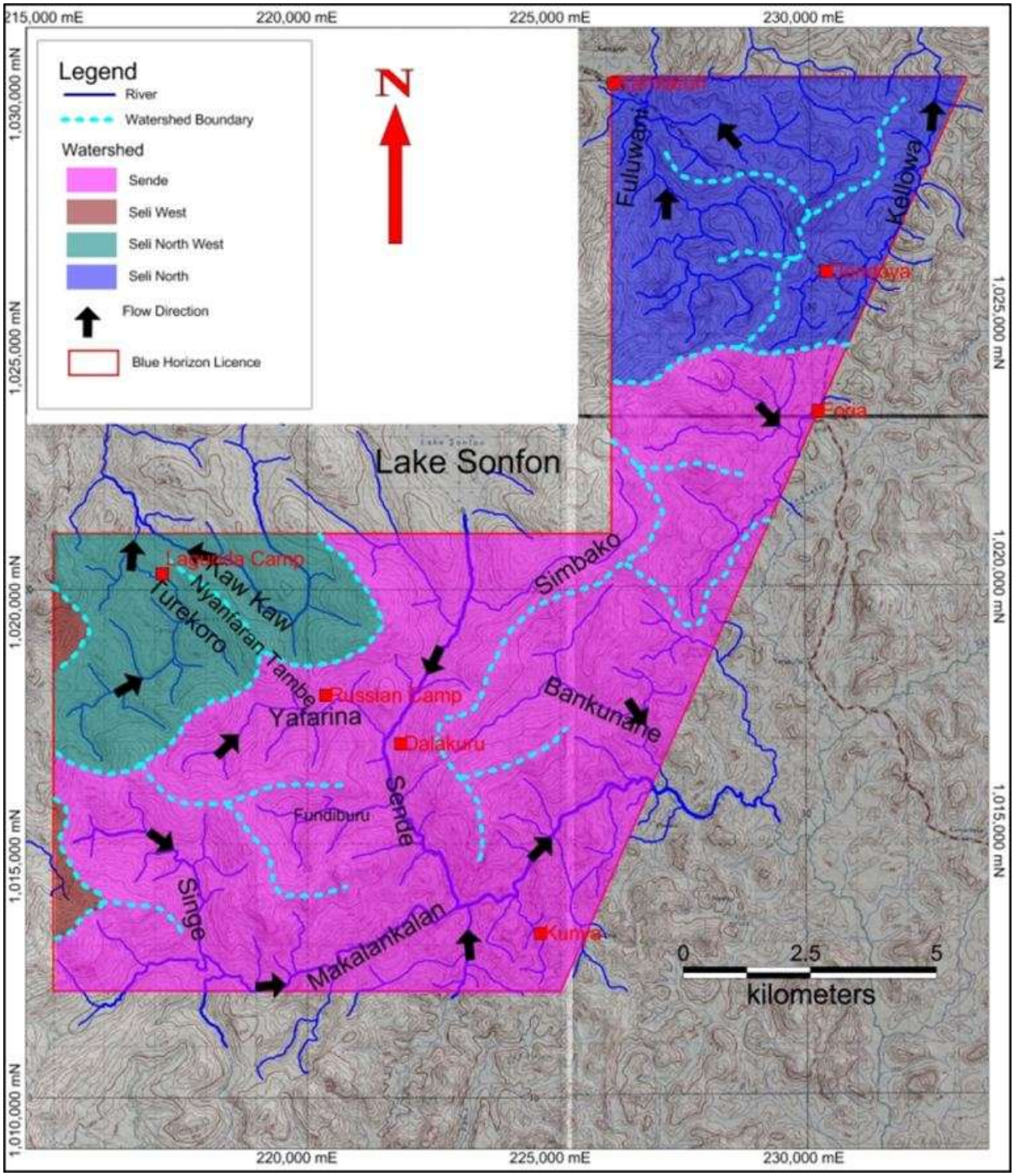


Figure 3-4 Rivers and Watersheds within the Blue Horizon Licence

The property contains three separate drainage basins, one in the north-eastern section, one in the north-western section and the largest one which dominates the central, south and eastern sections.

The maximum elevation difference in the licence is 570 m and unlike other areas of the Sula Mountains seen by SRK ES staff the river valleys are more deeply incised. Most rivers and streams within the Blue Horizon licence area drain to the south, into the Sende River, which is

sourced from Lake Sonfon (Figure 3-4), dominating the central zone. The regions to the north and west contribute to the west flowing Seli River. It is along the Turekoro River that SRK ES visited an extensive alluvial mining camp called Lagunda (Figure 3-1). This is situated close to the rivers watershed with the Kawa Kaw River which also drains to the north.

Figure 3-5 Alluvial Artisanal (organised) Mining, LHS: Lagunda – in the Turekoro Valley (looking northwest). RHS: Dalakuru - in the Yafarina Valley (looking south)

3.6 Climate

Sierra Leone falls within latitudes 7-10°N, inherently having a typical equatorial tropical climate with a single wet season from May to November, and a dry season which extends from December to March. Due to the slight elevation of the Sula Mountains, the temperatures and humidity levels are moderated to less than the average (26°C). During SRK ES's visit in December, daytime temperatures ranged between 20-35°C, although fell to below 9°C during the night. Temperatures are moderated by the seasonal Harmattan wind which blows from the Sahara throughout winter into early spring.

River discharge is at its lowest in March and April, reaching its maximum around mid September. During early spring, Lake Sonfon is at its lowest capacity. The majority of early order streams and rivers flow from early May into December. The effect of the rains on exploration can be dramatic if access roads become impassable when sections are washed away.

3.7 Historical activity

3.7.1 *Introduction*

The majority of exploration work completed in the licence area was undertaken between 2003 and 2010 by the previous licence holders, Golden Leo Resources. Previous to this, the Geological Survey of Sierra Leone had investigated the Sula Mountains, publishing a 1:50,000 geological map and various journals on the geology and mineralisation. During this work sampling of outcrops and trenches was undertaken.

Although the 1:50,000 geological map for this area is complete, it is based on interpretation from relatively little outcrop, exposure being limited by deep tropical weathering forming

laterite which masks the original rock to a depth of 30 m in places. Vegetation and terrain has also hindered exploration and meant that much of the early work was by river or road cuttings. More recent airborne geophysical and remote sensing techniques have however added the geological knowledge currently available in recent times though the instability during the civil war between 1991 and 2002 interrupted the exploration of this and other areas of Sierra Leone.

3.7.2 *Pre-Independence Exploration*

The first reported geological work within the area was undertaken by F. Dixey, who discovered the existence of the schist belt which makes up the Sula-Kangari Belt (1918-21). This was followed up by work by N.R. Runner and J.D. Pollett during a reconnaissance visit in 1926 and it was as part of this that N.R. Runner became the first man to discover gold within Sierra Leone.

The Sula Mountains were first mapped by the Geological Survey of Sierra Leone between 1950 and 1954 on a scale of 1:50,000, following which Wilson and Marmo (1958) published 'Geology, Geomorphology and Mineral Resources of the Sula Mountains' which first documented a primary source of gold within the Sula Mountains.

Wilson and Marmo (1958) first reported the presence of a number of quartz-pyrite-tourmaline veins within the upper rotten amphibolite schists and the presence of gold within these was confirmed by a number of trenches (Table 3-2), just northwest of Dalakuru on the western bank of the Yarafina River within the current Blue Horizon licence. These veins were found from following positive sampling results upstream from gossanous zones which had developed directly above the quartz veins within the laterite profile and shed into the water course due to down slope slumping of the heavy upper part of the profile, the duricrust (Figure 3-6).

Table 3-2 Wilson & Marmo (1958) assay results NW of the Sende-Yafarina confluence.

Trench No.	Width In.	Dwt*. Gold per ton	gram/tonne equivalence	Remarks
2	22	11.7	20.1	NE. Vein
6	11	11.4	19.5	SW. Vein
6	21	5.6	9.6	SW. Vein
7	24	13.4	23	SW. Vein

*1Dwt = 1.55517384 grams

As well as the gold occurrences, molybdenum mineralisation was also discovered by Wilson and Marmo at a number of locations within the southeast portion of the Blue Horizon licence but little mention of this is made in the resulting report which states that it appears to be linked with the late-kinematic contact with the country rock in circumstances where pegmatites have developed.

Figure 3-6 Trench No. 7 Examined by SRK ES

3.7.3 *Modern Exploration*

Golden Leo Resources BVI (GLR), an entity which was formed as a joint venture between Golden Star Resources (TSX) and Mano River Resources (BVI), held the exploration licence EXPL 07/2007 between 2007 and 2011, which covered the same area as the current Blue Horizon licence. Prior to 2007 the licence was held by Mano River Resources a subsidiary of Aureus Mining plc (AIM & TSX). From 2002 Mano River Resources had been the joint venture partner with Golden Prospect plc who held the Lake Sonfon Licence which is to the immediate north and contiguous with the current Blue Horizon Property.

Information pertaining to the activities of Golden Leo in the 'South Sonfon' licence has been taken from annual reports submitted to the Ministry as part of its licence obligations and permission has been granted to Blue Horizon to use this information by the Ministry of Mineral Resources.

In 2005 Mano River Resources undertook a regional soil sampling programme which covered the entirety of the licence with samples taken along an 800 m x 100 m grid and analysed for trace gold at ppb levels via BLEG methods. This produced a number of target anomalies (Figure 3-7) some of which (the larger ones in the southwest of the licence) were investigated by an infill regolith soil sampling follow up programme along a 200 m x50 m grid in 2006.

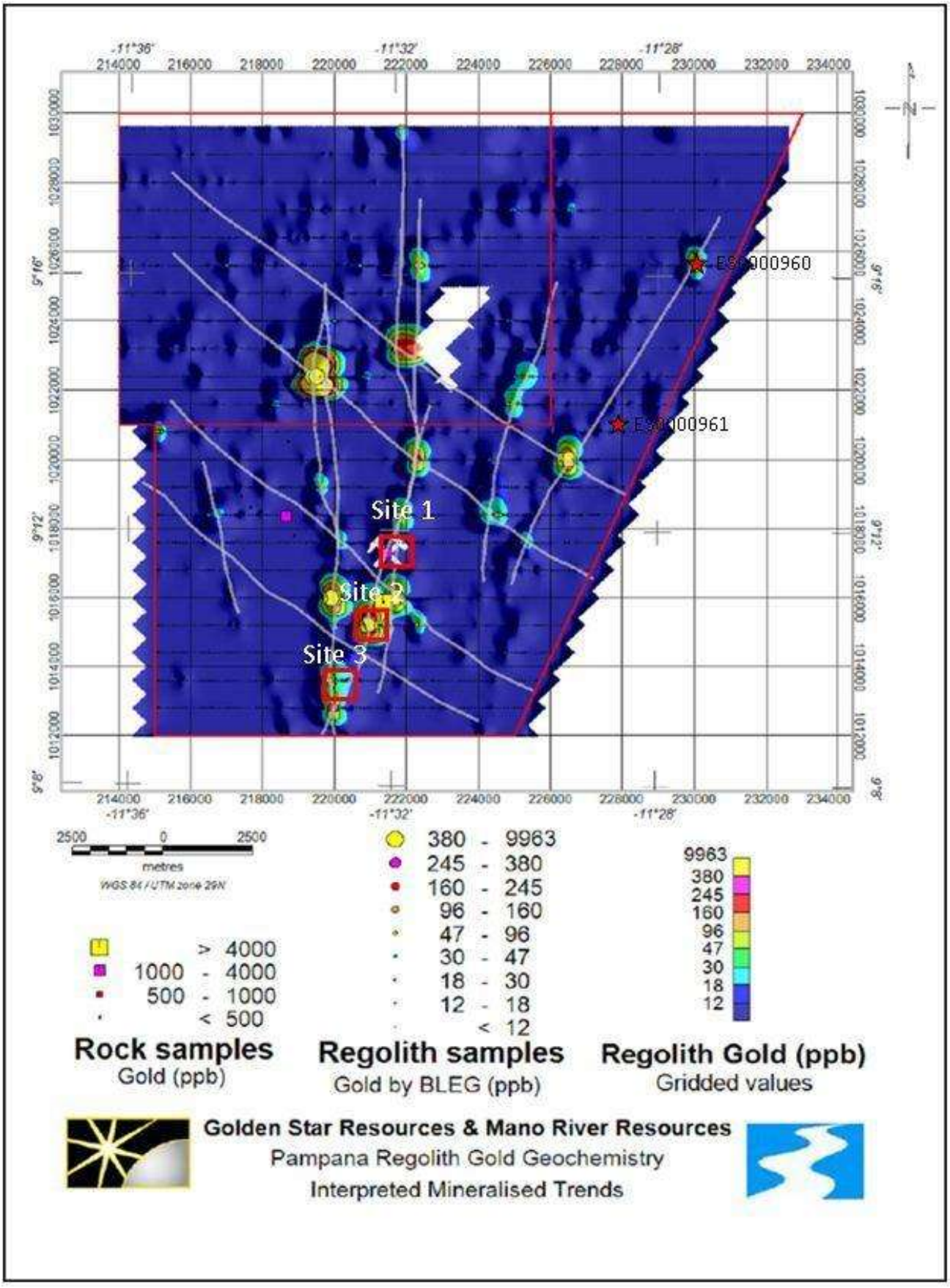


Figure 3-7 Golden Leo Resources – Regolith Gold Geochemistry and Interpreted Mineralised Trends - Modified to include Drill Sites

This infill soil sampling appears to have been accompanied by the re-sampling of the trenches dug by Wilson and Marmo in 1958, based on which GLR delineated the Yafarina-Dalakuru-Sende (YDS) geochemical NNW-SSE trending anomalous zone at 25ppb Au (Figure 3-8).

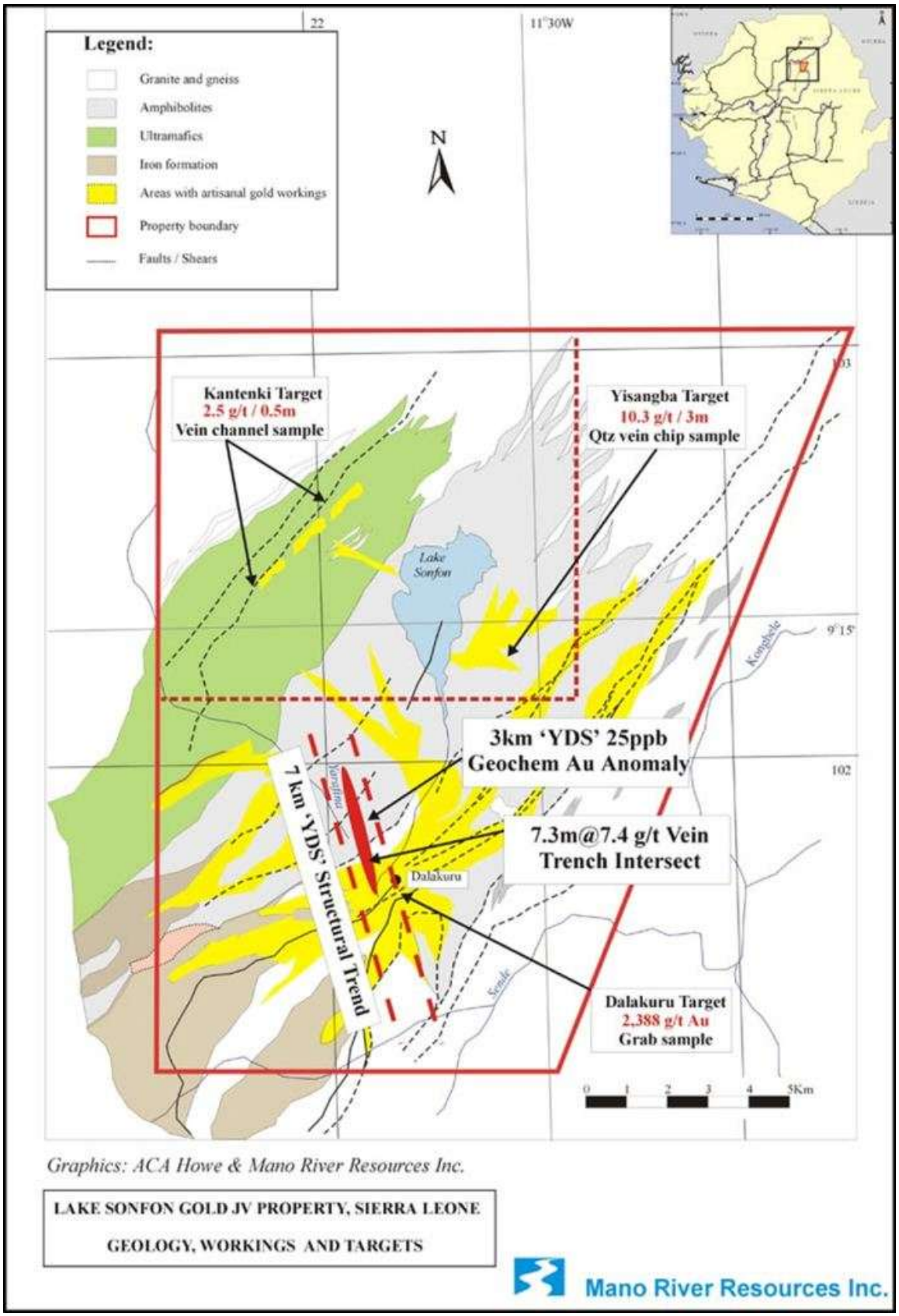


Figure 3-8 Mano River Resources – Geology, Workings and Targets

Following the results of the regolith sampling programmes a RAB drilling programme was established and ran from late 2007 to 2008. A total of 388 holes were completed along fences spaced every 200 m with holes drilled every 25 m on an azimuth of 287° at an inclination of -50°. Although many of these holes were found by SRK ES during the field visit because they, like the diamond drill collars, had been well marked no overall drill plan of the RAB holes has been seen by SRK ES. The total depth drilled was 3,406 m (average of 8.8 m per hole), and some 1,268 samples were collected. The best intersections are shown below (Table 3-3). Drilling was reportedly hindered by fractures and joints within the laterite which limited air return and therefore sample recovery.

Table 3-3 Selected GLR RAB intersections from 2007-2008 Programme

RAB Hole	From (m)	To (m)	Intersection (m)	Grade (g/t)
SONRB 024	0	9	9	7.40
SONRB 025	0	9	9	0.19
SONRB 026	4	9	6	0.53
SONRB 027	5	9	5	2.35
SONRB 028	0	9	9	0.135
SONRB 293	6	9	3	2.94
SONRB 294	3	6	3	2.22
SONRB 467	0	3	3	1.61
SONRB 487	0	9	9	0.57
SONRB 491	0	12	12	0.24
SONRB 649	0	8	8	0.438
SONRB 650	0	8	8	0.16
SONRB 652	0	10	10	0.26
SONRB 583	3	9	6	4.67
SONRB 587	12	16	4	0.77
SONRB 588	0	12	9	0.36

The RAB drilling was accompanied by a secondary regolith infill sampling programme totalling 17 km of profile along grids of 200 m x 25 m, however none of these results have been seen be SRK ES. It is also of note that SRK ES has not seen GLR's reasoning for the entire drilling programme within the concession to be based on 187-107° azimuths with a -50° inclination, although it is thought that they were targeting steeply dipping vein structures trending NNE-SSW as seen within the aforementioned trenches (Table 3-2).

Between 2008 and 2009 a diamond drilling scouting programme was completed which included 14 holes, totalling 2,167 m. The holes were orientated with a 287-290° azimuth with a -50° inclination. Drilling was carried out by Boart Longyear. The core was orientated for structural analysis, split and fire assayed. Two holes returned positive values (Table 3-4), with SDD004 returning the best results, situated just north of Dalakuru. The holes were closely spaced with no identifiable grid (Figure 3-10), covering three sites highlighted as anomalous by the RAB and soil sampling programmes (Figure 3-7) within the central and south of the property.

In addition to the diamond drilling, detailed geophysical surveys were carried out in 2010 by Sagax Afrique (S.A.). Two different technical surveys were carried out, pole-dipole and gradient induced polarization; measuring chargeability, resistivity and conductivity. The surveys were carried out on profiles spaced every 200 m with readings taken every 50-25 m depending on the anomalous areas identified by previous sampling. Concordant with the drilling, the profiles were orientated 287°, targeting N-S structures.

The last exploration activity on the concession was in 2010 and comprised a second diamond drilling scout programme of 20 holes totalling 3,225 m. The work was carried out by the same contractor, Boart Longyear and was undertaken in June to July, with the targets based on geophysical conductors thought to be zones of mineralisation plus previous sampling results (GLR Governmental Report, 2011). The holes were orientation with the same 287° azimuth (with one at 107°) and -50° inclination reaching a maximum depth of 268 m (350 m length). The location of these holes appear to be amongst the two drilling sites which in 2008 returned positive intersections (Table 3-4 & Figure 3-10) though only two of the twenty holes returned positive results (Table 3-5).

SRK ES visited the drilling locations of two of the three drilling sites (Sites 1 & 2), verifying the location, azimuth and dip and tightly clustered spacing of twenty eight of the thirty four diamond boreholes (Appendix A). A number of RAB boreholes were also corroborated with GLR's reporting (Figure 3-9). Only Site 3 was not verified by SRK ES, although no intersections were reported by GLR from this location.

Figure 3-9 Drilling Collars. A – Diamond # SDD29, B – RAB # SONRB029

3.7.4 *SRK ES Comments*

The data reviewed by SRK ES indicates that Golden Leo drilled the boreholes at sites 1 and 2 in order to intersect a NE trending quartz-tourmaline vein or vein system which had been originally picked up in trenches 2, 6 and 7, originally excavated in 1958 but thought to have been re-sampled more recently. No data has been seen by SRK ES to indicate exactly what structures or lithologies give rise to the significant intersections. The one surviving trench (Number 7 shown in Figure 3-6) was cleaned out and inspected by SRK ES but no quartz veining could be found.

Anecdotal evidence from report suggests that some of the values are derived from quartz-tourmaline-pyrite veins.

Drilling at Site 3 returned no anomalous gold intersections during the 2008 drilling programme. The boreholes appear to be drilled along a small mapped seam of BIF coming up from the south into the licence (Figure 3-10). SRK ES is not aware if these boreholes were intended to, or if they did, intersect any of the BIF unit.

The three drilling sites could also have been chosen because they are coincident with strong soil sampling anomalies occurring where NNE/SSW lineament intersects with NW/SE trending structures.

It must be noted that no definition has been seen with regard to what qualifies as a significant intersection and SRK ES is also unaware of the sampling strategy employed in sampling the boreholes.

The geochemical regolith sampling results (Figure 3-7) appear to show a very strong relationship with structural lineations, generating anomalous zones with the intersections of N-S with NW-SE and NNE-SSW with NW-SE structures (Figure 3-7). SRK ES considers the sampling spacing used to be too wide at 800 m x 100 m (N/S & E/W) for the first pass and the follow up sampling at 200 m x 50 m spacing disproportionate. SRK ES has successfully used a 200 m x 100 m (N/S & E/W) grid and then a 100 m x 50 m follow up grid for gold exploration elsewhere in the Sula Mountains and also found that soil anomalies showed up very well even at a low cut off of 14ppb.

The trend of the YDS geochemical anomaly zone quoted in Mano River public documents (Figure 3-8) is unusual in that it trends NNW/SSE which is quite different to the quartz/tourmaline target that almost all the diamond drill holes were orientated towards. The YDS model also does not seem to fit with the regional geochemical regolith sampling, which show anomalies on structures bearing N-S to NNE-SSW (Figure 3-7).

It appears form the data reviewed by SRK ES that the property has been explored primarily for its gold potential. Apart from initial mapping by the Geological Survey of Sierra Leone the potential for iron mineralisation in the form of a BIF (BIF) has, in terms of publicly available documents, not been investigated to date.

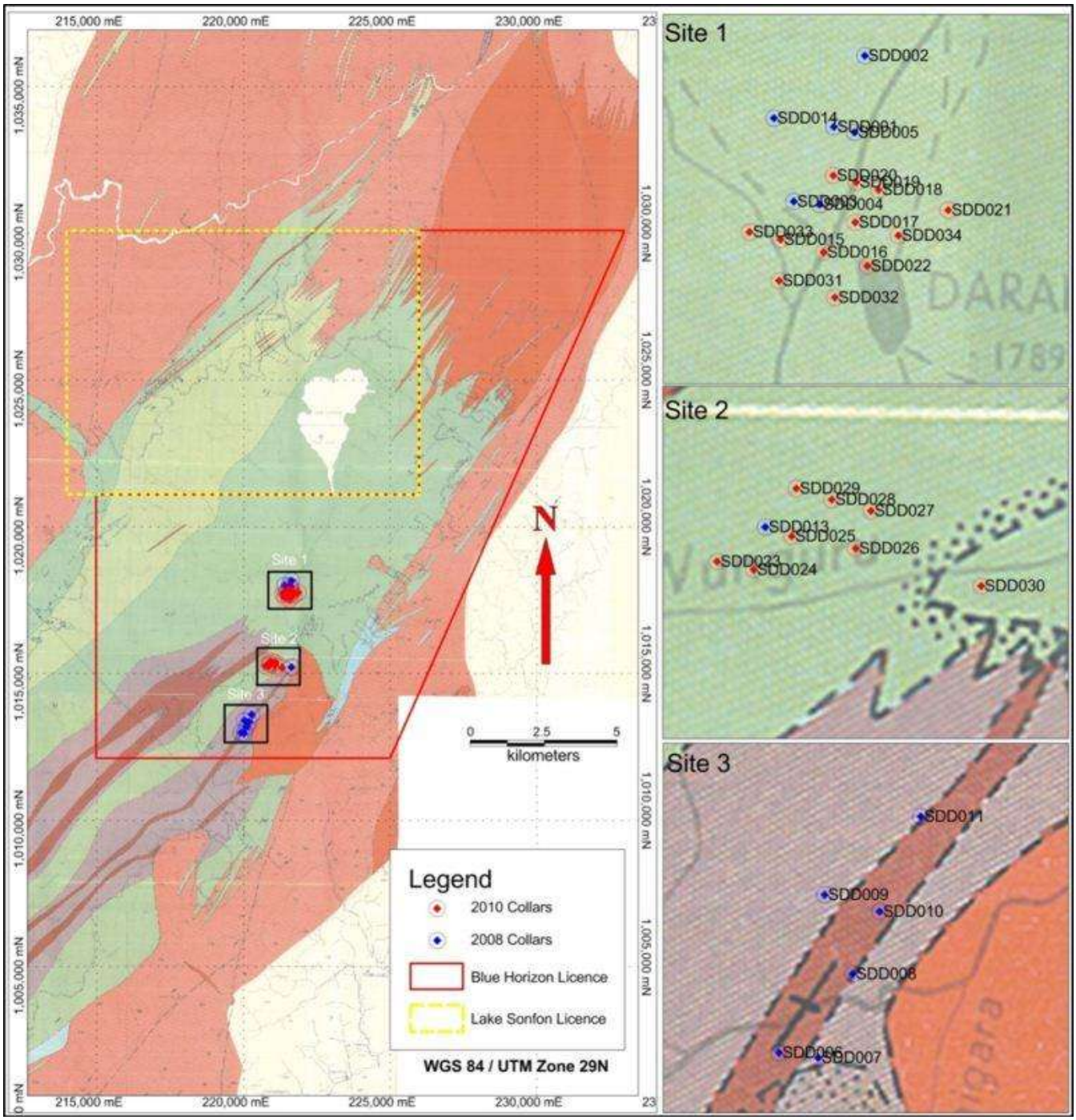


Figure 3-10 Golden Leo Resources Diamond Drill Collars

3.7.5 *Reported Results from Diamond Drilling*

Table 3-4 GLR drilling intersections 2008 programme

Hole _ID	Easting	Northing	RL	Length	Azimuth	Dip	From	To	Int	Au	Comments
SDD001	221559	1017984	664	130	287	-50					No significant intersection
SDD002	221640	1018168	636	135	287	-50					No significant intersection
SDD003	221454	1017789	612	120	287	-50					No significant intersection
SDD004	221521	1017781	615	220	287	-50	83.14	85.1	2	8.76	2 m @ 8.76g/t
SDD004	221521	1017781	615	220	287	-50	89.4	98.1	8.72	10.46	8.72 m @ 10.46g/t including 3.45 m @ 21.39g/t
SDD005	221613	1017969	639	220	287	-50					No significant intersection
SDD006	219917	1012991	561	130	290	-50					No significant intersection
SDD007	220018	1012977	550	140	290	-50					No significant intersection
SDD008	220110	1013196	583	220	290	-50					No significant intersection
SDD009	220039	1013402	618	125	290	-50					No significant intersection
SDD010	220180	1013357	593	161	290	-50					No significant intersection
SDD011	220288	1013605	590	200	290	-50					No significant intersection
SDD012	221635	1015227	628	104	287	-50					No significant intersection
SDD013	220865	1015338	607	131	290	-50	31.25	37.7	6.4	1.72	6.4 m @ 1.72g/t
SDD014	221404	1018007	629	131	287	-50					No significant intersection

Table 3-5 GLR drilling intersections 2010 programme

Hole _ID	Easting	Northing	RL	Length	Azimuth	Dip	From	To	Int	Au	Comments
SDD015	221420	1017690	585	92	287	-50					No significant intersection
SDD016	221532	1017656	595	195	287	-50	171	173	1.55	11.68	1.55 m @ 11.68g/t
SDD017	221613	1017734	615	265	287	-50					No significant intersection
SDD018	221675	1017818	616	149	287	-50					No significant intersection
SDD019	221616	1017839	625	126	287	-50					No significant intersection
SDD020	221558	1017856	628	128	287	-50					No significant intersection
SDD021	221854	1017765	574	127	287	-50					No significant intersection
SDD022	221644	1017620	576	197	287	-50					No significant intersection
SDD023	220760	1015264	614	125	287	-50					No significant intersection
SDD024	220839	1015245	628	125	287	-50					No significant intersection
SDD025	220922	1015318	618	124	287	-50					No significant intersection
SDD026	221060	1015290	643	125	287	-50					No significant intersection
SDD027	221093	1015372	612	125	287	-50					No significant intersection
SDD028	221009	1015397	603	125	287	-50					No significant intersection
SDD029	220932	1015422	592	125	287	-50					No significant intersection
SDD030	221331	1015207	664	125	287	-50					No significant intersection
SDD031	221415	1017583	565	131	287	-50					No significant intersection
SDD032	221560	1017538	578	251	287	-50					No significant intersection
SDD033	221340	1017710	572	215	107	-50	161.37	170	9.03	6.63	9.03 m @ 6.63g/t including 3.34 m @ 15.98g/t
SDD034	221725	1017699	350	350	287	-50					No significant intersection

3.8 Adjoining Licences and Competitor Activity

Taia Lion Resources (TLR) Inc. is a Canadian registered company and currently holds the Lake Sonfon mining licence (ML01/09), which borders Blue Horizon's licence to the north and west. TLR's licence covers a total area of 108 km^2 and is licensed for the mining of gold. It is understood that TLR are currently actively working on this property.

African Minerals Ltd. (AML) is an AIM listed company which wholly owns the Tonkolili licence which adjoins the property to the south (ML1A/10 & ML1B/10), and was upgraded to a mining licence in August 2010. African Minerals have just started mining having declared a JORC Compliant Mineral Resource estimate comprising some 12.8 Billion tonnes (Bt) of iron ore, and having constructed an integrated mine, rail and port infrastructure. The first shipment of product was made in November 2011 (African Minerals website, 2011). The Tonkolili project is based on a large shallow magnetite BIF (BIF) which makes up part of the meta-sedimentary units with the Kumbi Supergroup. This deposit was initially identified from an aeromagnetic survey (Figure 3-11), which shows a number of en echelon tabular steeply dipping bodies trending north east.

In total, five contiguous orebodies have been drilled on the AML licence comprising over 21 km of strike length. The northernmost of these are the parallel Kasafoni West and Kasafoni East orebodies which have a combined strike length of 12 km and have been reported to contain a total of 4.3 Bt of ore, 2.9 Bt of which has been classed as Inferred and 1.4 as Indicated, with an average FE_{TOT} content of 30.4% (based on 37 boreholes to June 2010). The orebodies are up to 200 m thick and dip between 60° and 70° to the northwest and have non continuous amphibolite domains within the BIF. All of the Tonkolili orebodies have been intersected at depths in excess of 700 m.

After consulting various publically available documents, including the geophysical aeromagnetic survey (Figure 3-11 & Figure 3-12), SRK ES considers that the strong anomaly lying to the north of the Kasafoni West orebody (Figure 3-12) although un-named and un-drilled appears to continue from the Tonkolili licence, into the southern portion of Blue Horizon property (Figure 3-11 & Figure 3-12).This has since been proven during a ground magnetometer survey conducted by BHL in May 2012, (refer to section 9.1).The magnetic data has also been processed to show the analytical signal which highlights the BIF bodies (Figure 3-12), with the un-named magnetic anomaly appearing to be composed of two distinct linear groups (having a similar form to the Kasafoni East and West orebodies further south). It is not clear whether the two parallel lines of BIF represent limbs of a folded structure or two distinct stratigraphic BIF units.

The Blue Horizon licence also borders other exploration licences to the east, west and south, being held by; Dimas Resources Ltd and I Engineering, Geological Services Ltd and SLDC Exploration Ltd to the west, Vatra Group of Companies to the east and Transcend International Resources Ltd to the south. SRK ES does not have any information regarding the current projects or of the level of work undertaken within these licences.

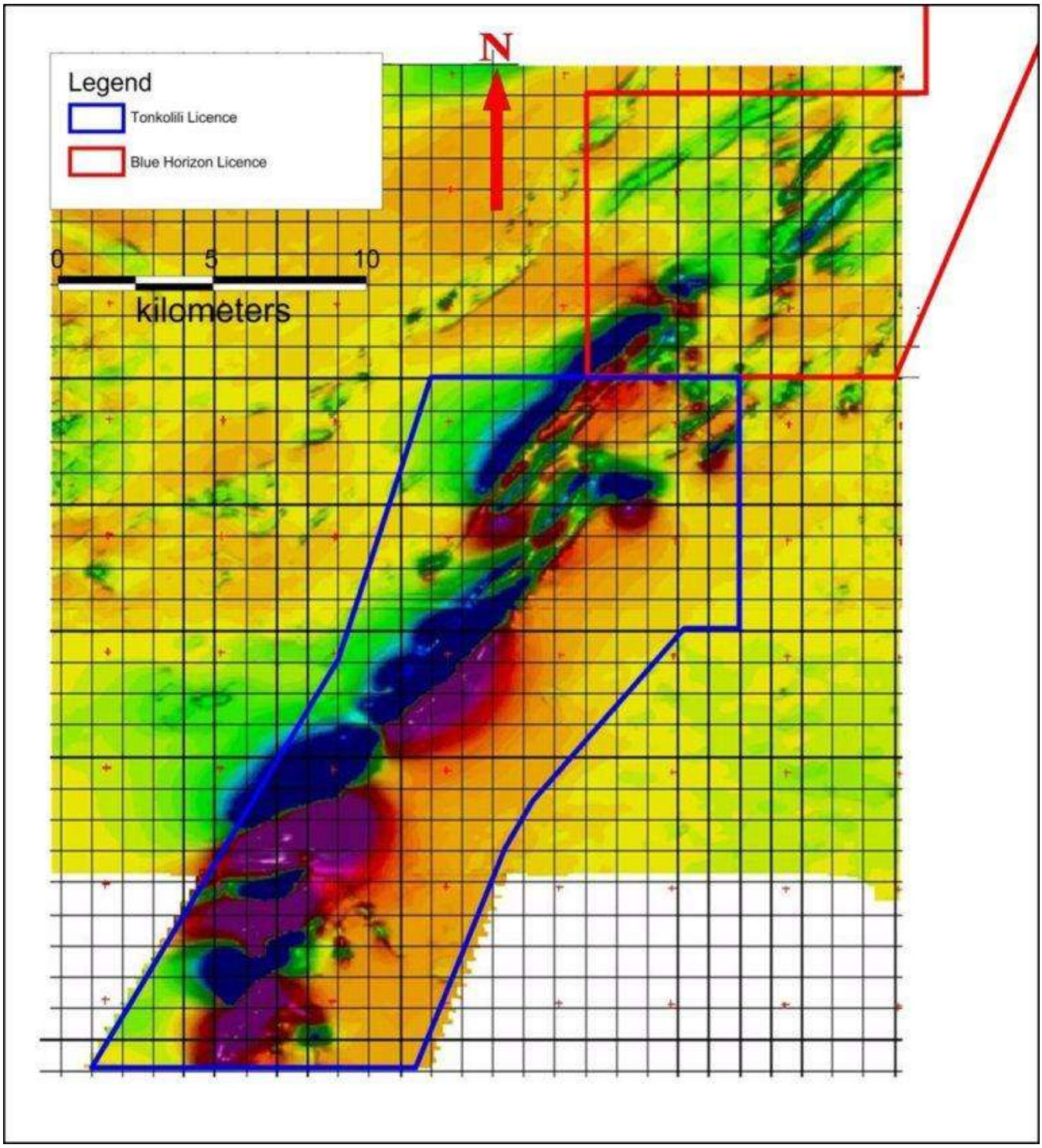


Figure 3-11 Airborne total field magnetic survey at 100m resolution (SLDC, Tonkolili Iron Ore Region Preliminary Geophysical Investigation, 2006).

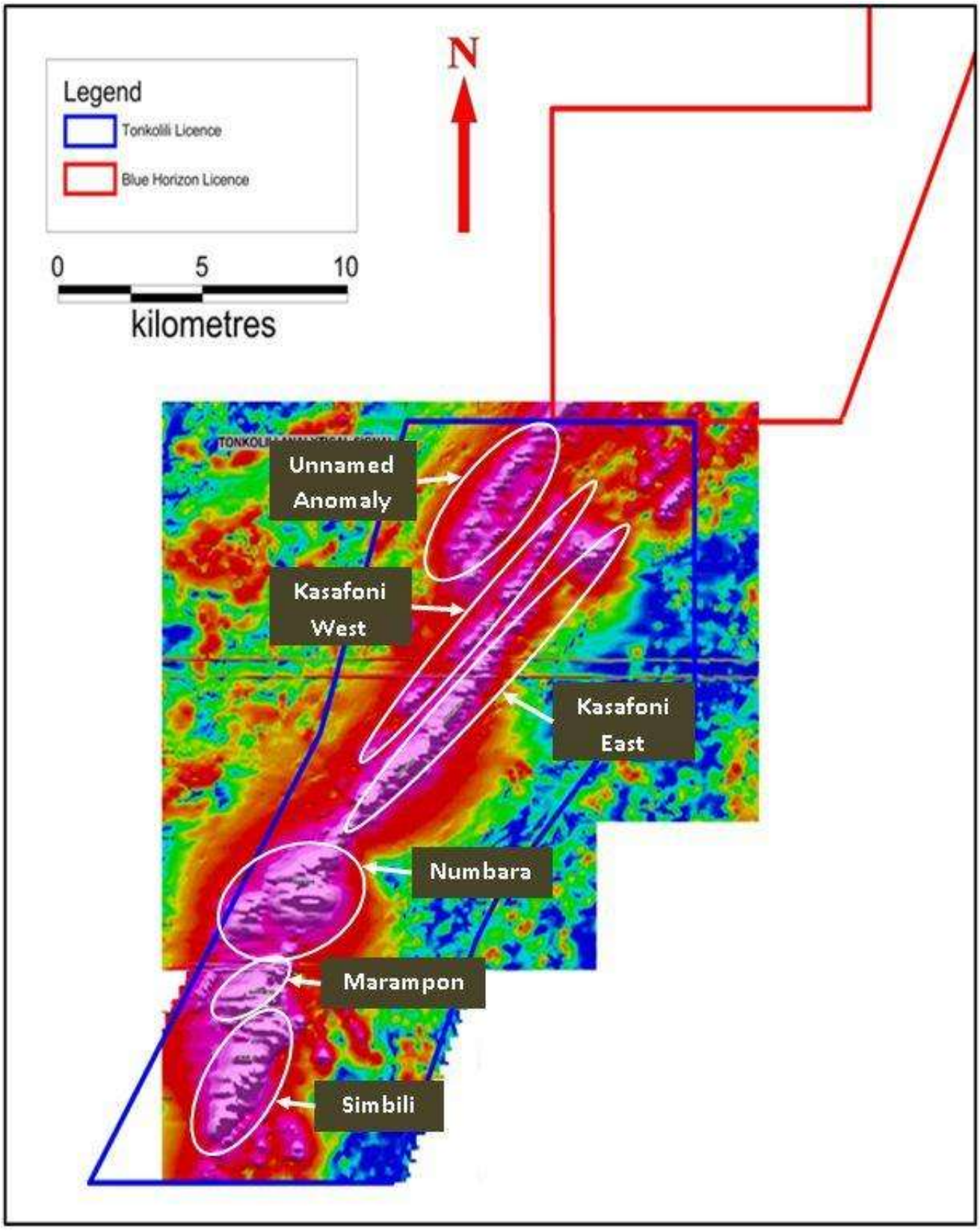


Figure 3-12 Airborne magnetic survey showing analytical signal for the Tonkolili area (Modified from: Technical Review of the Tonkolili Iron Ore Project, Sierra Leone, SRK Consulting, 2010).

4 Geology

4.1 Introduction

Most of the geological maps of Sierra Leone are the result of a combination of regional field work followed by the interpretation of geophysical surveys (Wilson & Marmo 1958) and remote sensing. The main limiting factor for geological understanding is the large thickness of duricrust which has developed from the Mesozoic to present, being especially prolific above the Archaean Greenstone belt comprising the mafic-ultramafic intrusions.

The geology of Sierra Leone is dominated by an Archaean age terrain comprising of granite-greenstone material which represents an ancient piece of lithosphere forming part of the West Africa Craton (WAC) (Figure 4-1).

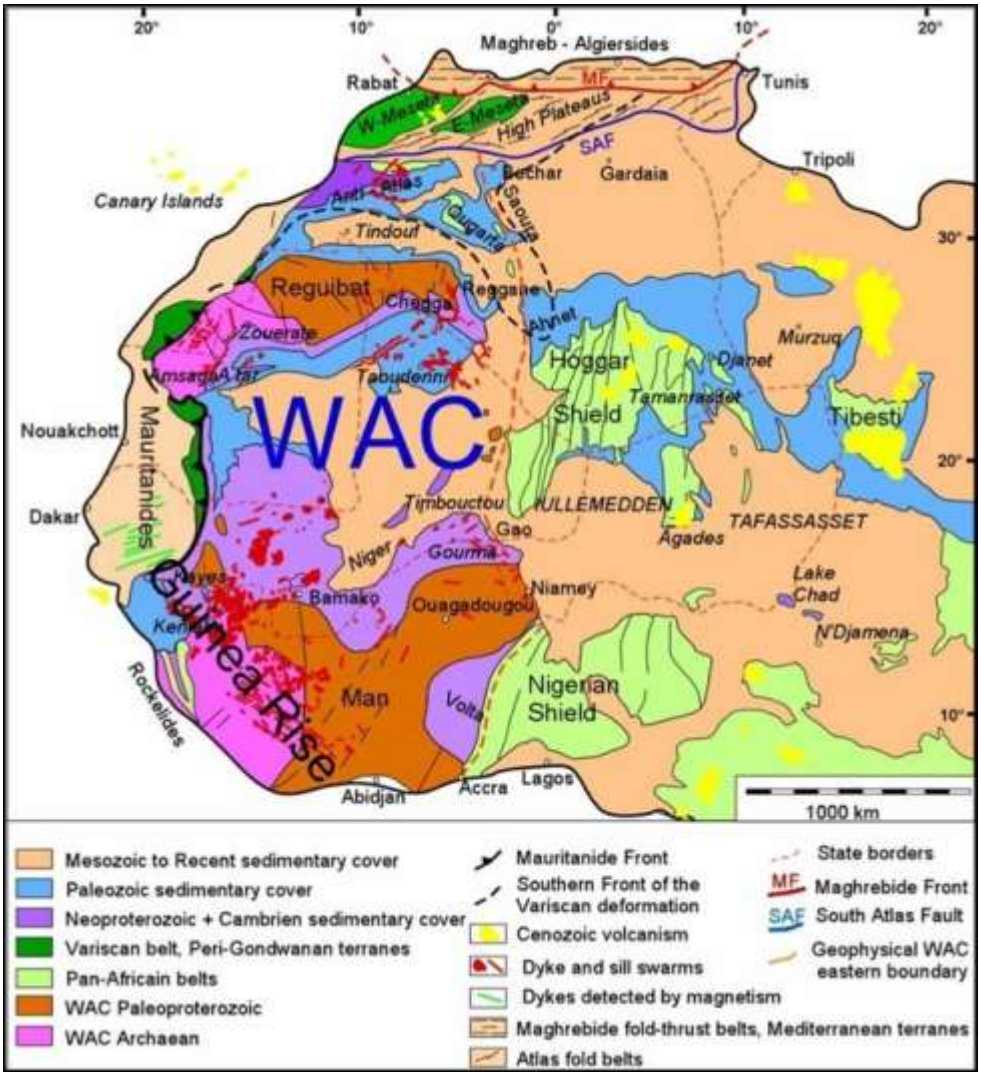


Figure 4-1 West African Craton

Sierra Leone makes up part of the Guinea Rise which initiates in Guinea and follows the coast south through Sierra Leone, Liberia and the Côte d'Ivoire, representing the remnants of a much larger Achaean terrain (Foster & Piper 1993), and is the reason for Sierra Leones steep gradient rise inland from the Atlantic.

Sierra Leone's geology can be broken up into six main provinces, the; Freetown Peninsular, Coastal Basin Sediments, Western Mobile Zone (Kasila Group), Eastern Craton (Granite & Acid Gniess), Rokel River Group and the Greenstone Belts (Kambui Supergroup) (Figure 4-2).

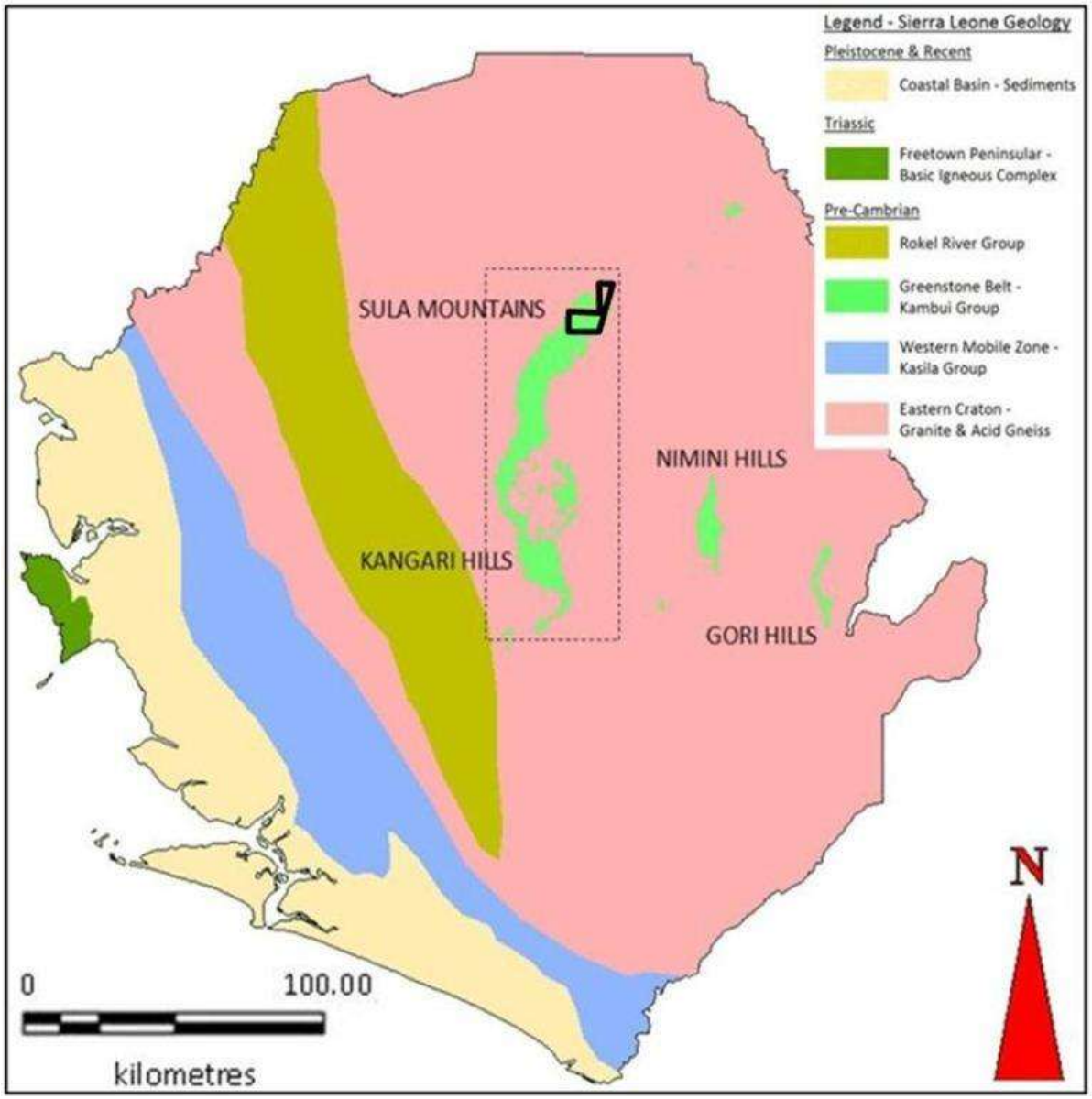


Figure 4-2 Regional Geology of Sierra Leone (BHL licence in black)

The Freetown peninsular lies on the continental margin and comprises a Layered Mafic Complex generally interpreted to have formed from successive pulses of basic magma during the Triassic-Lower Jurassic Atlantic rifting (Morel 1979). Directly east of the peninsular a coastal basin has formed, becoming in-filled with marine and estuarine sediments from the Cenozoic to present, its formation is due to continental margin down warping during the Late Mesozoic (Culver & Williams 1979), related to the rifting event during Africa's and North America's parting. The Kasila Group makes up the Western Mobile Zone which is an "Archaean, highly metamorphosed supracrustal succession, composed of igneous, clastic and chemical sedimentary rocks" (Williams 1987). The contact between the Kasila Group and the

granite-greenstone terrane to the east is defined by an intense overthrusted ductile shear zone with an eastwards direction. The Rokel River Group is interpreted as Late Precambrian, fault controlled sedimentation of glacigenic, fluvial, and marine deposits (Culver & Williams, 1979), related to the Rockslide thermo-tectonic event, ca. 550 ma.

As Figure 4-2 shows, the central and eastern areas of Sierra Leone are dominantly underlain by the Archaean granite-gneiss-greenstone terrane of the Eastern Craton, which the Blue Horizon licence is situated within the upper limits of the Sula-Kangari Greenstone Belt. The Nimimi Hills and the Gori Hills are two smaller patches of greenstone belt which crop out in the east of Sierra Leone.

4.2 Regional Geology

4.2.1 *Background*

The Blue Horizon property is located within the northernmost limits of the Sula Mountains (Figure 4-2) which are composed of a mixture of greenstone volcano-sedimentary metamorphosed units (2700-2600 Ma) (Hurley *et al,* 1971) of the Sula-Kangari Greenstone Belt as well as the Late and Syn-kinematic granites.

The Sula-Kangari Greenstone Belt has undergone two main periods of deformation related to major orogenic cycles; the Leonean episode (>2700 Ma) and the younger Liberian episode (~2700 Ma) (Macfarlane *et al,* 1981).

The Leonean orogenic episode can be split into two major events, the initial deformation (D_1), creating folding structures with E-W trends with shallow plunging axial planes, and a late-kinematic granite emplacement. This was known to occur between 2950–3200 Ma. The sedimentary elements of the Kumbi Group were deposited between the Leonean and Liberian events, as well as various mafic and ultramafic intrusions. The geology which constitute the Sula Mountains are interpreted by Macfarlane *et al* (1981) to have been initiated by a magma source underlying the terrain, tapping fractures orientated parallel to the present axis which sourced the intrusions leading to minor extension. This created a basin, which combined with the diminished vulcanicity, lead to infilling by sediments (the Kumbi Supergroup), including the BIF which make up the Tonkolili deposit above the Leonean basement.

During the time between the two episodes, the Leonean granites were emplaced. This group is also known as the syn-kinematic granite (Wilson and Marmo, 1958) as they contain fabrics from the later Liberian episode. These granites are not thought to be related to the mineralisation, trending NE.

The Liberian episode can be dated at ca. 2700 Ma (Umeji, 1982) and can also be split into two major events; the deformation and late granite emplacement. This deformation event created folding with NNW to NE orientations and fabrics trending N-S (Macfarlane *et al,* 1981). The effect of this orogenic event can be seen to be very complicated throughout Sierra Leone, and is largely due to the in-homogeneity in intensity of the deformation. The Blue Horizon licence lies within a domain of moderate-high intensity, in which new fabrics become superimposed upon the existing fabrics of the Leonean, creating multiple deformation zones, Class 1C and Class 3 folding (Ramsay, 1967 in Macfarlane *et al,* 1981). It was the Liberian episode which

created the amphibolite facies, metamorphosing the sediments and igneous units of the Kumbi Supergroup to create the Sula-Kangari Schist Belt.

The granite emplacement occurred during the late Liberian episode, forming within fabric-free domains (Macfarlane *et al*, 1981), including some pegmatites. It is this granite which Wilson and Marmo (1958) name the late-kinematic granites, forming the greenstone-basement contact, along areas of high deformation and shearing. The late-kinematic granites are thought to be related to the mineralisation within the Sula Mountains (Macfarlane *et al* 1981, Wilson and Marmo, 1958).

4.2.2 *Greenstone Geology*

Gold prospectivity within the Sula Mountains is linked to the presence of the Sula-Kangari Greenstone belt. The following information gives a background to greenstone terrains geology and its relationship to gold mineralisation.

Greenstone Belts: Background *(after Anhaeusser, C.R. 1980)*

Greenstone belts are defined as those distinctive low grade meta-volcanic and meta-sedimentary assemblages (2.5 to 3.5 billion year old) which occur as remnant parts of cratonic areas. Cratons, or continental platforms are the ancient, stable geological provinces at the core of continents in which the normal geological processes of intrusion and extrusion of igneous rocks, their weathering, erosion and deposition as sedimentary rocks built up a thick and unique rock sequence. A shield is defined as a craton in which these basement rocks have been exposed by erosion at the surface. Cratons thus have a thick continental crust and deep roots that extend into the mantle beneath to depths of 200 km. (more than twice of mature oceanic or non-cratonic continental lithosphere). Greenstone belts can be classified according to their component rock assemblages especially their contained extrusive volcanic rocks which can range from ultra mafic to mafic or mafic to felsic (high in quartz and feldspar) or the grade of their intrusive rocks meta-granite to gneisses.

Gold can be hosted in mafic to ultramafic rocks as epigenetic veins, lodes and stockworks and in silicified faults, fractures and shear zones. It has been mobilised from a primary source and concentrated in secondary setting. Gold deposits are also associated with beds of sulphide / mixed carbonate sedimentary facies and with BIF considered representative of submarine chemical precipitates deposited from solutions extruded from subaqueous hot springs. The primary source for gold is much debated although quantitative data shows that minerals common to mafic rocks normally contain the most gold. The mobilisation and concentration of gold in greenstone belts is often dependent on later granitic intrusions which provide the heat pump, structural deformation and metamorphism common to mineral deposits. Apart from the syngenetic, stratabound occurrences in BIFs, most gold is epigenetic and may be relocated in any favourable lithological or structural setting in the greenstone pile or even in neighbouring granitoids rocks.

4.2.3 *Laterite and Erosional Events*

Mesozoic and more recent weathering has led to extensive laterisation across Sierra Leone which predominantly affects the greenstone belts and mafic-ultramafic intrusions. In the Sula

Mountain region this is consistently more than 8 m in thickness and in places extends to over 30 m and comprises weathered laterite and colluvium cover with a haematite-goethite cap. Outcrop is often therefore restricted to river channels.

The following is summarised from Macfarlane *et al* (1981) and Davies *et al* (1989). The area is morphogenetically very active, with complex slope forms and a high internal relief. Several small isolated ridges and knolls are found. There are four planation surfaces that affect the Sula Mountain region. From the highest to the lowest these are as follows.

- Remnants of the oldest erosion level in the region, the Loma Surface, form the highest levels of the Sula Mountains at >800 m. The Sula Mountains have probably not suffered any great vertical displacement due to later faulting and therefore mark the true level. This surface is dated as Palaeozoic or early Mesozoic.

- The Nimini Surface is widely represented in scattered highland areas and is characterised by development of an extensive thick duricrust. It stands at approximately 650 m forming well developed surfaces in the Sula Mountains. This surface is dated as Jurassic-Cretaceous.

- The Sula surface lies at 500-600 m and has thick duricrust. It is well developed in the Sula Mountains especially to the north of Dalakuru and around Lake Sonfon. The Sula Surface is the oldest level apparently unaffected by faulting. This surface has tentatively been correlated with the Lower to mid-Cretaceous disconformity.

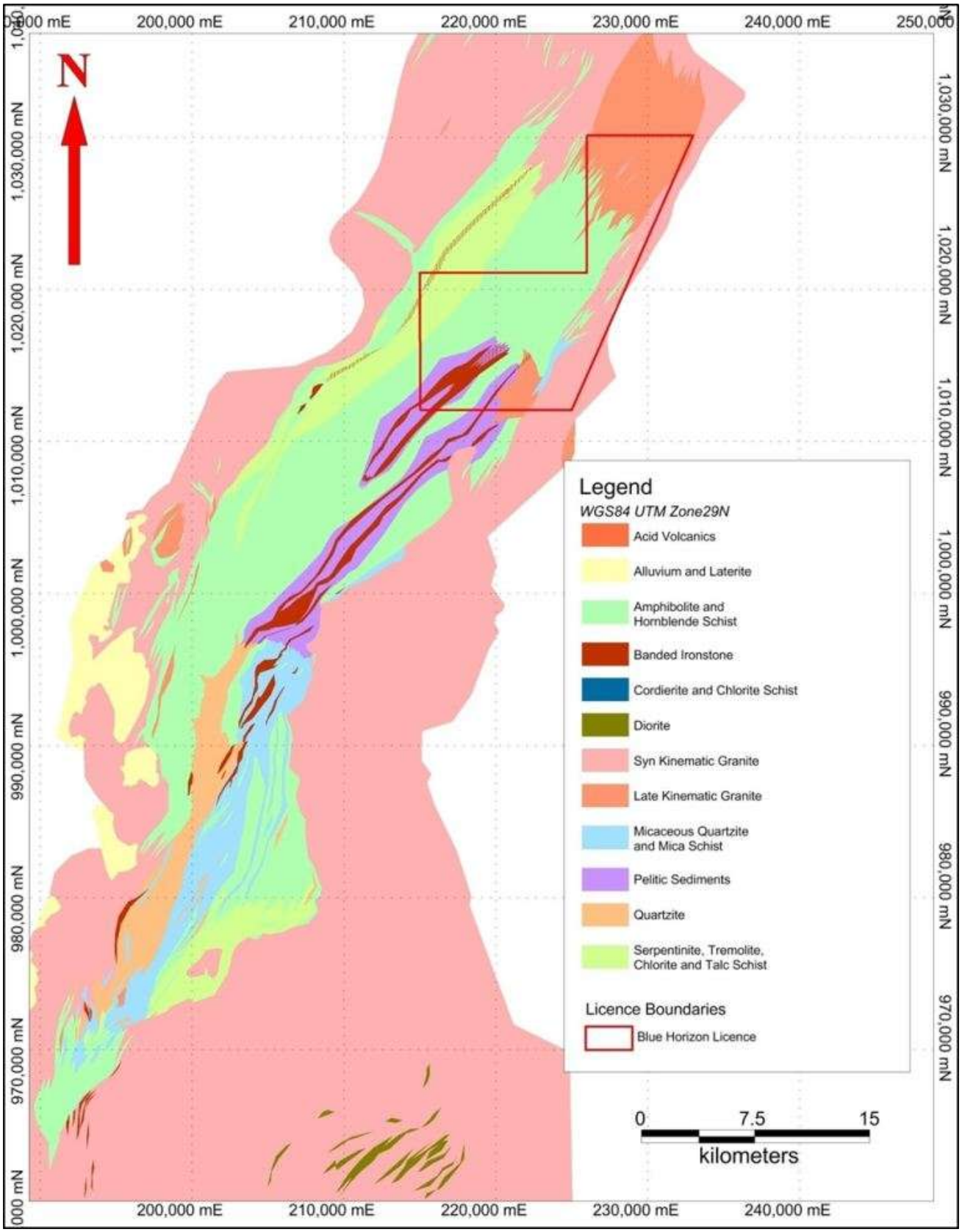


Figure 4-3 The Geology of the Sula-Kangari Greenstone Belt

4.3 Concession Lithologies

The Blue Horizon licence is located within the northern limits of the Sula Mountains which is composed of Archaean greenstone units in the form of a major schist belt dating at 2750 Ma-3000 Ma. The concession incorporates a large area of the meta-igneous and meta-sedimentary material which makes up the greenstone belt, as well as some Syn to Late-Kinematic Granites in the north and southeast of the concession (Figure 4-4).

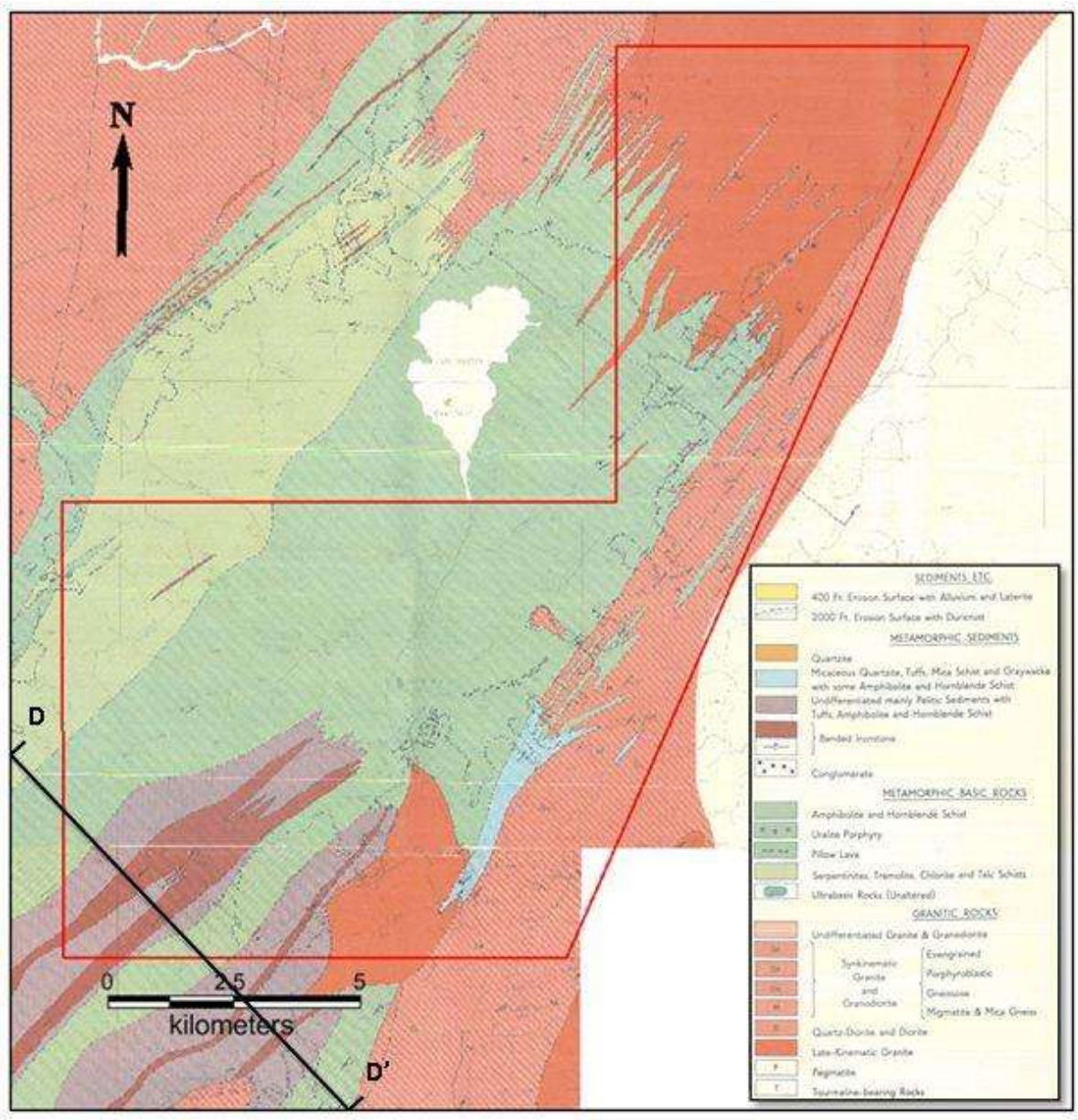


Figure 4-4 The Concession Geology (Wilson & Marmo 1958)

Rocks of the Sula-Kangari Greenstone Belt comprise the Kambui Group which is divided into three sub-groups, a lower ultrabasic, a middle basic and an upper meta-sedimentary group. In the northern Sula-Kangari belt the lower ultrabasic subgroup is typically composed of chlorite talc schists or tremolite schists and serpentinites interbedded with amphibolites and more rarely with metasediments. The middle basic group is almost entirely composed of

amphibolites of olivine-tholeiitic composition which were originally pillow and massive lavas, and intrusive sills. The upper sedimentary group of middle amphibolite metamorphic grade is mostly composed of greywacke, turbidite and quartzite with minor meta-chert and metamorphosed BIF rocks. These units have been heavily deformed during the two thermo-tectonic events, creating tight folded structures of vertical to near vertical dips (Figure 4-5) with a NE-SW orientation. It is thought that this deformation event may relate to the fluid flow regime required for the transportation of gold bearing fluids.

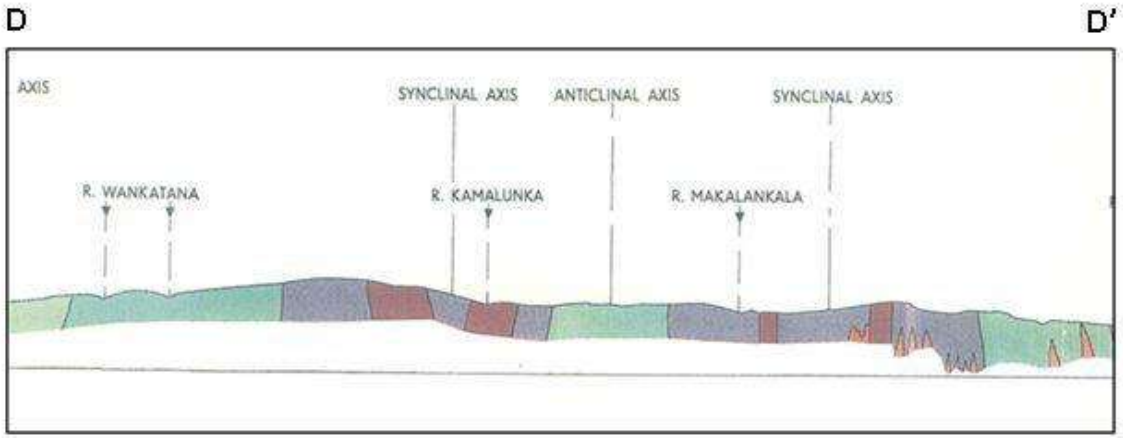


Figure 4-5 Geological Cross-Section (Wilson and Marmo 1958)

The greenstone belt rocks have been folded and both the basement granite and the greenstone sequence have been crosscut by syn-kinematic and late-kinematic (younger) granites and pegmatites (Figure 4-5) and are thought to be deformed by later shearing although field evidence of the latter has not been seen by SRK ES. The Granites can be seen on the east access road from Kondembaia, where they are characterised by vertical minor quartz veining trending NNE-SSW (025/90°).

The underlying geology is often obscured by the development of a thick duricrust (Figure 4-8). This seems to be especially evident within the west of the concession. Within the east and northeast of the concession, the lateritic duricrust appear less developed if present at all (Figure 4-8), which when referenced to a geological map (Figure 4-4) can be seen to be underlain by granites. Data from the site visit, satellite imagery and geological map indicates that the duricrust covers just over 60% of the total licence area (Figure 4-8).

Amphibolite schists underlay the majority of the Sula Mountain Schist belt. They are composed of mainly hornblende and plagioclase with varying quantities of quartz and biotite and are generally considered to be the metamorphosed remnants of the original mafic intrusion (andesitic lavas and quartz poor amphibolite basalts). The ultra-mafic components of the greenstone terrain have become metamorphosed to tremolite and serpentinite schists, including alteration minerals of talc and chlorite. Distinguishing between the original tuffs and lavas is prevented by the units even grained texture, which is often interbedded with mica and hornblende schists representing the original sedimentary components of the greenstone terrain. All these metamorphic units have a defined schistosity.

During SRK ES's visit in December 2011, a limited amount of hardrock geological exposure was observed due to the previously mentioned presence of duricrust; however, a number of

different geological units were observed and appear to agree with the accepted geological map (Figure 4-4). The geological formations identified comprised:

Granites – outcropping within the northern section of the concession, these tend to be felsic comprising of mainly orthoclase, plagioclase and quartz with very small amounts of mica (biotite). They are also medium to fine grained and have an equigranular texture while some of the larger outcrops exhibit parallel near vertical quartz veining trending NNE.

Amphibolites – found in float to the south as well as within the core observed within the camp. They appeared very fresh with the majority of the rock made up from hornblende showing a distinctive bladed nature. No structures could be interpreted as no in-situ outcrops were examined.

Gneiss – these outcrop in the southeast of the concession within the deeply incised valleys and show clear banding with a regular foliation and one major set of jointing. The unit was highly metamorphosed and appeared to be almost migmatic. Quartz made up the felsic bands and magnetite making up the mafic portion. This unit is the potential source of the magnetite which reports to the tail when any sample is panned for gold in this area. Foliations within the gneiss showed a 030/72°NW trend with the jointing running 144/73°W (Figure 4-6). As with the amphibolites the gneiss observed was very fresh and closer inspection showed minor mineralisation in the form of disseminated sulphides. Although gneissic formations are not present on the geological map by Wilson and Marmo (1958), their text mentions the present of gneissic units in relation to the basement of the granites. It is possible that the gneiss units are related to the granitic intrusions during the Archaean, ~2.7Ga.

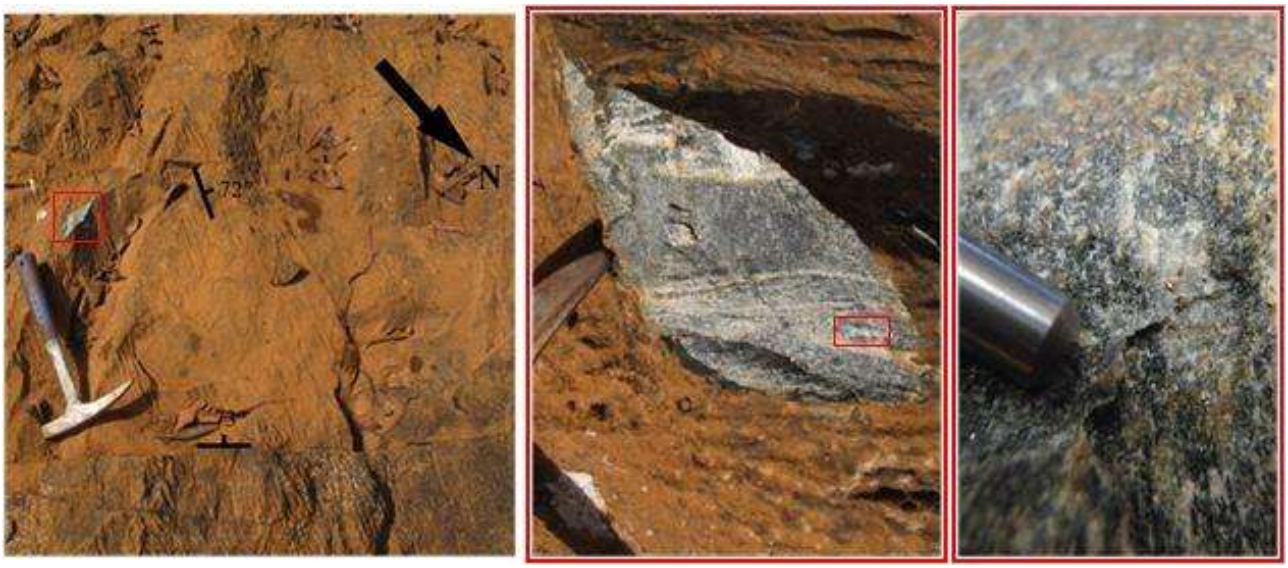


Figure 4-6 Gneissic unit showing foliation and jointing with disseminated sulphides (location: 223043, 1013856 – UTM WGS84 Zone 29N)

Laterite/Duricrust – although not a lithological unit, mapping of the duricrust gives a good indication of the underlying geology. The typical thick development of duricrust is indicative of the mafic, greenstone basement, which dominates the licences central and western sections (Figure 4-8). The transition between greenstone and granititic terrains can be very sharp and easily picked up, even whilst driving (Figure 4-7). The laterite also contains remnants of the original geology, as it has formed from the 'rotting' of the host rock. An excellent example of this is in the river valley of the Yafarina near Dalakuru where a number of trenches have been installed, and down slope slumping has formed lateritic float which contains pods of massive sulphide mineralisation set within what is assumed to be the original quartz vein system, which is resistant to weathering. SRK ES crushed and panned this mineralised gossanous material and recovered gold (Figure 4-12). The local miners refer to these pods as 'goldstones'. Apart from the trenches in the Yarafina valley the laterite seen in the concession was very robust often seen draped over hills. One duricrust slope was measured at 16° inclination.

Figure 4-7 Granite-Laterite Contact visible on dirt roads

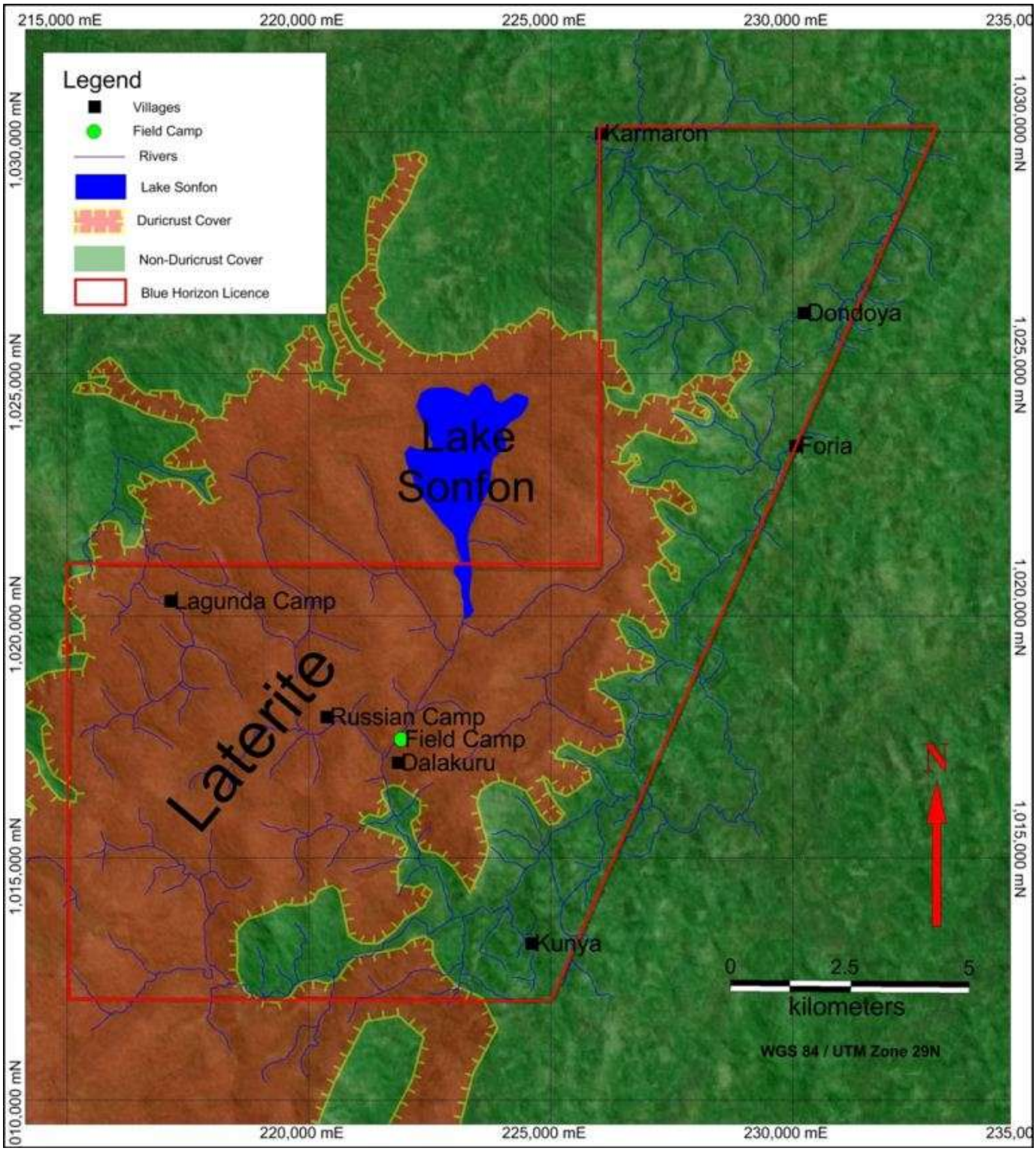


Figure 4-8 Interpreted Duricrust Cover of Blue Horizon Licence

4.4 Concession Structure

The structure of the Sula-Kangari Greenstone Belt is complicated with different generations of major structures and lineaments seen cross cutting all the way up through the belt. Gold mineralisation within the Sula Mountains is thought to be associated with "structurally-controlled quartz-sulphide veins and sulphide-rich shear zones" (Foster and Piper 1992). This is backed up by the findings of Wilson and Marmo (1958) as well as GLR's results from the two drilling campaigns (GLR Governmental Report, 2011).

SRK ES undertook a desk based structural interpretation using satellite imagery consisting of Digital Elevation Model (DEM) data sourced from SRTM_90 m (Shuttle Radar Topography Mission) (Figure 4-9) and Landsat (L7 ETM + SLC, 24/03/2003) NASA. From the satellite imagery, linear structures can clearly been seen and traced (Figure 4-9) within the Archaean basement.

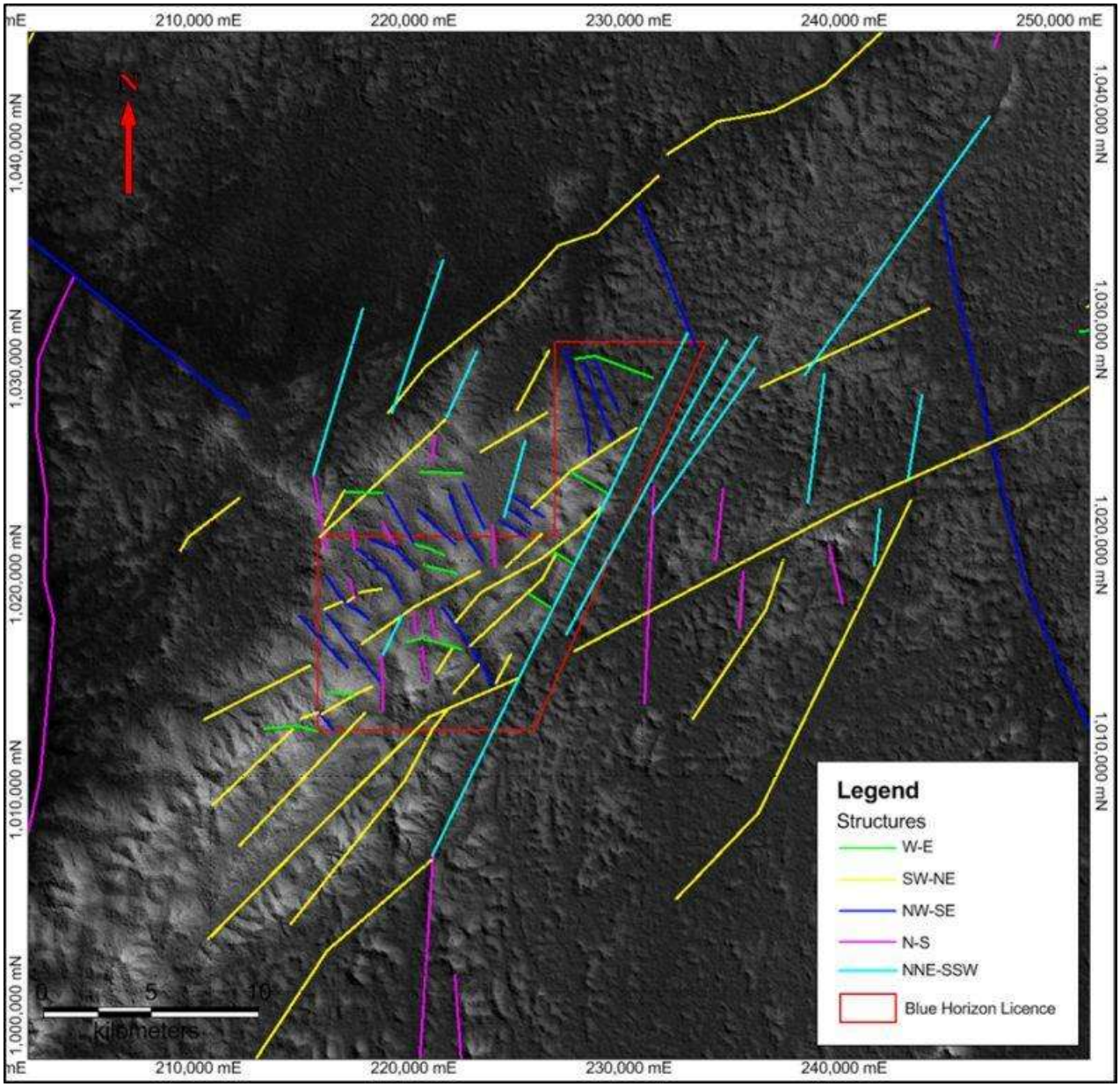


Figure 4-9 Structural Interpretation

The lineaments can be split into three principle groups trending; NE-SW, NNE-SSW and NW-SE respectively. Inside the Blue Horizon licence, the NE-SW and NNE-SSW trending lineaments have a very strong effect on the topography; indicating that these structures are very large with their straight geometry, unaffected by topographic variations suggesting that they have a very steep to vertical nature.

The NE-SW structures extend into the licence from the Tonkolili property to the south and appear to be cut off within the eastern area of the licence by a large NNE-SSW structure showing strong linear features.

The Sula-Kangari Greenstone belt trends NE-SW (Figure 4-3) which was likely controlled by the dominant NE-SW shear orientation seen in the satellite imagery (Figure 4-9), dating them as Archaean with possible reactivation during recent tectonic periods (Rokleide - 950-550 Ma). When these structures are compared to the geological and aeromagnetic maps (Figure 4-3 & Figure 3-11) it appears that the BIF occurrence is also related to the NE-SW structures, becoming pinched out within the central section of the property due to the buttressing effect of the NNE-SSW structure, running up the eastern boundary of the property which coincidentally is parallel to it.

Evidence from previous work on the property and in other areas of the Sula Mountains has shown that lineation intersections have a positive relationship to regolith anomalies (Figure 3-7), making them a target for further follow up exploration work.

4.4.1 *Gold Mineralisation*

During SRK ES's visit to the property within December 2011 various types of mineralisation were observed despite the presence of thick duricrust masking the underlying geology.

Primary in-situ mineralisation within the concession is limited to fine grained, disseminated sulphides within the Gneissic unit (Figure 4-6), in the form of <1 mm pyrite crystals, showing alteration within the felsic portion of the unit. This was observed at waypoint 486 within the southern section of the licence.

The most prominent mineralisation within the concession was found within gossanous/lateritic material in the form of massive sulphide pods. These pods were found as loose float of what appeared to be duricrust within the Yafarina River valley, 500 m northwest of Dalakuru. The mineralised pods are abundant within this area, occurring as 1-5 kg alluvial clast material which can be distinguished by their relative density. Upon splitting with a hammer, these pods are revealed to be almost entirely composed of massive sulphides and quartz (Figure 4-10) while the sulphides comprise predominantly pyrite with minor chalcopyrite, bornite and arsenopyrite, all of which appear to be associated with white and/or vitreous quartz. The location of the source for these pods was not discovered by SRK ES, although due to their alluvial nature, the source must be upstream or proximally within the valley sides of the Yafarina River. Directly opposite of where these pods were found within the western bank of the river, two trenches were discovered, both trending SSW, believed to be the remnants of the original 1958 trenches. SRK ES had the most westerly trench cleaned for examination (Figure 3-6), but found neither the mineralised pods nor any other structures. The trench did not appear to penetrate through the thick duricrust which under close inspection appeared to be a

slumped melange, composed of lateritic material (including pisoliths). The material appears to have been re-cemented, becoming very competent, which have allowed for the trench walls to remain stable for over 50 years. Clasts of the original haematite duricrust have become altered to limonite via goethite (Figure 4-11).

Wilson & Marmo (1958) discuss the instalment of a number of trenches located on the southern bank of the Yafarina, being located based on findings made of the same mineralised gossanous material within the river. Within the trenches, they talk of finding, "a system of quartz-tourmaline-pyrite veins", which strike either 022 or 143° dipping vertically or steeply southwest (Wilson & Marmo 1958). Seven trenches are mentioned in Wilson & Marmo (1958), of which three were assayed and returned gold values (Table 3-2) when the mineralised quartz veins were sampled. The veins were set within 'rotten' amphibolites schists just beneath the lateritic horizon, above which a gossanous region had developed, creating the source for the float. SRK ES did not see any evidence for the veins mentioned by Wilson & Marmo (1958), however only two trenches and one narrow pit could be located because the area directly to the SW of the locality had been completely reworked by artisanal miners. It can be assumed that the other trenches with visible veining were targeted by the locals, explaining why the remaining trenches containing no evidence of these structures.

Wilson & Marmo (1958) also discuss the presence of another set of steeply dipping quart-tourmaline-pyrite veins within amphibolites schist, striking NE, shedding gossanous material into the river Tongboten, which has a confluence with the Sende, 1.3 km north of Dalakuru.

SRK ES proved the presence of gold within the gossanous material on site by crushing the pods of mineralisation and then panning the material (Figure 4-12). This method was taken from the local artisanal miners who would use the same process with a large iron bar, they carved a hole within a large piece of float and used that like a pestle and mortar to crush the pods and then panned that material for gold. Evidence of this type of mining was seen throughout the stream bed within this area (Figure 7-3).

A sample of the gossanous float was sent for fire assay and multi-element analysis via ICP-MS (sample no. ES0000959) and returned 4.94 g/t (50g fire assay)

Figure 4-10 Massive mineralised 'Gold Stone'. A – 'Goldstone'. B – Zoomed image showing types of mineralisation. C – Quartz associated with arsenopyrite appears to have filled a void within the laterite/gossan (location 221443, 1017296 – UTM WGS84 Zone 29N).

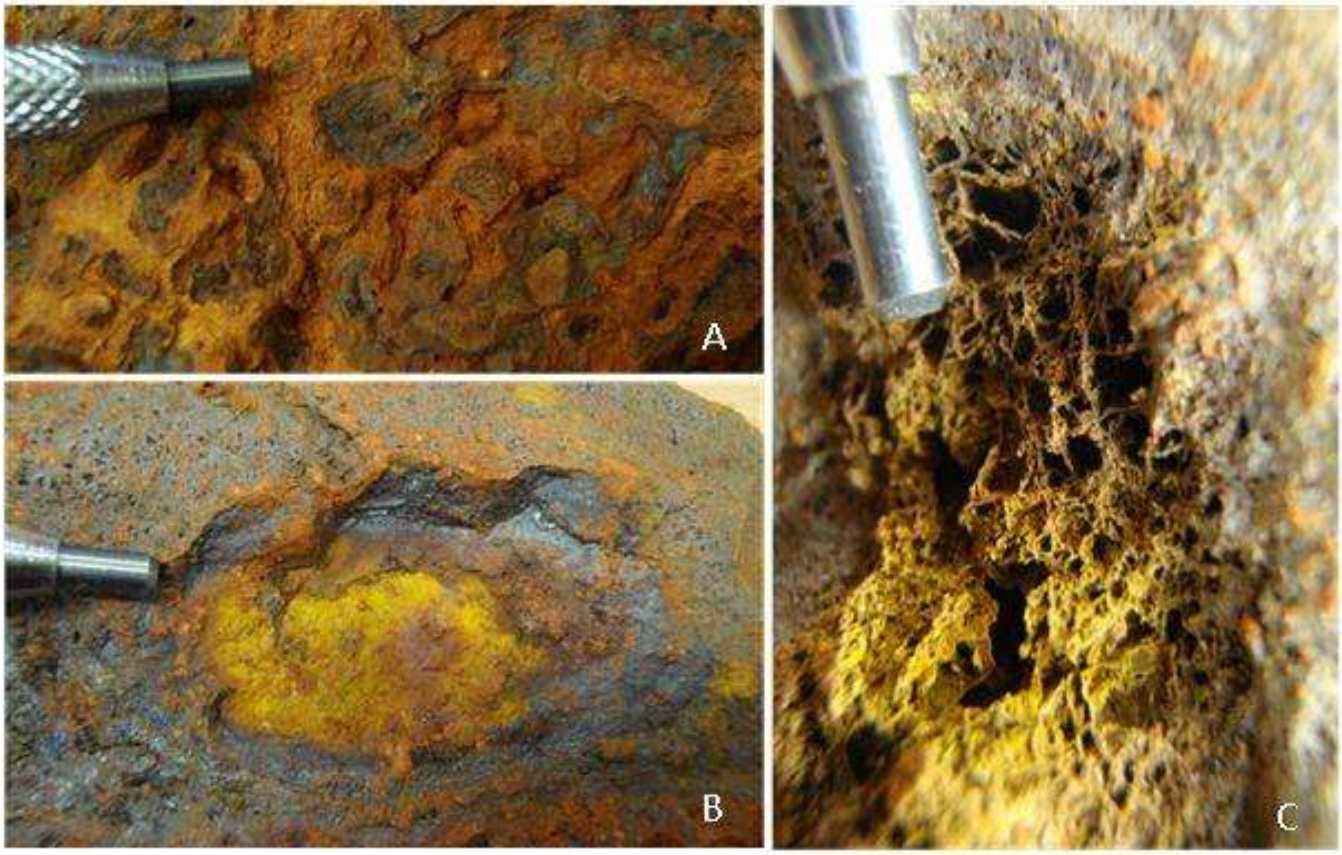


Figure 4-11 The texture of the clasts found in the slumped duricrust, trench 7. A – Pisoliths cemented with haematite; B – haematite showing alteration into limonite via goethite; and C – Honey comb texture of the haematite.

It is of interest that the mineralisation within this area contains copper in the form of chalcopyrite (primary) and bornite (secondary) (Figure 4-10). This combined with the apparent occurrence of pillow lavas and BIF (Figure 4-4) could indicate the potential for a Volcanogenic (Hosted) Massive Sulphide deposit (VMS/VHMS-Cyprus type) within the licence or surrounding area, although at present there is no hard evidence of this.

The third type of mineralisation observed within the licence was within alluvial gravels being mined by artisanal workers on an extensive scale at the Lagunda pit/site in the north western corner of the concession (Figure 3-1). Close inspection of the larger clasts within the gravels showed visible gold (VG) within a rounded piece of quartz (Figure 7-8). The gold was very small and disseminated, having a size of <200µm. This was the only visible gold seen within a primary form within the licence, and although very minute amounts were identified it has significant inferences related to the primary form of the gold within the licence.

The Lagunda pit is in the valley of the Turekoro River (Figure 3-4) which flows north out of the property, with a drainage basin covering the northwest section (Figure 3-4). This indicates that the source of the gold is within this watershed which can be seen to contain a sliver of syn-kinematic granite (Figure 4-4), potentially linked to the mineralisation. Two of the gravel samples were taken from the pit bottom which included the visible gold. A red coloured gravel (ES0000962) yielded a grade of 3.52 g/t Au while a buff coloured gravel (ES0000963) yielded a grade of 3.40 g/t Au. This is regarded as good grade for an alluvial operation.

All the alluvial gold was a yellow colour; flat not rounded and very fine grained 275 µm to 750 µm in size, rarely it was 3 mm in diameter. The gold was very different to gold previously seen from the area which is much larger rounded and flattened due to transportation and has inclusions of iron oxides which indicate that it may have been derived from the laterite weathering profile. The type of gold seen during the visit strongly indicates a primary source within the concession.

Figure 4-12 Methodology used for gold extraction from 'Gold Stone' occurrences. A – Crushing sample. B – Panning crushed sample. C – Head of tail concentrate showing small gold particle with a flat profile.

Primary mineralisation was also identified by GLR during its two drilling programmes (2008 & 2010), in which their best intersection was 10.46g/t Au over 8.72 m (Table 3-4). GLR reported that, "results often show appreciable gold to be associated with massive pyrite in association with tourmaline and quartz" (GLR Governmental Report, 2011). The core apparently also showed that the gold bearing quartz veins are often lined with magnetite with massive pyrite +/- tourmaline. GLR also report that pyrite, chalcopyrite and pyrrhotite to be related to late mineralisation, occupying joints and fractures with little to no interrelation with the wall rock (both mineralisation events included pyrite).

Mineralisation within the property appears to be related to at least two distinguishable phases, an initial phase relating to pyrite, tourmaline, magnetite and quartz +/- gold and a second phase comprising a suite of sulphides with no affiliation to gold, infilling fractures and joints. The relationship between mineralisation and deformation events is unclear due to the complicated nature of the Archaean basement. GLR, however, identified a steeply dipping anticlinal structure with an orientation of 018° at a dip of 81° (axial trace: 81-018°), which they related to a positive Au intersection with SDD33 at just over 160 m (depth of 122.5 m), of 9.03 m at 6.63g/t, and which they in turn interpreted as relating to the westerly limb. GLR concluded that this anticline structure is 'highly possible' inferring that the central hinge zone has been eroded, potentially providing the source of the alluvial deposits in the area. Without consultation of the data or the orientated core which GLR used to come to this conclusion SRK ES cannot comment on the credibility of this model.

4.4.2 *Iron Mineralisation*

During the ground magnetometer survey in May 2012, SRK ES geologists observed outcrops of heavily weathered BIF (BIF) exposed in areas of high topography.

BIF was observed as both in-situ outcrop and float material characterised by very fine, (mm sized), laminations of iron rich material interbedded with fine grained pelitic silica rich material. Due to weathering at surface, much of the iron has been oxidised from its original magnetite form (Fe_3O_4) to haematite (Fe_2O_3) with the original silica layers showing partial leaching (Figure 4-13C).

The main body of BIF within the southwest corner of the licence appears to have a uniform structure, trending NE with a steep dip NW (~040/60°NW). The unit showed some signs of minor flexure or sedimentary structure (Figure 4-13A). The body can be seen to be cut off by a major valley (Figure 9-2) with three discrete bodies of smaller BIF units cropping out to the east. One of these two outcrops follows along the same structural trend as the main body to the west and is interpreted as a continuation of the main BIF body, along strike.

Figure 4-13 Weathered BIF outcrop. A – Outcrop showing flexure. B – Fine laminations with prominent haematite mineralisation. C – Contrast between iron and pelitic layers, showing silica leaching.

The BIF orebodies at Tonkolili are known to be magnetite rich and it is no surprise that this mineral always reports to tails during panning which is common in this part of the Sula Mountains. Mineralisation is of two types; primary magnetite and a secondary hematite/goethite supergene enrichment zone in the upper part of the weathering profile.

The primary BIF at Tonkolili is characterised by alternating thin layers of magnetite-silica bands contained within fine grained, fresh and unaltered pelitic sediments and mica quartz schist beds. The magnetite silica bands are layered parallel to the bedding. Thin beds of unmineralised to weakly magnetic grunerite and light to dark grey mafic tuffs appear to be conformably interbedded with the pelitic and mica schist beds. Near surface the BIF zones feature a hard, indurated weathered rock up to 60 m thick and a soft, progressively developed saprolite between the duricrust and fresh BIF. These ores are amenable to producing iron ores including DSO lump and sinter fines from the duricrust and concentrate from the saprolite.

BIF Geology - *The following information gives a background to BIF geology and their relationship to gold mineralisation*

There are different types of BIFs, defined on the basis of the mineralogy of the iron-rich layers: if the iron-rich layer is dominantly magnetite-hematite, then the BIF is termed oxide facies (a sedimentary term meaning a distinctive group of characteristics that distinguish one sedimentary unit from another); if the layer is composed of pyrite and/or pyrrhotite (iron sulphides), then the BIF is called sulphide facies. There are also carbonate- and silicate-facies BIFs. All BIF's are classified as chemical sediments, which mean that they formed through chemical precipitation from seawater on the sea floor.

Gold is almost closely related with the sulphide rich BIFs; therefore, if gold is syngenetic with the sediments, exploration has to be directed by stratigraphic constraints,; on the other hand, if the gold is epigenetic, structures and conduits become relevant for exploration purposes.

5 SRK ES Site Visit and Prospectivity Assessment

5.1 SRK ES Visit Summary

SRK ES has visited the Blue Horizon concession twice during the last eight months, one initial visit to assess the concessions general prospectivity and advise on future exploration. The second site visit was to conduct a geophysical survey aimed at delineating BIF within the southwest portion of the licence and starting a regolith sampling programme over the same area.

5.2 Site Visit Sampling

SRK ES collected five samples from site during the site visit in December 2011 for fire assay and multi-element analysis (ICP-MS). These samples where;

- Hard rock float (ES0000959)
- Soil samples on previously identified anomalies (ES0000960-ES0000961)
- Gravel samples within alluvial workings (ES0000962-ES0000963)

The results are shown in Table 5-1. Two of the undrilled soil anomalies in the north eastern section of the concession were visited. Access to the sites was not easy and only the northern anomaly was re-sampled near to the original site which appeared to be on an amphibolite

intrusive body surrounded by granite. Both results (0000960 and 000961) were poor in terms of gold.

Table 5-1 Fire Assay Results from SRK ES Samples

Sample No	Au (g/t [ppm])	Au (ppb)	Type
ES0000959	4.92		Rock
ES0000960		2	Soil
ES0000961		12	Soil
ES0000962	3.52		Gravel
ES0000963	3.40		Gravel

Both soil anomalies occurred on hills/ ridges and correlation by SRK ES concurs with that made by previous workers in the concession in that soil anomalies occur at the intersection of major lineaments seen in satellite images

The gravel and rock samples were also assayed for their multi-elemental trace composition (Table 5-2) via Inductively Coupled Plasma Mass Spectrometry (ICP-MS). The sulphide rich pods 'Goldstones' (elevated readings highlighted yellow in Table 5-2) showed elevated levels of iron and sulphur and relatively low levels of other base metals (Ni, Cu, Zn and Pb) indicating that most of the sulphides were in the form of pyrite. Interestingly the sample (ES0000959) also showed elevated values of certain Rare Earth Elements (REE), La, Ce as well as Tellurium (Te). These high values may indicate an epithermal model for deposition within a temperatures range of 180-250°C (Nekrasov, 1996). The samples high bismuth (Bi) value is common within gold deposits, especially relating to high levels of tellurium and could potentially be a key indicator element for future exploration programmes, if its relationship with gold can be proved.

The two gravel samples, (elevated readings highlighted green in Table 5-2), show a very standard trace composition, with elevated dense elements such as chromium (Cr), titanium (Ti) and nickel (Ni). These dense metals also indicate a mafic source, agreeing with the interpretation of an amphibolites schist host rock source.

Table 5-2 Multi-Element Ultra Trace Assay Results for SRK ES Samples

Sample No.	Ag	Al	As	Ba	Be	Bi	Ca	Cd	Ce	Co	Cr	Cu	Fe	Ga
	ppm	%	ppm	ppm	ppm	ppm	%	ppm	ppm	ppm	ppm	ppm	%	ppm
ES0000959	2.5	0.40	16.8	7	2	49.00	0.12	0.38	637.2	11.8	216	191.2	29.56	5.8
ES0000962	<0.5	10.41	10.2	11	<1	0.56	0.04	0.18	21.5	23.5	3269	70.1	16.98	24.1
ES0000963	<0.5	10.66	7.8	10	1	0.27	0.02	0.18	8.4	56.3	3368	92.2	23.80	23.2

Sample No.	Ge	Hg	K	La	Li	Mg	Mn	Mo	Na	Nb	Ni	P	Pb	Rb
	ppm	ppm	%	ppm	ppm	%	ppm	ppm	%	ppm	ppm	%	ppm	ppm
ES0000959	1.2	<0.01	0.01	472.0	13	0.01	43	71.86	<0.01	0.86	74.7	0.093	59.0	0.6
ES0000962	1.4	<0.01	0.01	6.3	9	0.06	462	2.58	<0.01	8.85	412.5	0.100	5.6	0.6
ES0000963	1.6	0.04	0.02	4.0	13	0.05	604	1.70	<0.01	5.61	489.0	0.101	9.4	1.2

Sample No.	Re	S	Sb	Sc	Se	Sn	Sr	Ta	Te	Th	Ti	Tl	U	V
	ppm	%	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm
ES0000959	<0.2	6.95	0.25	9.2	1.8	0.3	5	0.11	9.43	2.1	276	0.92	1.5	53
ES0000962	<0.2	0.02	0.58	52.2	1.2	1.0	4	1.53	0.31	6.7	5285	0.27	1.5	676
ES0000963	<0.2	0.01	0.60	64.0	1.6	0.7	3	1.03	0.29	5.1	3284	0.14	1.3	697

Sample No.	W	Y	Zn	Zr
	ppm	ppm	ppm	ppm
ES0000959	21.0	14.3	181.1	4
ES0000962	0.9	8.2	216.9	68
ES0000963	0.5	8.2	206.6	52

5.3 Alluvial Gold Potential

Artisanal activity is one of the best indicators of prospectivity in West Africa and SRK ES found various levels of workings dispersed within the Blue Horizon licence.

Alluvial deposits are secondary accumulations from which the gold has been derived from a pre-existing source. They are formed by alluvial processes within rivers and streams and develop in places where the water velocity drops suddenly, such as at bends in rivers, fans and behind boulders, allowing for the dense gold to becoming departed from the flow.

Alluvial gold deposits worked commercially elsewhere, are typically high tonnage (0.1 to 100 Mt) but low grade (0.05-0.25 g/t Au). Palaeochannel gold deposits have a more varied gold content, grading from 0.5 to 5 g/m^3, although can be as high as 75 g/m^3 Au. These reported grades however, exclude overburden dilution factors (British Columbia Geological Survey Mineral Deposit Profiles). The main economic limitation factors with mining palaeo-channel gold deposits relate to the high stripping ratio associated with large thicknesses of overburden. The main economic limitations to mining surficial placer deposits are typically low grades and the fact that most deposits occur below the water table. Mining alluvial gold also has a number of environmental considerations due to the interaction and potential pollution of modern watercourses.

An exploration programme planned for alluvial gold is typically focussed on sampling the drainage system and resulting watersheds within the licence area. If the geomorphology of an area has evolved over a period of time, tracking the original source of gold may be impossible due to repeated re-working of the alluvial gold by subsequent fluvial activity.

Gold found within alluvial systems in the past has always been classed as alluvial or placer, however due to the nature of the gold's shape and composition it is possible that it could be interpreted as a colluvial gold deposit type. This type of gold relates to the gravitational concentration (colluvial) of secondary gold through the laterite profile, where it has been left, moved or concentrated by an erosional event onto a basal plane. When established laterite profiles are denuded the gold may be moved fluvially, becoming re-concentrated in river valley alluvial systems.

The presence of alluvial gold was evidenced by the workings at Lagunda and along the Nyanfaran Tembe River within the concession; however it is very different to that seen elsewhere in the Sula Mountains. It is possible that, due to the restricted narrow valleys and possible proximity to its hard rock source, the alluvial gold has not been concentrated through trapping and transport.

5.4 Primary Gold Potential

The gold deposit model that is usually applied to this area of the Sula Mountains is a mesothermal (gold sourced from 1200 m to 4500 m depth) lode vein deposit. Although there is some new evidence from the multi elemental analysis that seems to suggest that an epithermal (near surface to 1500 m depth) may be applicable to the Blue Horizon licence

Mesothermal gold deposits worldwide average 30,000 t with grades of 16 g/t Au and 2.5 g/t Ag, although may be as large as 40 Mt. Veins, however, are usually less than 2 m wide and more amenable to underground mining. These deposits are prone to the "nugget effect", hence the adage, "Drill for structure, drift for grade". The Komahun deposit in the Nimini Greenschist belt is a deposit of this type and also contains mineralisation associated with BIF. On the basis of the information available SRK ES considers that the licence has high prospectivity for mesothermal gold mineralisation but the possibility of an epithermal element should be included in the exploration philosophy.

Within the southern limits of the Sula-Kangari Greenstone Belt, Cluff Gold plc ("Cluff") is running the Baomahun Gold Project within the Mining Licence ML02/08. The project is an advanced gold project with a JORC compliant resource comprising 2.06 Moz in the Indicated category and 0.86 Moz within the Inferred category (SRK Consulting (UK), 2011). The Baomahun deposit comprises of a series of steeply dipping zones of sulphide mineralisation trending northwest, localised in metasediments adjacent to BIF units, within garnet mica schists. The large competency contrast between the BIF and metasediments appear to have facilitated syn-deformational fluid flow and acted as a pathway for the gold bearing fluids. This type of non-stratiform deposit is similar to those found in other gold bearing greenstone belts related to BIF formations, examples being found within the Nimini Greenstone belt (Komahun – Sierra Leone) and more globally; northern Canada (NWT Ontario), Brazil, Western Australia and Zimbabwe.

The BIF occurrence within the same Kumbi Supergroup as at the Baomahun Project indicates that this type of mineralisation is possible within the Blue Horizon licence, most likely within the southern sector along the potential BIF contact. The prospectivity for gold associated with BIF is unclear and may be considered moderate

5.5 Iron Potential

The prospectivity for iron mineralisation in the form of BIF supergene enriched oxidised zones (hematite/saprolite cap) is very good. SRK ES was commissioned to perform a ground magnetometer survey (section 9.1) over the south-western portion of the Blue Horizon licence to delineate a BIF unit as seen in the south within the Sula-Kangari greenstone belt. The results of this survey, field observations and a detailed understanding of Tonkolili's geological model, demonstrates that BIF exists within the southwest quadrant of the Blue Horizon Licence. (Figure 3-11, Figure 3-12 & Figure 4-4). There is also a possibility that the already drilled Kasafoni East/West orebodies extend northwards into the concession although the anomalies are less strong and were not covered by the recent magnetometer survey. The potential size and grade of the deposit cannot be estimated at present. However a reasonable exploration target for the Blue Horizon licence in terms BIF would be in the region of 500 million tonnes (0.5Bt @ FE_{TOT} content of 30.4%). The grade of a hematite cap would be expected to be in the region of 55% FE_{TOT}

6 Mineral Resources

No mineral resource estimate has been seen by SRK ES for any type of mineralisation reported for this licence.

7 Current Mining Activities

7.1 Hard Rock Mining

No evidence of hard rock mining was seen in the field and the historical documentation reviewed by SRK ES does not contain any reference to source gold extraction.

7.2 Subsistence Artisanal Mining

Two areas of subsistence alluvial mining were seen during the SRK ES visit both on the Nyanfaran Tambe River. In the first, a large group of villagers were working about 500 m of the stream which had been re-routed. Gravel material was being dug from pools and pits and washed through rudimentary wooden sluice boxes with rice sacks to trap the gold. Petrol driven pumps moved water from the pools to feed the sluice boxes. Most of the oversize clasts consisted of duricrust although in other abandoned workings vitreous quartz pebbles were observed in the 'waste'.

The second area of subsistence mining was adjacent to a village which is situated where the Nyanfaran Tambe river valley widens as it flows south. The area has obviously been reworked over the years and women of the village regularly pan in small streams next to the village. Gold panned was very yellow and flat and ranged in size from 375µ to 3 mm.

Figure 7-1 Artisanal workings on the Nyanfaran Tembe River

Figure 7-2 Visible Gold Washed from the Nyanfanan River

Evidence of historical artisanal mining was observed along the river bed and banks of the Yafarina River west of Dalakuru. As has been described in section 4.3 pods of massive sulphide, in places gossanous, have been extracted from the upper part of the laterite profile upon the river banks, which has slumped after being undercut. These pods were clearly crushed in convenient hollows in large duricrust boulders which over time resemble a mortar (Figure 7-3).

Figure 7-3 Mortar worn on large duricrust boulder to crush gold bearing sulphide pods

Rarely in the Sula Mountains is artisanal gold mining observed to be taking place away from laterite covered areas. There are very few workings of granites or gneissose rocks. It was with some surprise that SRK ES noted evidence of the washing of acidic rocks in the SE corner of the Blue Horizon licence. While these workings are now abandoned it is clear that grey to

orange saprolite had been worked along a stream bed of a distance of 300 metres and this area may therefore deserve further investigation.

Figure 7-4 Abandoned workings on stream in SE corner of licence

7.3 Organised Artisanal Mining

In the north western portion of the licence an alluvial mining camp called Lagunda has developed which can only be described as organised artisanal because a high degree of coordination is evident from the way in which the local miners have benched back the sides of the Turekoro River and work the river gravels in the centre of the valley.

Figure 7-5 Lagunda artisanal mining site LHS Looking west RHS looking east

The depth of the present valley is 30m and it is estimated that auriferous gravels may occur over a depth of 5 to 10m. Any duricrust has been removed and the saprolite bedrock is well exposed. The river gravels may represent a vertical sequence of braided channels which may combine erosional reworking as well as depositional valley fill. It is thought that the valley

originally contained a succession of laterally extensive gold bearing gravels due to the amount of work involved in benching on this scale by hand is quite enormous.

The mining is being undertaken by organised workers who work in teams either cutting benches digging out the gravels, transporting the gravel in baskets and washing.

SRK ES staff observed the extraction of a gravel sample from pit bottom, its transport and washing in the in the re-directed Turekoro stream. It revealed a good quantity of visible gold sized between 375µm and 750µm. Fine magnetite also reported with the gold (Figure 7-6).

Figure 7-6 Gold washed from a sample of gravel at Lagunda

Lagunda is situated close to the watershed between the Turekoro River and the Kaw Kaw River which both drain to the north. The interpretation is that the source of gold is within that watershed, which is situated inside the Blue Horizon concession. It may also be significant that the geological map of the area indicates a sliver of syn-kinematic granite striking NE/SW (Figure 4-4).

The material being mined at the time of the SRK ES visit comprised red (sample N^{o} ES0000962) and buff (sample N^{o}ES0000963) coloured polymictic gravels. Maximum clast size was 100 mm (red) and 50 mm (buff). Clasts were made of either pisolitic duricrust, vein quartz or a dark mafic rock (sometimes with quartz veining). One sample of each type of gravel was taken at pit bottom. Clasts from both samples were washed in order to examine them with a hand lens. Material washed from clasts from the red sample revealed visible gold sized between 750µ and 1 mm (Figure 7-8).

Figure 7-7 Gravel Samples ES0000963 and ES0000962 form pit bottom (dried)

On close examination of one of the vein quartz clasts from the red sample visible gold (VG) was seen within a rounded piece of quartz (Figure 7-8). This primary gold was very small and disseminated, having a size of <200µm.

Figure 7-8 Visible Gold from Sample ES0000962: panned fines and gold in quartz

Both of these gravels (ES0000962 & ES0000963) were fire assayed returning grades of 3.52 and 3.40 g/t respectively. These results are considered encouraging for an alluvial deposit.

The scale and level of organisation of the activities at the Lagunda camp are impressive and at over 1000 m in length it is amongst the largest single site seen by the authors in West Africa.

7.4 Mechanised Alluvial Gold mining

A mechanised alluvial washing operation was established on the banks of the Nyanfaran Tembe River by a Russian company who reportedly operated from 2007 to 2011 with a staff of 30 (Figure 7-1). The camp was observed from the outside and looked to be intact during the SRK ES visit. The camp contained a range of mining equipment including a backhoe, a swing shovel, two diggers and a KAZ tipper truck. No gravity separation equipment was seen. Further upstream ramps down to the river edge and berms for ponding the river was proof of

the mechanised nature of the Russian operation (Figure 7-9). No production statistics are available.

Figure 7-9 Russian mining camp and ramp down to pond on Nyanfaran River

7.5 Iron Mining

To the eastern extent of the BIF unit there was evidence of historical iron smelting in the form of slag float material (Figure 7-10). The slag appeared fresh and unweathered; although the local guides did not know anything about the material, indicating that that iron was processed sometime in the past. No structures were observed locally which could have constituted as a furnace. Artisanal iron workings have been reported by Wilson and Marmo (1958), in association with the BIF to the south around the Tonkolili area. No assaying has been conducted on the samples taken.

Figure 7-10 Slag sample (location 217633, 1014607 – UTM WGS84 Zone 29N)

8 Exploration Programme

8.1 Introduction

Despite the fact that Golden Leo (GL) conducted some notable work within the 'South Sonfon' concession as the current Blue Horizon licence was then known, there remains significant work still to be done in following up the discoveries made as well as evaluating previously untested parts of the licence.

8.2 Area of interest already identified

- ✓ An area of massive sulphide pods (supergene enrichment leading to gossan development above sulphide/quartz veins) in the laterite exposed in stream flowing south past Dalakuru, adjacent to the old trenches.
- ✓ The extension of the northernmost Tonkolili magnetic anomaly to the NE into the Blue Horizon Licence.
- ✓ The extension of Tonkolili Kasafoni West/East orebodies to the NE into the Blue Horizon licence.
- ✓ The intersections of major lineaments (targets generated from remote sensing images).
- ✓ The contact areas between the BIF and metasediments.

8.3 Project Development Strategy

The Company's strategy is towards Mineral Resource definition through a detailed exploration programme involving geochemical sampling, geophysical surveys and exploration drilling. The ultimate aim of the Company is to define a sufficient in-situ Mineral Resource to support a detailed feasibility study towards mine development and production. This can be in respect to both gold and iron ore.

8.4 Exploration Programme

It is understood by SRK ES that the management of Sula are not, at this stage, interested in the pursuance and evaluation of alluvial gold resources, and that Sula's primary focus at this stage is the evaluation of the BIF potential of the licence.

The exploration programme put forward by SRK ES, below, has been designed to have a twin track approach whereby the BIF anomaly in the south western sector is evaluated by drilling, and concurrent to this surface exploration for gold mineralisation will be ongoing throughout the licence.

Integration of all geological data should lead to the generation of drilling targets during 2012.

The exploration of the licence has three elements:

1. Searching for and evaluating the potential for BIF hosted iron ore mineralisation.

2. Evaluating the BIF for its potential genetic link to gold mineralisation in the central portion of the licence.

3. Localizing and evaluating primary gold targets.

The relationship between the NE trending structures, the BIF and the gold occurrences seen to the north and west of Dalakuru deserve more attention.

A preliminary budget for Phase 1 is proposed below. This budget covers the potential expenditure on assays, geological supervision, sampling teams, access roads, sample transport, drilling costs, rig mobilisation, trenching, mineralogical/ metallurgical analysis, field equipment and consultancy fees.

Camp accommodation and other costs associated with running an operation such as fuel, food, water and security and capital costs of heavy plant equipment have not been included.

Phase 1: Scout Drilling on the BIF and soil/rock chip sampling in SW sector (£500,000)

8.5 Phase 1: BIF Scout Drilling and Geochemistry

- This phase would involves a 2000 m 'scout' drilling programme to confirm the down dip (depth) and strike extent of the main BIF anomaly. It will require a drill rig capable of drilling 500 m deep (-50°) holes from four drill sites spaced 800m apart along the main BIF anomaly/outcrop. The latter is estimated from the ground magnetometer results, to be 2.8 km in length.

- This phase will also involve the completion and analysis of the geochemical sampling programme, (soils and rock chips), that was completed over the same area as the magnetometer survey. The samples will be subjected to a multi-element analysis and so will go some way towards investigating any link between the BIF and gold mineralisation within the licence.

The time frame in which the respective phase can be completed depends on funding, infrastructure, logistics, the size of the team involved, their supervision and management.

9 Initial Exploration Results

9.1 Ground Magnetometer Survey

Sula initiated the exploration of the Blue Horizon licence with a ground magnetometer survey over the south-western portion of the licence. The specific aim of this survey was to define and delineate a magnetite rich BIF body and prove the dual commodity prospectivity of the licence.

In total 30 lines at 200 m spacing were completed varying between 2.7 km and 4.1 km in length. A further seven infill lines at 100 m spacing were surveyed, varying between 1.4 km and 2.3 km in length. A total of 112.7 line kilometres of surveying were completed. The total area of the licence that was covered was 2300 ha or 15 % of the total licence area of 15300 ha.

9.1.1 *Interpretation of Magnetic Data*

The high amplitude anomaly caused by a likely magnetite-rich BIF is immediately evident in the Total Magnetic Intensity (TMI) map (Figure 9-1). The anomaly has a range of some 7000 nT and stretches continuously along strike in a north-westerly direction from the licence boundary for 2.8 km. The actual causative body for this anomaly will lie between the high and low limbs of the anomaly due to the dipolar nature of magnetic fields. In this case, the presumed magnetite BIF sits on the south-eastern slope of a northeast trending hill, dipping steeply into that hill. There are a group of anomalies approximately 1km further along strike to the NE from this main linear feature that are of similar amplitude, but structurally displaced from the main linear anomaly. Observations of weathered outcrop confirm that these represent further blocks of magnetite BIF. A wide fan shaped anomaly which opens out towards the northwest may be in part due to down slope movement and concentration of eroded magnetite, amphibolite outcrops or because of variable haematite alteration in the laterite profile.

Due to the dipolar nature of magnetic anomalies, it is more useful to calculate the Analytic Signal (AS) of the magnetic field. This locates maxima over the causative body and removes the effect of magnetic latitude on the observed anomalies. Figure 9-2 better illustrates the along-strike continuity of the BIF body (labelled "1") and the three discrete anomalies thought to be further occurrences of BIF that have been tectonically deformed and relocated. The largest body, the central of the three ("2"), may be a continuation of the main BIF anomaly, albeit rotated. The anomaly slightly to the northwest of this ("3") looks to have been structurally offset from the main trend. The exact location of such faulting is not clear. This may be due to the lack of magnetic minerals within any fault planes, but is more likely due to the fact that N-S trending bodies at low magnetic latitudes are poorly resolved in magnetic surveys. This is because of their alignment with the near-horizontal N-S orientation of the Earth's magnetic field near the Equator.

Also apparent in the AS grid are a number of smaller anomalies, circled in white, that coincide with drainage pathways interpreted from the satellite DEM. It was noted in these locations that artisanal gold workings were particularly developed. As a result the magnetic anomalies (white dashed regions) in these areas may be due to cultural noise (i.e. generators and other metallic objects introduced by the local workers) or, more likely, the deposition of magnetite in alluvial channels which has possibly been derived from the weathering and erosion of BIF bodies which crop out on the slopes. Down slope movement of magnetite into river/stream valleys would then result. The orange dots in Figure 9-2 & Figure 9-3 relate to the location of geological observations/measurements or sample collection. Although the primary focus of the site visit was to conduct the magnetic survey, these observations serve to reinforce the interpretation of a magnetite BIF causing the largest magnetic anomalies. Structural measurements of Anomaly 1 generally indicate a strike of 040-045º (NE) and a dip of 50-70º towards the northwest. This is in agreement with structural measurements made along strike to the southwest on similar BIFs in the Tonkolili licence area. One measurement taken from the area north of the main BIF (between Anomalies 2 and 3) is thought to have been from a block which has been rotated through faulting, dips at a similar angle of 61º, but strikes at 114º to the southeast.

The total horizontal derivative (THD) (Figure 9-3) is a transformation of the data that clearly indicates the width of the BIF at surface (black dashed lines). This surface exposure varies

from ~200m at its narrowest to almost 350m at the north-eastern limit of the linear anomaly. This is not the true width as it dips steeply to the northwest but merely the intersection with the topography. No indication of the down dip extent of iron mineralisation can be interpreted from the anomaly. Hematite ore, the alteration product of magnetite that often forms higher grade mineralisation because much of the contained silica has been leached out, has a much lower magnetic susceptibility. Hematite mineralisation therefore is often found in areas of subdued magnetic response, or "dead zones". The region between the main linear anomaly (labelled "1") and the three smaller bodies (labelled "2"-"4") may be one such dead zone caused by hematite alteration, or alternatively a less magnetic non-ferrous lithology juxtaposed by structural deformation as previously described.

It is evident from the TMI data and observations of the iron content in the duricrust, that there is a significant amount of high frequency noise caused by variations in magnetite in the near surface. This noise is seen in the TMI maps as discrete ovoid highs and lows of approximately 200m diameter. This size is a result of the interpolation of field values to adjacent lines during the gridding process. Although 100m spaced survey lines would still be affected by the presence of near surface magnetite variation, the extent of the "bull's eye" anomalies would be reduced and could be potentially filtered from the dataset, without losing deeper geological signatures.

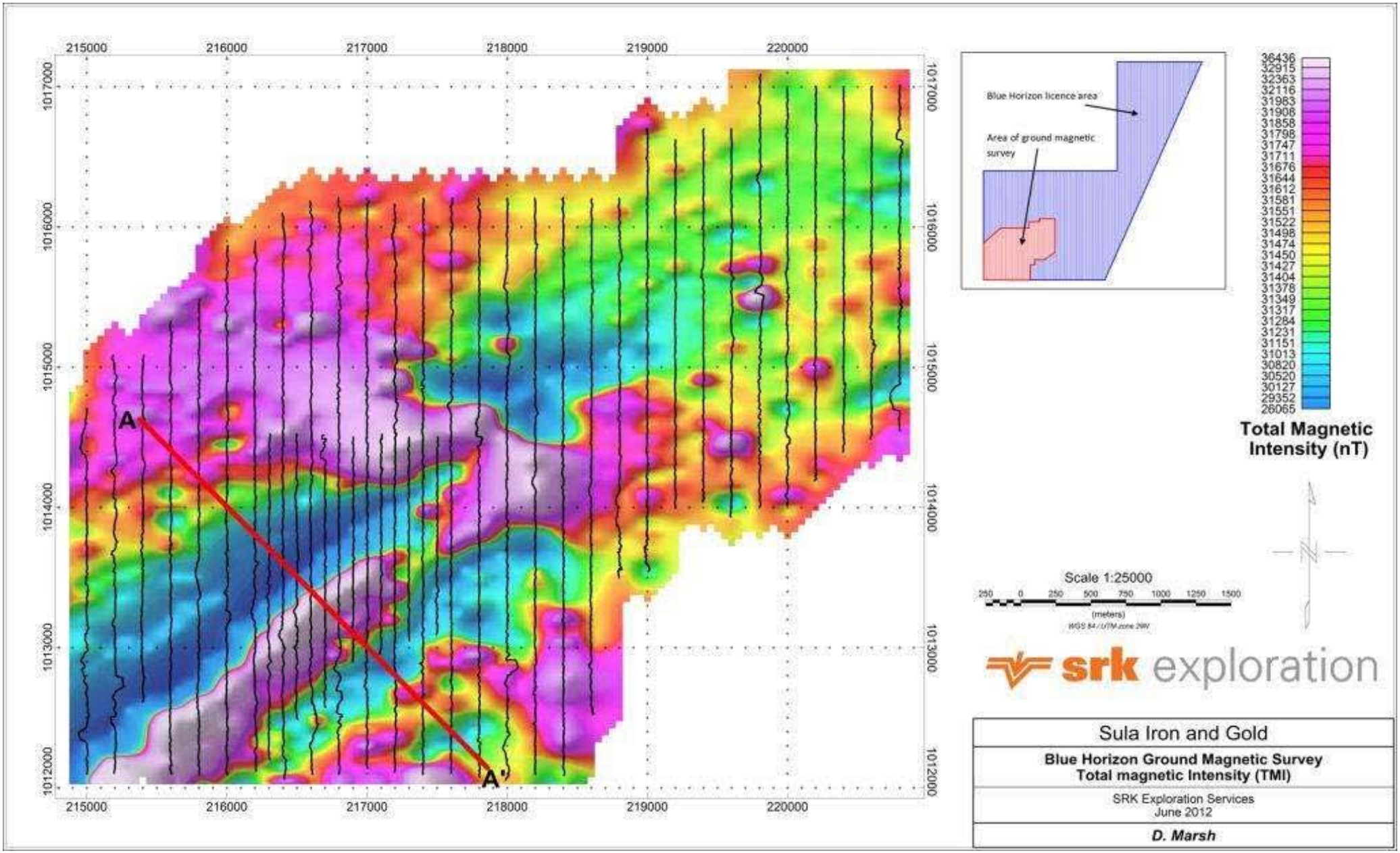


Figure 9-1 Total Magnetic Intensity Map (TMI).

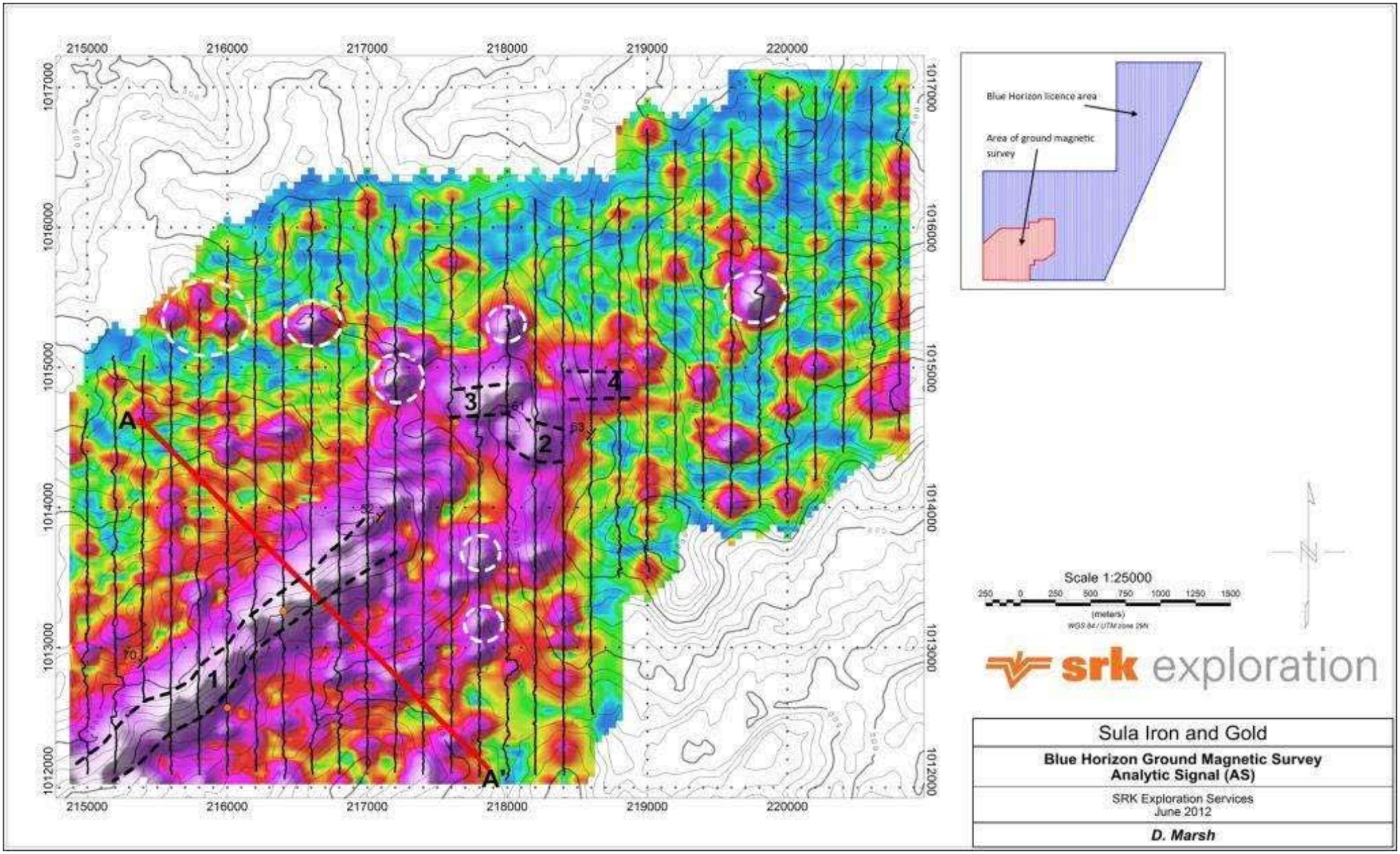


Figure 9-2 Analytic Signal (AS) Map

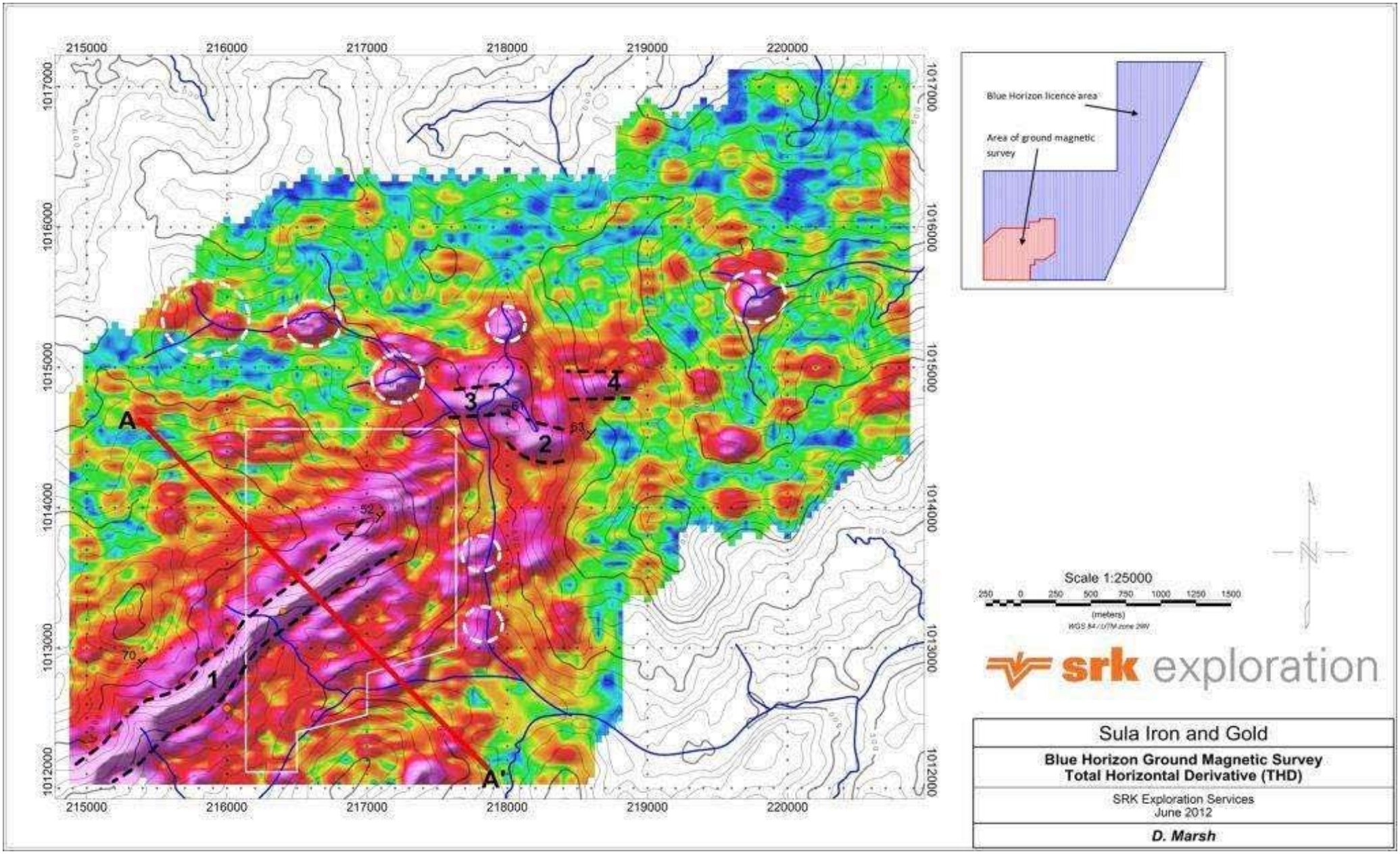


Figure 9-3 Total Horizontal Derivative (THD) Map

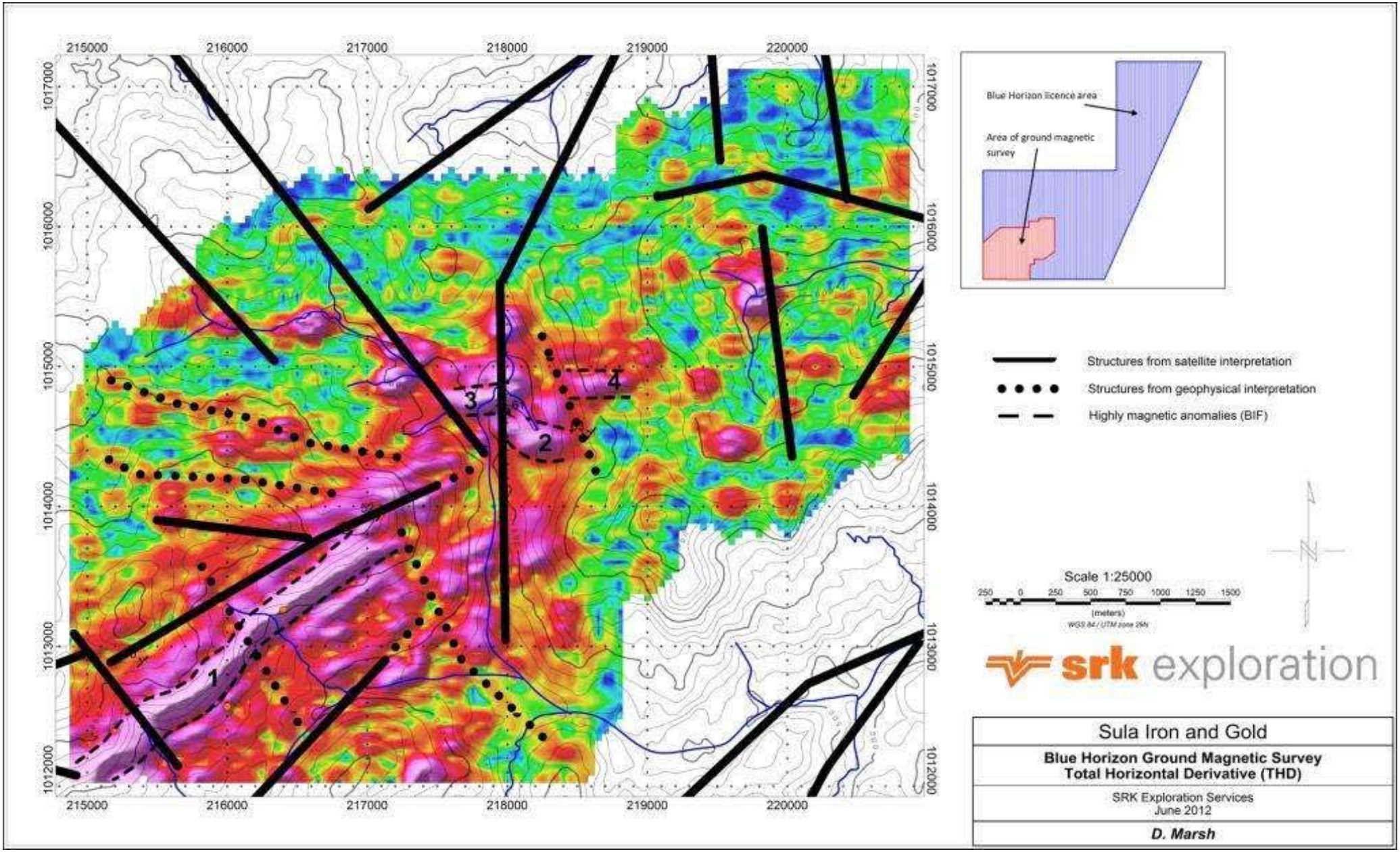


Figure 9-4 Total Horizontal Derivative (THD) Map with structural interpretation

9.1.2 *Conclusions and Recommendations*

The surface extent of a highly magnetic, steeply dipping body has been defined using ground magnetic surveying over a strike length of 2.8 km (black dashed lines on Figure 9-2 & Figure 9-3). The body varies in apparent thickness from 200-350 m and is due to a magnetite BIF. This was confirmed by the presence of weathered outcrops of BIF in the region of the anomaly. SRK ES is satisfied that the strong anomaly is the strike extension of the 'unnamed anomaly' referred to in section 3.8

The lines of intersection of the BIF and topographic surface are interpreted from a number of manipulated datasets and hence must not be associated simply with the colour boundaries shown in Figure 9-1 to Figure 9-3. The strike of the BIF seems to be 045º or NE/SW which is similar to the trend of the ridge on whose south-eastern slope the BIF crops out. Figure 9-5 shows the relationship between the smoothed observed total magnetic intensity of the anomaly and the topography through section A-A'. The interpreted surface intersection of the BIF body has been shown to emphasise the relationship between observed field and causative body location, as well as the BIF's position on the SE slope of the ridge.

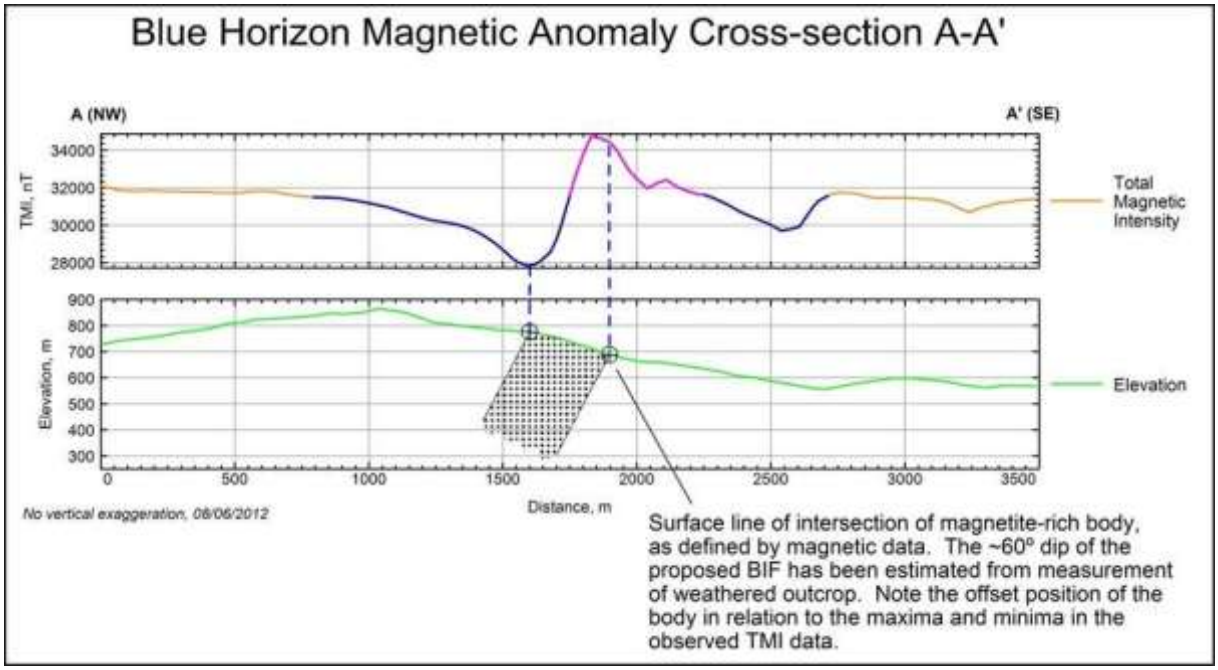


Figure 9-5 Cross-section A-A' showing TMI and topography

Three smaller highly magnetic anomalies are identified to the northeast of this main linear body and may represent structurally controlled blocks of BIF which have been offset from the main trend. The structure of this part of the licence, as interpreted from remote sensing imagery (satellite data), has been re-interpreted with the geophysical interpretation (Figure 9-4) and N/S and NW/SE faults may be responsible for the disruption in the strike of the BIF outcrops as well as the eventual complete truncation of the BIF to the NE. (although these features could also be due to folding and original basin-edge effects), Data quality is reasonable, but highly variable magnetic mineral concentrations in the near surface duricrust, valley fill produced form erosion/weathering and downslope movement of BIF material and alluvial sediments cause a number of localised anomalies in the data (white dashed regions).

Although a 100m line spacing survey would better define structures, the 200m spaced lines used to derive this dataset were sufficient for approximating the extent of the magnetite BIF at surface. To conclusively verify the specific lithologies, thickness, dip and depth extension of the BIF drilling will be required. Mapping of the duricrust and any other outcrop is also recommended to aid definition of lithological, alteration and structural domains.

It would be beneficial to cover the structurally offset block of potential BIF with 100m spaced lines to aid better interpretation of structure and areas of potential mineralisation. This spacing may have to be further reduced in order obtain the required resolution.

9.2 Geochemical regolith sampling programme

A soil and rock chip sampling programme, designed to cover the BIF unit and surrounding area has also been initiated. This programme is aimed at determining if there is a relationship between the BIF and gold mineralisation within the licence area as is found elsewhere in the Sula Mountains and other deposits around the world.

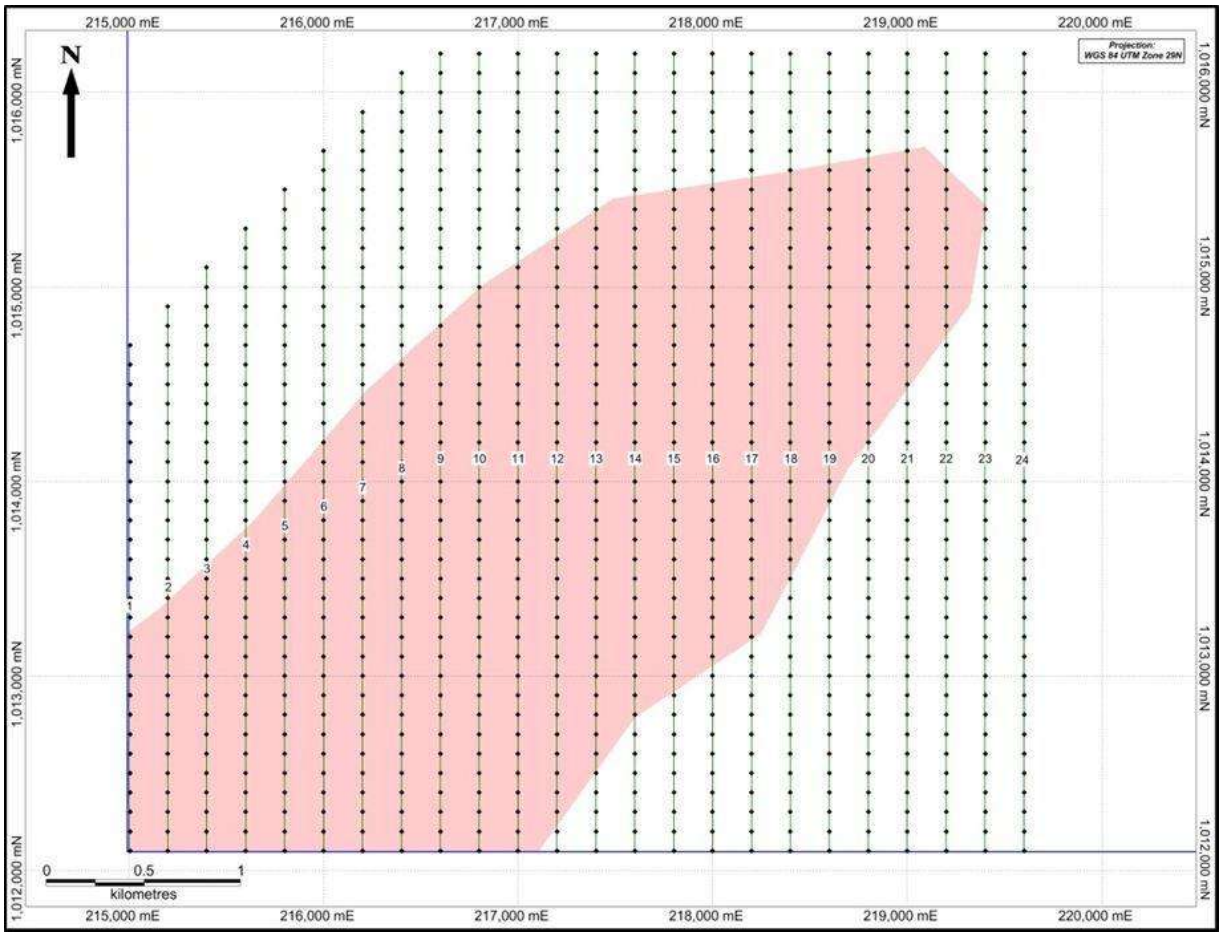


Figure 9-6 Planned regolith sampling points (red shading represents potential BIF)

Sampling is being conducted along the same 200 m lines cut for the geophysical survey. These cover the area of the BIF unit and its boundary with the surrounding pelitic units and amphibolites. Along the N-S lines, samples are being collected every 100 m, creating a 200 x 100 m 'first pass' sampling grid which is deemed sufficient to pick up any potential

association between the iron and gold mineralisation. Sample points are located using a handheld Garmin GPS. If less than 300 mm of soil has accumulated at the sample location, a rock chip sample is taken of the surface duricrust. Samples are being stored indoors and sealed in batches within plastic drums ready for shipment to SGS's prep laboratory in Monrovia, Liberia from where they can be shipped to an accredited laboratory following admission of Sula to trading on AIM. The results would be expected to be received within 8 weeks of shipping.

Figure 9-7 Regolith sampling. A – Soil sample from sieved fines. B – Rock chip sample of duricrust. C – Sample tag at sample location.

10 Risks and Opportunities

10.1 Introduction

SRK ES has assessed the risks and opportunities at the Blue Horizon licence on the basis of the information available at the time of writing and from observations made during the visits in December 2011 and May 2012.

10.2 Asset Specific Risks and Opportunities

10.2.1 *Management Team*

The Management Team has significant experience within the mining industry including experience in the Sula Mountain region and in particular in the concession immediately to the north of the Blue Horizon property, Lake Sonfon. Although the team has no proven track-record of taking an exploration project through to hard rock mining, Mr Warrell does have experience in the implementation of an exploration programme from soil and stream sampling through to trenching, pitting and the requirements of initial exploration drilling.

10.2.2 *Key Technical Staff*

SRK ES understands that Nick Warrell, CEO, will act as Operations Director on site. He will be supported by Mr Richard Magee, a qualified mining engineer who has international mining experience. Mr Magee also worked for Taia Lion Mining at their Lake Sonfon licence in 2011 and has gained valuable experience in supervising and supporting a team of local geologists, coordinating sample storage and transportation as well as the compilation of a sample database. The company has recently appointed Des Congden as Operations Manager who has two years experience in the same role with (Lion Mining Company Ltd (LMC). In addition three local geologists and suitable qualified ancillary staff have joined the company.

SRK ES considers that the company has sufficient capacity to conduct field operations due to the abundance of local skilled and manual workers who can fill positions as diverse as Caterpillar operators to drivers and line cutters. Mr Warrell's historical activities over the years mean that there is unlikely to be a shortage of loyal and willing staff.

The potential therefore for poor decision making, delays and a halt to the programme due to local labour disputes may be considered very low.

10.2.3 *Title*

SRK ES is satisfied that Blue Horizon and ultimately Sula currently hold the exploration licence for the area formerly held by Golden Leo.

SRK ES is aware that Golden Leo has challenged the legality of the award of the licence to Sula. However, at the time of writing this report, SRK ES understands that Sula has mitigated this through due process.

10.2.4 *Country and Government*

The Republic of Sierra Leone has been subject to a surge in expatriate mineral exploration with a relatively high success rate. No world-class gold deposits are currently in production although the Komahun and Baomahun projects (Axmin and Cluff respectively) both have mineral resource estimates and are expected to be brought into production in the near future. Sierra Leone has a bureaucratic democratic political system which has become more accustomed to dealing with expatriate mineral exploration and mining. The presence of African Minerals and London Mining, both of whom are in the process of bringing on stream

large iron ore deposits, has helped in this regard. Sula and Blue Horizon cannot be said to have the equivalent in-country profiles, however, Nick Warrell has excellent in-country relationships, is an Honorary Paramount Chief and Member of the Tribal Council. Country infrastructure is poor and the potential for delays and a halt to operations may be considered a moderate risk. SRK ES considers that Blue Horizon through Mr Warrell has reasonable mitigation in place.

10.2.5 *Local communities*

The local community in the licence centred at Dalakuru and other smaller settlements in the licence has the potential to directly affect exploration activities. SRK ES regards the risk of disruption to the exploration programme as low given that Mr Warrell, as an honorary paramount chief, has an accepted position within the local tribal /community infrastructure. His record as an employer who has directly impacted the development of the local area would seem to indicate that the company has the capacity to win over the local population and develop a loyal and hardworking exploration team.

During the SRK ES visit, meetings with the Dalakuru village elders were held. They were cordial and friendly and Mr Warrell has already begun the Corporate and Social Responsibility programme within the licence by re-building and equipping the local school which now educates 144 local children.

10.2.6 *Infrastructure and Logistics*

The condition of the existing roads in the concession is generally good. The risk of the state of infrastructure and logistics adversely affecting exploration is thought to be moderate because while there is a core network of gravel roads (Figure 3-1), new roads will have to be installed into the more remote parts of the property especially to the west and northwest parts of the licence in order to open up these areas. This would significantly speed up exploration. The only factor that would hinder this would be access to the necessary heavy plant machinery which would be required for road construction. The company is well placed to mitigate this risk to low as Mr Warrell has experience in these matters from his previous work in the region.

The licence is reasonably remote but the risk of not having a suitable centre of operations within the concession has been mitigated. The Dalakuru camp, previously operated by Golden Leo has now been renovated by Sula and is now operational. It provides secure core logging and sample preparation facilities together with accommodation and office space. The centralised location of Dalakuru is ideal in this licence. Logistical support for exploration in the form of two 4x4 Land Rovers are fully operational on site.

10.2.7 *Geological*

Primary Gold Exploration

There is good information regarding primary gold mineralisation in the licence. Such evidence typically pertains to visible gold from sulphide rich pods in the duricrust, reported gold intersections in diamond core and RAB drill holes. Geochemical anomalies in regolith

material and channel sampling of quartz tourmaline veins in trenches further support the argument that a primary source to the alluvial gold occurs within the licence.

SRK ES considers that well-known gold mineralisation styles such as mesothermal vein/ lode gold and gold associated with BIF, and the potential for laterite-hosted secondary gold, are suitable exploration models for the discovery of gold that may be applicable in the licence.

Sula have limited licence holdings in Sierra Leone, which provides no opportunity for a pipeline of projects in-country although the multi target nature of the 153 km^2 property is advantageous given its 'good address' in the Sula Mountains. Sula holds no other licences in the geological domain of the West African Craton.

The potential for not discovering a primary gold deposit of sufficient size and grade to produce a Mineral Resource Estimate in the future is a moderate risk given that considerable organised exploration has already been conducted by previous owners with some success. Access to this information may be limited however, and it is not simply a task of continuing where they left off. The previous work can be said to have enabled a degree of telescoping of the exploration process.

Alluvial Gold

It is not the intention of Sula at this stage to actively pursue alluvial gold resource but the historical and current activities can be used as exploration tools.

Primary Iron Ore Exploration

The potential for not finding the extension of the Kasafoni East/West orebodies as they seem to have a less well defined signatures from aeromagnetic data and the work carried out by African Minerals and not covered by the ground magnetometer survey.

10.2.8 *Exploration Programme*

The risk of the company being unable to conduct the exploration programme to industry 'best practice' standards is thought to be low. SRK ES considers that Sula may mitigate any exploration process by hiring a highly experienced technical field manager or project geologist and/or a supervisory consultant.

10.2.9 *Summary of Risk Profile and SRK ES Recommendations*

In summary, the proposed exploration in the Blue Horizon licence (54/2011) is only dependent on the installation of a geological team, necessary equipment and road access to the more remote parts of the concession.

11 Concluding Remarks

The Blue Horizon licence lies between a known gold bearing licence (Lake Sonfon) and a 'world class' iron ore mine (Tonkolili).

While exploration is at an early stage, SRK ES believes that the Blue Horizon licence has the potential to host hard rock orebodies of gold and iron ore. The genetic relationship between the two deserves more attention as does the geological structure. Anecdotal evidence from recently drilled boreholes inside and outside the licence suggests that the deformational history of the area is complex.

The fact that visible gold in vein quartz was observed in alluvial gravels, which appear to be from a source within the concession is significant. The alluvial gold itself appears to be proximal to a source which is believed to be within the licence area.

SRK ES does not recommend focussing exploration on placer gold as a target. It is perhaps better to use it as an exploration tool.

Exploration of the Blue Horizon licence must first evaluate what work has been completed in the past and use that data to guide future work. To this end the access to the core currently stored at the Dalakuru camp will be essential. This can be re-logged and tested geophysically and if permissible it can be quartered and re-assayed.

The known results from the previous licence holders need to be properly interpreted and the geological model used evaluated.

A number of targets are presented in the Blue Horizon licence. Namely,

1 Alluvial gold (useful as an exploration tool),

2 Gold contained within the laterite profile,

3 Hard rock gold associated with a sulphide (either a vein lode system or a VMS contemporaneous with the BIF),

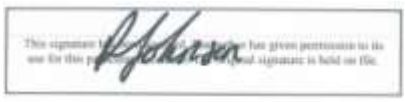
4 A magnetite BIF extension to the northernmost magnetic anomaly and similar extensions to the Kasafoni West and East orebodies of African Minerals' Tonkolili mine together with the oxidised hematite cap which may be gold bearing.

It is recommended that targets 3 & 4 are adopted as the foci of the exploration programme.

Some elements of the exploration programme outlined in section 8.0 have already been initiated. The planned magnetometer survey was enlarged to cover more of the southwest portion of the licence. The multi element geochemical programme in the form of soil and rock (duricrust) chip sampling has been completed although processing and analysis will only begin once Sula has been admitted to AIM.

For and on behalf of SRK Exploration Services

W F Kellaway
Principal Exploration Geologist



P Johnson
Exploration Geologist

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13 Glossary of Terms

TERM	DEFINITION
µm	*Micrometer, one millionth of a meter.*
Admission Document	*Official document required in the support of a listing on a financial exchange*
AIM	*Alternative Investment Market of the London Stock Exchange.*
Al	*Aluminium.*
Alluvial	*Applied to the environments, action and products of rivers and streams. Alluvial sediments (alluvium) are deposited by a river in its flood plain.*
Alteration	*Alteration of a rock/mineral by geological forces.*
Anticline	*Fold or fold system in the form of an arch*
Analytical Signal (AS)	*A geophysical processing method used to display the total horizontal and vertical gradient change of a dataset*
Archean	*a geological eon before 2500 Ma*
Argillaceous	*Containing, made of, or resembling clay*
Argillite	*A rock derived from mudstone or shale that has been altered by pressure and cementation;*
Argillites	*Fine grained sediment comprised mainly of clay minerals and fine quartz;*
Artisanal	*Local/indigenous people conducting mining with rudimentary equipment;*
Assay	*The analysis of minerals, rocks and mine products to determine and quantify their constituent parts.*
AusIMM	*Australasian Institute of Mining and Metallurgy*
Bankable	*(Of a document) Written with the required degree of expertise and content to give a bank confidence to make a lending decision on the project.*
Basalt	*A fine grained, dark igneous rock, generally extrusive, composed of primary calcic plagioclase) feldspar and pyroxene, with or without olivine.*
Basin	*A general region with an overall history of subsidence and thick sedimentary section;*
Be	*Beryllium.*
Bi	*Bismuth.*
Banded Iron Formation (BIF)	*a rock formation which typically consists of repeated, thin layers of iron oxides, either magnetite or hematite, alternating with bands of iron-poor shale and chert;*
Biotite	*A ferro-magnesium silicate mineral: $(K(Mg,Fe)_3(Al,Fe)Si_3O_{10}(OH,F)_2$.*
Block	*A division of a mine usually bounded by workings but sometimes by survey lines or other arbitrary limits. Portion of an ore body blocked out by drives, raises, or winzes, so that it is completely surrounded by passages and forms a rectangular panel. If its character, volume, and assay grade are thus established beyond reasonable doubt it ranks as proved ore in the mine's assets.*
Block model	*The representation of an orebody by subdividing it into a matrix of blocks of equal dimensions;*
Borehole	*A subsurface means of geological exploration made with a drilling machine;*
Breccia	*A rock made up of large sharp fragments of rock in a groundmass of finer grained sediment or vein material.*
Breccias	*A rock composed of broken, angular fragments enclosed in a fine-grained matrix;*
Brecciation	*A rock description meaning coarse and broken, such as volcanic vent materials.*
Bt	*Billion tonnes;*
Cambrian	*A period of geological time between 545 and 495 Ma.*
Carbonaceous	*A rock consisting of or containing carbon;*
cassiterite	*A light yellow, red-brown, or black mineral, SnO_2, that is an important tin ore*
CEng	*Chartered Engineer.*
Cenozoic	*The geological era between 66Ma and the present*
Chlorite	*Green mineral $(Mg,Fe)_3(Si,Al)_4O_{10}(OH)_2(Mg,Fe)_3(OH)_6$*
Clay	*Material with a particle size of less than 2µm.*
Collar	*The beginning point of a shaft or drill hole, the surface*
Colluvial	*Weathered material transported by gravity.*
Concentrate	*Metal ore once it has been through milling and concentration so that it is ready for chemical processing or smelting.*
Contact	*The place or surface where two different kinds of rocks meet. Applies to sedimentary rocks, as the contact between a limestone and a sandstone, for example, and to metamorphic rocks; it is*

	especially applicable between igneous intrusions and the host rock.
Core	*A cylindrical sample of rock obtained by core drilling.*
Core samples	*Cylindrical rock samples collected by diamond core drilling.*
CPR	*Competent persons report*
Cr	*Chrome*
Craton	*old and stable part of the continental lithosphere*
Cretaceous	*Geological period between 136 to 64 Ma*
Crushing	*Reduction in size of mined rocks by mechanical action, generally to the size of one or two centimetres.*
Cu	*Copper.*
Cut off	*The grade above which the commodity could be considered ore in a particular deposit;*
Cut-off grade	*When determining economically viable Mineral Reserves, the lowest grade of mineralised material that qualifies as ore.*
Digital Elevation Model (DEM)	*A topographic surface determined from satellite data;*
Deposit	*A naturally occurring accumulation of minerals that may be considered economically valuable;*
Devonian	*The geological period between 354Ma and 410Ma ago.*
Diorite	*A coarse grained igneous rock consisting of alkali feldspar, some pyroxene and or amphibole with a little quartz: approx. 55-60% SiO2.*
Dip	*Inclination of a geological feature/rock from the horizontal (perpendicular to strike).*
Dipolar	*A pair of magnetic poles of equal magnitude and opposite polarity.*
Disseminated	*Fine grained material scattered quite evenly throughout the rock.*
Dolomite	*Magnesium limestone rock.*
Duricrust	*A thin hard cemented layer on or near the surface of unconsolidated.*
Dykes	*A sub-vertical tabular igneous intrusion which cuts across the bedding or other planar structures in the country rock;*
Eclogite	*An extremely high-pressure metamorphic rock containing garnet and pyroxene.*
Electro-winning	*The use of electrolysis to obtain commercial quantities of metals from a solution prepared by leaching mineral ore.*
Enrichment	*The process by which the relative amount of one constituent mineral or element within a rock is increased.*
Epidote	*A basic silicate of aluminium, calcium, and iron. Green; forms a series with clinozoisite; a common rock-forming mineral with albite and chlorite in low-grade metamorphic rocks and an accessory in some igneous rocks; may be used as a minor gemstone;*
ESIA	*Environmental and Social Impact Assessment*
Exploration drilling	*Drilling in an unproved area or to an untried depth either to seek new areas of mineralisation or the possibility of increasing the area of known mineralisation;*
Exploration Licence	*exclusive authorisation granted by the Minister on the Minerals Advisory Board of the Ministry of Mineral Resources of Sierra Leone, permitting the holder to prospect for any mineral within the specified licence area of up to 250 km^2, granted for an initial period of four years and renewable for a further period of three years with the option for another two years;*
F	*Fluorine*
Fault	*A fracture or a fracture zone along which there has been displacement of the two sides relative to one another parallel to the fracture. The displacement may be a few inches or many miles.*
Fe	*Iron.*
Fe_{TOT}	*Total content of elemental iron, expressed as a percentage (incorporates all iron bearing minerals);*
Feasibility study	*A detailed study of the economics of a project based on technical calculations and specific mine designs undertaken to a sufficiently high degree of confidence to justify a decision on construction.*
Ferrous	*Trivalent iron, Fe (III).*
FGS	*Fellow of the Geological Society.*
FIMMM	*Fellow of the Institute of Materials, Minerals and Mining*
Flotation	*Wet mineral extraction process by which certain mineral particles are induced to become attached to bubbles and float, and others to sink. Valuable minerals are thus concentrated and separated from valueless material (gangue).*
Fluorite	*Common gangue fluorine mineral formed from hydrothermal processes: (CaF_2).*
Fluvial	*the processes associated with rivers and streams and the deposits and landforms created by them*
Fracture	*A general term to include any kind of discontinuity in a body of rock if produced by mechanical failure, whether by shear stress or tensile stress. Fractures include faults, shears, joints, and planes*

	of fracture cleavage.
FSA	*Financial Services Authority*
g/t	*Grams per tonne;*
Gabbro	*A coarse grained igneous rock consisting of calcic feldspar, pyroxene and commonly hornblende and/or olivine: approx. 45-50% SiO2.*
Garnet	*Group of aluminium nesosilicate with the generalised formula $X_3Z_2(SiO_4)_3$ (X=Ca, Fe, etc· Z=Al, Cr, etc·)*
GDP	*gross domestic product*
Geochemical	*A prospecting technique which measures the content of certain metals in soils and rocks used to define anomalies for further testing.*
Geochemical anomaly	*A concentration of one or more elements in a rock, sediment, soil, water or vegetation that differs significantly from the normal concentrations.*
Geological mapping	*Recording geological information;*
Geology	*The scientific study of the origin, history, and structure of the earth*
Geophysical data	*Data from the branch of geology that studies the physics of the Earth, using the physical principles underlying such phenomena as seismic waves, heat flow, gravity, and magnetism to investigate planetary properties*
Geophysical surveys	*A prospecting technique which measures the physical properties (magnetism, conductivity, density) of rocks and defines anomalies for further testing*
Gneiss	*A foliated metamorphic rock formed under conditions of high pressure, often coarse grained with layering;*
Gneissic	*Showing the texture typical of gneisses;*
Gossanous sulphide concentration	*an area of intense surface oxidisation/weathering which has caused the concentration of original sulphide mineralisation and secondary mineral pseudomorphs;*
Grade	*The quantity of ore or metal in a specified quantity of rock*
Granite	*A medium to coarse grained plutonic igneous rock usually light coloured and consisting largely of quartz and feldspar;*
Granite intrusion	*A granite body emplaced into the pre-existing rock*
Granodiorite	*A coarse grained rock intermediate in composition between granite and diorite: approx. 65% SiO2.*
Gravity data	*Data taken from fluctuations in the earth's gravitational field caused due to underling geology.*
Gravity separation	*Separating two or more products by the variance in their specific gravity.*
Green field projects	*A project on land that has had no previous development.*
Greenstone Belt	*zones of variably metamorphosed mafic to ultramafic volcanic sequences with associated sedimentary rocks that occur within Archaean and Proterozoic cratons between granite and gneiss bodies*
Greisen	*An altered granitic rock in gaseous conditions and composed largely of quartz, mica, and topaz. Tourmaline, fluorite, rutile, cassiterite, and wolframite are common accessory minerals.*
Greisenisation	*The process of greisen formation.*
Grinding	*Further reduction, after crushing, of size of mined rocks by mechanical action.*
HCl	*Hydrochloric acid*
Haematite	*the mineral form of iron(III) oxide, with chemical formula Fe2O3;*
High grade	*Pertaining to ore which is rich in the metal being mined.*
Homogeneous	*The same throughout*
Hornblende	*A dark green or black silicate mineral found in igneous and metamorphic rocks;*
Host rock	*The rock containing a mineral or an orebody.*
Hydrochloric acid	*The aqueous solution of hydrogen chloride gas (HCl)*
Hydrometallurgical	*Part of the field of extractive metallurgy involving the use of aqueous chemistry for the recovery of metals from ores, concentrates, and recycled or residual materials.*
Hydromica	*Hydrous aluminous silicate.*
Hydrothermal	*The name given to any processes associated with igneous activity which involve heated or superheated water.*
Hydroxides	*The union of an oxygen and hydrogen atom to form a negative anion.*
IMF	*International Monetary Fund, United Nations*
IMMM	*The Institution of Materials, Minerals and Mining*
Impact	*An effect on people, property or the environment caused by a certain action or change.*
Impact (environmental)	*An effect on some part of the environment caused by a certain action or change.*

Indicated	*that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and average mineral content can be estimated with a reasonable level of confidence. It is based on exploration sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed and sufficient minerals have been recovered to allow a confident estimate of average mineral value;*
Inferred	*that part of a Mineral Resource for which tonnage, grade and average mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified by geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that may be limited or of uncertain quality and reliability;*
Infill drilling/sampling	*Drilling or sampling in between locations that have already been drilled/sampled;*
Infrastructure	*The supporting installations and services that supply the needs of the project.*
Intercalated	*Existing or introduced between layers of a different type;*
Intrusion	*A body of igneous rock that is emplaced into pre-existing older rocks;*
Intrusive	*In petrology, having, while molten, penetrated into or between other rocks, but solidifying before reaching the surface; said of certain igneous rocks; nearly the same plutonic and contrasted with effusive or extrusive.*
Intrusive Complex	*A large body of igneous rock intruded over several periods of time and with changing composition.*
IP	*Induced Polarisation geophysical survey technique*
JORC	*Joint Ore Reserves Committee (of the AusIMM and other institutions)*
JORC code	*Australasian code for reporting of Mineral Resources and Ore Reserves.*
JV	*Joint Venture.*
Kaolinite	*A clay mineral which is usually the result of argillic alteration of feldspars.*
kg	*Kilogram.*
Kinematic	*Tectonic Motion*
km	*kilometres*
kt	*Thousand metric tonnes*
Laterite	*Residual deposit formed under tropical conditions. Essentially hydrated Iron oxides.*
Liberian	*ca. 2700 Ma*
Lenses	*Geological bodies that are thick in the middle and thin at the edge;*
Leonean	*ca. 2950 – 3200 Ma*
Leucogranite	*A light coloured alkali granite relatively deficient in mafic minerals;*
Limestone	*A sedimentary rock composed almost entirely of calcium carbonate ($CaCO_3$);*
Limonite	*An amorphous hydrated iron oxide, one of the chief constituents of gossan;*
Lineament	*A linear topographical feature;*
Lithology	*The physical characteristics of rock.*
Logging	*Recording geological, geotechnical and other information from drill core.*
Low Grade	*Pertaining to ore which is comparatively low in content for the metal which is being mined.*
LSE	*London Stock Exchange*
m	*Metre.*
M	*Million.*
Mafic	*Describing an igneous rock of low silica and high magnesium and iron content, usually dark in colour;*
Magnetic separation	*Separating two or more products by the variance in their magnetic behaviour.*
Magnetic survey(Magnetics)	*A prospecting technique which measures the magnetic properties of rocks and defines anomalies for further testing;*
Magnetite	*a ferromagnetic mineral with chemical formula Fe_3O_4;*
Marble	*A fine to coarse grained metamorphosed limestone;*
Marl	*A rock composed of a friable mixture of clay minerals;*
Massive	*Having homogeneous structure or texture;*
Measured	*that part of a Mineral Resource for which tonnage, grade and average mineral content can be estimated with a high level of confidence*
Melanosomes	*Dark or black mafic mineral bands*
Meso-	*Prefix meaning middle;*

Mesozoic	*An era of geological time spanning 250-65Ma, including the Triassic, Jurassic and Cretaceous periods;*
Metallurgical processing	*The means by which the minerals and/or metals of interest in the ore are separated and concentrated into a saleable form.*
Metallurgical studies	*Tests performed upon ore material to ascertain its extraction and recovery properties*
Metallurgical testwork	*Laboratory based tests which examine methods of concentrating minerals and/or metals of interest.*
Metallurgy	*The domain of materials science that studies the physical and chemical behaviour of metallic elements, their intermetallic compounds and alloys.*
Metamorphic	*Term applied to pre-existing sedimentary and igneous rocks which have been altered in composition, texture, or internal structure by processes involving pressure, heat and/or the introduction of new chemical substances.*
Metamorphosed	*Rock transformed by heat and/or pressure*
Metasomatically	*The process by which the chemical composition of a rock is changed by interaction with fluids; replacement of one mineral by another without melting.*
MicroMine	*3D digital mining computer software package.*
Migmatites	*A rock at the frontier between igneous and metamorphic rocks*
MIMMM	*Member of the Institution of Materials, Minerals and Mining*
Mineral	*A natural, inorganic, homogeneous material that can be expressed by a chemical formula.*
Mineral Resource	*A concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such a form and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are know, 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.*
Mineral Resource	*A tonnage or volume of rock or mineralisation of intrinsic economic interest.*
Mineralisation	*The process by which minerals are introduced into a rock. More generally, a term applied to accumulations of economic or related minerals in quantities ranging from weakly anomalous to economically recoverable.*
Mineralised	*Containing ore minerals.*
Mineralised zone	*A mineral-bearing belt or area extending across or through a district. It is usually distinguished from a vein or lode as being wide, the mineralisation extending in some cases hundreds of feet from a fissure of contact plane.*
Mo	*Molybdenum*
MSc	*Master of Science.*
Mt	*Million tonnes*
Nb	*Niobium.*
Neo-	*A prefix meaning recent;*
Neogene	*The youngest of two subdivisions of the Tertiary Period*
Nickel	*Silvery white metal that takes on a high polis; hard, malleable, ductile, somewhat ferromagnetic, and a fair conductor of heat and electricity.*
Off-balance	*Resources just below the current cut-off.*
On-balance	*Resources above the current cut-off.*
Open pit, open cut	*Surface mining in which the ore is extracted from a pit or quarry. The geometry of the pit may vary with the characteristics of the ore body.*
Open-pit / opencast working	*Mineral working from an open excavation or pit.*
Open-pit mining	*Extraction of mineralised rock from a pit without use of underground tunnels.*
Ordovician	*The second period of the Palaeozoic Era*
Ore	*Mineral bearing rock that contains one or more minerals, at least one of which can be mined and treated profitably under current or immediately foreseeable economic conditions;*
Ore Reserve	*The economically mineable part of a Measured or Indicated Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments, which may include feasibility 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.*
Orebody	*A continuous, well-defined mass of material of sufficient ore content to make extraction*

	economically feasible.
Orogeny	*The tectonic process in which large areas are folded, thrust-faulted, metamorphosed, and subjected to plutonism. The cycle ends with uplift and the formation of mountains.*
Oxide	*Soft, weathered rock formed by the process of weathering near the surface;*
Palaeocene	*First epoch of the Tertiary period between 65–56.5 million years ago.*
Pb	*Lead.*
Pegmatite	*Very coarse grained igneous rocks often in veins formed around the margins of large deep-seated plutons usually extending from the pluton itself into the surrounding rock;*
PhD	*Doctor of Philosophy.*
Phyllite	*A cleaved metamorphic rock due to high mica content, less well cleaved than slate.*
Pisolitic	*pisoids, are concretionary grains - often of calcium carbonate, but sometimes of rarer minerals and iron rich*
Pits	*Exploration excavations to determine nature and structure of the underlying rocks and to obtain samples;*
Placer	*A concentration of relatively heavy and resistant minerals in stream or beach deposits.*
Plagioclase	*Any of a group of feldspars containing a mixture of sodium and calcium feldspars.*
Pods	*A discrete concentration of mineralised material*
Polygonal Resource Estimate	*A resource estimate using distinct geometric shapes on cross section with standard thickness, that create volumes in which grades can be interpolated and tonnages calculated.*
Porphyry	*An igneous rock in which relatively large crystals (phenocrysts) constitute 25% or more of the volume and are set in a fine-grained ground mass. Can also be used in conjunction with a mineral name where the pheocrysts are of the named mineral e.g. quartz porphyry;*
Porphyry (porphyries)	*Rock names usually applied to hypabyssal rocks containing large crystals (phenocrysts).*
Porphyry copper	*A type of copper mineralisation commonly exploited, usually being very large tonnages mineralisation with relatively low grades of copper and often molybdenum, gold and silver.*
Post-kinematic	*After tectonic motion/movement*
Pre Feasibility Study	*A geological, technical and economic study to determine whether a deposit can be exploited;*
Precambrian	*The geological eon running from the solidification of the Earth's crust 4,500 Ma ago to 580 Ma ago.*
Pre-feasibility Study	*The initial stage of the feasibility study in which the accuracy of the factors involved such as costs and revenues is ± 25%.*
Primary gold	*Gold located within host ore rock i.e. greenstone belt*
Prospect	*A mineral property, the value of which has not been proved by exploration. To search for minerals or oil by looking for surface indications, by drilling boreholes, or both.*
Proterozoic	*The later of the two major subdivisions of the Precambrian (compare with Archaean) between 2500 and 590Ma.*
Pyroxene	*A group of silicate rock forming minerals;*
Quartz	*A very common mineral in sedimentary, magmatic, metamorphic, and hydrothermal environments : SiO_2.*
Quartzite	*A metamorphic rock type formed predominantly of recrystallised quartz;*
Quaternary	*The most recent period of geological time, a division of the Cenozoic;*
RAB	*rotary air blast drilling, being percussion drilling using a pneumatic hammer, cutting rock into chips which are flushed to the surface through the space between the drill pipe and the wall of the hole;*
Range	*A term used in grade estimation which represents the distance up to which grades have a relationship to each other, such that samples lying a distance apart greater than the range have no relationship to each other (obtained from a semi-variogram);*
Reagent	*Chemical used as part of mineral processing.*
Regolith	*Unconsolidated residual or transported material that overlies the solid rock of the earth, usually made up from soil;*
Reserve	*The quantity of mineral within a calculated resource which are recoverable.*
Reserves	*That part of a mineral resource which has been demonstrated to be economically exploitable.*
Resource	*The total quantity of a mineral which is calculated to lie within given boundaries and which is economically workable.*
Risk assessment	*The systematic process of identifying and analysing the risks inherent in a system or situation and their significance in an appropriate context. It is a process which allows judgements about the nature of potential adverse effects and the chance that they are realised. The judgement may be expressed in a qualitative or quantitative manner.*

Rock	*Mineral matter of various compositions.*
Rutile	*A mineral, TiO2 , in which titanium replaces iron; in amphibolites, eclogites, granite pegmatites, veins, and placers; a source of titanium; also a gemstone*
Sample	*A representative fraction of body of material; removed by approved methods; guarded against accidental or fraudulent adulteration; and tested or analysed to determine the nature, composition, percentage of specified constituents. Bulk samples are large (several tons), so taken as to represent the ore for the purpose of developing a suitable treatment. Channel samples, cores, chips, grab, are small ones- made primarily to establish the value of the ore;*
Sampling and Analytical Variance/Precision	*An estimate of the total error induced by sampling, sample preparation and analysis.*
Sandstone	*Sedimentary rock comprising sand size grains (>0.06mm, <2.0mm).*
Skarn	*Metamorphic rock which forms by chemical metasomatism of rocks during metamorphism and in the contact zone of magmatic intrusions like granites with carbonate-rich rocks such as limestone*
Schist	*A metamorphic rock defined by its well developed parallel orientation of more than 50% of the minerals present;*
Scout Drilling	*Strategic first stage drilling programme to establish existence of minerailsiation/orebody*
Sediment	*Particles transported by water, wind or ice.*
Sedimentary	*A type of rock formed from pre-existing rocks or pieces of once-living organisms. They form from deposits that accumulate on the Earth's surface.*
Sericite	*A fine grained white micaceous mineral often the product of alteration processes.*
Shaft	*A near-vertical mine entry of limited area constructed to access underground workings or to provide ventilation.*
Si	*Silicon.*
Sill	*Shallow dipping to horizontal sheets of igneous rock which have exploited existing fractures.*
Sn	*Tin.*
SRK ES	*SRK Exploration Services*
Stockwork	*Mineral deposit formed of a network of small, irregular veins so closely spaced that it may be mined as a unit.*
Strike	*A geological term which describes a horizontal line on the surface of a dipping stratum. The strike is 90° to the dip of the stratum.*
Stringer	*A mineral veinlet or filament, usually one of a number, occurring in a discontinuous subparallel pattern in host rock;*
Supergene	*In ore deposit geology, supergene processes or enrichment occur relatively near the surface;*
Surveyed collars	*The surface location of a drill hole measured in terms of Eastings, Northings and Elevation;*
Syn-kinematic	*a geologic process or event occurring during tectonic activity;*
Synclinorium	*A mountain range owing its origin to the progress of a geosynclinal, and ending in a catastrophe of displacement and upturning*
Ta	*Tantalum*
Tectonic	*Relating to a major structural event.*
Tectonic belts	*A belt of land that has been subjected to tectonic forces, often forming a mountain range.*
Terrane	*tectonostratigraphic terrane, which is a fragment of crustal material formed on, or broken off from, one tectonic plate and accreted or "sutured" to crust lying on another plate*
Total Horizontal Derivative (THD)	*A geophysical analytical process which displays the total gradient change within the horizontal plain;*
Total Magnetic Intensity (TMI)	*The total magnetic field of the earth at that is used to measure the geomagnetic field which is measure in an X,Y and Z orthogonal component, measured in teslas;*
Tonalite	*A diorite which is particularly rich in aluminium and sodium.*
Tourmaline	*A crystal boron silicate mineral compounded with elements such as aluminium, iron, magnesium, sodium, lithium, or potassium;*
tpa	*Tonnes per annum.*
UKLA	*United Kingdom Listing Authority*
Ultramafic	*A dark coloured igneous rock with a silica concentration of less than 45%.*
Underground mining	*The access of buried orebodies through the process of tunnelling and excavation through the surrounding rocks.*
Uranium	*Hard, lustrous, silver-white, malleable and ductile, radioactive, metallic element of the actinide series.*
Vein/veinlet	*A fracture which has been filled by minerals which have crystallised from mineralised fluids.*

Volcanic	*A subtype of igneous rock which has been extruded and cooled at the Earth's surface usually found as a lava flow.*
W	*Tungsten.*
Watershed	*A divide between two adjoining drainage systems*
Weathered	*Action of climatic conditions such as rainfall and heat on near-surface rocks resulting in chemical changes and the breakdown of original mineral grains.*
Wireframe	*A mesh of triangles used to make computerised geological models.*
XRF	*X-ray fluorescence, the emission of characteristic "secondary" (or fluorescent) X-rays from a material that has been excited by bombarding with high-energy X-rays or gamma rays. The phenomenon is widely used for elemental analysis and chemical analysis,*
Zircon	*A tetragonal mineral, ZrSiO4 ; occurs widely in granite, granite pegmatite, other felsic igneous rocks, and placers; the chief source of zirconium*
Zn	*Zinc.*

Appendix A

Historical diamond borehole collars

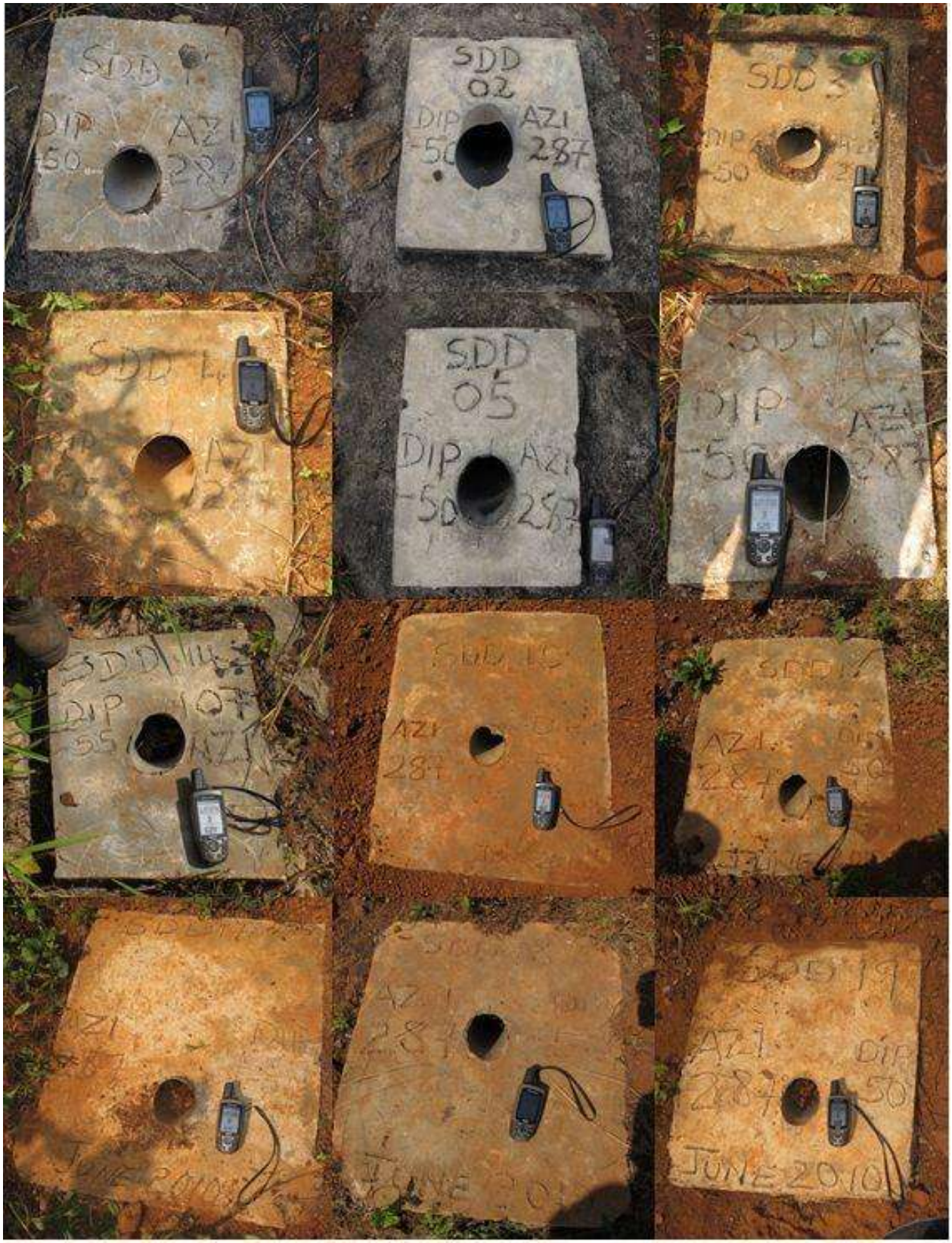

Figure 13-1 Drilling Collars SDD1-5, 12 &14-19

Figure 13-2 Drill Collars SDD20-30 & 32

Figure 13-3 Drill Collars SDD33&34

SRK Exploration Services
Report Distribution Record

Report No.	ES 7436
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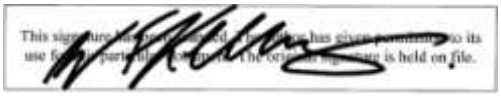
Name/Title	Company	Copy	Date	Authorised by
Mr Nick Warrell	Sula Iron & Gold	Final	2nd October 2012	WF Kellaway

Approval Signature:



PART IV

FINANCIAL INFORMATION ON THE GROUP

Section A – Accountant's Report on Sula Iron & Gold plc

The Directors
Sula Iron & Gold plc
190 High Street
Tonbridge
Kent TN9 1BE

The Partners
Cairn Financial Advisers LLP
61 Cheapside
London
EC2V 6AX

2 October 2012

Dear Sirs

Sula Iron & Gold plc (the "Company")

Introduction

We report on the financial information set out in Section B of Part IV relating to the Company. This financial information has been prepared for inclusion in the admission document dated 2 October (the "Admission Document") relating to the proposed placing of 19,166,674 Ordinary Shares at 6 pence per share and the admission of the Company's Enlarged Share Capital to trading on AIM and on the basis of the accounting policies set out in note 3 to the financial information. This report is given for the purpose of complying with Paragraph (a) of Schedule Two of the AIM Rules for Companies and for no other purpose.

Responsibility

The directors of the Company are responsible for preparing the financial information on the basis of preparation set out in the notes to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, and save for any responsibility that we have expressly agreed in writing to assume, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the Company's circumstances consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information set out in Section B of Part IV gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at 31 December 2011 and of its comprehensive loss, cash flows and changes in equity for the period then ended in accordance with the basis of preparation and applicable financial reporting framework as set out in the notes 1 to the financial information.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

CHANTREY VELLACOTT DFK LLP
Chartered Accountants

Section B – Financial Information on Sula Iron & Gold plc

Statement of Comprehensive Income
for the period 6 October to 31 December 2011

	Notes	*2011 £'000*
Continuing operations		
Revenue		—
Cost of sales		—
Gross profit		—
Administrative expenses	7	(7)
Results from operating activities		(7)
Finance income		—
Finance costs		—
Net finance costs		—
Loss before taxation		(7)
Taxation	8	—
Loss for the period		(7)
Other comprehensive income		
Other comprehensive income for the period, net of tax		—
Total comprehensive loss for the period		(7)
Loss attributable to:		
Owners of the Company		(7)
Loss for the period		(7)
Total comprehensive loss attributable to:		
Owners of the Company		(7)
Total comprehensive loss for the period		(7)

Statement of Financial Position
as at 31 December 2011

	Notes	*2011 £'000*
Assets		
Current assets		
Trade and other receivables	9	119
Cash and cash equivalents	10	26
		145
Total assets		145
Equity		
Equity attributable to owners of the Company		
Share capital	11	100
Retained deficit		(7)
Total equity		93
Liabilities		
Current liabilities		
Trade and other payables	12	52
		52
Total liabilities		52
Total equity and liabilities		145

Statement of Changes in Equity
as at 31 December 2011

	Attributable to owners of the Company		
	Share capital £'000	*Retained deficit £'000*	*Total equity £'000*
Balance at 6 October 2011	—	—	—
Total comprehensive income for the period			
Loss for the period	—	(7)	(7)
Total comprehensive loss for the period	—	(7)	(7)
Transactions with owners of the Company recognised directly in equity			
Contributions by and distributions to owners of the Company			
Issue of ordinary shares	100	—	100
Total contributions by and distributions to owners of the Company	100	—	100
Balance at 31 December 2011	100	(7)	93

Statement of Cash Flows
for the period 6 October to 31 December 2011

	2011 £'000
Cash flows from operating activities	
Loss for the period	(7)
	(7)
Changes in:	
– trade and other receivables	(119)
– trade and other payables	52
Net cash used in operating activities	(67)
Cash flows from investing activities	
Net cash used in investing activities	—
Cash flows from financing activities	
Proceeds from issue of share capital	100
Net cash flows from financing activities	100
Net decrease in cash and cash equivalents	26
Cash and cash equivalents at 6 October	—
Cash and cash equivalents at 31 December	26

NOTES TO THE FINANCIAL INFORMATION
FOR THE PERIOD 6 OCTOBER TO 31 DECEMBER 2011

1. Reporting entity

Sula Iron & Gold plc (formerly Sula Gold plc) (the 'Company') is a public company limited by shares and incorporated on 6 October 2011 in England and Wales under the Companies Act 2006 (registered number 07800337). The address of the Company's registered office is 190 High Street, Tonbridge, Kent TN9 1BE, United Kingdom.

The financial period runs from 6 October 2011 to 31 December 2011.

2. Basis of preparation

Statement of compliance

The financial information has been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ('IFRS') and in accordance with the Companies Act 2006.

Basis of measurement

The financial statements have been prepared on the historical cost basis, except to the extent varied below for fair value adjustments required by accounting standards.

Going concern basis of accounting

The financial information has been prepared on a going concern basis, which assumes that the Company will be able to meet its liabilities as they fall due and management has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Functional and presentational currency

The financial information is presented in Pounds Sterling ('GBP'), which is the Company's functional and presentational currency. All financial information presented in GBP has been rounded to the nearest thousand, except when otherwise indicated.

The Company's functional currency will in future periods be the US Dollar ('USD') as this currency is expected to mainly influence sales prices, labour, material and other costs.

Use of estimates and judgements

The preparation of the financial information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Significant accounting policies

Foreign currency

Foreign currency transactions

Assets and liabilities denominated in foreign currencies are translated at the closing rate at the balance sheet date. Income and expense items are translated at an average rate for the period.

All differences are taken to profit or loss or other comprehensive income, should specific criteria be met.

Financial instruments

Non-derivative financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company's non-derivative financial assets represent loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

Non-derivative financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables.

Share capital

Ordinary shares

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

Impairment

Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Financial assets measured at amortised cost

The Company considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, fair value gains on financial assets at fair value through profit or loss, gains on the remeasurement to fair value of any pre-existing interest in an acquire and reclassifications of amounts previously recognised in other comprehensive income. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend rate.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables) and reclassifications of amounts previously recognised in other comprehensive income.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Value added tax ('VAT')

Revenues, expenses and assets are recognised net of the amount of VAT except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset as part of the expense item as applicable.
- receivables and payables that are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

4. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2011, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except for

IFRS 9 *Financial Instruments*, which becomes mandatory for the Company's 2013 financial statements and could change the classification and measurement of financial assets. The Company does not plan to adopt this standard early and the extent of the impact has not been determined.

5. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when such assets are acquired in a business combination.

6. Operating segments

The Company is to act as a holding company of a group involved in mineral resources exploration and exploitation in Sierra-Leone and is therefore considered to operate in a single geographical and business segment.

7. Personnel expenses

	2011 £'000
Wages and salaries	6
Compulsory social security contributions	1
	7

The average number of employees (including directors) during the period was.

Directors	3

Directors' emoluments

	2011 £'000
Fees	6

Emoluments disclosed above include the following amounts paid to the highest director.

	2011 £'000
Emoluments for qualifying services	3

Key management

The Directors comprise the key management personnel of the Company.

8. Taxation

Current taxation expense

	2011 £'000
Taxation recognised in profit or loss	
Current taxation expense	
Current period	—
	—

Reconciliation of effective tax rate

		2011 £'000
Loss for the period		(7)
Total taxation expense		—
Profit excluding taxation		(7)
Taxation using the Company's domestic tax rate	20%	(1)
Current period losses for which no deferred tax asset recognised	20%	1
		—

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items.

	2011 £'000
Tax losses	1
	1

Deferred tax assets have not been recognised in respect of these losses due to uncertainty of future profit streams.

9. Trade and other receivables

	2011 £'000
Loan to Blue Horizon (SL) Limited	119
Loans and receivables	119
Non-current	—
Current	119
	119

The Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables is disclosed in note 13.

10. Cash and cash equivalents

	2011 £'000
Bank balances	26

11. Capital and reserves

Share capital

	Ordinary Shares 2011 £'000
Issued, allotted and fully paid	
Ordinary Shares of 1p each	
In issue at 6 October	—
Issued for cash	100
In issue at 31 December	100

Ordinary Shares

All shares rank equally with regard to the Company's residual assets.

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.

Issue of Ordinary Shares

On incorporation on 6 October 2011, the Company issued 1 Ordinary Share at par.

On 13 October 2011 the Company issued 4,999,999 Ordinary Shares at par.

Additionally, 5,000,000 Ordinary Shares were issued at par on 4 November 2011.

A further amount of £45,000 was received during the period as subscription for Ordinary Shares which were issued after the end of the period.

12. Trade and other payables

	2011 £'000
Accrued expenses	7
Amount received in respect of shares to be issued	45
	52

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 13.

13. Financial instruments

Financial risk management

Risk management and objectives

The Company's operations expose it to a variety of financial risks. The Company has in place a risk management programme that seeks to limit the adverse effect of such risks on its financial performance.

Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than Pounds Sterling ('GBP'). The currency giving rise to this risk is primarily US Dollar ('USD').

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows.

	Carrying amount 2011 £'000
Trade and other receivables	224
Cash and cash equivalents	26
	250

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company reviews its facilities regularly to ensure that it has adequate funds for operations and expansion plans.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Due to the nature of the Company's operations, it is mainly exposed to the risk of fluctuations in the price of iron and gold.

Capital management

The Directors' objective when managing capital is to safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds, in order to support continued operations.

The Company considers its capital to be shareholders' equity.

Accounting classifications and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows.

	2011 Loans and receivables £'000	*2011 Total carrying amount £'000*	*2011 Fair value £'000*
Cash and cash equivalents	26	26	26
Trade and other receivables	119	119	119
	145	145	145
Trade payables	(52)	(52)	(52)
	(52)	(52)	(52)

14. Subsequent events

By an agreement dated 6 February 2012, the Company acquired Blue Horizon (SL) Limited ('Blue Horizon'), an entity of which N Warrell is a director and the sole shareholder, via a share-for-share exchange. On completion of this transaction, Blue Horizon became a wholly owned subsidiary of the Company and N Warrell received 50,000,000 Ordinary Shares in the Company.

Blue Horizon holds an exploration licence EL54/2011 issued by the Government of Sierra Leone and following this acquisition the main business of the company became mineral exploration.

Section C – Accountant's Report on Blue Horizon (S.L) Limited

The Directors
Sula Iron & Gold plc
190 High Street
Tonbridge
Kent TN9 1BE

The Partners
Cairn Financial Advisers LLP
61 Cheapside
London
EC2V 6AX

2 October 2012

Dear Sirs

Blue Horizon

Introduction

We report on the financial information set out in Section B of Part IV relating to Blue Horizon. This financial information has been prepared for inclusion in the admission document dated 2 October 2012 (the "Admission Document") relating to the proposed placing of 19,166,674 Ordinary Shares at 6 pence per share and the admission of the Company's Enlarged Share Capital to trading on AIM and on the basis of the accounting policies set out in note 3 to the financial information. This report is given for the purpose of complying with Paragraph (a) of Schedule Two of the AIM Rules for Companies and for no other purpose.

Responsibility

The directors of Sula are responsible for preparing the financial information on the basis of preparation set out in the notes to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, and save for any responsibility that we have expressly agreed in writing to assume, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to Blue Horizon's circumstances consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information set out in Section D of Part IV gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of Blue Horizon as at 31 December 2011 stated and of its comprehensive loss, cash flows and changes in equity for the period then ended in accordance with the basis of preparation and applicable financial reporting framework as set out in the notes to the financial information.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

CHANTREY VELLACOTT DFK LLP
Chartered Accountants

Section D – Financial Information on Blue Horizon (S.L) Limited

Statement of Comprehensive Income
for the period 11 April 2011 to 31 December 2011

	Notes	*2011 £'000*
Continuing operations		
Revenue		—
Cost of sales		—
Gross profit		—
Administrative expenses	7	(53)
Results from operating activities		(53)
Finance income		—
Finance costs		(1)
Net finance costs	9	(1)
Loss before taxation		(54)
Taxation	10	—
Loss for the period		(54)
Other comprehensive income		
Other comprehensive income for the period, net of tax		—
Total comprehensive loss for the period		(54)
Loss attributable to:		
Owners of the Company		(54)
Loss for the period		(54)
Total comprehensive loss attributable to:		
Owners of the Company		(54)
Total comprehensive loss for the period		(54)

Statement of Financial Position
as at 31 December 2011

	Notes	*2011 £'000*
Assets		
Non-current assets		
Property, plant and equipment	11	66
		66
Current assets		
Trade and other receivables	12	9
Cash and cash equivalents	13	1
		10
Total assets		76
Equity		
Equity attributable to owners of the Company		
Share capital	14	—
Retained deficit		(54)
Total equity		(54)
Liabilities		
Current liabilities		
Trade and other payables	15	130
		130
Total liabilities		130
Total equity and liabilities		76

Statement of Changes in Equity as at 31 December 2011

	Attributable to owners of the Company		
	Share capital £'000	*Retained deficit £'000*	*Total equity £'000*
Balance at 11 April 2011	—	—	—
Total comprehensive income for the period			
Loss for the period	—	(54)	(54)
Total comprehensive loss for the period	—	(54)	(54)
Balance at 31 December 2011	—	(54)	(54)

Statement of Cash Flows
for the period 11 April 2011 to 31 December 2011

	2011 £'000
Cash flows from operating activities	
Loss for the period	(54)
	(54)
Adjustments for:	
Net finance costs	1
	(53)
Changes in:	
– trade and other receivables	(75)
– trade and other payables	130
Net cash from operating activities	2
Net increase in cash and cash equivalents	2
Cash and cash equivalents at 11 April 2011	—
Effect of exchange rate fluctuations on cash held	(1)
Cash and cash equivalents at 31 December 2011	1

NOTES TO THE FINANCIAL INFORMATION
FOR THE PERIOD 11 APRIL 2011 TO 31 DECEMBER 2011

1. Reporting entity

Blue Horizon (SL) Limited ('Blue Horizon') is a company limited by shares and incorporated on 11 April 2011 in Sierra Leone (registered number C.F/334/2011). The address of the company's registered office is 19F Hillcot Road, Freetown, Sierra Leone.

The financial period runs from 11 April 2011 to 31 December 2011.

2. Basis of preparation

Statement of compliance

The financial information has been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ('IFRS').

Basis of measurement

The financial statements have been prepared on the historical cost basis, except to the extent varied below for fair value adjustments required by accounting standards.

Going concern basis of accounting

The financial information has been prepared on a going concern basis, which assumes that the Company will be able to meet its liabilities as they fall due and management has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Functional and presentational currency

These financial statements are presented in Pounds Sterling ('GBP'). All financial information presented in GBP has been rounded to the nearest thousand, except when otherwise indicated.

The Company's functional currency is the US Dollar ('USD').

Use of estimates and judgements

The preparation of the financial information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Foreign currency

Foreign currency transactions

Assets and liabilities denominated in foreign currencies are translated at the closing rate at the balance sheet date. Income and expense items are translated at an average rate for the period.

All differences are taken to profit or loss or other comprehensive income, should specific criteria be met.

Financial instruments

Non-derivative financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company's non-derivative financial assets represent loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

Non-derivative financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables.

Share capital

Ordinary shares

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

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major component) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance is expensed as incurred.

Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use.

The estimated useful lives for the current period of significant items of property, plant and equipment are as follows:

- plant and machinery 5-10 years
- furniture, fixtures and fittings 5 years
- motor vehicles 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Intangible assets

An intangible asset is recognised when:

- It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- The cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- It is technically feasible to complete the asset so that it will be available for use or sale.
- There is an intention to complete and use or sell it.
- There is an ability to use or sell it.
- It will generate probable future economic benefits.
- There are available technical, financial and other resources to complete the development and to use or sell the asset.
- The expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Exploration and evaluation activity involves the search of mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation activity includes:

- Acquisition of rights to explore;
- Gathering topographical, geological, geochemical and geophysical studies;
- Exploratory drilling;
- Trenching;
- Sampling; and
- Activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

All capitalised exploration and evaluation expenditure is monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest in conjunction with the group of operating assets (representing a cash generating unit ("CGU")) to which the exploration is attributed. To the extent the exploration expenditure is not expected to be recovered, it is charged to the income statement.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

- Prospecting and exploration rights — Life of mine

Impairment

Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Financial assets measured at amortised cost

The Company considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

Impairment losses are recognised in profit or loss.

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, if no impairment loss had been recognised.

Finance income and finance costs

Finance income comprises interest income on funds invested.

Finance costs comprise interest expense on borrowings, impairment losses recognised on financial assets (other than trade receivables).

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Segment reporting

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2011, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except for IFRS 9 *Financial Instruments*, which becomes mandatory for the Company's 2013 financial statements and could change the classification and measurement of financial assets. The Company does not plan to adopt this standard early and the extent of the impact has not been determined.

5. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchange on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, motor vehicles, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

Intangible assets

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when such assets are acquired in a business combination.

6. Operating segments

The company operates in mineral resources exploration and exploitation in Sierra Leone and is therefore considered to operate in a single geographical and business segment.

7. Expenses by nature

	Note	2011 £'000
Employee benefit expense	8	14
Legal and professional		11
Accountancy		5
Other expenses		23
		53

8. Personnel expenses

	2011 £'000
Wages and salaries	14

The average number of employees (including directors) during the period was.

Directors	1

Director's emoluments

	2011 £'000
Salaries	10

Emoluments disclosed above include the following amounts paid to the highest director.

	2011 £'000
Emoluments for qualifying services	10

Key management

Apart from the Director, the emoluments paid to key management personnel amounted to £4,000 in respect of salaries.

9. Finance income and finance costs

Recognised in profit or loss

	2011 £'000
Net foreign exchange loss	1
Finance costs	1
Net finance costs recognised in profit or loss	1

10. Taxation

Current taxation expense

	2011 £'000
Current period	—

Reconciliation of effective tax rate

		2011 £'000
Loss for the period		(54)
Total taxation expense		—
Loss excluding taxation		(54)
Taxation using the Company's domestic tax rate	37.5%	(20)
Current period losses for which no deferred tax asset recognised	37.5%	20
		—

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items.

	2011 £'000
Tax losses	20

Deferred tax assets have not been recognised in respect of these losses due to uncertainty of future profit streams. Losses are allowed to be carried forward indefinitely. However, the deduction for any tax for any year of assessment must not be such that the tax payable will be less than 50 per cent. of the tax due if the loss is not carried forward.

11. Property, plant and equipment

	Plant and machinery £'000	*Furniture, fixtures and fittings £'000*	*Motor vehicles £'000*	*Total £'000*
Cost				
Balance at 11 April 2011	—	—	—	—
Additions	16	15	35	66
Balance at 31 December 2011	16	15	35	66
Depreciation and impairment loss				
Balance at 11 April 2011	—	—	—	—
Depreciation for the period	—	—	—	—
Balance at 31 December 2011	—	—	—	—
Carrying amounts				
At 11 April 2011	—	—	—	—
At 31 December 2011	16	15	35	66

As at 31 December 2011, all items of property, plant and equipment were not available for their intended use and hence no depreciation has been applied in the period.

12. Trade and other receivables

	2011 £'000
Other trade receivables	9
Loans and receivables	9
Non-current	—
Current	9
	9

The company's exposure to credit and currency risks, and impairment losses related to trade and other receivables is disclosed in note 17.

13. Cash and cash equivalents

	2011 £'000
Cash in hand	1

14. Capital and reserves

Share capital

	2011 Number of ordinary share	*2011 Ordinary shares capital £000*
Issued, allotted and fully paid		
Ordinary shares of SLL 1 each	—	—
In issue at 11 April 2011	—	—
Issued for cash	100	—
In issue at 31 December 2011	100	—

All shares rank equally with regard to the company's residual assets.

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.

15. Trade and other payables

	2011 £'000
Loan from Sula Iron & Gold plc	119
Accrued expenses	11
	130

The company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 16.

16. Financial instruments

Financial risk management

Risk management and objectives

The Blue Horizon's operations expose it to a variety of financial risks. The company has in place a risk management programme that seeks to limit the adverse effect of such risks on its financial performance.

Currency risk

The company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than Pounds Sterling ('GBP'). The currency giving rise to this risk is primarily US Dollar ('USD').

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers and investment securities.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows.

	Carrying amount 2011 £'000
Trade and other receivables	9
Cash and cash equivalents	1
	10

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company reviews its facilities regularly to ensure that it has adequate funds for operations and expansion plans.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Due to the nature of the company's operations, it is mainly exposed to the risk of fluctuations in the price of iron and gold.

Capital management

The directors' objective when managing capital is to safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds, in order to support continued operations.

The company considers its capital to be shareholders' equity and loans.

Accounting classifications and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows.

	2011 Loans and receivables £'000	*2011 Total carrying amount £'000*	*2011 Fair value £'000*
Cash and cash equivalents	1	1	1
Trade and other receivables	9	9	9
	10	10	10
Trade and other payables	(130)	(130)	(130)
	(130)	(130)	(130)

17. Related parties

Ultimate controlling party

During the period, the company was under the control of N Warrell, given his 99 per cent. shareholding in the company's issued share capital, which increased to 100 per cent. after the period end.

Other related party transactions.

During the period the company received loans of £119,000 from Sula, a company of which N Warrell is a director.

18. Subsequent events

By an agreement dated 6 February 2012, Sula acquired 100 per cent. of the share capital of Blue Horizon via a share-for-share exchange. On completion of this transaction, Blue Horizon became a wholly owned subsidiary of Sula and N Warrell received 50,000,000 ordinary shares in Sula.

Section E – Unaudited Consolidated Financial Information on the Group

Condensed Consolidated Statement of Comprehensive Income

	Notes	*6-Oct-11 to 31-Mar-12 (unaudited) £'000*
Continuing operations		
Revenue		—
Cost of sales		—
Gross profit		—
Administrative expenses		(107)
Results from operating activities		(107)
Finance income		—
Finance costs		—
Net finance costs		—
Loss before taxation		(107)
Taxation		—
Loss for the period		(107)
Other comprehensive income		
Other comprehensive income for the period, net of tax		—
Total comprehensive loss for the period		(107)
Loss attributable to:		
Owners of the Company		(107)
		(107)
Total comprehensive loss attributable to:		
Owners of the Company		(107)
		(107)
Loss per share – continuing operations		
Basic and diluted loss per share (pence)	11	(0.647)

Condensed Consolidated Statement of Financial Position

	Notes	*As at 31-Mar-12 (unaudited) £'000*
Assets		
Property, plant and equipment	8	254
Intangible assets	9	3,824
Non-current assets		4,078
Trade and other receivables		2
Cash and cash equivalents		44
Current assets		46
Total assets		4,124
Equity		
Share capital	10	795
Share premium account	10	3,232
Retained earnings		(107)
Total equity attributable to owners of the Company		3,920
Liabilities		
Trade and other payables		204
Current liabilities		204
Total liabilities		204
Total equity and liabilities		4,124

Condensed Consolidated Statement of Changes in Equity as at 31 March 2012

	Attributable to owners of the Company			
	Share capital £'000	*Share premium £'000*	*Retained deficit £'000*	*Total equity £'000*
Balance at 6 October 2011 (unaudited)	—	—	—	—
Total comprehensive income for the period				
Loss	—	—	(107)	(107)
Total other comprehensive income	—	—	—	—
Total comprehensive income for the period	—	—	(107)	(107)
Transactions with owners of the Company recognised directly in equity Contributions by and distributions to owners of the Company				
Issue of ordinary shares	795	3,232	—	4,027
Total contributions by and distributions to owners of the Company	795	3,232	—	4,027
Balance at 31 March 2012 (unaudited)	795	3,232	(107)	3,920

Condensed Consolidated Statement of Cash Flows

	06-Oct-11 to 31-Mar-12 (unaudited) £'000
Cash flows from operating activities	
Results from operating activities	(107)
Changes in:	
– trade and other receivables	(2)
– trade and other payables	(181)
Net cash from operating activities	(290)
Cash flows from investing activities	
Acquisition of property, plant and equipment	(6)
Net cash used in investing activities	(6)
Cash flows from financing activities	
Proceeds from issue of shares	340
Net cash flows from financing activities	340
Net increase in cash and cash equivalents	44
Cash and cash equivalents at beginning of period	—
Cash and cash equivalents at end of period	44

Notes to the Condensed Unaudited Consolidated Interim Financial Report

1. Reporting Entity

Sula Iron & Gold plc (the "Company") is a company domiciled in the United Kingdom. The condensed consolidated interim financial report of the Company as at and for the period ended 31 March 2012 comprise the Company and its subsidiary (together referred to as the "Group"). The Group primarily is involved in the exploration and exploitation of mineral resources in Sierra Leone.

2. Basis of preparation

(a) ***Statement of compliance***

This condensed consolidated interim financial report has been prepared in accordance with IAS 34 'Interim Financial Reporting'. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last published set of financial statements of the Company as at and for the period ended 31 December 2011. This condensed consolidated financial report does not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards.

This condensed consolidated interim financial report for is unaudited and does not constitute statutory accounts as defined in section 434 of the Companies Act 2006.

(b) ***Judgements and estimates***

Preparing the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the Company's financial statements as at and for the period ended 31 December 2012.

3. Significant accounting policies

The accounting policies applied by the Group in this condensed consolidated interim financial report are the same as those applied by the Company in its financial statements as at and for the period ended 31 December 2011.

4. Financial instruments

Financial risk management

Aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the Company's financial statements as at and for the period ended 31 December 2011.

5. Operating segments

The Company is to act as a holding company of a group involved in mineral resources exploration and exploitation in Sierra Leone and is therefore considered to operate in a single geographical and business segment.

6. Seasonality of operations

The Group is not considered to be the subject of seasonal fluctuations.

7. Acquisition of subsidiary and non-controlling interests

Acquisition of subsidiary

On 24 February 2012, the Group obtained control of Blue Horizon (SL) Limited ("Blue Horizon"), by acquiring 100 per cent. of the shares and voting interests in the company.

Taking control of Blue Horizon will enable the Group to further explore and exploit mineral resources in Sierra Leone.

In the 1 month to 31 March 2012, Blue Horizon contributed revenue of £Nil and a loss of £68,000 to the Group's results. Management estimates that if the acquisition had occurred on 6 October 2011, then consolidated revenue would have been £Nil, and consolidated loss for the period would have been £244,000. In determining these amounts, management have assumed that the provisional fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 6 October 2011.

Consideration transferred

The following table summarises the acquisition-date fair value of each major class of consideration transferred.

	Note	*£'000*
Equity instruments (50,000,000 ordinary shares)	10	3,687
		3,687

Equity instruments issued

The fair value of the ordinary shares issued was based on the fair value of the net identifiable assets of Blue Horizon at the acquisition date.

Identifiable assets acquired and liabilities assumed

The following summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

	Note	*£'000*
Property, plant and equipment	8	249
Intangible assets		3,824
Cash and cash equivalents		11
Trade and other payables		(397)
Total net identifiable assets		3,687

The Directors have estimated the fair value of intangible assets (Blue Horizon's exploration licence (EL54/2011), Sierra Leone) at US$6m.

Goodwill

Goodwill arising from the acquisition has been recognised as follows.

	£'000
Total consideration transferred	3,687
Fair value of identifiable assets	(3,687)
Goodwill	—

8. Property, plant and equipment

Acquisitions

During the period ended 31 March 2012, the Group acquired assets with a cost, excluding capitalised borrowing costs, of £254,000 and includes assets acquired through a business combination (see note 7) of £249,000.

9. Intangible assets

Exploration licence

Reconciliation of carrying amount

	31-Mar-12 £'000
Cost	
Balance at beginning of period	—
Acquisition through business combination (see note 7)	3,824
Balance at end of period	3,824
Impairment loss	
Balance at beginning and end of period	—
Carrying amounts	
Balance at beginning of period	—
Balance at end of period	3,824

10. Capital and reserves

Issue of ordinary shares

On incorporation on 6 October 2011, the Company issued 1 ordinary share at par at £0.01 per share. The share was issued and fully paid during the period.

On 13 October 2011, a general meeting of shareholders authorised the issue of 4,999,999 ordinary shares at par at £0.01 per share. These shares were issued and fully paid during the period.

Additionally, 5,000,000 ordinary shares were authorised for issue on 4 November 2011 at par at £0.01 per share. These shares were also issued and fully paid during the period.

Between 21 November 2011 and 16 January 2012, 15,000,000 ordinary shares were authorised for issue at par at £0.01 per share. These shares were issued and fully paid during the period.

On 24 February 2012, 2,500,000 ordinary shares were authorised for issue at a premium of £0.01 per share. These shares were issued and fully paid during the period.

A further 2,000,000 ordinary shares were authorised for issue on 30 March 2012 at a premium of £0.01 per share. These shares were issued and fully paid during the period.

Also, 50,000,000 shares were issued as a result of the acquisition of Blue Horizon (see note 7). These shares were in return for the acquisition of 100 per cent. of the issued share capital of Blue Horizon and therefore were not issued for cash. As no goodwill arose on acquisition, the shares have been treated as issued at a premium of £0.06374 per share.

Dividends

The Directors do not recommend payment of a dividend.

11. Loss per share

The calculation of loss per ordinary share is based on the following:

	06-Oct-11 to 31-Mar-12 (unaudited) £'000
Earnings for the purpose of earnings per share	
– Basic	(107)
– Diluted	(107)

	06-Oct-11 to 31-Mar-12 (unaudited)
Weighted average number of ordinary shares in issue during the period for the purpose of basic and diluted earnings per share	16,536,723

The calculation of diluted earnings per share does not take into account ordinary shares issued after the reporting date totalling 2,500,000 ordinary shares (see note 13).

12. Related parties

Ultimate controlling party

As a result of the acquisition of Blue Horizon on 24 February 2012, the ultimate controlling party is considered to be N Warrell.

Transactions with key management personnel

During the period, the Group incurred director fees in respect of N Warrell which amounted to £5,000. The balance was settled in the period.

13. Subsequent event

On 10 April 2012 a further 2,500,000 ordinary shares were issued at a premium at £0.01 per share. The shares were issued and fully paid after the reporting period.

PART V

PRO FORMA CONSOLIDATED STATEMENT OF NET ASSETS

Section A – Accountant's Report on the Pro Forma Consolidated Statement of Net Assets

The Directors
Sula Iron & Gold plc
190 High Street
Tonbridge
Kent TN9 1BE

The Partners
Cairn Financial Advisers LLP
61 Cheapside
London
EC2V 6AX

2 October 2012

Dear Sirs

Sula Iron & Gold plc ("Sula" or the "Company")

We report on the unaudited pro forma consolidated statement of net assets set out in Section B of Part V, which has been prepared for inclusion in the admission document issued by the Company and dated 2 October 2012 (the "Admission Document") relating to the proposed placing of 19,166,674 Ordinary Shares at 6 pence per share (the "Placing") and the admission of the Company's Enlarged Share Capital to trading on AIM. The statement has been prepared for illustrative purposes only on the basis set out therein to provide information about how subscriptions since 1 April 2012, the issue of the Convertible Loan Notes and the Placing might have affected the financial information on the Group as at 31 March 2012. This report is required by paragraph 20.2 of Annex I of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules and is given for the purpose of complying with the AIM Rules and no other purpose.

Responsibilities

It is responsibility of the directors of the Company to prepare the pro forma consolidated statement of net assets in accordance with paragraph 20.2 of Annex I of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules, as to the proper compilation of the pro forma consolidated statement of net assets and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the pro forma consolidated statement of net assets, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Standards for of Investment Reporting Standards issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the pro forma consolidated statement of net assets with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the pro forma consolidated statement of net assets has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Opinion

In our opinion:

(a) the pro forma consolidated statement of net assets has been properly compiled on the basis stated; and

(b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of part (a) of Schedule Two to the AIM Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Yours faithfully

CHANTREY VELLACOTT DFK LLP
Chartered Accountants

Section B – Pro Forma Consolidated Statement of Net Assets

The unaudited pro forma consolidated statement of net assets of the Group has been prepared on the basis set out below to illustrate how subscriptions since 1 April 2012, the issue of the Convertible Loan Notes and the Placing might have affected the financial information on the Group as at 31 March 2012. The pro forma consolidated statement of net assets has been prepared for illustrative purposes only and, because of its nature, does not reflect the actual financial position of the Group.

	As at 31 March 2012	*Adjustment*[1]	*Adjustment*[2]	*Pro forma*
	£000	*£000*	*£000*	*£000*
Non-current assets				
Fair value of mineral assets	254	—	—	254
Plant and equipment	3,824	—	—	3,824
	4,078	—	—	4,078
Current assets				
Trade and other receivables	2	—	—	2
Cash and cash equivalents	44	570	840	1,454
	46	570	840	1,456
Total assets	4,124	570	840	5,534
Current liabilities				
Trade and other payables	204	—	—	204
Net assets	3,920	570	840	5,330

Adjustments

1. Subscriptions for Ordinary Shares since 1 April 2012 and the issue of the Convertible Loan Notes.
2. Net proceeds of the Placing.

Notes

1. The net assets of the Group as at 31 March 2012 have been extracted without adjustment from the consolidated financial information set out in Section E of Part IV of this Document.
2. Save as set out above, no account has been taken of trading or other transactions of Sula or Blue Horizon since 31 March 2012.

PART VI

ADDITIONAL INFORMATION

1. Responsibility statements

1.1 The Company and the Directors (details of which or whom appear on page 4 of this Document) accept responsibility, both individually and collectively, for the information contained in this Document. To the best of the knowledge and belief of the Company and the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

1.2 SRK ES accepts responsibility for its report set out in Part III of this Document and for any information sourced from the CPR which is contained elsewhere in this Document. To the best of the knowledge and belief of SRK ES, which has taken all reasonable care to ensure that such is the case, the information contained therein is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Incorporation and status of the Company

2.1 The Company was incorporated and registered in England and Wales on 6 October 2011 as a public limited company under the Act with number 7800337 under the name Sula Gold plc.

2.2 The name of the Company was changed on 29 February 2012 by special resolution to Sula Iron & Gold plc.

2.3 The principal legislation under which the Company operates is the Act and the regulations made thereunder.

2.4 The liability of the members is limited to the amount, if any, unpaid on the shares respectively held by them.

2.5 The principal activity of the Company is to act as holding company of the Group, whose principal activities are described more fully in Part I of this Document. There are no exceptional factors which have influenced the Company's activities.

2.6 The Company is domiciled in England & Wales. The Company's registered office and principal place of business in the United Kingdom is at 190 High Street, Tonbridge, Kent TN9 1BE. The Company's telephone number is +44 (0) 20 7637 5216.

2.7 The accounting reference date of the Company is 30 September.

2.8 The address of the Company's corporate website on which the information required by Rule 26 of the AIM Rules can be found is www.sulairongold.com.

3. Subsidiary Undertaking

3.1 The Company has the following subsidiary undertaking, which is directly held by the Company, as set out below:

Name	*Country of incorporation or residence*	*Proportion of ownership interest (%)*	*Proportion of voting power (%)*	*Activity*
Blue Horizon (S.L) Limited	Sierra Leone	100	100	Mining and exploration

4. Share capital of the Company

4.1 The following is a summary of changes to the issued share capital of the Company since 6 October 2011, being the date of its incorporation:

(a) on incorporation one Ordinary Share was issued;

(b) on 13 October 2011, the Company issued 4,999,999 Ordinary Shares at 1p per share;

(c) on 4 November 2011, the Company issued 5,000,000 Ordinary Shares at 1p per share;

(d) on 16 January 2012, the Company issued 15,000,000 Ordinary Shares at 1p per share;

(e) on 24 February 2012, the Company issued 50,000,000 Ordinary Shares credited as fully paid up at 1p per share in consideration for the acquisition of Blue Horizon;

(f) on 24 February 2012, the Company issued 1,250,000 Ordinary Shares at 2p per share;

(g) on 24 February 2012, the Company issued 1,250,000 Ordinary Shares at 2p per share;

(h) on 30 March 2012, the Company issued 2,000,000 Ordinary Shares at 2p per share;

(i) on 10 April 2012, the Company issued 2,500,000 Ordinary Shares at 2p per share;

4.2 On Admission:

(a) 13,000,000 Ordinary Shares will be issued to the Pre-IPO Investors pursuant to the Conversion;

(b) 17,278,368 Ordinary Shares will be issued to Placees at the Placing Price for cash;

(c) 1,888,306 Ordinary Shares will be issued to Placees at the Placing Price in lieu of settlement of certain liabilities;

(d) the Convertible Loan Warrants to subscribe for up to 6,500,000 Ordinary Shares will be issued to the Pre-IPO Investors;

(e) the Placee Warrants to subscribe for up to 9,583,336 Ordinary Shares will be issued to the Placees;

(f) the Cairn Warrants to subscribe for up to 1,141,667 Ordinary Shares will be issued to Cairn;

(g) the Northland Capital Warrants to subscribe for up to 322,045 Ordinary Shares will be issued to Northland Capital;

(h) the Merchant Securities Warrants to subscribe for up to 260,000 Ordinary Shares will be issued to Merchant Securities;

(i) the Beaufort Warrants to subscribe for up to 471,657 Ordinary Shares will be issued to Beaufort;

(j) the options to subscribe for up to 2,283,333 Ordinary Shares will be issued to Brian Moritz;

(k) the options to subscribe for up to 7,466,667 Ordinary Shares will be issued to Gavin Burnell; and

(l) the warrants to subscribe for up to 1,666,667 Ordinary Shares will be issued to Christopher Wilson.

4.3 The issued fully paid up share capital of the Company as at the date of this Document and as it is expected to be immediately following Admission, is as follows:

Ordinary Shares	*£*	*Number*
As at the date of this Document	820,000	82,000,000
Immediately following Admission	1,141,667	114,166,674
Convertible loan notes	*£*	*Number*
As at the date of this Document	520,000	520,000
Immediately following Admission	Nil	Nil

4.4 At a general meeting of the Shareholders held on 15 June 2012, resolutions were passed:

(a) adopting new Articles of Association;

(b) giving general authority (in substitution for existing but unutilised general authorities) to the Directors in accordance with section 551 of the Act to exercise the powers of the Company to allot securities up to an aggregate nominal amount of £3,000,000, such authority to expire on the date of the next annual general meeting of the Company or on 15 September 2013, whichever is the earlier;

(c) empowering the Directors (in substitution for existing but unutilised authorities) pursuant to section 570 of the Act to allot securities for cash pursuant to the authority in sub-paragraph 4.4(b) above as if section 561 of the Act did not apply to such allotment, such power being limited to (i) the allotment of securities by way of rights in proportion to shares held by (or deemed to be held by) the holders of securities or other persons entitled to participate in the issue, and (ii) the allotment of securities up to an aggregate nominal amount of £3,000,000, such authority to expire on the date of the next annual general meeting of the Company or on 15 September 2013, whichever is the earlier.

4.5 The provisions of Section 561 of the Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are paid up in cash) apply to the unissued share capital of the Company except to the extent disapplied by the resolution referred to in sub-paragraph 4.4(c) above.

4.6 The Placing Shares will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after Admission on the Ordinary Share capital.

4.7 Save as disclosed in this Document:

(a) no share or loan capital in the Company or the Group is under option or is the subject of an agreement, conditional or unconditional, to be put under option and there is no current intention to issue any Ordinary Shares; and

(b) no share or loan capital of the Company or of the Group has been issued for cash or other consideration within the period since incorporation of the Company and the date of this Document and no such issue is proposed.

4.8 The Ordinary Shares have been created under the Act.

4.9 The Articles permit the Company to issue shares in Uncertificated Form. The Ordinary Shares are in registered form and may be held in certificated form or in Uncertificated Form through CREST.

4.10 No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.

4.11 The Company does not have in issue any securities not representing share capital.

5. Articles of Association

5.1 The Articles include provisions to the following effect:

5.2 ***Meetings of members***

Annual general meetings must be held within six months following the Company's accounting reference date at such time and place as may be determined by the Directors. Annual general meetings are called on 21 days' notice in writing, exclusive of the day of which it is served or deemed to be served and of the day on which the meeting is to be held, and is to be given to all members on the register at the close of business on a day determined by the Company, such day being not more than 21 days before the day that the notice of meeting is sent. The annual general meeting may be called on shorter notice providing all members entitled to attend and vote thereat

agree. The Company may specify in the notice of meeting a time, not more than 48 hours before the time fixed for the meeting, by which a person must be entered into the register in order to have the right to attend or vote at the meeting.

General meetings may be called whenever the Directors think fit or when one has been requisitioned in accordance with the Act. General meetings are called on 14 days' notice in writing exclusive of the day on which it is served or deemed to be served and the day on which it is to be held. A general meeting can be called on shorter notice if a majority in number of the members having a right to attend and vote at the general meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right, consent. Two members present in person or by proxy and entitled to vote shall be a quorum for all purposes.

5.3 ***Voting rights***

Subject to paragraph 5.9 below, and to any special terms as to voting upon which any shares may for the time being, be held, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by its duly appointed representative shall have one vote and on a poll every member present in person or by representative or proxy shall have one vote for every ordinary share in the capital of the Company held by him. A proxy need not be a member of the Company.

5.4 ***Alteration of capital***

The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of a larger nominal value, sub-divide all or any of its shares into shares of a smaller nominal value and cancel any shares not taken, or agreed to be taken, by any person.

The Company may, subject to the Act, by special resolution reduce or cancel its share capital or any capital redemption reserve or share premium account.

Subject to and in accordance with the provisions of the Act, the Company may purchase its own shares (including any redeemable shares), provided that the Company shall not purchase any of its shares unless such purchase has been sanctioned by an extraordinary resolution passed at a separate meeting of the holders of any class of shares convertible into equity share capital of the Company.

5.5 ***Variation of rights***

If at any time the capital of the Company is divided into different classes of shares, all or any of the rights or privileges attached to any class of shares in the Company may be varied or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class. At every such separate general meeting (except an adjourned meeting), the quorum shall be two persons holding or representing by proxy one-third in nominal value of the issued shares of that class.

5.6 ***Return of capital***

Subject to any preferred, deferred or other special rights, or subject to such conditions or restrictions to which any shares in the capital of the Company may be issued, on a winding-up or other return of capital, the holders of ordinary shares are entitled to share in any surplus assets *pro rata* to the amount paid up on their ordinary shares. A liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Act, divide amongst the members in specie or in kind the whole or any part of the assets of the Company, those assets to be set at such value as he deems fair. A liquidator may also vest the whole or any part of the assets of the Company in trustees on trusts for the benefit of the members.

5.7 ***Transfer of shares***

A member may transfer all or any of his shares (1) in the case of certificated shares by instrument in writing in any usual or common form or in such other form as may be approved by the Directors and (2) in the case of uncertificated shares, through CREST in accordance with and subject to the CREST Regulations and the facilities and requirements of the relevant system concerned. The

instrument of transfer of a certificated share shall be executed by or on behalf of the transferor and, if the share is not fully paid, by or behalf of the transferee. The Directors may in their absolute discretion refuse to register a transfer of any share which is not fully paid, provided that dealings in the shares are not prevented from taking place on an open and proper basis. Subject to paragraph 5.9 below, the Articles contain no restrictions on the free transferability of fully paid shares provided that the transfer is in respect of only one class of share and is accompanied by the share certificate and any other evidence of title required by the Directors and that the provisions in the Articles relating to the deposit of instruments for transfer have been complied with.

5.8 ***Dividends and other distributions***

The Company may by ordinary resolution in general meeting declare dividends provided that no dividend shall be paid otherwise than out of profits and no dividend shall exceed the amount recommended by the Directors. The Directors may from time to time pay such interim dividends as appear to the Directors to be justified.

Subject to the rights of persons, if any, holding shares with special dividend rights, and subject to paragraph 5.9 below, all dividends shall be apportioned and paid *pro rata* according to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid or credited as paid in advance of calls shall be regarded as paid on shares for this purpose.

All dividends unclaimed for a period of 12 years after the payment date for such dividend shall if the Directors so resolve be forfeited and shall revert to the Company.

5.9 ***Restrictions on shares***

If a member or any other person appearing to be interested in shares held by such shareholder has been duly served with notice under section 793 of the Act and is in default in supplying to the Company within 14 days (or such longer period as may be specified in such notice) the information thereby, required, then (if the Directors so resolve) such member shall not be entitled to vote or to exercise any right conferred by membership in relation to meetings of the Company in respect of the shares which are the subject of such notice. Where the holding represents more than 0.25 per cent. of the issued shares of that class, the payment of dividends may be withheld, and such member shall not be entitled to transfer such shares otherwise than by an arm's length sale.

5.10 ***Directors***

Save as provided in the Articles, a director shall not vote as a director in respect of any contract, transaction or arrangement or proposed contract, transaction or arrangement or any other proposal in which he has any interest which conflicts or which may conflict with the interests of the Company. He will not be counted in the quorum present at the meeting, and if he does vote, his vote shall not be counted.

A director shall (in the absence of any other interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution relating to any of the following matters namely:

(a) any arrangement in which he has an interest which cannot reasonably be regarded as likely to give rise to a conflict of interest, or where the interest arises only through interests in securities of the Company;

(b) the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;

(c) the giving of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

(d) an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or is to be or may be entitled to participate as a holder of securities or as an underwriter or sub-underwriter;

(e) any matter involving any other company in which he or any person connected with him is interested, directly or indirectly, and whether as an officer or shareholder or otherwise howsoever, provided that he and any persons connected with him are not to his knowledge the holder (otherwise than as a nominee for the Company or any of its subsidiary undertakings) of or beneficially interested in one per cent, or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for this purpose to be a material interest in all circumstances);

(f) an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;

(g) the purchase and/or maintenance of any insurance policy for the benefit of directors or for the benefit of persons including directors;

(h) the giving of indemnities in favour of directors;

(i) the funding of costs of directors in defending proceedings or regulatory investigations against them;

(j) any arrangement in respect of which the interest has been authorised by the Company.

The directors may, subject to the Articles, authorise a director to be involved in a situation in which he may have an interest which conflicts with the interests of the Company, provided that the director shall not vote in connection with the authorisation, and the authorisation may be given subject to such terms and conditions as are thought fit.

Fees may be paid out of the funds of the Company to directors who are not managing or executive directors at such rates as the Directors may from time to time determine provided that such fees do not exceed the aggregate sum of £250,000 per annum (exclusive of value added tax if applicable) or such other figure as the Company may by ordinary resolution from time to time determine.

Any director who devotes special attention to the business of the Company, or otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a director, may be paid such additional remuneration as the Directors or any committee authorised by the Directors may determine.

The Directors (including alternate Directors) shall be entitled to be paid out of the funds of the Company all their travelling, hotel and other expenses properly incurred by them in connection with the business of the Company, including their expenses of travelling to and from meetings of the Directors, committee meetings or general meetings.

Any Director may hold any other office or place of profit under the Company (except that of Auditor) in conjunction with his office of director and, subject to Section 188 of the Act, on such terms as to remuneration and otherwise as the Board shall arrange.

No shareholding qualification is required by a Director. Unless otherwise determined by ordinary resolution of the Company, the number of Directors (other than alternate Directors) shall not be less than two nor more than eight. At each annual general meeting, any director who was not elected or re-elected at either of the two preceding annual general meetings shall retire by rotation.

5.11 ***Borrowing powers***

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets both present and future (including uncalled capital) and, subject to section 551 of the Act, to issue debenture stock or any other securities whether outright or as collateral security for any debt, liability or obligation of the Company or any third party. The aggregate amount at any one time owing by the Company and all its subsidiaries in respect of monies borrowed by them or any of them (exclusive of monies borrowed by the Company or any of its subsidiaries from such companies) shall not at any time without the previous sanction of the shareholders in general meeting exceed the higher of £10 million or a sum equivalent to six

times the aggregate of the nominal capital of the Company for the time being issued and paid up and the amounts standing to the credit of the share premium account, capital redemption reserve and profit and loss account of the Company and each of its subsidiary companies.

6. Squeeze-out and sell-out rules relating to the Ordinary Shares

6.1 ***Squeeze-out***

Under the Act, if an offeror were to acquire 90 per cent. of the Ordinary Shares within four months of making its offer, it could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders. The consideration offered to the Shareholders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.

6.2 ***Sell-out***

The Act also gives minority Shareholders in the Company a right to be bought out in certain circumstances by an offeror who had made a takeover offer. If a takeover offer related to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares, any holder of shares to which the offer relates who has not accepted the offer can by a written communication to the offeror require it to acquire those shares. The offeror would be required to give any Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises its rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

7. Directors' and Others' Interests

7.1 The interests of the Directors and their immediate families (all of which are beneficial unless otherwise stated) and the interests of connected persons of a Director within the meaning of section 252 of the Act in the issued share capital of the Company as at the date of this Document and as expected to be immediately following Admission are as follows:

Director	*Number of Existing Ordinary Shares*	*% of Existing Ordinary Shares*	*Number of Ordinary Shares immediately following Admission*	*% of Enlarged Share Capital*
Brian Moritz	10,750,000	13.11%	10,750,000	9.42%
Nicholas Warrell	45,000,000	54.88%	45,000,000	39.42%
Gavin Burnell*	10,000,000	12.20%	10,000,000	8.76%
Christopher Wilson	—	—	—	—

* Gavin Burnell is Managing Director and a shareholder of Hot Rocks Investments plc and Woodland Capital Limited, which, prior to Admission, hold in aggregate, 16,250,000 Ordinary Shares, representing 19.82 per cent. of the Existing Ordinary Shares.

7.2 Directors have been granted options or warrants to subscribe for Ordinary Shares as set out in the table below.

Director		*Number of Ordinary Shares under option or warrant*	*Exercise price per Ordinary Share*
Brian Moritz	Options	2,283,333	6p
Nicholas Warrell	—	—	—
Gavin Burnell	Options	7,466,667	6p
Christopher Wilson	Warrants	1,666,667	6p

All of the options granted to Brian Moritz and Gavin Burnell and half of the warrants granted to Christopher Wilson are exercisable from Admission for a period of ten years.

Half of the warrants granted to Christopher Wilson are exercisable from the earlier of the first anniversary of Admission and a change of control of the Company, and until the tenth anniversary of Admission.

The total number of options and warrants granted to the Directors amounts to ten per cent. of the Enlarged Share Capital.

7.3 In addition to the interests of the Directors set out in paragraph 7.1 above, the Directors are aware of the following persons who, on Admission, will hold, directly or indirectly, interests (within the meaning of Part 22 of the Act) in the Ordinary Shares which will amount to three per cent. or more of the Enlarged Share Capital to which voting rights are attached:

Name	*Number of Ordinary Shares on Admission*	*% of Enlarged Share Capital*
Hot Rocks Investments plc*	13,500,750	11.83%
Woodland Capital Limited*	3,583,333	3.14%

* Gavin Burnell is Managing Director and a shareholder of these companies

7.4 The voting rights of the shareholders set out in paragraphs 7.1 and 7.3 do not differ from the voting rights held by the Shareholders.

7.5 So far as the Directors are aware, save as disclosed in paragraphs 7.1 and 7.3 above, there are no persons who, immediately following the Placing, will, directly or indirectly, be interested in three per cent. or more of the capital of the Company or who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

8. Directors' Service Agreements and Letters of Appointment

8.1 Brian Moritz has agreed to act as the Non-Executive Chairman of the Company pursuant to a letter of appointment dated 2 October 2012. The appointment will be for an initial period of twelve months, terminable thereafter on six months' notice given by either party. Brian Moritz will be paid fees of £30,000 per year and has agreed to defer all of these fees for the first twelve months after Admission.

8.2 Nicholas Warrell has agreed to act as Chief Executive Officer of the Company pursuant to an employment agreement dated 2 October 2012. The appointment will be for an initial period of twelve months, terminable thereafter on six months' notice given by either party. Nicholas Warrell's salary will be £120,000 per year and he will be entitled to medical and health insurance and repatriation expenses and has agreed to defer 20 per cent. of his salary for the first twelve months after Admission.

8.3 Gavin Burnell has agreed to act as a Non-Executive Director of the Company pursuant to a letter of appointment dated 2 October 2012. The appointment will be for an initial period of twelve months, terminable thereafter on six months' notice given by either party. Gavin Burnell will be paid fees of £24,000 per year and has agreed to defer all of these fees for the first twelve months after Admission.

8.4 Christopher Wilson has agreed to act as a Non-Executive Technical Director of the Company pursuant to a letter of appointment dated 2 October 2012. The appointment will be for an initial period of twelve months, terminable thereafter on three months' notice given by either party. Christopher Wilson will be paid fees of £27,000 per year and will be granted warrants to subscribe for up to 1,666,667 Ordinary Shares on the terms described in paragraph 12 below.

8.5 The aggregate estimated remuneration paid or payable to the Directors by any company in the Group for the current financial year under the arrangements in force is expected to amount to £88,000. An aggregate £33,000 of Directors' fees have accrued unpaid.

8.6 Save as disclosed above, there are no existing or proposed service contracts between any Director and the Company or any other company in the Group and there are no existing or proposed service contracts between any Director and the Company or any company in the Group which provide for benefits upon termination of employment.

9. Additional Information on the Directors

9.1 In addition to their directorships of the Company, the Directors are or have been members of the administrative, management or supervisory bodies or partners of the following companies or partnerships (which, unless otherwise stated, are incorporated in the UK) within the five years prior to the date of this Document:

Director	*Current*	*Past*
Brian Moritz	Capricorn Resources plc	Abbeygate Resources Limited[2]
	Chapter Two plc	Chariot Oil and Gas Statistics Limited
	Coveham Services Limited	China Gateway International Limited
	Dimension Resources Limited[1]	Chromex Mining plc
	European Metals PLC	European Business Jets plc
	European Metals (UK) Limited	International Copper Resources Limited,
	Ferrex plc	*formerly Angolan Minerals plc*
	Gold Mineral Resources Limited[2]	Lion Mining Company Limited
	Goldplat plc	Lunga Resources Limited
	Goldplat Recovery (Pty) Limited[3]	Makuba Resources Limited[2]
	International Copper Resources Limited[2]	Namquest Oil & Gas plc
	Legal Eagle UK Limited	Palandri Limited[5]
	Madini Resources Limited[4]	Running River plc
	MSP Secretaries Limited	Agriterra Ltd,
	Namibian Resources plc	*formerly White Nile Limited*[2]
	Shell Centre LLP	
	Southern Chrome Limited	
	U308 Holdings plc	
Nicholas Warrell	Legal Eagle UK Limited	Kernow Research Limited
		Lion Mining Company Limited
		London Pan African Trading Limited
		London Wall Mining Limited
Gavin Burnell	Charlie's Agents Limited	Agneash Soft Commodities plc
	Globo plc	Bridge North Sea (Central) Limited
	Hellenic Capital plc	IT & Web Technology Limited
	Hot Rocks Investments plc	Stratex West Africa Limited
	Lizzy Bet Limited	
	Magnolia Petroleum plc	
	North American Petroleum Limited	
	Rift Resources plc	
	Ruegg & Co Limited	
	Sports 1st Limited	
	Woodland Capital Limited	
Christopher Wilson	Exploration Alliance Limited	Genco Resources Limited[6]
	Hunter Bay Minerals plc[6]	Musgrove Minerals Corp.[6],
	Manodo Gold Corp.[6]	*formerly Journey Resources Corp.*
	Silver Pursuit Resources Limited[6]	Taipan Resources, Inc.[6]

1 Incorporated in Bermuda
2 Incorporated in Guernsey
3 Incorporated in South Africa
4 Incorporated in the British Virgin Islands
5 Incorporated in Australia
6 Incorporated in Canada

9.2 Brian Moritz resigned from Navigator Holdings plc on 3 July 2007. In October 2007, Navigator Holdings plc went into compulsory liquidation with a deficit on external creditors of approximately £280,000.

9.3 In 1994, Cape & Dalgleish, a firm in which Brian Moritz was a partner and which subsequently merged with Grant Thornton, was reprimanded by the Institute of Chartered Accountants in England and Wales (ICAEW) and ordered to pay a fine of £1,000 (equivalent to £83 per partner) and costs of £500. This arose out of breaches of an ICAEW bye-law occurring in 1991 and 1992 which did not give rise to any loss by any third party. Although Brian Moritz was not personally involved in this matter in any capacity, he was nevertheless reprimanded in his capacity as a partner.

9.4 Save as disclosed in paragraphs 9.2 and 9.3 above, none of the Directors has:

(a) any unspent convictions in relation to indictable offences;

(b) had any bankruptcy order made against him or entered into any voluntary arrangements;

(c) been a director of a company which has been placed in receivership, compulsory liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;

(d) been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

(e) been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

(f) been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or

(g) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a Company.

9.5 Save as disclosed in this Document, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and which was effected by the Group and remains in any respect outstanding or unperformed.

9.6 No loans made or guarantees granted or provided by the Group to or for the benefit of any Director are outstanding.

9.7 There are no potential conflicts of interest between any duties to the Company and their private interests and/or duties in relation to the Directors.

9.8 No Director or member of a Director's family has a related financial product referenced to the Ordinary Shares being admitted.

10. Employees

As at the date of this Document, the Group employs Nicholas Warrell, Richard Magee, Des Congdon and a local workforce of 34 staff.

11. Related party transactions

During the period of two years immediately preceding the date of this Document, the Group has entered into the following related party transactions:

11.1 Loans of £119,000 were made by the Company to Blue Horizon in the period before it was acquired by the Company, when Nicholas Warrell was a director of both companies and shareholder of Blue Horizon.

11.2 The acquisition of Blue Horizon from Nicholas Warrell as described in paragraph 12.2 below.

11.3 The payment of professional fees of approximately £400 to MSP Secretaries Limited, a company of which Brian Moritz is a director, for accounting services.

11.4 Loans from Brian Moritz of US$30,000 (approximately £19,200) and £10,000, which remain outstanding.

11.5 A loan from Hot Rocks Investments plc, a company of which Gavin Burnell is a director, of £10,000, which remains outstanding.

11.6 The engagement of Northland Capital, of which Gavin Burnell is a director of corporate finance, as joint broker to the Company.

12. Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and Blue Horizon during the two years preceding the date of this Document and are or may be material:

12.1 The Sula Licence dated 24 August 2011 between (1) the Government of the Republic of Sierra Leone and (2) Blue Horizon, comprising an exploration licence to explore for any minerals in an area of approximately 153 square kilometres in the Sambaia Bendugu Chiefdom in the Tonkolili District and in the Diang and Nieni Chiefdoms in the Koinadugu District, Northern Province of the Republic of Sierra Leone. The licence is for a period of four years from 23 August 2011. Blue Horizon is obliged under the licence to, *inter alia*, employ at least one fully qualified geologist and/or mining engineer; employ and train citizens of Sierra Leone in accordance with the work programme; commence exploration activities within 90 days of the date of issue of the licence; carry out bona fide exploration in accordance with the approved programme to the satisfaction of the Director of Mines and Director of Geological Survey in compliance with the Mines and Minerals Act 2009; incur expenditure in accordance with the approved programme; and submit to the Ministry of Mines and Marine Resources half yearly and annual reports on the exploration operations.

12.2 A share purchase agreement dated 6 February 2012 between (1) the Company and (2) Nicholas Warrell, whereby the Company agreed to purchase the entire issued share capital of Blue Horizon in consideration for the issue by the Company of 50,000,000 Ordinary Shares credited as fully paid up at par.

12.3 A Convertible Loan Note instrument dated 18 May 2012 executed by the Company, creating up to £1,000,000 of loan notes convertible into Ordinary Shares upon an admission to trading, a trade sale or on 18 November 2013. The conversion price upon Admission is either at 5p per share or at a discount of 33.33 per cent. to the Placing Price. Upon conversion, the Company will also grant the Convertible Loan Warrants to subscribe for Ordinary Shares at the Placing Price, exercisable for 12 months from Admission, on the basis of one Ordinary Share for every two Ordinary Shares issued pursuant to the Conversion. The Convertible Loan Notes provide that each noteholder will not, during the period of six months following Admission, dispose of any Ordinary Shares arising on the Conversion or on the exercise of the Convertible Loan Warrants, subject to certain limited exceptions.

12.4 A memorandum of understanding dated 9 July 2012 between (1) Mr Kalie Koroma, Pa Konnah Koroma and Pa Kameh Koroma ("the Koromas") and (2) Blue Horizon, whereby the Koromas, being town chief, section chief and elder of Dalakuru Town, having agreed to let the Dalakuru Camp in Dalakuru Town to Blue Horizon for a period of four years from 27 August 2011, agreed to the use of the Dalakuru Camp to conduct exploration mining activities and construction of buildings and to allow Blue Horizon to conduct such activities without any interference. Blue Horizon has agreed that at the end of the four year period, all buildings erected on the Dalakuru Camp will revert to the Koromas.

12.5 The Placing Agreement dated 2 October 2012 between (1) the Company, (2) each of the Directors, (3) Cairn, (4) Northland Capital, (5) Merchant Securities (6) Beaufort and (7) the Locked-in Persons pursuant to which, subject to certain conditions, Northland Capital, Merchant Securities

and Beaufort have agreed to use their reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. The Placing Agreement contains customary indemnities and warranties from the Company and the Directors in favour of Cairn, Northland Capital, Merchant Securities and Beaufort together with provisions which enable Cairn, Northland Capital, Merchant Securities and Beaufort to terminate the Placing Agreement in certain circumstances prior to Admission including circumstances where any of the warranties are found to be untrue or inaccurate in any material respect. The Company has agreed to pay (i) to Cairn a corporate finance fee on Admission, (ii) to Northland Capital, a commission at the rate of six per cent. of the aggregate value of the Placing Shares subscribed for by Placees procured by Northland Capital, (iii) to Merchant Securities, a commission at the rate of six per cent. of the aggregate value of the Placing Shares subscribed for by Placees procured by Merchant Securities and additional commission of £3,000 and (iv) to Beaufort, a commission at the rate of five per cent. of the aggregate value of the Placing Shares subscribed for by Placees procured by Beaufort. Some of the above fees and commissions are being settled by the issue of Placing Shares (with Placee Warrants attached).

Pursuant to the Placing Agreement, each of Cairn, Northland Capital, Merchant Securities and Beaufort are to be issued, conditional on Admission, the Cairn Warrants, the Northland Capital Warrants, the Merchant Securities Warrants and the Beaufort Warrants, respectively, as constituted pursuant to the warrant instrument detailed below at paragraph 12.8 of this Part VI.

Under the Placing Agreement, the Locked-in Persons have agreed, pursuant to AIM Rule 7, not to dispose of any interest in Ordinary Shares for the period of 12 months following Admission, except pursuant to acceptance of a general, partial or tender offer made to acquire the whole or part of the issued share capital of the Company, an intervening court order or in the event of the death of the shareholder. The Locked-in Persons have also agreed for a further period of 12 months to only dispose of an interest in Ordinary Shares after obtaining consent from Cairn and one of the brokers, such consent not to be unreasonably withheld.

12.6 A warrant instrument entered into by the Company dated 2 October 2012, creating, conditional on Admission, warrants which give the Pre-IPO Investors the right to subscribe for up to an aggregate of 6,500,000 Ordinary Shares at the Placing Price at any time between the date of Admission and the date falling 12 months following Admission.

12.7 A warrant instrument entered into by the Company dated 2 October 2012, creating, conditional on Admission, warrants which give each Placee the right to subscribe for one Ordinary Share at 8 pence for every two Ordinary Shares subscribed for in the Placing. The Placee Warrants are exercisable at any time up to the first anniversary of Admission, at which time they will lapse. Further details of the Placee Warrants are set out in Part VII of this Document.

12.8 A warrant instrument entered into by the Company dated 2 October 2012, creating, conditional on Admission, warrants which give the Advisers the right to subscribe for up to an aggregate of 2,195,369 Ordinary Shares at the Placing Price at any time between the date which is six calendar months following the date of Admission and the date falling on the fifth anniversary following Admission.

12.9 An option agreement entered into between (1) the Company and (2) Brian Moritz dated 2 October 2012, creating, conditional on Admission, options which give Brian Moritz the right to subscribe for up to 2,283,333 Ordinary Shares at the Placing Price at any time from Admission up to the date falling on the tenth anniversary of Admission.

12.10 An option agreement entered into between (1) the Company and (2) Gavin Burnell dated 2 October 2012, creating, conditional on Admission, options which give Gavin Burnell the right to subscribe for up to 7,466,667 Ordinary Shares at the Placing Price at any time from Admission up to the date falling on the tenth anniversary of Admission.

12.11 A warrant agreement entered into between (1) the Company and (2) Christopher Wilson dated 2 October 2012, creating, conditional on Admission, warrants which give Christopher Wilson the right to subscribe for up to 1,666,667 Ordinary Shares at the Placing Price. Half of these warrants are exercisable from Admission and half of these warrants are exercisable from the earlier of the

first anniversary of Admission and a change of control of the Company. If Christopher Wilson's appointment as Director is terminated after six months, all the warrants will become exercisable for a limited period following termination. All of these warrants will lapse on the tenth anniversary of Admission.

12.12 A nominated adviser agreement dated 2 October 2012 between (1) the Company, (2) the Directors and (3) Cairn pursuant to which the Company has appointed Cairn to act as nominated adviser to the Company for the purposes of the AIM Rules. The Company has agreed to pay Cairn an annual retainer fee of £25,000 (plus VAT) payable quarterly in advance for its services as nominated adviser under this agreement. The agreement contains certain undertakings and indemnities given by the Company and the Directors in respect of, *inter alia*, compliance with all applicable laws and regulations. Subject to either party being in material breach of their respective obligations under the agreement, the appointment of Cairn under the agreement continues for an initial twelve month period from the date of the agreement and shall continue until terminated by either the Company or Cairn giving three months' written notice to the other (such notice not to expire prior to the initial twelve month period or the Company shall be liable to pay Cairn the balance outstanding of the annual retainer).

12.13 A broker agreement dated 2 October 2012 between (1) the Company and (2) Northland Capital pursuant to which the Company has appointed Northland Capital to act as joint broker to the Company for the purposes of the AIM Rules. The Company has agreed to pay Northland Capital an annual retainer fee of £20,000 (plus VAT) payable quarterly in advance for its services as broker under this agreement, save that the fees in respect of the first year's services are to be satisfied by the allotment of such number of Placing Shares to Northland Capital equivalent to the annual retainer. The agreement continues for an initial fixed period of twelve months from the date of the agreement and shall continue until terminated by either the Company or Northland Capital giving three months' written notice to the other (such notice not to expire prior to the initial twelve month period).

12.14 A broker agreement dated 2 October 2012 between (1) the Company and (2) Merchant Securities pursuant to which the Company has appointed Merchant Securities to act as joint broker to the Company for the purposes of the AIM Rules. The Company has agreed to pay Merchant Securities an annual retainer fee of £20,000 (plus VAT) payable quarterly in advance for its services as broker under this agreement. The agreement shall continue until terminated by either the Company or Merchant Securities giving three months' written notice to the other.

13. Litigation

13.1 No member of the Group is or has been involved in any governmental, legal or arbitration proceedings and the Company is not aware of any such proceedings pending or threatened by or against the Group during the 12 months preceding the date of this document which may have or have had in the recent past a significant effect on the financial position or profitability of the Group, save as described below.

13.2 Prior to the grant of the Sula Licence, GLR held an exploration licence over the same licence area as is covered by the Sula Licence. GLR's licence was cancelled by the Sierra Leone Ministry of Mines in June 2011. In December 2011, GLR (a) issued a writ against Blue Horizon seeking a declaration that GLR was the person entitled to the licence area, a perpetual injunction restraining Blue Horizon from entering the licence area, and damages for trespass and for inducing a breach of contract; and (b) obtained an ex parte interim injunction against Blue Horizon and Nicholas Warrell entering the licence area pending a hearing of the action and pending the determination of an action, which GLR had given notice that it was contemplating, to sue the government of Sierra Leone.

13.3 In February 2012, the High Court of Sierra Leone set aside the ex parte injunction as being granted by the original court in terms wider than those sought, and as being unjust to Blue Horizon when it was not certain when an action by GLR against the Ministry of Mines and Mineral Resources would be determined. Costs were awarded to Blue Horizon.

13.4 In March 2012, the High Court of Sierra Leone ruled that GLR had no cause of action against Blue Horizon, and struck out GLR's action. Costs were awarded to Blue Horizon. The court orders made in February and March 2012 concluded the court proceedings, subject to any appeal by GLR. As at the date of this Document, the Directors are not aware that any appeal has been made by GLR. The Directors have been advised by the Company's Sierra Leone lawyers that the time allowed for any appeal to be made by GLR has now expired.

13.5 The Directors do not consider that the claims of GLR against Blue Horizon had any merit. Having taken advice from the Company's Sierra Leone lawyers, the Directors do not consider that there any other causes of action available to GLR. The Directors are, as at the date of this Document, not aware that GLR has commenced any proceedings against the government of Sierra Leone. However, there can be no guarantee that GLR will not make future claims which, if successful, could significantly impact upon Blue Horizon and/or the Sula Licence.

14. Working capital

The Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Group will be sufficient for its present requirements and for at least twelve months from the date of Admission.

15. Taxation

15.1 The following information is intended only as a general guide to the position under current UK taxation law and HMRC practice as at the date of this Document. It is intended for Shareholders who are beneficial owners of shares, who are resident or ordinarily resident in the UK for UK tax purposes and who hold shares as an investment and not as securities to be realised as an asset in the course of a financial trade. The guidance is not exhaustive and does not consider reliefs or exemptions. This is not a substitute for professional advice. Its applicability will depend upon the particular circumstances of Shareholders and in particular may not apply to Shareholders who are also employees of the Company or persons who may be subject to taxation in a jurisdiction other than the UK. Any person who is any doubt as to their tax position should consult their own professional adviser immediately.

15.2 ***Dividends***

Dividends paid by the Company will carry an associated tax credit of one-ninth of the cash dividend or ten per cent. of the aggregate of the cash dividend and associated tax credit. Individual Shareholders resident in the UK receiving such dividends will be liable to income tax on the aggregate of the dividend and associated tax credit at the dividend ordinary rate (10 per cent.) or the dividend upper rate (32.5 per cent.).

The effect will be that taxpayers who are otherwise liable to pay tax at only the lower rate or basic rate of income tax will have no further liability to income tax in respect of such dividends. Higher rate taxpayers will have an additional tax liability (after taking into account the tax credit) of 22.5 per cent. of the aggregate of the cash dividend and associated tax credit. This will be equivalent to 25 per cent. of the cash dividend received. Individual Shareholders whose income tax liability is less than the tax credit will not be entitled to claim a repayment of all or part of the tax credit associated with such dividends.

A tax rate of 42.5 per cent. will be imposed on dividend income where the individual's income exceeds £150,000 (and where the dividend comprising the top slice of the Shareholder's income, exceeds £150,000). The one-ninth tax credit will continue to be available, resulting in an effective tax rate on a cash dividend received of approximately 36.1 per cent. With effect from 6 April 2013 the tax rate imposed on dividend income where the individual's income exceeds £150,000 will reduce to 37.5 per cent. resulting in an effective rate tax rate on a cash dividend received of 30.6 per cent.

A UK resident corporate Shareholder will not generally be liable to corporation tax or income tax in respect of dividends received from the Company. .However, the tax treatment of a dividend received by a corporate Shareholder from the Company may vary depending on whether the recipient is a "small" company (broadly, a small company is one that has fewer than 50 employees and whose annual balance sheet total does not exceed €10m).or is a company larger than a "small" company for these purposes. Dividends received from the Company may be taxable in the hands of a corporate Shareholder if they do not fall within one of the exempt categories set out in the Corporation Tax Act 2009 S931E–S931I, or they fall within specific anti-avoidance provisions.

Trustees who are liable to account for income tax at the rate applicable to trusts on the trust's income and are required to account for tax at the dividend trust rate of 32.5 per cent. against which they can get the tax credit.

Persons who are not resident in the UK should consult their own tax advisers on the possible application of such provisions and on what relief or credit may be claimed for any such tax credit in the jurisdiction in which they are resident. These comments are intended only as a general guide to the current tax position in the UK as at the date of this Document. The comments assume that Ordinary Shares are held as an investment and not as an asset of financial trade.

If you are in any doubt as to your tax position, or are subject to tax in a jurisdiction other than the UK, you should consult your professional adviser.

15.3 ***Chargeable gains***

A chargeable gain may accrue to a person who disposes of shares. The amount of the gain is the difference between the proceeds from the disposal and the cost of the shares disposed of. The cost of the shares disposed for this purpose is a proportion of the aggregate cost of all shares of the same class held by the same person in the same capacity prior to the disposal, the proportion being equal to the number of shares disposed divided by the total number of shares held prior to the disposal. A flat rate of tax of 28 per cent.(or 18 per cent. if a basic rate tax payer) will be payable on a gain realised by individuals. A gain realised by a company is in included as part of that company's profits chargeable to corporation tax and charged to Corporation Tax at the rate at which the company is charged for the accounting period in which the gain arose. A company may benefit from indexation allowance which broadly increases the amount of the cost in accordance with the retail prices index. Losses incurred on a disposal of shares by individual shareholders may be offset against other capital gains arising to them in the same tax year or may be carried forward to offset against future capital gains. Corporate investors may offset a loss arising on a disposal of their investment against other chargeable gains arising in the same accounting period or also carry the loss forward to offset against future chargeable gains. Indexation allowance for a company will not create nor increase a loss.

15.3.1 *UK tax resident Shareholders:*

(a) A disposal or deemed disposal of shares in the Company by a Shareholder, who is resident, or in the case of an individual, ordinarily resident in the UK for tax purposes may give rise to a chargeable gain (or allowable loss) for the purposes of UK capital gains tax (where the Shareholder is an individual) and UK corporation tax on chargeable gains (where the Shareholder is within the charge to UK corporation tax), depending on their circumstances and subject to any available exemption or relief.

(b) As regards an individual Shareholder, the principal factors that will determine the extent to which a gain will be subject to UK capital gains tax are the extent to which he or she realises any other capital gains in the tax year of assessment in which the gain arises, the extent to which he or she has incurred capital losses in that on or any earlier tax year of assessment and the level of the annual allowance of tax-free gains in the tax year of assessment in which the disposal takes place. Chargeable gains are currently taxed at 28 per cent. for higher and top rate income tax payers (basic rate tax payers rate remains at 18 per cent.).

(c) Any individual Shareholders who are employees of the Group and also hold more than 5 per cent. of the Company's ordinary share capital may qualify for Entrepreneurs' Relief if they have held those shares for more than 1 year at the date of disposal. Entrepreneurs' Relief will currently reduce the effective rate of capital gains tax to 10 per cent. for the first £10 million of gain for those who qualify. Shareholders who believe they may qualify for Entrepreneurs' Relief are advised to seek independent tax advice.

(d) As regards a corporate Shareholder, the principal factors that will determine the extent to which a gain will be subject to UK corporation tax on chargeable gains are the extent to which it realises any other chargeable gains in the accounting period in which the gain arises and to the extent to which it has incurred capital losses in that or any earlier accounting period. A UK resident corporate Shareholder disposing of its shares in the Company may be liable to corporation tax on chargeable gains in relation thereto at the usual rates of corporation tax applicable to it (currently 20 per cent. to 24 per cent. depending on the taxable profits of the corporate shareholder). In computing the chargeable gain liable to corporation tax, the corporate Shareholder is entitled to deduct from the disposal proceeds, the cost to it of the shares, together with the incidental costs of acquisition, as increased by indexation allowance and disposal costs. A corporate Shareholder owning 10 per cent. of the Company's ordinary share capital for more than 1 year at the date of disposal may qualify for the Substantial Shareholding Exemption which exempts qualifying disposals from being chargeable gains. Corporate Shareholders who believe they may qualify for the Substantial Shareholding Exemption are advised to seek independent tax advice.

15.3.2 *Temporary non-UK tax resident Shareholders:*

An individual Shareholder who ceases to be resident or ordinarily resident in the UK for a period of less than five years and who disposes of shares in the Company during that period of temporary non-residence may, under anti-avoidance legislation, depending on his or her circumstances, be liable to UK capital gains tax on his or her return to the UK (subject to available exemptions or reliefs).

15.3.3 *Non-UK tax resident Shareholders:*

A Shareholder who is resident or, in the case of an individual, also not ordinarily resident for tax purposes in the UK (and is not temporarily non-resident as described above) will not be liable for UK tax on capital gains realised on the sale of other disposal of his or her shares in the Company unless such shares are used, held of acquired for the purposes of a trade, profession or vocation carried on in the UK through a branch or agency, or in the case of a corporate shareholder, through a permanent establishment. Such Shareholders may be subject to foreign taxation on any gain under local law subject to the terms of any applicable double tax treaty.

15.4 ***Stamp Duty and Stamp Duty Reserve Tax***

No stamp duty or stamp duty reserve tax ("SDRT") will generally be payable on the issue of new Ordinary Shares. Stamp duty and SDRT treatment will be as follows:

(a) in relation to Ordinary Shares, no liability to stamp duty or SDRT will arise on their issue or on the issue of definitive share certificates by the Company (provided that the Ordinary Shares are not issued to, or to a nominee or agent for, a person whose business is or includes the provision of clearance services or issuing depository receipts- however please see below for a recent development);

(b) the transfer of Ordinary Shares outside the CREST system will generally be liable to stamp duty on the instrument of transfer at the rate of 0.5 per cent. of the amount or value of the consideration given (rounded up to the nearest multiple of £5). Stamp duty is normally paid by the purchaser or transferee of the Ordinary Shares. An agreement to transfer Ordinary Shares will generally be subject to SDRT at 0.5 per cent. of the agreed consideration. If however, within the period of six years of the date of the agreement or, in the case of a

conditional agreement, the date on which it becomes unconditional, an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on that instrument, any liability to SDRT will be repaid or cancelled. SDRT is normally the liability of the purchaser or transferee of the Ordinary Shares;

(c) no stamp duty or SDRT will arise on a transfer of Ordinary Shares into CREST for conversion into uncertified form, unless such transfer is made for a consideration in money or money's worth, in which case a liability to stamp duty or SDRT will arise, usually at the rate set out above;

(d) a transfer of Ordinary Shares effected on a paperless basis within CREST will generally be subject to SDRT at the rate of 0.5 per cent. of the amount or value or the consideration. CREST is obliged to collect SDRT from the purchaser of the Ordinary Shares on relevant transactions settled within the system; and

(e) where Ordinary Shares are issued or transferred: (i) to, or to a nominee for, a person whose business is or includes the provision of clearance services; or (ii) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts, stamp duty (in the case of a transfer only to such persons) or SDRT may be payable at a rate of 1.5 per cent. of the amount or value of the consideration payable or, in certain circumstances, the value of the Ordinary Shares or, in the case of an issue to such persons, the issue price of the Ordinary Shares.

Following the decision of HSBC Holdings Plc and Vidaros Nominees Ltd v CRC (case C-569/0) the 1.5 per cent. charge no longer applies to the issue of shares to a depositary receipt issuer or clearance service which is located within the European Union. Operators of depositaries and clearance systems should seek specific professional advice on this matter.

15.5 ***EIS Relief***

This summary has been prepared on the basis of current legislation and HM Revenue & Customs (HMRC) practice. Relevant legislation, regulation and HMRC practice may change, as may the rates of tax and tax relief available. The tax reliefs referred to are those currently available, and are personal to the investor. Their value and availability depends on the individual circumstances of the investor. Investors wishing to claim EIS relief are advised to consult their own professional advisers.

15.5.1 Investment under the Enterprise Investment Scheme provides an investor with a number of tax benefits. In summary, these are:

(a) Income Tax Relief

Individuals can obtain income tax relief on the amount subscribed for shares (up to £1,000,000 in 20012/13) in one or more qualifying companies provided they are not connected with the issuing company. Husbands and wives can each subscribe up to £1,000,000, however, when considering whether an individual's shareholding exceeds the maximum proportion allowed under the EIS (30 per cent.), that individual's shareholdings will be aggregated with shares held by his spouse, lineal ancestors and lineal descendants. To calculate the relief the amount subscribed is multiplied by 30 per cent. The relief is given against, and cannot exceed, the individual's income tax liability for the tax year in which the shares are issued unless the individual makes a carry back claim.

An investor will not be eligible for EIS income tax relief if he is connected with the Company. Connection is by either acquiring or entitlement to acquire more than 30 per cent. of the shares or by being an employee or paid director of the Company.

However there is an exception for directors who are "Business Angels". Where an investor's only connection with a company is as director who receives no remuneration (and is not entitled to such remuneration) and the investor has not previously been involved in carrying on the trade the company is carrying on, an investment may qualify for income tax relief.

That relief is not withdrawn if the investor subsequently becomes a paid director, providing the remuneration is reasonable.

(b) Exemption from Capital Gains Tax (CGT)

Any capital gains realised on disposal after the three year period of the shares on which EIS income tax relief has been given and not withdrawn, are tax-free.

This relief is in addition to the initial income tax relief described in 15.5.1 (a) above.

(c) Loss Relief against Income or Gains

Tax relief is available where there is a loss on a disposal of shares on which EIS income tax relief (see 15.5.1 (a) above) or CGT hold-over relief (see 15.5.1 (d) below) has been given. The amount of the loss (after taking account of any income tax relief initially obtained) can be set against the individual's gains or taxable income in the tax year in which disposal occurs.

(d) CGT Deferral Relief

To the extent to which a UK resident investor (including individuals and certain trustees) subscribes for qualifying shares, he can claim to defer paying tax on all or part of a chargeable gain. The gain may have arisen on the disposal of any asset or a previously deferred gain may have become chargeable to tax. Although under current legislation there is a limit of £1,000,000 for income tax relief and the exemption from CGT (see 1. and 2. above), there is no limit on the amount of gain which can be deferred. The subscription must be made and the shares issued within one year before or three years after the date of disposal which gives rise to the gain or the date when a previously deferred gain crystallises. The gain is deferred until there is a chargeable event such as a disposal of shares or an earlier breach of the EIS rules.

(e) Inheritance Tax

Provided a shareholder has owned shares in a qualifying trading company for at least two years and certain conditions are met, at the time of the transfer, 100 per cent. business property relief is available, which reduces the potential inheritance tax liability on such an investment to nil.

15.5.2 *Qualifying Company*

In order for investors to be able to claim and keep EIS tax reliefs the company (or group, if applicable) issuing the shares must:

(a) not have gross assets in excess of £15,000,000 immediately before the share issue and £16,000,000 immediately after; and

(b) have fewer than 250 (subject to the 2012 Finance Bill receiving Royal Assent)) full time employees (or equivalent) at the time the shares are issued.

Certain activities such as dealing in land, shares or securities, financial, leasing or letting, providing legal or accountancy services, developing property, farming and managing hotels or nursing homes do not qualify.

It should be noted that companies are not allowed to raise more than £5m (subject to the 2012 Finance Bill receiving Royal Assent) in any 12 month period from EIS and VCTs. Investments from any or all of these schemes must fall within the £5m limit.

16. General

16.1 The total costs and expenses relating to the Placing and Admission payable by the Company are estimated to be approximately £0.31 million (excluding VAT).

16.2 The accountant's reports in Parts IV and V of this Document are included, in the form and context in which they are included, with the consent of Chantrey Vellacott DFK LLP, which has authorised the contents of its reports for the purposes of the AIM Rules. Chantrey Vellacott DFK LLP has also given and not withdrawn its written consent to the inclusion of references in this Document to its name in the form and context in which they appear.

16.3 SRK ES's report in Part III of this Document is included, in the form and context in which it is included, with the consent of SRK ES which has authorised the contents of its report for the purposes of the AIM Rules. SRK ES has also given and not withdrawn its written consent to the inclusion of references in this Document to its name in the form and context in which they appear.

16.4 Cairn has given and not withdrawn its written consent to the inclusion in this Document of references to its name in the form and context in which they appear.

16.5 Northland Capital has given and not withdrawn its written consent to the inclusion in this Document of references to its name in the form and context in which they appear.

16.6 Merchant Securities has given and not withdrawn its written consent to the inclusion in this Document of references to its name in the form and context in which they appear.

16.7 Beaufort has given and not withdrawn its written consent to the inclusion in this Document of references to its name in the form and context in which they appear.

16.8 Where information has been sourced from a third party, the information has been accurately reproduced and as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

16.9 It is expected that definitive share certificates and warrant certificates will be despatched by hand or first class post by 16 October 2012. In respect of uncertificated shares, it is expected that Shareholders' CREST stock accounts will be credited on or around 9 October 2012.

16.10 Temporary documents of title will not be issued in relation to Ordinary Shares.

16.11 Save as disclosed in this Document, the Directors are not aware of any exceptional factors which have influenced the Group's activities.

16.12 Save as disclosed in this Document, the Directors are not aware of any patents or other intellectual property rights, licences, industrial, commercial or financial contracts or new manufacturing processes which are or may be material to the Group's business or profitability.

16.13 Save for the Placing and as disclosed in this Document, there has been no significant change in the trading or financial position of the Group since 31 December 2011, being the date to which the audited financial information contained in Part IV of this Document was prepared.

16.14 The financial information contained in this Document does not constitute statutory accounts within the meaning of section 434 of the Act and no such accounts have been prepared for the Company since its incorporation.

16.15 Save as disclosed in this Document, there have been no significant authorised or contracted capital commitments of the Group at the date of the publication of this Document.

16.16 Save as disclosed in this Part VI, no person (excluding the Company's professional advisers otherwise disclosed in this Document and trade suppliers) has:

(a) received, directly or indirectly, from the Company within the 12 months preceding the Company's application for Admission; or

(b) entered into contractual arrangements (not otherwise disclosed in this Document) to receive, directly or indirectly, from the Company on or after Admission any of the following:

(i) fees totalling £10,000 or more;

(ii) securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or

(iii) any other benefit with a value of £10,000 or more at the date of Admission.

16.17 The arrangements for payment of the Placing Shares are set out in the placing letters referred to in the Placing Agreement. All monies received from applicants will be held by Northland Capital or Merchant Securities prior to delivery of the Placing Shares. If any application is unsuccessful or scaled down, any monies returned will be sent by cheque crossed "A/C Payee" in favour of the first named applicant. Any monies returned will be sent by first class post at the risk of the addressee within three days of the completion of the Placing.

16.18 Other than as described in Parts II and III of this Document, the Directors are not aware of any environmental issues that may affect the Group's utilisation of its tangible fixed assets.

16.19 The Company is not aware of any arrangements which may at a subsequent date result in a change of control of the Company.

16.20 To the extent known by the Company, at Admission the Company will not be owned or controlled by any specific party or group of parties.

16.21 Pursuant to Chapter 5 of the Disclosure and Transparency Rules a person must notify the Company of the percentage of its voting rights he holds as shareholder or through his direct or indirect holding of certain financial instruments (or a combination of such holdings) if the percentage of those voting rights (a) reaches, exceeds or falls below 3 per cent., 4 per cent., 5 per cent., 6 per cent., 7 per cent., 8 per cent., 9 per cent., 10 per cent. and each 1 per cent. threshold thereafter up to 100 per cent. as a result of an acquisition or disposal of shares or such financial instruments; or (b) reaches, exceeds or falls below an applicable threshold in (a) as a result of events changing the breakdown of voting rights and on the basis of information disclosed by the Company in accordance with the Disclosure and Transparency Rules. Certain voting rights held by investment managers, unit trusts, OEICS and market makers can be disregarded except at the thresholds of 5 per cent. and 10 per cent. and above.

16.22 Save as set out in this Document, the Group had no principal investments for each financial year covered by the historical financial information and there are no principal investments in progress or principal future investments on which the Board has made a firm commitment.

16.23 There are no provisions in the Articles which would have the effect of delaying, deferring or preventing a change of control of the Company.

16.24 The Directors intend to comply with Rule 21 of the AIM Rules relating to Directors' and applicable employees' dealings in Ordinary Shares and, to this end, the Company has adopted an appropriate share dealing code.

16.25 Save as disclosed in paragraph 12 of this Part VI of this Document, no commission is payable by the Company to any person in consideration of his agreeing to subscribe for securities to which this Document relates or of his procuring or agreeing to procure subscriptions for such securities.

16.26 Save as disclosed in this Document, no payment (including commissions) or other benefit had been or is to be paid or given to any promoter of the Company.

16.27 Save as disclosed in this Document, no agreement, arrangement or undertaking (including any compensation arrangement) exists between any Director, recent director of the Company, Shareholder or recent shareholder of the Company in relation to the Placing and Admission.

16.28 Save as disclosed in this Document, the Directors are unaware of:

(a) any significant trends in production, sales and inventory and costs and selling prices since 31 March 2012 to the date of this Document; and

(b) any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Group's prospects for at least the current financial year.

16.29 There are no mandatory takeover bids outstanding in respect of the Company and none has been made either in the last financial year or the current financial year of the Company.

16.30 No public takeover bids have been made by third parties in respect of the Company's issued share capital in the current financial year nor in the last financial year.

16.31 The Company did not have an auditor for the period covered by the historical financial information set out in Parts IV and V of this Document. The Company's auditor as at the date of this Document is Chantrey Vellacott DFK LLP of Russell Square House, 10-12 Russell Square, London WC1B 5LF, which was appointed on 13 July 2012. Chantrey Vellacott DFK LLP is a member of the Institute of Chartered Accountants in England and Wales.

16.32 The Placing Shares represent 20.2 per cent. of the Existing Ordinary Shares. As a result of the issue of the Placing Shares, holders of Existing Ordinary Shares who do not participate in the Placing will be diluted by 16.8 per cent.

16.33 Other than the current application for Admission, the Ordinary Shares have not been admitted to dealing on any recognised investment exchange nor has any application for such admission been made nor are there intended to be any other arrangements for dealings in new Ordinary Shares.

17. Availability of this Document

Copies of this Document will be available during normal business hours on any day (except Saturdays, Sundays and UK public holidays) to the public free of charge from the date of this Document until the date which is one month after Admission from the offices of Cairn at 61 Cheapside, London EC2V 6AX. Additionally, an electronic version of this Document will be available on the Company's website, www.sulairongold.com.

PART VII

PARTICULARS OF THE PLACEE WARRANTS

Pursuant to the Placing, Placee Warrants are being issued to subscribers of Placing Shares on the basis of one Placee Warrant for every two Placing Shares subscribed for. The Placee Warrants will not be traded on AIM.

1 Constitution

1.1 The warrant instrument constitutes 9,583,336 Placee Warrants, each entitling the holder to subscribe for one Ordinary Share at a price of 8p per share.

1.2 Subject to the terms of the warrant instrument, the Placee Warrants shall be exercisable for a period of 12 months from the date of Admission.

1.3 The Placee Warrants shall rank pari passu in all respects and without discrimination or preference.

1.4 The Placee Warrants will be in certificated form. Title to Placee Warrants will pass by registration on the register which the Company shall procure to be kept by registrars. The Company shall not be obliged to recognise the interests of any person to a Placee Warrant other than the holder as named in the warrant register. Every person registered as the holder of a Placee Warrant shall be entitled to receive one certificate for the Placee Warrants held by him, but joint warrantholders shall be entitled to only one certificate in respect of all warrants held jointly by them. The warrant instrument shall be binding on the Company and warrantholders and all persons claiming through or under them respectively.

2 Subscription Rights

2.1 A warrantholder shall have the right to subscribe in cash at any time in the period to and including (but not after) the date 12 months after the date of Admission for Ordinary Shares at 8p per share on the basis of one Ordinary Share for each Placee Warrant, payable in full on subscription. Placee Warrants will not be exercisable in respect of a fraction of an Ordinary Share. The number of Ordinary Shares to be subscribed and/or the subscription price will be subject to adjustment as described in paragraph 3 below.

2.2 In order to exercise subscription rights, a warrantholder must deliver his warrant certificate to the registered office of the Company, having completed the exercise notice thereon (or such other exercise notice as the Company may reasonably require), accompanied by a remittance for the aggregate subscription price for the Ordinary Shares being subscribed. Once lodged, a notice of exercise shall be a irrevocable save with the written consent of the Company.

2.3 Ordinary Shares issued pursuant to the exercise of Placee Warrants will be allotted as soon as reasonably practicable after the exercise date and share certificates in respect of such Ordinary Shares will be issued free of charge and sent (at the risk of the persons entitled thereto) to the first named person in whose name the Placee Warrants are registered at the exercise date or to such other person as may be named in the form of nomination attached to the warrant certificate, or alternatively credited to a CREST account in the name of the warrantholder or warrantholder's nominee. In the event of a partial exercise of subscription rights by a warrantholder, the Company shall issue a fresh warrant certificate for any balance of subscription rights remaining exercisable.

2.4 Ordinary Shares issued pursuant to the exercise of Placee Warrants will not rank for any dividends or other distributions declared, made or paid on or by reference to a record date prior to the date of allotment of such Ordinary Shares.

2.5 The Company will apply for the Ordinary Shares issued pursuant to any exercise of subscription rights to be admitted to trading on AIM and will use all reasonable endeavours to obtain such admission as soon as reasonably practicable after the relevant exercise date.

2.6 The Placee Warrants and the Ordinary Shares issuable on exercise of Placee Warrants have not been and will not be registered under the Securities Act and the relevant exemptions have not been and will not be obtained from the Securities Commission or similar regulatory authority of any province of Canada. The Placee Warrants and Ordinary Shares issuable on exercise of Placee Warrants may not be offered, sold, transferred or delivered, directly or indirectly, in Canada or the United States or to any citizen or resident of Canada or of the United States or to or for the benefit of any such person. Each notice of exercise of a Placee Warrant and each transfer of a Placee Warrant shall be deemed to contain a warranty or representation in favour of the Company by the warrantholder and, if applicable, the transferee of Placee Warrants, that he is not a US person or a Canadian person or persons subject to the laws of Australia, New Zealand, the Republic of South Africa, Japan or any other jurisdiction in which the acquisition or transfer of, or exercise of rights under, Placee Warrants and/or Ordinary Shares violates applicable securities laws. If they are a person in such a jurisdiction, such person shall be deemed to warrant or represent that their acquisition or transfer of, or exercise of rights under, Placee Warrants and/or Ordinary Shares is permitted by the securities laws of the relevant jurisdiction. The exercise or transfer of Placee Warrants, and the right of warrantholders to receive Ordinary Shares is issuable on the exercise of Placee Warrants, shall be subject to such requirements, conditions, restrictions, limitations or prohibitions as the Company may impose, in its discretion, for the purpose of complying with (or avoiding a requirement to comply with) securities laws of the United States, Canada, Australia, New Zealand, the Republic of South Africa, Japan and or any other relevant jurisdiction, and such transfer or exercise rights will only be effective to the extent that such restrictions are complied with. The Company may request from any person exercising a Placee Warrant or who is a transferee of a Placee Warrant such information as it may require for determining whether such restrictions will be applicable and, if so, whether they will be complied with.

3 Adjustment of subscription rights

If, by reference to a record date on or before the final subscription date, the Company shall allot any Ordinary Shares fully paid by way of capitalisation of profits or reserves to all holders of Ordinary Shares or shall effect a consolidation or subdivision of the Ordinary Shares, the number and/or nominal value of Ordinary Shares obtainable from any subsequent exercise of Placee Warrants will be increased or, as the case may be, reduced in such proportion as the Directors determine to be fair and reasonable having due regard to the terms of such capitalisation, consolidation or subdivision, provided always that the subscription price per Ordinary Share payable on exercise of a Placee Warrant shall not be less than the then nominal value of an Ordinary Share. On any such capitalisation, consolidation or subdivision, the Company will procure that the auditors for the time being of the Company will verify the correctness of the appropriate adjustments and within 28 days of such adjustment notice will be sent to each warrantholder of the adjusted number of Ordinary Shares to which the warrantholder is entitled to subscribe, fractional entitlements being ignored, and/or the adjusted Placee Warrant subscription price per Ordinary Share, such notice being accompanied by a new warrant certificate (if appropriate).

4 Other provisions

So long as any Placee Warrants remain exercisable, the Company shall:

4.1 not issue any Shares credited as fully paid by way of capitalisation of profits or reserves nor make any rights issue, open offer or placing of Shares if, as a result, the Company would, on any subsequent exercise of subscription rights, be obliged to issue Shares at a discount;

4.2 keep available for issue sufficient authorised but unissued share capital to satisfy in full the exercise of all Placee Warrants remaining exercisable;

4.3 notify warrantholders of any proposed resolution for the voluntary winding up of the Company; and

4.4 notify warrantholders of any general offer made to the holders of issued Ordinary Shares (or to all such shareholders other than the offeror and/or any body corporate controlled by the offeror and/or any persons acting in concert with the offeror) to acquire all or part of the Ordinary Shares.

5 Modification of rights

All or any of the rights attached to the Placee Warrants, or any of the terms and conditions of the warrant instrument, may from time to time be altered or abrogated with the sanction of an extraordinary resolution of warrantholders, provided that no alteration or abrogation may be affected except with the sanction of a prior resolution of the Board. Any alteration or abrogation shall be effected by deed poll executed by the Company supplemental to the warrant instrument. Modifications to the warrant instrument of a minor or technical nature, or made to correct a manifest error, may be effected without an extraordinary resolution of warrantholders, and notice of such modifications shall be given by the Company to warrantholders.

6 Transfer

Each warrantholder may transfer or assign Placee Warrants to any other person. The terms and conditions of the warrant instrument and subscription rights contained in the warrant instrument shall be binding on any person to whom Placee Warrants are transferred. Notice of the assignment or transfer of Placee Warrants shall be given in writing to the Company to be executed by the transferor and transferee and stating the full address of the transferee.

7 General

7.1 The Placee Warrants will be governed by and construed in accordance with English law.

7.2 The provisions of the Articles of Association of the Company for the giving and deemed receipt of notices shall apply in relation to notices to be given by the Company to warrantholders and vice versa, mutatis mutandis.

7.3 Any determination or adjustment made pursuant to the warrant instrument by the auditors of the Company shall be made by them as experts and not arbitrators and shall, in the absence of fraud or manifest error, be final and binding on the Company and all warrantholders.

2 October 2012