

**30 June 2015**

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

**Interim Results  
for the six months to 31 March 2015**

Sula Iron & Gold plc, the exploration and development company focused on coltan, gold and iron ore in Sierra Leone, is pleased to announce its unaudited consolidated Interim Results for the six months ended 31 March 2015, for the Company and its wholly owned subsidiary, Blue Horizon (SL) Ltd ("Blue Horizon") (together the "Group").

**OPERATIONAL HIGHLIGHTS**

- Exploration during this period has confirmed high concentration levels of Coltan (Columbite – Tantalite) along streams originating from deeper within the licence area;
- Completion of 5 trenches in gold exploration programme each >300m long the results of which are currently undergoing independent verification and are expected within three weeks;
- Sula's maiden JORC Compliant Mineral Resource Estimate ("MRE") was declared for the Group's wholly owned 156 sq. km Ferensola licence in Sierra Leone ("Ferensola" or the "Ferensola Licence") in December 2014 comprising a total resource of 514.5Mt @ 31.8% Fe, including easily accessible oxidised resource of 55.5Mt @ 45.39% Fe;
- The MRE also identified an exploration target comprising an additional 100Mt to 250Mt, with a grade range of between 20% Fe and 35% Fe that lies below the optimised pit shell;
- An increase in the technical valuation of the Ferensola Licence of almost US\$20 million provided by independent consultants SRK Exploration Services obtained in February 2015, giving a technical value of Ferensola of US\$56 million;
- Post the financial period, In June 2015, an application was made for a new exploration licence, adjacent to the Ferensola Licence;
- Strengthening of the board with the appointment of Mr Howard Baker as Non-Executive Technical Director in May 2015; and

- Site visit also completed in June 2015 by Mr Howard Baker and independent SRK Consulting (UK) Ltd geologist Dr Chris Bonson to re-evaluate the data relating to the primary gold target at Ferensola.

## **FINANCIAL HIGHLIGHTS**

- c.£1.2 million successfully raised from equity placements;
- Loss for the period of £0.89 million (2014: £0.68 million loss), resulting in a loss per share of 0.26 pence (2014: 0.37 pence); and
- Net assets of £6.4 million at the period end (30 September 2014: £5.9 million).

### **Nick Warrell, Chief Executive Officer of Sula commented:**

*“The Company remains on track to deliver on the objectives it set out at the beginning of the period, namely to identify drill targets on our gold project and to advance our coltan project to the point where bulk sampling for metallurgical testing can commence. Discussions with potential off-takers for our coltan are ongoing, as are early stage discussions with potential strategic partners on our gold and iron projects. We expect to be able to report the results of the recent gold programme within the coming weeks and, accordingly, we look forward to the remainder of 2015 with optimism.”*

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## **CHIEF EXECUTIVE OFFICER'S STATEMENT**

### **INTRODUCTION**

I am pleased to introduce Sula's unaudited consolidated results for the 6 months ended 31 March 2015, a period in which the Company has continued to make important strides in its strategy towards becoming a leading mining exploration company, as a three commodity operation, with opportunities to extract mineral value from coltan, gold and iron. There have been a number of significant milestones achieved since 1 October 2014, not least the Company declaring its maiden JORC mineral resource estimate ("MRE") on the iron ore and the discovery of the potential for coltan mineralisation, both within our wholly owned Ferensola asset.

### **OPERATIONS**

#### **COLTAN**

Our newest exploration target, columbite-tantalite, known as "coltan", we believe has the potential to deliver significant value to Sula in a short time frame. We became aware that our Ferensola Licence area was potentially rich in coltan during 2014, but until we carried out an initial exploratory exercise, we could not be certain. The reason for our optimism was due to the primary source of coltan being within pegmatites which are proximal to magmatic bodies. These pegmatites are much more prone to weathering than the host granitic bodies or hosting country rocks that they are intruded into, causing the coltan mineralisation to be liberated into the soil horizon and alluvial system. Certain samples showed a relatively high density, which lends weight to the claim of the coltan potentially remaining relatively close to its source within the alluvial system.

Tantalum is a rare, hard, blue-grey, lustrous transition metal that is highly corrosion-resistant. The chemical inertness of tantalum makes it a valuable substance for laboratory equipment and a substitute for platinum. Tantalum's main use today is in tantalum capacitors in a wide spectrum of electronic equipment, such as mobile phones, tablets and computers.

The reconnaissance fieldwork that we carried out at the end of 2014 and into early 2015 provided evidence for the presence of coltan mineralisation. Samples were obtained from alluvial gravels from 46 locations and were concentrated and analysed at an ALS Minerals laboratory. The results for all 46 samples were used to provide an initial indication of prospective areas for coltan mineralisation.

Due to the nature of pan concentrate sampling, the results were indicative only and do not provide values for *in-situ* grade. Pleasingly, the results for tantalum showed nine samples

with elevated concentrations (>0.1% tantalum) and some samples with higher grades, as evidenced by one sample in the southeast quadrant of the Ferensola Licence grading at more than 3% tantalum, providing compelling evidence for the presence of coltan mineralisation in the vicinity. Even with all the caveats necessary, this was a pleasing result.

Other high grade samples were found near the eastern boundary of the Ferensola Licence along streams that flow from deeper within the Ferensola Licence, suggesting that further alluvial and primary coltan mineralisation could be found in this part of the Ferensola Licence.

## **GOLD**

Ferensola is known to host gold mineralisation along deep-seated faults, lineaments and shear structures; formations which typically host all of the major gold deposits in West Africa. Within Ferensola, there are numerous artisanal gold workings lying within a prominent structure 9km long and 5km wide, referred to previously as the Yanfarina-Dalakuru-Sende ("YDS"). Historical trenching in this zone identified a series of northwest trending high grade tourmaline and gold-bearing narrow veins. Significant intersections were reported from historic drill holes and mineralisation has been observed by SRK Exploration Services Ltd ("SRK ES").

Sula's recent trenching programme at Ferensola focused on these areas. A total of 5 long (>300m) trenches have been completed at Ferensola since the beginning of 2015, following interpretation of the ground magnetics and earlier geochemical surveys completed in 2014, which identified a number of target areas. Assay results returned from the trenching programme are currently being independently verified through a check sampling programme completed by Mr Howard Baker and Dr Chris Bonson of SRK Consulting (UK) Ltd.

Dependent on the results of these samples, in addition to further assays from a check sampling programme of historical core and previously collected soil samples, follow up exploration is anticipated to possibly include IP geophysics and diamond drilling. It is anticipated that the results of the recent independent sampling programmes will be available within three weeks.

## **IRON ORE**

We were delighted to have achieved our maiden JORC Compliant MRE on our main BIF unit (banded iron formation) in December 2014, following a successful drilling campaign carried out between April and July 2014.

Our primary objective from the beginning of 2014 was to deliver the MRE by the end of 2014 and we were pleased to secure the necessary funds to start this project through an

equity placing in March 2014 raising £2.1m. The drill programme, designed by SRK ES, was ambitious, particularly given the short window before the start of the rainy season in July and also the rough terrain on which the team was working. I was delighted to report at the time that the drilling on both the easily accessible oxide layer and the deeper magnetite on the main BIF was completed in early July 2014 and was under budget. This was a highly commendable achievement for the team and I would like to take this opportunity to thank them again for their efforts.

The previously reported key results are summarised below:

- a JORC compliant MRE total resource of 514.5Mt @31.8% Fe, including an easily accessible oxide resource of 55.5Mt @45.39% Fe across the full 2.8 km strike length of the main BIF unit (BIF 1); and
- SRK ES identified an additional exploration target of a further 100Mt to 250Mt with a grade range of between 20% Fe and 35% Fe that lies beneath the optimised pit shell.

These results have given us the opportunity to commence discussions with a number of important potential strategic partners with a view to unlocking the significant value that has been created on our iron ore assets at Ferensola. At present, these early stage discussions are ongoing.

## **SRK VALUATION**

In February 2015, mining consultants SRK ES provided an updated to their valuation of Sula's Ferensola Project, which is available on Sula's website at <http://www.sulaironandgold.com/investor-relations/technical-reports/>. Of particular note is the increase in their technical valuation (being the value that SRK ES considers to be a fair and reasonable value for the property, based upon the geological information available and their view on the status of the assets and their probability of success) of Ferensola to US\$56million, and the maximum potential value of the property to US\$210 million.

## **APPLICATION FOR NEW EXPLORATION LICENCE**

In early June 2015, the Group announced that it had made an application for a new exploration licence, adjacent to the south eastern border of Ferensola. The new exploration licence area, known locally as Tanyareh, covers an area of 19 sq. km. and is believed to be highly prospective for coltan and gold. We will update shareholders on the progress of the application in due course, but we anticipate that it will be approved in the coming months.

## **BOARD CHANGES**

In May 2015, we strengthened our Board with the appointment of Mr Howard Baker as a Non-Executive Director.

Mr Baker is a geologist with over twenty years' industry experience including exploration geology, mining geology, resource geology and consulting. From 2007 to 2015, Mr Baker was a Principal Consultant (Resource Geology) and Practice Leader at SRK. Whilst at SRK, Mr Baker acted as the Competent Person of Sula's Ferensola iron ore resource estimate and the contiguous Tonkolili iron ore resource estimate on behalf of African Minerals Ltd.

I am confident that Mr Baker's significant expertise and experience will be invaluable to Sula as we progress with the development of the Ferensola Licence area.

The Company today announces that Mr Andrew Dacey, Non-Executive Technical Director, has resigned from the Board of Sula with immediate effect in order to concentrate on his geological consulting activities. Mr Dacey will continue to be available to provide consulting services to the Group when required. We would like to thank Andrew for his contribution to Sula over the last year and a half and we wish him well in his future endeavours.

## **FINANCIAL REVIEW**

At the period end, Sula had net assets of £6.5 million (30 September 2014: £5.9 million).

During the period under review we raised approximately £1.2 million of new money through the issue of new equity with institutional and private client investors to deliver on our strategy of generating drill targets on our gold project and advance our coltan project to the point where bulk sampling for metallurgical testing can commence. At the period end, the cash balance was £0.669 million.

The loss for the period was £0.89 million (2014: £0.67 million), representing a loss per share of 0.26 pence (2014: 0.37 pence). The increased loss during the period was primarily due to the exploration expenditure on the gold and coltan programmes which were replicated in 2013/14.

## **EQUITY PLACING**

During the period under review the Group raised approximately £1.2 million of new funds, of which £0.59 million was raised in a placing of 39,000,000 ordinary shares at 1.5 pence in early November 2014 and a further £0.6 million was raised from the issue of 36,363,636 new ordinary shares at 1.65p in late November 2014, both to advance the gold and coltan programmes.

## **OUTLOOK**

The Company remains on track to deliver on the objectives it set out at the beginning of the period, namely to identify drill targets on our gold project and to advance our coltan project

to the point where bulk sampling for metallurgical testing can commence. Discussions with potential off-takers for our coltan are ongoing, as are early stage discussions with potential strategic partners on our gold and iron projects. We expect to be able to report the results of the recent gold programme within the coming weeks and accordingly, we look forward to the remainder of 2015 with optimism.

**SULA IRON & GOLD PLC**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 31 MARCH 2015**

		<b>6 months ended 31-Mar-15 (unaudited) £'000</b>	<b>6 months ended 31-Mar-14 (unaudited) £'000</b>	<b>Year ended 30-Sep-14 (audited) £'000</b>
	<b>Note</b>			
<b>Revenue</b>		-	-	26
Cost of sales		-	-	-
<b>Gross profit</b>		-	-	26
Administrative expenses		(824)	(567)	(1,341)
Share based payment expense		(68)	(108)	(65)
<b>Results from operating activities</b>		(892)	(675)	(1,406)
<b>Loss before taxation</b>		(892)	(675)	(1,380)
Taxation		-	-	-
<b>Loss for the period</b>		(892)	(675)	(1,380)
<b>Other comprehensive (loss)/Income</b>				
Exchange translation		190	(51)	71
<b>Total other comprehensive loss for the period</b>		(702)	(726)	(1,309)
<b>Loss per share</b>				
Basic and diluted loss per share (pence)	<b>5</b>	(0.26)	(0.37)	(0.57)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2015**

	Notes	31-Mar-15 (unaudited) £'000	31-Mar-14 (unaudited) £'000	30-Sep-14 (audited) £'000
<b>Assets</b>				
Property, plant and equipment		327	337	360
Intangible assets		5,504	3,995	5,343
<b>Non-current assets</b>		<u>5,831</u>	<u>4,332</u>	<u>5,703</u>
Trade and other receivables		53	102	104
Cash and cash equivalents		669	2,242	285
<b>Current assets</b>		<u>722</u>	<u>2,344</u>	<u>389</u>
<b>Total assets</b>		<u>6,553</u>	<u>6,676</u>	<u>6,092</u>
<b>Equity</b>				
Share capital		3,569	2,815	2,815
Share premium		6,887	6,514	6,514
Share based payments reserve		539	439	472
Foreign exchange reserve		(254)	(4)	54
Retained deficit		(4,335)	(3,300)	(3,941)
		<u>6,406</u>	<u>6,464</u>	<u>5,914</u>
<b>Liabilities</b>				
Bank overdraft		-	1	-
Trade and other payables		147	211	178
<b>Current liabilities</b>		<u>147</u>	<u>212</u>	<u>178</u>
<b>Total liabilities</b>		<u>147</u>	<u>212</u>	<u>178</u>
<b>Total equity and liabilities</b>		<u>6,553</u>	<u>6,676</u>	<u>6,092</u>



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE SIX MONTHS ENDED 31 MARCH 2015

	Share capital £'000	Share premium £'000	Exchange reserve £'000	Retained deficit £'000	Total Equity £'000
Balance at 1 October 2014 (audited)	2,815	6,514	54	(3,469)	5,914
Loss for the period	-	-	-	(892)	(892)
Total other comprehensive income	-	-	(308)	498	190
<b>Total comprehensive income / (expense) for the period</b>	<b>-</b>	<b>-</b>	<b>(308)</b>	<b>(394)</b>	<b>(702)</b>
Issue of ordinary shares	754	432	-	-	1,186
Costs of share issues	-	(59)	-	-	(59)
Share-based payments	-	-	-	67	67
	754	373	-	67	1,194
<b>Balance at 31 March 2015 (unaudited)</b>	<b>3,569</b>	<b>6,887</b>	<b>(254)</b>	<b>(3,796)</b>	<b>6,406</b>

## FOR THE SIX MONTHS ENDED 31 MARCH 2014

	Share capital £'000	Share premium £'000	Exchange reserve £'000	Retained deficit £'000	Total Equity £'000
Balance at 1 October 2013 (audited)	1,220	4,679	47	(2,294)	3,652
Loss for the period	-	-	-	(675)	(675)
Total other comprehensive income	-	-	(51)	-	(51)
<b>Total comprehensive income / (expense) for the period</b>	<b>-</b>	<b>-</b>	<b>(51)</b>	<b>(675)</b>	<b>(726)</b>
Issue of ordinary shares	1,595	2,020	-	-	3,615
Costs of share issues	-	(185)	-	-	(185)
Share-based payments	-	-	-	108	108
	1,595	1,835	-	108	3,538
<b>Balance at 31 March 2014 (unaudited)</b>	<b>2,815</b>	<b>6,514</b>	<b>(4)</b>	<b>(2,861)</b>	<b>6,464</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

	Share capital £'000	Share premium £'000	Exchange reserve £'000	Retained deficit £'000	Total Equity £'000
Balance at 1 October 2013 (audited)	1,220	4,679	47	(2,294)	3,652
Loss for the period	-	-	-	(1,380)	(1,380)
Total other comprehensive income	-	-	7	64	71
<b>Total comprehensive income / (expense) for the period</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>(1,316)</b>	<b>(1,309)</b>
Issue of ordinary shares	1,595	2,020	-	-	3,615
Costs of share issues	-	(185)	-	-	(185)
Share-based payments	-	-	-	141	141
	1,595	1,835	-	141	3,571
<b>Balance at 30 September 2014 (audited)</b>	<b>2,815</b>	<b>6,514</b>	<b>54</b>	<b>(3,469)</b>	<b>5,914</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 31 MARCH 2015**

	<b>6 months ended 31-Mar-15 (unaudited) £'000</b>	<b>6 months ended 31-Mar-14 (unaudited) £'000</b>	<b>Year ended 30-Sep-14 (audited) £'000</b>
<b>Cash flows from operating activities</b>			
Results from operating activities:	(892)	(675)	(1,380)
- Depreciation	61	40	99
- Impairment	4	7	10
- Unsuccessful exploration expenditure	1	-	-
- Share based payment transaction	68	108	141
- Expenses financed by issue of shares	-	4	74
- Foreign exchange differences	12	(26)	53
	<u>(746)</u>	<u>(542)</u>	<u>(1,003)</u>
Changes in:			
- trade and other receivables	50	(62)	(64)
- trade and other payables	(31)	(173)	(190)
<b>Net cash from operating activities</b>	<u>(727)</u>	<u>(777)</u>	<u>(1,257)</u>
<b>Cash flows from investing activities</b>			
Disposal of property, plant and equipment	-	-	3
Acquisition of property, plant and equipment	(1)	(157)	(1,519)
Purchase of Intangibles	(15)	-	-
Exploration expenditure capitalised	-	(171)	(231)
<b>Net cash used in investing activities</b>	<u>(16)</u>	<u>(328)</u>	<u>(1,747)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital	1,186	3,615	3,474
Expenses financed by issue of shares	-	(4)	(185)
Issue costs	(59)	(185)	(14)
Loan repayments	-	(80)	-
<b>Net cash flows from financing activities</b>	<u>1,127</u>	<u>3,346</u>	<u>3,275</u>
Net increase in cash and cash equivalents	384	2,241	271
Cash and cash equivalents at beginning of period	285	-	14
<b>Cash and cash equivalents at end of period</b>	<u>669</u>	<u>2,214</u>	<u>285</u>

## **NOTES TO THE CONDENSED 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 2015 comprises of 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**

As permitted, IAS 34, 'Interim Financial Reporting' has not been applied in this interim report.

The financial information presented in this report has been prepared using accounting policies that are expected to be applied in the preparation of the financial statements for the year ending 30 September 2015.

These policies are in accordance with the recognition and measurement principles of International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board as endorsed for use in the European Union, and these principles are disclosed in the Financial Statements for the year ended 30 September 2014.

The financial information in this interim report does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006.

The Annual Report and Financial Statements for 2014 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Financial Statement for 2014 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

This condensed consolidated interim financial report was approved by the Board of Directors on 30 June 2015.

#### **(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, significant judgements made by Management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the period ended 30 September 2014.

### **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 Group in its consolidated financial statements as at and for the period ended 30 September 2014.

### **4.Dividends**

No dividends were declared or paid in the six months ended 31 March 2015 (six months ended 31 March 2014: £nil, year ended 30 September 2014: £nil).

### **5. Loss per share**

#### **Basic and diluted loss per share**

The calculation of basic and diluted loss per share is based on the loss attributable to ordinary shareholders of £0.89 million (2014: £0.68 million) and a weighted average number of ordinary shares in issue of 347,857,585 (2014: 182,689,967)