



SULTAN
R E S O U R C E S

SULTAN RESOURCES LIMITED
ABN 35 623 652 522

Annual Report for the Year Ended
30 June 2019

Annual Report

For the year ended 30 June 2019

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Corporate Directory

Board of Directors

Steven Groves	(Managing Director)
Jeremy King	(Non-Executive Director)
David Ian Lees	(Non-Executive Director)

Secretary

Mr Mauro Piccini

Registered Office

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

Telephone: 08 6559 1792

Website: www.sultanresources.com.au

Securities Exchange Listing

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

Auditors

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

Solicitors

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

Bankers

Westpac Banking Corporation
Level 13, 109 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 for the year ended 30 June 2019.

DIRECTORS

The names and particulars of the Company's directors in office during the financial year and at the date of this report are as follows. The Directors held office for this entire year unless otherwise stated.

Steven Groves – Managing Director

Mr Groves has a Bachelor of Applied Geology (Honours) and completed a Master's of Economic Geology from CODES-SRC at the University of Tasmania.

Mr Groves is currently a non-executive director of Six Sigma Metals Ltd (ASX: SI6) and brings 25 years of geological experience in the mining industry including exploration and management roles with BHP Billiton (ASX: BHP), Newmont Mining, Newcrest Mining (ASX: NCM), A-Cap Resources (ASX: ACB) and Botswana Metals.

During the past three years, Mr Groves held the following directorship in another ASX listed company:

- Non-executive Director of Six Sigma Metals Ltd (current)

Jeremy King – Non-Executive Director

Mr King is a corporate lawyer and adviser with over 20 years' experience in domestic and international legal, financial and corporate matters. Mr King is a director of a boutique corporate advisory and compliance business where he specializes in corporate and strategic advice and managing legal issues associated with clients. He spent several years in London where he worked with Allen and Overy LLP and Debevoise & Plimpton LLP and has extensive experience, particularly in relation to cross border private equity, leveraged buy-out acquisitions and acting for banks, financial institutions and corporate issuers in respect of various debt and equity capital raisings. He regularly advises ASX listed companies on corporate and commercial matters.

During the past three years, Mr King held the following directorships in other ASX listed companies: Red Mountain Mining Limited (current), Pure Minerals Limited (resigned November 2018), Tando Resources Limited (resigned July 2019), Transcendence Technologies Limited (current), DTI Group Limited (current), Smart Parking Limited (current), EHR Resources Limited (current), Axxis Technology Group Limited (current), Aldoro Resources Limited (current), Aquaint Capital Holdings Limited (resigned 4 October 2017).

David Ian Lees – Non-Executive Director (appointed 12 March 2019)

Mr Lees David has over 16 years' experience in the Australian financial services industry starting his career as a stockbroker before moving into investment and funds management. These roles have given David extensive experience with capital raising, business development, portfolio management, business relationships and corporate governance.

Most recently David has worked in the private sector driving his business from product conception through to design, development, manufacturing and international retail sales. David's education qualifications include a Bachelor of Economics and post graduate diploma in Applied Finance and Investment.

During the past three years, Mr Lees held no directorships in other ASX listed companies.

Lincoln Ho – Non-Executive Director (resigned 12 March 2019)

With a background in equities trading for over 8 years, Mr Ho has wide knowledge and experience in corporate restructure, mergers and acquisitions. Mr Ho has the ability to negotiate deals across local and overseas markets, working in conjunction with experienced corporate financiers across the emerging caps space. In particular, Mr Ho has a focus on a network of industry and finance contacts across South-East Asia.

During the past three years, Mr Ho held the following directorships in other ASX listed companies: Red Mountain Mining Limited (current) and Pure Minerals Ltd (resigned May 2019).

Directors' Report

Eddie King– Non-Executive Director (resigned 12 March 2019)

Mr King is a qualified Mining Engineer. He holds a Bachelor of Commerce and Bachelor of Engineering from the University of Western Australia. His past experience includes being a manager for an investment banking firm, where he specialised in the analysis of technical and financial requirements of bulk commodity and other resources projects.

During the past three years, Mr King held the following directorships in other ASX listed companies: Pure Minerals Limited, Six Sigma Metals Limited, European Cobalt Limited, Eastern Iron Limited, Ragnar Metals Limited and Lindian Resources Limited (resigned January 2018), Bowen Coking Coal Limited (resigned December 2018), Axxis Technology Limited (resigned March 2019).

COMPANY SECRETARY

Mauro Piccini

Mr Piccini spent 7 years at the ASX and possesses core competencies in publicly listed and unlisted company secretarial, administration and governance disciplines. Mauro is a Chartered Accountant (CA) and a member of the Governance Institute of Australia (GIA). Mauro started his career in the Perth office of Ernst and Young (EY) where he spent several years in their assurance division.

INTERESTS IN SHARES AND OPTIONS OF THE COMPANY

The following table sets out each current Director's relevant interest in shares, options and performance rights of the Company as at the date of this report.

Director	Ordinary Shares	Unlisted Share Options
Steven Groves	150,000	-
Jeremy King	199,324	-
David Ian Lees	1,166,868	-
Total	1,516,192	-

PRINCIPAL ACTIVITIES

The principal activity of the Company is mineral exploration.

Directors' Report

REVIEW AND RESULTS OF OPERATIONS

Overview

Sultan Resources Limited ("Sultan" or the "Company") listed on the Australian Securities Exchange (ASX) on 14 August 2018 under the code SLZ having successfully acquired a mineral exploration project portfolio in Western Australia, in emerging terrains currently targeted by successful mid-tier explorers including Sandfire Resources Ltd (ASX: SFR) and Gold Road Resources Ltd (ASX: GOR) and junior explorers such as Cygnus Gold Ltd (ASX: CY5), Explaurum (ASX: EXU) and Lodestar Minerals Ltd (ASX: LSR).

The Company maintains 100% ownership of the 946km² portfolio of ground prospective for gold, nickel, cobalt and base metals which lies in close proximity to a number of significant recent discoveries, which comprises of four key 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; and
- Dalwallinu 195km NE of Perth.

Sultan raised \$4.8 million at its Initial Public Offer, to fund its exploration program across its portfolio over the coming two years, with an early focus on:

- Drilling of the Thaduna project, directly along strike from Lodestar Minerals Ned's Creek Gold discovery
- Geophysical surveying, ground reconnaissance and drilling of the Lake Grace Gold and Nickel + Cobalt Projects

PROJECTS

Lake Grace

During the March 2019 quarter, the Company received all approvals and relevant access agreements for the Challenger Prospect located 8km north of Lake Grace, which paved way for the commencement and completion of its maiden RC drilling program of 12 holes for a total of 1,782m at Challenger^{1, 2}.

The program targeted a 1km long, >0.1g/t Au aircore gold anomaly defined by North Limited ("North") in exploration programs undertaken across the area in the mid-1990s^{1,2}. Sultan's drill program was designed to:

- confirm the extent and tenor of the surface gold mineralisation;
- test the depth and down-plunge extent of the higher-grade mineralised zones; and
- provide an understanding of the stratigraphy and structure across the Challenger Prospect.

The drilling program was carried out in March and April 2019. The drill holes intersected numerous thick intervals of mafic granulite rock types containing zones of strong sulphide mineralisation, similar in appearance to those that host gold mineralisation at the nearby Tampia and Katanning Gold Deposits.

Significant Results

The Company received the gold fire assay results from the 1m and composite 4m samples, which show a number of significant gold-mineralised intervals (Table 1, Figure 1) that are similar in thickness and tenor to the two historic diamond holes completed by North during the 1990s^{1,2}.

The encouraging results of the first pass drilling program demonstrated that gold mineralising processes have occurred on a significant scale at Challenger. The drilling intersected thick zones of gold-anomalous mafic rocks spanning intervals of up to 90m in excess of 20ppb gold. Within these intervals, zones of between 8 to 13m averaging over 0.5g/t Au and containing 1 to 3m zones in excess of 1g/t Au were commonly intersected. The thickness and tenor of these higher-grade zones is consistent with those intersected in the two historic diamond holes located some 450m away to the northwest in similar rock types. Gold grades of over 0.1g/t for a strike of over 1km were present in historic aircore holes and are interpreted to mark the near-surface expression of the gold mineralization¹. The bedrock gold intersections correlate with the aircore anomalism to define a gold-mineralised zone with a shallow dip towards the northeast that is open, and untested, in all directions.

Directors' Report

Hole ID	From (m)	To(m)	Interval (m)	Gold Grade g/t
19SLGR2	30	34	4	0.16
19SLGR2a	27	28	1	0.10
19SLGR4	40	41	1	0.18
19SLGR9	31	42	11	0.42
	58	59	1	0.10
19SLGR10	33	44	11	0.14
	44	52	8	0.52
incl.	45	48	3	1.12
	55	62	7	0.12
	73	81	8	0.75
incl.	77	81	3	1.34
incl.	79	80	1	3.41
19SLGR11	50	63	13	0.50
incl.	53	55	2	1.03
incl.	57	59	2	0.74
	88	95	7	0.15
	103	106	3	0.12
19SLGR12	48	50	2	0.24
	71	82	11	0.54
incl.	72	74	2	1.00
incl.	78	81	3	0.90
	120	126	6	0.11

Table 1: Significant intersections of recently drilled Reverse Circulation Holes at Lake Grace Gold Project. Intervals have been calculated using a >0.1g/t cut-off, with no more than 2m of internal dilution. All intercept lengths are down-hole lengths

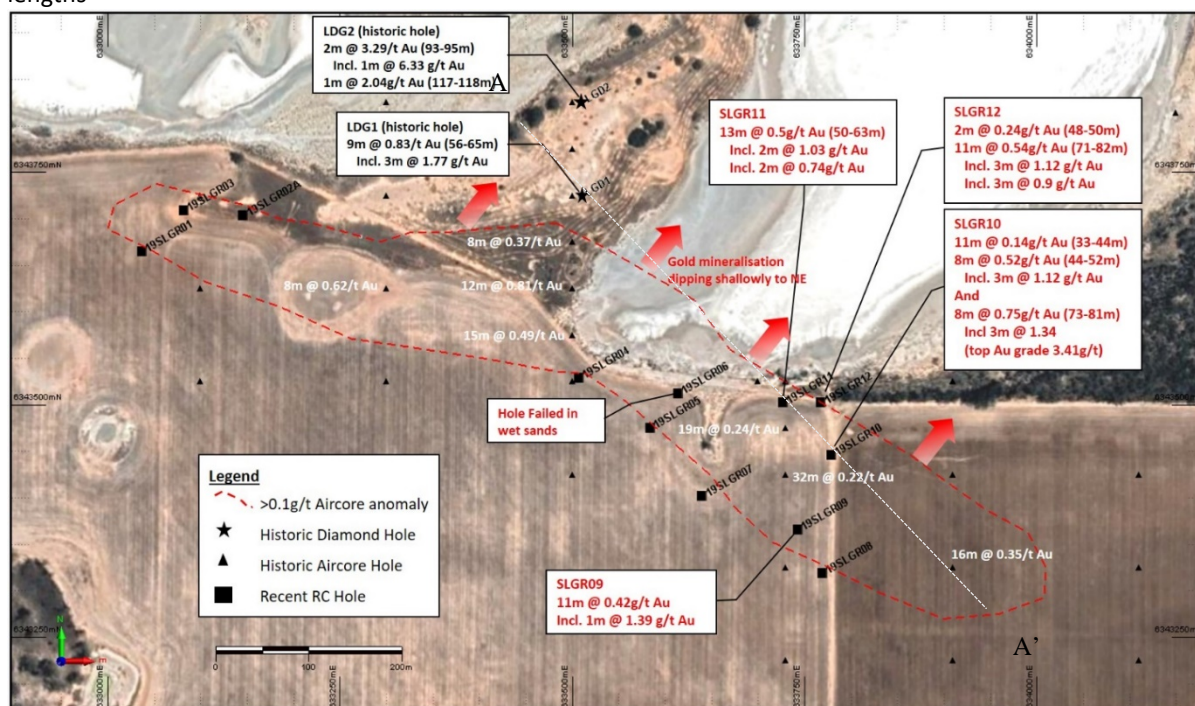


Figure 1: Plan view of the Challenger Prospect showing updated significant intersections (red text boxes) of the recent RC drill program (black squares). The highlights of significant intercepts from historic drilling (black triangles or stars) and the large historic aircore gold anomaly (red dashed outline) are also displayed. The line of the long section depicted in Figure 2 is marked A – A'

Directors' Report

GEOPHYSICAL SURVEY AND INTERPRETATION

During December 2018, the Company commissioned a high-resolution airborne magnetic survey of its entire Lake Grace portfolio¹. The survey was flown in two parts: the first across E70/5095 (Kulin Hill) and the second across E70/5081, E70/5082, E70/5085 and E70/5179 (Lake Grace). A full geological, structural and exploration targeting exercise was undertaken on the survey results by Core Geophysics. The results of the interpretation were extremely encouraging, with a total of 84 exploration target areas identified by Core Geophysics as worthy of further investigation.

Geophysical Results

Kulin Hill - The area encompassed by the survey is characterised by granite and gneiss that forms a part of the Western Gneiss Terrain. In the north, a 2.6km long ultramafic body is known to be associated with the occurrence of Ni-Co sulphides in historic drilling and the survey has provided greatly improved detail on the structure of this arcuate body. The survey has also delineated a further 14.5km strike of interpreted ultramafic bodies to the southeast that remain unexplored (Figure 2).

A total of 24 structural/geological targets have also been identified by Core Geophysics as worthy of follow up exploration.

Lake Grace – The geology evident in the Kulin Hill survey area extends southwards through the Lake Grace tenements and a similar geological and structural map was produced. The area is structurally complex, but the shear/structural zone that contains Challenger Prospect was identified to extend for ~45km to the NW of Challenger and is spatially related to all significant historic gold prospects identified by North Limited and other explorers.

A further 9.5km zone of probable ultramafic rocks was identified in the central-east portion of the survey area. Core Geophysics also identified a total of 60 structural/geological targets as worthy of follow-up exploration throughout the Lake Grace tenements.

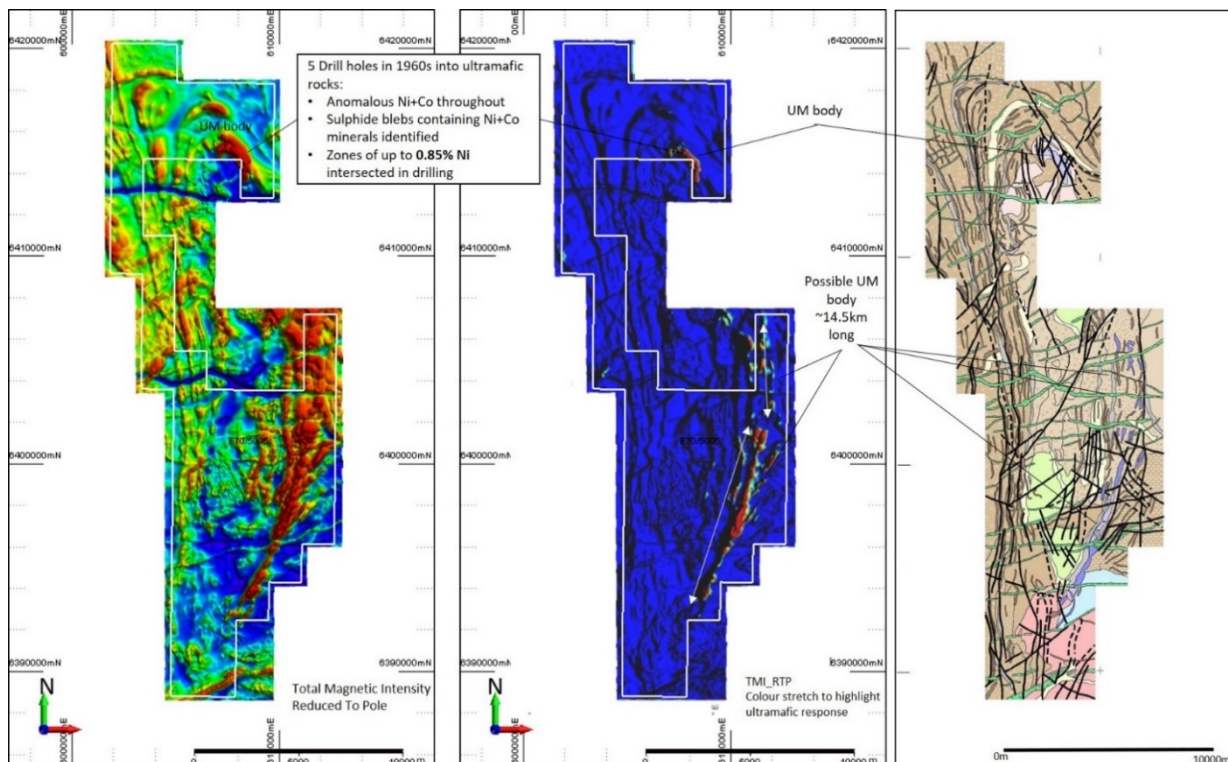


Figure 2: Results of the recent airborne magnetic survey at Kulin Hill showing the position of known and interpreted, ultramafic bodies. The image on the left is total magnetic intensity, reduced to pole, the centre image shows the same data but with a colour stretch applied to highlight the ultramafic response. The image on the right shows the detailed geological interpretation at the same scale.

Directors' Report

New Exploration Licence Granted

During February 2019, the Company received notification from the Western Australian Department of Mines, Industry, Regulation and Safety (DMIRS) that its application for licence E70/5179 had been successfully granted.

The licence, comprising 28 graticular blocks covering $\sim 77\text{km}^2$, lies adjacent to the Company's substantial Lake Grace package of granted tenements in the Southwest terrane of the Yilgarn Craton in Western Australia. The licence is prospective for gold mineralisation and is situated along strike to the southeast of the historically mined Griffins Find gold deposit and the historically drilled Ridge / Taylors gold prospect.

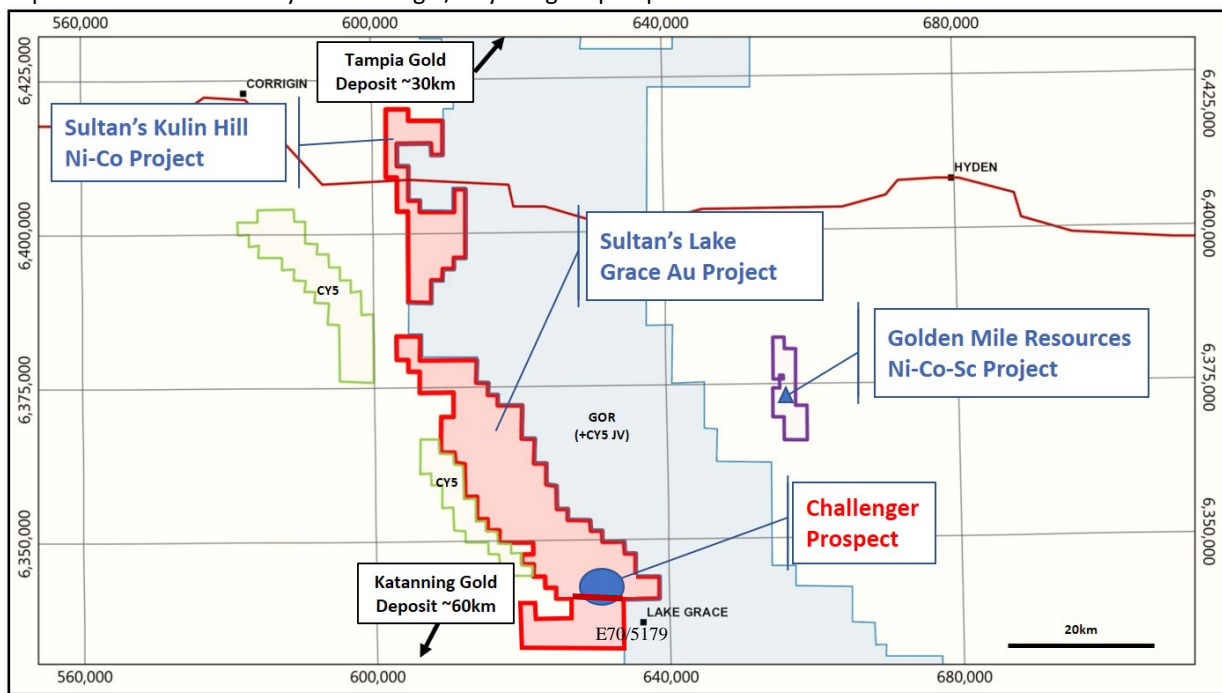


Figure 3: Sultan's Lake Grace Project showing the location of the Challenger Prospect (blue dot) and the Kulin Hill area. New Licence, E70/5179 is marked at the southern end of the tenement package.

Thaduna

The Thaduna Project is located 190km northeast of Meekatharra and adjacent to Lodestar Minerals Ltd's (ASX: LSR) Ned Creek Gold discovery, where exploration by Lodestar uncovered what appears to be a major intrusion-related gold system with similar characteristics to a number of 1Moz+ gold deposits elsewhere in the Yilgarn Craton (see LSR ASX Announcement on 03/08/2018).

The gold-bearing structures and host rocks appear to trend into Sultan's tenure and the Company initial aircore drilling at Thaduna has uncovered significant gold and base metal anomalism requiring further follow up. In addition to Ned's Creek, Sandfire Resources NL's (ASX:SFR) and Australian Mines Ltd (ASX: AUZ) have permits adjacent to Thaduna.

In the December Quarter, Sultan completed its first exploration drilling program at Thaduna comprising a program of 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).

Directors' Report

Highlights from the program included:

- 1km long gold anomaly defined with peak values of 4m @ 373 ppb Au and 4m @ 157ppb Au
- Gold anomaly shows similar geological setting and element association to nearby intrusion-related gold discoveries such as Ned's Creek Gold Project
- >1.5km long multi-element base metal trend identified with peak values over 4m of 520ppm Cu, 760ppm Zn, 405ppm Co, 578ppm Ni, 1380ppm Pb
- Base metal trend shows similar structural setting and element association to nearby sediment-hosted copper discoveries such as the Enigma Copper Project

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

CORPORATE

During the June 2019 Quarter, Sultan announced that in recognizing the current challenging environment for exploration juniors, it had entered a cost reduction programme to include:

- All non-essential expenditure on the Company's exploration projects will be deferred;
- The contract of Mr Steve Groves, the Company's Managing Director, will be adjusted such that he will be on a base salary of \$40,000 per annum. The Company's non-executive directors, Mr Jeremy King and Mr David Lees shall have their annual director fees reduced by 20%.
- Corporate advisory, investor relations, and corporate secretarial and financial management service fees shall be reduced by a minimum of 20%.
- The Company will terminate all non-essential services and consultancy contracts.

Financial Performance

The financial results of the Company for the year ended 30 June 2019 are:

	30-June-19	30-June-18
	\$	\$
Cash and cash equivalents	3,064,472	106,083
Net assets	4,209,669	199,994
Revenue	26,486	200
Net loss after tax	(847,711)	(176,210)

DIVIDENDS

No dividend is recommended in respect of the current financial year (2018: nil).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The significant changes in state of affairs during the financial year include:

- On 12 March 2019 Eddie King and Lincoln Ho resigned as Non-Executive Directors, on the same day David Ian Lees was appointed as Non-Executive Director.

Directors' Report

MATTERS SUBSEQUENT TO THE REPORTING PERIOD

There has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Heritage Surveys

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.

East Talling

The East Talling Project is located 180km east of Geraldton covering an area of 67km² within the northeast extension of the Talling Greenstone Belt (TGB).

Within the TGB, gold and base metal mineralisation occurs at numerous locations and Sultan's licence is adjacent to Adaman Resources' Snake Well Gold Project which includes the historic high-grade Royal Standard Gold Mine and the more recently defined resources of 141koz Au at Snake Well. Past exploration on Sultan's licence has revealed a large gold-mineralised alteration and quartz-vein system evident at the top of bedrock which has not had any deeper drill testing.

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

The Dalwallinu Gold Project covers a 20km strike length of the prospective Yerlering fault corridor and encloses the small, high grade Pithara Gold Deposit discovered by Independence Group NL (ASX:IGO) in 2005. Dalwallinu covers an area of approximately 167km², located 195km northeast of Perth and 60km southwest of the Mt Gibson gold mine.

Landowner access negotiations are ongoing.

DIRECTORS' MEETINGS

The number of Directors' meetings held during the financial year and the number of meetings attended by each Director during the time the Director held office are:

Director	Number Eligible to Attend	Number Attended
Mr Steven Groves	1	1
Mr Jeremy King	1	1
Mr David Ian Lees	-	-
Mr Lincoln Ho	1	1
Mr Eddie King	1	1

In addition to the scheduled Board meetings, Directors regularly communicate by telephone, email or other electronic means, and where necessary, circular resolutions are executed to effect decisions.

Due to the size and scale of the Company, there is no Remuneration and Nomination Committee or Audit Committee at present. Matters typically dealt with by these Committees are, for the time being, managed by the Board. For details of the function of the Board, refer to the Corporate Governance Statement on the Company website at www.sultanresources.com.au.

Directors' Report

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2019 outlines the remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 ("the Act") and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for Key Management Personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Voting and comments made at the company's 2018 Annual General Meeting ('AGM')

At the 2018 AGM, 100% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2018. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

a) Key Management Personnel Disclosed in this Report

Key Management Personnel of the Company during or since the end of the financial period were:

Steven Groves	(Managing Director)
Lincoln Ho	(Non-Executive Director) (resigned 12 March 2019)
Jeremy King	(Non-Executive Director)
Eddie King	(Non-Executive Director) (resigned 12 March 2019)
David Ian Lees	(Non-Executive Director) (appointed 12 March 2019)

There have been no other changes after reporting date and up to the date that the financial report was authorised for issue.

The Remuneration Report is set out under the following main headings:

A	Remuneration Philosophy
B	Remuneration Governance, Structure and Approvals
C	Remuneration and Performance
D	Details of Remuneration
E	Service Agreements
F	Share-based Compensation
G	Equity Instruments Issued on Exercise of Remuneration Options
H	Loans with KMP
I	Other Transactions with KMP
J	Additional Information

A Remuneration Philosophy

KMP have authority and responsibility for planning, directing and controlling the activities of the Company. KMP of the Company comprise of the Board of Directors.

The Company's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

No remuneration consultants were employed during the financial year.

Directors' Report

B Remuneration Governance, Structure and Approvals

Remuneration of Directors is currently set by the Board of Directors. The Board has not established a separate Remuneration Committee at this point in the Company's development, nor has the Board engaged the services of an external remuneration consultant. It is considered that the size of the Board along with the level of activity of the Company renders this impractical. The Board is primarily responsible for:

- The over-arching executive remuneration framework;
- Operation of the incentive plans which apply to executive directors and senior executives, including key performance indicators and performance hurdles;
- Remuneration levels of executives; and
- Non-Executive Director fees.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

❖ Non-Executive Remuneration Structure

The remuneration of Non-Executive Directors consists of Directors' fees, payable in arrears. The total aggregate fixed sum per annum to be paid to Non-Executive Directors in accordance with the Company's Constitution shall be no more than \$500,000 and may be varied by ordinary resolution of the Shareholders in a General Meeting.

Remuneration of Non-Executive Directors is based on fees approved by the Board of Directors and is set at levels to reflect market conditions and encourage the continued services of the Directors. In accordance with the Company's Constitution, the Directors may at any time, subject to the Listing Rules, adopt any scheme or plan which they consider to be in the interests of the Company and which is designed to provide superannuation benefits for both present and future Non-Executive Directors, and they may from time to time vary this scheme or plan.

The remuneration of Non-Executive is detailed in Table 1 and their contractual arrangements are disclosed in "Section E – Service Agreements".

Remuneration may also include an invitation to participate in share-based incentive programmes in accordance with Company policy.

The nature and amount of remuneration is collectively considered by the Board of Directors with reference to relevant employment conditions and fees commensurate to a company of similar size and level of activity, with the overall objective of ensuring maximum stakeholder benefit from the retention of high performing Directors.

❖ Executive Remuneration Structure

The nature and amount of remuneration of executives are assessed on a periodic basis with the overall objective of ensuring maximum stakeholder benefit from the retention of high performance Directors.

The main objectives sought when reviewing executive remuneration is that the Company has:

- Coherent remuneration policies and practices to attract and retain Executives;
- Executives who will create value for shareholders;
- Competitive remuneration offered benchmarked against the external market; and
- Fair and responsible rewards to Executives having regard to the performance of the Company, the performance of the Executives and the general pay environment.

Directors' Report

C Remuneration and Performance

The following table shows the gross revenue, losses, earnings per share ("EPS") of the Company as at 30 June 2019.

	30-Jun-19	30-Jun-18
Revenue (\$)	26,486	200
Net loss after tax (\$)	(847,711)	(176,210)
EPS (cents)	(2.53)	(13.68)

Relationship between Remuneration and Company Performance

Given the current phase of the Company's development, the Board does not consider earnings during the current financial period when determining, and in relation to, the nature and amount of remuneration of KMP.

The pay and reward framework for key management personnel may consist of the following areas:

- a) Fixed Remuneration – base salary
- b) Variable Short-Term Incentives
- c) Variable Long-Term Incentives

The combination of these would comprise the key management personnel's total remuneration.

a) Fixed Remuneration – Base Salary

The fixed remuneration for each senior executive is influenced by the nature and responsibilities of each role and knowledge, skills and experience required for each position. Fixed remuneration provides a base level of remuneration which is market competitive and comprises a base salary inclusive of statutory superannuation. It is structured as a total employment cost package.

Key management personnel are offered a competitive base salary that comprises the fixed component of pay and rewards. External remuneration consultants may provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. No external advice was taken this period. Base salary for key management personnel is reviewed annually to ensure the executives' pay is competitive with the market. The pay of key management personnel is also reviewed on promotion. There is no guaranteed pay increase included in any key management personnel's contract.

b) Variable Remuneration – Short -Term Incentives (STI)

Discretionary cash bonuses may be paid to senior executives annually, subject to the requisite Board and shareholder approvals where applicable.

c) Variable Remuneration – Long-Term Incentives (LTI)

Options are issued at the Board's discretion. Other than options disclosed in section D of the Remuneration Report there have been no options issued to KMP at the date of this financial report.

Directors' Report

D Details of Remuneration

Details of the nature and amount of each major element of the remuneration of each KMP of the Company during the financial year are:

Table 1 – Remuneration of KMP of the Company for the year ended 30 June 2019 is set out below:

	Short-term Employee Benefits			Post-Employment	Share Based Payments	Total
	Salary & fees	Non-monetary benefits	Other*	Superannuation	Options	
	\$	\$	\$	\$	\$	
30 June 2019						
Directors						
Steven Groves	122,864 ⁽ⁱ⁾	-	20,000	11,400	-	154,264
David Ian Lees	11,973 ⁽ⁱⁱ⁾	-	-	1,742	-	13,715
Lincoln Ho	28,111 ⁽ⁱⁱⁱ⁾	-	20,000	-	-	48,111
Jeremy King	40,000	-	20,000	3,800	-	63,800
Eddie King	28,111 ⁽ⁱⁱⁱ⁾	-	-	-	-	28,111
Total	231,059	-	60,000	16,942	-	308,001

* Relates to cash bonus.

(i) Cash salary and fees includes fees paid or due to be paid and movement in annual leave entitlements for the year.

(ii) Mr David Ian Lees was appointed on 12 March 2019.

(iii) Mr Lincoln Ho and Mr Eddie King resigned on 12 March 2019.

Table 2 – Remuneration of KMP of the Company for the period ended 30 June 2018 is set out below:

	Short-term Employee Benefits			Post-Employment	Share Based Payments	Total
	Salary & fees	Non-monetary benefits	Other	Superannuation	Options	
	\$	\$	\$	\$	\$	
30 June 2018						
Directors						
Steven Groves	10,913 ⁽ⁱ⁾	-	-	950	-	11,863
Lincoln Ho ⁽ⁱⁱ⁾	3,333	-	-	317	-	3,650
Jeremy King ⁽ⁱⁱⁱ⁾	3,333	-	-	317	-	3,650
Eddie King ^(iv)	3,333	-	-	317	-	3,650
Michael Nitsche ^(v)	-	-	-	-	-	-
Edwin Bulseco ^(vi)	-	-	-	-	-	-
Total	20,912	-	-	1,901	-	22,813

(i) Cash salary and fees includes fees paid or due to be paid and movement in annual leave entitlements for the period.

(ii) An amount of \$3,333 is payable to Saltus Corporate Pty Ltd relating to Mr Lincoln Ho's directors fees.

(iii) An amount of \$3,333 is payable to Bushwood Nominees Pty Ltd relating to Mr Jeremy King's directors fees.

(iv) An amount of \$3,333 is payable to King Corporate Pty Ltd relating to Mr Eddie King's directors fees.

(v) Mr Michael Nitsche resigned 5 April 2018.

(vi) Mr Edwin Bulseco resigned 10 May 2018.

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense in the tables above:

Table 3 – Relative proportion of fixed vs variable remuneration expense

Name	Fixed Remuneration		At Risk – STI (%)		At Risk – LTI (%)	
	2019	2018	2019	2018	2019	2018
Directors						
Steven Groves	87%	100%	13%	-	-	-
David Ian Lees	100%	-	-	-	-	-
Jeremy King	69%	100%	31%	-	-	-
Eddie King	100%	100%	-	-	-	-
Lincoln Ho	58%	100%	42%	-	-	-
Edwin Bulseco	-	-	-	-	-	-
Michael Nitsche	-	-	-	-	-	-

Directors' Report

Table 4 – Shareholdings of KMP (direct and indirect holdings) for the year ended 30 June 2019 is set out below:

30 June 2019	Balance at 1/07/2018	On market purchase	Granted as Remuneration	On Exercise of Options	Net Change – Other	Balance at 30/06/2019
Directors						
Steven Groves	-	150,000	-	-	-	150,000
David Ian Lees	-	1,166,868	-	-	-	1,166,868
Jeremy King	-	199,324	-	-	-	199,324
Eddie King	-	255,000	-	-	(255,000) ¹	-
Lincoln Ho	3	187,500	-	-	(187,503) ¹	-
Total	3	1,958,692	-	-	(422,503)	1,516,192

¹ Net change in shareholdings due to the directors resigning on 12 March 2019.

Table 5– Shareholdings of KMP (direct and indirect holdings) for the period ended 30 June 2018 is set out below:

30 June 2018	Balance at 4/01/2018	Founder shares	Granted as Remuneration	On Exercise of Options	Net Change – Other	Balance at 30/06/2018
Directors						
Steven Groves	-	-	-	-	-	-
Jeremy King	-	-	-	-	-	-
Eddie King	-	-	-	-	-	-
Edwin Bulseco	-	500,100	-	-	(500,100) ¹	-
Michael Nitsche	-	500,100	-	-	(500,100) ¹	-
Lincoln Ho	-	3	-	-	-	3
Total	-	1,000,203	-	-	(1,000,200)	3

¹ Net change in shareholdings due to Edwin Bulseco resigning on 10 May 2018 and Michael Nitsche resigning on 5 April 2018.

There are no options held by the KMP for the year ended 30 June 2019 (30 June 2018: Nil).

E Service Agreements

❖ Steven Groves – Managing Director

- Contract: Commenced on 1 June 2018.
- Director's Fee: \$120,000 per annum plus statutory superannuation.
- Term: No fixed term.

❖ Jeremy King – Non-Executive Director

- Contract: Commenced on 1 June 2018.
- Director's Fee: \$40,000 per annum plus statutory superannuation.
- Term: No fixed term

❖ David Ian Lees– Non-Executive Director

- Contract: Commenced on 13 March 2019.
- Director's Fee: \$40,000 per annum plus statutory superannuation.
- Term: No fixed term

❖ Lincoln Ho – Non-Executive Director

- Contract: Commenced on 1 June 2018 – 12 March 2019
- Director's Fee: \$40,000 per annum plus statutory superannuation.
- Term: No fixed term.

❖ Eddie King – Non-Executive Director

- Contract: Commenced on 1 June 2018– 12 March 2019
- Director's Fee: \$40,000 per annum plus statutory superannuation.
- Term: No fixed term.

Directors' Report

F Share-based Compensation

No share-based compensation was issued during the year ended 30 June 2019. (2018: Nil)

G Equity Instruments Issued on Exercise of Remuneration Options

No remuneration options were exercised during the financial year. (2018: Nil)

H Loans with KMP

There were no Loans during the year ended 30 June 2019.

During the prior period ended 30 June 2018, loan agreements were entered into by Sultan Resources Limited with Xcel Capital Pty Ltd, a company of which Edwin Bulseco is a Director and ARQ Capital Pty Ltd, a company of which Michael Nitsche amounting to \$37,500 each respectively. These interest free loans were repaid in full on 4 April 2018. The loans were entered for payment of costs and expenses in relation to the asset acquisition from Galahad Resources Pty Ltd and general working capital purposes.

I Other Transactions with KMP

Related Party Transactions		
	2019 \$	2018 \$
The following related party transactions were made during the year:		
Corporate advisory services fee paid to Xcel Capital Pty Ltd ⁽ⁱⁱ⁾	-	14,280
Corporate advisory services fee paid to ARQ Capital Pty Ltd ⁽ⁱⁱⁱ⁾	-	9,720
Company Secretary & Financial management fees paid to Mirador Corporate Pty Ltd ⁽ⁱ⁾	98,175	20,000
(i) An entity in which Jeremy King is a Director. (ii) An entity in which Edwin Bulseco is a Director. (iii) An entity in which Michael Nitsche is a Director.		

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

There were no other transactions with KMP during the year ended 30 June 2019.

J Additional Information

The earnings of the Company for the two years to 30 June 2019 are summarised below as the Company was incorporated on 4 January 2018:

	2019 \$	2018 \$
Sales Revenue	26,486	200
EBITDA	(874,197)	(176,410)
EBIT	(874,197)	(176,410)
Profit/(Loss) after income tax	(847,711)	(176,210)
Share Price (\$)	\$0.059	-
EPS (cents per share)	(2.53)	(13.68)

The factors that are considered to affect total shareholders return ("TSR") are summarised below:

	2019 \$	2018 \$
Share Price at the financial year/period end (\$)	\$0.059	- ¹
Total dividends declared (cents per share)	-	-
EPS (cents per share)	(2.53)	(13.68)

¹ There is no share price as the Company was listed on the Australian Securities Exchange (ASX) on 14 August 2018.

End of Audited Remuneration Report.

Directors' Report

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Company has indemnified the Directors and Executives of the Company for costs incurred, in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and Executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

ENVIRONMENTAL REGULATIONS

The Company is not currently subject to any specific environmental regulation. There have not been any known significant breaches of any environmental regulations during the year under review and up until the date of this report.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purposes of taking responsibility on behalf of the Company for all or part of these proceedings.

AUDITOR

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF RSM AUSTRALIA PARTNERS

There are no officers of the Company who are former partners of RSM Australia Partners.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 for the year ended 30 June 2019 has been received and included within these financial statements.

SHARE UNDER OPTION

At the date of this report there were the following unissued ordinary shares for which options were outstanding:

- 6,000,000 options expiring 7 August 2023, exercisable at \$0.24 each.

SHARE ISSUED ON THE EXERCISE OF OPTIONS

At the date of this report there were no issued shares on the exercise of options granted during the year 30 June 2019 (2018: Nil). No further shares have been issued since that date. No amounts are unpaid on any of the shares.

Directors' Report

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

Details of the amounts paid or payable to the auditor for non-audit services provided during the period by the auditor are outlined in Note 19 to the financial statements.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditors, as set out below, did not compromise the auditor independent requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Board of Directors to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to the auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

This report is signed in accordance with a resolution of Board of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.



Steven Groves
Managing Director
25 September 2019



RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Sultan Resources Limited for year ended 30 June 2019, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 25 September 2019

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RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

Statement of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 30 June 2019

	Note	2019 \$	2018 \$
Revenue from continuing operations			
Other income		26,486	200
Expenses			
Administrative expenses and corporate expenses	4(a)	(243,435)	(53,932)
Compliance and regulatory expenses		(66,755)	(67,098)
Consultancy and legal expenses	4(b)	(226,446)	(31,821)
Directors fees		(308,001)	(22,813)
Other expenses		(522)	(746)
Stamp duty		(29,038)	-
Loss from continuing operations before income tax		(847,711)	(176,210)
Income tax expense	6	-	-
Loss from continuing operations after income tax		(847,711)	(176,210)
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss</i>		-	-
Exchange differences on translation of foreign operations		-	-
Other comprehensive loss for the year/period, net of tax		(847,711)	(176,210)
Total comprehensive loss attributable to the members of Sultan Resources Limited		(847,711)	(176,210)
Loss per share for the year/period attributable to the members Sultan Resources Limited:			
Basic loss per share (cents)	7	(2.53)	(13.68)
Diluted loss per share (cents)	7	(2.53)	(13.68)

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 30 June 2019

	Note	2019 \$	2018 \$
ASSETS			
Current assets			
Cash and cash equivalents	8	3,064,472	106,083
Trade and other receivables	9	54,687	148,288
Total current assets		3,119,159	254,371
Non-Current assets			
Exploration and evaluation	10	1,184,751	99,776
Total non-current assets		1,184,751	99,776
Total assets		4,303,910	354,147
LIABILITIES			
Current liabilities			
Trade and other payables	11	90,463	153,240
Provisions	12	3,778	913
Total current liabilities		94,241	154,153
Total liabilities		94,241	154,153
Net assets		4,209,669	199,994
EQUITY			
Contributed equity	13	4,358,979	376,204
Reserves	14	874,611	-
Accumulated losses		(1,023,921)	(176,210)
Total equity		4,209,669	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 Financial Year Ended 30 June 2019

	Contributed equity \$	Reserves \$	Accumulated Losses \$	Total \$
At 1 July 2018	376,204	-	(176,210)	199,994
Loss for the year	-	-	(847,711)	(847,711)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year after tax	-	-	(847,711)	(847,711)
Transactions with owners in their capacity as owners:				
Initial Public Offering	4,800,000	-	-	4,800,000
Share issue costs	(1,446,601)	-	-	(1,446,601)
Consideration shares for tenements	550,000	-	-	550,000
Issue of share capital for loyalty issue	79,376	-	-	79,376
Share-based payments	-	874,611	-	874,611
At 30 June 2019	4,358,979	874,611	(1,023,921)	4,209,669

	Contributed equity \$	Reserves \$	Accumulated Losses \$	Total \$
At 4 January 2018 (Incorporation)	-	-	-	-
Loss for the period	-	-	(176,210)	(176,210)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period after tax	-	-	(176,210)	(176,210)
Transactions with owners in their capacity as owners:				
Issue of share capital	400,204	-	-	400,204
Share issue costs	(24,000)	-	-	(24,000)
At 30 June 2018	376,204	-	(176,210)	199,994

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

Statement of Cash Flows

For the Financial Year Ended 30 June 2019

	Note	2019	2018 \$
Cash flows from operating activities			
Payments to suppliers and employees		(971,134)	(170,545)
Interest received		26,486	200
Net cash used in operating activities	8	<u>(944,648)</u>	<u>(170,345)</u>
Cash flows from investing activities			
Payments made for exploration and evaluation		(507,589)	(99,776)
Net cash used in investing activities		<u>(507,589)</u>	<u>(99,776)</u>
Cash flows from financing activities			
Proceeds from the issue of shares		4,879,376	400,204
Share issue costs		(468,750)	(24,000)
Proceeds from borrowings		-	75,000
Repayment of borrowings		-	(75,000)
Net cash from financing activities		<u>4,410,626</u>	<u>376,204</u>
Net increase in cash and cash equivalents		2,958,389	106,083
Cash and cash equivalents at the beginning of the year		106,083	-
Cash and cash equivalents at the end of the year	8	<u>3,064,472</u>	<u>106,083</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) Reporting Entity

Sultan Resources Limited (referred to as “SLZ” or the “Company”) is a company domiciled in Australia. The address of the Company’s registered office and principal place of business is disclosed in the Corporate Directory of the Annual Report.

(b) Basis of Preparation

Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) and the Corporations Act 2001. The financial statements comply with International Financial Reporting Standards (“IFRS”) adopted by the International Accounting Standards Board (“IASB”). Sultan Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

The annual report was authorised for issue by the Board of Directors on 25 September 2019.

Basis of measurement

The financial statements have been prepared on a going concern basis in accordance with the historical cost convention, unless otherwise stated.

Adoption of new and revised accounting standards

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

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

There is no impact on the Company for the year ended 30 June 2019.

Basis of preparation and changes to the Company’s accounting policies

AASB 15 Revenue from contracts with Customers

AASB 15 Revenue from contracts with Customers replaces AASB 118 Revenue. AASB 15 was adopted by the Company on 1 July 2018. AASB 15 provides a single, principles-based five-step model to be applied to all contracts with customers.

The Company has considered AASB 15 in detail and determined that the impact on the Company’s sales revenue from contracts under AASB 15 is insignificant for the year.

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.

Impact of adoption

AASB 15 was adopted using the modified retrospective approach and such comparatives have not been restated. There was no impact of adoption on opening retained profits as at 1 July 2018 as the Company is in the exploration phase and does not generate revenue from contracts with customers.

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.

The adoption of AASB 9 Financial Instruments from 1 July 2018 did not give rise to any material transitional adjustments.

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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 (FVPL), 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').

Impairment

From 1 July 2018 the Company assesses on a forward looking basis the expected credit losses (ECLs) associated with its debt instruments carried at amortised cost and FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Company assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. For trade and other receivables, the Company applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience.

Significant Judgements and Estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

(c) Comparatives

Comparative balances for the Company are for the financial period 4 January 2018 to 30 June 2018.

(d) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board. Management has determined that based on the report reviewed by the Board and used to make strategic decisions, that the Company has one reportable segment.

(e) Revenue Recognition

Interest revenue

Interest revenue is recognised as it accrues, using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(f) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(g) Exploration and evaluation expenditure

Acquisition, exploration and evaluation costs associated with mining tenements are accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that the Company's rights of tenure to that area of interest are current and that the costs are expected to be recouped through the successful commercial development or sale of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

(h) Cash and Cash Equivalents

Cash on hand and in bank and short-term deposits are stated at nominal value. For the purpose of the statement of cash flows, cash includes cash on hand and in bank, and bank securities readily convertible to cash, net of outstanding bank overdrafts.

(i) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(j) Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(k) Trade and Other Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received whether or not billed to the Company. Trade payables are usually settled within 30 days of recognition.

(l) Employee Benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution plans are expensed in the period in which they are incurred.

(m) Share-based Payments

Equity-settled benefits are provided to Key Management Personnel and employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using an appropriate valuation model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(m) Share-based Payments (CONT.)

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Company or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

(n) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the Company reacquires its own equity instruments, for example as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(o) Earnings Per Share

Basic earnings per share

Basic earnings per share are calculated by dividing:

- The profit or loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares.
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(p) Goods and Services Tax ("GST")

Revenue, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

(q) Current and Non-Current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(r) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

(s) Other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

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.

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(s) Other financial assets (continued)

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Company intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

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.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2019. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Notes to the Financial Statements

NOTE 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND ASSUMPTIONS

Impact of adoption

The Company will adopt this standard from 1 July 2019. Its impact on adoption is not expected to have a material impact on transactions and balances recognised in the financial statements as the Company does not have any lease contracts at reporting date.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised.

NOTE 3 SEGMENT INFORMATION

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

The Company operates only in one reportable segment being minerals exploration in Australia. The Board considers its business operations in minerals 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 or loss, net assets, total assets and total liabilities for the operating segment are reflected in this financial report.

NOTE 4 EXPENSES

	2019	2018
	\$	\$
(a) Administrative and corporate expenses		
Accounting, audit and company secretarial fees	132,718	44,773
Marketing fees	79,333	-
Travel costs	9,632	347
General and administration expenses	21,752	8,812
	243,435	53,932
(b) Consultancy and legal expenses		
Consulting fees	193,126	3,013
Legal fees	33,320	28,808
	226,446	31,821

Notes to the Financial Statements

NOTE 5 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	-
Risk-free interest rate	2.47%

	2019	2018
	\$	\$
Lead Manager options	874,611	-
	874,611	-

Notes to the Financial Statements

	2019 \$	2018 \$
NOTE 6 INCOME TAX		
(a) The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
Income tax expense reported in the of profit or loss and other comprehensive income	-	-
(b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
(Loss) before income tax expense	(847,711)	(176,210)
Prima facie tax benefit on loss before income tax at 30% (2018:27.5%)	(254,313)	(48,458)
Tax effect of:		
Amounts not deductible in calculating taxable income	2,482	32,076
Changes in unrecognised temporary differences	(45,951)	10,767
Tax losses not recognised	297,782	5,615
Income tax expense	-	-
(c) Deferred tax assets not brought to account are:		
Accruals/ Provisions	5,633	15,169
Prepayment	(5,006)	(4,401)
Exploration related expenditure	(168,049)	-
Business blackhole expenditure	172,677	-
Other	137	-
Tax losses	477,529	5,614
Total deferred tax assets not brought to account	482,921	16,382

Potential deferred tax assets attributable to tax losses and other temporary differences have not been brought to account at 30 June 2019 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the expenditure to be realised; and
- no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the expenditure.

NOTE 7 LOSS PER SHARE

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	2019 \$	2018 \$
Net loss for the year	(847,711)	(176,210)
Weighted average number of ordinary shares for basic and diluted loss	33,536,532	1,287,724
Basic and diluted loss per share (cents) ⁽ⁱ⁾	(2.53)	(13.68)

- (i) Diluted loss per share are the same as basic loss per share because options on issue are anti-dilutive (2018:Nil).

Notes to the Financial Statements

NOTE 8 CASH AND CASH EQUIVALENTS	2019 \$	2018 \$
Cash at bank and in hand	3,064,472	106,083
Loss for the financial year	(847,711)	(176,210)
<i>Changes in assets and liabilities</i>		
Trade and other receivables	(9,639)	(148,288)
Trade and other payables	(90,163)	153,240
Provisions	2,865	913
Net cash used in operating activities	(944,648)	(170,345)

NOTE 9 TRADE AND OTHER RECEIVABLES

GST receivable	37,999	29,042
Prepayments – Other	16,688	16,006
Prepayments – Share Issue Costs ⁽ⁱ⁾	-	103,240
	54,687	148,288

(i) Costs incurred in related to the IPO will be offset against share proceeds received from the IPO in equity upon ASX listing. This amount was recognised as share issue costs for the year ended 30 June 2019.

Allowance for expected credit losses

The Company did not recognise any loss in the profit or loss in respect of the expected credit losses for the year ended 30 June 2019 and 30 June 2018.

NOTE 10 EXPLORATION AND EVALUATION

Opening balance	99,776	-
Tenements acquisition costs incurred during the year	550,000⁽ⁱ⁾	75,000 ⁽ⁱⁱ⁾
Exploration and evaluation expenditure incurred during the year	534,975	24,776
Closing balance	1,184,751	99,776

(i) 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.

(ii) Deposit paid to Galahad as part consideration to acquire the tenements under the term sheet entered into on 26 January 2018 between the Company and Galahad.

NOTE 11 TRADE AND OTHER PAYABLES

Trade payables	39,705	98,993
Accrued expenses	42,178	52,347
Superannuation liability	-	1,900
PAYG liability	8,580	-
	90,463	153,240

Notes to the Financial Statements

NOTE 12 PROVISIONS

	2019 \$	2018 \$
Annual leave liability	<u>3,778</u>	913

NOTE 13 CONTRIBUTED EQUITY

(a) Issued and fully paid

	2019		2018	
	No.	\$	No.	\$
Ordinary shares	<u>47,625,300</u>	<u>4,358,979</u>	5,000,203	376,204

Ordinary shares entitle the holder to participate in dividends and the proposed winding up of the Company in proportion to the number and amount paid on the share hold.

(b) Movement reconciliation

	Number	\$
At 4 January 2018 (Incorporation)	-	-
Founders shares	1,000,203	204
Seed Capital placement	4,000,000	400,000
Less equity raising costs	-	(24,000)
At 30 June 2018	5,000,203	376,204
Initial public offering	<u>24,000,000</u>	<u>4,800,000</u>
Galahad tenement acquisition	<u>2,750,000</u>	<u>550,000</u>
Loyalty Offer	<u>15,875,097</u>	<u>79,376</u>
Less share Issue costs	-	(1,446,601)
At 30 June 2019	<u>47,625,300</u>	<u>4,358,979</u>

NOTE 14 RESERVES

	2019 \$	2018 \$
Options reserve	<u>874,611</u>	-

Movement in reserves

Opening balance	-	-
Lead manager Options (Note 5)	<u>874,611</u>	-
Closing balance	<u>874,611</u>	-

Notes to the Financial Statements

NOTE 15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange prices. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future cash flow forecasts.

Risk management is carried out by Management and overseen by the Board of Directors with assistance from suitably qualified external advisors.

The main risks arising for the Company are interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

The carrying values of the Company's financial instruments are as follows:

	2019 \$	2018 \$
Financial Assets		
Cash and cash equivalents	3,064,472	106,083
Trade and other receivables*	37,999	29,042
	3,102,471	135,125
Financial Liabilities		
Trade and other payables	90,463	153,240
	90,463	153,240

* Excludes prepayments as no cash or financial asset will be delivered.

(a) Market risk

(i) Foreign exchange risk

The Company was not significantly exposed to foreign currency risk fluctuations.

(ii) Interest rate risk

The Company is exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest bearing financial instruments. The Company's exposure to this risk relates primarily to the Company's cash and any cash on deposit. The Company does not use derivatives to mitigate these exposures. The Company manages its exposure to interest rate risk by holding certain amounts of cash in fixed and floating interest rate facilities. At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

	2019		2018	
	Weighted average interest rate ⁽ⁱ⁾	Balance \$	Weighted average interest rate ⁽ⁱ⁾	Balance \$
Cash and cash equivalents	0.99%	3,064,472	0.19%	106,083

(i) This interest rate represents the average interest rate for the year.

Sensitivity

Within the analysis, consideration is given to potential renewals of existing positions and the mix of fixed and variable interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. The 1% increase and 1% decrease in rates is based on reasonably expected possible changes over a financial year/period, using the observed range of historical rates for the preceding two-year period.

Notes to the Financial Statements

NOTE 15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

At 30 June 2019, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax losses and equity would have been affected as follows:

<i>Judgements of reasonably possible movements:</i>	Loss higher/(lower)	
	2019	2018
	\$	\$
+ 1.0% (100 basis points)	30,645	1,061
- 1.0% (100 basis points)	(30,645)	(1,061)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Company obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the financial position and notes to the financial statements. The Company does not hold any collateral.

The Company's policy is to trade only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms will be subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Company.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

The Company manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The Company does not have any external borrowings.

The following are the contractual maturities of financial liabilities:

	1 year or less	1-5 years	> 5 years	Total
	\$	\$	\$	\$
2019				
Trade and other payables	90,463	-	-	90,463
2018				
Trade and other payables	153,240	-	-	153,240

(d) Capital risk management

The Company's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Given the stage of the Company's development there are no formal targets set for return on capital. The Company is not subject to externally imposed capital requirements. The net equity of the Company is equivalent to capital. Net capital is obtained through capital raisings on the Australian Securities Exchange ("ASX").

Notes to the Financial Statements

NOTE 16 RELATED PARTY DISCLOSURE

(a) Key Management Personnel Compensation

Details relating to key management personnel, including remuneration paid, are below.

	2019 \$	2018 \$
Short-term benefits	291,059	20,912
Post-employment benefits	16,942	1,901
	308,001	22,813

Information regarding individual Directors compensation and equity instruments disclosures is provided in the Remuneration Report section of the Directors' Report.

(b) Transactions with related parties

2019
\$

2018
\$

The following transactions occurred with related parties:

Xcel Capital Pty Ltd ⁽ⁱ⁾	-	14,280
ARQ Capital Pty Ltd ⁽ⁱⁱ⁾	-	9,720
Mirador Corporate Pty Ltd ⁽ⁱⁱⁱ⁾	98,175	20,000
	98,175	44,000

- (i) The Company paid Xcel Capital Pty Ltd for corporate advisory services to which Edwin Bulseco is a director.
- (ii) The Company paid ARQ Capital Pty Ltd for corporate advisory services to which Michael Nitsche is a director.
- (iii) The Company paid Mirador Corporate Pty Ltd for company secretarial and financial management services, to which Jeremy King is a director.

(c) Amounts payable to related parties

2019
\$

2018
\$

The following payments are owed to related parties:

Steven Groves	-	10,000
Bushwood Nominees Pty Ltd ⁽ⁱ⁾	-	3,333
Saltus Corporate Pty Ltd ⁽ⁱⁱ⁾	-	3,333
Mirador Corporate Pty Ltd ⁽ⁱⁱⁱ⁾	-	20,000
King Corporate Pty Ltd ^(iv)	-	3,333
	-	39,999

- (i) The Company owes Bushwood Nominees Pty Ltd for director fees to which Jeremy King is a director.
- (ii) The Company owes Saltus Corporate Pty Ltd for director fees to which Lincoln Ho is a director.
- (iii) The Company owes Mirador Corporate Pty Ltd for company secretarial and financial management services, to which Jeremy King is a director.
- (iv) The Company owes King Corporate Pty Ltd for director fees to which Eddie King is a director.

(d) Loans with related parties

There were no loans during the year ended 30 June 2019. During the prior period ended 30 June 2018, loan agreements were entered into by Sultan Resources Limited with Xcel Capital Pty Ltd, a company of which Edwin Bulseco is a Director and Arq Capital Pty Ltd, a company of which Michael Nitsche amounting to \$37,500 each respectively. These interest free loans were repaid in full on 4 April 2018. The loans were entered for payment of costs and expenses in relation to the asset acquisition from Galahad Resources Pty Ltd and general working capital purposes.

There were no other transactions with related parties during the year ended 30 June 2019.

Notes to the Financial Statements

NOTE 17 COMMITMENTS

	2019	2018
	\$	\$
Not longer than 1 year	403,111	-
More than 1 year but not longer than 5 years	1,612,445	-
More than 5 years	-	-
	2,015,556	-

NOTE 18 CONTINGENT LIABILITIES

On 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 30 June 2019 (30 June 2018: Nil).

NOTE 19 AUDITOR'S REMUNERATION

	2019	2018
	\$	\$
Amounts received or due and receivable by RSM Australia for:		
Audit of the financial reports	25,000	14,500
Other services		
- Investigating Accountant's Report	-	8,000
- Income tax preparation	3,000	-
	28,000	22,500

NOTE 20 EVENTS AFTER THE REPORTING DATE

There has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company.

Directors' Declaration

In the Directors' opinion:

- a) The financial statements and accompanying notes are in accordance with the Corporations Act 2001, including:
 - i) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - ii) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its performance for the year ended on that date.
- b) The financial statements and notes comply with International Financial Reporting Standards.
- c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001 and is signed for and on behalf of the Directors by:



Steven Groves
Managing Director

25 September 2019

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

Opinion

We have audited the financial report of Sultan Resources Limited (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
Exploration and Evaluation Expenditure Refer to Note 10 in the financial statements	
<p>The Company has capitalised exploration and evaluation expenditure with a carrying value of \$1,184,751 as at 30 June 2019.</p> <p>We considered this to be a key audit matter due to the significant management judgments involved in assessing the carrying value of the asset including:</p> <ul style="list-style-type: none"> • Determination of whether the exploration and evaluation expenditure can be associated with finding specific mineral resources and the basis on which that expenditure is allocated to an area of interest; • Assessing whether any indicators of impairment are present; and • Assessing whether exploration activities have reached a stage at which the existence of economically recoverable reserves may be determined. 	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Obtaining evidence that the Company has valid rights to explore in the specific area of interest; • Agreeing a sample of additions to capitalised exploration and evaluation expenditure to supporting documentation and ensuring that the amounts were capital in nature and relate to the area of interest; • Reviewing and enquiring with management the basis on which they have determined that the exploration and evaluation of mineral resources has not yet reached the stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves; • Enquiring with management and reviewing budgets and other documentation as evidence that active and significant operations in, or relation to, the area of interest will be continued in the future; and • Critically assessing and evaluating management's assessment that no indicators of impairment existed at the reporting date.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the financial year ended 30 June 2019 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the financial year ended 30 June 2019.

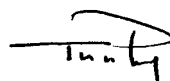
In our opinion, the Remuneration Report of Sultan Resources Limited, for the financial year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 25 September 2019

Corporate Governance Statement

The Board of Directors of Sultan Resources Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and accountable. The Board continuously reviews its governance practices to ensure they remain consistent with the needs of the Company.

The Company complies with each of the recommendations set out in the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition ("the ASX Principles"). This statement incorporates the disclosures required by the ASX Principles under the headings of the eight core principles. All of these practices, unless otherwise stated, are in place.

Further information on the Company's corporate governance policies and practices can be found on the Company's website at <https://www.sultanresources.com.au/corporate/corporate-governance/>

ASX Additional Information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this Annual Report is as follows. The information is current as of 18 September 2019.

TWENTY LARGEST SHAREHOLDERS

		Number Held	Percentage
1	V7 INVESTMENT & DEVELOPMENT<THE ZHOU FAMILY A/C>	6,375,000	13.39%
2	MR NARINDER SINGH SUDAGAR SINGH<SIDHU A/C>	5,315,712	11.16%
3	GALAHAD RESOURCES PTY LTD	4,125,000	8.66%
4	KALCON INVESTMENTS PTY LTD	1,775,817	3.73%
5	XCEL CAPITAL PTY LTD	1,545,755	3.25%
6	MR BERNARD WILLIAM LIVY & MRS DESMA LEA LIVY <D & B LIVY SUPER FUND A/C>	1,500,000	3.15%
7	PAPILLON HOLDINGS PTY LTD <THE VML NO 1 A/C>	1,389,396	2.92%
8	THE PIONEER DEVELOPMENT FUND (AUST) LIMITED	1,380,000	2.90%
9	AUSGLOBAL CAPITAL PTY LTD	1,232,500	2.59%
10	MR MICHAEL NITSCHKE	1,166,965	2.45%
11	AUSTERN INVESTMENT PTY LTD	1,000,000	2.10%
12	MRS CHRISTINA MARIE HIRRELL	914,356	1.92%
13	GTT GLOBAL OPPORTUNITIES PTY LTD	850,000	1.78%
14	PENINSULA INVESTMENTS (WA) PTY LTD	836,868	1.76%
15	XCEL CAPITAL PTY LTD	833,664	1.75%
16	FIRST ONE REALTY PTY LTD	774,878	1.63%
17	VOLTA INVESTMENTS PTY LTD <VOLTA A/C>	581,158	1.22%
18	MRS LUYE LI	565,660	1.19%
19	DIGITAL INVESTMENTS PTY LTD <ROBERTS SUPER FUND A/C>	450,000	0.94%
20	MRS LILY MAH <MJ A/C>	449,430	0.94%
Total		33,062,159	69.42%

ASX Additional Information

DISTRIBUTION OF EQUITY SECURITIES

(i) Ordinary share capital

- 47,625,300 fully paid shares held by 244 individual shareholders. All issued ordinary shares carry one vote per share and carry the rights to dividends.

The number of shareholders, by size of holding, is:

Range	Total holders	Units	% of Issued Capital
1 - 1,000	15	2,564	0.01%
1,001 - 5,000	3	10,500	0.02%
5,001 - 10,000	28	269,917	0.57%
10,001 - 100,000	128	4,556,514	9.57%
100,001 - 9,999,999,999	70	42,785,805	89.84%
Total	244	47,625,300	100.00%

(ii) Unlisted Options

- 6,000,000 unquoted options held by 2 individual shareholders with an exercise price of \$0.24 and an expiry date of 7 August 2023.

SUBSTANTIAL SHAREHOLDERS

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Holding Balance	% of Issued Capital
V7 INVESTMENT & DEVELOPMENT <THE ZHOU FAMILY A/C>	6,000,000	12.60%
MR NARINDER SINGH SUDAGAR SINGH <SIDHU A/C>	5,065,712	10.64%
GALAHAD RESOURCES PTY LTD	4,125,000	8.66%

RESTRICTED SECURITIES

There are 2,750,000 fully paid ordinary shares escrowed until 14 August 2020.

There are 2,052,703 fully paid ordinary shares escrowed until 14 August 2020.

There 6,000,000 unquoted options (exercisable at \$0.24, expiring on 7 August 2023) escrowed until 14 August 2020.

UNMARKETABLE PARCELS

There were 20 holders of less than a marketable parcel of ordinary shares, which as at 18 September was 5,062.

ASX Additional Information

ON-MARKET BUY-BACK

There is currently no on-market buyback program for any of Sultan Resources' listed securities.

ACQUISITION OF VOTING SHARES

No issues of securities have been approved for the purposes of Item 7 of Section 611 of the Corporations Act 2001.

TAX STATUS

The Company is treated as a public company for taxation purposes.

FRANKING CREDITS

The Company has no franking credits.

STATEMENT IN ACCORDANCE WITH ASX LISTING RULE 4.10.19

The Company confirms in the period from admission to the official list of the ASX to 18 September 2019, that it used its cash and assets in a form readily convertible to cash, in a manner consistent with its business objectives.

TENEMENT TABLE

PERMIT NAME	PERMIT NUMBER	REGISTERED HOLDER / APPLICANT	AREA IN km2	PERMIT STATUS	PERMIT EXPIRY	INTEREST / CONTRACTUAL RIGHT
Thaduna	E52/3461	Sultan Resources Ltd	6	Granted	30-Oct-22	100%
Thaduna	E52/3481	Sultan Resources Ltd	1	Granted	7-Feb-23	100%
East Tallering	E59/2185	Sultan Resources Ltd	22	Granted	31-Jan-22	100%
Dalwallinu	E70/4884	Sultan Resources Ltd	57	Granted	3-Aug-22	100%
Lake Grace	E70/5081	Sultan Resources Ltd	58	Granted	22-Jul-23	100%
Lake Grace	E70/5082	Sultan Resources Ltd	37	Granted	30-Jul-23	100%
Lake Grace	E70/5085	Sultan Resources Ltd	65	Granted	22-Jul-23	100%
Lake Grace	E70/5095	Sultan Resources Ltd	54	Granted	30-Jul-23	100%
Lake Grace	E70/5179	Sultan Resources Ltd	28	Granted	4-Feb-2024	100%