Sultan Resources Ltd
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CORPORATE DETAILS

ASX Code: SLZ

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SULTAN
RESOURCES

ASX ANNOUNCEMENT

17th March 2023

SULTAN RESOURCES ENTERS AGREEMENT TO ACQUIRE 100% INTEREST IN HIGHLY PROSPECTIVE CANADIAN LITHIUM EXPLORATION GROUND IN ONTARIO, CANADA.

HIGHLIGHTS

- **Sultan Minerals Ltd (ASX: SLZ, Sultan or the Company) has entered into a Binding Term Sheet ("Term Sheet") with XS Minerals Ltd (XSM) to acquire two highly prospective lithium properties located in well-known lithium bearing districts in Ontario Canada.**

- **The two properties are located immediately adjacent to or abutting known spodumene bearing pegmatites intersected in drilling and containing defined resources. The properties being acquired are The Kember Lake Lithium project and the Ruddy Lithium project.**

- **The Kember Lake Lithium project is located in North Western Ontario, Canada and demonstrating the prospectivity of this area, is located approximately 5km from the Lithium resources owned by Frontier Lithium Inc (TSXV:FL), who have the PAK lithium project and the Spark Lithium discovery.**

- **Sultan continues to review the presence of mapped Pegmatites on the Kember Lake project and will update the market with these findings.**

- **The Ruddy Lithium project is located in Ontario, Canada and sits to the north of Green Technology Metals (ASX:GT1) exploration projects (Figure 3).**

- **The interpreted 'Goldilocks Zone' of optimal formation of Lithium-Ceasium-Tantalum (LCT) pegmatites passes through the Ruddy Project tenure**

- **Sultan will look to engage experienced Canadian based Geological consultants to secure an early start to exploration this Canadian summer.**

- **Capital raising of $1.5m to settle in two-tranches.**

Sultan Resources Limited (ASX: SLZ) (**Sultan** or **Company**) is pleased to announce it is increasing its positioning in the future facing metals sector by entering into the agreement to acquire 100% of the two compelling lithium projects in Ontario, Canada.

THE PROJECTS

The Kember Lake LithiumProject

The Kember Project is located in the province of Ontario about 180km north of the town of Red Lake adjacent to the Bear Head Fault Zone which is a major geological system in the area. Demonstrating the prosperity of this area, the Kember Project is located about 8km from the lithium projects of Frontier Lithium Inc. (**Frontier**).

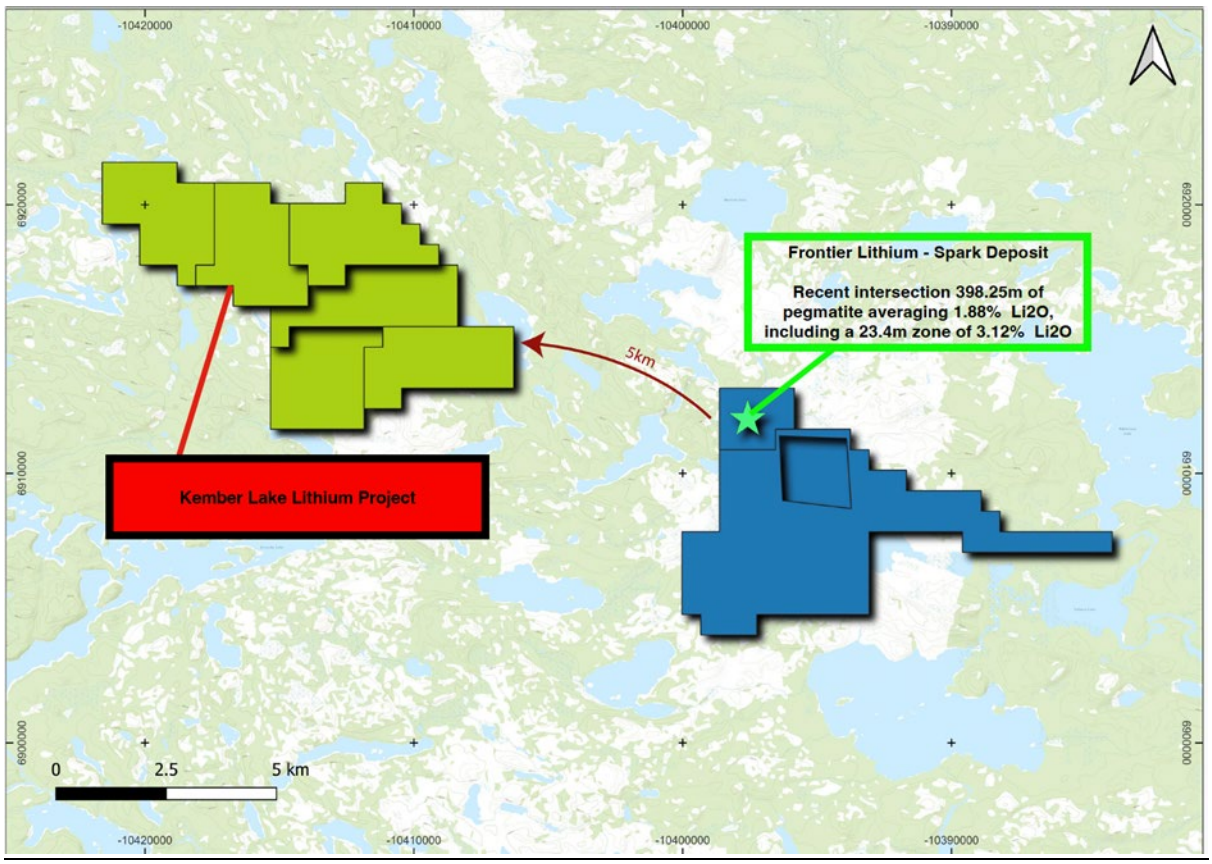

Figure 1: Kember Lake Lithium Project in proximity to Frontier Lithium Spark deposit.

In their recent exploration program, Frontier recently intersected 398.25m of pegmatite averaging 1.88% Li_2O, including a 23.4m zone of 3.12% Li_2O (see TSX.V Announcement 8/02/2023). Furthermore, at Frontier's PAK Lithium Project and Spark Lithium Project they have made recent discoveries of deposits containing an NI 43-101 complying Inferred Resource of 29mt @ 1.57% Li_2O (see TSX.V Announcement 28/02/2023). 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 and the company will investigate these and report their findings to the market shortly.

Two greenstone belts that are located along the Bear Head Lake Fault Zone are the Favourable Setting Net Lakes and the North Spirit Lake greenstone belts located to the northwest and southeast of the Kember Lake Property, respectively. The belts are connected through the Pakeagama Lake area by the Bear Head Lake Fault system. The main assemblages of volcanic and sedimentary rocks that are identified in each belt are, in part, correlated between the two belts. The assemblages of the Favourable Lake and North Spirit Lake greenstone belts have been metamorphosed under greenschist facies

conditions, however an increase to amphibolite facies occurs in proximity to the Bear Head Lake Fault Zone. Amphibolite facies is the predominant metamorphic grade in the Project area outside of the greenstone belts.

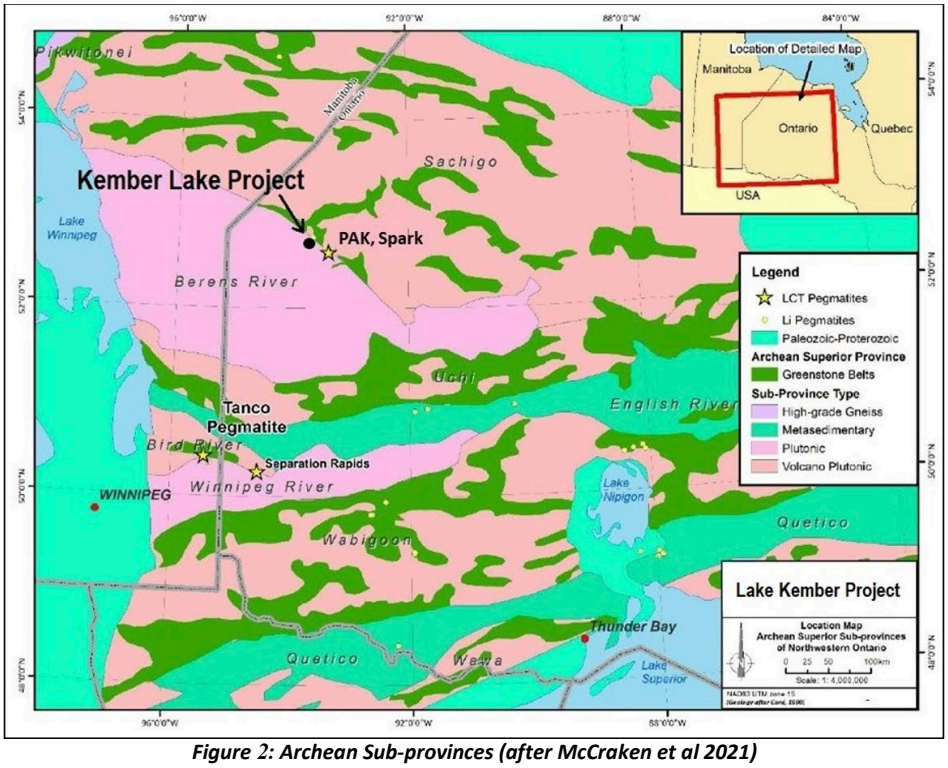

Figure 2: Archean Sub-provinces (after McCraken et al 2021)

The Ruddy Lithium Project

The Ruddy Project directly abuts ground 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 Ruddy Project 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 mineralisation[1,2].

Although there has been no exploration over the Ruddy Project claims, previous study of the area by the Ontario Geological Survey (Breaks et al 2003)[1] established the margins of the Allison Lake Batholith as an important new target for rare-element mineralisation. Breaks et al (2003) describe the margin of the Allison Lake Batholith as "*an important new exploration target for rare-element mineralization and is the largest such granite thus far documented in Ontario. A large area is highly recommended for follow-up exploration and involves a 15 by 50 km corridor that follows the western to southwestern contact of the batholith [...]. This area has 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. Only beryl-type pegmatites have been discovered to date, however, in light of the common regional zonation sequence of rare-element pegmatites from beryl-rich into lithium-rich types [...] (albite-spodumene-type and complex-type) with increasing distance from the parent granite, this corridor is recommended for detailed exploration.*"

The Ruddy Project claims lie adjacent to Green Technology Metals' (ASX:GT1) Allison Lake Project (Figure 3) and are interpreted to contain meta-volcanic and meta-sedimentary lithologies on the margins of the Allison Lake Batholith that have potential to host fractionated pegmatite dykes. Samples taken in the Breaks et al (2003)[1] study identified a number of rare metal and fractionated mineral occurrences as

well as spessartine-bearing pegmatite dykes on the western and north-western marging of the Allison Lake Batholith (Figure 3). Reports by Green Technology Metals[2] describe the identification of the spodumene-bearing Ouroborooros Pegmatites which lie approximately 10km southwest of the Ruddy Project in a similar geological setting (Figure 3).

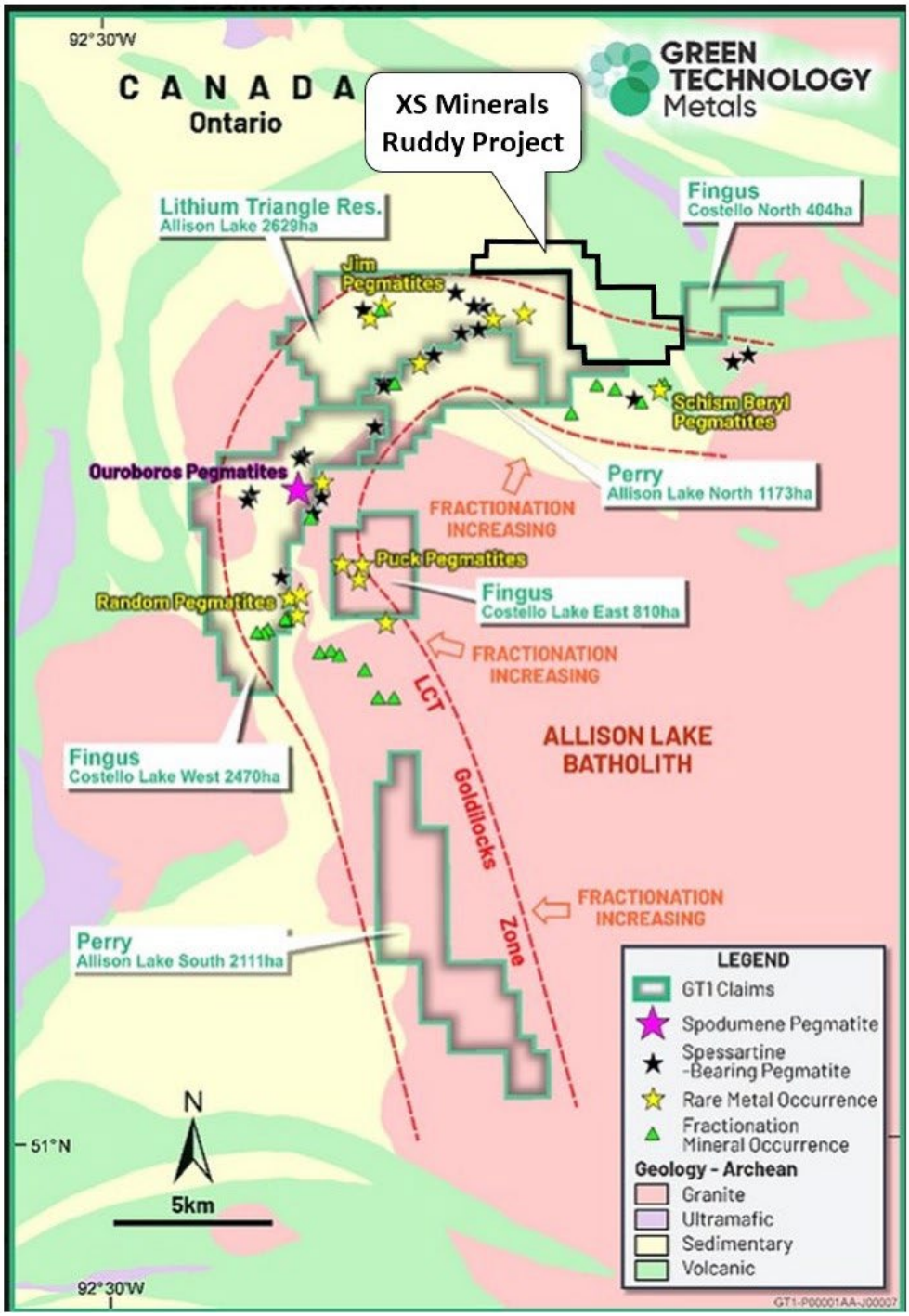

Figure 3: Ruddy Project in relation to GT1 Project (Figure sourced from ASX:GT1 Announcement on 24/01/2022)

GT1 have interpreted the western and northern margin of the Allison Lake Batholith to be the optimal position for the development of highly fractioned pegmatites and have termed this elongate region as the "Goldilocks Zone" (Figure 3). The conceptual 'Goldilocks Zone' is illustrated by the idealized concentric, regional pegmatite zoning pattern presented in Figure 4. The dashed lines indicate the

idealised fractionation trends and the outermost limit of the pegmatite halo line. This model is analogous to the Allison Lake Batholith setting and demonstrates the potential of the Ruddy Project Claims which lie within the interpreted fractionation halo. Gravity studies described in Breaks et al (2003) indicate that the batholith dips towards the north and underlies the Ruddy project at depth.

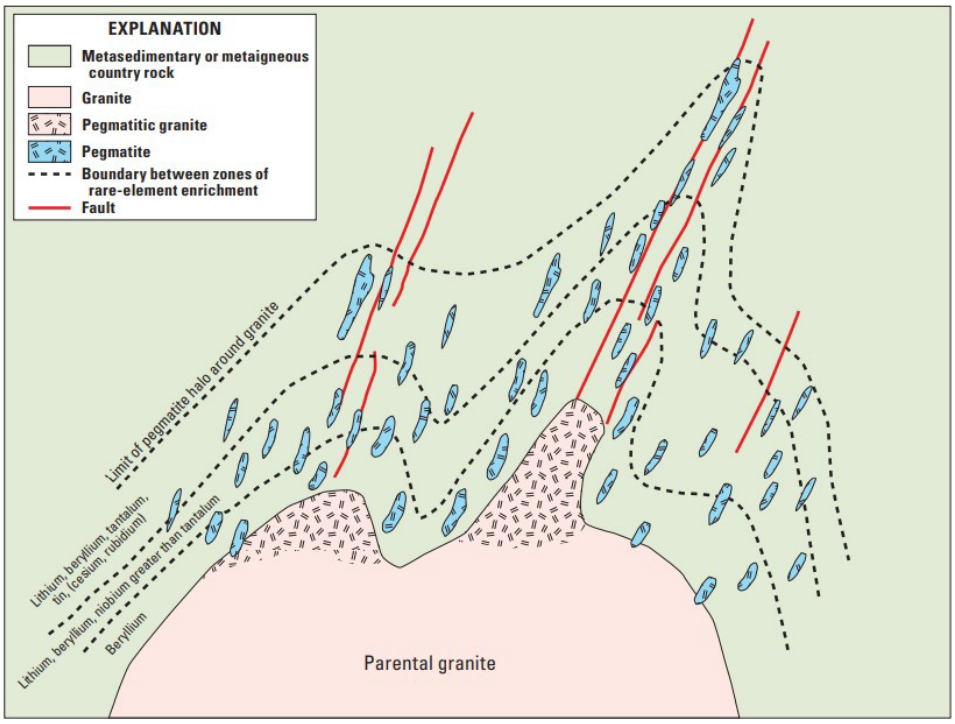

Figure 4: Idealized concentric, regional zoning pattern in a pegmatite field (Bradley et al 2017)

Based on the preliminary project information received to date, the Company believes that the Projects will complement its existing assets as the projects are synergistic with its business objective to explore for hard rock metals, including battery metals.

References

1. 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. F.W. Breaks, J.B. Selway and A.G. Tindle

2. Green Technology Metals (ASX:GT1) ASX Announcement: *STRATEGIC LITHIUM FOOTPRINT SUBSTANTIALLY EXPANDED*, 24/01/2022

3. Bradley, D.C., McCauley, A.D., and Stillings, L.M., 2017, Mineral-deposit model for lithium-cesium-tantalum pegmatites: U.S. Geological Survey Scientific Investigations Report 2010–5070–O, 48 p., https://doi.org/10.3133/sir20105070O.

TRANSACTION SUMMARY

As agreed under the Term Sheet, the Company will acquire the Kember and Ruddy Project rights from XS Minerals Ltd, subject to satisfying the Conditions Precedent and agrees to issue:

(i) XSM a total of 34,905,660 fully paid ordinary shares ("**Consideration Shares**"), being AUD$1,850,000 worth of fully paid ordinary shares in the capital of the Company at a deemed issue price of $0.053 of the 10-day VWAP per Consideration Share, as calculated for the 10 days prior to the date of the Term Sheet (subject to a floor price of AUD$0.05) to be issued subject to shareholder approval;

(ii) XSM (and/or their nominee) AUD$185,000 and CAD$6,000 cash consideration; and

(iii) the Canadian Vendors CAD$120,000 cash consideration.

Additionally, the Canadian Vendors will retain a 1.5% New Smelter Royalty (NSR) for each of the Kember Project and the Ruddy Project. The NSR will have a buyback of 0.5% for CAD$500,000 per project. A facilitation fee is payable comprised of 6% of the total value of the Consideration and a transaction management fee of AUD$60,000.

Settlement of the Acquisition is subject to Sultan completing a capital raising and obtaining all necessary regulatory and shareholder approvals, and the parties entering into the applicable royalty deeds in respect of the NSR ("**Conditions Precedent**").

CAPITAL RAISING

The Company is undertaking a capital raising of $1,000,000 with oversubscriptions of up to $500,000 being considered through the issue of up to 30 million fully paid ordinary shares ("**Placement Shares**") to sophisticated and professional investors at an issue price of AUD$0.05 per new share, which represents a 9.09% discount to the closing price of AUD$0.055 on 13 March 2023 and a 5.66% discount to the ASX VWAP for the ten calendar days prior to 14 March 2023. Placement shares will settle in two tranches with the 1st tranche being 20 million shares to be issued via the available placement capacity under ASX Listing Rule 7.1 (12,492,658 ordinary shares) and 7.1A (7,507,342 ordinary shares); with the 2nd tranche of 10 million shares subject to shareholder approval at an EGM to be held in May 2023.

The Company has confirmed Placement funds will be partially directed towards funding the acquisition of two highly prospective Canadian Lithium exploration projects whilst undertaking exploratory work to delineate drill targets with a maiden drill program. The Placement will also fund follow up drilling of the Company's existing Kulin Hill Nickel/Cobalt project, exploration of its existing Lachlan Fold Belt projects in NSW, to cover costs of the Placement and for working capital.

The Joint Lead Managers for the Placement are Xcel Capital Pty Ltd and ARQ Capital Pty Ltd. Fees payable are 6% of the total value of the Placement. In addition, the Company will issue 7,500,000 Unlisted Options (exercisable at AUD$0.075 expiring on 30 June 2027) in total to the managers of the Placement. The Joint Lead Managers Options will be subject to shareholder approval.

EXISTING ASSETS

Historical exploration at Lake Grace has shown ultramafic rocks with evidence of nickel and cobalt bearing sulphides in drilling.

The Lake Grace portfolio is surrounded by major mining and exploration companies Anglo American (to the north and west) and Gold Road Resources (to the East).

Recent diamond drilling was undertaken to further understand the layered ultramafic stratigraphy which was drilled to 489.4m depth (within this hole 256m of layered ultramafic sequence intersected). Access to Reserve 18455 that covers the bulk of the ultramafic sequence granted, paving the way for exploration of the entire target area. Please see historical SLZ announcements (dated 17/2/2023; 16/11/2022; and 14/10/2022) for further details on these.

SLZ holds a suite of gold and copper exploration tenements located in Central New South Wales.

SLZ has completed an extensive drilling exploration program targeting the Tucklan and Razorback/Big Hill area. Please see historical SLZ announcements (dated 12/4/2021 and 11/2/2021 for Tucklan area and dated 15/3/2022; 08/11/2021 for Razorback/Big Hill area) for further details on these.

Chairman, Jeremy King, commented:

"I believe this is a truly exciting opportunity for Sultan shareholders to have exposure to one of the most prospective lithium territories to explore globally. The projects are strategically located and present exceptional geology to explore for Lithium."

This announcement is authorised by the Board of Sultan Resources Ltd

For further information contact:
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Competent Persons Statement

The information in this report that relates to Exploration Targets and Exploration Results is based on historical and recent exploration information compiled by Mr Steven Groves, who is a Competent Person and a Member of the Australian Institute of Geoscientists. Mr Groves is a non-Executive Director of Sultan Resources Limited. Mr Groves has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for the reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Groves consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. The Competent Person is not aware of any new information or data that materially affects the information contained in the above sources or the data contained in this announcement.

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.

About Sultan Resources

Sultan Resources is an Australian focused exploration company with a portfolio of quality assets in emerging discovery terranes currently targeted by successful explorers such as Newcrest Mining, Alkane Resources, Gold Road Resources, and Sandfire Resources. Sultan's tenement portfolio includes prospective targets for porphyry Au-Cu, structurally-hosted gold, Nickel, Cobalt and base metals and include tenements located in the highly prospective east Lachlan Fold Belt of Central NSW as well as projects located within the southern terrane region of the Yilgarn Craton in south and south eastern Western Australia. Sultan's board and management strategy is for a methodical approach to exploration across the prospects in order to discover gold and base metals that may be delineated via modern exploration techniques and exploited for the benefit of the company and its shareholders.