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SULTAN
RESOURCES

# SULTAN RESOURCES LIMITED

**ABN 35 623 652 522**

## HALF-YEAR FINANCIAL REPORT
## 31 DECEMBER 2023

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# CORPORATE DIRECTORY

**Board of Directors**

| | |
|---|---|
| Jeremy King | Non-Executive Chairman |
| Steven Groves | Non-Executive Director |
| David Lees | Non-Executive Director |

**Company Secretary**

Ms Hannah Cabatit

**Registered Office**

Suite 11, Level 2
23 Railway Road
Subiaco WA 6008

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 13, 109 St Georges Terrace
Perth WA 6000

**Share Registry**

Automic Share Registry
Level 5/191 St Georges Terrace
Perth WA 6000

Telephone: 1300 288 664

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## 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 and its controlled entities ("the Group") for the half-year ended 31 December 2023 ("the Period").

It is recommended that the Directors' Report be read in conjunction with the annual financial statements for the year ended 30 June 2023 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 |
|---|---|
| Jeremy King | Non-Executive Chairman |
| Steven Groves | Non-Executive Director |
| David Lees | Non-Executive Director |

### PRINCIPAL ACTIVITIES

During the financial half-year the principal continuing activities of the consolidated entity was mineral exploration.

## REVIEW OF OPERATIONS

### WA PROJECTS

### LAKE GRACE PROJECT

The Lake Grace Project consists of five large tenements (E70/5081, 5082, 5085, 5095 and 5179- refer Figure 5) in the Southwest Terrane of Western Australia, containing the Calesi Ni Prospect and Kulin Hill Ni-Co Project in the North, and the Lake Grace Gold Project in the South, surrounding the Griffin's Find Gold Mine.

#### Calesi Ni Prospect- Rio Farm-in Tenement (E70/5082)

Rio Tinto Exploration Pty Limited (RTX) and Sultan have entered into option to farm-in and joint venture agreement in respect of E70/5082, a portion of Sultan's Lake Grace tenure (refer ASX announcement 21/6/2023). The agreement allows RTX to undertake preliminary exploration during an initial option period and then earn an 80% interest in E70/5082 by way of $2m of exploration spend within 5 years, with Sultan retaining full ownership of its principal area of focus to date (Kulin Hill tenure on E70/5095). Previously, RTX had identified a strong untested late time conductivity anomaly from a single line SKYTEM response in the northern part of E70/5082, from 20km line-spaced data, coincident with a circular magnetic and radiometric anomaly, which formed the basis for RTX's entry to the option and farm-in arrangement.

In mid-August 2023, NRG Geophysics were contracted to fly a detailed (100m line-spaced) helicopter-borne time-domain electromagnetic (HTDEM) survey totalling around 80-line km over an area approximately 4km SW of the wheatbelt town of Kulin (refer Figures 4, 5).

## DIRECTORS' REPORT

The Company subsequently released images and interpretation of the data by the Company and RTX, with the heli-borne EM survey outlining a significant EM response over 750m in length and 230m in width, which may resolve to two targets with further investigation (refer Figures 1 & 2), characterised by a strong late-time signal.

The Company and RTX consider the geological setting and EM response is suggestive of potential for magmatic nickel sulfide mineralisation (refer Figure 2).

Preliminary modelling of the target was completed by RTX consultants, with target depths for modelled plates starting from approximately 70m below surface. Planning for initial RC Drilling to confirm the nature of the geophysical anomaly has been completed, with Programme of Works (PoW) approval received from DMIRS, providing for 2 Reverse Circulation (RC) holes holes (refer Figure 1 inset) to test the anomaly for proof of concept, followed by up to 30 diamond holes if required. The RC holes are nominally planned to for depths of up to 350m, are designed to penetrate the modelled target from 70m vertical and are intended to confirm the geometry of the anomaly ahead of potential follow-up diamond drilling.

The PoW covers the anomaly south of the Tier 3 Railway Reserve for the Jitarning-Kulin rail line, closed since 2013. Planned holes are outside the 30m buffer of the Railway Reserve, as required by the condition of Grant of E70/5082, until written consent from the Minister responsible for the Act is granted. The Company is currently applying for Ministerial permission under the 1978 Mining Act to undertake drilling within 30m of the Railway Reserve, and from within the Railway Reserve itself. Post half-year end heritage clearance was received from the local Ballardong People Agreement Group.

RTX have formally exercised their option to earn in to 80% of Calesi, and will be sole-funding the drilling campaign, to be managed by Sultan. Drilling of the anomaly is planned for March 2024.

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## DIRECTORS' REPORT

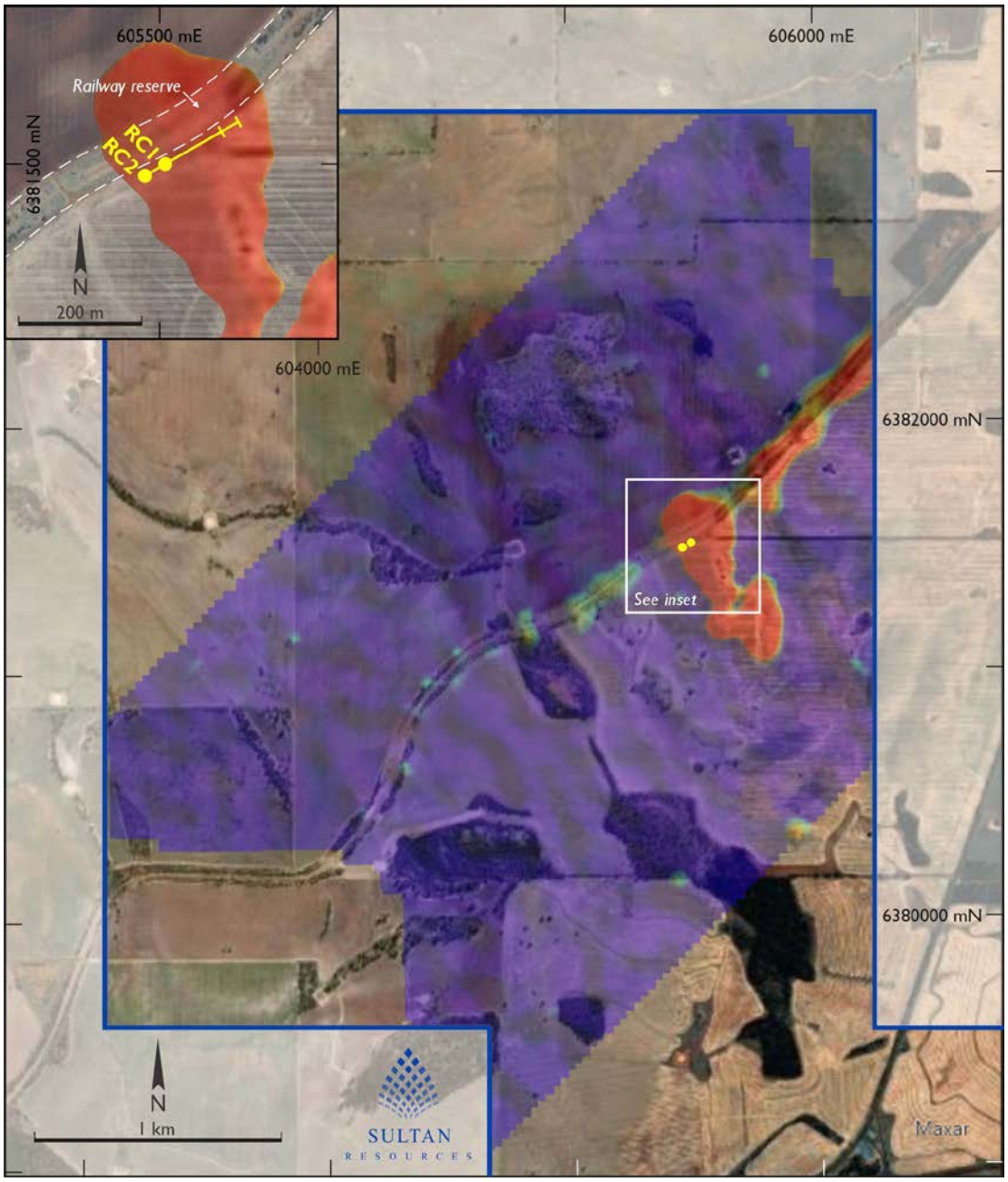


***Figure 1: Channel 24Z EM response image overlain on aerial photography and aeromagnetic mask, with tenement E70/5082 highlighted. EM data also indicates the position of the Tier3 Jitarning-Kulin rail line, closed since 2013. Initial planned 2 hole RC drill traverse highlighted in inset.***

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## DIRECTORS' REPORT

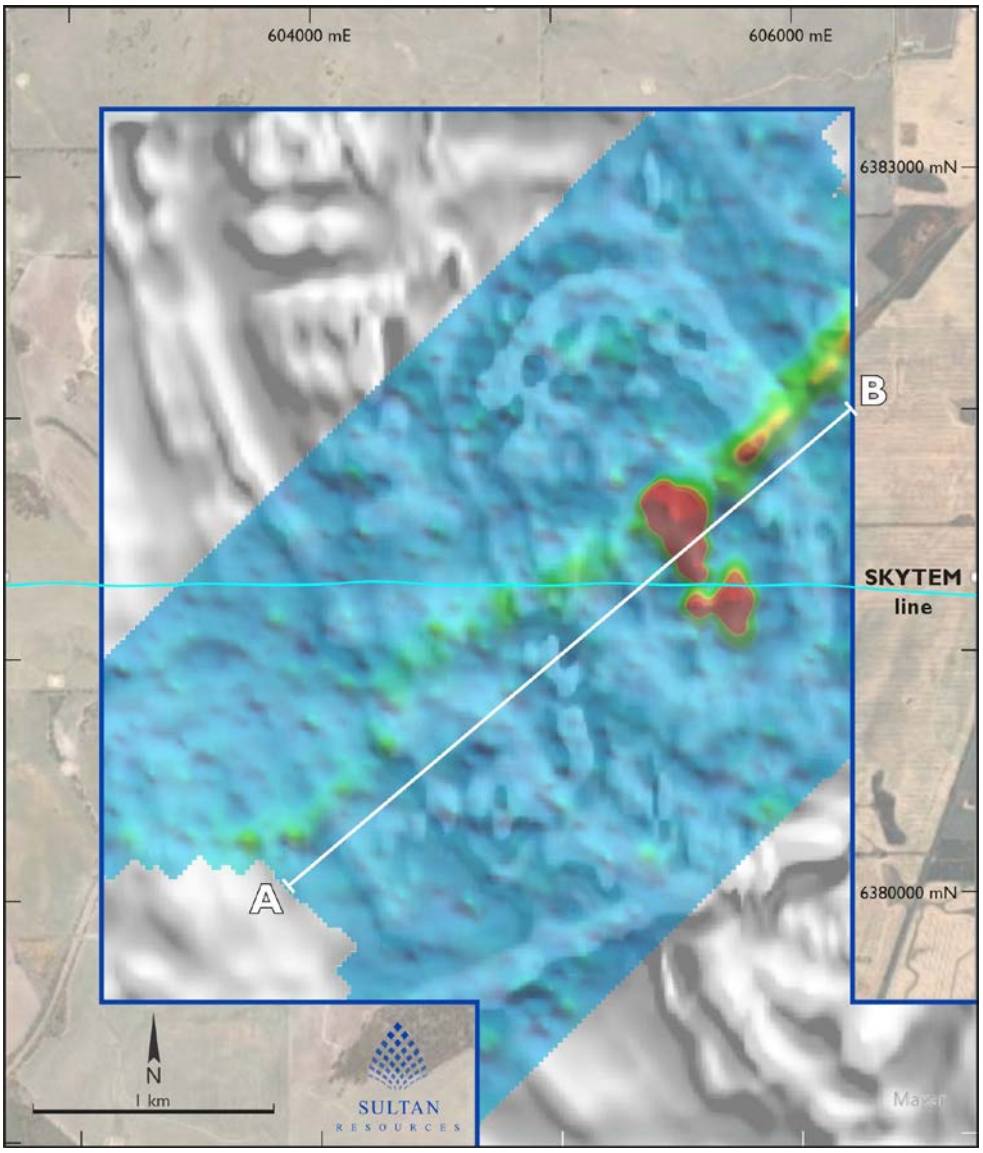


*Figure 2: Channel 34Z EM response image overlaying greyscale aeromagnetics from Sultan 2017 survey. Original SKYTEM line denoted by light blue flight line. Section Line A -B for Figure 3 below highlighted in white. Flight lines are 100m spacing.*

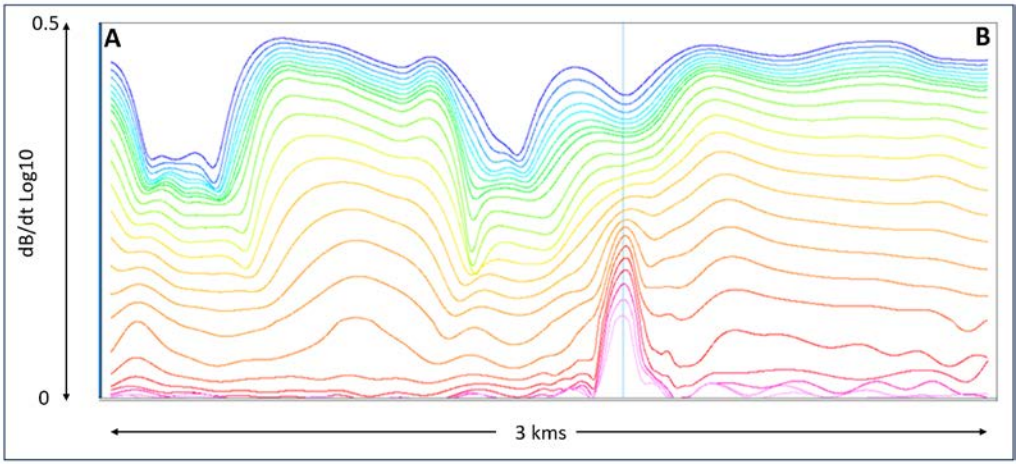


*Figure 3: AEM conductivity response for Heli-EM flight line over E70/5082, for section line A- B Figure 2.*

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## DIRECTORS' REPORT

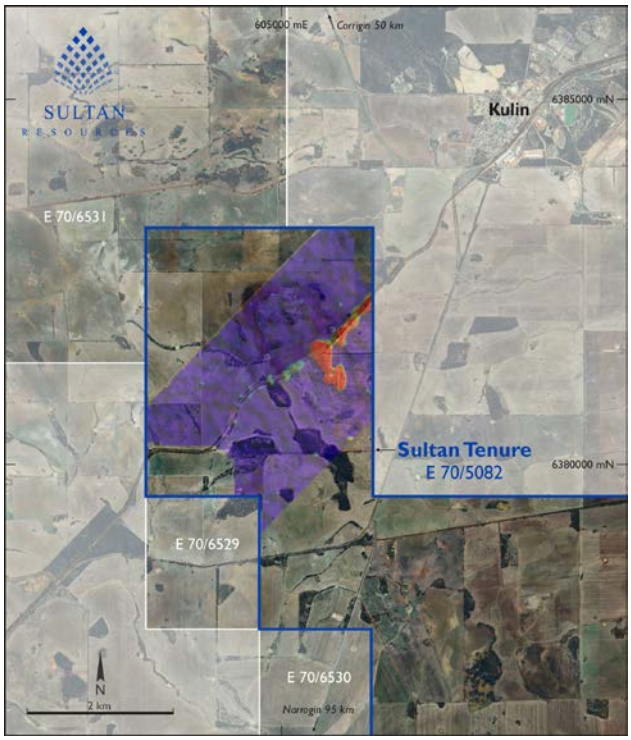


*Figure 4: Calesi prospect in relation to Kulin township, with location of recently granted tenements E70/6529-31*

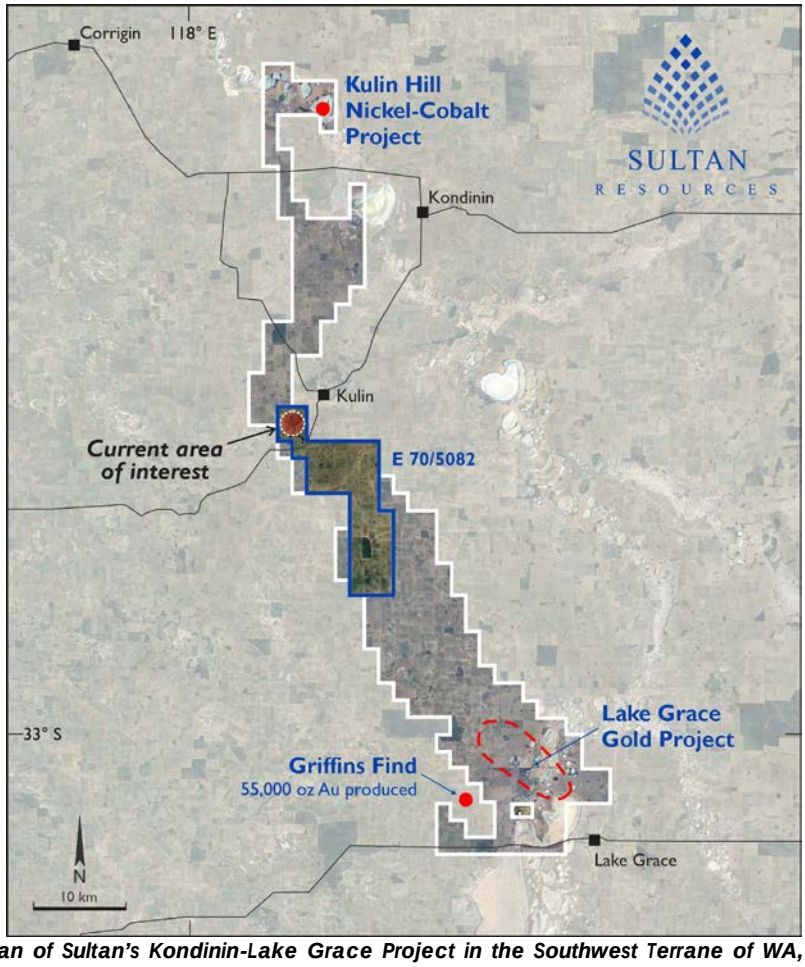


*Figure 5: Overview Plan of Sultan's Kondinin-Lake Grace Project in the Southwest Terrane of WA, with RTX farm-in/JV tenement E70/5082 and current area of interest highlighted.*

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## DIRECTORS' REPORT

Previous ASX announcements related to this Project are listed below:

*SLZ:ASX announcement 21/06/23: "Rio Tinto and Sultan enter into Option and JV Agreement"*
*SLZ:ASX announcement 16/08/23: "Helicopter EM Survey Commences at Rio-Sultan Ground"*
*SLZ:ASX announcement 24/10/23: "EM Survey Confirms Significant Geophysical Anomaly"*
*SLZ:ASX announcement 14/12/23: "Calesi Nickel Prospect Update"*

### Kulin Hill Nickel-Copper-PGE Project (E70/5095)

Sultan's principal area of focus is the Kulin Hill Nickel-Copper-PGE Project on E70/5095, where a greater than 2km long/700m wide ultramafic/mafic package, characterised by a strong magnetic signal coincident with a salt lake surface expression is under investigation.

The potential for Ni-Co sulfide mineralisation was suggested by historical drilling conducted on the edge of the sequence in 1967 and 1973, where drill core samples were observed in polished sections containing *"...less than 1% of a nickel-cobalt-sulphide mineral (approximately 50% Ni, 5% Co)[4]"*. Observations from the historical drilling also supported some fractionation of the ultramafic at depth; that is, towards the untested central portion of the sequence.

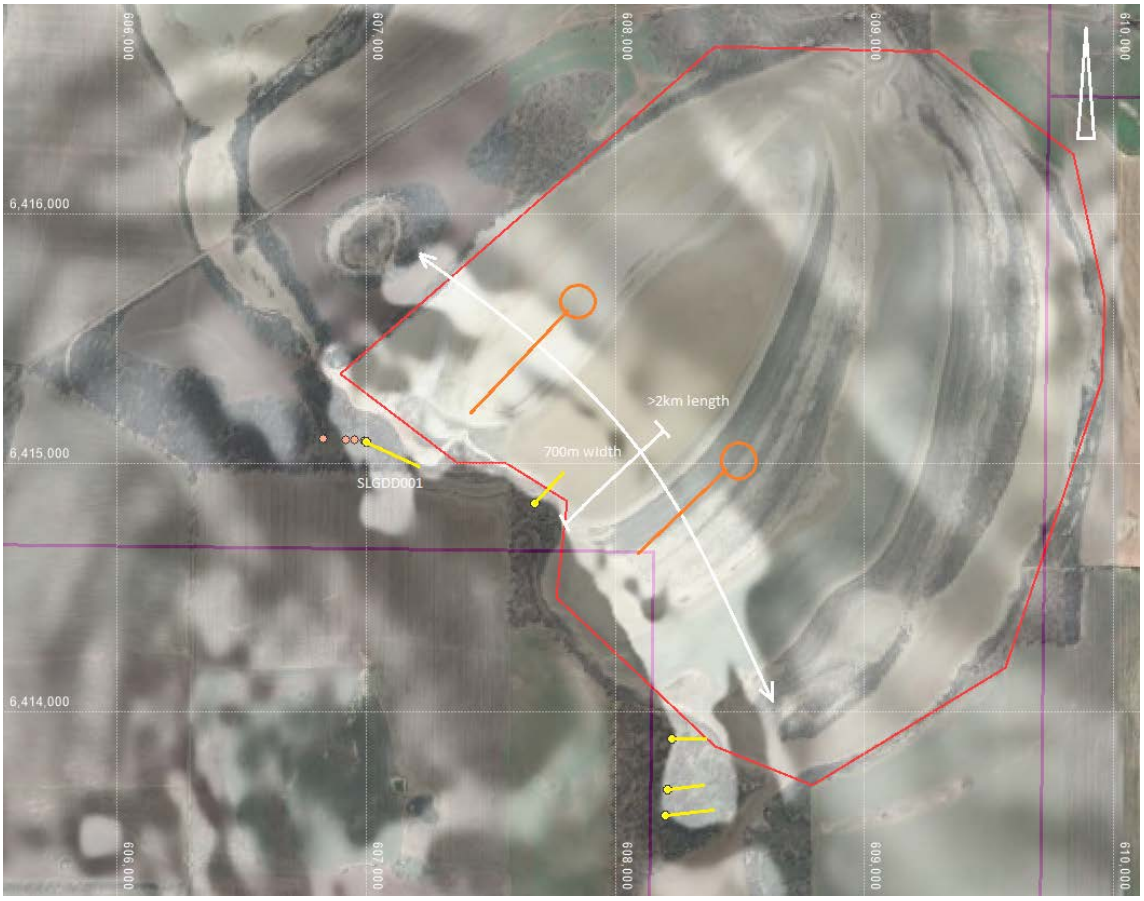


**Figure 6: Plan view of 1VD magnetic signature representing the ultramafic sequence overlain by aerial photography highlighting the salt lake, with Reserve 18455 (Lot 225568) highlighted in red. Sultan's 2022 aircore collars are marked in orange, and previous diamond drilling traces in yellow, with recent SLGDD001 named. Orange circles and traces indicate provisional drilling collar positions to test the layered intrusion from the salt lake surface.**

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## DIRECTORS' REPORT

Previous 2022 aircore drilling from available sites at the project by Sultan returned anomalous results of Ni, Cr, Mg, Fe, S and Co consistent with weathered ultramafic lithologies. The Company contends that further drilling into the ultramafic sequence will support that it is fertile and can host precipitated Ni-Co sulfides.

Sultan drilled stratigraphic drill hole SLGDD001 in late 2022 to partially test a portion of the Kulin Hill magnetic anomaly (refer Figure 6). The thick intersection of layered ultramafic geology, along with evidence for the potential remobilisation of sulfides from an ultramafic source in SLGDD001 confirmed the prospectivity of the 2.2km long main target for Ni-Co mineralisation. Interpretation of the geology of the sequence is ongoing.

**Access to Reserve 18455**

As previously advised, negotiations to access the full extent of the target area for drilling, the majority of which extends beneath salt lake Reserve 18455 (refer Figure 6), have been ongoing since early 2022, with the Company receiving confirmation of access from DMIRS during late last year; however ground conditions have been unsuitable since receiving permission to drill.

The Company undertook a ground traverse of the lake late in the year which was mostly accessible by foot, but would require additional drying to allow for drilling access. The Company is working an alternative all-weather drilling collar to effectively test the target should access to the salt lake not be available. The Company remains in communication with a suitable diamond drilling contractor with suitable depth and low angle capacity, small footprint including lightweight tracked mobility, and solids and water management capacity to responsibly undertake this work.

[4] A Report 7659 "Final Report Corrigin Project, Electrolytic Zinc Company of Australasia Limited" dated 1973

*For further detail on the Kulin Hill/ Lake Grace Nickel Project please refer to the following:*

Sultan (ASX:SLZ) ASX Announcement: 2021 "WA Nickel Project Update" dated 3/06/2021
Sultan (ASX:SLZ) ASX Announcement: 2021 "Drilling for WA Julimar-style Nickel Targets to Commence" dated 23/11/2021
Sultan (ASX:SLZ) ASX Announcement: 2021 "Aircore Drilling Commenced at Lake Grace" dated 16/12/2021
Sultan (ASX:SLZ) ASX Announcement: 2022 "Aircore Drilling Recommences at Lake Grace" dated 12/01/2022
Sultan (ASX:SLZ) ASX Announcement: 2022 "Exploration Update" dated 3/02/2022
Sultan (ASX:SLZ) ASX Announcement: 2022 "Aircore Results for Kulin Hill NI-Sulphide Target Received" dated 4/05/2022
Sultan (ASX:SLZ) ASX Announcement: 2022 "Sultan to Drill Nickel Targets" dated 22/06/2022
Sultan (ASX:SLZ) ASX Announcement: 2022 "Diamond Drill Hole Commences at Kulin Hill Nickel Project" dated 14/10/2022
Sultan (ASX:SLZ) ASX Announcement: 2022 "Diamond Drill Hole Completed at Kulin Hill Nickel Project" dated 16/11/2022
Sultan (ASX:SLZ) ASX Announcement: 2023 "Initial Geochemistry Confirms Target Geology at Kulin Hill" dated 17/02/2023
Sultan (ASX:SLZ) ASX Announcement: 2023 "Kulin Hill Nickel - Diamond Hole Confirms Prospectivity" dated 19/04/2023

### Lake Grace Gold Project (E70/5081, E70/5085, E70/5179)

E70/5081, E70/5082, E70/5085 and E70/5095 have recently been extended for an additional five-year terms. A Five-Year extension of Term submission has been submitted for E70/5179. Post half year end reconnaissance exploration was undertaken on E70/5179.

### THADUNA PROJECT (E52/3481)

No active fieldwork was undertaken during the period.

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## DIRECTORS' REPORT

### CANADIAN LITHIUM PROJECTS

Sultan continued on ground exploration at one of its two 100% owned lithium projects in Ontario, Canada, with assays reported from the Ruddy Project, with low K/Rb ratios established for high proportion of pegmatites sampled, and a priority lithium target area identified within an interpreted 'Goldilocks' Zone for further work confirmed and refined.

### RUDDY PROJECT

At Ruddy, the Company has established a priority exploration target from the interpreted LCT Goldilocks Zone surrounding the Allison Lake Batholith which covers approximately 3.5km of east-west strike in the centre to south of the Company's Project. After receipt of the assays, the results supported a priority zone of interest within the original LCT Goldilocks interpretation, radially distributed from the northern portion of the Allison Batholith and highlight a priority target (Refer Figures 7-11) for further assessment in the SE portion of the Ruddy tenure. As access to Kember could not be finished prior to the end of the Canadian field season, no active field work was undertaken.



**Photo 1. Aerial view across Ruddy Project looking East, Ruddy Lake in background.**

### KEMBER PROJECT

At the Kember Project (refer Figure 5 &7), the Company had previously advised that a desktop review highlighted a series of pegmatitic granite occurrences in mapping previously conducted at its Kember Project, noted across an area around seven km in length and typically over a kilometre in width. These will form a focus of initial exploration activities at the Kember Project.

## DIRECTORS' REPORT

The Company has opted to delay reconnaissance activities at Kember after one of four First Nation groups with established rights in the area requested additional time to inform its members of planned activities, which could not be resolved before the onset of the Canadian winter and the cessation of the current field season.

The Company continues to negotiate directly with this and other FN group and will deliver a revised timetable for the first pass reconnaissance exploration of Kember in due course, ideally to combine with additional groundwork at the priority target at Ruddy, which can be combined in daily helicopter flights out of Red Lake, ON.

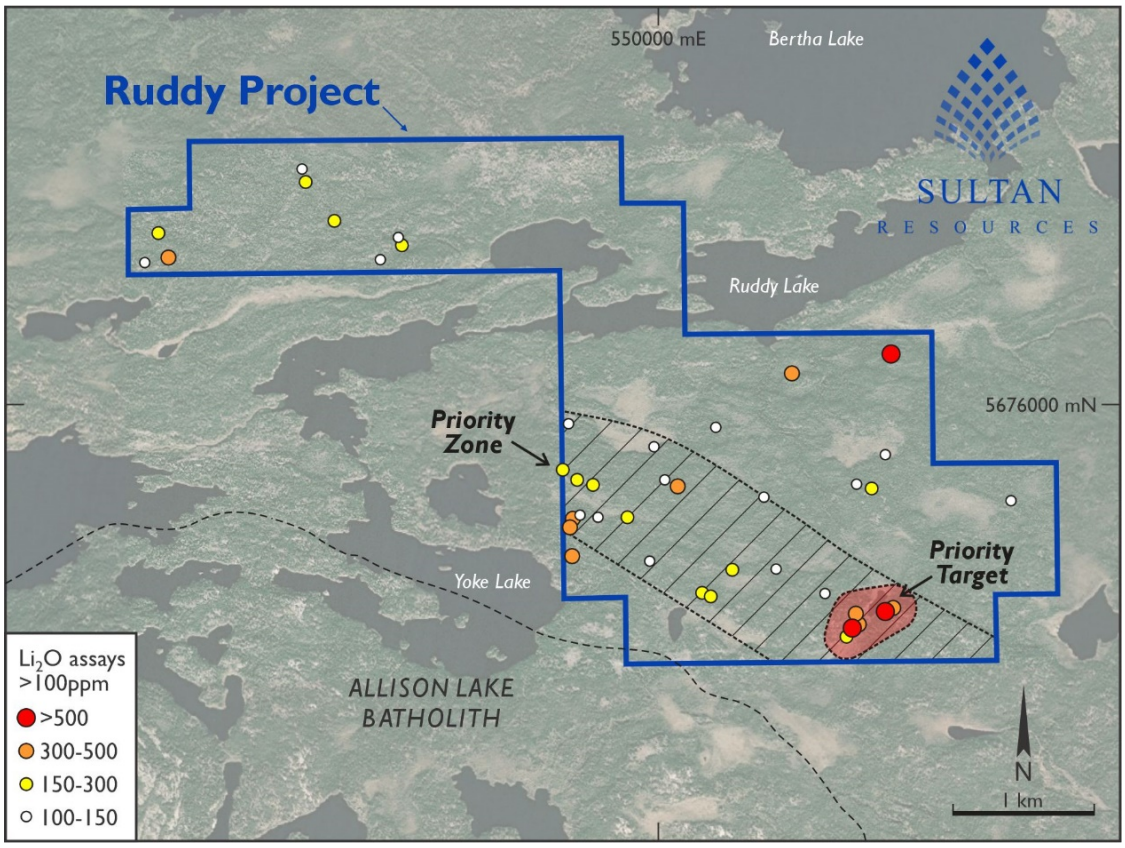


**Figure 7: $Li_20$ Assays reporting above 100ppm at Ruddy Project in relation to tenure (refer Table 1). Priority Zone area of focus for LCT Pegmatites in hatched area.**

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## DIRECTORS' REPORT

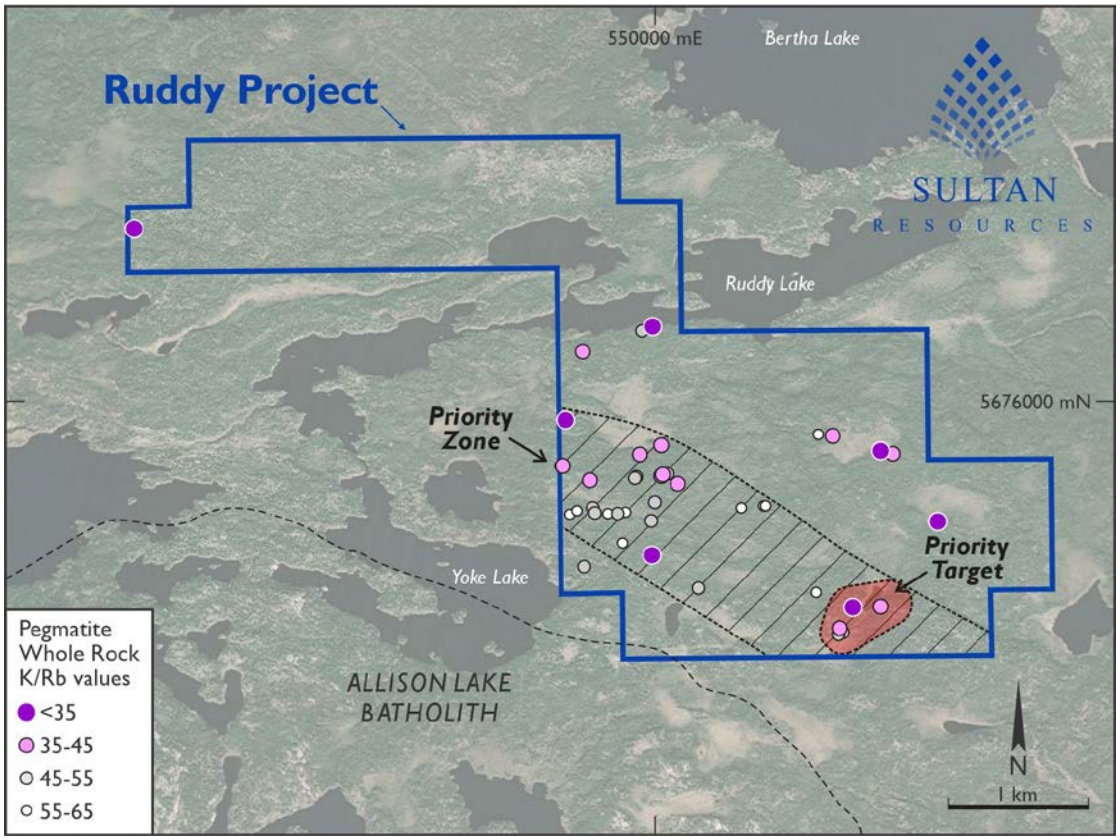


**Figure 8: Pegmatite locations demonstrating lower K/Rb ratios (refer Table 2), considered indicative of more evolved pegmatitic occurrences, and a vector for LCT pegmatite mineralisation.**

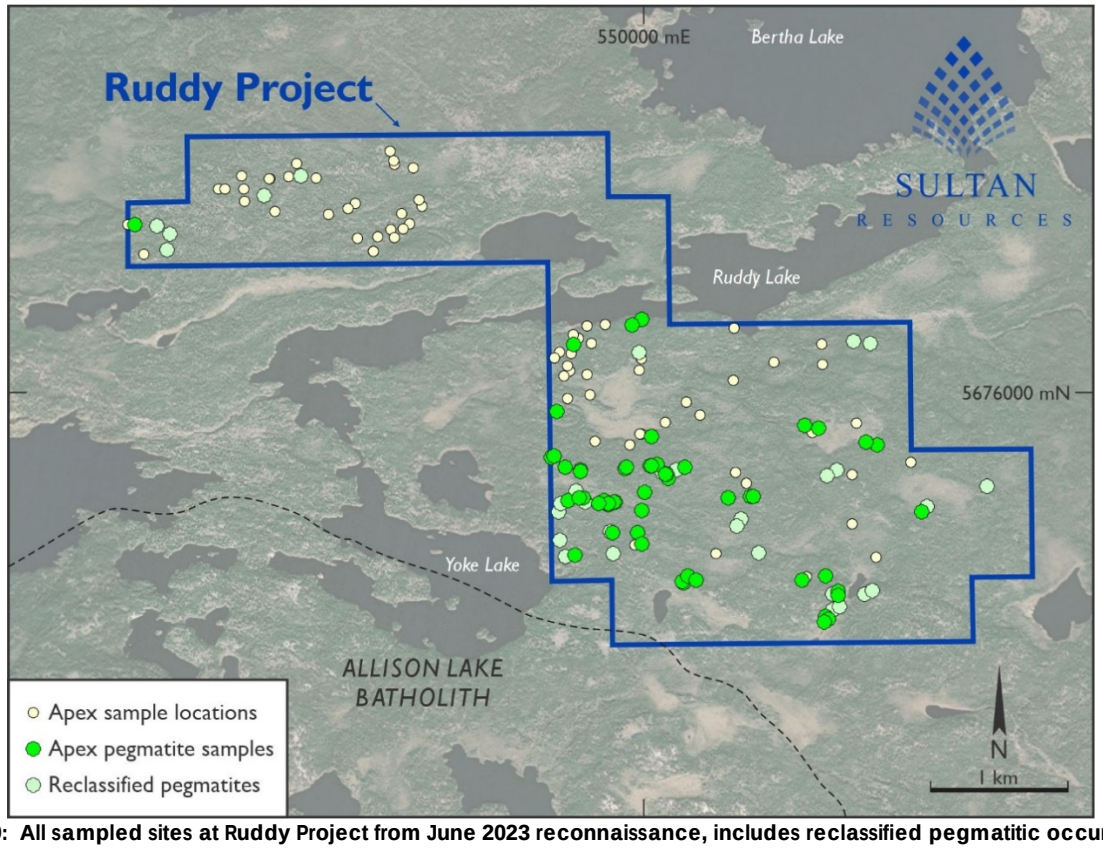


**Figure 9: All sampled sites at Ruddy Project from June 2023 reconnaissance, includes reclassified pegmatitic occurrences.**

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## DIRECTORS' REPORT

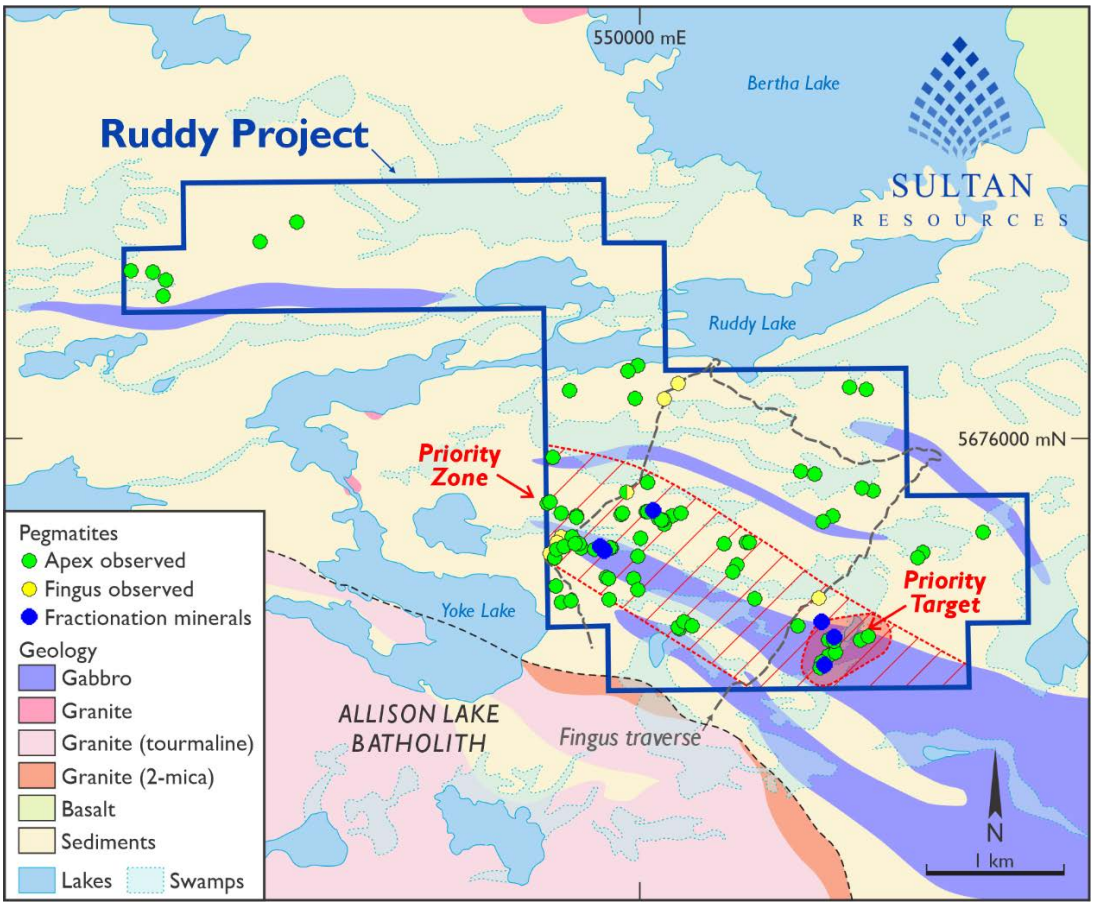


**Figure 10: Pegmatite sites at Ruddy Project; evolved pegmatites with fractionation minerals denoted by darker blue locations. Geology after Fingus, 2022.**

## ABOUT THE RUDDY LITHIUM PROJECT

The Ruddy Project (Figures 7-12) directly abuts ground to the west held by Green Technology Metals Limited (ASX: GT1) and is located in the province of Ontario about 162km north-north-east of the town of Dryden. The Project covers around 10km$^2$ and sits on the northern extremity of the Allison Lake Batholith, a fertile intrusive responsible for the development of proximal fractionated pegmatites with potential to host lithium, caesium and tantalum (LCT) mineralisation[1,2,3].

Although there has been limited exploration over the Ruddy Project claims, previous study of the area by the Ontario Geological Survey (Breaks et al 2003[2]) described the margin of the Allison Lake Batholith at the time as "…an important new exploration target for rare-element mineralization and is the largest such granite thus far documented in Ontario…".

Breaks et al 2003[2] considered the margin of the Batholith had high potential for further discoveries of rare element mineralization that could occur in exo-contact, metasedimentary-hosted pegmatites or as internal pegmatites within the parent granite, particularly in light of the common regional zonation sequence of rare-element pegmatites from beryl-rich into lithium-rich types. This typically includes spodumene-type pegmatites in an interpreted 'LCT Goldilocks Zone' of increased fractionation from the parent granite. With recent renewed interest in rare element mineralisation, the prospective Allison Batholith has emerged as a fully staked, multi-company, battery mineral exploration region.

## DIRECTORS' REPORT

Reports by Green Technology Metals[3] describe the identification of the spodumene-bearing Ouroboros Pegmatites approximately 10km southwest of the Ruddy Project (refer Figure 12) in a similar geological setting, which the Company considers highly encouraging. The Company is focusing exploration at Ruddy at outcrop within the interpreted LCT Goldilocks Zone surrounding the Allison Lake Batholith, covering approximately 3.5km of east-west strike in the centre to south of the Company's Project.

### ABOUT THE KEMBER LAKE LITHIUM PROJECT

The Kember Project (Figures 5 and 7) is located in the province of Ontario about 180km north of the town of Red Lake, covering an area of around 30km$^2$. Demonstrating the prospectivity of this area, the Kember Project is located about 8km from the PAK/Bolt/Spark lithium deposits of Frontier Lithium Inc. (Frontier) and is contiguous with this project tenure.

Recent drilling by Frontier intersected 398.25m of pegmatite averaging 1.88% Li2O, including a 23.4m zone of 3.12% Li2O (see TSX.V Announcement 8/02/2023). Frontier have also recently announced resources totalling 58.5Mt @ 1.51% Li2O from its most recent NI43-101 instrument effective April 28th 2023, calculated from two of four known spodumene-bearing pegmatite occurrences within its PAK Project holdings.

There has been no recorded exploration over the Kember Project area, however, mapping by the Geological Survey of Ontario has historically recorded the presence of pegmatitic granites over a northwest to southeast zone around seven km in length and typically over a kilometre in width, providing an initial zone of interest.

These pegmatitic granites will be the focus of initial reconnaissance of 5 to 7 days duration, with four helicopter-supported geologists from Canadian-based experienced geological consultants, APEX Geoscience conducting mapping and sampling of priority outcrop. The Company considers rare element mineralisation can occur associated with internal pegmatites within the parent granite. The Company will also conduct reconnaissance of the eastern edge of the project, closer to changes in granitic composition and contact morphologies.

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**References**

1. Fingas, J, 2022: Assessment Report on Crown Land for the Costello Lake Area – 2021 Prospecting Program, dated May 25th 2022
2. Breaks, F.W., J.B. Selway J.B and A.G. Tindle A.G. 2003, Ontario Geological Survey, Open File Report 6099, Fertile Peraluminous Granites and Related Rare-Element Mineralization in Pegmatites, Superior Province, North-West and North-East Ontario: Operation Treasure Hunt
3. Green Technology Metals (ASX:GT1) ASX Announcement: "Strategic lithium footprint substantially expanded" dated 24/01/2022

## DIRECTORS' REPORT




**Figure 11: Location of Kember and Ruddy Projects in relation to known Lithium deposits, Northwest Ontario**

**N.B.** PAK (TSXV:FL) total resource taken from NI43-101 instrument effective April 28, 2023
Mavis resource (ASX:CRR) taken from ASX release dated June 7, 2023
Root Bay, Seymour Lake and McCombe resources (ASX:GT1) taken from ASX release dated May 5, 2023
Georgia Lake (TSXV:RCK) total resource taken from Georgia Lake Project: Pre-Feasibility Study Nov 22, 2022
Separation Rapids (TSX:AVL) total resource taken from NI43-101 instrument effective Sept 26, 2018
Jackpot (Imagine Lithium- private) estimate taken from Ontario Mineral Inventory Record: MDI42E05SW00019; resource is historic and not compliant with formal resource reporting.

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## DIRECTORS' REPORT

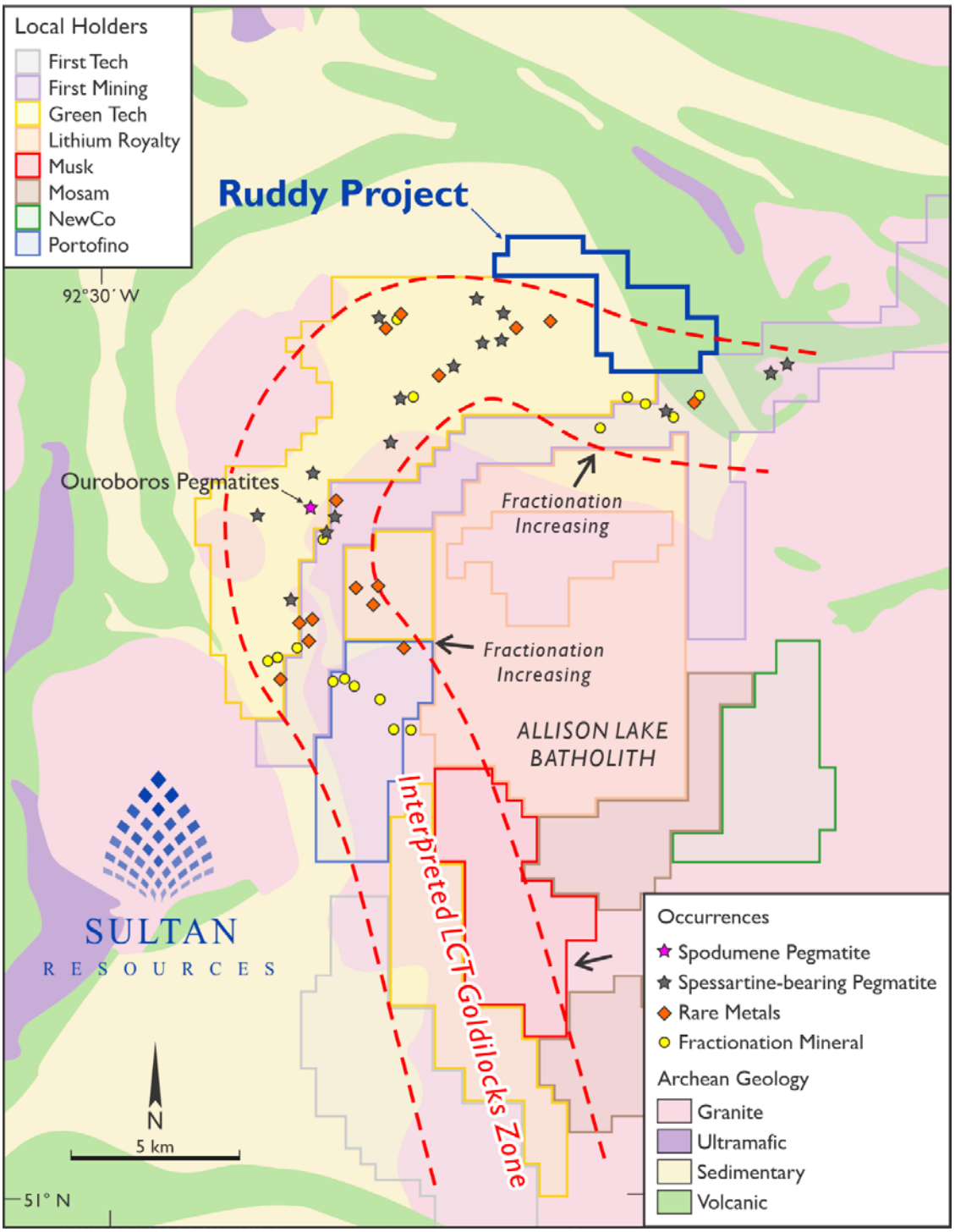


**Figure 12: Location of Ruddy Project in relation to regional geology, known pegmatite occurrences (detail sourced from ASX:GT1 Announcement on 24/01/2022), and neighbouring tenure holders.**

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## DIRECTORS' REPORT

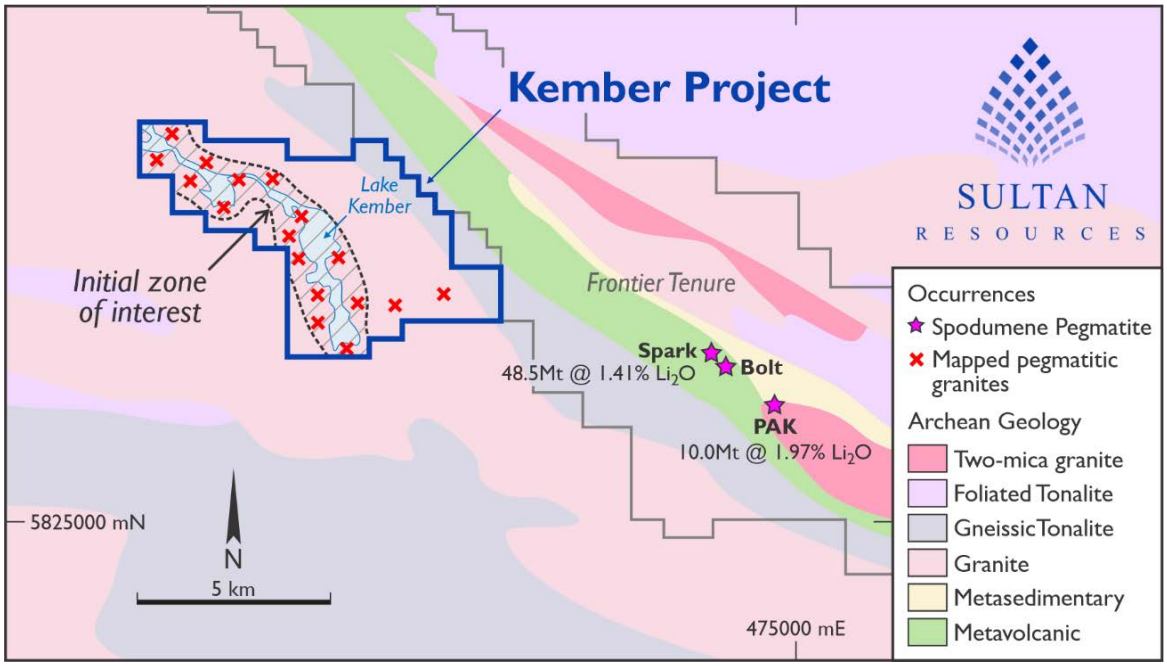


**Figure 13: Location of Kember Project in relation to regional geology and known spodumene-hosted Lithium deposits, Northwest Ontario.**

***For further detail on the Kember and Ruddy Projects please refer to the following:***

Sultan (ASX:SLZ) Announcement: 2023 "Sultan Resources enters agreement to acquire 100% interest in highly prospective Canadian lithium exploration ground in Ontario, Canada" dated 17/03/2023
Sultan (ASX:SLZ) Announcement: 2023 "Sultan Completes Acquisition of Canadian Lithium Projects" dated 25/05/2023
Sultan (ASX:SLZ) Announcement: 2023 "Sultan Appoints Experienced Canadian Geological Team" dated 1/06/2023
Sultan (ASX:SLZ) Announcement: 2023 "Multiple mapped pegmatitic occurrences Kember Lithium Project" dated 14/06/2023
Sultan (ASX:SLZ) Announcement: 2023 "Multiple Pegmatite occurrences noted as exploration commences at Ruddy Project, North-Western Ontario" dated 26/6/2023
Sultan (ASX:SLZ) Announcement: 2023 "Priority Zone Identified at Ruddy Lithium Project, Ontario" dated 25/07/2023
Sultan (ASX:SLZ) Announcement: 2023 "Results Received at Ruddy Lithium Project" dated 22/09/2023

### LACHLAN FOLD BELT PROJECT, NSW (EL8734, EL8735, EL9070)

During the half-year, Sultan continued to review exploration data across its suite of porphyry and epithermal exploration targets in the Macquarie Arc volcanic rocks of the Lachlan Fold Belt, NSW (refer Figure 14). Further review required to define the next round of exploration and drill targets across the projects. Some planning of further extensional soil sampling of the main anomalism is planned for Tucklan (EL8734).

## DIRECTORS' REPORT

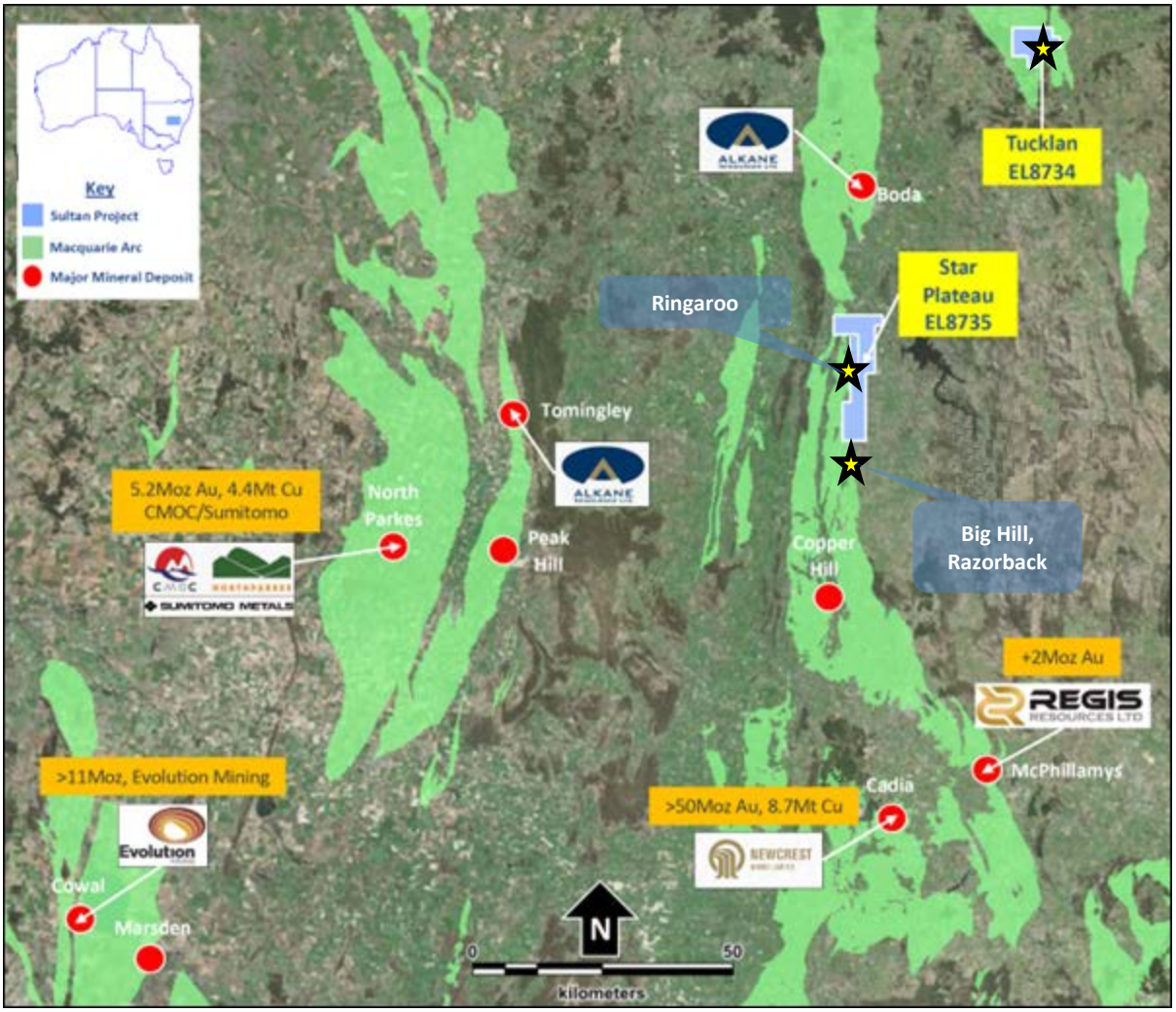


**Figure 14: NSW- Sultan Tenements located over prospective Macquarie Arc sequence rocks with priority targets indicated.**

### COMPETENT PERSONS STATEMENT

The information in this report that relates to Exploration Targets and Exploration Results is based on historical and recent exploration information compiled by Mr Craig Hall, who is a Competent Person and a Member of the Australian Institute of Geoscientists and a fulltime employee of Sultan Resources Limited. Mr Hall has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for the reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Hall consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

### DISCLAIMER

In relying on the above mentioned ASX announcement and pursuant to ASX Listing Rule 5.23.2, the Company confirms that it is not aware of any new information or data that materially affects the information included in the above-mentioned announcement.

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## DIRECTORS' REPORT

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

### CORPORATE

The operating loss for the half-year ended 31 December 2023 was $406,844 (31 December 2022: loss of $1,261,284).

On 7 August 2023, 6,000,000 unlisted options, exercisable of $0.24, expired without exercise or conversion.

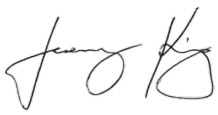
On 12 December 2023, 1,250,000 unlisted options were issued to Mr Jeremy King as approved at the Annual General Meeting on 23 November 2023.

### 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**
**Non-Executive Chairman**

Perth, Western Australia
Dated 13 March 2024

RSM Australia Partners

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## 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 2023, 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

Perth, WA
Dated: 13 March 2024

AIK KONG TING
Partner

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AUDIT | TAX | CONSULTING

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## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2023

| | | 31-Dec-23 $ | 31-Dec-22 $ |
|---|---|---|---|
| **Revenue** | | | |
| Other income | | 7,090 | 451 |
| Administrative expenses and corporate expenses | 3(a) | (164,606) | (139,925) |
| Compliance and regulatory expenses | | (33,587) | (39,125) |
| Consultancy and legal expenses | 3(b) | (75,855) | (79,983) |
| Employee benefits expense | | (98,031) | (50,333) |
| Exploration expenses | | (22,207) | (5,538) |
| Share based payment expense | 4 | (7,976) | (939,449) |
| Other expenses | | (11,672) | (7,382) |
| **Loss before income tax expense** | | **(406,844)** | **(1,261,284)** |
| Income tax expense | | **-** | **-** |
| **Loss after income tax for the period** | | **(406,844)** | **(1,261,284)** |
| **Other comprehensive loss** | | | |
| Other comprehensive loss for the year, net of income tax | | **-** | - |
| **Other comprehensive loss for the year, net of tax** | | **-** | **-** |
| **Total comprehensive loss for the period attributable to members of Sultan Resources Limited** | | **(406,844)** | **(1,261,284)** |
| **Loss per share for the period attributable to the members of Sultan Resources Limited** | | | |
| Basic and diluted loss per share (cents) | 8 | (0.27) | (1.51) |

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

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## Consolidated Statement of Financial Position

As at 31 December 2023

| | Notes | 31-Dec-23 $ | 30-June-23 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | | 540,036 | 1,346,030 |
| Trade and other receivables | | 37,496 | 141,135 |
| **Total Current Assets** | | **577,532** | **1,487,165** |
| **Non-Current Assets** | | | |
| Exploration and evaluation | 5 | 9,072,673 | 8,632,582 |
| **Total Non-Current Assets** | | **9,072,673** | **8,632,582** |
| **TOTAL ASSETS** | | **9,650,205** | **10,119,747** |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Trade and other payables | | 71,714 | 153,831 |
| Provisions | | 18,909 | 7,466 |
| **Total Current Liabilities** | | **90,623** | **161,297** |
| **TOTAL LIABILITIES** | | **90,623** | **161,297** |
| **NET ASSETS** | | **9,559,582** | **9,958,450** |
| **EQUITY** | | | |
| Contributed equity | 6 | 13,354,207 | 13,354,207 |
| Reserves | 7 | 2,125,443 | 2,117,467 |
| Accumulated losses | | (5,920,068) | (5,513,224) |
| **TOTAL EQUITY** | | **9,559,582** | **9,958,450** |

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

## Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2023

| | Contributed Equity | Reserves | Accumulated Losses | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **At 1 July 2023** | **13,354,207** | **2,117,467** | **(5,513,224)** | **9,958,450** |
| Loss for the year | - | - | (406,844) | (406,844) |
| **Total comprehensive loss for the year after tax** | **-** | **-** | **(406,844)** | **(406,844)** |
| *Transactions with owners in their capacity as owners:* | | | | |
| Share-based payments | - | 7,976 | - | **7,976** |
| **At 31 December 2023** | **13,354,207** | **2,125,443** | **(5,920,068)** | **9,559,582** |

| | Contributed Equity | Reserves | Accumulated Losses | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **At 1 July 2022** | **10,251,763** | **1,060,301** | **(3,755,206)** | **7,556,858** |
| Loss for the year | - | - | (1,261,284) | (1,261,284) |
| **Total comprehensive loss for the year after tax** | **-** | **-** | **(1,261,284)** | **(1,261,284)** |
| *Transactions with owners in their capacity as owners:* | | | | |
| Share-based payments | - | 939,449 | - | 939,449 |
| **At 31 December 2022** | **10,251,763** | **1,999,750** | **(5,016,490)** | **7,235,023** |

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

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## Consolidated Statement of Cash Flows

For the half-year ended 31 December 2023

| | 31-Dec-23 $ | 31-Dec-22 $ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Payments to suppliers and employees | (350,786) | (406,890) |
| Payments for exploration and evaluation expenditure | (22,207) | (5,538) |
| Interest received | 7,090 | 451 |
| **Net cash used in operating activities** | **(365,903)** | **(411,977)** |
| | | |
| **Cash flows from investing activities** | | |
| Payments for exploration and evaluation expenditure | (440,091) | (213,095) |
| Payment for term deposit | - | (173,732) |
| **Net cash used in investing activities** | **(440,091)** | **(386,827)** |
| | | |
| **Net decrease in cash and cash equivalents** | **(805,994)** | **(798,804)** |
| | | |
| Cash and cash equivalents at beginning of the period | 1,346,030 | 1,623,321 |
| **Cash and cash equivalents at end of the period** | **540,036** | **824,517** |

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

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## Notes to the Consolidated Financial Statements

### NOTE 1 MATERIAL ACCOUNTING POLICY INFORMATION

**(a) Basis of preparation**

These general purpose interim financial statements for half-year reporting period ended 31 December 2023 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 2023 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 Sultan Resources Limited'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 Group'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 2023.

**New and amended Accounting Standards that are effective for the current period**

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**(c) Going concern**

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a loss for the half year of $406,844 and had net cash outflows from operating and investing activities of $365,903 and $440,091 respectively for the half year ended 31 December 2023. As at that date, the Group had net current assets of $486,909 including cash and cash equivalents of $540,036.

## Notes to the Consolidated Financial Statements

### NOTE 1 MATERIAL ACCOUNTING POLICY INFORMATION

**(c) Going concern (continued)**

The directors believe that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The Group's ability to issue additional share under the Corporation Act 2002 to raise further working capital; and
- The Group has the ability to scale down its operations in order to curtail expenditure, so as to ensure that he cash available is sufficient to meet projected expenditure.

### NOTE 2 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.

On this basis, the Group's reportable segments under AASB Operating Segments are the Group's activities in Australia and Canada. Information regarding the Group's reportable segments is presented below.

| **Period ended 31 December 2023** | **Australia** | **Canada** | **Other** | **Total** |
|---|---|---|---|---|
| | **$** | **$** | **$** | **$** |
| Other income | - | - | 7,090 | 7,090 |
| Exploration expenditure | (22,207) | - | - | (22,207) |
| Share-based payments expense | - | - | (7,976) | (7,976) |
| Administration and other expense | - | - | (383,751) | (383,751) |
| Loss before income tax | **(22,207)** | **-** | **(384,637)** | **(406,844)** |
| Income tax expense | - | - | - | - |
| **Loss after income tax** | **(22,207)** | **-** | **(384,637)** | **(406,844)** |
| | | | | |
| Total Segment Assets | 6,467,249 | 2,605,424 | 577,532 | **9,650,205** |
| Total Segment Liabilities | - | - | 90,623 | **90,623** |

| **Period ended 31 December 2022** | **Australia** | **Canada** | **Other** | **Total** |
|---|---|---|---|---|
| | **$** | **$** | **$** | **$** |
| Other income | - | - | 451 | 451 |
| Exploration expenditure | (5,538) | - | - | (5,538) |
| Impairment expense | - | - | - | - |
| Share-based payments expense | - | - | (939,449) | (939,449) |
| Administration and other expense | - | - | (316,748) | (316,748) |
| Loss before income tax | **(5,538)** | **-** | **(1,255,746)** | **(1,261,284)** |
| Income tax expense | - | - | - | - |
| **Loss after income tax** | **(5,538)** | **-** | **(1,255,746)** | **(1,261,284)** |

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## Notes to the Consolidated Financial Statements

| NOTE 3 EXPENSES | 31-Dec-23 $ | 31-Dec-22 $ |
|---|---|---|
| **(a) Administrative and corporate expenses** | | |
| Accounting, audit and company secretarial fees | 83,688 | 77,281 |
| Rent expenses | 13,750 | 37,730 |
| Marketing fees | 48,244 | 24,914 |
| General and administration expenses | 18,924 | - |
| | **164,606** | **139,925** |
| **(b) Consultancy and legal expenses** | | |
| Consulting fees | 75,000 | 76,000 |
| Legal fees | 855 | 3,983 |
| | **75,855** | **79,983** |

| NOTE 4 SHARE-BASED PAYMENTS EXPENSE | 31-Dec-23 $ | 31-Dec-22 $ |
|---|---|---|
| Unlisted options issued to Directors (i) | 7,976 | 193,899 |
| Unlisted options issued to Corporate Advisors | - | 745,550 |
| | **7,976** | **939,449** |
| *Reconciliation:* | | |
| Recognised as share-based payment expenses in the Statement of Profit or Loss and Other Comprehensive Income | 7,976 | 939,449 |
| | **7,976** | **939,449** |

(i) On 12 December 2023, 1,250,000 unlisted options were issued to Mr Jeremy King as approved at the Annual General Meeting on 23 November 2023. The options vested immediately.

The unlisted options issued during the period have been valued using the Hoadley ESO2 Valuation Model. The model and assumptions are shown in the table below:

| **Hoadley ESO2 Valuation Model** | |
|---|---|
| | **Director – Jeremy King** |
| Grant Date | 23/11/2023 |
| Expiry Date | 30/06/2027 |
| Strike (Exercise) Price | $0.075 |
| Underlying Share Price (at date of issue) | $0.016 |
| Risk-free Rate (at date of issue) | 4.16% |
| Volatility | 100% |
| Number of Options Issued | 1,250,000 |
| Dividend Yield | 0% |
| Fair value per option | $0.00638 |
| **Total Fair Value of Options** | **$7,976** |

## Notes to the Consolidated Financial Statements

### NOTE 4 SHARE-BASED PAYMENTS EXPENSE (CONTINUED)

**Unlisted Options**

Set out below is a summary of unlisted options granted as share-based payments during the period:

| 2023 | | | | | | | |
|---|---|---|---|---|---|---|---|
| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
| 24-06-2020 | 07-08-2023 | $0.24 | 6,000,000 | - | - | (6,000,000) | - |
| 22-11-2022 | 31-12-2027 | $0.11 | 17,200,000 | - | - | - | 17,200,000 |
| 09-05-2023 | 30-06-2027 | $0.075 | 7,500,000 | - | - | - | 7,500,000 |
| 23-11-2023 | 30-06-2027 | $0.075 | - | 1,250,000 | - | - | 1,250,000 |
| | | | **30,700,000** | **1,250,000** | **-** | (6,000,000) | **25,950,000** |

Weighted average exercise price $0.10

| NOTE 5 EXPLORATION AND EVALUATION EXPENDITURE | 31-Dec-23 $ | 30-Jun-23 $ |
|---|---|---|
| Carrying amount of exploration and evaluation expenditure | **9,072,673** | **8,632,582** |
| At the beginning of the period | 8,632,582 | 5,988,783 |
| Exploration expenditure incurred during the period | 440,091 | 817,950 |
| Acquired through share consideration | - | 1,850,000 |
| Impairment expense | - | (24,151) |
| At the end of the period | **9,072,673** | **8,632,582** |

### NOTE 6 CONTRIBUTED EQUITY

| (a) Issued and fully paid | 31-Dec-23 | | 30-Jun-23 | |
|---|---|---|---|---|
| | No. | $ | No. | $ |
| Ordinary shares | **148,190,049** | **13,354,207** | **148,190,049** | **13,354,207** |

Ordinary shares entitle the holder to participate in the dividends and the proceeds on winding up in proportion to the number of and amounts paid on the shares held.

At shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

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## Notes to the Consolidated Financial Statements

### NOTE 6 CONTRIBUTED EQUITY (CONTINUED)

| (b) Movement reconciliation | Date | Number | Issue Price | $ |
|---|---|---|---|---|
| **At 1 July 2022** | | **83,284,389** | | **10,251,763** |
| Placement – Tranche 1 | 29/03/2023 | 20,000,000 | $0.050 | 1,000,000 |
| Placement – Tranche 2 | 23/05/2023 | 10,000,000 | $0.050 | 500,000 |
| Consideration Shares – XS Minerals Ltd | 25/05/2023 | 34,905,660 | $0.053 | 1,850,000 |
| Share issue costs | | - | - | (247,556) |
| **At 30 June 2023** | | **148,190,049** | | **13,354,207** |
| **At 31 December 2023** | | **148,190,049** | | **13,354,207** |

### NOTE 7 RESERVES

| | 31-Dec-23 $ | 30-Jun-23 $ |
|---|---|---|
| Share-based payments reserve | **2,125,443** | **2,117,467** |
| ***Movement reconciliation*** | | |
| *Share-based payment reserve* | | |
| **Balance at the beginning of the period** | 2,117,467 | 1,060,301 |
| Equity settled share-based payment transactions (Note 4) | 7,976 | 1,057,166 |
| **Balance at the end of the period** | **2,125,443** | **2,117,467** |

**Share-based payment reserve**
The share-based payment reserve is used to record the value of share-based payments provided to outside parties, and share-based remuneration provided to employees and directors.

### NOTE 8 LOSS PER SHARE

| | 31-Dec-23 $ | 31-Dec-22 $ |
|---|---|---|
| Net loss for the year | (406,844) | (1,261,284) |
| Weighted average number of ordinary shares for basic and diluted loss | 148,190,049 | 83,284,389 |

Options on issue are not considered dilutive to the earnings per share as the Company is in a loss-making position. Consequently, the dilutive earnings per share is equivalent to the basic earnings per share.

**Continuing operations**

| | | |
|---|---|---|
| - Basic and diluted loss per share (cents) | **(0.27)** | **(1.51)** |

### NOTE 9 DIVIDENDS

No dividend has been declared or paid during the half-year ended 31 December 2023. The Directors do not recommend the payment of a dividend in respect of the half-year ended 31 December 2023.

## Notes to the Consolidated Financial Statements

### NOTE 10 CONTINGENT LIABILITIES & ASSETS

There have been no changes to the contingent liabilities or assets since 30 June 2023.

### NOTE 11 COMMITMENTS

There have been no changes to the commitments since 30 June 2023.

### NOTE 12 EVENTS SUBSQUENT TO THE REPORTING PERIOD

On 6 February 2024, the Company announced that it is undertaking a pro-rata non-renounceable entitlement issue of one (1) share for three (3) existing shares held by eligible shareholders at an issue price of $0.014 per New Share to raise up to $691,553 (before costs), together with one (1) free-attaching listed option (exercisable at $0.03 and expiring 3 years from the date of issue) for every three (3) New Shares subscribed for and issued. The Offer closed on 5 March 2024.

On 28 February 2024, the Company issued 2,500,000 unlisted options, exercisable at $0.075 and expiring 30 June 2027, to the Exploration Manager as part of his remuneration package.

On 5 March 2024, the non-renounceable entitlement offer closed and the Company received valid applications for 17,516,253 New Shares and 5,838,720 New Options, raising a total of $245,228 (before costs). A total of 31,880,187 New Shares together with associated free attaching New Options are available under the Shortfall. The New Shares and New Options applied for by Eligible Shareholders under the Offer were issued on 12 March 2024. The Company will liaise with the Underwriter to determine the allocation of the remaining Shortfall Securities in accordance with the term of the Underwriting Agreement (and sub-underwriting agreements) and complete the allotment of the Shortfall Securities.

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

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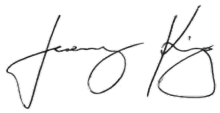
## DIRECTORS' DECLARATION

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 Group's financial position as at 31 December 2023 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**
**Non-Executive Chairman**
**13 March 2024**

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# INDEPENDENT AUDITOR'S REVIEW REPORT

## To the Members of Sultan Resources Limited

**Report on the Half-Year Financial Report**

*Conclusion*

We have reviewed the accompanying half-year financial report of Sultan Resources Limited (the Company) which comprises statement of financial position as at 31 December 2023, 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 of the consolidated entity comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

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 consolidated entity's position as at 31 December 2023 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*.

*Basis for Conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review 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 (including Independence Standards) (the Code) that are relevant to our audit of the annual 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 Sultan Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



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*Directors' Responsibility for the Half-Year Financial Report*

The directors of Sultan Resources Limited 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 for the Review of the Financial Report*

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 consolidated entity's financial position as at 31 December 2023 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*.

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.

RSM AUSTRALIA PARTNERS

AIK KONG TING
Partner

Perth, WA
Dated: 13 March 2024

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