Sula Iron & Gold plc

("Sula" or the "Company")

Proposed placing and subscription to raise approximately £1,750,000

Settlement and termination of the Riverfort Facility and associated buy-back of ordinary shares from D-Beta

Acquisition of a controlling interest in the Cobalt Licence

Change of name

Proposed Share Capital Reorganisation and amendments to the Articles of Association

and

Notice of General Meeting

Introduction

The Company today announces that it has acquired a controlling interest in a Cobalt Licence and has conditionally raised £1,750,000 (before expenses), through the placing of 3,000,000,000 New Ordinary Shares with certain new and existing investors and a subscription for 500,000,000 New Ordinary Shares with a single investor all at a price of 0.05 pence per share. The Fundraising, which has been arranged by SP Angel, is conditional, inter alia, upon Shareholders' approval of each of the Resolutions and Admission.

The net proceeds of the Fundraising will be used:

1. to capitalise a new company to be incorporated in the DRC which will be 70% owned by Sula and 30% by the Vendor which will hold the Cobalt Licence;
2. to provide working capital to commence systematic geological exploration work under the Cobalt Licence, so commencing the process leading to the definition of an initial JORC-compliant cobalt and copper resource;
3. to buy-back the D-Beta New Shares;
4. to provide working capital to Blue Horizon, the Company's subsidiary which carries out its gold and iron exploration activities in Sierra Leone;
5. to assess other cobalt-copper opportunities in DRC; and
6. for general working capital purposes.

A Circular containing further details of, inter alia, the Fundraising and the Acquisition, and including a notice convening the General Meeting which will be held at Michelmores LLP, 12th Floor, 6 New Street Square, London EC4A 3BF on 27 December 2017 at 10.00 a.m.,
together with a form of proxy for use at the General Meeting, is expected to be despatched to Shareholders today and will thereafter be available on the Company’s website at www.sulaironandgold.com.

Roger Murphy, CEO of the Company, commented:

"We are very excited to announce this significant addition to the Company's strategy and exploration activities. We are bullish on the outlook for cobalt and the other battery metals and believe that the creation of African Battery Metals plc will provide UK equity investors with exposure to cobalt, which some analysts see as the battery metal with the tightest supply/demand fundamentals. The complementary skills of our Board and the experience of our Technical Advisors, Madini, of operating within the DRC provides us with, I believe, an advantage in operating in the region, where most of the world's cobalt is found. The addition of cobalt to our existing gold assets in Sierra Leone, provides important diversification to our exploration activities. We remain committed to our Ferensola Gold Project and to maintaining and valorising it through a joint venture or farm-out, as previously announced."

Capitalised terms used but not defined in this Announcement shall have the meanings given to such terms in the section headed 'Definitions' below save that any capitalised term defined in the Appendix shall have such meaning in the Appendix to the exclusion, in the Appendix only, of any definition of such term elsewhere in this Announcement.

This Announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014 ("MAR"). In addition, market soundings (as defined in MAR) were taken in connection with the Fundraising as a result of which certain persons became aware of inside information (as defined in MAR), as permitted by MAR. This inside information is set out in this Announcement. Therefore, those persons that received such inside information in a market sounding are no longer in possession of such inside information relating to the Company and its securities.

**Expected timetable**

<table>
<thead>
<tr>
<th>Event</th>
<th>Date/Time</th>
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<tbody>
<tr>
<td>Publication of Circular to Shareholders</td>
<td>8 December 2017</td>
</tr>
<tr>
<td>Latest time and date for return of Forms of Proxy</td>
<td>10.00 a.m. on 21 December 2017</td>
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<tr>
<td>General Meeting</td>
<td>10.00 a.m. on 27 December 2017</td>
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<tr>
<td>Record Time for the Share Capital</td>
<td>6.00 p.m. on 27 December 2017</td>
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<tr>
<td>Reorganisation and final date of trading for the Existing Ordinary Shares</td>
<td>December 2017</td>
</tr>
<tr>
<td>Admission effective and dealings in the New Ordinary Shares</td>
<td>8.00 a.m. on 28 December 2017</td>
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<tr>
<td>Subscription Shares and Fee Shares expected</td>
<td>2017</td>
</tr>
</tbody>
</table>
to commence on AIM

Expected date of Company's name change becomes effective 29 December 2017
Expected date for CREST members’ accounts to be credited (where applicable) with Placing Shares and Subscription Shares in uncertificated form 28 December 2017
Expected date for despatch of definitive share certificates in respect of the Placing Shares and Subscription Shares in certificated form (where applicable) by 12 January 2018

Notes:

1. References to times and dates in this announcement are to times and dates in London (unless otherwise stated).

2. The timing of the events set out in the above timetable and in the remainder of this announcement is indicative only. If any of the above times and/or dates should change, the revised times and/or dates will be notified via an announcement through a Regulatory Information Service.

3. Temporary documents of title will not be issued.

Further enquiries

Sula Iron & Gold plc
Roger Murphy (CEO) +44 (0) 20 7583 8304

WH Ireland Limited (Nominated Adviser and Broker)
Tim Feather / James Sinclair-Ford +44 (0) 20 7220 1666

SP Angel Corporate Finance (Broker)
Ewan Leggat +44 (0) 20 3470 0470

Blytheweigh (Public Relations)
Camilla Horsfall/Nick Elwes +44 (0) 20 7138 3224

Madini (Financial and Technical Adviser)
Iain Macpherson / Ilja Graulich +27 (0) 11 469 0629

Additional Information

Acquisition of the Cobalt Licence

Sula has today agreed with the Vendor to acquire a 70% interest in the Cobalt Licence for a total consideration of $100,000, of which $50,000 has been paid to the Vendor and a deferred payment of a further $50,000 is payable in five months. Sula is in the process of incorporating the DRC SPV into which Sula and the Vendor will contribute their respective interests in the Cobalt Licence, leading to ownership of the SPV being 70% Sula and 30% the Vendor. Sula will control, manage and operate the DRC SPV.
Exploration activities on the Cobalt Licence prior to a decision to mine are expected to be funded by intra-group loans to the DRC SPV from Sula and the Vendor has a 30% non-dilute carried interest in the Cobalt Licence up to the decision to mine. Following the decision to mine, any further capital requirements of the DRC SPV will be provided in the form of equity to the SPV on a pre-emptive basis.

The ground covered by the Cobalt Licence is close to a number of existing cobalt / copper mines and is on the Roan - the type of rocks which hosts most of DRC's cobalt & copper. There have been some grab samples collected from the Cobalt Licence area by an independent geologist who has reported grades of up to 2.5% cobalt from a Niton XRF field analyser (the standard equipment used in the field for such analysis).

The Acquisition has been introduced to the Company by Jaybird, a company in which Mr Iain Macpherson holds a beneficial interest. The Company has agreed to pay an introducer's fee to Jaybird of £55,000 in order to secure the Acquisition part of which will be settled by the issue of the Fee Shares to Jaybird.

**Change of name**

The Directors believe that, following Completion, the name of the Company should be changed to African Battery Metals plc. To that end the Board has passed a resolution in accordance with article 5 of the Company's articles of association to change the Company's name to African Battery Metals plc with effect from Completion.

**Additional information on the Share Capital Reorganisation.**

In order for the Fundraising to proceed, it is necessary for the Company to undertake the Share Capital Reorganisation as the Act prohibits the Company from issuing ordinary shares at a price below their nominal value. The Company currently has 3,271,746,363 Existing Ordinary Shares in issue and a resolution is to be proposed at the General Meeting that each of the Existing Ordinary Shares be divided into one New Ordinary Share and one Deferred A Share, such Deferred A Shares having the rights attached to them as set out in the amendments to the Articles to be adopted. The New Ordinary Shares will continue to carry the same rights as attached to the Existing Ordinary Shares.

The Deferred A Shares will not entitle the holder thereof to receive notice of or attend and vote at any general meeting of the Company or to receive a dividend or other distribution. On a return of capital on a winding up or dissolution of the Company, the holders of the Deferred A Shares shall be entitled to participate in the distribution of the assets of the Company *pari passu* with the holders of the New Ordinary Shares, but only in respect of any excess of those assets above £1,000,000,000,000. The holders of the Deferred A Shares shall not be entitled to any further right of participation in the assets of the Company. The Company will have the right to purchase the Deferred A Shares from any Shareholder for a consideration of one penny in aggregate for all of that Shareholder's Deferred A Shares. As such, the Deferred A Shares effectively have no value. Share certificates will not be issued in respect of the Deferred A Shares and they will not be admitted to trading on AIM.

It is proposed that the Company amend its Articles to reflect the rights attaching to the New Ordinary Shares and the Deferred A Shares as well as the existing deferred shares. A copy of the fully amended Articles will be available for inspection at the General Meeting.
The practical effect of the Share Capital Reorganisation, if implemented, will be that each Shareholder will receive the same number of New Ordinary Shares as they hold in Existing Ordinary Shares, without any diminution in rights. The Share Capital Reorganisation should not affect the market value of a Shareholder's aggregate holding of shares in the capital of the Company.

Application will be made for the New Ordinary Shares (including the Placing Shares, the Subscription Shares, the Fee Shares and the Settlement Shares) to be admitted to trading on AIM and it is currently expected that admission to trading in the New Ordinary Shares (including the Placing Shares the Subscription Shares, the Fee Shares and the Settlement Shares) will become effective and dealings commence at 8.00 a.m. on 28 December 2017.

**Buy-back of the D-Beta New Shares and settlement and termination of the Riverfort Facilities**

Subject to Completion and the passing of the Resolutions, the Company has agreed to buy-back the D-Beta New Shares at the Placing Price out of the net proceeds of the Fundraising (being a fresh issue of shares made for the purpose of financing the purchase). The Company also has the option to place the D-Beta New Shares directly with investors. If all the D-Beta New Shares are the subject of the buy-back the total consideration payable by the Company would amounts to £266,219.18.

Under entering into the Equity Sharing Agreement the Company made an initial payment of £500,000 to D-Beta ("Initial Payment") whereupon monthly repayments to the Company by D-Beta (or further monthly payments by the Company to D-Beta) would be made dependent on the share price performance of the ordinary shares of the Company. As at the date of this announcement the balance of the Initial Payment is £390,832.00.

Under the terms of the settlement the balance of the Initial Payment is to be waived and a settlement payment of £141,463.14 made to D-Beta. Following the settlement payment being made and the completion of the buy-back, no further payments will be due by the Company to D-Beta or by D-Beta to the Company under the Equity Sharing Agreement and the Equity Sharing Agreement will terminate.

**Issue of Warrants and Placing Agreement**

The Placing and Subscription is being arranged on behalf of the Company by SP Angel. SP Angel will, conditional on Admission, receive commission from the Company pursuant to the Placing and Subscription and the Company will also grant SP Angel warrants to subscribe for up to 175,000,000 New Ordinary Shares at the Placing Price. The exercise period for these warrants is five years from the date of Admission.

Pursuant to the Placing Agreement, the Company will give customary warranties and undertakings to SP Angel in relation, *inter alia*, to its business and the performance of its duties. In addition, the Company has agreed to indemnify SP Angel in relation to certain liabilities that it may incur in undertaking the Placing. SP Angel has the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event that there has been, *inter alia*, a material breach of any of the warranties. The Placing is not being underwritten.

**Broker Appointment**

Conditional on and with effect from Admission, the Company has agreed to appoint SP Angel as corporate broker.
Related Party Transactions

**Buy-back of the D-Beta New Share and settlement and termination of the Equity Sharing Agreement**

The buy-back of the D-Beta New Shares, payment to D-Beta of the amount due under the Equity Sharing Agreement and termination of that agreement are considered to be Related Party Transactions. Accordingly, the independent director of Sula (being Iain Macpherson) considers, having consulted with the Company's nominated adviser, WH Ireland, that the terms of the buy-back of the D-Beta New Shares and the terms of the settlement and termination of the Equity Sharing Agreement are fair and reasonable insofar as Shareholders are concerned.

**Settlement Shares**

Roger Murphy and Matt Wood, both being directors of the Company, have agreed to apply outstanding directors' fees due to them of £34,614 and £18,000 respectively to subscribe for 69,228,308 and 36,000,000 New Ordinary Shares respectively, each at the Placing Price, coterminous with completion of the Placing. In addition, Nick Warrell, a former director of the Company has agreed to apply directors' fees due to him of £28,000 to subscribe for 56,000,000 New Ordinary Shares at the Placing Price, coterminous with completion of the Placing.

The subscriptions by Messrs Murphy, Wood and Warrell for the Settlement Shares are considered to be Related Party Transactions. Accordingly, the independent director of Sula (being Iain Macpherson) considers, having consulted with the Company's nominated adviser, WH Ireland, that the terms of each director's and Mr Warrell's subscription for New Ordinary Shares are fair and reasonable insofar as Shareholders are concerned.

Following Admission, the interests of Messrs Murphy and Wood in the ordinary share capital of the Company will be as follows:

<table>
<thead>
<tr>
<th>Director</th>
<th>Current holding of Existing Ordinary Shares</th>
<th>Settlement Shares</th>
<th>Holding of New Ordinary Shares on Admission</th>
<th>% of enlarged issued share capital on Admission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roger Murphy</td>
<td>15,714,286</td>
<td>69,228,308</td>
<td>84,942,594</td>
<td>1.2%</td>
</tr>
<tr>
<td>Matt Wood</td>
<td>5,763,725</td>
<td>36,000,000</td>
<td>41,763,725</td>
<td>0.6%</td>
</tr>
</tbody>
</table>

**General Meeting**

A notice convening the General Meeting to be held at Michelmore LLP, 12th Floor, 6 New Street Square, London EC4A 3BF on 27 December 2017 at 10.00 a.m. will be sent to Shareholders today, together with a form of proxy for use at the General Meeting to be completed and returned by Shareholders in accordance with its instructions. The circular, Notice and Form of Proxy will shortly be available on the Company's website at www.sulaironandgold.com.

Shareholders are reminded and should note that, in the event that the Resolutions are not passed and the Fundraising does not proceed, the Company will need to secure an alternative source of financing by no later than 31 December 2017, in order to satisfy the Company's working capital needs. There can be no guarantee that such alternative
financing will be obtainable or will be available on similar commercial terms to the Fundraising.

DEFINITIONS

The following definitions apply throughout this announcement unless otherwise stated or the context otherwise requires:

"Acquisition" the acquisition by Sula of a 70% interest in the Cobalt Licence, further details of which are set out in this announcement

"Act" the UK Companies Act 2006 (as amended from time to time);

"Admission" admission of the New Ordinary Shares, comprising the Placing Shares, the Subscription Shares, the Fee Shares and the Settlement Shares, to trading on AIM and such admission becoming effective in accordance with Rule 6 of the AIM Rules;

"AIM" the market of that name operated by the London Stock Exchange;

"AIM Rules" the London Stock Exchange's rules and guidance notes contained in its "AIM Rules for Companies" publication relating to companies whose securities are traded on AIM, as amended from time to time;
"Articles" the articles of association of the Company;

"Blue Horizon" Blue Horizon (SL) Ltd, the Company's wholly owned Sierra Leone subsidiary which holds the 152km² Ferensola Licence which is prospective for gold and iron;

"Cobalt Licence" a 50km² cobalt and copper exploration licence situated in the Katanga region of the DRC with number PR12728;

"Completion" the completion of the Fundraising which is subject, inter alia, to requisite approval of each of the Resolutions by Shareholders;

"CREST" the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear which facilitates the transfer of title to shares in uncertificated form;

"CREST Regulations" the Uncertificated Securities Regulations 2001 (SI 2001/3755) including any enactment or subordinate legislation which amends or supersedes those regulations and any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force;

"D-Beta" D-Beta One EQ Ltd, an exempted company incorporated in the Cayman Islands with limited liability and whose registered office is c/o Maples Corporate Services Ltd, PO Box 309 Ugland House, Grand Cayman, KY1-1104, Cayman Islands;

"D-Beta New Shares" the 532,438,356 New Ordinary Shares that will be held by D-Beta following the passing of the
Resolutions;

"Deferred A Shares" the proposed new deferred shares of 0.099 pence each in the capital of the Company to be created pursuant to the Share Capital Reorganisation;

"Directors" or "Board" the directors of the Company;

"DRC" the Democratic Republic of Congo;

"DRC SPV" the DRC registered special purpose vehicle to be incorporated by Sula into which all of Sula's and the Vendor's interests in the Cobalt Licence will be transferred;

"Enlarged Share Capital" the total number of New Ordinary Shares in issue upon completion of the Share Capital Reorganisation, including the Placing Shares, the Subscription Shares, the Fee Shares and the Settlement Shares;

"Equity Sharing Agreement" the agreement entered into by the Company and D-Beta (as introduced by Riverfort Global Capital) as announced on 21 August 2017;

"Euroclear" Euroclear UK & Ireland Limited, a company incorporated in England & Wales with registration number 02878738, being the operator of CREST;

"Existing Ordinary Shares" the existing ordinary shares of 0.1 pence each in the capital of the Company;
"FCA" the United Kingdom's Financial Conduct Authority;

"Fundraising" the £1,750,000 (gross) to be raised for the Company pursuant to the Placing and the Subscription;

"Fee Shares" the 50,000,000 New Ordinary Shares to be issued to Jaybird in part settlement of the introductory fee of £55,000 payable in relation to the Acquisition;

"Form of Proxy" the form of proxy for use in connection with the General Meeting, which is expected to be posted to Shareholders today;

"General Meeting" the general meeting of the Company to be held on 27 December 2017 at 10.00 a.m. as convened by the Notice;

"Jaybird" Jaybird Invest Ltd, a Seychelles registered company in which Iain Macpherson, a director of the Company, holds a beneficial interest;

"London Stock Exchange" London Stock Exchange plc;

"New Ordinary Shares" the proposed new ordinary shares of 0.001 pence each in the capital of the Company to be created pursuant to the Share Capital Reorganisation;

"Notice" the notice of General Meeting to be sent to Shareholders today;

"Placees" the placeses subscribing for the Placing Shares pursuant to the Placing;
"Placing" the conditional placing by SP Angel to institutional and other investors of the Placing Shares at the Placing Price;

"Placing Agreement" the conditional agreement dated 8 December 2017 between (1) the Company and (2) SP Angel, relating to the Placing;

"Placing Price" means 0.05 pence per Placing Share;

"Placing Shares" the 3,000,000,000 New Ordinary Shares to be issued by the Company and subscribed for pursuant to the Placing;

"Record Time" the record date and time for implementation of the Share Capital Reorganisation, being 6.00 p.m. on 27 December 2017, being the date of the General Meeting (or, if the General Meeting is adjourned, 6.00 p.m. on the date of the passing of the Share Capital Reorganisation Resolutions);

"Related Party Transaction" a related party transaction, as defined by the AIM Rules, and as set out in this announcement;

"Registrar" Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR;

"Regulatory Information Service" any information service authorised from time to time by the FCA for the purpose of disseminating regulatory announcements;

"Resolutions" the resolutions contained in the Notice;
"Riverfort Facility" the facility arranged by Riverfort Global Capital comprising the subscription for shares by D-Beta and the entering into by the Company with D-Beta of the Equity Sharing Agreement as announced on 21 August 2017;

"Share Capital Reorganisation" the proposed reorganisation of the Company's share capital resulting in the division of each Existing Ordinary Share into one New Ordinary Share and one Deferred A Share further details of which are set out in the circular to be sent to Shareholders today;

"Shareholders" the holders of Existing Ordinary Shares or, (following the Record Time) the holders of New Ordinary Shares from time to time;

"Settlement Shares" the 161,228,308 New Ordinary Shares to be issued to certain of the Company's Directors and other creditors in settlement of outstanding fees and other sums;

"SP Angel" SP Angel Corporate Finance LLP, broker to the Placing, a company incorporated in England and Wales with registered number OC317049;

"Subscription" the conditional cash subscription for 500,000,000 New Ordinary Shares at the Placing Price arranged by SP Angel;

"Subscription Shares" the 500,000,000 New Ordinary Shares to be issued pursuant to the Subscription;
"Sula" or the "Company" Sula Iron & Gold plc, a company incorporated and registered in England and Wales with company number 7800337;

"UK" or "United Kingdom" the United Kingdom of Great Britain and Northern Ireland, its territories and dependencies;

"uncertificated" or "in uncertificated form" recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;

"Vendor" Jean-Pierre Ndobo Mwamby, the previous owner of the Cobalt Licence and who, following the Acquisition, now retains a 30% non-dilute carried interest in the Cobalt Licence up to the decision to mine;

"WH Ireland" WH Ireland Limited, the nominated adviser to the Company;

"£" or "pence" pounds sterling, the lawful currency of the UK from time to time with pence being one hundredth of a pound; and

"$" Dollars, the lawful currency of the United States of America.