

30 June 2016

Sula Iron & Gold plc

("Sula" or the "Company")

Interim Results

For the six months to 31 March 2016

Sula (AIM: SULA), a multi-commodity exploration company focused on Sierra Leone, is pleased to announce its unaudited consolidated Interim Results for the six months ended 31 March 2016, in respect of the Company and its wholly owned subsidiary, Blue Horizon (SL) Ltd ("Blue Horizon") (together the "Group").

OPERATIONAL HIGHLIGHTS

- 1,556.2m diamond drilling campaign completed with gold mineralisation greater than 0.5 g/t Au being intersected within eight of the ten drillholes completed.
- Drilling has identified multiple sub-parallel mineralised shears over a strike length of approximately 480m.
- The total length-weighted grade of all significant drill intersections equated to 4.21 g/t Au with estimated true thicknesses ranging from 0.4m to 7.1m and averaging 1.5m.
- Regional sampling programme continues to confirm the high-grade nature of mineralisation beyond the limits of the currently defined Exploration Target and maiden drill site with samples to date returning assay results up to 69.2 g/t Au.
- Regional samples submitted for assay, returned results in excess of 0.5 g/t Au, reporting a weighted average of 9.0 g/t Au and a maximum of 69.2 g/t Au.
- Post period end, Sula commenced an Induced Polarisation ("IP") Survey that has highlighted the larger scale potential of the Group's Ferensola Gold Project outside of the currently defined Exploration Target with significant "drill ready" targets now identified.

FINANCIAL HIGHLIGHTS

- Approximately £1.0 million gross successfully raised by way of equity placements with new and existing investors during the period.
- Loss for the period of £1.11 million (2015: £0.89 million loss), resulting in a loss per share of 0.19 pence (2015: 0.26 pence).

- Net assets of £5.97 million at the period end (30 September 2015: £5.78 million).

Nick Warrell, Chief Executive Officer of Sula, commented:

“It has been another active 6 month period for Sula, having completed another successful drill programme and further advanced the potential gold target through the IP survey. The current uncertainty and volatility in world markets has not helped us in recent weeks, but I’m pleased to report that Sula is currently in late stage contractual negotiations with respect to securing a potential joint venture partner to assist with the development of its Ferensola Gold Project, including the provision of additional working capital to Sula. An update on this matter will be provided in due course, as and when appropriate.”

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CHIEF EXECUTIVE OFFICER'S STATEMENT

INTRODUCTION

I am pleased to present the Group’s unaudited consolidated results for the 6 months ended 31 March 2016, a period in which the Company has continued to make important strides in progressing its strategy towards becoming a leading mining exploration company. The period under review has seen the Company focus entirely on its gold assets within its wholly owned Ferensola licence area in Sierra Leone.

OPERATIONS

During the period, Sula continued to undertake exploration activities on its Ferensola Gold Project with the key operational activities comprising the completion of a maiden extended drilling campaign and the continued mapping and sampling of the licence area.

Sula completed a 1,556.2m drilling campaign in November 2015 with the principal highlights being:

- gold mineralisation greater than 0.5 g/t Au intersected within eight of the ten drillholes completed;
- identification of multiple sub-parallel mineralised shears over a strike length of approximately 480m; and
- total length-weighted grade of all significant drill intersections, including certain resampled historic drillholes, equating to 4.21 g/t Au with estimated true thicknesses ranging from 0.4m to 7.1m and averaging 1.5m.

Mineralisation is hosted by a complex, north-northeast striking shear zone within mafic volcanics. The shear zone consists of multiple, discrete, biotite-altered shears and a peripheral zone of veining, with several phases of overprinting deformation and sulphide deposition. Gold is primarily associated with late-stage, massive pyrite breccias that form within the highly sheared intervals and to a lesser extent with distributed veining in the adjacent wall rock.

A preliminary interpretation of the logging and assay data, utilising the structural measurements recorded by SRK Consulting (UK) Ltd, shows that the overall shear zone, extends over a strike length of approximately 480m and comprises multiple sub-parallel strands that dip at an average of 75° to the west-northwest and display individual continuity over distances in the order of 100m to 200m. Mineralisation is currently open at depth.

In addition to the drilling results, sulphide stone and goldstone samples were collected during an on-going regional sampling programme with the samples being taken from across the licence area and up to 2km from the November drill site. All reported samples are interpreted by Sula to be from, or close to, their primary source and were collected from areas that coincide with the regional fold interpretation that covers an approximate 10km strike length.

Of the samples collected during the regional sampling programme to date, 17 samples returned assay results greater than 0.5 g/t Au with a weighted average grade of 9.0 g/t Au.

Post period end, Sula commenced an Induced Polarisation (“IP”) survey across the Ferensola licence area. In summary, the IP survey has highlighted the larger scale gold prospectivity in the Group’s Ferensola licence area, outside of the currently defined Exploration Target, with results received to date verifying the mineralisation potential within areas previously sampled by Sula and which are further supported by the regional magnetic anomaly data previously used to define the mineralised fold belt. The results returned to date show significantly stronger IP along an “Eastern Target” to those recorded on the Sanama Hill November drill target. The Eastern Target currently shows a potential strike extent of over

2km. Additional targets have also been identified based on a review of the regional magnetic data and regional sampling results. Of particular significance, a “Western Target” anomaly is observed that coincides with grab sample results of 1.0, 2.56 and 4.9 g/t Au that has an apparent strike length of approximately 6km. This Western Target, along with other anomalies observed is expected to form part of future IP surveys, covering a greater extent of the licence area. The Sanama Hill / Dalakuru and the Eastern Target anomalies, supported by sampling, magnetic and IP data, and in the case of The Sanama Hill / Dalakuru also by historic drilling and drilling by Sula, currently form significant “drill ready” targets.

FINANCIAL REVIEW

At the period end, Sula had net assets of approximately £5.97 million (30 September 2015: £5.78 million).

During the period under review, the Company raised approximately £1.0 million (gross) of additional funding through the issue of new equity to certain new and existing institutional and private client investors and certain directors in order to pursue the Board’s strategy of generating drill targets on the Group’s Ferensola Gold Project. At the period end, the Group’s cash position was £0.275 million.

The loss before taxation for the period was £1.1 million (2015: £0.89 million), representing a loss per share of 0.19 pence (2015: 0.26 pence).

FUNDRAISINGS

During the period under review, the Company issued new equity to raise approximately £1.0 million (gross) of new funds, of which £0.5 million was raised via a placing of 166,666,664 ordinary shares at a price of 0.3 pence in October 2015. A further placing and subscription of 181,250,000 ordinary shares and 131,250,000 ordinary shares respectively at a price of 0.16 pence was successfully completed in February 2016 generating an additional £0.5 million in new funds. The net proceeds of the funds raised are being utilised to advance the Company's Ferensola Gold Project. At the period end, and as at the date of this statement, the Company has 902,681,924 ordinary shares of 0.1p each in issue.

OUTLOOK AND FUTURE FUNDING

As noted above, the Group’s cash position at the period end was £0.275 million and, accordingly, the Group will need to secure additional working capital in the short term in order to, *inter alia*, continue the advancement of the Ferensola Gold Project. Despite the current volatility and challenging market conditions, the Board remains confident that such additional funding can be secured as required.

In this regard, Sula is currently in advanced discussions with respect to securing a potential joint venture partner to assist with the development of its Ferensola Gold Project, including the provision of additional working capital to Sula. There can be no guarantee that such a

transaction will ultimately be completed and an update will be provided in due course, as and when appropriate.

I would like to take this opportunity to thank all of our shareholders, advisers and other stakeholders for their continued support and interest in the Group's activities and look forward to reporting further progress over the remainder of 2016.

Nick Warrell
Chief Executive Officer

30 June 2016

SULA IRON & GOLD PLC
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 MARCH 2016

		6 months ended 31-Mar-16 (unaudited) £'000	6 months ended 31-Mar-15 (unaudited) £'000	Year ended 30-Sep-15 (audited) £'000
	Note			
Revenue		-	-	2
Cost of sales		-	-	-
Gross profit		-	-	2
Administrative expenses		(930)	(824)	(1,678)
Share based payment expense		(181)	(68)	(92)
Results from operating activities		(1,111)	(892)	(1,770)
Loss before taxation		(1,111)	(892)	(1,768)
Taxation		-	-	-
Loss for the period		(1,111)	(892)	(1,768)
Other comprehensive (loss)/Income				
Exchange translation		187	190	54
Total other comprehensive loss for the period		(924)	(702)	(1,714)
Loss per share				
Basic and diluted loss per share (pence)	5	(0.19)	(0.26)	(0.56)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016

Notes	31-Mar-16 (unaudited) £'000	31-Mar-15 (unaudited) £'000	30-Sep-15 (audited) £'000
Assets			
Property, plant and equipment	220	327	255
Intangible assets	5,534	5,504	5,428
Non-current assets	5,754	5,831	5,683
Trade and other receivables	84	53	67
Cash and cash equivalents	275	669	250
Current assets	359	722	317
Total assets	6,113	6,553	6,000
Equity			
Share capital	4,114	3,569	3,635
Share premium	7,640	6,887	7,178
Share based payments reserve	745	539	564
Foreign exchange reserve	359	244	172
Retained deficit	(6,884)	(4,833)	(5,773)
	5,974	6,406	5,776
Liabilities			
Trade and other payables	139	147	224
Current liabilities	139	147	224
Total liabilities	139	147	224
Total equity and liabilities	6,113	6,553	6,000

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 MARCH 2016**

	Share capital £'000	Share premium £'000	Exchange reserve £'000	Retained deficit £'000	Total Equity £'000
Balance at 1 October 2015 (audited)	3,635	7,178	172	(5,209)	5,776
Loss for the period	-	-	-	(1,111)	(1,111)
Total other comprehensive income	-	-	187	-	187
Total comprehensive income / (expense) for the period	-	-	187	(1,111)	(924)
Issue of ordinary shares	479	521	-	-	1,000
Cost of share issues	-	(59)	-	-	(59)
Share-based payments	-	-	-	181	181
	479	462	-	181	1,122
Balance at 31 March 2016 (unaudited)	4,114	7,640	359	(6,139)	5,974

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	-	-	190	-	190
Total comprehensive income / (expense) for the period	-	-	190	(892)	(702)
Issue of ordinary shares	754	432	-	-	1,186
Costs of share issues	-	(59)	-	-	(59)
Share-based payments	-	-	-	67	67
	754	373	-	67	1,194
Balance at 31 March 2015 (unaudited)	3,569	6,887	244	(4,294)	6,406

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 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	118	(3,533)	5,914
Loss for the period	-	-	-	(1,768)	(1,768)
Total other comprehensive income	-	-	54	-	54
Total comprehensive income / (expense) for the period	-	-	54	(1,768)	(1,714)
Issue of ordinary shares	820	765	-	-	1,585
Costs of share issues	-	(101)	-	-	(101)
Share-based payments	-	-	-	92	92
	820	664	-	92	1,576
Balance at 30 September 2015 (audited)	3,635	7,178	172	(5,209)	5,776

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 MARCH 2016

	6 months ended 31-Mar-16 (unaudited) £'000	6 months ended 31-Mar-15 (unaudited) £'000	Year ended 30-Sep-15 (audited) £'000
Cash flows from operating activities			
Results from operating activities:	(1,111)	(892)	(1,768)
- Depreciation	66	61	122
- Impairment	-	4	5
- Unsuccessful exploration expenditure	-	1	-
- Share based payment transaction	181	68	92
- Loss on disposal of fixed assets	9	-	-
- Foreign exchange differences	67	12	(53)
	<u>(788)</u>	<u>(746)</u>	<u>(1,602)</u>
Changes in:			
- trade and other receivables	(14)	50	32
- trade and other payables	(89)	(31)	54
Net cash from operating activities	<u>(103)</u>	<u>(727)</u>	<u>(1,516)</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment	(25)	(1)	(3)
Purchase of intangibles	-	(15)	-
Net cash used in investing activities	<u>(25)</u>	<u>(16)</u>	<u>(3)</u>
Cash flows from financing activities			
Proceeds from issue of share capital	1,000	1,186	1,585
Issue costs	(59)	(59)	(101)
Net cash flows from financing activities	<u>941</u>	<u>1,127</u>	<u>1,484</u>
Net increase in cash and cash equivalents	25	384	(35)
Cash and cash equivalents at beginning of period	250	285	285
Cash and cash equivalents at end of period	<u>275</u>	<u>669</u>	<u>250</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 2016 comprises the results 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 interim 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 2016.

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 2015.

The interim financial report has been prepared on a going concern basis. The financial information in this interim report does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. The 2016 interim financial report has not been audited or reviewed.

The Annual Report and Financial Statements for 2015 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Financial Statement for 2015 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 29 June 2016.

(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 2015.

(c) Going concern

The interim financial report has been prepared on a going concern basis. Although the Group's assets are not generating revenues, an operating loss has been reported for the reporting period and an operating loss is expected to be incurred in the 12 months subsequent to the date of this report, the Directors believe, having considered all available information including cash inflows expected from the joint venture arrangement currently in late stages of negotiation, that the Group will have sufficient funds to meet its expected committed and contractual expenditure for the foreseeable future. Should the negotiations with the potential joint venture partner terminate, then the Company will have to raise new funds, which may or may not be via an equity issue, in order to provide working capital to continue the Group's operational and planned exploration activities. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the interim financial report for the period ended 31 March 2016.

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 2015.

4. Dividends

No dividends were declared or paid in the six months ended 31 March 2016 (six months ended 31 March 2015: £nil, year ended 30 September 2015: £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 £1.11 million (2015: £0.89 million) and a weighted average number of ordinary shares in issue of 596,238,931 (2015: 347,857,585).