



SULTAN
R E S O U R C E S

SULTAN RESOURCES LIMITED

ABN 35 623 652 522

HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2019

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CORPORATE DIRECTORY

Board of Directors

Steven Groves	(Managing Director)
David Lees	(Non-Executive Director)
Jeremy King	(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: <https://www.sultanresources.com.au/>

Securities Exchange Listing

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

Auditors

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

Solicitors

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

Bankers

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

Share Registry

Automatic Share Registry
Level 2, 267 St Georges Terrace
Perth WA 6000

Telephone: 1300 288 664

DIRECTORS' REPORT

The Directors of Sultan Resources Limited ("SLZ" or "the Company") present their report, together with the financial statements on the Company consisting of Sultan Resources Limited for the half-year ended 31 December 2019 ("the Period").

It is recommended that the Directors' Report be read in conjunction with the annual financial statements for the year ended 30 June 2019 and considered together with any public announcement made by the Company during the Period and up to the date of this report.

DIRECTORS

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

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

REVIEW OF OPERATIONS

Projects

Lake Grace

During the period the Company completed 5 RC holes for 991m targeting peak gravity anomalies in positions down dip of the Challenger gold mineralisation discovered by the Company in 2019.

The drill program was designed to test the outstanding anomalies revealed by the Company's recent ground gravity survey at Lake Grace.

The prominent anomaly that surrounds and lies down dip of the extensive near-surface gold mineralization defined by Sultan and previous explorers, at Challenger was the focus of the five-hole program.

Three-dimensional inversion modelling undertaken on the gravity data showed peak density bodies that appear geophysically similar to the sulphidic mafic gneiss that hosts the bulk of gold mineralisation at the nearby Tampia deposit.

Drilling by Sultan in 2019 intersected sulphide-banded mafic gneiss hosting gold mineralization dipping shallowly towards the gravity anomalies defined by the ground gravity survey.

All drill holes intersected very thick down-hole intervals (up to at least 191m) of mafic material displaying persistent zones of disseminated sulphides and numerous intervals of granular quartz-rich bands often displaying sulphidic margins with the mafic rocks. Rock types displaying these characteristics have been noted to be associated with gold mineralization in previous holes at Challenger as well as at the nearby Tampia and Katanning gold deposits.

The intervals of high-density mafic rocks intersected in the program are much thicker than those defined by all previous drilling at Challenger and explain the prominent gravity anomalies revealed in the recent gravity survey.



Thaduna

Follow up exploration of the recent gold and base-metal aircore anomalies defined late in 2018 are planned for the 2019 field season. Activities are anticipated to include ground geophysical surveys and further shallow and deep drilling. Negotiations with traditional heritage groups for further land access are ongoing.

East Tallering

A drill program following up historic aircore and RAB gold mineralisation has been planned and discussions with traditional heritage groups for land access are ongoing.

Dalwallinu

Landowner access negotiations are ongoing.

CORPORATE

The Company raised \$345,000 on 30 November 2019 and \$155,000 on 6 December 2019 respectively, through the placement of 69,000,000 and 31,000,000 shares at \$0.005 to sophisticated and professional investors.

The operating loss for the half-year ended 31 December 2019 was \$262,632 (31 December 2018: \$609,884).

EVENTS OCCURRING AFTER REPORTING DATE

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

DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

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

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

On behalf of the directors



Jeremy King
Chairman

Perth, Western Australia
Dated 12 March 2020

RSM Australia Partners
Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61(0) 8 92619100
F +61(0) 8 92619111
www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

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



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 12 March 2020

Statement of Profit or Loss and Other Comprehensive Income For the half-year ended 31 December 2019

		31-Dec-19	31-Dec-18
		\$	\$
Revenue from continuing operations			
Other income		18,593	6,442
Administrative expenses and corporate expenses	3a	(113,316)	(123,557)
Compliance and regulatory expenses		(23,285)	(28,102)
Consulting and legal fees	3b	(73,904)	(226,079)
Directors fees		(64,576)	(209,504)
Other expenses		(1,089)	(29,084)
Exploration expenses		(5,055)	-
Loss before income tax expense		(262,632)	(609,884)
Income tax expense		-	-
Loss after income tax for the period		(262,632)	(609,884)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Total comprehensive loss for the period, net of tax		(262,632)	(609,884)
Total comprehensive loss for the period attributable to members of Sultan Resources Limited			
		(262,632)	(609,884)
Loss per share for the period attributable to the members of Sultan Resources Limited			
Basic and diluted loss per share (cents)	10	(0.55)	(2.32)

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

Statement of Financial Position As at 31 December 2019

	Notes	31-Dec-19 \$	30-Jun-19 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	2,710,915	3,064,472
Trade and other receivables	6	22,343	54,687
Total Current Assets		2,733,258	3,119,159
Non-Current Assets			
Exploration and evaluation	4	1,292,436	1,184,751
Total Non-Current Assets		1,292,436	1,184,751
TOTAL ASSETS		4,025,694	4,303,910
LIABILITIES			
Current Liabilities			
Trade and other payables	7	65,948	90,463
Provisions		12,709	3,778
Total Current Liabilities		78,657	94,241
TOTAL LIABILITIES		78,657	94,241
NET ASSETS		3,947,037	4,209,669
EQUITY			
Contributed equity	8	4,358,979	4,358,979
Reserves	9	874,611	874,611
Accumulated losses		(1,286,553)	(1,023,921)
TOTAL EQUITY		3,947,037	4,209,669

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

Statement of Changes in Equity For the half-year ended 31 December 2019

	Issued Capital \$	Option Reserve \$	Accumulated Losses \$	Total \$
At 1 July 2019	4,358,979	874,611	(1,023,921)	4,209,669
Loss for the period	-	-	(262,632)	(262,632)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period after tax	-	-	(262,632)	(262,632)
Transactions with owners in their capacity as owners:				
Issue of share capital	-	-	-	-
Share issue costs	-	-	-	-
Balance at 31 December 2019	4,358,979	874,611	(1,286,553)	(3,947,037)
At 1 July 2018	376,204	-	(176,210)	199,994
Loss for the period	-	-	(609,884)	(609,884)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period after tax	376,204	-	(609,884)	(609,884)
Transactions with owners in their capacity as owners:				
Issue of share capital	4,800,000	-	-	4,800,000
Share issue costs	(1,312,611)	-	-	(1,312,611)
Consideration shares for tenements	550,000	-	-	550,000
Share-based payments	-	874,611	-	874,611
Balance at 31 December 2018	4,413,593	874,611	(786,094)	4,502,110

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

Statement of Cash Flows

For the half-year ended 31 December 2019

	31-Dec-19	31-Dec-18
		\$
Cash flows from operating activities		
Payments to suppliers and employees	(264,465)	(626,266)
Interest received	18,593	6,442
Net cash (used in) operating activities	(245,872)	(619,824)
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(107,685)	(267,329)
Net cash (used in) investing activities	(107,685)	(267,329)
Cash flows from financing activities		
Proceeds from issued shares	-	4,800,000
Share issue costs	-	(438,000)
Net cash provided by financing activities	-	4,362,000
Net (decrease)/increase in cash and cash equivalents	(353,557)	3,474,847
Cash and cash equivalents at beginning of the period	3,064,472	106,083
Cash and cash equivalents at end of the period	2,710,915	3,580,930

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

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

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

(b) Significant accounting judgements and key estimates

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

In preparing this interim financial report, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2019.

New Accounting Standards

The Company has adopted all of the new or amended Accounting Standards and interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Details of the impact of AASB 16 Leases and IFRIC 23 Uncertainty over Income Tax Treatments are detailed below. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the Company.

AASB 16 Leases

The Company has adopted AASB 16 from 1 July 2019 using the retrospective modified approach and as such the comparatives have not been restated. There was no impact to the financial statements as there is no lease contract in the Company.

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Company has adopted IFRIC 23 from 1 July 2019. There was no impact to the financial statements.

Notes to the Financial Statements

NOTE 2 SEGMENT INFORMATION

The Company operates only in one reportable segment being predominately in the area of mineral exploration in Western Australia. The Board of Directors considers its business operations in gold mineral exploration to be its primary reporting function. Results are analysed as a whole by the chief operating decision maker, this being the Board of Directors. Consequently, revenue, profit, net assets and total assets for the operating segment are reflected in this financial report.

NOTE 3 EXPENSES

	31-Dec-19	31-Dec-18
	\$	\$
a) Administrative expenses and corporate expenses		
Accounting, audit and company secretarial fees	80,055	68,843
Travel costs	-	7,233
General and administration expenses	7,681	10,148
Marketing expenses	25,580	37,333
	113,316	123,557
b) Consulting and legal expenses		
Consulting fees	72,000	113,032
Legal fees	1,904	113,047
	73,904	226,079

NOTE 4 EXPLORATION AND EVALUATION

	31-Dec-19	30-Jun-19
	\$	\$
Opening balance	1,184,751	99,776
Tenements acquisition costs incurred during the period	-	550,000
Exploration and evaluation expenditure incurred during the period	107,685	534,975
	1,292,436	1,184,751

NOTE 5 CASH AND CASH EQUIVALENTS

	31-Dec-19	30-Jun-19
	\$	\$
Cash at bank and in hand	686,594	3,064,472
Term deposits	2,024,321	-
	2,710,915	3,064,472

Notes to the Financial Statements

NOTE 6 TRADE AND OTHER RECEIVABLES

	31-Dec-19	30-Jun-19
	\$	\$
GST receivable	13,338	37,999
Other deposits and receivables	9,005	16,688
	22,343	54,687

NOTE 7 TRADE AND OTHER PAYABLES

	31-Dec-19	30-Jun-19
	\$	\$
Trade payables	11,261	39,705
Accrued expenses	54,687	42,178
PAYG liability	-	8,580
	65,948	90,463

NOTE 8 CONTRIBUTED EQUITY

	31-Dec-19		30-Jun-19	
	No.	\$	No.	\$
Fully paid ordinary shares	47,625,300	4,358,979	47,625,300	4,358,979

Movement in ordinary shares

Balance at 1 July 2019	47,625,300	4,358,979
Balance at 31 December 2019	47,625,300	4,358,979
Balance at 1 July 2018	5,000,203	376,204
Initial public offering	24,000,000	4,800,000
Galahad tenement acquisition	2,750,000	550,000
Loyalty offer	15,875,097	79,376
Less share issue costs	-	(1,446,601)
Balance at 30 June 2019	47,625,300	4,358,979

Notes to the Financial Statements

NOTE 9 RESERVES

	31-Dec-19	30-Jun-19
	\$	\$
Options reserve	<u>874,611</u>	<u>874,611</u>

NOTE 10 LOSS PER SHARE

	31-Dec-19	31-Dec-18
	\$	\$
Loss after income tax attributable to owners of Sultan Resources Limited	<u>(262,632)</u>	<u>(609,884)</u>
Weighted average number of ordinary shares used in calculated basic loss per share	<u>47,625,300</u>	<u>26,341,733</u>
Basic loss per share	<u>(0.55)</u>	<u>(2.32)</u>

NOTE 11 DIVIDENDS

No dividend has been declared or paid during the half-year ended 31 December 2019. The Directors do not recommend the payment of a dividend in respect of the half-year ended 31 December 2019.

NOTE 12 CONTINGENT LIABILITIES & ASSETS

There has been no changes to the contingent liabilities and assets since 30 June 2019.

NOTE 13 COMMITMENTS

There has been no changes to the commitments since 30 June 2019.

NOTE 14 EVENTS SUBSEQUENT TO THE REPORTING PERIOD

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

DIRECTORS' DECLARATION

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Jeremy King
Chairman
12 March 2020



RSM Australia Partners
Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61(0) 8 9261 9100
F +61(0) 8 9261 9111
www.rsm.com.au

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Sultan Resources Limited which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Sultan Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

Independence

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

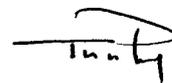
Conclusion

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

- (a) giving a true and fair view of the Company's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM

RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 12 March 2020