Sultan Resources
ACN: 623 652 522

CORPORATE DETAILS

ASX Code: SLZ

DIRECTORS

STEVE GROVES
MANAGING DIRECTOR

JEREMY KING
CHAIRMAN

DAVID LEES
NON-EXECUTIVE DIRECTOR

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ASX ANNOUNCEMENT

19 July 2019

JUNE QUARTERLY REPORT

For the period 1st April – 30th June 2019

Sultan Resources Limited ("SLZ" or "the Company") is pleased to provide shareholders with the following update for the Company's activities for the quarter ended 30th June 2019.

PROJECTS

Lake Grace

During the quarter the Company was received all gold assay results from its maiden RC drilling at the Challenger Prospect, Lake Grace.

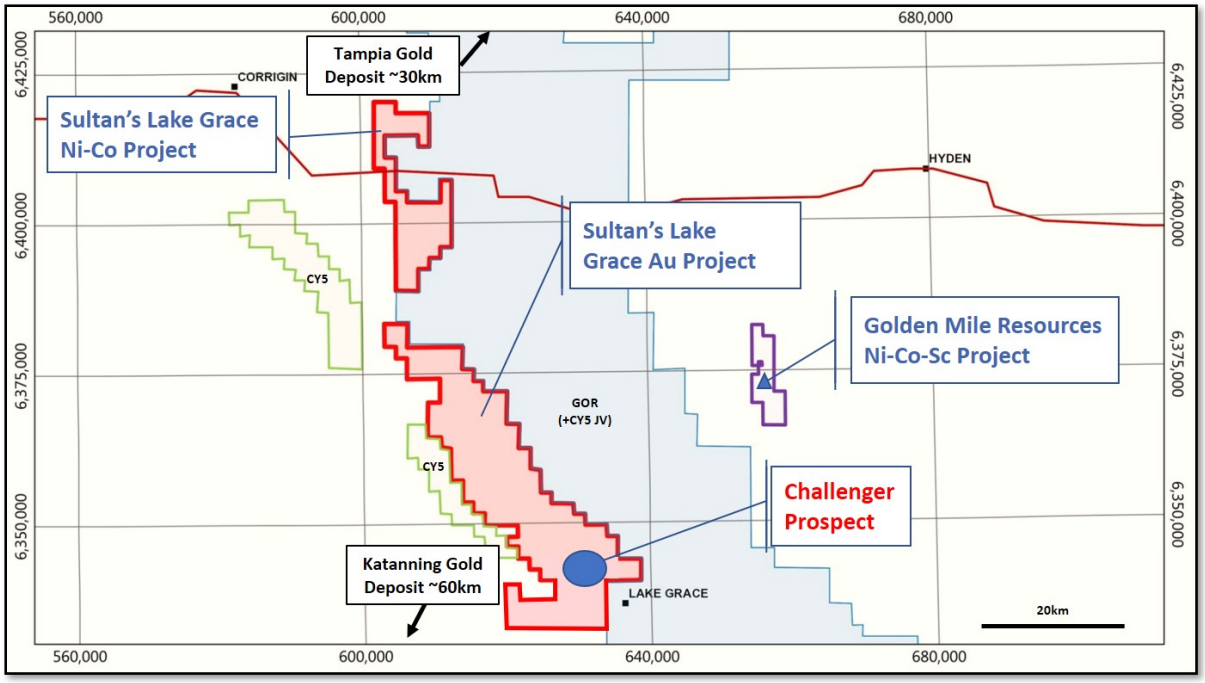

Figure 1: Sultan's Lake Grace Project showing the location of the Challenge Prospect (blue dot)

The program targeted a 1km long, >0.1g/t Au aircore gold anomaly defined by North Limited ("North") in exploration programs undertaken across the area in the mid-1990s[1,5]. Sultan's drill program was designed to confirm the extent and tenor of the surface gold mineralisation, test the depth and down-plunge extent of the higher-grade mineralised zones and provide an understanding of the stratigraphy and structure across the Challenger Prospect.

DRILLING COMPLETED DURING QUARTER

During March and early April, the Company completed 12 RC holes for 1,782m targeting a 1km long, >0.1g/t historic Au aircore gold anomaly at the Challenger Prospect 8km north of Lake Grace in southwest WA[6]. The drill holes intersected numerous thick intervals of mafic granulite rock-types containing zones of strong sulphide mineralisation, similar in appearance to those that host gold mineralisation at the nearby 675koz Tampia[2,4] and 1moz Katanning[3] Gold Deposits.

Significant Results

The company received the gold fire assay results from the 1m and composite 4m samples, which show a number of significant gold-mineralised intervals (Table 1, Figure 2) that are similar in thickness and tenor to the two historic diamond holes completed by North during the 1990s[1,8,9].

Significant intersections include:

Hole ID	From (m)	To(m)	Interval (m)	Gold Grade g/t
19SLGR2	30	34	4	0.16
19SLGR2a	27	28	1	0.10
19SLGR4	40	41	1	0.18
19SLGR9	**31**	**42**	**11**	**0.42**
	58	59	1	0.10
19SLGR10	**33**	**44**	**11**	**0.14**
	44	**52**	**8**	**0.52**
incl.	45	48	**3**	**1.12**
	55	62	7	0.12
	73	**81**	**8**	**0.75**
incl.	77	81	**3**	**1.34**
incl.	79	80	**1**	**3.41**
19SLGR11	**50**	**63**	**13**	**0.50**
incl.	53	55	**2**	**1.03**
incl.	57	59	**2**	**0.74**
	88	95	7	0.15
	103	106	3	0.12
19SLGR12	**48**	**50**	**2**	**0.24**
	71	**82**	**11**	**0.54**
incl.	72	74	**2**	**1.00**
incl.	78	81	**3**	**0.90**
	120	126	6	0.11

Table 1: Table of significant intersections from the recent RC drill program. Intervals have been calculated using a >0.1g/t cut-off, with no more than 2m of internal dilution. All intercept thicknesses are down-hole thicknesses.

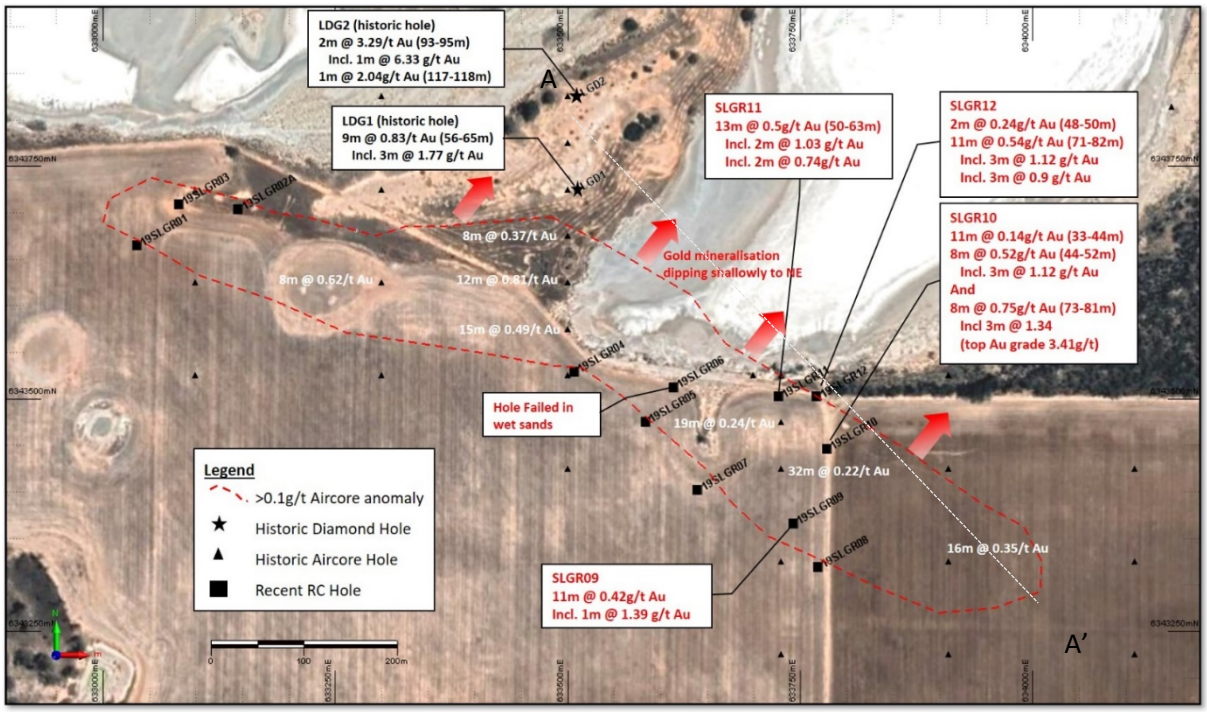

Figure 21: Plan view of the Challenger Prospect showing updated significant intersections (red text boxes) of the recent RC drill program (black squares). The highlights of significant intercepts from historic drilling (black triangles or stars) and the large historic aircore gold anomaly (red dashed outline) are also displayed. The line of the long section depicted in Figure 2 is marked A – A'

The results of the first pass drilling program are very encouraging and demonstrate that gold mineralising processes have occurred on a significant scale at Challenger. The drilling intersected thick zones of gold-anomalous mafic rocks spanning intervals of up to 90m in excess of 20ppb gold. Within these intervals, zones of between 8 to 13m averaging over 0.5g/t Au and containing 1 to 3m zones in excess of 1g/t Au were commonly intersected. The thickness and tenor of these higher-grade zones is consistent with those intersected in the two historic diamond holes[1] located some 450m away to the northwest in similar rock types. Gold grades of over 0.1g/t for a strike of over 1km were present in historic aircore holes and are interpreted to mark the near-surface expression of the gold mineralization[1]. The bedrock gold intersections correlate with the aircore anomalism to define a gold-mineralised zone with a shallow dip towards the northeast that is open, and untested, in all directions.

GEOPHYSICAL SURVEY AND INTERPRETATION

During December 2018, the company commissioned a high-resolution airborne magnetic survey of its entire Lake Grace portfolio. The survey was flown in two parts: the first across E70/5095 (Kulin Hill) and the second across E70/5081, E70/5082, E70/5085 and E70/5179 (Lake Grace). A full geological, structural and exploration targeting exercise was undertaken on the survey results by Core Geophysics and was recently received during the quarter by Sultan[9]. The results of the interpretation are extremely encouraging, with a total of 84 exploration target areas identified by Core Geophysics as worthy of further investigation.

Geophysical Results

Kulin Hill - The area encompassed by the survey is characterised by granite and gneiss that forms a part of the Western Gneiss Terrain. In the north, a 2.6km long ultramafic body is known to be associated with the occurrence of Ni-Co sulphides in historic drilling[9] and the survey has provided greatly improved detail on the structure of this arcuate body. The survey has also delineated a further 14.5km strike of interpreted ultramafic bodies to the southeast that remain

unexplored. A total of 24 structural/geological targets have also been identified by Core Geophysics as worthy of follow-up exploration.

Lake Grace – The geology evident in the Kulin Hill survey area extends southwards through the Lake Grace tenements and a similar geological and structural map was produced. The area is structurally complex, but the shear/structural zone that contains Challenger Prospect was identified to extend for ~45km to the NW of Challenger and is spatially related to all significant historic gold prospects identified by North Limited and other explorers (Figure 3). A further 9.5km zone of probable ultramafic rocks was identified in the central-east portion of the survey area (Figure 3). Core Geophysics also identified a total of 60 structural/geological targets as worthy of follow-up exploration throughout the Lake Grace tenements.

OTHER PROJECTS

Thaduna

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

East Tallering

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

Dalwallinu

Landowner access negotiations are ongoing.

CORPORATE

During the quarter, the Company announced a cost reduction programme to ensure that its running costs are competitive and recognizing the current challenging environment for exploration juniors[9].

The cost reduction program includes the following elements:

- All non-essential expenditure on the Company's exploration projects will be deferred.
- The contract of Mr Steve Groves, the Company's Managing Director, will be adjusted such that he will be on a base salary of $40,000 per annum. The Company's non-executive directors, Mr Jeremy King and Mr David Lees shall have their annual director fees reduced by 20%.
- Corporate advisory, investor relations, and corporate secretarial and financial management service fees shall be reduced by a minimum of 20%.
- The Company will terminate all non-essential services and consultancy contracts.

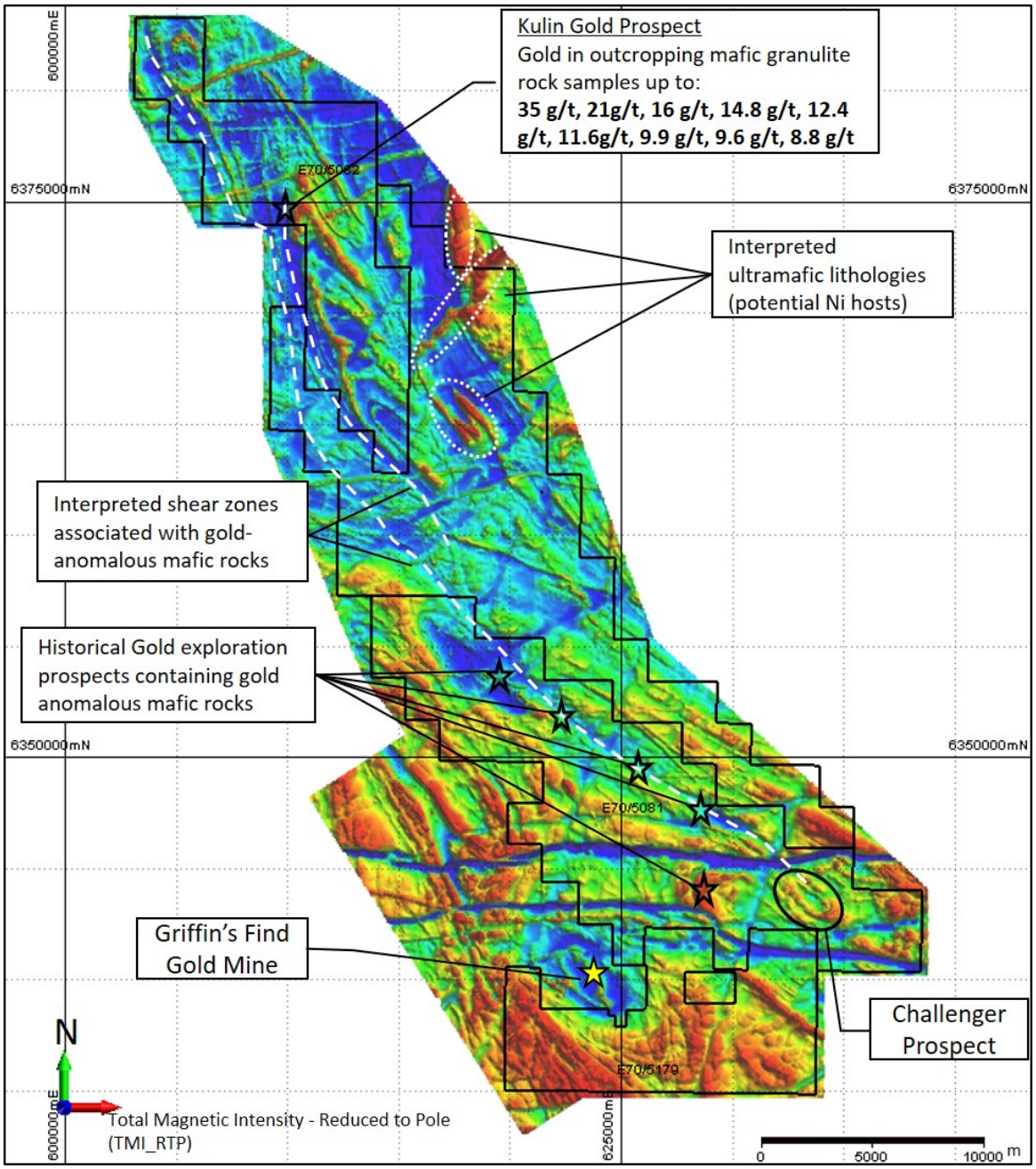

Figure 3: Regional magnetic image of Sultan's Lake Grace portfolio. The Challenger Prospect, located in the southeast, marks the start of a northwest-trending zone of gold-anomalous mafic rocks associated with major NW-trending features interpreted to indicated major shearing. The evidently strongly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

References:

1 North Limited - Public Company Report A45226: "Final Report on Exploration Licences E70/1367 & E70/1368" August 1995

2 Explaurum Limited – Company Presentation: "Unlocking Wheatbelt Gold", 03/08/2018

3 Ausgold Limited – ASX Release: "Katanning Gold Project Resource expanded to 1.04 million ounces" 26/11/2018

4 Explaurum Limited – ASX Release: "Independent Expert's Report" 17/01/2019

5 Sultan Resources – ASX Release: "RC Drilling on Historic Targets at Lake Grace to Commence" 13/03/2019

6 Sultan Resources – ASX Release: "RC Drilling on Historic Targets at Lake Grace Complete" 04/04/2019

7 Associated Goldfields – Public Company Report A19545: "Final Report on Exploration Licence E70/180" August 1995

8 Sultan Resources – ASX Release: "First Gold Assay Results" 16/05/2019

9 Sultan Resources – ASX Release: "Exploration and Company Update" 03/07/2019

PORTFOLIO OVERVIEW

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

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

SCHEDULE OF TENEMENTS

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

Competent Persons Statement

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

The information in this report that relates to Mineral Resources is based on information announced to the market by Explaurum Limited on 17 January 2019 (Tampia) and Ausgold Limited on 26 November 2018 (Katanning). Sultan confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements, and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.