Registered number: 07800337

SULA IRON & GOLD PLC

ANNUAL REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2015

CONTENTS

SULA IRON & GOLD PLC

COMPANY INFORMATION

Directors:	N Warrell	Chief Executive Officer
	M Wood	Finance Director
	H Baker	Non-Executive Technical Director
Company secretary:	L O'Donoghue	
Company number:	07800337	
Registered office:	201 Temple Chambers 3-7 Temple Avenue London EC4Y 0DT	
Auditor:	Moore Stephens LLP 150 Aldersgate Street London EC1A 4AB	
Sierra Leone office:	19F Hill Cot Road Freetown Sierra Leone	

HIGHLIGHTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

Highlights from the year under review:

Operational

- Sula's maiden JORC compliant Mineral Resource Estimate ("MRE") declared at Ferensola Iron Ore Project in December 2014 comprising a total resource of 514.5 million tonnes ("Mt") @ 31.8% Fe, including easily accessible oxidised resource of 55.5Mt @ 45.39% Fe;

- In February 2015, an increase in the technical valuation of the Company's Ferensola Licence of almost $20 million to $56 million was provided by independent consultants, SRK Exploration Services ("SRK ES");

- Independent JORC compliant gold Exploration Target (the "Exploration Target") at Ferensola defined by SRK Consulting (UK) Ltd ("SRK") with a tonnage range of between 5 and 7 Mt at a grade range of between 4 and 8 grammes per tonne ("g/t") of gold ("Au"), equating to between 0.8 and 1.5 million ounces ("Moz") Au;

- Exploration activities confirmed high concentration levels of coltan (columbite – tantalite) along streams originating from deeper within Ferensola; and

- Strengthening of the board with the appointment of Mr Howard Baker as Non-Executive Technical Director in May 2015.

Financial

- Loss for the year to 30 September 2015 of £1.8 million (2014: £1.4million).

- Total equity of £5.8 million at year end (2014: £5.9 million).

- Successfully raised £1.6 million (gross) of new equity during the year to 30 September 2015.

Post-year end:

- 1,556m diamond drill programme completed on the Ferensola Gold Project across 10 drill holes;

- Assay results of up to 16.18 g/t Au across a number of mineralised zones;

- Total length-weighted grade results (including three resampled historic drill holes) of 4.48 g/t Au at a thickness of 0.4 m to 7.1 m, averaging 1.5m;

- Successfully raised a further £0.8 million (gross) of new equity to continue the Ferensola Gold Project; and

- NDA signed with Tier 1 gold producer.

CHIEF EXECUTIVE'S REVIEW
FOR THE YEAR ENDED 30 SEPTEMBER 2015

Sula Iron & Gold plc (the "Company") has one wholly owned subsidiary, Blue Horizon (SL) Ltd ("Blue Horizon"), (together "Sula" or the "Group").

Introduction

I am pleased to introduce Sula's Annual Report for the year ended 30 September 2015, a year in which the Group made important progress in its strategy towards becoming a leading exploration company, as a three commodity operation in Sierra Leone, with opportunities to potentially extract material value from our gold, iron and coltan projects. There have been a number of significant milestones achieved since 1 October 2014, not least the Group declaring its maiden JORC compliant mineral resource estimate ("MRE") on the iron ore, high grades reported in the results from our 1,556m drill programme on the Ferensola Gold Project and the discovery of the potential for coltan mineralisation, all falling within our wholly owned Ferensola Licence area in Sierra Leone ("Ferensola" or the "Project" or the "Licence").

Important events which occurred during the financial year under review can be summarised as follows:

- Declaration its maiden JORC compliant MRE for the iron ore project at Ferensola comprising a total resource of 514.5Mt @ 31.8% Fe, including easily accessible oxidised resource of 55.5Mt @ 45.39% Fe;
- SRK ES increasing, in February 2015, its technical valuation of Ferensola by almost $20 million to $56 million;
- Definition of an independent JORC compliant gold Exploration Target (the "Exploration Target") for the Ferensola Gold Project was defined by SRK Consulting (UK) Ltd ("SRK") with a tonnage range of between 5 Mt and 7 Mt) at a grade range of between 4 and 8 g/t of Au, equating to between 0.8 and 1.5 Moz Au;
- Announcement of strong evidence for the presence of coltan mineralisation in January 2015 following successful reconnaissance fieldwork, including 9 samples showing elevated concentrations of tantalum (>0.1%), with one sample grading more than 3% tantalum;
- Strengthening of the board with the appointment of Mr Howard Baker as Non-Executive Technical Director in May 2015; and
- Raising approximately £1.6 million via the issue of new equity (before expenses) in order to further the Group's exploration activities throughout the year.

Since the end of the financial year under review, Sula's exploration activities have continued, with key events including:

- The completion of a 1,556m diamond drill programme on the Ferensola Gold Project;

- High grades reported across the 10 drill holes of up to 16.18 g/t Au across a number of mineralised zones with a total length-weighted grade results (including three resampled historic drill holes) of 4.48 g/t Au at a thickness of 0.34 m to 7.1 m, averaging 1.5m; and
- The raising of approximately £0.8 million (before expenses) of new equity to continue the exploration works on the Ferensola Gold Project.

<u>Operational Review</u>

Iron

In December 2014, we were delighted to report our maiden JORC compliant MRE on our main banded iron formation unit ("BIF") , following a successful drilling campaign completed in mid-2014.

The Company's 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 completed in March 2014 which raised £2.1m before expenses. The drill programme, designed by SRK ES, was ambitious, particularly given the short window before the start of the rainy season in July 2014 and also the steep terrain on which the team was working. However in early July 2014, I was delighted to report that the drilling on both the easily accessible oxide layer and the deeper magnetite on the main BIF had been completed 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 information on the drill programme and its results are summarised below:

- A total of almost 7,000m of diamond drilling across 76 holes was completed between April and July 2014;
- this delivered a JORC compliant MRE with a 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; and
- Identification of an additional exploration target by SRK of a further 100Mt to 250Mt with a grade range of between 20% Fe and 35% Fe that lies beneath the optimised pit shell.

In September 2015, Sula announced that, from additional mapping completed by the Company's in-country personnel following the reinterpretation of the ground magnetic data, it had identified additional iron ore targets at the Ferensola Iron Ore Project in line with other major iron projects in the region, namely the Tonkolili iron project that is contiguous to Ferensola.

The area identified represents approximately 2km of untested material with the potential to host a conceptual tonnage of between 100 and 150Mt of BIF mineralisation. This is in addition to the 100-250Mt previously identified by SRK, which lies below the current optimised pit shell used for constraining the existing JORC compliant MRE where the deposit remains open at depth. It should be noted that these tonnages are conceptual in nature and indicate an order of magnitude and that they do not currently meet the criteria of a Mineral Resource that is compliant with the guidelines of an Internationally Recognised Reporting Code ("IRRC"). Furthermore, it is currently uncertain if future exploration will result in these targets being delineated as a Mineral Resource compliant with an IRRC.

Despite the challenging recent landscape for the global iron ore market, the achievement of our maiden JORC compliant MRE resource has 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 assets at Ferensola.

Gold

One of the primary drivers behind the acquisition of Ferensola back in 2011 was that the region was known to host gold mineralisation along deep-seated faults, lineaments and shear structures; formations which typically host the major gold deposits in West Africa.

I was delighted to be able to report in December 2015 and January 2016 that the significant high grades assay results achieved from the 10 diamond drill holes completed on our 1,500m drill programme carried out in October and November 2015 backed up the independent JORC compliant gold Exploration Target defined by SRK in July 2015. The Exploration Target has a tonnage range of between 5 and 7 Mt at a grade range of between 4 and 8 g/t Au, equating to between 0.8 and 1.5 Moz Au.

Pleasingly and as previously announced, the highlights from the abovementioned drill programme were:

- The total length-weighted grade of all significant drill intersections (including three resampled historic drill holes) equated to 4.48 g/t Au with estimated true thicknesses ranging from 0.4 m to 7.1 m and averaging 1.5 m;
- Assay results of up to 16.18 g/t Au were achieved from multiple mineralised zones;
- Drilling targeted known historical mineralisation and covered an area representing approximately 25% of the Exploration Target; and
- Six goldstone samples and one quartz-pyrite float sample from up to 2 km outside of the Exploration Target returned average grades of 8.4 g/t Au and 69.2 g/t Au, respectively.

I remain truly excited by the results of the initial drill programme, together with the samples of goldstones, as they exceeded my best case expectations.

Our focus for the rest of 2016 will be to continue to progress on the Ferensola Gold Project, with a view to carrying out additional drilling, as needed, and securing a suitable joint venture partner who, like Sula, can benefit from unlocking the significant value within the Ferensola Gold Project.

Coltan

Our third exploration target, columbite-tantalite (known as "coltan"), has the potential to deliver significant value to Sula. We became aware that Ferensola was potentially rich in coltan during 2014, but until we carried out some initial exploratory work, 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 host country rocks that they are intruded into, causing the coltan mineralisation to be liberated into the soil horizon and alluvial system. Given the high density of coltan, at around 8g/cm3, it tends to remain 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 in early into 2015 provided strong evidence for the presence of coltan mineralisation. Samples were obtained from alluvial gravels from 46 locations. The samples 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 Licence grading at more than 3% tantalum, providing strong evidence for the presence of coltan mineralisation in the vicinity. Even with all the necessary caveats, this was a pleasing result.

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

As our immediate focus for 2016 is the further exploration of our Ferensola Gold Project, additional exploration activities on our coltan project in 2016 are likely to be limited. However, we are in discussions with potential off-takers for our coltan and one of our targets for 2016 is to formally engage with one such preferred party

SRK technical valuation

In February 2015, independent mining consultants, SRK ES, produced an updated valuation of Sula's Ferensola Project. 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 $56million, representing an uplift of almost $20 million to their previous estimate, and an increase to the maximum potential value of the property to $210 million.

Ebola Virus Disease

In common with the rest of the world, we were pleased to see that Sierra Leone was declared free of the Ebola virus disease ("EVD") in November 2015. Whilst our exploration activities continued throughout the crisis, others were not so fortunate. I would like to thank all of our in-country team for their continued efforts during that difficult period in the country's history.

Corporate Social Responsibility ("CSR")

Sula maintains a prominent CSR programme in the region and we continued to provide funding and resources for projects in the Diang, Samia Bendugu and Nieni Chiefdoms. Further details of our ongoing CSR programmes can be found on our website at www.sulaironandgold.com

Financial Review

The Group recorded an unaudited loss for the year to 30 September 2015 of £1.8 million (2014: £1.4 million). The loss per share was 0.56p (2014: 0.57p).

The Group's exploration activities during the financial year under review were funded through a number of share placements, raising a total of £1.6 million (2014: £3.6 million) before placement costs.

We ended the financial year with a cash balance of £0.3 million, which was enhanced post year end with a further equity issue of almost £0.5 million in October 2015. The Company also announced on 24 February 2016 that it is to raise a further £0.3 million through the issue of new shares to assist with the delivering of our targets for 2016.

Targets for 2016

Our operational targets for 2016 are:

- further exploration on the Ferensola Gold Project, specifically additional drilling on the Exploration Target;
- secure a joint venture partner for the Ferensola Gold Project to fund the project through to a bankable feasibility study;
- identify a joint venture partner and subsequently generate value from the iron ore now that exploration on BIF is completed; and
- maintain and progress discussions with potential off-takers for the coltan project.

Board Changes

During the year under review we strengthened our exploration expertise on the board with the appointment of Howard Baker as Non-Executive Technical Director in May 2015, with Andrew Dacey stepping down from the board in June 2015. I would like to once again thank Andrew for his contribution to the Group during his time in office.

Howard was previously a consultant at SRK, where he acted as the Competent Person for both the Company's Ferensola iron ore resource estimate and the contiguous Tonkolili iron ore resource estimate. Howard has been a significant asset since he joined the board and was particularly instrumental in assisting SRK generate the Exploration Target for the Ferensola Gold Project in July 2015, as well as being onsite during the October/November drill programme late last year.

Outlook

2015 was a significant year in the life of the Company. Uniquely, Sula has now become a genuine multi-commodity exploration operation in Sierra Leone, with opportunities to extract material value from our gold, iron and coltan projects. I was delighted that, in February 2015, SRK ES increased their technical valuation of Ferensola by almost $20 million to $56 million, despite the challenging conditions being prevalent in global commodity markets over the same period.

It is pleasing that each of our projects is at a different point in its lifecycle:

- the iron project being the furthest advanced, having achieved our stated goal of reporting a JORC compliant MRE on BIF 1 by the end of 2014, with a resource of more than 500Mt and the potential for a further 250Mt;
- the Ferensola Gold Project, which truly excites me, is progressing extremely well, with results from our recent drill campaign exceeding my previously best expectations; and
- the discovery of high concentrations of the rare and valuable metal, tantalum (the valuable constituent of coltan), on the Licence, giving us the necessary confidence to commence discussions with potential off-takers.

CHIEF EXECUTIVE'S REVIEW
FOR THE YEAR ENDED 30 SEPTEMBER 2015

Our targets for 2016 are set, with the securing of a suitable joint venture partner for the Ferensola Gold Project a key priority.

Finally, I would like to take this opportunity to express my gratitude to my fellow directors, management and professional advisers for their dedication. I would also like to thank our shareholders for their loyal support. I look forward to providing future updates on the Group's development in due course.

N Warrell
Chief Executive Officer
7 March 2016

STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2015

Overview of the business

The year to 30 September 2015 has resulted in a loss of £1.8 million (2014: £1.4 million). As is expected with an exploration company, only minimal revenue of £2,000 on was generated (2014: £26,000). The loss results from administrative and exploration costs, primarily incurred in Sierra Leone. Net assets at the year end stood at £5.8 million (2014: £5.9 million). The Group's cash position of £0.3 million as at 30 September 2015 improved post year end following a placing in October 2015 which raised £0.5 million.

Ferensola is located in the Sula-Kangari Greenstone Belt in the Northern Province of Sierra Leone, 55km south of the nearest town, Kabala and 290km north east of the capital, Freetown. The region is highly prospective for iron, gold and coltan.

Further information on the Group's operations is set out in the Chief Executive's Review on pages 3 to 9. The Project has good infrastructure with access from Freetown via a tarred road followed by 80km on bush roads. There is an exploration camp located centrally at Ferensola, which was completely renovated by the Group in 2012 with the installation of running water, sanitation, cooking and multiple air-conditioned accommodation facilities, all of which are powered by fully integrated diesel generators. The camp is ideally situated and equipped to facilitate future exploration work within the Project area; the camp boasts mechanical and electrical engineering workshops, core sheds and computerised stores.

Principal risks

Exploration risk

The Group's business is mineral exploration and evaluation which are speculative activities and whilst the Directors are satisfied that good progress is being made and that Sula has obtained its maiden JORC compliant MRE in December 2014, there is no certainty that Sula will proceed to the development of any of its projects or otherwise realise their value. The Group aims to mitigate this risk when evaluating new business opportunities by targeting areas of potential where there is at least some historical drilling or geological data available and where the leading exploration consultants believe there is strong evidence of high class mineral deposits.

Resource risk

All mineral projects have risk associated with defined grade and continuity. Mineral reserves and resources are calculated by the Group in accordance with accepted industry standards and codes but are always subject to uncertainties in the underlying assumptions which include geological projection and commodity price assumptions.

Environmental risk

Exploration of a project can be adversely affected by environmental legislation and the unforeseen results of environmental studies carried out during evaluation of a project. Having already defined a JORC compliant MRE on its BIF, the Group is currently in the exploration stage on other parts of the Licence. Any disturbance to the environment during this phase is minimal and is rehabilitated in accordance with the prevailing regulations of Sierra Leone.

Financing & liquidity risk

The Company has an ongoing requirement to fund its activities through the equity markets. There is no certainty such funds will be available when needed. To date the Company has managed to raise funds primarily through equity placements despite the very difficult market that currently exists for raising funding in the junior mining industry.

Political risk

All countries carry political risk that can lead to interruption of activity. Politically stable countries can have enhanced environmental and social permitting risks, risks of strikes and changes to taxation, whereas less developed countries can have, in addition, risks associated with changes to the legal framework, civil unrest and government expropriation of assets. The Chief Executive's long standing working knowledge of Sierra Leone, helps to reduce any possible political risk.

Health risk

A reoccurance of the EVD outbreak may represent a threat to maintaining a skilled workforce in the mining industry in Africa and become a healthcare challenge. Should the EVD reoccurr, there can be no assurance that we would not lose members of our workforce, see our workforce productivity substantially reduced or be faced with increased demand from expatriate employees wanting to return to the UK or refusing to go to Africa, which could have a material adverse effect on our financial condition and results of operation. The Group, however, is not reliant on a significant number of expatriate employees in Sierra Leone. The health risk has been significantly reduced following the World Health Organisation declaring Sierra Leone EVD free in November 2015.

Internal controls & risk management

The Directors are responsible for the Group's system of internal financial control. Although no system of internal financial control can provide absolute assurance against material misstatement or loss, the Group's system is designed to provide reasonable assurance that problems are identified on a timely basis and dealt with appropriately. In carrying out their responsibilities, the Directors have put in place a framework of controls to ensure as far as possible that ongoing financial performance is monitored in a timely manner, that corrective action is taken and that risk is identified as early as practically possible, and they have reviewed the effectiveness of internal financial control.

On behalf of the board

Matt Wood,
Director
7 March 2016

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2015

The Directors present their report together with the audited consolidated financial statements of Sula Iron & Gold plc ('the Company') and its subsidiary, Blue Horizon (SL) Ltd ("Blue Horizon") (together 'Sula' or the 'Group') for the year ended 30 September 2015.

The Group's main project is exploring for iron, gold and coltan on the Group's Ferensola exploration licence area in the Sula-Kangari Greenstone Belt in the Northern Province of Sierra Leone.

Review of business and financial performance
Information on the financial position and development of the Group is set out in the Chief Executive's Review, the Strategic Report and the financial statements.

Results
The Group reports a loss before and after tax of £1,768,000 (2014: £1,380,000) for the year ended 30 September 2015.

Major events after the balance sheet date
The following events occurred after the balance sheet date:

- In October 2015, the Company raised £500,000 (before expenses), through a placing of 166,666,664 new ordinary shares of 0.1p each at a price of 0.3p each;
- On 30 November 2015, the Company announced that it had completed the extended drill programme at its Ferensola Gold Project on budget and ahead of schedule;
- On 14 December 2015 and 6 January 2016, the Company announced assay results from 10 diamond drill holes of a 1,556m drill programme on the Ferensola Gold Project, which recoded high grade mineralisation; and
- In February 2016, the Company raised £290,000 (before expenses), through a placing of 181,250,000 new ordinary shares of 0.1p each at a price of 0.16p each.

Dividends
The Directors do not recommend payment of a dividend for the year ended 30 September 2015 (2014: £nil).

Financial risk management
The Group's operations are exposed to a variety of financial risks and these are detailed in note 21 to these financial statements.

Political donations
There were no political donations during the year ended 30 September 2015 (2014: £nil).

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2015 (CONTINUED)

Corporate governance statement

The Directors recognise the importance of sound corporate governance commensurate with the size and nature of the Company and the interests of its shareholders. The Company complies as far as the Directors consider appropriate with the Corporate Governance Code for Small and Mid-Size Quoted Companies 2013, published by the Quoted Companies Alliance. The Company has established an Audit Committee. The Remuneration Committee comprises the board as a whole.

Audit Committee

The Audit Committee, comprising M Wood and N Warrell, is chaired by M Wood, a qualified chartered accountant, and is responsible for ensuring the financial performance, position and prospects of the Group are properly monitored and reported on and for meeting the auditor and reviewing their reports relating to accounts and internal controls. Meetings of the Audit Committee are held at least twice a year, at appropriate times in the reporting and audit cycle. The Audit Committee is required to report formally to the board on its proceedings after each meeting on all matters for which it has responsibility. The members of the Audit Committee will be re-elected annually by the board.

Remuneration Committee

The Remuneration Committee is formed of the board as a whole and meets not less than twice each year. The board is 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.

Bribery legislation

The Directors have adopted appropriate procedures to ensure compliance with the Bribery Act 2010.

Directors

The following Directors served during the year:

N Warrell
M Wood
H Baker (Appointed 6 May 2015)
A Dacey (Resigned 30 June 2015)

Directors' interests

The beneficial interests of the Directors holding office on 30 September 2015 in the issued share capital of the Company were as follows:

	30 September 2015	
	Number of ordinary shares of £0.01p each	**Percentage of issued ordinary share capital**
N Warrell	49,813,010	11.76%
M Wood	662,308	0.16%
H Baker	2,000,000	0.47%

On 14 October 2015, the Company issued 166,666,664 ordinary shares at an issue price of £0.003. Of the shares issued, M Wood and H Baker acquired 833,333 and 1,666,666, respectively.

Details of share options and warrants granted to Directors are disclosed in note 19 to the financial statements.

Directors' remuneration and service contracts
Details of Directors' emoluments including share-based payments are disclosed in note 10 to these financial statements.

	Salary/ fees 2015 £'000	Share-based payments 2015 £'000	Total 2015 £'000	Total 2014 £ '000
N Warrell	140	37	177	159
M Wood	24	32	56	47
H Baker (Appointed 6 May 2015)	10	1	11	-
A Dacey (Resigned 30 June 2015)	23	10	33	26
G Burnell (Resigned 31 October 2013)	-	-	-	3
Total	**197**	**80**	**277**	**235**

Directors' indemnities
The Group maintains directors' and officers' liability insurance providing appropriate cover for any legal action brought against its Directors.

Going concern
The Directors have adopted the going concern basis in preparing these financial statements. This is further explained in note 2 to the financial statements.

Statement of Directors' responsibilities
The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the Group's results for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements comply with IFRS as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor
So far as the Directors are aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- all the Directors have taken the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor
Chantrey Vellacott DFK LLP merged its practice with Moore Stephens LLP with effect from 1 May 2015 and now practices under the name of Moore Stephens LLP. A resolution to re-appoint Moore Stephens LLP, as auditor of the Company will be proposed at the Annual General Meeting.

By order of the Board

Matt Wood
Director
7 March 2016

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SULA IRON & GOLD PLC

We have audited the financial statements of Sula Iron & Gold plc for the year ended 30 September 2015, which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the Company statement of financial position, the Company statement of changes in equity, the Company statement of cash flows and the related notes. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and as regards to the parent company financial statements, has applied the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 30 September 2015 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the Provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SULA IRON & GOLD PLC

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

IAN STAUNTON FCA (Senior Statutory Auditor)
for and on behalf of MOORE STEPHENS LLP
Chartered Accountants and Statutory Auditor
London
7 March 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Notes	2015 £'000	2014 £'000
Continuing operations			
Revenue		2	26
Cost of sales		-	-
Gross profit		2	26
Administrative expenses	**8**	(1,770)	(1,406)
Loss from operating activities		(1,768)	(1,380)
Net finance costs		-	-
Loss before tax		(1,768)	(1,380)
Taxation	**11**	-	-
Loss for the year		(1,768)	(1,380)
Other comprehensive income			
Exchange translation		54	71
Total comprehensive expense for the year		(1,714)	(1,309)
Basic and diluted loss per share (pence)	**18**	(0.56)	(0.57)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015

	Notes	2015 £'000	2014 £'000
Assets			
Property, plant and equipment	**12**	255	360
Intangible assets	**13**	5,428	5,343
Non-current assets		5,683	5,703
Trade and other receivables	**15**	67	104
Bank balances	**16**	250	285
Current assets		317	389
Total assets		6,000	6,092
Equity			
Share capital	**17**	3,635	2,815
Share premium		7,178	6,514
Exchange reserve		172	118
Retained deficit		(5,209)	(3,533)
Total equity		5,776	5,914
Liabilities			
Trade and other payables	**20**	224	178
Current liabilities		224	178
Total liabilities		224	178
Total equity and liabilities		6,000	6,092

The financial statements of Sula Iron & Gold plc, company number 07800337, were approved by the board of Directors and authorised for issue on 7 March 2016. They were signed on its behalf by:

Matt Wood
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2014

	Share capital £'000	Share premium £'000	Exchange reserve £'000	Retained deficit £'000	Total equity £'000
Balance at 1 October 2013	1,220	4,679	47	(2,294)	3,652
Loss for the period	-	-	-	(1,380)	(1,380)
Total other comprehensive income	-	-	71	-	71
Total comprehensive income / (expense) for the period	-	-	71	(1,380)	(1,309)
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
Balance at 30 September 2014	2,815	6,514	118	(3,533)	5,914

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	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	3,635	7,178	172	(5,209)	5,776

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Notes	2015 £'000	2014 £'000
Cash flows from operating activities			
Loss for the period		(1,768)	(1,380)
Adjustments for:			
- Depreciation		122	99
- Impairment of fixed assets		5	10
- Equity settled share-based payments		92	141
- Expenses financed by issue of shares		-	74
- Foreign exchange differences		(53)	53
		(1,602)	(1,003)
Changes in:			
- Trade and other receivables		32	(64)
- Trade and other payables		54	(190)
Net cash used in operating activities		(1,516)	(1,257)
Cash flows from investing activities			
Disposal of property, plant and equipment		-	3
Acquisition of intangibles		-	(1,519)
Acquisition of property, plant and equipment		(3)	(231)
Net cash used in investing activities		(3)	(1,747)
Cash flows from financing activities			
Proceeds from issue of share capital		1,585	3,474
Issue costs		(101)	(185)
Funds applied to loans and borrowings		-	(14)
Net cash flows from financing activities		1,484	3,275
Net (decrease) /increase in cash and cash equivalents		(35)	271
Cash and cash equivalents at beginning of period		285	14
Cash and cash equivalents at 30 September	**16**	250	285

The notes on pages 28 to 55 are an integral part of these financial statements

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015

	Notes	2015 £'000	2014 £'000
Assets			
Investments	**14**	3,687	3,687
Non-current assets		3,687	3,687
Trade and other receivables	**15**	6,107	4,833
Bank balances	**16**	227	252
Current assets		6,334	5,085
Total assets		10,021	8,772
Equity			
Share capital	**17**	3,635	2,815
Share premium		7,178	6,514
Retained deficit		(956)	(682)
Total equity		9,857	8,647
Liabilities			
Trade and other payables	**20**	164	125
Current liabilities		164	125
Total liabilities		164	125
Total equity and liabilities		10,021	8,772

The financial statements of Sula Iron & Gold plc, company number 07800337, were approved by the board of Directors and authorised for issue on 7 March 2016. They were signed on its behalf by:

Matt Wood
Director

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2014

	Share capital £'000	Share premium £'000	Retained deficit £'000	Total equity £'000
Balance at 1 October 2013	1,220	4,679	(382)	5,517
Loss for the period	-	-	(441)	(441)
Total comprehensive (expense) for the year	-	-	(441)	(441)
Issue of ordinary shares	1,595	2,020	-	3,615
Costs of share issue	-	(185)	-	(185)
Share-based payments	-	-	141	141
	1,595	1,835	141	3,571
Balance at 30 September 2014	2,815	6,514	(682)	8,647

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Share capital £'000	Share premium £'000	Retained deficit £'000	Total equity £'000
Balance at 1 October 2014	2,815	6,514	(682)	8,647
Loss for the year	-	-	(367)	(367)
Total comprehensive (expense) for the year	-	-	(367)	(367)
Issue of ordinary shares	820	765	-	1,585
Costs of share issue	-	(101)	-	(101)
Share-based payments	-	-	93	93
	820	664	93	1,577
Balance at 30 September 2015	3,635	7,178	(956)	9,857

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Notes	2015 £'000	2014 £'000
Cash flows from operating activities			
Loss for the period		(367)	(441)
Adjustments for:			
- Equity settled share-based payments transactions		93	141
- Expenses financed by issue of shares		-	74
		(274)	(226)
Changes in:			
- trade and other receivables		(1,274)	(2,590)
- trade and other payables		39	(230)
Net cash used in operating activities		(1,509)	(3,046)
Cash flows from financing activities			
Proceeds from issue of share capital		1,585	3,474
Issue costs		(101)	(185)
Net cash flows from financing activities		1,484	3,289
Net (decrease)/increase in cash and cash equivalents		(25)	243
Cash and cash equivalents at beginning of period		252	9
Cash and cash equivalents at 30 September	**16**	227	252

1. Reporting entity

Sula Iron & Gold plc is a company incorporated and domiciled in England and Wales. The address of the Company's registered office is 201 Temple Chambers, 3-7 Temple Avenue, London EC4Y 0DT. The consolidated financial statements of the Company as at and for the year ended 30 September 2015 include the Company and its subsidiary. The Group is primarily involved in the exploration and exploitation of mineral resources in Sierra Leone.

2. Going concern

After making enquiries and preparing forecasts for 12 months from the date of the financial statements, the Directors have formed a judgement that, as at the date of approving the financial statements, there is a reasonable expectation that the Group and the Company have adequate resources to continue in existence for the foreseeable future, however for the Company to continue with its exploratory activities, the Directors' believe that it would need to obtain further funding either from a strategic partner or subsequent equity raisings. For this reason, the Directors have adopted the going concern basis in preparing the financial statements. In forming this judgement, the Directors have taken account of funds raised in February 2016 and believe these funds are adequate for, inter alia, the Group's ongoing administration costs.

3. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB') and as adopted by the European Union.

The Company's individual statement of comprehensive income has been omitted from the Group's annual financial statements having taken advantage of the exemption under Section 408(3) of the Companies Act 2006. The Company's total comprehensive expense for the year was £367,000 (2014: £441,000).

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis with the exception of items detailed in note 6.

(c) Functional and presentation currency

These consolidated financial statements are presented in Pounds Sterling, which is the Company's functional currency. All financial information presented has been rounded to the nearest thousand, except when otherwise indicated.

(d) Use of estimates and judgements

The preparation of the consolidated financial statements 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. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

The estimates and assumptions that have the most significant effect on the amounts recognised in the consolidated financial statements and/or have a significant risk of resulting in a material adjustment within the next financial year are as follows:

- Carrying value of intangible assets – Notes 4(e) and 13
- Valuation of share options – Notes 4(g) and 19

4. Significant accounting policies

The accounting policies set out below have been applied consistently throughout the period presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

When the excess is negative, a bargain purchase price is recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

4. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries have been included in the consolidated financial statements from the date that control commences until the date that control ceases.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income.

4. Significant accounting policies (continued)

(b) Foreign currency (continued)

(ii) Foreign operations

The assets and liabilities of foreign operations, are translated to pounds sterling at exchange rates at the reporting date. The income and expenses of foreign operations, are translated to pounds sterling at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (exchange reserve) in equity.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income, and presented in the exchange reserve in equity.

(c) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group 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 Group 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 Group 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 Group classifies non-derivative financial assets as loans and receivables.

4. Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payment terms 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 (see note 4(f)(i)).

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, overdrafts 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 Group in the management of its short-term commitments.

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

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

The Group classifies non-derivative financial liabilities as other financial liabilities. 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, overdrafts and director loans.

(iii) 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.

4. Significant accounting policies (continued)

(d) Property, plant and equipment

(i) 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 components) of property, plant and equipment.

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

(ii) Subsequent costs

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

(iii) Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Land is not depreciated.

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

- Buildings — 25 years
- Plant and equipment — 5-10 years
- Fixtures and fittings — 5 years

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

4. Significant accounting policies (continued)

(e) Intangible assets

(i) Prospecting and exploration rights

Rights acquired with subsidiaries are recognised at fair value at the date of acquisition. Other rights acquired and development expenditure are recognised at cost.

Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Development costs will only be capitalised when the Directors have reasonable beliefs that a JORC compliant resource estimate will be obtained. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure will be measured at cost less accumulated amortisation and impairment losses.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iv) Amortisation

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative years are as follows:

- Prospecting and exploration rights Life of mine

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

Amortisation is included within administrative expenses in the statement of comprehensive income.

(f) Impairment

(i) 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 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 Group on terms that the Group 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 Group 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 Group 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 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.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash generating unit ('CGU') exceeds its recoverable amount.

The recoverable amount of an asset of CGU 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 or CGU. 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 or CGUs.

4. Significant accounting policies (continued)

(f) Impairment (continued)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

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

(g) Employee benefits – share based payments

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(h) Provisions

A provision is recognised if, as a result of a past event, the Group 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.

(i) Revenue

Revenue from the sale of precious metals is recognised in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer, excluding sales taxes.

(j) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and impairment losses recognised on financial assets (other than trade receivables).

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.

4. Significant accounting policies (continued)

(k) Taxation

Tax expense comprises current and deferred tax. Current 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.

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, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

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; and
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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 substantively 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.

5. New standards and interpretations not yet adopted

Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 October 14 or later periods, but which the Group has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

Amendments to IAS 1 Presentation of financial statements
Amendments to IAS 16 Property Plant and Equipment
Amendments to IAS 24 Related Party Disclosures
Amendments to IFRS 7 Financial Instruments : Disclosures
Amendments to IFRS 8 Operating Segments
Amendments to IAS 27 Separate Financial Statements
Amendments to IAS 38 Intangible Assets

Investment Entities (Amendments to IFRS 10 and IFRS 12)

Where relevant, the Group is evaluating the effect of these Standards, amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

6. Determination of fair values

A number of the Group'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.

(i) 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 an asset could be exchanged 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.

(ii) Intangible assets

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

(iii) 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 measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

(iv) Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

(v) Share-based payments

The fair value of the employee and director share options and warrants are measured using the Black-Scholes formula. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, expected volatility (based on an evaluation of the Company's historic volatility, particularly over the historic period commensurate with the expected term), expected term of the instruments (based on historical experience and general option and warrant holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

7. Operating segments

The Company acts as the 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.

8. Administrative expenses

	2015	2014
Administrative expenses include:	£'000	£'000
Staff costs	672	412
Depreciation	122	99
Impairment of fixed assets	5	10
Auditor's remuneration – audit services	20	20

Auditor's remuneration in respect of the Company amounted to £10,000 (2014: £10,000).

9. Staff costs

	2015	2014
	£'000	£'000
Wages and salaries	522	314
Social security contributions	1	-
Directors fees	57	33
Equity settled share-based payments –including directors	92	65
	672	412

The monthly average number of employees (including Directors) during the period was:

	2015	2014
Directors	3	3
Other employees	54	57
	57	60

Other than Directors, there are no other key management personnel.

10. Directors' emoluments

2015

	Executive £'000	Non-executive £'000	Total £'000
Wages and salaries	140	-	140
Fees	24	33	57
Equity settled share-based payments	69	11	80
	233	44	277

2014

	Executive £'000	Non-executive £'000	Total £'000
Wages and salaries	128	-	128
Fees	-	45	45
Equity settled share-based payments	31	31	62
	159	76	235

Emoluments disclosed above include the following amounts paid to the highest Director:

	2015 £'000	2014 £'000
Emoluments for qualifying services	177	159

Other than the issue of warrants to Mr H Baker excercisable at 1.375p per share on 6 May 2015, no warrants or options were granted to Directors during the year (2014: 25,823,691).

11. Taxation

Reconciliation of tax expense

	2015 £'000	2014 £'000
Loss before tax from continuing operations	(1,768)	(1,380)
Tax using the Company's domestic tax rate of 20% (2014: 20%)	(354)	(276)
Effects of:		
Current losses carried forward	354	276
	-	-

Factors that may affect future tax charges

At the year end, the Group had unused tax losses available for offset against suitable future profits of approximately £5,733,000 (2014: £3,965,000). A deferred tax asset has not been recognised in respect of such losses due to uncertainty of future profit streams.

12. Property, plant and equipment

Group

	Land and buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
Balance at 1 October 2013	46	297	30	373
Additions	32	195	5	232
Disposals	-	(6)	-	(6)
Effect of movements in exchange rate	-	1	-	1
Balance at 30 September 2014	78	487	35	600
Balance at 1 October 2014	78	487	35	600
Additions	-	4	-	4
Disposals	-	(4)	(1)	(5)
Effect of movements in exchange rate	4	28	2	34
Balance at 30 September 2015	82	515	36	633
Depreciation				
Balance at 1 October 2013	20	103	11	134
Depreciation	14	79	6	99
Impairment	-	10	-	10
Disposals	-	(3)	-	(3)
Balance at 30 September 2014	34	189	17	240
Balance at 1 October 2014	34	189	17	240
Depreciation	21	98	3	122
Impairment	1	2	2	5
Disposals	-	(3)	-	(3)
Effect of movements in exchange rate	2	11	1	14
Balance at 30 September 2015	58	297	23	378
Carrying amounts				
At 30 September 2015	24	218	13	255
At 30 September 2014	44	298	18	360

13. Intangible assets

Group

	Prospecting and exploration rights £'000
Cost at 1 October 2013	3,824
Additions	1,519
Balance at 30 September 2014	5,343
Cost at 1 October 2014	5,343
Effect of movements in exchange rate	85
Balance as at 30 September 2015	5,428
Carrying amounts	
Balance at 30 September 2015	5,428
Balance at 30 September 2014	5,343

The opening balance of intangible assets was initially recognised on the acquisition of the subsidiary, Blue Horizon (SL) Ltd. The additions represent expenditure incurred to obtain a JORC compliant Mineral Resource Estimate (MRE).

The Directors regularly assesses the carrying value and write off any deferred exploration expenditure that it believes to be unrecoverable. A review of exploration and evaluation assets at year end resulted in no impairment charge (2014: £nil) as the valuation obtained significantly exceeded its carrying value.

Intangible assets are not pledged as security or held under any restriction of title.

14. Investments

Company

	2015 £'000	2014 £'000
Non-current investments		
Investment in subsidiary	3,687	3,687

	Activity	Country of incorporation	Ownership interest
Directly			
Blue Horizon (SL) Ltd	Mining and exploration	Sierra Leone	100%

15. Trade and other receivables

Group

	2015 £'000	2014 £'000
Other receivables	12	48
Prepayments	55	56
	67	104

Company

	2015 £'000	2014 £'000
Receivables due from group undertakings	6,076	4,792
Other receivables	12	25
Prepayments	19	16
	6,107	4,833

The Group and Company's exposure to credit, market and currency risk related to other receivables is disclosed in note 21.

16. Cash and cash equivalents

Group

	2015	2014
	£'000	£'000
Bank balances	250	285
Cash and cash equivalents	250	285

Company

	2015	2014
	£'000	£'000
Bank balances	227	252
Cash and cash equivalents	227	252

17. Share capital

	Number of ordinary shares	
	2015	2014
Ordinary shares in issue at 1 October	281,484,958	121,966,674
Issued for cash	142,030,302	152,493,272
Issued in settlement of debt	-	3,310,972
Issued in settlement of expenses	-	3,714,040
In issue at 30 September – fully paid (par value 0.1p)	423,515,260	281,484,958

	Number of deferred shares	
Deferred shares		
Issued on subdivision	356,848,594	-
	356,848,594	-

	Ordinary share capital	
	2015	2014
	£'000	£'000
Balance at beginning of period	2,815	1,220
Share issues	820	1,595
Balance at 30 September	3,635	2,815

All ordinary 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.

At a general meeting of the Company held on 7 September 2015, the Company's shareholders approved resolutions to, inter alia, subdivide each ordinary share of 1.0p each into 1 new ordinary share of 0.1p each and 1 deferred share of 0.9p each .

17 Share capital (continued)

The ordinary shares of 0.1p each carry the same rights as those previously attached to the ordinary shares of 1.0p each (save for the reduction in nominal value).

The deferred shares do not entitle the holders thereof to receive notice of or attend and vote at any general meeting of the Company or to receive a dividends or other distributions or to participate in any return on capital on a winding up unless the assets of the Company are in excess of £1,000,000,000,000. The Company retains the right to purchase the deferred shares from any shareholder for a consideration of one penny in aggregate for all that shareholder's deferred shares. As such, the deferred shares effectively have no value. Share certificates will not be issued in respect of the deferred shares.

Issue of ordinary shares

On 14 November 2014, the Company raised £585,000 (before expenses), through a placing of 39,000,000 new ordinary shares of 1.0p each in the Company at a price of 1.5p per placing share.

On 26 November 2014, the Company raised £600,000 (before expenses), through a placing of 36,363,636 new ordinary shares of 1.0p each in the Company at a price of 1.65 per placing share.

On 8 September 2015, the Company raised £400,000 (before expenses), through a placing of 66,666,666 new ordinary shares of 0.1p each in the Company at a price of 0.6p per placing share.

Issue costs of £101,000 were offset against the share premium account in the year ended 30 September 2015 (2014: £185,000).

Post year end, on 14 October 2015, the Company raised £500,000 (before expenses), through a placing of 166,666,664 new ordinary shares of 0.1p each in the Company at a price of 0.3p per placing share and on 24 February 2016, the Company raised £290,000 (before expenses), through a placing of 181,250,000 new ordinary shares of 0.1p each in the Company at a price of 0.16p per placing share.

18. 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 £1,768,000 (2014: £1,380,000), and a weighted average number of ordinary shares in issue of 315,858,958 (2014: 240,780,215).

As detailed in note 23, the Company issued a number of shares subsequent to the balance sheet date which would have significantly increased the number of ordinary shares in issue if these transactions had occurred prior to the end of the year. The issues would have had an anti-dilutive effect. All existing warrants and options are also anti-dilutive.

19. Share options and warrants

Reconciliation of outstanding share options:

	Number of options	Weighted average exercise price £
Outstanding at 1 October 2014	29,750,000	0.05
Granted during the year	-	
Outstanding and exercisable at 30 September 2015	29,750,000	0.05

The weighted average contractual life of the options outstanding at the balance sheet date is 3 years 22 days.

Reconciliation of outstanding warrants

	Number of warrants	Weighted average exercise price £
Outstanding at 1 October 2014	55,697,009	0.03
Granted during the year	9,273,458	0.01
Forfeited	(3,700,000)	0.03
Outstanding at 30 September 2015	61,270,467	0.03

Of the total number of warrants outstanding at 30 September 2015, 51,790,164 (2014 : 45,873,309) have vested and are excercisable.

19. Share options and warrants (continued)

The fair values of these warrants were calculated using the Black Scholes Model using the following assumptions:

Risk free interest rate	1.87%
Expected volatility	40%
Expected dividend yield	0.00%
Life of the option	1,3 & 5 years

The weighted average remaining contractual life of the warrants outstanding at the balance sheet date is 1 year 329 days.

20. Trade and other payables

Group

	2015	**2014**
	£'000	**£'000**
Trade payables	95	60
Other payables	44	22
Accrued expenses	85	96
	224	178

Company

	2015	**2014**
	£'000	**£'000**
Trade payables	87	38
Accrued expenses	77	87
	164	125

The Group's and Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 21.

21. Financial instruments

Financial risk management

Overview
The Group has exposure to the following risks arising from financial instruments.

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework
The Company's board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

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

21. Financial instruments (continued)

Group

	Carrying amount 2015 £'000	2014 £'000
Trade and other receivables	67	104
Cash and cash equivalents	250	285
	317	389

Company

	Carrying amount 2015 £'000	2014 £'000
Trade and other receivables	6,107	4,833
Cash and cash equivalents	227	252
	6,334	5,085

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group'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 Group's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

Group

30 September 2015

	Carrying amount £'000	2 months or less £'000	2-12 months £'000	More than 1 year £'000
Non-derivative financial liabilities				
Trade payables	224	224	-	-
	224	224	-	-

21. Financial instruments (continued)

Liquidity risk (continued)

Group

30 September 2014

	Carrying amount £'000	2 months or less £'000	2-12 months £'000	More than 1 year £'000
Non-derivative financial liabilities				
Trade payables	178	178	-	-
	178	178	-	-

Company

30 September 2015

	Carrying amount £'000	2 months or less £'000	2-12 months £'000	More than 1 year £'000
Non-derivative financial liabilities				
Trade payables	164	164	-	-
	164	164	-	-

30 September 2014

	Carrying amount £'000	2 months or less £'000	2-12 months £'000	More than 1 year £'000
Non-derivative financial liabilities				
Trade payables	125	125	-	-
	125	125	-	-

The Group 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 Group'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 Group's operations, it will be mainly exposed to fluctuations in the price of iron and gold. The Group, where able, will look to hedge its foreign currency exposure.

21. Financial instruments (continued)

Currency risk
The Group is exposed to foreign currency risk on purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are USD.

The Group places deposits in foreign currencies to manage the exposure to changes in future cash outflows in these currencies

Capital management
The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of equity which at 30 September 2015 for the Group totalled £5,776,000 (2014: £5,914,000) and for the Company totalled £9,857,000 (2014: £8,647,000).

Accounting classifications and fair values

Fair values and 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.

Group

30 September 2015

	Loans and receivables £'000	Other financial liabilities £'000	Total carrying amount £'000	Fair value £'000
Cash and cash equivalents	250	-	250	250
Trade and other receivables	67	-	67	67
	317	-	317	317
Trade payables	-	(224)	(224)	(224)
	-	(224)	(224)	(224)

30 September 2014

	Loans and receivables £'000	Other financial liabilities £'000	Total carrying amount £'000	Fair value £'000
Cash and cash equivalents	285	-	285	285
Trade and other receivables	104	-	104	104
	389	-	389	389
Trade payable	-	(178)	(178)	(178)
	-	(178)	(178)	(178)

21. Financial instruments (continued)

Accounting classifications and fair values (continued)

Company

30 September 2015

	Loans and receivables £'000	Other financial liabilities £'000	Total carrying amount £'000	Fair value £'000
Cash and cash equivalents	227	-	227	227
Trade and other receivables	6,107	-	6,107	6,107
	6,334	-	6,334	6,334
Trade payables	-	(164)	(164)	(164)
	-	(164)	(164)	(164)

30 September 2014

	Loans and receivables £'000	Other financial liabilities £'000	Total carrying amount £'000	Fair value £'000
Cash and cash equivalents	252	-	252	252
Trade and other receivables	4,833	-	4,833	4,833
	5,085	-	5,085	5,085
Trade payables	-	(125)	(125)	(125)
	-	(125)	(125)	(125)

22. Related parties

M Wood, a Director who served during the year is also director of ONE Advisory Limited, which provided accounting, company secretarial, registered office and administration services to the Company during the year. The total fees invoiced to the Company for the year ended 30 September 2015 were £70,000 (2014:£67,000) of which £18,000 was outstanding at year end. Mr Wood is also a director of ONE Advisory (Legal) Limited, which provided legal services during the year. The total fees invoiced to the Company for the year ended 30 September 2015 were £9,000 (2014: Nil) of which £9,000 was outstanding at year end.

A Dacey, a Director who served during the year is also director of Momentum Group, which provided geological consulting services to the Company during the year. The total fees invoiced to the Company for the year ended 30 September 2015 were £12,000 (2014: £9,000) of which £Nil was outstanding at year end.

Howard Baker, a Director who was appointed and served during the year, is also director of Baker Geological Services, which provided geological consulting services to the Company during the year. The total fees invoiced to the Company for the year ended 30 September 2015 were £11,000 (2014:£Nil) of which £3,000 was outstanding at year end.

During the year, the Company advanced funds, interest free, to Blue Horizon (SL) Ltd totalling £1,284,000 (2014: £2,552,000). As at 30 September 2015, the balance outstanding totalled £6,076,000 (2014: £4,792,000).

23. Subsequent events

On 14 October 2015, the Company raised £500,000, through a placing of 166,666,664 new ordinary shares of 0.1p each at a price of 0.3p each.

On 30 November 2015, the Company announced that it had completed the extended drill programme at its Ferensola Gold Project on budget and ahead of schedule.

On 14 December 2015 and 6 January 2016, the Company announced assay results from 10 diamond drill holes of a 1,556m drill programme on the Ferensola Gold Project, which recoded high grade mineralisation.

On 24 February 2016, the Company raised £290,000, through a placing of 181,250,000 new ordinary shares of 0.1p each at a price of 0.16p each.