

**30 June 2017**

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

**Interim Results**  
**For the six months to 31 March 2017**

Sula (AIM: SULA), a gold-focused exploration company focused on Sierra Leone, is pleased to announce its unaudited consolidated Interim Results for the six months ended 31 March 2017, in respect of the Company and its wholly owned subsidiary holding the mineral exploration licence, Blue Horizon (SL) Ltd ("Blue Horizon") (together the "Group").

**PERIOD END HIGHLIGHTS**

The first half of the 2017 financial year was a very busy period for Sula. As detailed in the report on post period activity in the 2017 Annual Report, this included:

- Expansion of the Board with the appointments of Roger Murphy as Chief Executive Officer and Iain Macpherson as a Non-Executive Director, with Nick Warrell assuming the role of Chief Operating Officer;
- Secured new strategic partner, Madini Occidental, which invested US\$0.40 million to become Sula's largest shareholder;
- Release of the results from an IP (Induced Polarity) Survey carried out during the period under review highlighting 8.5km of targets within the Licence with same geophysical signature as Sula's existing Sanama Hill Gold Exploration Target;
- Renewal of Ferensola Exploration Licence obtained from Sierra Leone Government for a period of three years with right to extend for a further two years;
- A further £2.0 million in new equity financing raised, from a combination of new and existing shareholders, Directors and further investment by Madini Occidental via a placing and open offer; and
- Appointment of Drill contractor, Equity Drilling Ltd, to carry out phase 2 drilling on the Ferensola Gold Project of approximately 2,400m of drilling which commenced in early March 2017. Equity Drilling agreed to take more than 50% of its fee in shares in Sula at a floor price of 0.35p.

**Post Half Year End Activity**

Since the end of the half year, our high level of activity has continued:

- Announced the completion of the phase 2 drilling programme on Ferensola with a total of 3,789m drilled in 14 drill holes, 50% more than originally planned;
- Reported the results of the first batch of five of the 14 drill holes. The highlight was at Sanama Hill where FDD014 gave the highest grade and greatest thickness of intersection ever drilled by Sula, being 15.9g/t over a true thickness of 3.1m. This was within a wider zone of 21.0m true thickness at 3.65g/t;
- Discovered a new area of gold mineralisation at TZ4 the Southern Target, 2km south of Sanama Hill. FDD021, the best in our second batch of nine holes, was drilled into the Southern Target and intersected 5.2g/t over 1.22m. FDD023 also intersected gold on the Southern Target in two intervals of 0.8m at 1.59g/t and 1.79g/t respectively. FDD023 was drilled 130m away from FDD021 and the two intersections suggest the potential for lateral continuity;
- Signed a new 5,000m contract with Equity Drilling on similar terms to the prior contract, for Phase 3 drilling programme on Ferensola, to commence June 2017. This programme will be focused on increasing the confidence around Sanama Hill, along with some scout drilling elsewhere in the licence area;
- Commissioned a structural geology analysis of Ferensola which highlighted 19 targets on our licence area, two of which coincide with Sanama and the Southern Target; and
- Raised £0.40 million in June 2017 which fully funds the Phase 3 programme.

#### **FINANCIAL HIGHLIGHTS FOR THE PERIOD**

- Loss for the period of £0.78 million (2016: £1.11 million loss), resulting in a loss per share of 0.04 pence (2016: 0.19 pence); and
- Net assets of £7.15 million at the period end (30 September 2016: £5.55 million).

#### **Roger Murphy, Chief Executive Officer of Sula, commented:**

*“The first half year of FY 2017 was very busy for Sula as the Operational Highlights above detail. We plan to maintain this strong momentum into the second half of the year. We are delighted that 10 of the 14 holes we have drilled at Sanama have hit gold, and we are equally delighted to have reported a new discovery area at TZ4 the Southern Target, which reinforces our view that Ferensola presents a substantially scaled gold system rather than a*

*single isolated occurrence. We remain convinced that the gold potential of Ferensola is significant and look forward to proving this to the market”*

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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 2017, a period in which the Company has continued to make important strides in progressing its strategy towards becoming a leading gold-focused 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 Phase 2 extended drilling campaign and the continued mapping and sampling of the licence area.

Sula completed a 3,789m drilling campaign in May 2017. The highlights were

- Drill hole FDD014 at Sanama Hill which gave the highest grade and greatest thickness of intersection ever drilled by Sula, being 15.9g/t over a true thickness of 3.1m. This was within a wider zone of 21.0m true thickness at 3.65g/t; and
- Drill hole FDD021, which turned TZ4, the Southern Target into our second gold discovery by reporting an intersection of 5.3g/t over 1.22m, in a mineralised shear very similar to those observed at Sanama Hill.

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.

Regional mapping during the dry season greatly helped to understand the regional structure. It has identified a granite intrusion to the south of the licence area, which is postulated to be the source of the regional shearing and the hydrothermal fluids which deposited the gold-bearing quartz-pyrite breccias in the shears. This mapping also helped identify other potential target areas such as TZ4 the Southern Target.

The structural geology work commissioned by Tect a specialist geological consultancy, firm, included both Sanama Hill and TZ4 amongst the 19 targets identified. Given that this structural work was done independently, this is very encouraging as it provides another 17 targets for investigation.

## **FINANCIAL REVIEW**

At the period end, Sula had net assets of approximately £7.15 million (30 September 2016: £5.55 million).

During the period under review, the Company raised approximately £2.34 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 £0.92 million. Post period end, the Company raised a further £0.40m to continue its drilling campaigns on Ferensola.

The loss before taxation for the period was £0.78 million (2016: £1.11 million), representing a loss per share of 0.04 pence (2016: 0.19 pence).

## **OUTLOOK**

The current Phase 3 drill programme is now fully financed. The 5,000m programme is continuing apace, with both drill rigs working two shifts per day as we look to complete the programme before the onset of the rains, which are expected to commence in mid-July.

Our first two drill programmes, one in 2015 and the second earlier this year, resulted in more than 5,000m of drilling being completed on Ferensola and delivered some breakthrough assay results, one of which gave Sula its highest grade and greatest thickness of intersection ever drilled, being 15.9g/t over a true thickness of 3.1m. As important was the intersection of high grade gold mineralisation in a new area, the Southern Target, which is 2km from Sanama Hill. This, together with the current Phase 3 programme targeting a further 5,000m of drilling, and the IP survey and recently completed structural geological analysis, provides the Board with significant data, information and confidence on the success of the Ferensola Gold Project.

In addition to the ongoing drill programme, over the coming months, we will seek to “ground truth” the other 17 gold targets identified in the structural geology report through lower cost local work, such as field work, reconnaissance mapping and further grab sample programmes.

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 2017.

Roger Murphy  
*Chief Executive Officer*

30 June 2017

**SULA IRON & GOLD PLC**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 31 MARCH 2017**

		6 months ended 31-Mar-17 (unaudited) £'000	6 months ended 31-Mar-16 (unaudited) £'000	Year ended 30-Sep-16 (audited) £'000
	Note			
<b>Revenue</b>		-	-	-
Cost of sales		-	-	-
<b>Gross profit</b>		-	-	-
Administrative expenses		(740)	(930)	(1,695)
Share based payment expense		(40)	(181)	(83)
<b>Results from operating activities</b>		(780)	(1,111)	(1,778)
<b>Loss before taxation</b>		(780)	(1,111)	(1,778)
Taxation		-	-	-
<b>Loss for the period</b>		(780)	(1,111)	(1,778)
<b>Other comprehensive (loss)/Income</b>				
Exchange translation		82	187	400
<b>Total other comprehensive loss for the period</b>		(698)	(924)	(1,378)
<b>Loss per share</b>				
Basic and diluted loss per share (pence)	5	(0.04)	(0.19)	(0.24)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2017**

	Notes	31-Mar-17 (unaudited) £'000	31-Mar-16 (unaudited) £'000	30-Sep-16 (audited) £'000
<b>Assets</b>				
Property, plant and equipment		206	220	179
Intangible assets		6,155	5,534	5,716
<b>Non-current assets</b>		<u>6,361</u>	<u>5,754</u>	<u>5,895</u>
Trade and other receivables		66	84	60
Cash and cash equivalents		923	275	101
<b>Current assets</b>		<u>989</u>	<u>359</u>	<u>161</u>
<b>Total assets</b>		<u>7,350</u>	<u>6,113</u>	<u>6,056</u>
<b>Equity</b>				
Share capital	6	5,426	4,114	4,114
Share premium		8,521	7,640	7,422
Shares to be issued		-	-	152
Warrant reserve		197	-	197
Share based payments reserve		688	745	648
Foreign exchange reserve		654	359	572
Retained deficit		(8,332)	(6,884)	(7,552)
		<u>7,154</u>	<u>5,974</u>	<u>5,553</u>
<b>Liabilities</b>				
Trade and other payables		183	139	472
Short term borrowings		13	-	31
<b>Current liabilities</b>		<u>196</u>	<u>139</u>	<u>503</u>
<b>Total liabilities</b>		<u>196</u>	<u>139</u>	<u>503</u>
<b>Total equity and liabilities</b>		<u>7,350</u>	<u>6,113</u>	<u>6,056</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 31 MARCH 2017**

	Share capital £'000	Share premium £'000	Shares to be issued £'000	Warrant reserve £'000	Exchange reserve £'000	Retained deficit £'000	Total Equity £'000
Balance at 1 October 2016 (audited)	4,114	7,422	152	197	572	(6,904)	5,553
Loss for the period	-	-	-	-	-	(780)	(780)
Total other comprehensive income	-	-	-	-	82	-	82
<b>Total comprehensive income / (expense) for the period</b>	-	-	-	-	82	(780)	(698)
Issue of ordinary shares	1,312	1,270	(152)	-	-	-	2,430
Cost of share issues	-	(171)	-	-	-	-	(171)
Share-based payments	-	-	-	-	-	40	40
	1,312	1,099	(152)	-	-	40	2,299
<b>Balance at 31 March 2017 (unaudited)</b>	5,426	8,521	-	197	654	(7,644)	7,154

**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
<b>Total comprehensive income / (expense) for the period</b>	-	-	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
<b>Balance at 31 March 2016 (unaudited)</b>	4,114	7,640	359	(6,139)	5,974



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

	Share capital £'000	Share premium £'000	Shares to be issued £'000	Warrant reserve £'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	-	-	-	-	-	(1,778)	(1,778)
Total other comprehensive income	-	-	-	-	400	-	400
<b>Total comprehensive income / (expense) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>400</b>	<b>(1,778)</b>	<b>(1,378)</b>
Issue of ordinary shares	479	324	152	197	-	-	1,152
Cost of share issues	-	(80)	-	-	-	-	(80)
Share-based payments	-	-	-	-	-	83	83
	<u>479</u>	<u>244</u>	<u>152</u>	<u>197</u>	<u>-</u>	<u>83</u>	<u>1,155</u>
<b>Balance at 30 September 2016 (unaudited)</b>	<b><u>4,114</u></b>	<b><u>7,422</u></b>	<b><u>152</u></b>	<b><u>197</u></b>	<b><u>572</u></b>	<b><u>(6,904)</u></b>	<b><u>5,553</u></b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 31 MARCH 2017**

	<b>6 months ended 31-Mar-17 (unaudited) £'000</b>	<b>6 months ended 31-Mar-16 (unaudited) £'000</b>	<b>Year ended 30-Sep-16 (audited) £'000</b>
<b>Cash flows from operating activities</b>			
Results from operating activities:	(780)	(1,111)	(1,778)
- Depreciation	53	66	132
- Expenses financed by shares	87	-	-
- Share based payment transaction	40	181	83
- Loss on disposal of fixed assets	-	9	10
- Foreign exchange differences	(4)	67	89
	<u>(604)</u>	<u>(788)</u>	<u>(1,464)</u>
Changes in:			
- trade and other receivables	(6)	(14)	12
- trade and other payables	(287)	(89)	229
<b>Net cash from operating activities</b>	<u>(897)</u>	<u>(891)</u>	<u>(1,223)</u>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	(72)	(25)	(29)
Purchase of intangibles	(355)	-	-
<b>Net cash used in investing activities</b>	<u>(427)</u>	<u>(25)</u>	<u>(29)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital	2,335	1,000	1,000
Proceeds from issue of shares to be issued	-	-	152
Issue costs	(171)	(59)	(80)
Funds from short term loans	-	-	31
Funds applied to short term loans	(18)	-	-
<b>Net cash flows from financing activities</b>	<u>2,146</u>	<u>941</u>	<u>1,103</u>
Net increase in cash and cash equivalents	822	25	(149)
Cash and cash equivalents at beginning of period	101	250	250
<b>Cash and cash equivalents at end of period</b>	<u>923</u>	<u>275</u>	<u>101</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 2017 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 2017.

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 2016.

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 2017 interim financial report has not been audited or reviewed.

The Annual Report and Financial Statements for 2016 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 2017.

#### **(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 2016.

### **(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 the Company's proven ability to raise further equity funds from its supportive shareholder base, that the Group will have sufficient funds to meet its expected committed and contractual expenditure for the foreseeable future. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the interim financial report for the period ended 31 March 2017.

### **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 2016.

### **4. Dividends**

No dividends were declared or paid during the period (2016: £nil).

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

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

The calculation of basic and diluted loss per share is based on the loss attributable to ordinary shareholders of £0.78 million (2016: £1.11 million) and a weighted average number of ordinary shares in issue of 1,858,339,160 (2016: 596,238,931).

### **6. Issues of Equity**

In October 2016, the Company raised £0.3 million via a placing of 304,642,410 ordinary shares of 0.1 pence ("Ordinary Shares") at a price of 0.1 pence.

On 18 November 2016, the Company announced a Subscription, Placing and Open Offer to issue up to 701,765,705 new Ordinary Shares at 0.21p each. On completion of the Open Offer on 15 December 2016, the Company had raised, £1.47m in new funds.

In March 2017, the Company issued 128,594,765 new Ordinary Shares at 0.4p to raise £0.51 million.

In May 2017, 52,425,474 Ordinary Shares were issued to Equity Drilling Ltd at 0.43p in settlement of their fees for completion of Phase 2 of the drilling programme.

In June 2017, the Company issued 160,000,000 new Ordinary Shares at 0.25p to raise £0.4 million to complete Phase 3 of the drilling programme.

In addition, since 1 October 2016, a number of warrant exercises have resulted in the further issue of 152,968,750 Ordinary Shares.

As at the period end, the Company had 2,214,695,198 Ordinary Shares in issue. At the date of this interim report, the Company has 2,427,120,672 Ordinary Shares in issue.