



ASX ANNOUNCEMENT

30 April 2020

MARCH QUARTERLY REPORT

For the period 1st January – 31st March 2020

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

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

www.sultanresources.com.au

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 31st March 2020.

NEW PROJECT ACQUISITION

During the quarter Sultan was pleased to announce it has entered into a binding terms sheet with Colossus Metals Pty Ltd (Colossus) whereby the Company will, subject to shareholder approval, acquire 100% of the issued shares in Colossus from the Colossus shareholders for the purposes of acquiring a 100% interest in a suite of gold and copper exploration tenements located in Central New South Wales (*see SLZ ASX Announcement 18/03/2020*). The Company considers the Projects to be a suite of highly attractive exploration assets which will complement and expand the Company's existing project portfolio.

Overview of Colossus and 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. EL8735 holds particular interest with segments of the Northern Molong Volcanic Belt which is considered prospective for porphyry Au-Cu-Mo, epithermal gold, gold-rich VMS and orogenic gold deposits trending across the licence. Early focus will be on the Big Hill Magnetic Complex (Figure 1) 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. Further north on EL8735 is the high-quality Rinagroo porphyry Cu-Au target prospect.

Exploration during the quarter

Colossus Metals conducted ground exploration field work across the Big Hill and Ringaroo Porphyry Cu-Au targets (EL8735) during February and March (*see SLZ ASX Announcement 26/03/2020*). This work included the collection of rock chip samples and comprehensive soil sampling grids. Additional soil samples were also collected from the Tucklan prospect (EL8734).

Colossus' geologists also undertook field reconnaissance and mapping exercises across the Big Hill porphyry target (EL8735) and noted a number of encouraging geological features that indicate the potential of the area to host porphyry-related mineralisation. At the Big Hill Magnetic Complex magnetite - hematite veins and epidote – carbonate – malachite veins typically hosted in feldspar porphyry are observed at surface 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.

Assay results from all samples are expected during the June quarter.

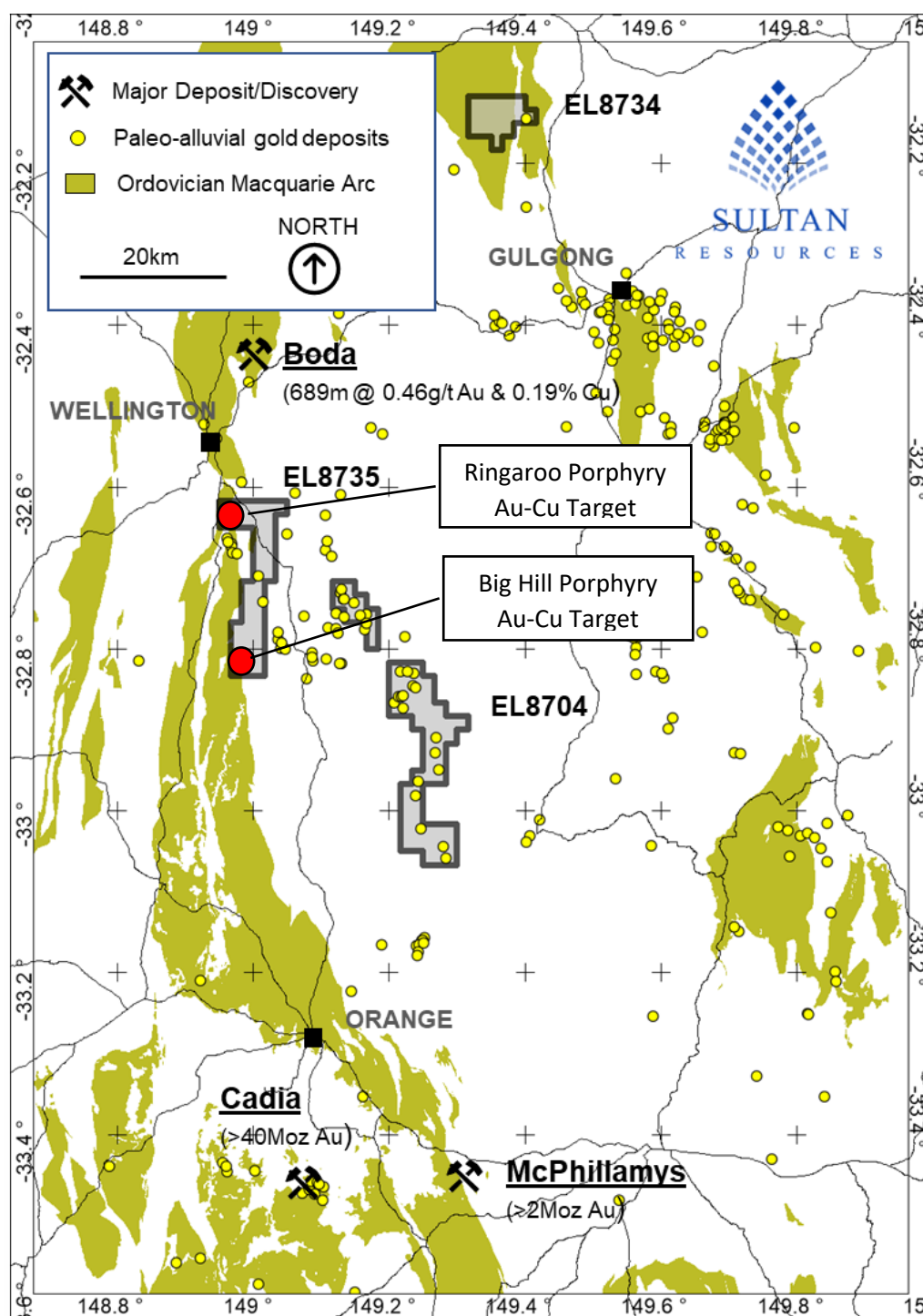


Figure 1: Location Map – Colossus Tenements over the prospective Macquarie Arc sequence

WA PROJECTS

Lake Grace

During the quarter 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). The drill program was designed to test the anomalies revealed by the Company's late-2019 ground gravity survey at Lake Grace where three-dimensional inversion modelling undertaken on the gravity data showed peak density bodies that appear geophysically similar to the sulphidic mafic gneiss that hosts the bulk of gold mineralisation at the nearby Tampia deposit. Drilling by Sultan in 2019 intersected sulphide-banded mafic gneiss hosting gold mineralization dipping shallowly towards the gravity anomalies



defined by the ground gravity survey. All holes drilled in the recent program intersected very thick down-hole intervals of mafic material displaying persistent zones of disseminated sulphides and numerous intervals of granular quartz-rich bands often displaying sulphidic margins with the mafic rocks.

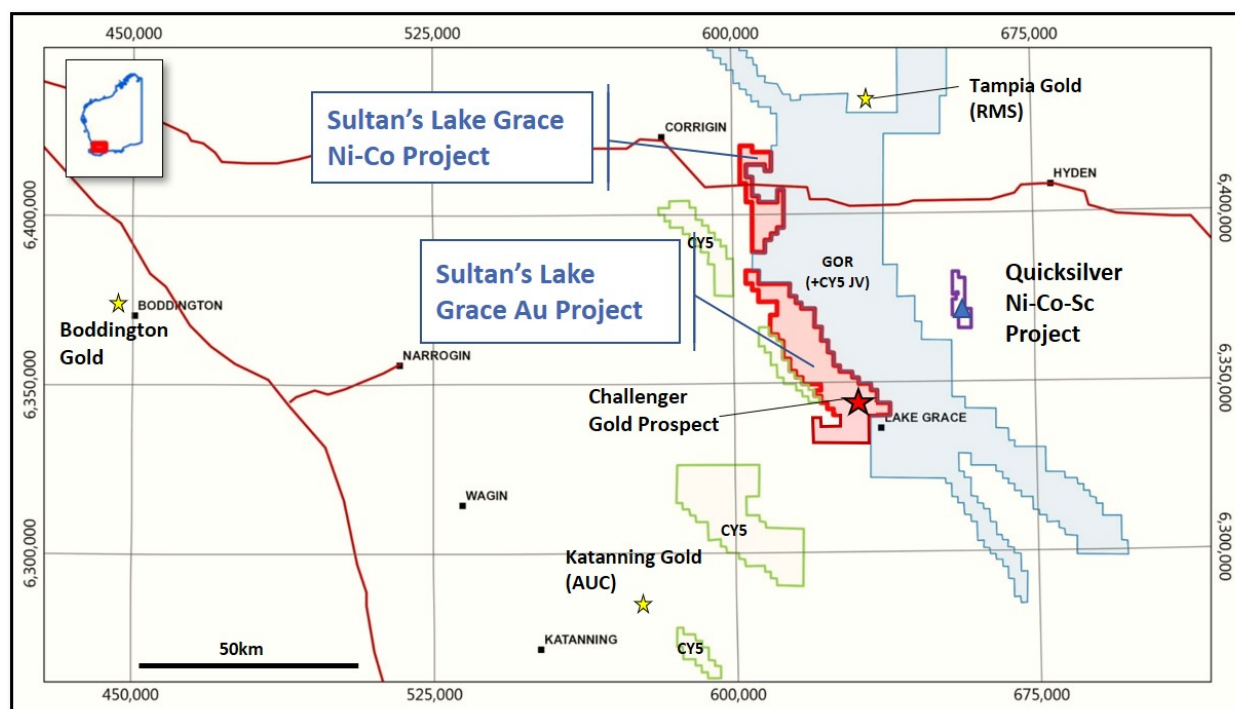


Figure 2: Regional map view of Sultan's Lake Grace portfolio in relation to surrounding tenure and significant gold deposits. SLZ's Challenger Gold Prospect is marked by a red star.

ACTIVITIES SUBSEQUENT TO THE REPORTING PERIOD

During mid-April, the Company received all 4m-composite assay results for the drilling completed at Lake Grace during February (see SLZ ASX Announcement 15/04/2020). The results show 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.

Significant intersections include:

Hole ID	From (m)	To(m)	Interval (m)	Gold Grade g/t
20SLGR13	175	179	4	0.16
20SLGR15	59	63	4	0.19
20SLGR16	44	48	4	0.12
	116	120	4	0.15
	131	134	3	0.17
	147	159	12	0.14
20SLGR17	34	50	16	0.27
incl.	34	38	4	0.55
	58	76	18	0.42
incl.	58	62	4	1.06*
	88	92	4	0.22
	126	129	3	0.37
	192	200	8	0.16

Table 1: Table of significant intersections of 4m composite assays from the recent RC drill program. Intervals have been calculated using a >0.1g/t cut-off, with no more than 4m of internal dilution. All intercept thicknesses are down-hole thicknesses.



The results of the latest drilling program have confirmed that gold mineralising processes have occurred on a significant scale at Challenger. The drilling continued to intersect 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.

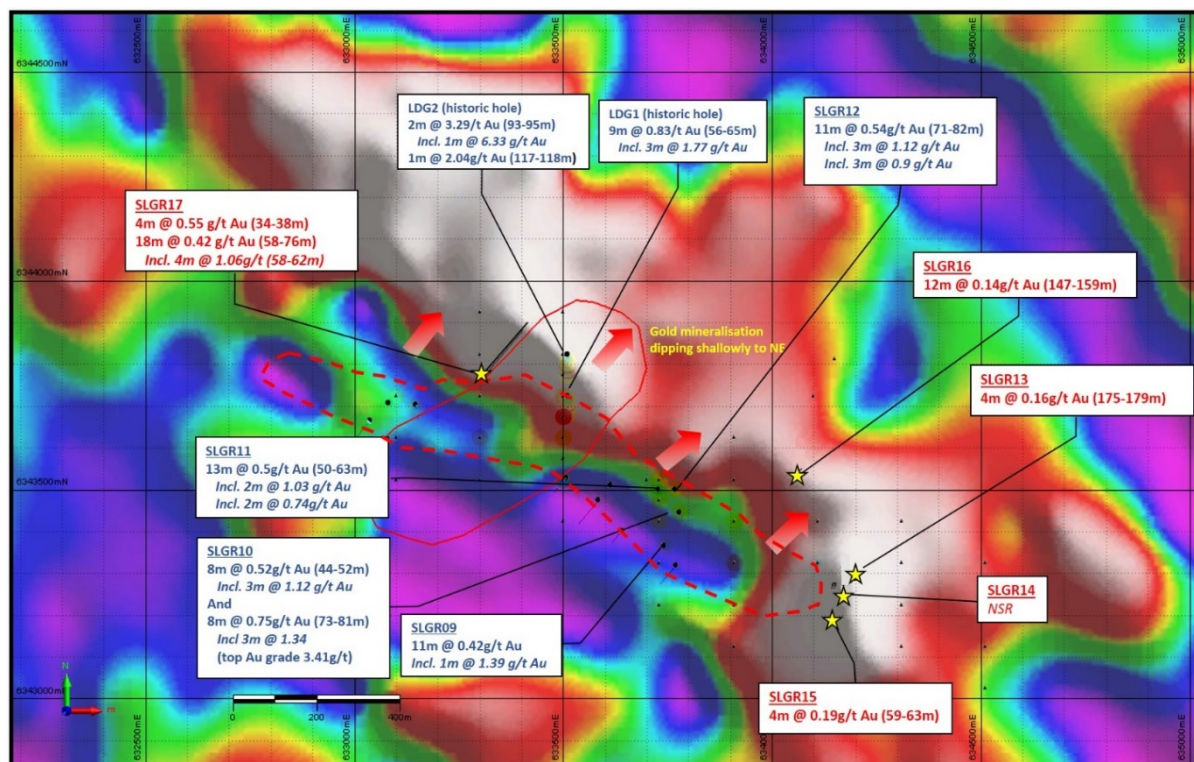


Figure 3. Plan view of the Challenger Prospect showing significant intersections (red text boxes) of the recent RC drill program (yellow stars). The highlights of significant intercepts from recent and historic drilling (blue text boxes) and the large historic aircore gold anomaly (red dashed outline) are also displayed

OTHER PROJECTS

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 Talling

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

Sultan has 100% ownership of a 946km² 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 Talling 180km east of Geraldton
- Dalwallinu 195km NE of Perth

CORPORATE

Sultan's cash position as at 31 March 2020 was \$2.326 million.

The table below illustrates the expenditure comparison against the 'use of funds table' disclosed as pre-quotation disclosure, which was provided as part of the Company's IPO process in August 2018.

Use of Funds	Actual Subscription (\$4.8m) over 2 years	Actual amount spent (\$) in the quarter ended 31 March 2020	Actual amount spent (\$) year to date	Actual amount spent since August 2018 (\$)
Exploration expenditure on the Thaduna, Dalwallinu and East Talling Projects (Granted Tenements)	\$2,289,000	\$361	\$22,955	\$404,491
Exploration expenditure on the Lake Grace Projects (Tenements in Application)	\$675,000	\$170,048	\$275,152	\$640,823
Tenement Maintenance Costs	\$21,200	\$2,573	\$49,932	\$57,981
Administration Costs	\$988,666	\$146,482	\$204,000	\$993,000
Total	\$3,973,866	\$319,464	\$552,039	\$2,096,295

**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

Authorised on behalf of the Board,

Mauro Piccini
Company Secretary

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.

Appendix 5B

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

Name of entity

Sultan Resources Limited

ABN

35 623 652 522

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(24)	(51)
	(e) administration and corporate costs	(121)	(298)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	4	22
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	(141)	(327)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	(244)	(410)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	(244)	(410)

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	2,711	3,063
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(141)	(327)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(244)	(410)
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 (9 months) \$A'000
-4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,326	2,326

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	2,326	2,711
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)	2,326	2,711

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
(63)

Director and consulting fees to Directors and/or Director related entities \$34,573

Financial management and Company Secretary fees paid to a Director related entity \$28,560

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

7. Financing facilities		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>			
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.		

8. Estimated cash available for future operating activities		\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(141)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(244)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(385)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	2,326
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	2,326
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	6
8.8	If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
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:	
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:	
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:	

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: 30 April 2020

Authorised by: The Board of SLZ

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.