**Sultan Resources**
ACN: 623 652 522

**CORPORATE DETAILS**

ASX Code: SLZ

**DIRECTORS**

**STEVE GROVES**
MANAGING DIRECTOR

**JEREMY KING**
CHAIRMAN

**DAVID LEES**
NON-EXECUTIVE DIRECTOR

**CONTACT**
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1 Altona Street
West Perth WA 6005

**www.sultanresources.com.au**

SULTAN
RESOURCES

## ASX ANNOUNCEMENT

27 October 2021

# SEPTEMBER QUARTERLY REPORT

For the period 1st July – 30th September 2021

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 September 2021.

## LACHLAN FOLD BELT PROJECT

During the quarter Sultan continued exploration across its suite of highly attractive porphyry and epithermal exploration targets in the Macquarie Arc volcanic rocks of the Lachlan Fold Belt, NSW.

### Big Hill – Drilling

Sultan followed up the promising IP results by drilling 3 initial diamond drill holes at the Big Hill Porphyry Au-Cu prospect (see ASX Announcement 18/05/2021). These holes were the first 3 holes of a proposed 10-hole program designed to assess the potential for the project to host porphyry-style Cu-Au mineralisation. The holes targeted the prominent IP chargeability anomaly (see ASX Announcement 29/04/2021) that lies within a magnetic low and is coincident with significant soil geochemical anomalism and aim to provide important 3-dimensional geological information.

Logging and sampling of the 3 diamond drill holes was completed in early July and initial observations communicated to the market on the 7th of July.

The holes all intersected subtle & intricate hydrothermal alteration assemblages including:

- Early magnetite, hematite dusting of feldspar 'reddening', late pyrite-sericite & calc silicate skarn,
- sulphide species with pyrite dominant over trace chalcopyrite & bornite, and
- vein types that contain rare magnetite, common epidote and are carbonate-rich/quartz poor with trace sulphides.

These features are considered highly encouraging and are interpreted as marking the outer or distal parts of an alkalic Au-Cu porphyry system.

The numerous, narrow disseminated pyrite zones in hole BHDD003 along with the zones present in holes BHDD001 & 002 help to adequately explain the upper parts of the IP chargeability high anomaly targeted on this section. The pyritic finely laminated siltstones and sandstones at the bottom of holes BHDD001 and 002 adequately explain the lower parts of the IP chargeability anomaly, hence the IP anomaly on this section is likely to be caused by two different pyrite sources.

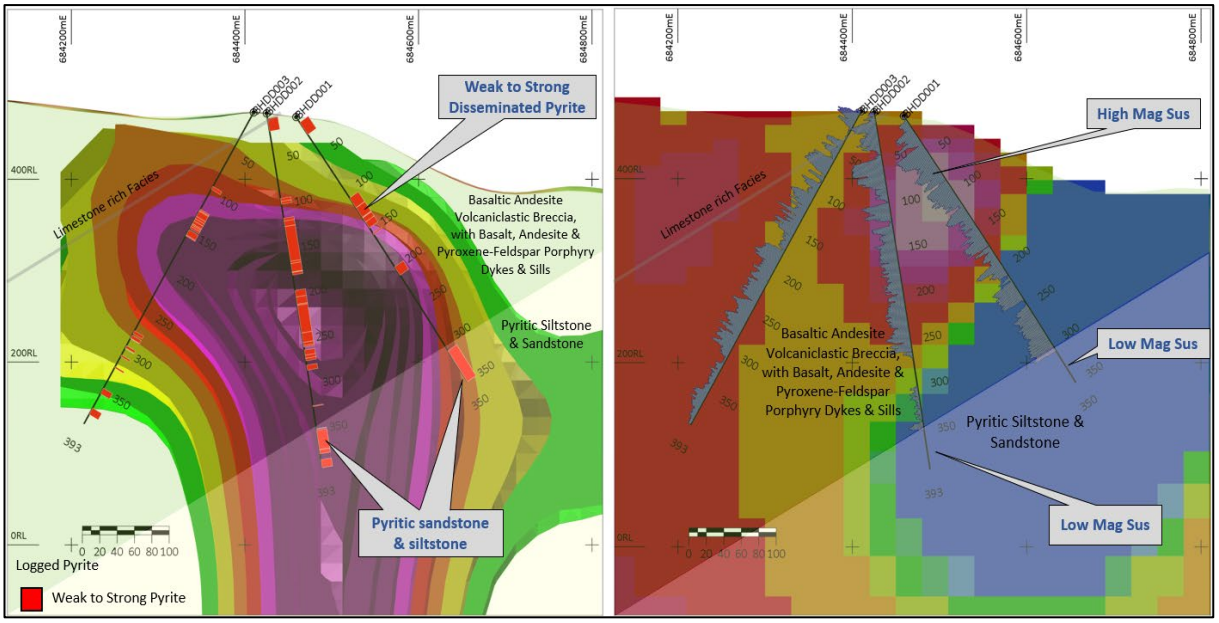


*Figure 1: Cross sections showing the geophysical characteristics of the holes against the targeted inversion models with logged down hole disseminated pyrite on the IP Chargeability model (Left) and down hole magnetic susceptibility on 3D magnetic inversion model (Right)*

## Big Hill Assay Results

Multi-element assay results were received for the 3 holes and, as expected, did not returned any intersections of economic interest (see ASX Announcement XXX). The results do show elevated responses in a number of important elements at levels that are consistent with the interpretation that the drilling has intersected the distal alteration halo of a potential alkalic porphyry system.

The average copper throughout the altered volcaniclastic units across all three holes is approximately 100ppm Cu and up to 385ppm Cu locally. Analysis of the results using the ioGAS$^{tm}$ geochemical software package confirms the disseminated pyrite zones contain weakly elevated Te-Mo-Se-Re-As-Pb pathfinders relative to surrounding wall-rocks, also supporting the presence of an alkalic Au-Cu porphyry environment.

At the giant Cadia Ridgeway deposit some 50 km to the south and in a similar geological setting, this style of 'unremarkable' propylitic alteration with hematite dusted feldspar occurs 100s of metres laterally from high grade Au-Cu porphyry ore and is commonly associated with very low Cu in the ~200ppm to ~10ppm range (Prof David Cooke, GeoHug Online Presentation, https://geohug.rocks/past-presentations).

The hematite dusting of feldspars is interpreted to represent an oxidised fluid derived from a nearby fertile intrusive complex. Future step out drilling at Big Hill will aim to map an increase in distribution and intensity of the characteristic 'reddened' inner propylitic alteration zones to allow vectoring to the potential high grade Au-Cu porphyry core. Current drilling is likely to be >200m from an intrusive centre based on the Ridgeway model.

In addition to the identified characteristic alteration and elevated Cu+pathfinder elements, the results have revealed that the Big Hill rocks have been affected by an interpreted large albite alteration plume. Analysis of Na molar ratios (Na/Al, Na/Ti & Na/Zr) in ioGASTM indicates that the Big Hill rocks have undergone widespread weak-moderate +/-strong albite alteration associated with the propylitic alteration assemblages, including with some hematite dusted feldspar zones. Albite is a characteristic propylitic alteration mineral in the upper or outer parts of East Lachlan alkalic Au-Cu porphyry systems, including Cadia Ridgeway. Recent exploration by Magmatic Resources (ASX:MAG) at their Lady Ilse porphyry prospect has revealed a modelled albite zone above the Au-Cu drill intersections and is being used as a positive exploration indicator in their search for a deep CU-Au porphyry system (ASX Announcement 31/08/2021).

## Razorback Drill Program

A drill program designed to test the tenor and width of outcropping skarn-style Au-Cu mineralisation beneath surface of the ~1km long Razorback Ridge prospect was approved during the quarter. A total of up to 9 holes are planned at 3 drill sites, with 2-3 holes at each location envisaged. The first will be relatively shallow and designed to provide structural orientation and subsequent holes will aim to intersect the structure at depth below the first.

Sultan will use a small footprint, track-mounted diamond rig for the program and will minimise any impact on the environment from the program. Sultan Resources and their contractors are all COVID-Safe companies and are committed to operating according to the prevailing COVID-Safe Public Health Orders throughout the planning and execution of drilling. Local communities and stakeholders will be kept informed of Sultan's movements and the progress of the program at all times.

All regulatory approvals, landowner compensation agreements and drill contracts have been finalised and the program is anticipated to commence in October.

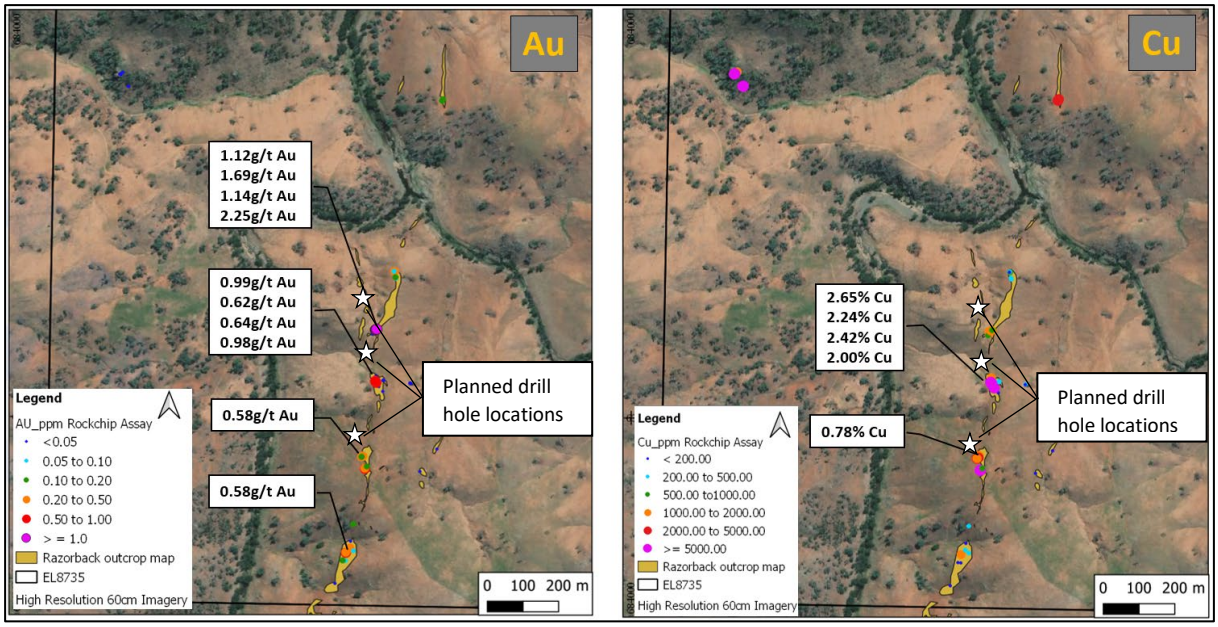


*Figure 2: Razorback map showing high grade gold and copper rock chip results plotted on mapped outcropping skarn-style mineralisation and high-resolution aerial imagery with drill site locations marked by white stars*

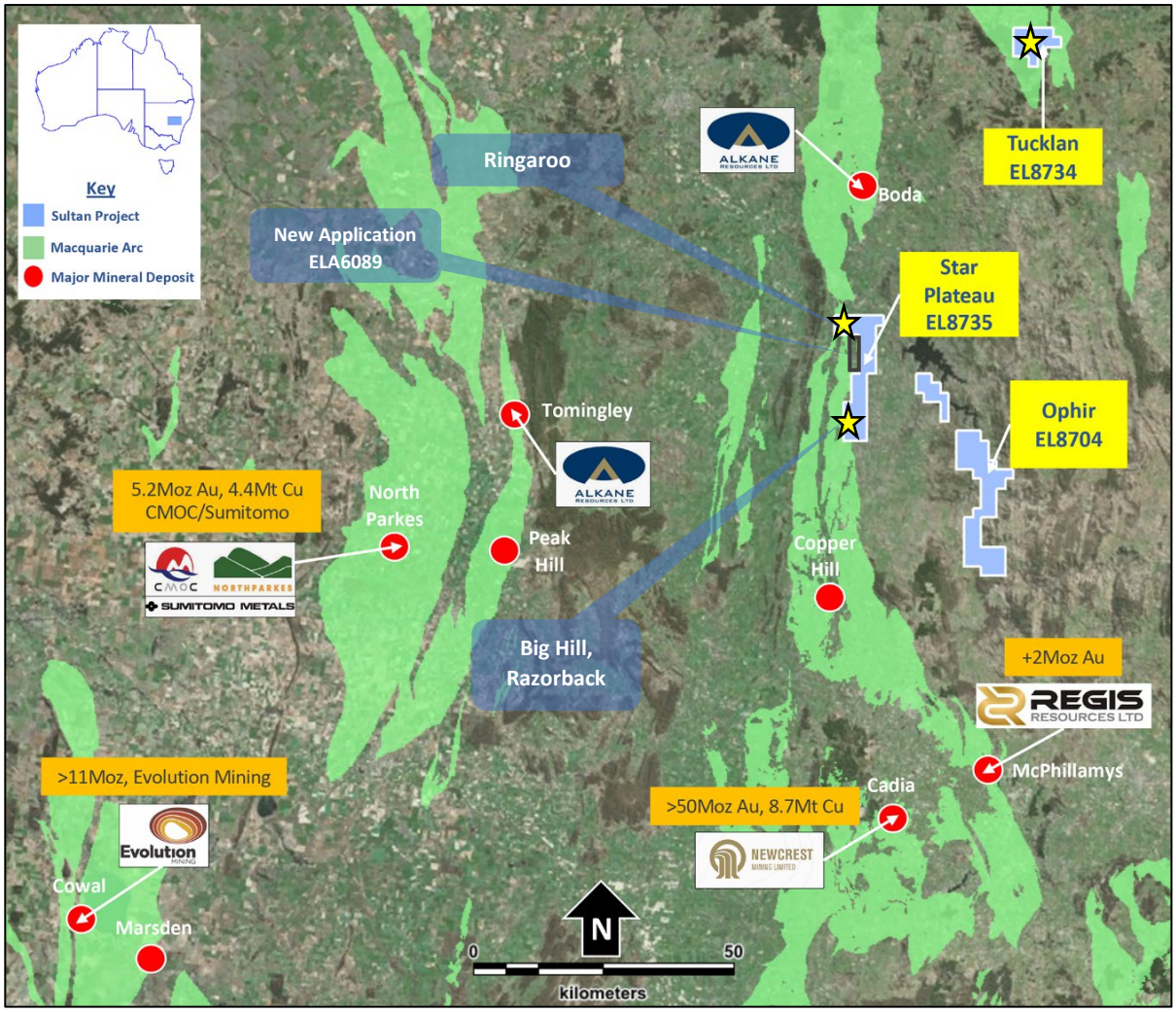


*Figure 3: Location Map – Sultan Tenements over the prospective Macquarie Arc sequence with priority targets indicated.*

## WA PROJECTS

### Lake Grace

Planning of the exploration program designed to assess the potential of Lake Grace to host Julimar-style nickel sulphide mineralisation continued during the quarter. Land access negotiations were finalised and Program of Works applications submittd for approval. An aircore program designed to detect the presence and extent of ultramafic lithology on Sultan's Lake Grace and Kulin Hill Projects tenure as mapped using magnetic conductance from the Sultan airborne magnetic survey (see ASX Announcements 03/07/2019, 20/07/2020, 20/11/2020) is anticipated to commence during the December 2021 quarter.

Sultan's proposed aircore program will target this body where land access is possible as well as the two strong magnetic responses interpreted to represent ultramafic bodies further to the south on E70/5095 and E70/5085. Full geochemical analysis coupled with petrographic interpretation and possible QEMSCAN testing will be undertaken on bottom of hole samples.

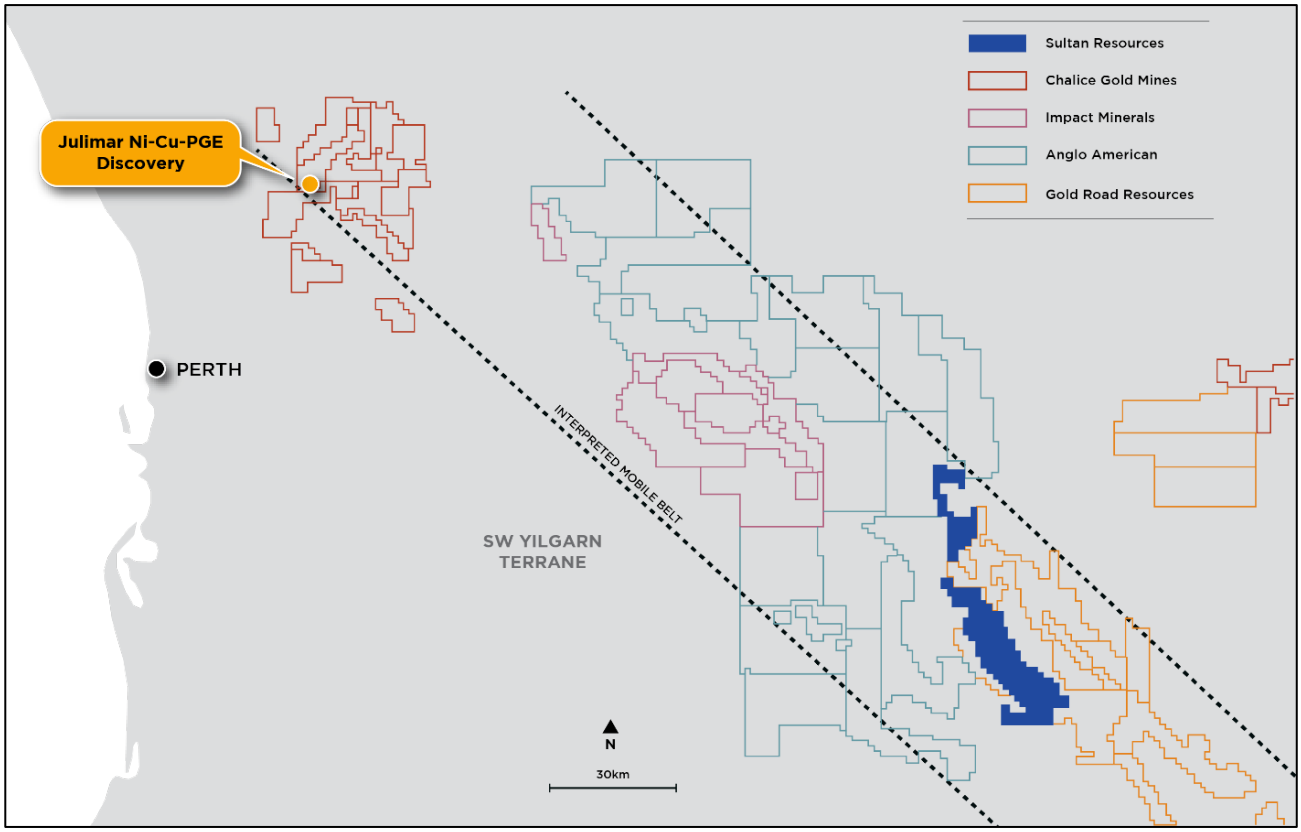


*Figure 4: Sultan's Lake Grace portfolio of tenements in relation to the recent applications by Anglo American (blue outline), Impact Minerals (maroon outline) and the Gold Road Resources/Cygnus Gold JV (orange outline). All of Sultan's tenure lies within an interpreted mobile zone prospective for Ni-Cu mineralisation as postulated by Impact Minerals Ltd (see Impact Minerals announcement dated 10/06/2020)*

## OTHER PROJECTS

### Thaduna

Follow up exploration of the recent gold and base-metal aircore anomalies defined late in 2018 are planned for the 2021 field season. Activities are anticipated to include ground geophysical surveys and further shallow and deep drilling. Negotiations with traditional heritage groups for further land access are ongoing.

### East Tallering

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

### Dalwallinu

Landowner access negotiations are ongoing.

## PORTFOLIO OVERVIEW

### New South Wales – Lachlan Fold Belt

The Company has 100% ownership of a 326km$^2$ portfolio of ground in Lachlan Fold Belt prospective for porphyry gold-copper, epithermal gold, placer-style gold and base metals. The portfolio lies in close proximity to a number of established and recently discovered porphyry gold and copper deposits.

### Western Australia

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

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

## CORPORATE

Sultan's cash position as at 30 September 2021 was $1.14 million.

## SIGNIFICANT POST QUARTER END ACTIVITY

The Razorback diamond drill program in the Lachlan Fold Belt commenced on the 19th of October.

## ADDITIONAL ASX INFORMATION

### ASX Listing Rule 5.3.1

Exploration and Evaluation during the quarter was ~$251,000. The majority of this was spent on the Company's Lachlan Fold Belt Project.

### ASX Listing Rule 5.3.2

There was no substantive mining production and development activities during the quarter.

### ASX Listing Rule 5.3.5

| Payments to Related Parties & their Associates | Total Amount |
|---|---|
| Director Fees and Superannuation | $61,585 |
| Company Secretarial, Registered Office and Financial Management Services | $16,635 |

## SCHEDULE OF TENEMENTS

### ASX Listing Rule 5.3.3

#### 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 |

## New South Wales

| NEMENT | REGISTERED HOLDER | GRANT OR APPLICATION DATE | EXPIRY DATE | STATUS | AREA | ANNUAL RENTAL FEE | ANNUAL ADMIN LEVY | SECURITY REQUIRED | SECURITY HELD | MINERALS | Expenditure requirement |
|---|---|---|---|---|---|---|---|---|---|---|---|
| EL 8704 (1992) | Colossus Metals Pty Ltd | 5 March 2018 | 5 March 2023 | Current | 60 Units | $3,600 | $100 | $10,000 | $10,000 | Group 1 | $75,000 |
| EL 8734 (1992) | Colossus Metals Pty Ltd | 16 April 2018 | 16 April 2025 | Current | 16 Units | $960 | $100 | $10,000 | $10,000 | Group 1 | $50,000 |
| EL 8735 (1992) | Colossus Metals Pty Ltd | 16 April 2018 | 16 April 2025 | | 37 Units | $2,220 | $100 | $10,000 | $10,000 | Group 1 | $75,000 |
| ELA 9070 (1992) | Sultan Resources Ltd | 02 March 2021 | 02 March 2027 | Current | 4 Units | $240 | $100 | $10,000 | $10,000 | Group 1 | $14,000 |
| **Total: 4** | | | | | **117 Units** | **$7,020** | **$400** | **$40,000** | **$40,000** | | |

**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.

**Disclaimer**

In relying on the above mentioned ASX announcement and pursuant to ASX Listing Rule 5.23.2, the Company confirms that it is not aware of any new information or data that materially affects the information included in the above-mentioned announcement.

# Appendix 5B

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

| Name of entity | |
|---|---|
| Sultan Resources Limited | |
| **ABN** | **Quarter ended ("current quarter")** |
| 35 623 652 522 | 30 September 2021 |

| | Consolidated statement of cash flows | Current quarter $A'000 | Year to date (3 months) $A'000 |
|---|---|---|---|
| **1.** | **Cash flows from operating activities** | | |
| 1.1 | Receipts from customers | - | - |
| 1.2 | Payments for | | |
| | (a) exploration & evaluation | (13) | (13) |
| | (b) development | - | - |
| | (c) production | - | - |
| | (d) staff costs | (36) | (36) |
| | (e) administration and corporate costs | (105) | (105) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | - | - |
| 1.5 | Interest and other costs of finance paid | - | - |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Government grants and tax incentives | - | - |
| 1.8 | Other (provide details if material) | - | - |
| **1.9** | **Net cash from / (used in) operating activities** | **(154)** | **(154)** |

| | | | |
|---|---|---|---|
| **2.** | **Cash flows from investing activities** | | |
| 2.1 | Payments to acquire or for: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | (3) | (3) |
| | (d) exploration & evaluation | (251) | (251) |
| | (e) investments | - | - |
| | (f) other non-current assets | - | - |

| Consolidated statement of cash flows | | Current quarter $A'000 | Year to date (3 months) $A'000 |
|---|---|---|---|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | - | - |
| | (d) investments | - | - |
| | (e) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (provide details if material) | - | - |
| **2.6** | **Net cash from / (used in) investing activities** | **(254)** | **(254)** |

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

| **4.** | **Net increase / (decrease) in cash and cash equivalents for the period** | | |
|---|---|---|---|
| 4.1 | Cash and cash equivalents at beginning of period | 1,553 | 1,553 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (154) | (154) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (254) | (254) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | - | - |

| Consolidated statement of cash flows | | Current quarter $A'000 | Year to date (3 months) $A'000 |
|---|---|---|---|
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| **4.6** | **Cash and cash equivalents at end of period** | **1,145** | **1,145** |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter $A'000 | Previous quarter $A'000 |
|---|---|---|---|
| 5.1 | Bank balances | 1,145 | 1,553 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| **5.5** | **Cash and cash equivalents at end of quarter (should equal item 4.6 above)** | **1,145** | **1,553** |

| 6. | Payments to related parties of the entity and their associates | Current quarter $A'000 |
|---|---|---|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | 81 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | - |

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

6.1 Director and consulting fees paid to Directors and/or Director related entities $61,585
Financial management and Company secretary fee paid to Director related entity $19,635

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

| | | |
|---|---|---|
| 7.5 | **Unused financing facilities available at quarter end** | - |

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

N/A

| 8. | **Estimated cash available for future operating activities** | **$A'000** |
|---|---|---|
| 8.1 | Net cash from / (used in) operating activities (item 1.9) | (154) |
| 8.2 | (Payments for exploration & evaluation classified as investing activities) (item 2.1(d)) | (251) |
| 8.3 | Total relevant outgoings (item 8.1 + item 8.2) | (405) |
| 8.4 | Cash and cash equivalents at quarter end (item 4.6) | 1,145 |
| 8.5 | Unused finance facilities available at quarter end (item 7.5) | - |
| 8.6 | Total available funding (item 8.4 + item 8.5) | 1,145 |
| 8.7 | **Estimated quarters of funding available (item 8.6 divided by item 8.3)** | **3** |

*Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.*

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

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

Answer: N/A

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

Answer: N/A

| | |
|---|---|
| 8.8.3 | Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis? |
| Answer: N/A | |

*Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.*

## Compliance statement

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

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

Date: ....27 October 2021.....

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

**Notes**

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

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

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

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

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