

SULTAN

RESOURCES

SULTAN RESOURCES LIMITED
ABN 35 623 652 522

Annual Report for the Year Ended 30 June 2020

Annual Report
For the year ended 30 June 2020

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Corporate Directory

Board of Directors

Steven Groves	(Managing Director)
Jeremy King	(Non-Executive Director)
David Ian Lees	(Non-Executive Director)

Secretary

Mr Mauro Piccini

Registered Office

Suite 2, Level 1
1 Altona Street
West Perth WA 6005

Telephone: 08 6559 1792
Website: www.sultanresources.com.au

Securities Exchange Listing

Listed on the Australian Securities Exchange (ASX Code: SLZ)

Auditors

RSM Australia Partners
Level 32, 2 The Esplanade
Perth WA 6000

Solicitors

Nova Legal
2/50 Kings Park Road
West Perth WA 6005

Bankers

Westpac Banking Corporation
Level 13, 109 St Georges Terrace
Perth WA 6000

Share Registry

Automic Share Registry
Level 2, 267 St Georges Terrace
Pert WA 6000

Telephone: 1300 288 664

Directors' Report

The Directors of Sultan Resources Limited ("SLZ" or "the Company") present their report, together with the financial statements on the consolidated entity consisting of Sultan Resources Limited and its controlled entities ("the Group") for the year ended 30 June 2020.

DIRECTORS
The names and particulars of the Company's directors in office during the financial year and at the date of this report are as follows. The Directors held office for this entire year unless otherwise stated.

Steven Groves – Managing Director

Mr Groves has a Bachelor of Applied Geology (Honours) and completed a Master's of Economic Geology from CODES-SRC at the University of Tasmania.

Mr Groves is currently a non-executive director of Six Sigma Metals Ltd (ASX: SI6) and brings 25 years of geological experience in the mining industry including exploration and management roles with BHP Billiton (ASX: BHP), Newmont Mining, Newcrest Mining (ASX: NCM), A-Cap Resources (ASX: ACB) and Botswana Metals.

During the past three years, Mr Groves held the following directorship in another ASX listed company:

- Non-executive Director of Six Sigma Metals Ltd (current)

Jeremy King – Non-Executive Director

Mr King is a corporate lawyer and adviser with over 20 years' experience in domestic and international legal, financial and corporate matters. Mr King is a director of a boutique corporate advisory and compliance business where he specializes in corporate and strategic advice and managing legal issues associated with clients. He spent several years in London where he worked with Allen and Overy LLP and Debevoise & Plimpton LLP and has extensive experience, particularly in relation to cross border private equity, leveraged buy-out acquisitions and acting for banks, financial institutions and corporate issuers in respect of various debt and equity capital raisings. He regularly advises ASX listed companies on corporate and commercial matters.

During the past three years, Mr King held the following directorships in other ASX listed companies: Red Mountain Mining Limited (current), Pure Minerals Limited (resigned November 2018), Tando Resources Limited (resigned July 2019),Transcendence Technologies Limited (current), DTI Group Limited (current), Smart Parking Limited (current), EHR Resources Limited (current), Axxis Technology Group Limited (current), Aldoro Resources Limited (current), Aquaint Capital Holdings Limited (resigned 4 October 2017).

David Ian Lees – Non-Executive Director

Mr Lees David has over 16 years' experience in the Australian financial services industry starting his career as a stockbroker before moving into investment and funds management. These roles have given David extensive experience with capital raising, business development, portfolio management, business relationships and corporate governance.

Most recently David has worked in the private sector driving his business from product conception through to design, development, manufacturing and international retail sales. David's education qualifications include a Bachelor of Economics and post graduate diploma in Applied Finance and Investment.

During the past three years, Mr Lees held no directorships in other ASX listed companies.

Directors' Report

COMPANY SECRETARY

Mauro Piccini

Mr Piccini spent 7 years at the ASX and possesses core competencies in publicly listed and unlisted company secretarial, administration and governance disciplines. Mauro is a Chartered Accountant (CA) and a member of the Governance Institute of Australia (GIA). Mauro started his career in the Perth office of Ernst and Young (EY) where he spent several years in their assurance division.

INTERESTS IN SHARES AND OPTIONS OF THE COMPANY

The following table sets out each current Director's relevant interest in shares, options and performance rights of the Company as at the date of this report.

Director	Ordinary Shares	Unlisted Share Options
Steven Groves	150,000	-
Jeremy King	325,144	-
David Ian Lees	1,166,868	-
Total	**1,642,012**	**-**

PRINCIPAL ACTIVITIES

The principal activity of the Company is mineral exploration.

Directors' Report

REVIEW AND RESULTS OF OPERATIONS

Overview

Lachlan fold belt project

During the year Sultan finalised the acquisition of Colossus Metals Pty Ltd (Colossus) resulting in the procurement of a 100% interest in a suite of gold and copper exploration tenements located in Central New South Wales (see SLZ ASX Announcement 24/06/2020). The Company has continued exploration across this suite of highly attractive exploration assets with detailed mapping and sampling at the Big Hill, Tucklan and Ringaroo porphyry/epithermal gold and copper targets.

Ground exploration field work continued across the Big Hill and Ringaroo Porphyry Cu-Au targets (EL8735) and the Tucklan epithermal prospect (EL8734). This work included the collection of rock chip samples and comprehensive soil sampling grids. Results from Big Hill and Tucklan were received during the quarter (see SLZ ASX Announcements 20/05/2020, 02/06/2020) and initial results from Ringaroo were received subsequent to the quarter (see SLZ ASX Announcement 09/07/2020).

Big Hill - Gowan Green Results

Soil sampling over the western flank of a 6km long magnetic feature at Big Hill defined a series of gold and copper anomalies with classic porphyry geochemical pathfinder signatures coincident with copper and gold mineralised rock chip samples and discrete magnetic highs, confirming large scale targets (see SLZ ASX Announcement 20/05/2020). This work has identified two distinct target areas at Big Hill: Gowan Green and Big Hill.

Lying immediately to the north of Big Hill, the Gowan Green prospect is centred upon a subtle historic gold and copper working showing gossanous malachite-azurite veined, propylitically altered (epidote-chlorite-carbonate-albite) mafic volcanic rocks in mullock heaps overlying a subtle magnetic high anomaly.

The Big Hill target is marked by a large, high amplitude ovoid shaped magnetic high complex traversed by north-west striking structures. Mapping and soil geochemistry have defined a 2.2km x 0.4km target area containing epidote-veined, pervasive propylitic (epidote) altered, feldspar – pyroxene porphyry with significant disseminated & veined native copper and malachite.

The pathfinder geochemical signature is associated with localized disseminated pyrite in 'green rock' (chlorite-epidote-albite-actinolite-sericite-hematite-carbonate-prehnite-pyrite-magnetite) altered basaltic andesite volcaniclastic breccias. The identification of localized style sodic alteration, hematite-albite alteration ('reddening'), disseminated pyrite associated with 'green rock' alteration and the distinct pathfinder geochemical signature is consistent with upper or outer parts of an alkalic porphyry Au-Cu system such as the high grade Cadia-Ridgeway porphyry Au-Cu mine 50km to the south, and the Boda discovery approximately 50kms to the north.

These prospects are untested by drilling and open to the east. Follow up exploration, including further sampling and geophysical surveying is planned, with a view to define drill targets.

Tucklan Results

Geological mapping, soil and rock chip sampling during the quarter targeted a prominent magnetic feature coincident with a strong potassium radiometric anomaly and a line of historic gold workings (see SLZ ASX Announcement 02/06/2020). Soil sampling across a 100m x 100m grid defined a 1.5km x 0.30km, NW-SE striking, coherent gold in soil geochemical anomaly showing gold values consistently greater than 7.2ppb Au. A higher grade 700m x 300m Au soil anomaly 'core' was evident with values up to 613ppb Au in soil returned. The gold in soil anomaly remains open to the southeast.

Semi-coincident with the gold in soil anomaly is a series of zoned pathfinder soil geochemical anomalies that are indicative of a large scale, zoned hydrothermal gold system. Complex metal zonation includes Au-As-Sb-Hg-Ba-Ag-Se-Te in the southeast, Au-W-Ag-Cd-Pb ±Hg-Ba-Te-Se in the northwest, Au-Pb-Cd-Ag-Tl in the east and a well-defined arcuate Cu-Zn-Co zone across the centre.

Directors' Report

REVIEW AND RESULTS OF OPERATIONS CONTINUED

Historical gold workings are associated with the gold in soil anomaly and include numerous prospecting pits and a shallow shaft and adit. These form part of the under-explored and extensive historic Tucklan Goldfield. The large-scale gold and pathfinder surface geochemical anomaly is spatially associated with a 3.5km x 2.5km magnetic high complex (Figure 3) and 1.8km x 0.5km NW-SE striking potassium radiometric anomaly.

First pass rock chip sampling on the margins of the gold and pathfinder soil anomaly confirmed the presence of strongly anomalous gold and pathfinder elements such as As-W-Tl-Ba-K-S ±Ag-Cu-Mo. Significant gold rock chip results in pervasively altered volcanic rocks include 1.11g/t Au, 0.25g/t Au, 0.14g/t Au, 0.48g/t Au, 0.27g/t Au and support the strong prospectivity of the Tucklan Project.

Lake Grace

Sultan completed 5 RC holes for 991m targeting peak gravity anomalies in positions down dip and along strike of the Challenger gold mineralisation discovered by the Company in 2019 (see SLZ ASX Announcement 17/02/2020). During April, the Company received all 4m-composite assay results for the drilling completed at Lake Grace during February (see SLZ ASX Announcements 15/04/2020, Quarterly Report 30/04/2020). The results showed a number of significant gold-mineralised intervals that are similar in thickness and tenor to those revealed in the initial drilling campaign by Sultan in 2019.

The results of this drilling program have confirmed that gold mineralising processes have occurred on a significant scale at Challenger. The drilling has defined thick zones of gold-anomalous mafic rocks and has extended the strike of the higher-grade zone, where thick intervals of mineralization over 0.5g/t occur, to over 600m. Within these intervals, bands spanning 1 to 4m in excess of 1g/t Au are commonly intersected. These bedrock gold intersections correlate with the shallower historic aircore anomalism to define a huge volume of gold-mineralised mafic rocks with a shallow dip towards the northeast that remains open, and untested, in all directions.

Thaduna

Follow up exploration of the recent gold and base-metal aircore anomalies defined late in 2018 are planned for the 2020 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.

CORPORATE

Financial Performance

The financial results of the consolidated entity for the year ended 30 June 2020 are:

	30-June-20 $	30-June-19 $
Cash and cash equivalents	**2,005,595**	3,064,472
Net assets	**5,059,215**	4,209,669
Revenue	**33,484**	26,486
Net loss after tax	**(855,454)**	(847,711)

Directors' Report

DIVIDENDS

No dividend is recommended in respect of the current financial year (2019: nil).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The significant changes in state of affairs during the financial year include:

On 24 June 2020 the Company acquired 100% of the share capital in Colossus Metals Pty Ltd. Sultan now holds 100% of the highly prospective copper-gold tenure in the Lachlan Fold Belt Region.
The Company paid an initial $50,000 exclusivity fee and on completion paid $100,000 cash consideration and issued 10,000,000 fully paid ordinary shares.

MATTERS SUBSEQUENT TO THE REPORTING PERIOD

The impact of the Coronavirus (COVID-19) pandemic is ongoing, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

In early July, the Company received results from the first program of soil sampling undertaken across the Ringaroo Project within the Company's Star Plateau Licence (EL8735) (see SLZ ASX announcement 09/07/2020). Soil sampling initially targeted a prominent N-S trending magnetic feature that is interpreted to represent a Macquarie Arc intrusive complex similar to that which hosts Alkane Resources' (ASX:ALK) Boda porphyry Au-Cu discovery some 25km to the north (see ALK ASX Announcement 23/03/2020). The magnetic high is at least 4.2km x 1.5km in size and hosts Impact Minerals' (ASX:IPT) recent Aspley discovery which lies 3km north of the sampled portion of Ringaroo and just over the EL8735 boundary. At Aspley, Impact have identified shoshonitic host rocks that have returned elevated copper to 8.1% and silver to 13.1g/t from surface rock samples (see IPT ASX Announcements 14/01/2020, 23/04/2020).

Soil Sampling

Soil sampling across a 200m x 200m grid covering a ~3km2 portion of Ringaroo defined multiple anomalies including a prominent N-S trending 1.0km x 0.40km, gold and copper soil geochemical anomaly showing gold values consistently greater than 3.1ppb Au and copper values above 94ppm Cu (Figure 4). A second anomalous zone located 1km to the south east shows a narrow NE-trending anomaly with gold values greater than 4.5ppb Au and coincident copper above 94ppm Cu. Both anomalies are open in multiple directions and will be further defined as the soil sampling program expands.

Sultan has continued to evaluate and advance its priority LFB projects with a view to identifying drill targets with high potential to host porphyry-style Au-Cu and/or epithermal gold mineralisation across three highly prospective targets at Big Hill, Ringaroo and Tucklan. Recent work has included the re-processing and 3D inversion of a heli-magnetic survey completed by a previous explorer over the Big Hill target area in 2013 (ASX Announcement 29/04/2013), the completion of IP surveying at Ringaroo and further geological mapping, soil and rock sampling at both Ringaroo and Big Hill. IP surveying will now commence at the Tucklan project, with Big Hill scheduled for later in the year after cereal crop harvest.

The results of the new magnetic interpretation at Big Hill are particularly encouraging and show a prominent magnetic feature that is spatially related to surface geochemical anomalism providing further support for an intrusive-related source for mineralisation at the prospect.

All soil and rock samples from both Big Hill and Ringaroo have been submitted to ALS in Orange.

Directors' Report

DIRECTORS' MEETINGS

The number of Directors' meetings held during the financial year and the number of meetings attended by each Director during the time the Director held office are:

Director	Number Eligible to Attend	Number Attended
Mr Steven Groves	3	3
Mr Jeremy King	3	3
Mr David Ian Lees	3	3

In addition to the scheduled Board meetings, Directors regularly communicate by telephone, email or other electronic means, and where necessary, circular resolutions are executed to effect decisions.

Due to the size and scale of the Group, there is no Remuneration and Nomination Committee or Audit Committee at present. Matters typically dealt with by these Committees are, for the time being, managed by the Board. For details of the function of the Board, refer to the Corporate Governance Statement on the Company website at www.sultanresources.com.au.

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2020 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 ("the Act") and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for Key Management Personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Voting and comments made at the Company's 2019 Annual General Meeting ('AGM')

At the 2019 AGM, 85% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2019. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

a) Key Management Personnel Disclosed in this Report

Key Management Personnel of the Group during or since the end of the financial period were:

Steven Groves	(Managing Director)
Jeremy King	(Non-Executive Director)
David Ian Lees	(Non-Executive Director)

There have been no other changes after reporting date and up to the date that the financial report was authorised for issue.

The Remuneration Report is set out under the following main headings:

A	Remuneration Philosophy
B	Remuneration Governance, Structure and Approvals
C	Remuneration and Performance
D	Details of Remuneration
E	Service Agreements
F	Share-based Compensation
G	Equity Instruments Issued on Exercise of Remuneration Options
H	Loans with KMP
I	Other Transactions with KMP
J	Additional Information

Directors' Report

A Remuneration Philosophy

KMP have authority and responsibility for planning, directing and controlling the activities of the Group. KMP of the Group comprise of the Board of Directors.

The Group's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

No remuneration consultants were employed during the financial year.

B Remuneration Governance, Structure and Approvals

Remuneration of Directors is currently set by the Board of Directors. The Board has not established a separate Remuneration Committee at this point in the Group's development, nor has the Board engaged the services of an external remuneration consultant. It is considered that the size of the Board along with the level of activity of the Group renders this impractical. The Board is primarily responsible for:

- The over-arching executive remuneration framework;
- Operation of the incentive plans which apply to executive directors and senior executives, including key performance indicators and performance hurdles;
- Remuneration levels of executives; and
- Non-Executive Director fees.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Group.

❖ Non-Executive Remuneration Structure

The remuneration of Non-Executive Directors consists of Directors' fees, payable in arrears. The total aggregate fixed sum per annum to be paid to Non-Executive Directors in accordance with the Company's Constitution shall be no more than $500,000 and may be varied by ordinary resolution of the Shareholders in a General Meeting.

Remuneration of Non-Executive Directors is based on fees approved by the Board of Directors and is set at levels to reflect market conditions and encourage the continued services of the Directors. In accordance with the Company's Constitution, the Directors may at any time, subject to the Listing Rules, adopt any scheme or plan which they consider to be in the interests of the Group and which is designed to provide superannuation benefits for both present and future Non-Executive Directors, and they may from time to time vary this scheme or plan.

The remuneration of Non-Executive Directors is detailed in Table 1 and their contractual arrangements are disclosed in "Section E – Service Agreements".

Remuneration may also include an invitation to participate in share-based incentive programmes in accordance with Group policy.

The nature and amount of remuneration is collectively considered by the Board of Directors with reference to relevant employment conditions and fees commensurate to a company of similar size and level of activity, with the overall objective of ensuring maximum stakeholder benefit from the retention of high performing Directors.

❖ Executive Remuneration Structure

The nature and amount of remuneration of executives are assessed on a periodic basis with the overall objective of ensuring maximum stakeholder benefit from the retention of high performance Directors.

The main objectives sought when reviewing executive remuneration is that the Group has:

- Coherent remuneration policies and practices to attract and retain Executives;
- Executives who will create value for shareholders;
- Competitive remuneration offered benchmarked against the external market; and
- Fair and responsible rewards to Executives having regard to the performance of the Group, the performance of the Executives and the general pay environment.

Directors' Report

C Remuneration and Performance

The following table shows the gross revenue, losses, earnings per share ("EPS") of the Company as at 30 June 2020.

	30-Jun-20	30-Jun-19
Revenue ($)	**33,424**	26,486
Net loss after tax ($)	**(855,454)**	(847,711)
EPS (cents)	**(1.79)**	(2.53)

Relationship between Remuneration and Group Performance
Given the current phase of the Group's development, the Board does not consider earnings during the current financial period when determining, and in relation to, the nature and amount of remuneration of KMP.

The pay and reward framework for key management personnel may consist of the following areas:

a) Fixed Remuneration – base salary
b) Variable Short-Term Incentives
c) Variable Long-Term Incentives

The combination of these would comprise the key management personnel's total remuneration.

a) Fixed Remuneration – Base Salary

The fixed remuneration for each senior executive is influenced by the nature and responsibilities of each role and knowledge, skills and experience required for each position. Fixed remuneration provides a base level of remuneration which is market competitive and comprises a base salary inclusive of statutory superannuation. It is structured as a total employment cost package.

Key management personnel are offered a competitive base salary that comprises the fixed component of pay and rewards. External remuneration consultants may provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. No external advice was taken this period. Base salary for key management personnel is reviewed annually to ensure the executives' pay is competitive with the market. The pay of key management personnel is also reviewed on promotion. There is no guaranteed pay increase included in any key management personnel's contract.

b) Variable Remuneration – Short -Term Incentives (STI)

Discretionary cash bonuses may be paid to senior executives annually, subject to the requisite Board and shareholder approvals where applicable.

c) Variable Remuneration – Long-Term Incentives (LTI)

Options are issued at the Board's discretion. Other than options disclosed in section D of the Remuneration Report there have been no options issued to KMP at the date of this financial report.

Directors' Report

D Details of Remuneration

Details of the nature and amount of each major element of the remuneration of each KMP of the Group during the financial year are:

Table 1 – Remuneration of KMP of the Group for the year ended 30 June 2020 is set out below:

	Short-term Employee Benefits			Post-Employment	Share Based Payments	Total
	Salary & fees	Non-monetary benefits	Other	Superannuation	Options	
30 June 2020	$	$	$	$	$	$
Directors						
Steven Groves	**43,237**[(i)]	-	-	**3,800**	-	**47,037**
David Ian Lees	**32,000**	-	-	**3,040**	-	**35,040**
Jeremy King	**32,000**	-	-	**3,040**	-	**35,040**
Total	**107,237**	-	-	**9,880**	-	**117,117**

(i) Cash salary and fees includes fees paid or due to be paid and movement in annual leave entitlements for the year.

Table 2 – Remuneration of KMP of the Group for the year ended 30 June 2019 is set out below:

	Short-term Employee Benefits			Post-Employment	Share Based Payments	Total
	Salary & fees	Non-monetary benefits	Other*	Superannuation	Options	
30 June 2019	$	$	$	$	$	$
Directors						
Steven Groves	122,864[(i)]	-	20,000	11,400	-	154,264
David Ian Lees	11,973[(ii)]	-	-	1,742	-	13,715
Lincoln Ho	28,111[(iii)]	-	20,000	-	-	48,111
Jeremy King	40,000	-	20,000	3,800	-	63,800
Eddie King	28,111[(iii)]	-	-	-	-	28,111
Total	**231,059**	-	**60,000**	**16,942**	-	**308,001**

* Relates to cash bonus.

(i) Cash salary and fees includes fees paid or due to be paid and movement in annual leave entitlements for the year.

(ii) Mr David Ian Lees was appointed on 12 March 2019.

(iii) Mr Lincoln Ho and Mr Eddie King resigned on 12 March 2019.

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense in the tables above:

Table 3 – Relative proportion of fixed vs variable remuneration expense

	Fixed Remuneration		At Risk – STI (%)		At Risk – LTI (%)	
Name	**2020**	2019	**2020**	2019	**2020**	2019
Directors						
Steven Groves	**100%**	87%	-	13%	-	-
David Ian Lees	**100%**	100%	-	-	-	-
Jeremy King	**100%**	69%	-	31%	-	-
Eddie King	-	100%	-	-	-	-
Lincoln Ho	-	58%	-	42%	-	-

Directors' Report

Table 4 – Shareholdings of KMP (direct and indirect holdings) for the year ended 30 June 2020 is set out below:

30 June 2020	Balance at 1/07/2019	On market purchase	Granted as Remuneration	On Exercise of Options	Net Change – Other	Balance at 30/06/2020
Directors						
Steven Groves	150,000	-	-	-	-	150,000
David Ian Lees	1,166,868	-	-	-	-	1,166,868
Jeremy King	199,324	95,820	-	-	-	295,144
Total	**1,516,192**	**95,820**	**-**	**-**	**-**	**1,612,012**

Table 5 – Shareholdings of KMP (direct and indirect holdings) for the year ended 30 June 2019 is set out below:

30 June 2019	Balance at 1/07/2018	On market purchase	Granted as Remuneration	On Exercise of Options	Net Change – Other	Balance at 30/06/2019
Directors						
Steven Groves	-	150,000	-	-	-	150,000
David Ian Lees	-	1,166,868	-	-	-	1,166,868
Jeremy King	-	199,324	-	-	-	199,324
Eddie King	-	255,000	-	-	(255,000)[1]	-
Lincoln Ho	3	187,500	-	-	(187,503) [1]	-
Total	**3**	**1,958,692**	**-**	**-**	**(422,503)**	**1,516,192**

[1] Net change in shareholdings due to the directors resigning on 12 March 2019.

There are no options held by the KMP for the year ended 30 June 2020 (30 June 2019: Nil).

E Service Agreements

- **Steven Groves – Managing Director**
  - Contract: Commenced on 1 June 2018.
  - Director's Fee: $120,000 per annum plus statutory superannuation. From 1 July 2019, fee is $40,000 per annum plus statutory superannuation.
  - Term: No fixed term.

- **Jeremy King – Non-Executive Director**
  - Contract: Commenced on 1 June 2018.
  - Director's Fee: $40,000 per annum plus statutory superannuation. From 1 July 2019, fee is $32,000 per annum plus statutory superannuation.
  - Term: No fixed term

- **David Ian Lees– Non-Executive Director**
  - Contract: Commenced on 13 March 2019.
  - Director's Fee: $40,000 per annum plus statutory superannuation. From 1 July 2019, fee is $32,000 per annum plus statutory superannuation.
  - Term: No fixed term

Directors' Report

F Share-based Compensation

No share-based compensation was issued during the year ended 30 June 2020. (2019: Nil)

G Equity Instruments Issued on Exercise of Remuneration Options

No remuneration options were exercised during the financial year. (2019: Nil)

H Loans with KMP

There were no loans during the year ended 30 June 2020 (2019: Nil).

I Other Transactions with KMP

Related Party Transactions		
The following related party transactions were made during the year:	2020 $	2019 $
Company Secretary, Financial management & registered office fees paid to Mirador Corporate Pty Ltd [(i)]	79,900	98,175
Consulting fees paid to Steve R Groves [(ii)]	8,640	-

(i) An entity in which Jeremy King is a Director, $14,280 remained payable as at 30 June 2020.
(ii) Steven Groves is a Director, as at 30 June 2020 there was a $4,200 prepaid fee.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

There were no other transactions with KMP during the year ended 30 June 2020.

J Additional Information

The earnings of the consolidated entity for the three years to 30 June 2020 are summarised below as the Company was incorporated on 4 January 2018:

	2020 **$**	2019 $	2018 $
Revenue	**33,424**	26,486	200
EBITDA	**(832,030)**	(874,197)	(176,410)
EBIT	**(832,030)**	(874,197)	(176,410)
Profit/(Loss) after income tax	**(855,454)**	(847,711)	(176,210)
Share Price ($)	**$0.135**	$0.059	-
EPS (cents per share)	**(1.79)**	(2.53)	(13.68)

The factors that are considered to affect total shareholders return ("TSR") are summarised below:

	2020 **$**	2019 $	2018 $
Share Price at the financial year/period end ($)	**$0.135**	$0.059	-[1]
Total dividends declared (cents per share)	**-**	-	-
EPS (cents per share)	**(1.79)**	(2.53)	(13.68)

[1] There is no share price as the Company was listed on the Australian Securities Exchange (ASX) on 14 August 2018.

End of Audited Remuneration Report.

Directors' Report

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Company has indemnified the Directors and Executives of the Company for costs incurred, in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and Executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

ENVIRONMENTAL REGULATIONS

The Group is not currently subject to any specific environmental regulation. There have not been any known significant breaches of any environmental regulations during the year under review and up until the date of this report.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purposes of taking responsibility on behalf of the Company for all or part of these proceedings.

AUDITOR

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF RSM AUSTRALIA PARTNERS

There are no officers of the Company who are former partners of RSM Australia Partners.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 for the year ended 30 June 2020 has been received and included within these financial statements.

SHARE UNDER OPTION

At the date of this report there were the following unissued ordinary shares for which options were outstanding:

- 6,000,000 options expiring 7 August 2023, exercisable at $0.24 each.

SHARE ISSUED ON THE EXERCISE OF OPTIONS

At the date of this report there were no issued shares on the exercise of options granted during the year 30 June 2020 (2019: Nil). No further shares have been issued since that date. No amounts are unpaid on any of the shares.

Directors' Report

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

Details of the amounts paid or payable to the auditor for non-audit services provided during the period by the auditor are outlined in Note 19 to the financial statements.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditors, as set out below, did not compromise the auditor independent requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Board of Directors to ensure they do not impact the impartiality and objectivity of the auditor; and

- None of the services undermine the general principles relating to the auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

This report is signed in accordance with a resolution of Board of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.



Steven Groves
Managing Director
25 September 2020

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Sultan Resources Limited for year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 25 September 2020

TUTU PHONG
Partner

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 30 June 2020

	Note	Consolidated Entity 2020 $	Company 2019 $
Revenue from continuing operations			
Other income		**33,424**	26,486
Expenses			
Administrative expenses and corporate expenses	4(a)	**(220,650)**	(243,435)
Compliance and regulatory expenses		**(49,390)**	(66,755)
Consultancy and legal expenses	4(b)	**(172,613)**	(226,446)
Directors fees		**(71,666)**	(308,001)
Other expenses		**(16,742)**	(522)
Stamp duty		**-**	(29,038)
Exploration expenses		**(202,817)**	-
Share-based payment expense		**(155,000)**	-
Loss from continuing operations before income tax		**(855,454)**	(847,711)
Income tax expense	6	**-**	-
Loss from continuing operations after income tax		**(855,454)**	(847,711)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss		**-**	-
Other comprehensive loss for the year, net of tax		**-**	-
Total comprehensive loss attributable to the members of Sultan Resources Limited		**(855,454)**	(847,711)
Loss per share for the year attributable to the members Sultan Resources Limited:			
Basic loss per share (cents)	7	**(1.79)**	(2.53)
Diluted loss per share (cents)	7	**(1.79)**	(2.53)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

As at 30 June 2020

	Note	Consolidated Entity 2020 $	Company 2019 $
ASSETS			
Current assets			
Cash and cash equivalents	8	**2,005,595**	3,064,472
Trade and other receivables	9	**132,145**	54,687
Total current assets		**2,137,740**	3,119,159
Non-Current assets			
Exploration and evaluation	10	**3,151,333**	1,184,751
Total non-current assets		**3,151,333**	1,184,751
Total assets		**5,289,073**	4,303,910
LIABILITIES			
Current liabilities			
Trade and other payables	11	**217,475**	81,883
Provisions	12	**12,383**	12,358
Total current liabilities		**229,858**	94,241
Total liabilities		**229,858**	94,241
Net assets		**5,059,215**	4,209,669
EQUITY			
Contributed equity	13	**6,063,979**	4,358,979
Reserves	14	**874,611**	874,611
Accumulated losses		**(1,879,375)**	(1,023,921)
Total equity		**5,059,215**	4,209,669

The Consolidated Statement of Financial Position should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

For the Financial Year Ended 30 June 2020

Consolidated entity	Contributed equity $	Reserves $	Accumulated Losses $	Total $
At 1 July 2019	**4,358,979**	**874,611**	**(1,023,921)**	**4,209,669**
Loss for the year	-	-	**(855,454)**	**(855,454)**
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year after tax	-	-	**(855,454)**	**(855,454)**
Transactions with owners in their capacity as owners:				
Consideration shares	**1,550,000**	-	-	**1,550,000**
Share-based payments	**155,000**	-	-	**155,000**
At 30 June 2020	**6,063,979**	**874,611**	**(1,879,375)**	**5,059,215**

Company	Contributed equity $	Reserves $	Accumulated Losses $	Total $
At 1 July 2018	376,204	-	(176,210)	199,994
Loss for the period	-	-	(847,711)	(847,711)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period after tax	-	-	(847,711)	(847,711)
Transactions with owners in their capacity as owners:				
Issue of share capital	4,800,000	-	-	4,800,000
Share issue costs	(1,446,601)	-	-	(1,446,601)
Consideration shares for tenements	550,000	-	-	550,000
Issue of share capital for loyalty issue	79,376	-	-	79,376
Share-based payments	-	874,611	-	874,611
At 30 June 2019	4,358,979	874,611	(1,023,921)	4,209,669

The Consolidated Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

For the Financial Year Ended 30 June 2020

	Note	Consolidated Entity 2020	Company 2019
Cash flows from operating activities			
Payments to suppliers and employees		**(472,688)**	(971,134)
Interest received		**23,424**	26,486
Payments made for exploration expenditure		**(184,628)**	-
Net cash used in operating activities	8	**(633,892)**	(944,648)
Cash flows from investing activities			
Payments made for exploration and evaluation		**(327,346)**	(507,589)
Payments made to acquire Colossus Metals Pty Ltd		**(100,000)**	-
Cash received on acquisition of Colossus Metals Pty Ltd		**2,360**	-
Net cash used in investing activities		**(424,986)**	(507,589)
Cash flows from financing activities			
Proceeds from the issue of shares		-	4,879,376
Share issue costs		-	(468,750)
Net cash from financing activities		-	4,410,626
Net (decrease) / increase in cash and cash equivalents		**(1,058,878)**	2,958,389
Cash and cash equivalents at the beginning of the year		**3,064,472**	106,083
Cash and cash equivalents at the end of the year	8	**2,005,954**	3,064,472

The Consolidated Statement of Cash Flows should be
read in conjunction with the notes to the financial statements.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

Sultan Resources Limited (referred to as "Company" or "parent entity") is a company domiciled in Australia. The address of the Company's registered office and principal place of business is disclosed in the Corporate Directory of the Annual Report. The consolidated financial statements of the Company as at and for the year ended 30 June 2020 comprise the Company and its subsidiaries (together referred to as the "Consolidated Entity" or the "Group").

(b) Basis of Preparation

Statement of compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Basis of measurement

The consolidated financial statements have been prepared on a going concern basis in accordance with the historical cost convention, unless otherwise stated.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 22.

Changes to the Group's accounting policies

The consolidated entity has adopted all of the new or amended Accounting Standards and interpretations issued by the Australian Accounting Standards Board ('AASB") that are mandatory for the current reporting period. Details of the impact of AASB 16 Leases and IFRIC Uncertainty over Income Tax Treatments have had are detailed below. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the consolidated entity.

AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 July 2019 using the retrospective modified approach and as such the comparatives have not been restated. There is no impact to the financial statements as there is no lease agreement in the Group.

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments.

The Consolidated entity has adopted IFRIC 23 from 1 July 2019. The impact of adoption is not material to the financial statements.

Significant Judgements and Estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(c) Comparatives

Comparative balances for the Group are for the financial period 30 June 2019.

(d) Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Sultan Resources Limited ('Company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. Sultan Resources Limited and its subsidiaries together are referred to in this financial report as the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the consolidated entity controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition method of accounting is used to account for business combinations by the consolidated entity. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

(e) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board. Management has determined that based on the report reviewed by the Board and used to make strategic decisions, that the consolidated entity has one reportable segment.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(f) Revenue Recognition

Interest revenue

Interest revenue is recognised as it accrues, using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(g) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(h) Exploration and evaluation expenditure

Acquisition, exploration and evaluation costs associated with mining tenements are accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that the Group's rights of tenure to that area of interest are current and that the costs are expected to be recouped through the successful commercial development or sale of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

(i) Cash and Cash Equivalents

Cash on hand and in bank and short-term deposits are stated at nominal value. For the purpose of the statement of cash flows, cash includes cash on hand and in bank, and bank securities readily convertible to cash, net of outstanding bank overdrafts.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(j) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

(k) Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(l) Trade and Other Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received whether or not billed to the Group. Trade payables are usually settled within 30 days of recognition.

(m) Employee Benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution plans are expensed in the period in which they are incurred.

(n) Share-based Payments

Equity-settled benefits are provided to Key Management Personnel and employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using an appropriate valuation model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(n) Share-based Payments (CONT.)

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

(o) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the Company reacquires its own equity instruments, for example as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(p) Earnings Per Share

Basic earnings per share
Basic earnings per share are calculated by dividing:

- The profit or loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares.
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share
Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(q) Goods and Services Tax ("GST")

Revenue, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables area stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

(r) Current and Non-Current classification

Assets and liabilities are presented in the consolidated statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(s) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

(t) Other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.
Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either:

(i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or
(ii)designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(u) Acquisition of subsidiaries

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The subsidiary acquisition of Colossus Metals Pty Ltd holds exploration tenements and no processes or outputs. The acquisitions are therefore assessed as an asset acquisition rather than a business combination. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2020.

The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Group has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Group may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the Group's financial statements.

NOTE 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND ASSUMPTIONS

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised.

NOTE 3 SEGMENT INFORMATION

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

The Group operates only in one reportable segment being minerals exploration in Australia. The Board considers its business operations in minerals exploration to be its primary reporting function. Results are analysed as a whole by the chief operating decision maker, this being the Board of Directors. Consequently, revenue, profit or loss, net assets, total assets and total liabilities for the operating segment are reflected in this financial report.

NOTE 4 EXPENSES

	2020	2019
	$	$
(a) Administrative and corporate expenses		
Accounting, audit and company secretarial fees	**134,855**	132,718
Marketing fees	**67,055**	79,333
Travel costs	**-**	9,632
General and administration expenses	**18,740**	21,752
	220,650	243,435

Notes to the Consolidated Financial Statements

NOTE 4 EXPENSES (Continued)	Consolidated 2020	Company 2019
	$	$
(b) Consultancy and legal expenses		
Consulting fees	**144,360**	193,126
Legal fees	**28,253**	33,320
	172,613	226,446

NOTE 5 SHARE BASED EXPENSES

On 24 June 2020 1,000,000 ordinary shares were issued at a share price of $0.155 for facilitating the acquisition between The Company and Colossus Metals Pty Ltd. In accordance with Australian Accounting Standards, these shares have been fair valued based on the grant date of 24 June 2020 and recognised as a share-based payment in these financial statements. The total value of the shares issued was $155,000.

Refer to Note 21 on the acquisition of Colossus Metals Pty Ltd.

	Consolidated 2020	Company 2019
	$	$
Facilitation shares	**155,000**	-
Lead Manager options	**-**	874,611
	155,000	874,611

NOTE 6 INCOME TAX	2020 $	2019 $
(a) The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
Income tax expense reported in the of profit or loss and other comprehensive income	-	-
(b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
(Loss) / profit before income tax expense	**(855,454)**	(847,711)
Prima facie tax benefit on loss before income tax at 30% (2019:30%)	**(256,636)**	(254,313)
Tax effect of:		
Amounts not deductible in calculating taxable income	**152,897**	2,482
Changes in unrecognised temporary differences	**(155,876)**	(45,951)
Tax losses not recognised	**259,615**	297,782
Income tax expense/(benefit)	**-**	-
(c) Deferred tax assets not brought to account are:		
Accruals/ Provisions	**8,846**	5,633
Prepayment	**(169)**	(5,006)
Exploration related expenditure	**(286,006)**	(168,049)
Business blackhole expenditure	**126,768**	172,677
Other	**78**	137
Tax losses	**737,144**	477,529
Total deferred tax assets not brought to account	**586,661**	482,921

Notes to the Consolidated Financial Statements

NOTE 6 INCOME TAX (Continued)

Potential deferred tax assets attributable to tax losses and other temporary differences have not been brought to account at 30 June 2020 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the expenditure to be realised; and
- no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the expenditure.

NOTE 7 LOSS PER SHARE

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	Consolidated 2020 $	Company 2019 $
Net loss for the year	**(855,454)**	(847,711)
Weighted average number of ordinary shares for basic and diluted loss	**47,805,628**	33,536,532
Basic and diluted loss per share (cents)[(i)]	**(1.79)**	(2.53)

(i) Diluted loss per share are the same as basic loss per share because options on issue are anti-dilutive (2019:Nil).

NOTE 8 CASH AND CASH EQUIVALENTS	**2020 $**	2019 $
Cash at bank and in hand	**2,005,955**	3,064,472
Loss for the financial year	**(855,454)**	(847,711)
Adjustments for:		
Share-based payments	**155,000**	-
Changes in assets and liabilities		
Trade and other receivables	**(77,460)**	(9,639)
Trade and other payables	**144,422**	(90,163)
Provisions	**(400)**	2,865
Net cash used in operating activities	**(633,892)**	(944,648)

NOTE 9 TRADE AND OTHER RECEIVABLES	**2020 $**	2019 $
GST receivable	**79,465**	37,999
Prepayments – Other	**52,680**	16,688
	132,145	54,687

Allowance for expected credit losses

The Group did not recognise any loss in the profit or loss in respect of the expected credit losses for the year ended 30 June 2020 and 30 June 2019.

Notes to the Consolidated Financial Statements

NOTE 10 EXPLORATION AND EVALUATION	Consolidated 2020 $	Company 2019 $
Opening balance	**1,184,751**	99,776
Tenements acquisition costs incurred during the year	**1,617,639**[(i)]	550,000[(ii)]
Exploration and evaluation expenditure incurred during the year	**348,943**	534,975
Closing balance	**3,151,333**	1,184,751

(i) Issue of 10,000,000 fully paid ordinary shares in the Company with a fair value of $1,550,000 & payment of $100,000 cash to vendors as part of the consideration to acquire the tenements held in Colossus Metals Pty Ltd less the net assets acquired in Colossus Metals on acquisition. Refer to Note 21 for details.

(ii) Issue of 2,750,000 fully paid ordinary shares in the Company with a fair value of $550,000 to Galahad Resources Pty Ltd ("Galahad") as part consideration to acquire the tenements under the term sheet entered into on 26 January 2018 between the Company and Galahad.

NOTE 11 TRADE AND OTHER PAYABLES	2020 $	2019 $
Trade payables	**102,878**	39,705
Accrued expenses	**114,597**	42,178
	217,475	81,883

NOTE 12 PROVISIONS	2020 $	2019 $
Superannuation liability	**2,470**	-
PAYG liability	**2,898**	8,580
Annual leave liability	**7,015**	3,778
	12,383	12,358

NOTE 13 CONTRIBUTED EQUITY

(a) Issued and fully paid	Consolidated 2020 No.	Consolidated 2020 $	Company 2019 No.	Company 2019 $
Ordinary shares	**58,625,300**	**6,063,979**	47,625,300	4,358,979

Ordinary shares entitle the holder to participate in dividends and the proposed winding up of the Company in proportion to the number and amount paid on the share hold.

(b) Movement reconciliation	Number	$
At 30 June 2018	5,000,203	376,204
Initial public offering	24,000,000	4,800,000
Galahad tenement acquisition	2,750,000	550,000
Loyalty Offer	15,875,097	79,376
Less share Issue costs	-	(1,446,601)
At 30 June 2019	47,625,300	4,358,979
Consideration for Colossus Metals Pty Ltd	**10,000,000**	**1,550,000**
Facilitation shares	**1,000,000**	**155,000**
At 30 June 2020	**58,625,300**	**6,063,979**

Notes to the Consolidated Financial Statements

NOTE 14 RESERVES

	Consolidated 2020 $	Company 2019 $
Options reserve	**874,611**	874,611
Movement in reserves		
Opening balance	**874,611**	-
Lead manager Options (Note 5)	**-**	874,611
Closing balance	**874,611**	874,611

NOTE 15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange prices. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future cash flow forecasts.

Risk management is carried out by Management and overseen by the Board of Directors with assistance from suitably qualified external advisors.

The main risks arising for the Group are interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

The carrying values of the Group's financial instruments are as follows:

	2020 $	2019 $
Financial Assets		
Cash and cash equivalents	**2,005,595**	3,064,472
Trade and other receivables*	**109,145**	37,999
	2,114,740	3,102,471

* Excludes prepayments as no cash or financial asset will be delivered.

Financial Liabilities		
Trade and other payables	**217,475**	90,463
	217,475	90,463

(a) Market risk

(i) Foreign exchange risk

The Group was not significantly exposed to foreign currency risk fluctuations.

(ii) Interest rate risk

The Group is exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest bearing financial instruments. The Group's exposure to this risk relates primarily to the Group's cash and any cash on deposit. The Group does not use derivatives to mitigate these exposures. The Group manages its exposure to interest rate risk by holding certain amounts of cash in fixed and floating interest rate facilities. At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

Notes to the Consolidated Financial Statements

NOTE 15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

	Consolidated 2020		Company 2019	
	Weighted average interest rate [(i)]	**Balance $**	Weighted average interest rate [(i)]	Balance $
Cash and cash equivalents	**0.56%**	**2,005,595**	0.99%	3,064,472

(i) This interest rate represents the average interest rate for the year.

Sensitivity
Within the analysis, consideration is given to potential renewals of existing positions and the mix of fixed and variable interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. The 1% increase and 1% decrease in rates is based on reasonably expected possible changes over a financial year/period, using the observed range of historical rates for the preceding two-year period.

At 30 June 2020, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax losses and equity would have been affected as follows:

	Loss higher/(lower)	
	Consolidated 2020	Company 2019
Judgements of reasonably possible movements:	**$**	$
+ 1.0% (100 basis points)	**20,056**	30,645
- 1.0% (100 basis points)	**(20,056)**	(30,645)

(b) Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the financial position and notes to the financial statements. The Group does not hold any collateral.

The Group's policy is to trade only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms will be subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Group.

(c) Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. 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 its reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The Group does not have any external borrowings.
The following are the contractual maturities of financial liabilities:

	1 year or less	1-5 years	> 5 years	Total
Consolidated 2020	**$**	**$**	**$**	**$**
Trade and other payables	**217,475**	**-**	**-**	**217,475**
Company 2019				
Trade and other payables	90,463	-	-	90,463

Notes to the Consolidated Financial Statements

NOTE 15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

(d) Capital risk management

The Group's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.
Given the stage of the Group's development there are no formal targets set for return on capital. The Group is not subject to externally imposed capital requirements. The net equity of the Group is equivalent to capital. Net capital is obtained through capital raisings on the Australian Securities Exchange ("ASX").

NOTE 16 RELATED PARTY DISCLOSURE

(a) Key Management Personnel Compensation

Details relating to key management personnel, including remuneration paid, are below.

	Consolidated 2020 $	Company 2019 $
Short-term benefits	**107,237**	291,059
Post-employment benefits	**9,880**	16,942
	117,117	308,001

Information regarding individual Directors compensation and equity instruments disclosures is provided in the Remuneration Report section of the Directors' Report.

(b) Transactions with related parties

	2020 $	2019 $
Mirador Corporate Pty Ltd [(i)]	**79,900**	98,175
Steve R Groves[(ii)]	**8,640**	-
	88,540	98,175

The following transactions occurred with related parties:

(i) The Group paid Mirador Corporate Pty Ltd for company secretarial, registered office fees and financial management services, to which Jeremy King is a director.
(ii) Consulting fee paid to Steve R Groves, an entity in which Steven Groves is a Director. As at 30 June 2020 there was a $4,200 prepaid fee.

(c) Amounts payable to/ (receivable from) related parties

	2020 $	2019 $
Mirador Corporate Pty Ltd [(i)]	**14,280**	-
Steve R Groves[(ii)]	**(4,200)**	
	10,080	-

The following payments are owed to/ (receivable from) related parties:

(i) The Group owes Mirador Corporate Pty Ltd for company secretarial and financial management services, to which Jeremy King is a director.
(ii) Consulting fee paid to Steve R Groves as at 30 June 2020 there was a $4,200 prepaid fee.

(d) Loans with related parties

There were no loans during the year ended 30 June 2020 (2019: nil).

There were no other transactions with related parties during the year ended 30 June 2020.

Notes to the Consolidated Financial Statements

NOTE 17 COMMITMENTS

	Consolidated 2020 $	Company 2019 $
Not longer than 1 year	633,150	403,111
More than 1 year but not longer than 5 years	2,765,480	1,612,445
More than 5 years	400,000	-
	3,798,630	2,015,556

NOTE 18 CONTINGENT LIABILITIES

On 24 June 2020 the Company grants the vendors of Colossus Metals Pty Ltd or their nominee, a two percent Net Smelter Return Royalty for the life of mine of the Tenements.

On 14 August 2018 Galahad was issued 2,750,000 ordinary shares to complete the acquisition of tenements. On and from the date of commencement of production on the assets, Galahad and/or its nominees will be granted a 2% gross value royalty on products mines and sold from the assets. The term of the royalty is for the length of the economic production life of the assets, to be confirmed and agreed by the parties at various key milestones at project life.

Contingent assets
There are no contingent assets at 30 June 2020 (30 June 2019: Nil).

NOTE 19 AUDITOR'S REMUNERATION

	Consolidated 2020 $	Company 2019 $
Amounts received or due and receivable by RSM Australia for:		
Audit and review of the financial reports	**26,500**	25,000
Other services		
- Income tax preparation	**7,500**	3,000
	34,000	28,000

NOTE 20 INTERESTS IN SUBSIDIARIES

	Principal Activities	Country of Incorporation	Ownership interest 2020 %	Ownership interest 2019 %
Colossus Metals Pty Ltd	Exploration	Australia	100	-

Notes to the Consolidated Financial Statements

NOTE 21 ACQUISITION

On 24 June 2020 the Company completed the acquisition of Colossus Metals Pty Ltd ('Colossus') and now owns 100% of all the outstanding share capital in Colossus. As Colossus holds exploration tenements and no processes or outputs were acquired, the acquisition was assessed as an asset acquisition rather than a business combination.
The deemed consideration was the issue of 10,000,000 fully paid ordinary shares and cash consideration to the value of $1,550,000 and cash consideration of $100,000.
On initial recognition, the fair value of the shares issued has been determined by reference to the market share price $0.155 on the day the acquisition was completed.

Details of the purchase consideration and fair value of the assets and liabilities acquired through the acquisition are as follows:

Total purchase consideration comprises:

- 10,000,000 Consideration shares;
- $100,000 cash consideration; and
- Deferred consideration:

The deferred consideration is recognised as a contingent liability as disclosed within note 18 of the report.

	2020 $
Value of Share Consideration issued	**1,550,000**
Cash consideration (i)	**100,000**
Deferred consideration(ii)	**-**
	1,650,000

(i)Cash consideration was paid 22 June 2020.
(ii)Fair value is nil due to probability assessment on initial recognition, refer to note 18.

On initial recognition, the fair value of the shares issued has been determined by reference to the market share price $0.155 on the day the acquisition was completed.

Details of the fair value of the assets and liabilities acquired on 24 June 2020 through the acquisition of Colossus Metals Pty Ltd are as follows:

	2020 $
Cash	**2,361**
Other asset	**30,000**
Exploration assets	**1,617,639**
Net assets acquired	**1,650,000**

Notes to the Consolidated Financial Statements

NOTE 22 PARENT ENTITY

	2020	2019
	$	$
Assets		
Current assets	**2,107,380**	3,119,159
Non-current assets	**1,626,417**	1,184,751
Total assets	**3,733,797**	4,303,910
Liabilities		
Current liabilities	**208,260**	92,241
Non-current liabilities	**-**	-
Total liabilities	**208,260**	92,241
Equity		
Contributed equity	**6,063,979**	4,358,979
Reserves	**874,611**	874,611
Accumulated losses	**(3,413,053)**	(1,023,921)
Total equity	**3,525,537**	4,209,669
Loss for the year	**(2,389,132)**	(847,711)
Total comprehensive loss	**(2,389,132)**	(847,711)

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019, other than as disclosed in note 18.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020 and 30 June 2019.

Lease commitments
The parent entity had no lease commitments as at 30 June 2020 and 30 June 2019.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Notes to the Consolidated Financial Statements

NOTE 23 EVENTS AFTER THE REPORTING DATE

The impact of the Coronavirus (COVID-19) pandemic is ongoing, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group.

Directors' Declaration

In the Directors' opinion:

a) The financial statements and accompanying notes are in accordance with the Corporations Act 2001, including:
   i) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the year ended on that date.
b) The financial statements and notes comply with International Financial Reporting Standards.
c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001 and is signed for and on behalf of the Directors by:



Steven Groves
Managing Director

25 September 2020

RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SULTAN RESOURCES LIMITED

Opinion

We have audited the financial report of Sultan Resources Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

THE POWER OF BEING UNDERSTOOD
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RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Pty Ltd ACN 009 321 377 atf Birdanco Practice Trust ABN 65 319 382 479 trading as RSM

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
Exploration and Evaluation Expenditure Refer to Note 10 in the financial statements	
The Group has capitalised exploration and evaluation expenditure with a carrying value of $3,151,333 as at 30 June 2020. We considered this to be a key audit matter due to the significant management judgments involved in assessing the carrying value of the asset including: • Determination of whether the expenditure can be associated with finding specific mineral resources, and the basis on which that expenditure is allocated to an area of interest; • Determination of whether exploration activities have progressed to the stage at which the existence of an economically recoverable mineral reserve may be assessed; and • Assessing whether any indicators of impairment are present, and if so, judgments applied to determine and quantify any impairment loss.	Our audit procedures included: • Ensuring that the right to tenure of each area of interest is current; • Agreeing a sample of additions to supporting documentation and ensuring the amounts are capital in nature and relate to the area of interest; • Assessing and evaluating management's assessment that no indicators of impairment existed as at 30 June 2020; • Enquiring with management and reviewing budgets and other supporting documentation as evidence that active and significant operations in, or relation to, the area of interest will be continued in the future; and • Through discussions with the management and reviewing relevant supporting documentation, assessing management's determination that exploration and evaluation activities have not yet reached a stage where the existence or otherwise of economically recoverable reserves may be reasonably determined.
Measurement and Recognition for Acquisition of Colossus Metals Pty Ltd Refer to Note 21 in the financial statements	
During the year, the Company acquired a 100% interest of Colossus Metals Pty Ltd for a purchase consideration of cash of $100,000 and 10,000,000 fully paid ordinary shares. Accounting for this acquisition is a key audit matter as it involves management judgements in determining the acquisition accounting treatment, the acquisition date, the fair value of net assets acquired and the fair value of the purchase consideration.	Our audit procedures included: • Reviewing the binding terms sheet to understand the key terms and conditions of the transaction and the related accounting considerations; • Evaluating management's determination that the acquisition did not meet the definition of a business in accordance with Accounting Standards and therefore was an asset acquisition and not a business combination; • Assessing management's determination of the acquisition date, fair value of consideration paid and the fair value of the net assets acquired; and • Reviewing the adequacy and accuracy of the relevant disclosures in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporation Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Sultan Resources Limited, for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 25 September 2020

TUTU PHONG
Partner

Corporate Governance Statement

The Board of Directors of Sultan Resources Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and accountable. The Board continuously reviews its governance practices to ensure they remain consistent with the needs of the Company.

The Company complies with each of the recommendations set out in the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 3rdEdition ("the ASX Principles"). This statement incorporates the disclosures required by the ASX Principles under the headings of the eight core principles. All of these practices, unless otherwise stated, are in place.

Further information on the Company's corporate governance policies and practices can be found on the Company's website at https://www.sultanresources.com.au/corporate/corporate-governance/

ASX Additional Information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this Annual Report is as follows. The information is current as of 2 September 2020.

Position	Holder Name	Holding	% IC
1	V7 INVESTMENT & DEVELOPMENT<THE ZHOU FAMILY A/C>	6,850,000	11.68%
2	MR NARINDER SINGH SUDAGAR SINGH<SIDHU A/C>	5,399,959	9.21%
3	GALAHAD RESOURCES PTY LTD	4,125,000	7.04%
4	SALLIE KAIRAITIS	2,500,000	4.26%
4	DARREN CRAIG GLOVER	2,500,000	4.26%
4	FLEUR LESLEY SCHELL	2,500,000	4.26%
4	MR BENJAMIN LEIGH HARPER	2,500,000	4.26%
5	KALCON INVESTMENTS PTY LTD	1,942,483	3.31%
6	MR MICHAEL NITSCHE	1,646,298	2.81%
7	XCEL CAPITAL PTY LTD	1,545,755	2.64%
8	PAPILLON HOLDINGS PTY LTD <THE VML NO 1 A/C>	1,389,396	2.37%
9	CALM HOLDINGS PTY LTD <CLIFTON SUPER FUND A/C>	1,000,000	1.71%
10	THE PIONEER DEVELOPMENT FUND (AUST) LIMITED	990,000	1.69%
11	MRS CHRISTINA MARIE HIRRELL	914,356	1.56%
12	PENINSULA INVESTMENTS (WA) PTY LTD	836,868	1.43%
13	XCEL CAPITAL PTY LTD	833,664	1.42%
14	MR WEI SU	550,000	0.94%
15	CITICORP NOMINEES PTY LIMITED	530,275	0.90%
16	NAUTILUS SUPER NOMINEES PTY LTD <NITSCHE SF A/C>	473,696	0.81%
17	HOWARD-SMITH INVESTMENTS PTY LTD	450,000	0.77%
18	MRS LILY MAH <MJ A/C>	449,430	0.77%
19	KALCON INVESTMENTS PTY LTD	446,667	0.76%
20	MR PENGFEI LI	400,000	0.68%
20	VICEX HOLDINGS PROPRIETARY LIMITED <VICEX SUPER A/C>	400,000	0.68%
	Total	**41,173,847**	**70.23%**
	Total issued capital - selected security class(es)	**58,625,300**	**100.00%**

ASX Additional Information

DISTRIBUTION OF EQUITY SECURITIES

(i) Ordinary share capital

- 58,625,300 fully paid shares held by 455 individual shareholders. All issued ordinary shares carry one vote per share and carry the rights to dividends.

The number of shareholders, by size of holding, is:

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	17	2,537	0.00%
above 1,000 up to and including 5,000	71	269,218	0.46%
above 5,000 up to and including 10,000	95	797,464	1.36%
above 10,000 up to and including 100,000	199	7,497,704	12.79%
above 100,000	73	50,058,377	85.39%
Totals	**455**	**58,625,300**	**100.00%**

(ii) Unlisted Options

- 6,000,000 unquoted options held by 2 individual shareholders with an exercise price of $0.24 and an expiry date of 7 August 2023.

SUBSTANTIAL SHAREHOLDERS

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Holding Balance	% of Issued Capital
V7 INVESTMENT & DEVELOPMENT <THE ZHOU FAMILY A/C>	6,850,000	11.68%
MR NARINDER SINGH SUDAGAR SINGH <SIDHU A/C>	5,399,959	9.21%
GALAHAD RESOURCES PTY LTD	4,125,000	7.04%

RESTRICTED SECURITIES

There were no restricted securities at 2 September 2020.

UNMARKETABLE PARCELS

There were 19 holders of less than a marketable parcel of ordinary shares, which as at 2 September was 5,145.

ON-MARKET BUY-BACK

There is currently no on-market buyback program for any of Sultan Resources' listed securities.

ASX Additional Information

ACQUISITION OF VOTING SHARES
No issues of securities have been approved for the purposes of Item 7 of Section 611 of the Corporations Act 2001.

TAX STATUS
The Company is treated as a public company for taxation purposes.

FRANKING CREDITS
The Company has no franking credits.

TENEMENT TABLE

Western Australia

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

ASX Additional Information

NSW

Tenement	Holder	Status	Area	Grant Date	Expiry Date	Annual Rental Fee	Annual Admin Levy	Security Required	Security Held
EL 8704	Colossus Metals 100%	Live	60 units	05/03/2018	5/03/2023	$3,600	$100	$10,000	$10,000
EL 8734	Colossus Metals 100%	Live	16 units	16/04/2020	16/04/2025	$960	$100	$10,000	$10,000
EL 8735	Colossus Metals 100%	Live	37 units	16/04/2020	16/04/2025	$2,220	$100	$10,000	$10,000