



ASX ANNOUNCEMENT

29 January 2021

DECEMBER QUARTERLY REPORT

For the period 1st October – 31st December 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 December 2020.

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. Ground exploration field work continued across the Big Hill and Ringaroo Porphyry Cu-Au targets (EL8735) and the Tucklan epithermal prospect (EL8734). This work included the collection of rock chip samples, comprehensive soil sampling grids, Induced Polarisation surveys and the commencement of drilling at Tucklan.

Tucklan – Induced Polarisation Survey

During September 2020, Fender Geophysics completed 7 north-south lines of dipole-dipole IP surveying across previously identified gold and copper soil anomalism and outcropping epithermal-style gold mineralised rock at Tucklan (see *ASX Announcement 02/06/2020*). The results were processed and modelled in October and showed an exceptional chargeability and resistivity response coincident with the previously identified anomalous areas and outcropping mineralisation. Inversion modelling of the IP data has defined a large north west to south east trending, 1.6km x .6km wide IP chargeability anomaly (>9mV/V, up to 20mV/V, Figure 1) which contains multiple bullseye-style higher order anomalies (>30mV/V). The chargeability model is also coincident with strong IP resistivity anomalies (>1000 Ohm.m) and the models are consistent with the type of IP response often associated with structurally controlled epithermal mineralisation seen elsewhere in similar geological settings.

Tucklan - Drilling

During December 2020, Sultan commenced drill-testing the IP anomalies beneath the strong gold and copper surface geochemistry at Tucklan (see *ASX Announcement 07/12/2020*). The Company embarked on a series of five deep Reverse Circulation drill holes, with a provision for up to a further 7 to test the source of the strongest IP anomalies if results warrant.

Due to excess water at depth, drilling conditions at Tucklan proved to be challenging for the RC rig and as foreshadowed, the Company deployed diamond drilling to complete two tails into the strongest of the IP anomalies. Sultan plans to await assay results from the entire RC and two diamond tails before deciding on which of the 7 additional holes to complete.

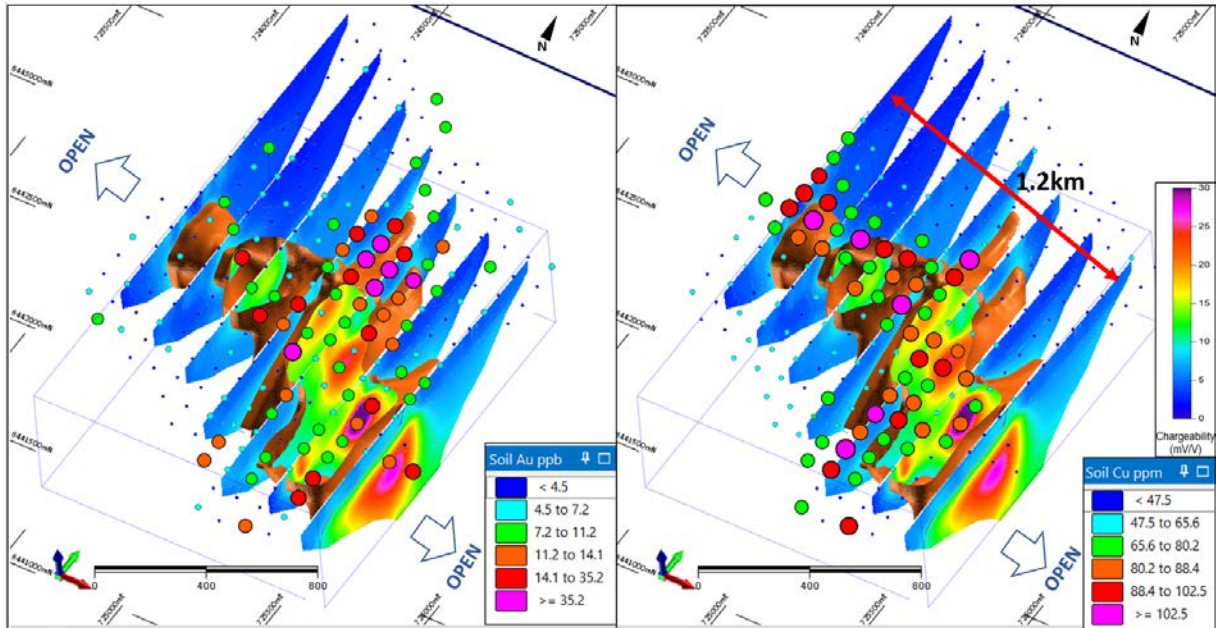


Figure 1: Oblique, stacked 3D IP Chargeability sections with 15 mV/V isosurface (brown) and Au (left) and Cu (right) in soils results. The greater IP chargeability anomaly (>9mV/V, up to >30mV/V) is up to 1.6km long x 0.6km wide, coincident with soil anomalies and open both ends.

Ringaroo Induced Polarisation

During September 2020, Fender Geophysics completed 2 north-south lines and 1 east-west line of dipole-dipole IP surveying across the Ringaroo magnetic high feature that is coincident with a large-scale gold and copper soil geochemical anomaly (Figure 2, see ASX Announcement 09/07/2020). All results were processed and modelled during the December quarter to show a highly encouraging chargeability and resistivity response coincident with the previously identified anomalous areas (see ASX Announcement 10/11/2020).

Inversion modelling of the IP data has defined a west dipping 650m x 200m wide IP high chargeability anomaly (>9mV/V, up to 30mV/V) which overlies a strong IP high resistivity (>1000 Ohm.m) anomaly. The IP results have enhanced the Ringaroo target potential to host porphyry Au-Cu mineralisation. A strong magnetic feature overlain with anomalous Au and Cu soil response and coincident IP chargeability highs is a compelling recipe for porphyry occurrence. Field mapping has noted alteration styles reminiscent of that associated with porphyries and rock sampling of the magnetic feature a short distance to the North by Impact Minerals has uncovered high copper grades at surface (see ASX Announcements 14/01/2020 and 23/04/2020). Further exploration, including rock and soil sampling is continuing at Ringaroo with a view to designing drill programs to test for porphyry Au-Cu mineralisation.

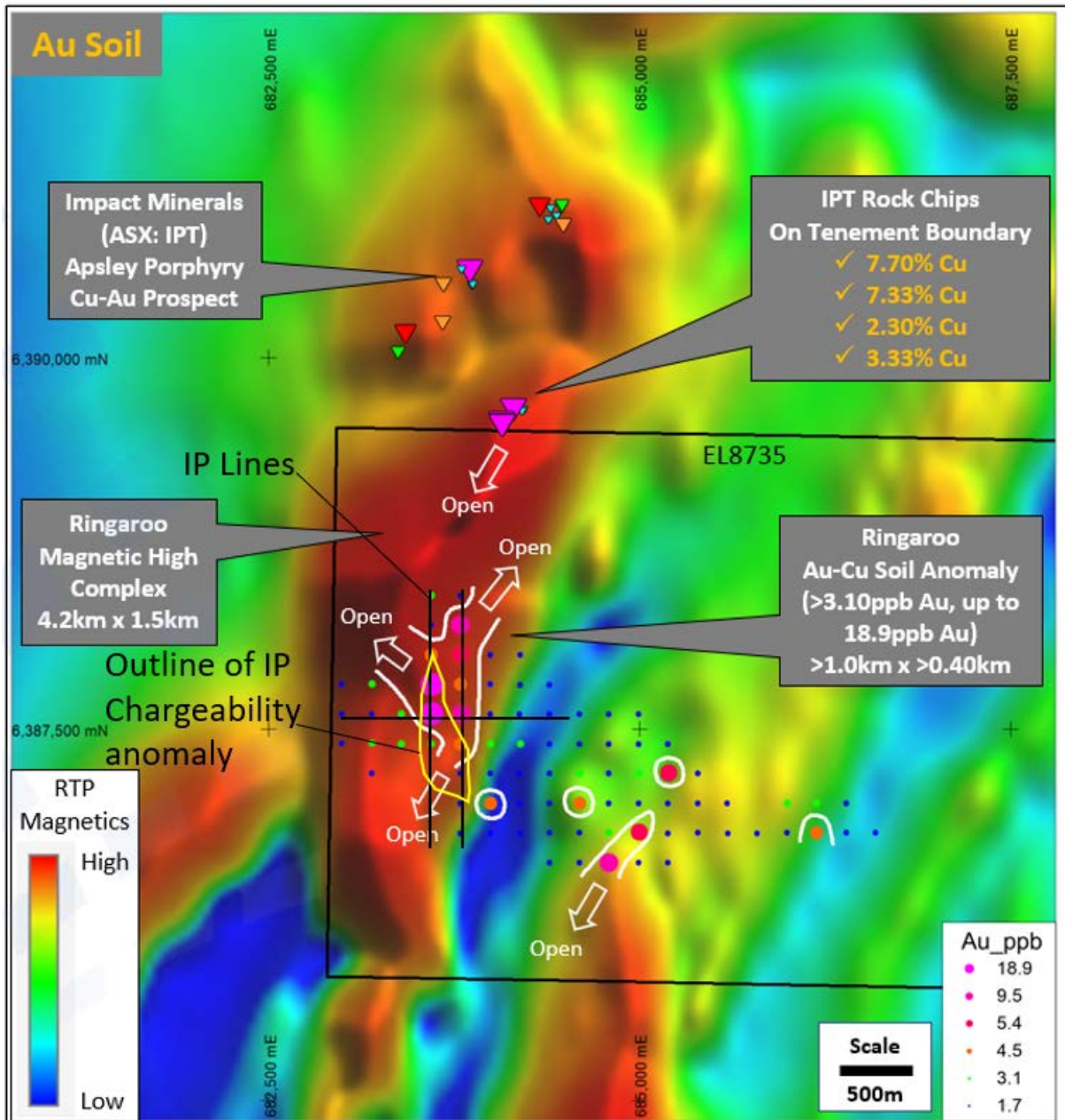


Figure 2: Location of surveyed IP sections (black lines) over the progressive Half Ranked Variable Gold Soil Map (100m X 100m Sample Grid) on RTP magnetic image. The outline of the IP chargeability anomaly is marked in yellow. Impact Mineral’s rock sample results are from ASX Announcements on 14/01/2020 and 23/04/2020)

Big Hill Induced Polarisation

Fender Geophysics has mobilised a crew to continue with the IP program at the Big Hill and Gowans Green targets early in 2021. Big Hill and Gowans Green are located in EL8735 and present as exceptional porphyry and skarn Au-Cu targets. The IP survey comprises four N-S lines each of 4.6km in length. The program is designed to locate deep drill targets indicative of potential porphyry mineralisation and will guide the planning of drill holes to be undertaken during the 1st half of 2021.

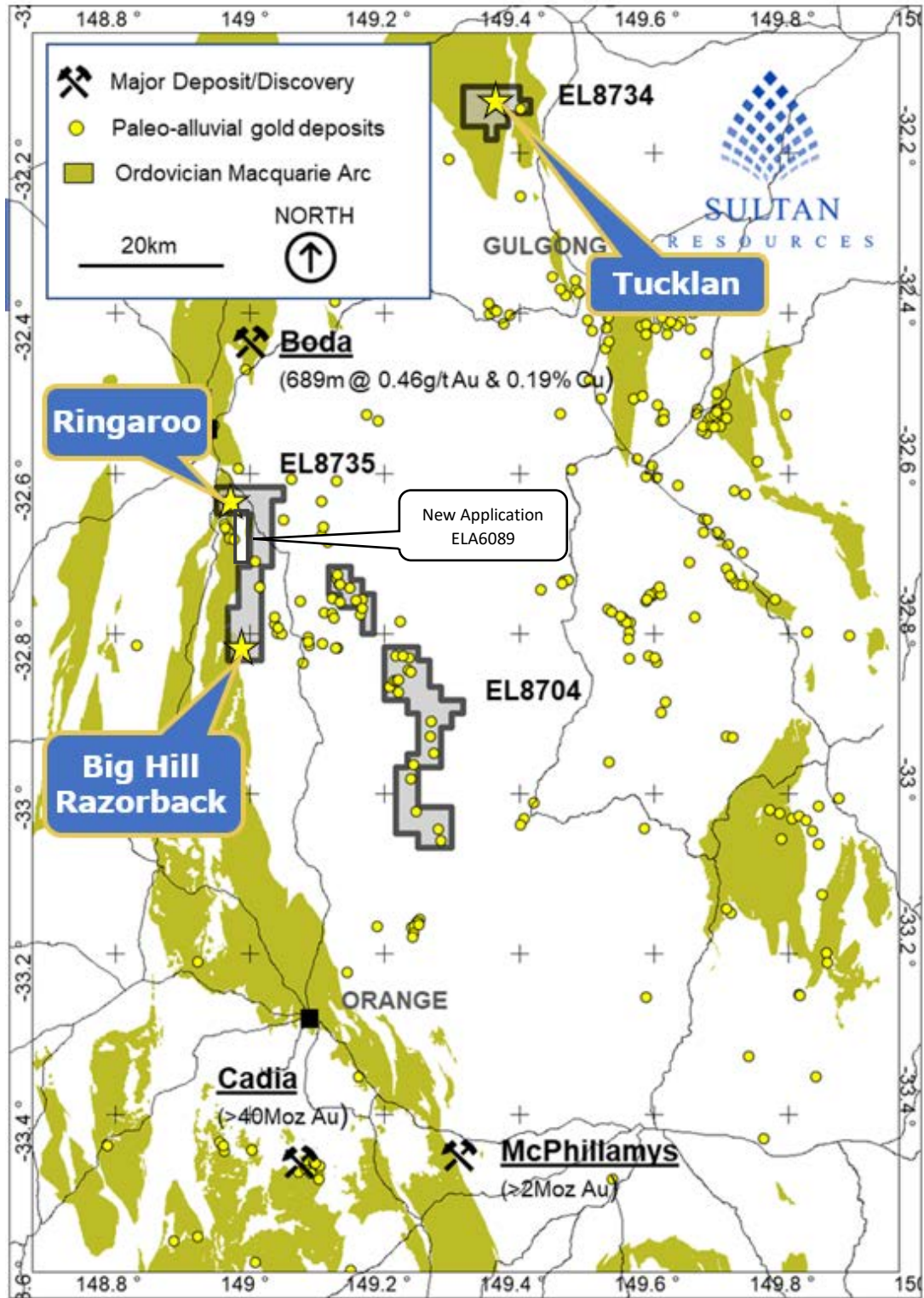


Figure 3: Location Map – Sultan Tenements over the prospective Macquarie Arc sequence with priority targets indicated.



WA PROJECTS

Lake Grace

During the quarter, the Company commenced reconnaissance exploration for nickel-prospective ultramafic rocks at identified magnetic anomalies within the Lake Grace prospect (see ASX Announcements 20/07/2020, 28/09/2020). The Ni-prospectivity of the Company's Lake Grace tenement portfolio has long been recognised by the company (see ASX Announcement 20/07/2020) and has recently been verified by the discovery of Chalice Gold Mines' Julimar Ni-Cu-PGE deposit 215km to the northwest in the same belt of rocks (see Chalice ASX announcement of 23/03/2020). In recent months, there has been a rush to secure ground in the Southwest Yilgarn Terrane by major companies such as Anglo American plc (Figure 4).

Ground reconnaissance exploration has progressed during the quarter across EL70/5095 to verify if magnetic anomalies identified in aeromagnetic surveys represent ultramafic rocks with potential to be associated with nickel sulphide mineralisation. The tenement is almost entirely covered by cleared farmland with prominent granite hills outcropping in the south. There are several salt lakes within the northern section of the tenement with very little outcrop except for one area which is the historic site of the only drilling undertaken on the tenement. These holes intersected thick ultramafics with intervals containing disseminated nickel sulphides.

Ground inspection of the outcrop in this area has confirmed the presence of outcropping ultramafic, mafic rocks and silcrete/metasediments. Exploration in 1969 by the Electrolytic Zinc Company of Australia revealed strongly anomalous nickel (Ni), with lower copper (Cu) and cobalt (Co) in this area and the 4 diamond drill holes completed intersected cherty serpentinite and ultramafic rocks such as dunites, harzburgites, norites and pyroxenites, all of which were strongly serpentinised. These rocks were reported to contain abundant magnetite and finely disseminated sulphides containing 50% Nickel in the sulphide grains although no assays results can be found for these intervals. Rock chip samples were collected by Sultan from the locations of sub-outcropping rocks and have been submitted to the laboratory.

The work program is continuing in the southeastern portion of EL70/5095 where an area of prominent magnetic response indicates the presence of further ultramafics. Reconnaissance work in this area has revealed no outcrop and the next stage of evaluation will include geochemical sampling (soils or auger) in paddocks and access agreements with landowners are finalised. Bodies of verified ultramafics will also be subject to Electro-Magnetic (EM) surveys to locate any buried conductive bodies. Another area of intense magnetic response exists further to the south on EL70/5085 and will also be investigated as part of the ongoing program.

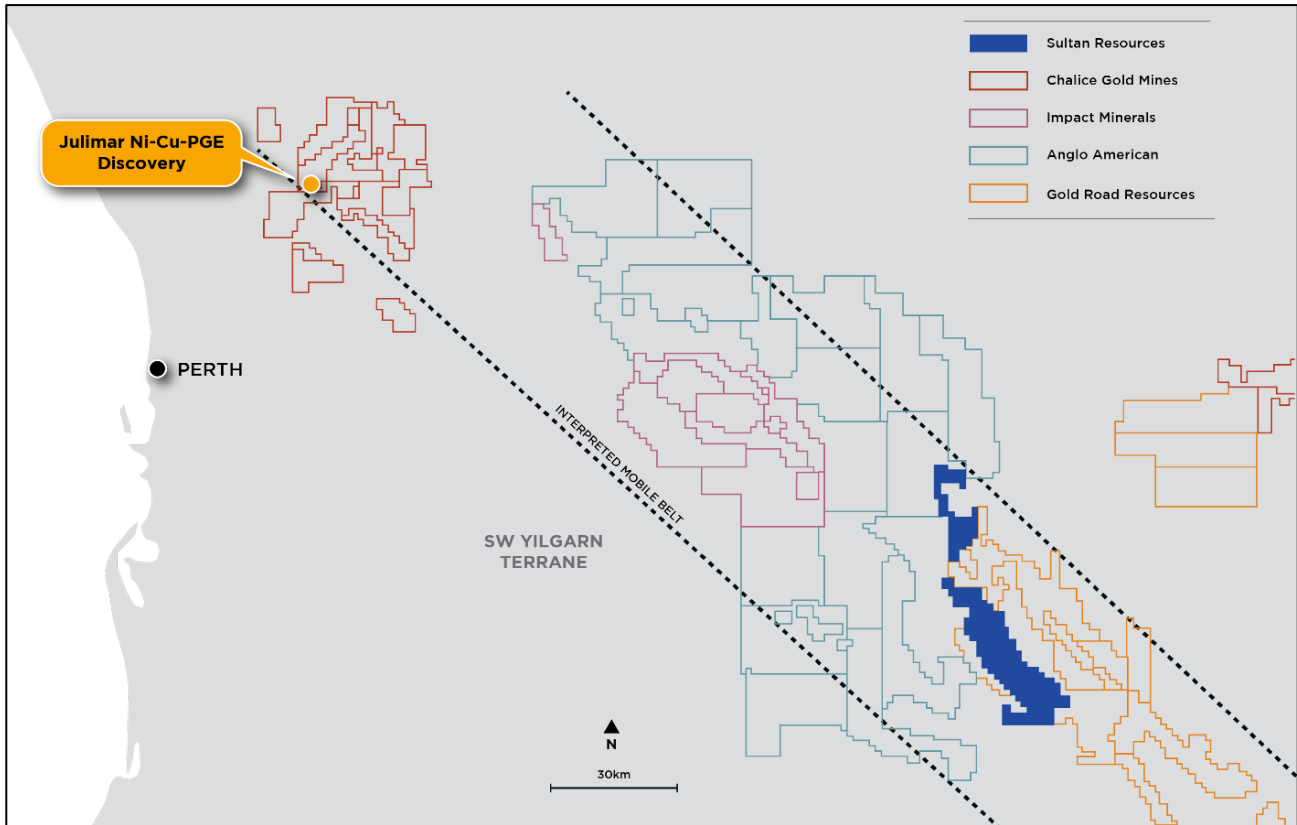


Figure 4: Sultan’s Lake Grace portfolio of tenements in relation to the recent applications by Anglo American (blue outline), Impact Minerals (maroon outline) and the Gold Road Resources/Cygnus Gold JV (orange outline). All of Sultan’s tenure lies within an interpreted mobile zone prospective for Ni-Cu 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 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 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.

2

Dalwallinu

Landowner access negotiations are ongoing.

PORTFOLIO OVERVIEW

4

New South Wales – Lachlan Fold Belt

1

The Company has 100% ownership of a 326km² 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 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 December 2020 was \$3.15 million.

On 28 October 2020, the Company announced it had completed a successful capital raising of \$2.4 million.

ADDITIONAL ASX INFORMATION

ASX Listing Rule 5.3.1

Exploration and Evaluation during the quarter was \$473,000. 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	\$35,681
Company Secretarial, Registered Office and Financial Management Services	\$26,280

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
Talling 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

TENEMENT	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	Current	37 Units	\$2,220	\$100	\$10,000	\$10,000	Group 1	\$75,000
ELA 6089 (1992)	Sultan Resources Ltd	21 August 2020	-	Pending	4 Units	\$240	\$100	\$10,000	\$10,000	Group 1	TBC
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

35 623 652 522

Quarter ended ("current quarter")

31 December 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	(4)	(13)
(b) development	-	-
(c) production	-	-
(d) staff costs	(31)	(39)
(e) administration and corporate costs	(145)	(294)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	4
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	(179)	(342)

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)	(469)	(709)
(e) investments	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 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	(469)	(709)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	2,400	2,400
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	(202)	(202)
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	2,198	2,198

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,602	2,005
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(179)	(342)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(469)	(709)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	2,198	2,198

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
-4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,152	3,152

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	3,152	1,602
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)	3,152	1,602

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**

(61)

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.

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.</i>			
<i>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)	(179)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(469)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(648)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	3,152
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	3,152
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	5
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: N/A	
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	
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	

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: 29 January 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.