

ASX ANNOUNCEMENT

18th March 2020

SULTAN TO ACQUIRE PORPHYRY GOLD AND COPPER PROJECTS LOCATED IN NSW

Sultan Resources Ltd

ACN: 623652 522

CORPORATE DETAILS

ASX Code: SLZ

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- Sultan to acquire gold & copper exploration portfolio in the highly prospective East Lachlan Fold Belt of NSW
- Land holding covers ~330km² across three granted exploration licences strategically located in Australia's Premier porphyry Au-Cu district
- High Priority "Big Hill" Porphyry Cu-Au target located in the Molong Volcanic Belt, same host rocks to Alkane Resources "Boda" Porphyry discovery 50kms to the north, and Newcrest's Cadia-Ridgeway mine 50kms to the south
- Multiple targets identified and work programs underway
- Vendors include mining exploration professionals with significant regional experience
- Sultan fully funded for work programmes with approximately \$2.5m in cash

Sultan Resources Limited (ASX: SLZ) (**Sultan** or **Company**) is pleased to announce it has entered into a binding term sheet (**Term Sheet**) with Colossus Metals Pty Ltd (**Colossus**) whereby the Company will acquire 100% of the issued shares in Colossus from the Colossus shareholders (**Vendors**). Colossus holds a suite of gold and copper exploration tenements (**Projects**) located in Central New South Wales (**Proposed Acquisition**).

The Company considers the Projects to be highly attractive exploration assets which will complement and expand the Company's existing project portfolio.

Commenting on the Proposed Acquisition, Sultan's Chairman, Jeremy King said:

"The acquisition of Colossus provides Sultan with immediate exploration access to the Ordovician aged Northern Molong Belt of NSW, one of the most exciting exploration provinces globally with majors very active. Colossus control the only remaining privately held land position over the belt that hosts the unfolding Boda discovery and the proven Tier-1 deposits of Cadia Valley."



Overview of the Projects

The Projects comprise granted exploration licences EL8734, EL8704 and EL8735, which together cover a total area of approximately 330 km² and are considered highly prospective for both:

- gold-rich, alkali, gold-copper porphyry (Cadia-style) mineralisation and;
- paleo-placer gold mineralisation

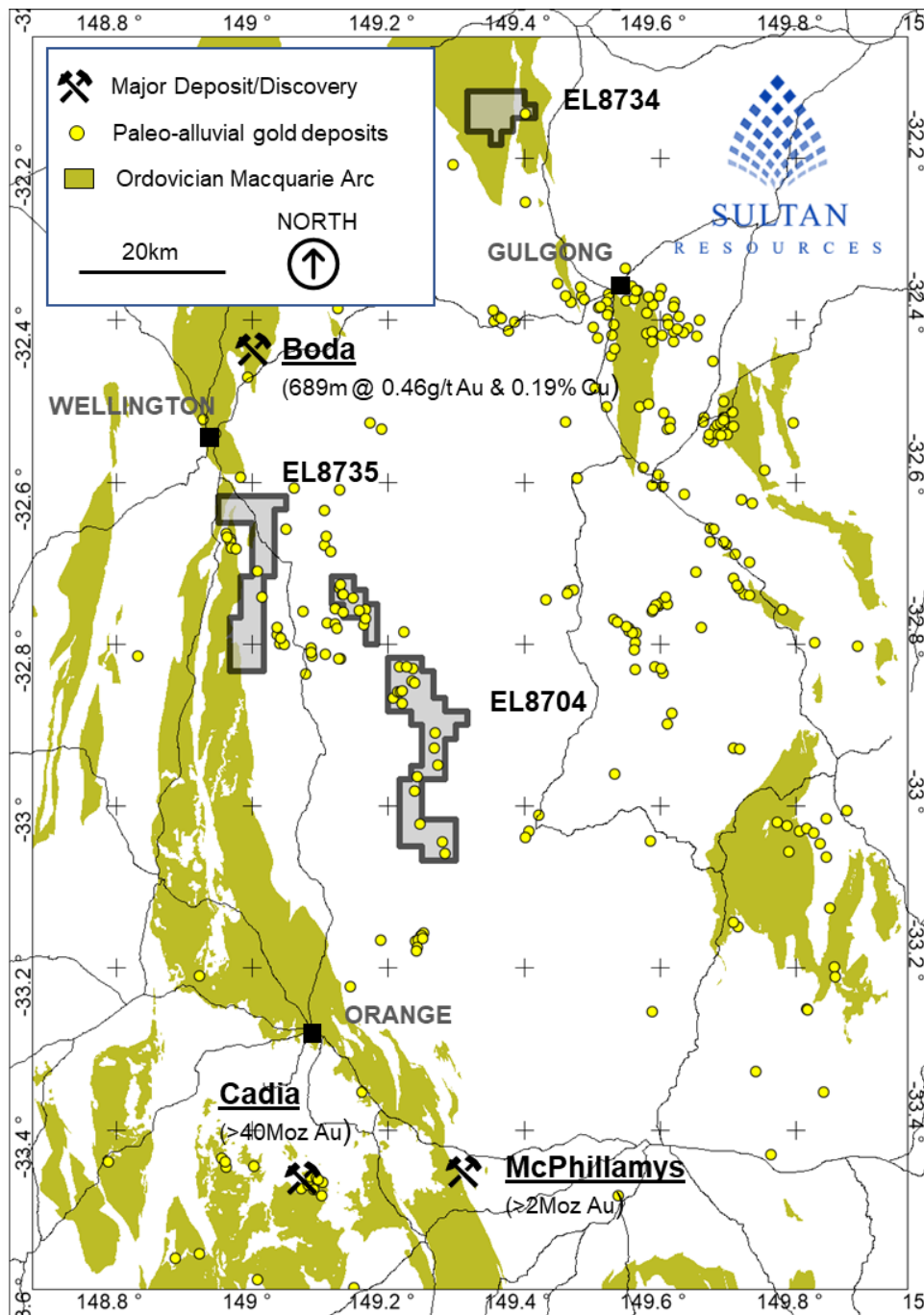


Figure 1: Location Map – Colossus Tenements over the prospective Macquarie Arc sequence



EL8735 – Star Plateau

Exploration licence EL8735 “Star Plateau” is a 108km² ground holding encapsulating segments of the highly prospective Late Ordovician – Early Silurian Northern Molong Volcanic Belt which is considered prospective for porphyry Au-Cu-Mo, epithermal gold, gold-rich VMS and orogenic gold deposits. To the north of EL8735, the Molong Volcanic Belt hosts Alkane Resources’ recent Boda porphyry Cu-Au discovery (689m @ 0.46g/t Au and 0.19% Cu – see *ALK ASX Announcement 13/02/2020*) and Newcrest Mining’s world-class Cadia-Ridgeway mine lies within the belt some 50km to the south.

Of particular interest within the Star Plateau Project is the Big Hill Magnetic Complex (Figures 2 to 3) which is a large scale (5.0km x 2.5km), ovoid shaped, high amplitude magnetic high complex interpreted to represent a buried Late Ordovician – Early Silurian intrusive complex. Magnetite - hematite veins and epidote – carbonate – malachite veins typically hosted in feldspar porphyry are observed above the magnetic high anomaly. Historic workings at the prospect display outcropping secondary copper mineralisation including malachite, azurite, chrysocolla and chalcocite. Geological mapping by Colossus has revealed hydrothermal alteration styles consistent with Cadia/Boda style alkaline porphyry mineralisation such as phyllic and propylitic assemblages and localized zones of disseminated pyrite +/- chalcopyrite.

No historic drilling has been recorded on the Big Hill target.

EL8735 also contains the Ringaroo Prospect which is considered to be a high-quality porphyry Cu-Au target (Figure 3).

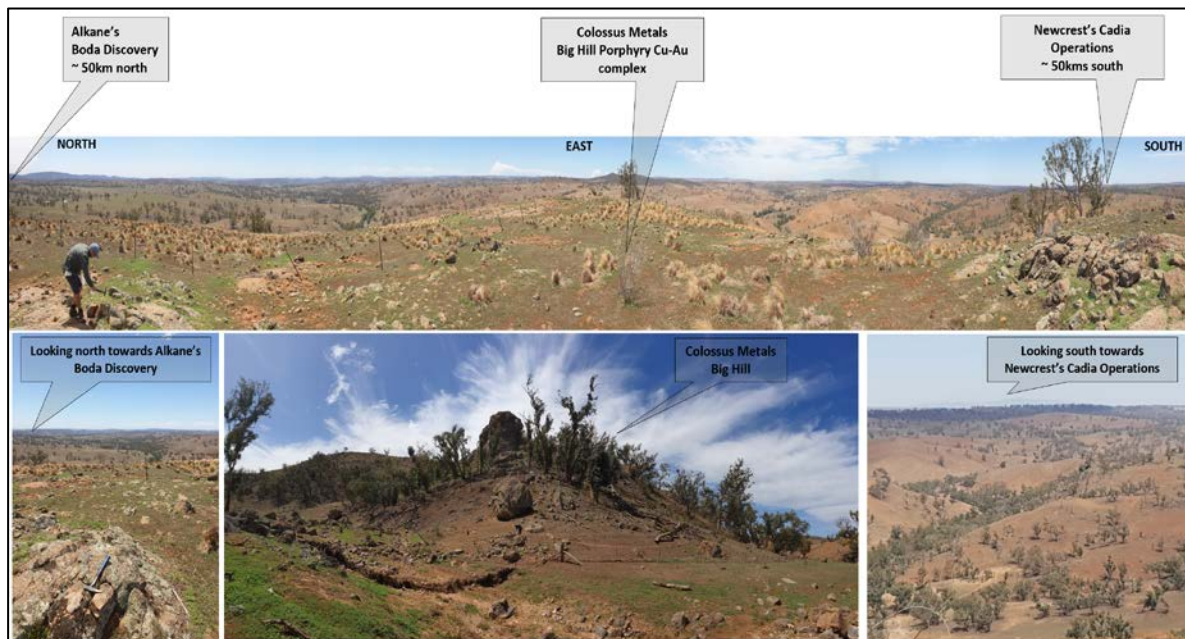


Figure 2. Panoramic views at the Big Hill prospect, with Boda (Alkane Resources NL) in the north, and Cadia Ridgeway (Newcrest) to the south.

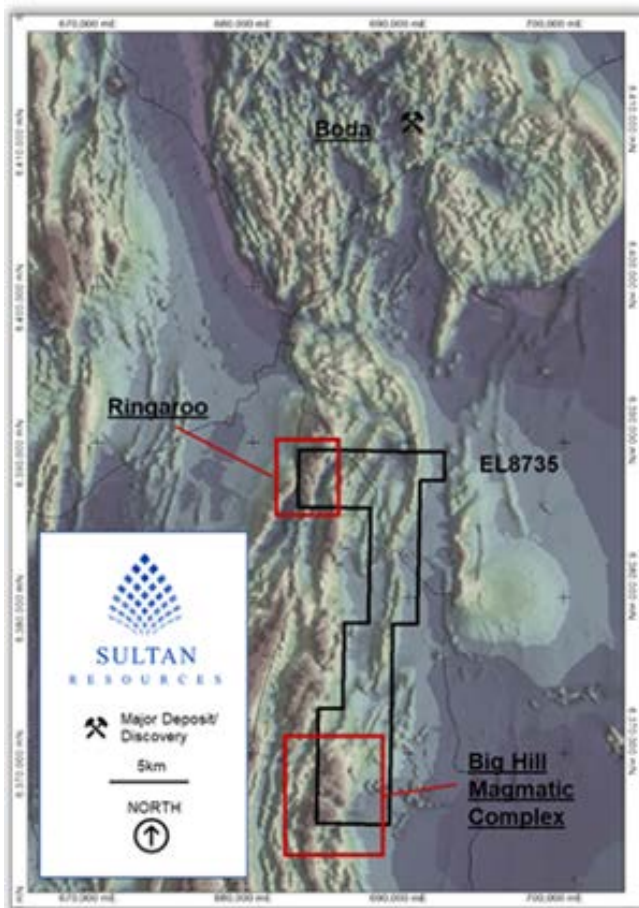


Figure 3. EL8735 – Overlaid Aeromagnetics

EL8704 – Ophir

EL8704 covers extensive tertiary deep-lead gold occurrences along the Macquarie River valley. The project tenement extends 50km north from Ophir, the site of first gold discovery in Australia. Due to 'inverted-stratigraphy', the largest deep-lead deposits are preserved as basalt topped mesas, marking the position of the palaeo-drainage. The deep-lead deposits are recorded to include minor to large scale tunnelling operations beneath Tertiary basalts. Similar deposits in the Gulgong area yielded between 17-30 tonnes of gold (NSW Geological Survey).

These deep-leads have never been subject to systematic modern exploration.

The licence also includes the significant Hansell Hill alluvial field, where a unique outlier of gold-bearing Permian conglomerates has previously been mined (1895-1935). These conglomerates appear to have also fed large scale modern alluvial gold fields. The most recent modern exploration (Sunshine Exploration – 1985, BHP – 1970's) on the licence has confirmed the gold bearing conglomerates in limited exploration drilling.

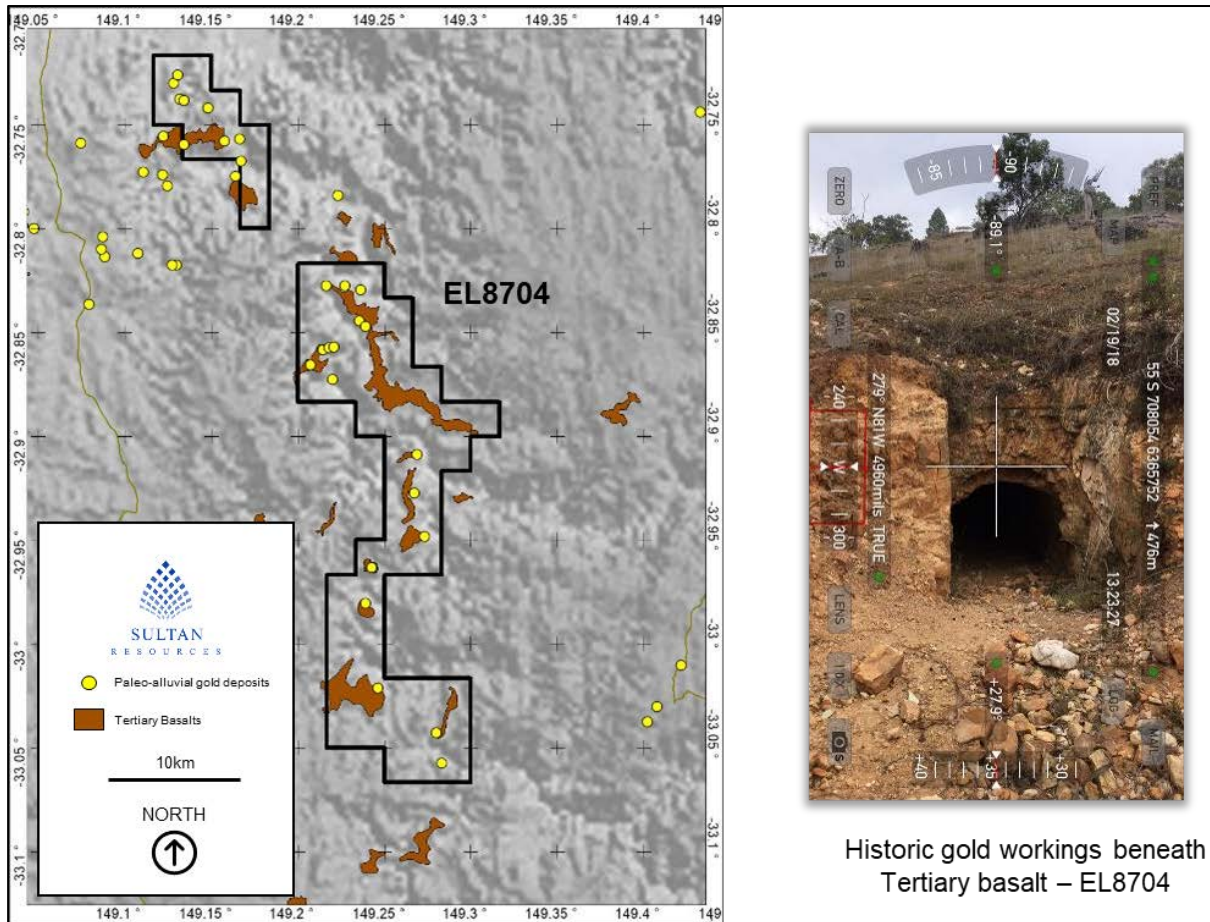


Figure 4: EL8704 – Tenement Location and historic gold workings

EL8734 - Tucklan

Exploration licence EL8734 “Tucklan” is located approximately 50kms northeast of Alkane Resources’ Boda discovery and is hosted in the late Ordovician Tucklan Formation & Silurian Dungaree Volcanics of the Macquarie Arc Rockley-Gulgong Belt (Figure 1). The Tucklan Formation hosts interpreted porphyry Cu-Au-Mo deposits just ~5km to the south east of EL8734 within the regionally significant Mudgee fault corridor. Very little modern porphyry exploration has been undertaken on EL8734, representing a significant exploration opportunity.

Colossus has advised that EL8734’s and EL8735’s two year renewal date is mid April, 2020 and advises that it intends to apply for renewal of 100% of the tenure on the basis of having met the required expenditure over the respective 2 year term.

About the Colossus Vendors

The Vendors include mineral exploration professionals, with a combined 50+ years’ experience in minerals exploration in the Lachlan Orogen of NSW. Their experience extends to mineral project assessment, permitting, financing and development. They have been closely connected with significant mineral exploration discoveries in NSW including McPhillamy’s Gold Deposit (>2MoZ Au) and Tomingley Gold Deposit. The Vendors are unrelated parties of the Company and do not currently have any shareholding in the Company.



Key terms of the Proposed Acquisition

A summary of the material terms and conditions of the Proposed Acquisition, pursuant to the Term Sheet, are as follows:

- The Company will pay of a non-refundable exclusivity fee of \$50,000.
- Completion of the Proposed Acquisition is subject to and conditional upon a number of conditions precedent, including financial and legal due diligence, obtaining any necessary third party consents and the Company obtaining all necessary shareholder and regulatory approvals for the Proposed Acquisition.
- On completion, the Company will pay the following consideration:
 - o 10,000,000 fully paid ordinary shares (at a deemed issue price of 7.5 cents) in the capital of the Company, subject to a voluntary escrow period of six (6) months from the date of execution of the Term Sheet (**Consideration Shares**); and
 - o \$100,000 cash consideration.
- On completion, the Company will issue a total of 1,000,000 fully paid ordinary shares to be shared by Xcel Capital Pty Ltd and Arq Capital Pty Ltd (and/or their nominees) as payment for their role in identifying and introducing the Projects and for assisting the Company to negotiate the terms of the Proposed Acquisition (**Facilitation Shares**). No cash facilitation fees are payable.
- The Term Sheet also contains the following terms and conditions:
 - o the Company will grant the Vendors (or their nominee) a two percent (2%) net smelter royalty in respect of the tenements comprising the Projects; and
 - o the Company will be responsible for maintaining the Projects, on and from execution of the Term Sheet.

The Term Sheet otherwise contains provisions considered standard for an agreement of this type, including but not limited to warranties and representations from each party.

A notice of meeting seeking shareholder approval for the resolutions required to give effect to the Proposed Acquisition, including shareholder approval under Listing Rule 7.1 for the issue of the Consideration Shares and Facilitation Shares, will be despatched in due course.

Authorised by:

Mauro Piccini

Company Secretary

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Competent Persons Statement

The information in this report that relates to Exploration Targets and Exploration Results is based on historical 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.

About Sultan Resources

Sultan Resources is a West Australian focused exploration company with a portfolio of quality assets in emerging discovery terranes currently targeted by successful explorers such as Gold Road Resources, Sandfire Resources and Lodestar Minerals. Sultan’s tenement portfolio includes prospective targets for gold, Nickel, Cobalt and base metals and include tenements at Thaduna, Lake Grace, East Tallering and Dawallinu, all located within the southern terrane region of the Yilgarn Craton in south and south eastern Western Australia. Sultan’s board and management strategy is for a methodical approach to exploration across the prospects in order to discover gold and base metals that may be delineated via modern exploration techniques and exploited for the benefit of the company and its shareholders.