Sultan Resources
ACN: 623 652 522

CORPORATE DETAILS

ASX Code: SLZ

DIRECTORS

STEVE GROVES
MANAGING DIRECTOR

JEREMY KING
CHAIRMAN

DAVID LEES
NON-EXECUTIVE DIRECTOR

CONTACT
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West Perth WA 6005

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SULTAN
RESOURCES

ASX ANNOUNCEMENT

30 January 2020

DECEMBER QUARTERLY REPORT

For the period 1st October – 31st December 2019

Sultan Resources Limited ("SLZ" or "the Company") is pleased to provide shareholders with the following update for the Company's activities for the quarter ended 31st December 2019.

PROJECTS

Lake Grace

During the quarter Sultan completed a detailed ground gravity survey at the Company's Lake Grace Project, located approximately 250km southeast of Perth, WA (Figure 1). Designed to cover the Challenger Prospect and extend northwest along the gold-hosting regional structural trend, the survey aimed to provide detailed geological information on the dense, mafic gold-hosting rock types and to assist in planning follow-up drilling to target likely sites of higher-grade gold accumulation.

Completed in early October, the survey was designed to provide high resolution gravity data across the recently drilled Challenger Gold Prospect and extend north-west to cover historically identified gold anomalies associated with mafic rock types (ASX Announcement 29/10/2019). A total of 2156 ground gravity readings were acquired by Atlas Geophysics between 23/9/19 and 8/10/19. Readings were taken at varying spacings along east-west lines mostly positioned 200m apart. Closer spaced readings were taken around the Challenger prospect on a 100m x 100m grid. All data was forwarded to Core Geophysics where readings were corrected to produce a spherical cap bouguer anomaly (SCBA) and a detailed analysis of the data to identify targets prospective for gold mineralization was undertaken.

The survey revealed at least four prospective targets (Figure 2), the most prominent of which exists at the Challenger Gold Prospect where drilling by Sultan in 2019 discovered thick zones of significant gold mineralization over a wide area. A 2km long, slightly arcuate high gravity high has been mapped at the Challenger prospect and is likely to represent a mafic gneiss/granulite given this was recorded in EOH geology for several historic air-core holes that traverse the anomaly. The gravity high encloses the recent drilling by Sultan and remains untested by deeper drilling. All historic Aircore/RAB drilling was either too shallow or stopped in highly weathered bedrock to provide an effective test of the gravity high.

All four targets are associated with recent and/or historic gold anomalism.

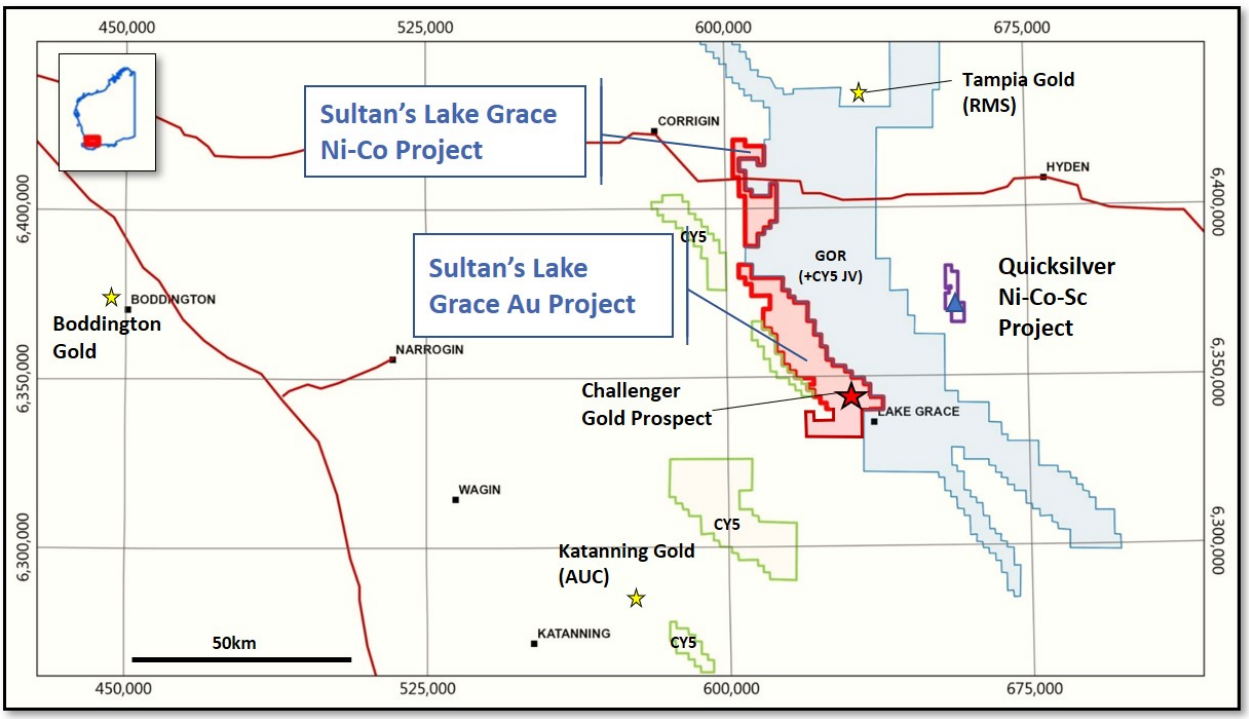

Figure 1: Regional map view of Sultan's Lake Grace portfolio in relation to surrounding tenure and significant gold deposits. SLZ's Challenger Gold Prospect is marked by a red star.

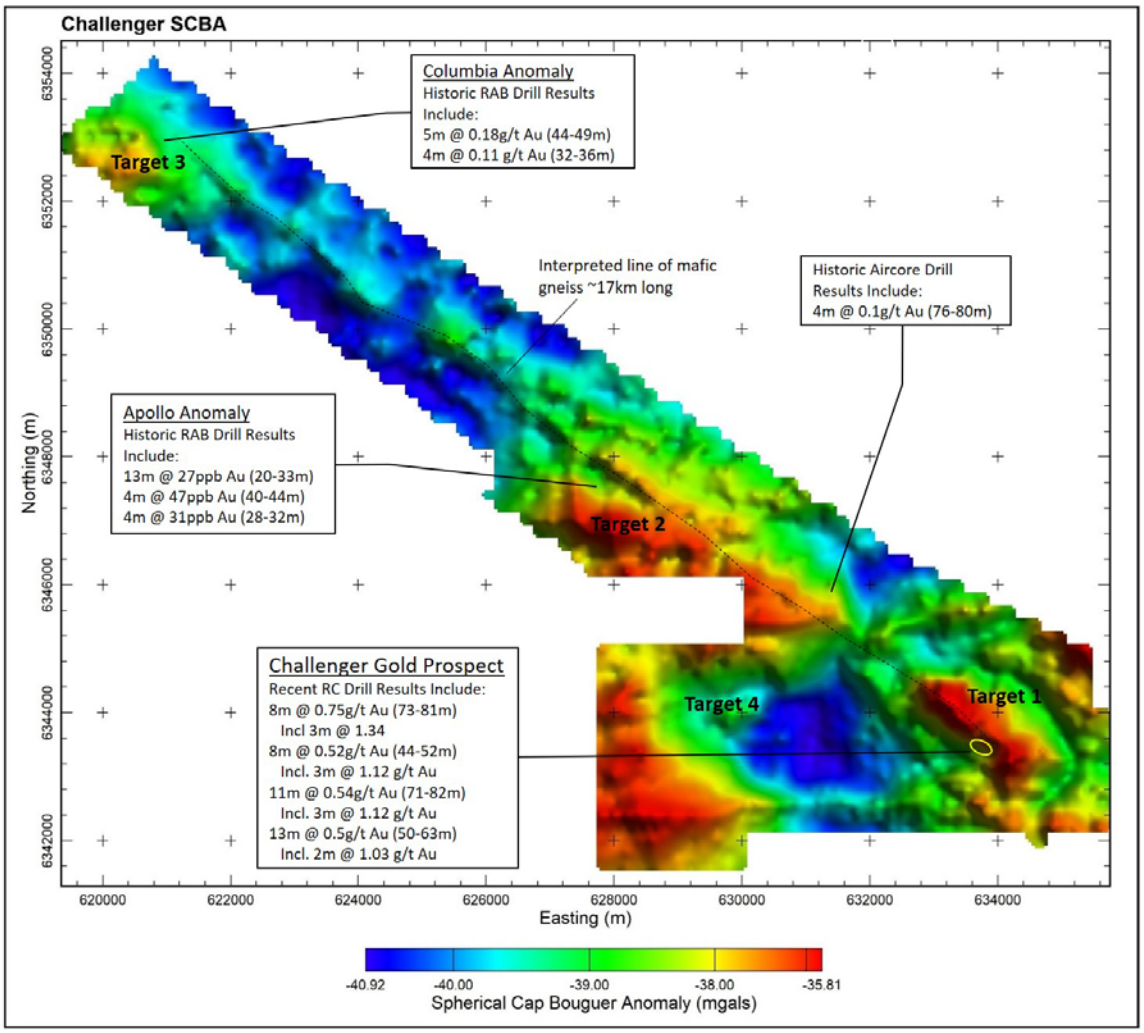

Figure 2. Proposed exploration targets for the Challenger gravity survey with recent and historic significant gold results

ACTIVITIES SUBSEQUENT TO THE REPORTING PERIOD

On 21 January the company announced that all approvals had been received for a drilling program to test the prominent gravity anomalies revealed by the detailed ground gravity survey completed at the Company's Lake Grace Project in 2019 (ASX announcement 21/01/2020). The program will comprise 5 Reverse Circulation ("RC") holes for 1,000m and is designed to test the peak gravity anomalies in positions down dip of the Challenger gold mineralisation discovered by the Company in 2019.

Two standout gravity anomalies (A and B) have been identified as a priority for drill testing in the five-hole program (Figure 3):

- Holes 1, 2 and 3 will drill vertically (180m to 190m) to target Anomaly B, where a potential fold axis trends coincident with the peak gravity anomaly.
- Hole 4 will be a deep (240m) angled hole targeting Anomaly A in the general vicinity of historic diamond holes by North which returned high grade gold on the edge of the gravity anomaly.
- Hole 5 (190m) will test down dip of Sultan's recent RC drilling where thick zones of low to moderate grade mineralisation were intersected. The hole is some 280m to the NE of previous drilling, within the trend of the stronger gravity response.

A drill rig and crew are anticipated to mobilise to site by the end of January.

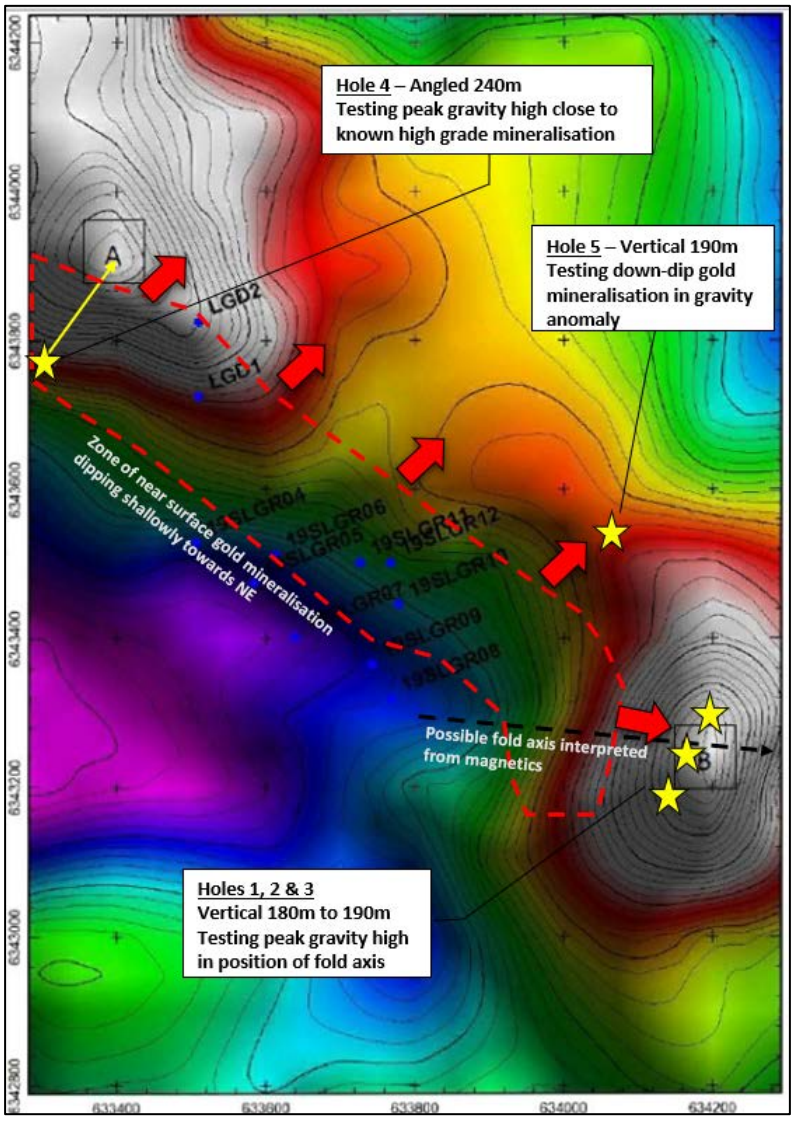

Figure 3. Plan view of the proposed drill holes (yellow stars) in relation to the peak gravity anomalies (A and B) and Sultan's previous drilling (blue dots). The red dashed outline indicates the extent of +0.1g/t Au gold mineralization close to surface and in deeper drill holes.

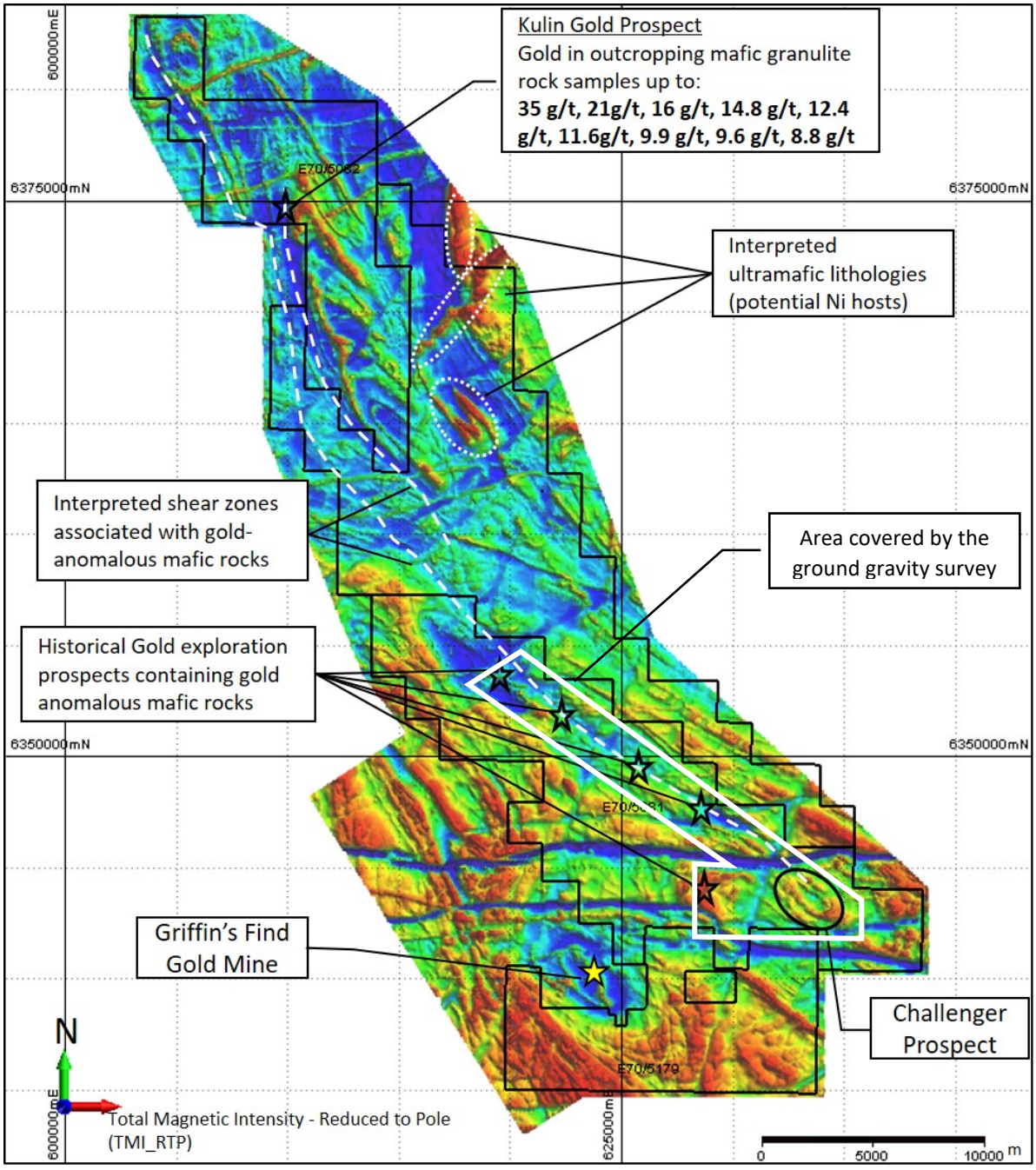

Figure 4: Regional magnetic image of Sultan's Lake Grace portfolio. The Challenger Prospect, located in the southeast, marks the start of a northwest-trending zone of gold-anomalous mafic rocks associated with major NW-trending features interpreted to indicated major shearing. The evidently strongly folded stratigraphy at the Kulin Gold Prospect is coincident with historic surface samples of high-grade gold. Results indicated at the Kulin prospect are from historic exploration by Associated Goldfields[3]

OTHER PROJECTS

Thaduna

Follow up exploration of the recent gold and base-metal aircore anomalies defined late in 2018 are planned for the 2019 field season. Activities are anticipated to include ground geophysical surveys and further shallow and deep drilling. Negotiations with traditional heritage groups for further land access are ongoing.

East Tallering

A drill program following up historic aircore and RAB gold mineralisation has been planned and discussions with traditional heritage groups for land access are ongoing.

Dalwallinu

Landowner access negotiations are ongoing.

PORTFOLIO OVERVIEW

Sultan has 100% ownership of a 946km^2 portfolio of ground prospective for gold, nickel, cobalt and base metals and lies in close proximity to a number of significant recent discoveries. Sultan's portfolio consists of four project areas:

- Thaduna in the Peak Hill area approximately 190km NE of Meekatharra,
- Lake Grace approximately 250km SE of Perth
- East Tallering 180km east of Geraldton
- Dalwallinu 195km NE of Perth

CORPORATE

Sultan's cash position as at 31 December 2019 was $2.711 million

Authorised on behalf of the Board,

Mauro Piccini
Company Secretary

SCHEDULE OF TENEMENTS

Tenement	Holder	Status	Area	Application Date	Grant Date	Expiry Date	Required Expenditure
Dalwallinu Project							
E70/4884	Sultan 100%	Live	57 blocks	30/06/2016	4/08/2017	3/08/2022	$57,000
Thaduna Project							
E52/3461	Sultan 100%	Live	6 blocks	11/07/2016	31/10/2017	30/10/2022	$20,000
E52/3481	Sultan 100%	Live	1 block	19/10/2016	8/02/2018	7/02/2023	$10,000
Tallering East Project							
E59/2185-I	Sultan 100%	Live	22 Blocks	17/06/2016	1/02/2017	31/01/2022	$22,000
Lake Grace Project							
E70/5081	Sultan 100%	Live	58 blocks	21/11/2017	23/07/2018	22/07/2023	$58,000
E70/5082	Sultan 100%	Live	37 blocks	23/11/2017	31/07/2018	30/07/2023	$37,000
E70/5085	Sultan 100%	Live	65 blocks	24/11/2017	23/07/2018	22/07/2023	$65,000
E70/5095	Sultan 100%	Live	54 blocks	1/12/2017	31/07/2018	30/07/2023	$54,000
E70/5179	Sultan 100%	Live	28 blocks	1/6/2018	05/02/19	04/02/2024	$28,000

Competent Persons Statement

The information in this report that relates to Exploration Targets and Exploration Results is based on historical and recent exploration information compiled by Mr Steven Groves, who is a Competent Person and a Member of the Australian Institute of Geoscientists. Mr Groves is Managing Director and a full-time employee of Sultan Resources Limited. Mr Groves has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for the reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Groves consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity	
Sultan Resources Limited	
ABN	**Quarter ended ("current quarter")**
35 623 652 522	31 December 2019

	Consolidated statement of cash flows	**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(14)	(27)
	(e) administration and corporate costs	(114)	(177)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	18	18
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(110)**	**(186)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	(82)	(166)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
2.2	Proceeds from the disposal of:	-	-
	(a) entities		
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(82)**	**(166)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**-**	**-**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	2,903	3,063
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(110)	(270)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(82)	(166)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
-4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**2,711**	**2,711**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	2,711	2,903
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**2,711**	**2,903**

6.	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(47)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Director and consulting fees to Directors and/or Director related entities $17,533

Financial management and Company Secretary fees paid to a Director related entity $29,920

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(110)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(82)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(192)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	2,711
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	2,711
8.7	**Estimated quarters of funding available (Item 8.6 divided by Item 8.3)**	14

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 30 January 2020

Authorised by: The Board of Sultan Resources Limited
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.