



SULTAN RESOURCES LIMITED

ABN 35 623 652 522

HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2018

CONTENTS

Corporate Directory	3
Directors' Report	4
Auditor's Independence Declaration	6
Statement of Profit or Loss and Other Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
Directors' Declaration	16
Independent Auditor's Review Report	17

CORPORATE DIRECTORY

Board of Directors

Steven Groves	(Managing Director)
David Lees	(Non-Executive Director) (Appointed 13 March 2019)
Jeremy King	(Non-Executive Director)
Lincoln Ho	(Non-Executive Director) (Resigned 13 March 2019)
Eddie King	(Non-Executive Director) (Resigned 13 March 2019)

Secretary

Mr Mauro Piccini

Registered Office

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

Telephone: 08 6559 1792

Website: <https://www.sultanresources.com.au/>

Stock Exchange Listing

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

Auditors

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

Solicitors

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

Bankers

Westpac Banking Corporation
Level 4, Brookfield Place, Tower Two
123 St Georges Terrace
Perth WA 6000

Share Registry

Automic Share Registry
Level 2, 267 St Georges Terrace
Perth 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 Company consisting of Sultan Resources Limited for the half-year ended 31 December 2018 ("the Period").

It is recommended that the Directors' Report be read in conjunction with the annual financial statements for the year ended 30 June 2018 and considered together with any public announcement made by the Company during the Period and up to the date of this report.

DIRECTORS

The names of the Company's Directors who held office during the Period and until the date of this report are set out below. Directors were in office for this entire Period unless otherwise stated.

Director	Position
Steven Groves	(Managing Director)
David Lees	(Non-Executive Director) (Appointed 13 March 2019)
Jeremy King	(Non-Executive Director)
Lincoln Ho	(Non-Executive Director) (Resigned 13 March 2019)
Eddie King	(Non-Executive Director) (Resigned 13 March 2019)

REVIEW OF OPERATIONS

The operating loss for the half-year ended 31 December 2018 was \$609,884 (31 December 2017: Nil).

Sultan Resources completed its first exploration drilling program at the Thaduna prospect during the quarter.

The program included 71 vertical aircore drill holes for a total of 2,797m designed as a first pass assessment of licence E52/3481 to understand the geological setting and ascertain the location and tenor of any gold or base metal occurrences.

The program successfully identified a number of very strong exploration targets with a prominent, 1km long gold anomaly occurring coincident with Archaean greenstones in contact with granites in the north of the licence as well as a NE-SW trending, widespread multi-element base metal anomaly trending for over 1.5km diagonally across the licence. Both anomalies show strong similarities in geological setting and the element association to results from exploration that led to the discovery of nearby significant gold and base metal mineralisation such as Lodestar's Ned's Creek Gold (see LSR ASX Announcement on 03/08/2018) and Sandfire Resources Enigma Project (Sandfire ASX announcement 25/10/2018).

Base metal trend shows similar structural setting and element association to nearby sediment-hosted copper discoveries such as the Enigma Copper Project

Infilling and extending the new anomalies will be the focus for future drilling in 2019 with the aim of delineating targets for deep drilling to find the primary source of the gold or base metal anomalism.

Other activities

Sultan undertook heritage surveys at the Thaduna Project and received clearance for access to over 90% of E52/3461 from the Yamatji Marlpa Aboriginal Corporation (YMAC), as the representative of the Yuguna-Nya Traditional Owners of the area. Sultan is continuing to work with YMAC to access the remaining areas as required.

Sultan continued land access negotiations with private land owners in both the Lake Grace and Dalwallinu areas during the quarter. The Company looks forward to progressing access agreements for these important areas in preparation for the 2019 exploration program.

DIRECTORS' REPORT

EVENTS OCCURRING AFTER REPORTING DATE

On 13 March 2019 14,770,177 fully paid ordinary shares were issued via a 1 for 2 pro-rata non-renounceable Loyalty Offer. The Ordinary shares had an issue price of \$0.005 per share raising \$73,850 before costs.

On the same day the Company appointed Mr David Lees as a non-executive director and Mr Eddie King and Mr Lincoln Ho resigned.

There has been no other matter or circumstance which has arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial periods.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration under section 307C of the Corporations Act 2001 is included within this financial report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Steven Groves
Managing Director

Perth, Western Australia

Dated 14 March 2019

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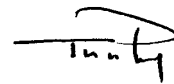
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Sultan Resources Limited for the half-year ended 31 December 2018, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 14 March 2019

Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2018

	31-Dec-18 \$
Revenue from continuing operations	
Other income	6,442
Administrative expenses and corporate expenses	(123,557)
Compliance and regulatory expenses	(28,102)
Consulting and legal fees	(226,079)
Directors fees	(209,504)
Other expenses	(29,084)
Loss before income tax expense	(609,884)
Income tax expense	-
Loss after income tax for the period	(609,884)
Other comprehensive income	
<i>Items that may be reclassified subsequently to profit or loss</i>	
Exchange differences on translation of foreign operations	-
Total comprehensive loss for the period, net of tax	(609,884)
Total comprehensive loss for the period attributable to members of Sultan Resources Limited	(609,884)
Loss per share for the period attributable to the members of Sultan Resources Limited	(609,884)
Basic and diluted loss per share (cents)	(2.32)

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

Statement of Financial Position As at 31 December 2018

	Notes	31-Dec-18 \$	30-June-18 \$
ASSETS			
Current Assets			
Cash and cash equivalents		3,580,930	106,083
Trade and other receivables		120,780	148,288
Total Current Assets		3,701,710	254,371
Non-Current Assets			
Exploration and evaluation	4	927,178	99,776
Total Non-Current Assets		927,178	99,776
TOTAL ASSETS		4,628,888	354,147
LIABILITIES			
Current Liabilities			
Trade and other payables		115,391	153,240
Provisions		11,387	913
Total Current Liabilities		126,778	154,153
TOTAL LIABILITIES		126,778	154,153
NET ASSETS		4,502,110	199,994
EQUITY			
Contributed equity	5	4,413,593	376,204
Reserves	6	874,611	-
Accumulated losses		(786,094)	(176,210)
TOTAL EQUITY		4,502,110	199,994

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

Statement of Changes in Equity

For the half-year ended 31 December 2018

	Issued Capital \$	Option Reserve \$	Accumulated Losses \$	Total \$
At 1 July 2018	376,204	-	(176,210)	199,994
Loss for the period			(609,884)	(609,884)
Other comprehensive income				
Total comprehensive loss for the period after tax			(609,884)	(609,884)
Transactions with owners in their capacity as owners:				
Issue of share capital	4,800,000	-	-	4,800,000
Share issue costs	(1,312,611)	-	-	(1,312,611)
Consideration shares for tenements (Note 4)	550,000	-	-	550,000
Share-based payments	-	874,611	-	874,611
Balance at 31 December 2018	4,413,593	874,611	(786,094)	4,502,110

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

Statement of Cash Flows

For the half-year ended 31 December 2018

	31-Dec-18
	\$
Cash flows from operating activities	
Payments to suppliers and employees	(626,266)
Interest received	6,442
Net cash used in operating activities	<u>(619,824)</u>
Cash flows from investing activities	
Payments for exploration and evaluation expenditure	(267,329)
Net cash used in investing activities	<u>(267,329)</u>
Cash flows from financing activities	
Proceeds from issued shares	4,800,000
Share issue costs	(438,000)
Net cash provided by financing activities	<u>4,362,000</u>
Net increase in cash and cash equivalents	3,474,847
Cash and cash equivalents at beginning of the period	<u>106,083</u>
Cash and cash equivalents at end of the period	<u>3,580,930</u>

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

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The Company was incorporated on 4 January 2018 and accordingly, the financial statements for the period ended 31 December 2018 have not disclosed comparatives for the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows.

The financial statements are presented in Australian dollars, which is Sultan Resources Limited's functional and presentation currency.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

(b) Significant accounting judgements and key estimates

The preparation of the interim financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2018.

(c) Accounting Policies

A number of new or amended standards became applicable for the current reporting period for which the Company has adopted:

- AASB 15 Revenue from Contracts with Customers; and
- AASB 9 Financial Instruments.

The new accounting policies are disclosed below. There is no impact on the Company for the period ended 31 December 2018 and the prior year financial statements did not have to be restated as a result.

(i) AASB 15 Revenue from contracts with Customers

The Company's new revenue accounting policy is detailed below:

Revenue is recognised when or as the Company transfers control of goods or services to a customer at the amount to which the Company expects to be entitled. If the consideration promised includes a variable component, the Company estimates the expected consideration for the estimated impact of the variable component at the point of recognition and re-estimated at every reporting period.

Notes to the Financial Statements

(ii) AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces the provisions of AASB 139 *Financial Instruments: Recognition and Measurement* that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

Classification and measurement

Except for certain trade receivables the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under AASB 9 financial assets are subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: The Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

Equity Instruments

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.

Impairment

The Company 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 Company'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.

NOTE 2 SEGMENT INFORMATION

The Company operates only in one reportable segment being predominately in the area of mineral exploration in Western Australia. The Board of Directors considers its business operations in gold mineral 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, net assets and total assets for the operating segment are reflected in this financial report.

Notes to the Financial Statements

NOTE 3 SHARE BASED PAYMENT

On 7 August 2018, the Company issued 6,000,000 options to the Lead Managers of the Initial Public Offer, exercisable at \$0.24 on or before 14 August 2023. The Grant Date of the options was 6 August 2018 which is the date when the options were approved by the directors. In accordance with Australian Accounting Standards, these options have been fair valued based on the grant date of 6 August 2018 and recognised as a share issue cost in these financial statements. The total value of the options issued was \$874,611.

The Company has determined the fair value of the unlisted options granted by using the Black-Scholes option pricing model using the inputs below:

Grant date share price	\$0.20
Exercise price	\$0.24
Expected volatility	100%
Grant date	6 August 2018
Expiry date	14 August 2023
Dividend yield	-
Interest rate	2.47%

	31-Dec-18
	\$
Lead Manager options	874,611
	874,611

NOTE 4 EXPLORATION AND EVALUATION

	31-Dec-18	30-Jun-18
	\$	\$
Opening balance	99,776	-
Tenements acquisition costs incurred during the period	550,000^(a)	75,000 ^(b)
Exploration and evaluation expenditure incurred during the period	277,402	24,776
	927,178	99,776

(a) 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.

(b) Deposit paid 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.

Notes to the Financial Statements

NOTE 5 CONTRIBUTED EQUITY

	31-Dec-18		30-Jun-18	
	No.	\$	No.	\$
Fully paid ordinary shares	31,750,203	4,413,593	5,000,203	376,204
<i>Movement in ordinary shares</i>				
Balance at 1 July 2018	5,000,203	376,204		
Public offer	24,000,000	4,800,000		
Consideration for tenements	2,750,000	550,000		
Less: Share issue costs	-	(1,312,611)		
Balance at 31 December 2018	31,750,203	4,413,593		
Balance at 1 July 2017	-	-		
Founder shares	1,000,203	204		
Seed capital placement	4,000,000	400,000		
Less: Share issue costs	-	(24,000)		
Balance at 30 June 2018	5,000,203	376,204		

NOTE 6 RESERVES

	31-Dec-18	30-Jun-18
	\$	\$
Options reserve	874,611	-
<i>Movement in reserves</i>		
Balance at 1 July 2018	-	-
Lead manager Options (Note 3)	874,611	
Balance at 31 December 2018	874,611	
Balance at 1 July 2017	-	-
Balance at 30 June 2018	-	-

NOTE 7 DIVIDENDS

No dividend has been declared or paid during the half-year ended 31 December 2018. The Directors do not recommend the payment of a dividend in respect of the half-year ended 31 December 2018.

Notes to the Financial Statements

NOTE 8 CONTINGENT LIABILITIES & ASSETS

Contingent liabilities

30 June 2018:

On 26 January 2018, Sultan Resources Limited entered into a binding term sheet with Galahad Resources Pty Ltd ('Galahad') for 100% legal and beneficial ownership of exploration licenses and exploration license applications based in Western Australia ('assets').

As at 30 June 2018, Sultan Resources Limited is to issue \$550,000 worth of fully paid ordinary shares to Galahad and/or its nominees at the issue price (listing price) equal to the price that Sultan Resources Limited issues the shares under the public offer in the IPO prospectus. Further, 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.

31 December 2018:

On the 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 31 December 2018 (30 June 2018: Nil).

NOTE 9 COMMITMENTS

	31-Dec-18	30-Jun-18
	\$	\$
Not longer than 1 year	450,821	-
More than 1 year but not longer than 5 years	-	-
More than 5 years	-	-
	450,821	-

NOTE 10 EVENTS SUBSEQUENT TO THE REPORTING PERIOD

On 13 March 2019 14,770,177 fully paid ordinary shares were issued via a 1 for 2 pro-rata non-renounceable Loyalty Offer. The Ordinary shares had an issue price of \$0.005 per share raising \$73,850 before costs.

On the same day the Company appointed Mr David Lees as a non-executive director and Mr Eddie King and Mr Lincoln Ho resigned.

There has been no other matter or circumstance which has arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial periods.

DIRECTORS' DECLARATION

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Steven Groves
Managing Director
14 March 2019



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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Sultan Resources Limited which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Sultan Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

THE POWER OF BEING UNDERSTOOD **AUDIT | TAX | CONSULTING**

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RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Sultan Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

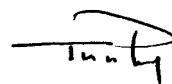
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Sultan Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

A handwritten signature in black ink that reads 'RSM'.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink that appears to read 'Tutu Phong'.

TUTU PHONG
Partner

Perth, WA
Dated: 14 March 2019