

## QUARTERLY REPORT FOR THE THREE MONTHS ENDING 31 MARCH 2009

### 1. HIGHLIGHTS

#### John Fardy and Peelwood resource estimates and preliminary mine optimisation

- In the previous quarter a combined total John Fardy and Peelwood resource of 895,000 tonnes at 8.0% zinc equivalent was obtained. Optimization carried by Intermine Engineering Consultants indicate that respective open pits contain a combined resource of 469,000 tonnes at 5.16% zinc, 0.90% copper, 1.17% lead and 20 g/t silver are likely to occur within the respective open cuts at John Fardy and Peelwood projects.

#### Metallurgical Test Work

- Metallurgical Test work has been undertaken by AMMTEC Limited based in Balcatta, Western Australia. Test work has only been undertaken on John Fardy's mineralisation. An overall summary report was received during the quarter and results indicate that sulphide minerals are readily liberated at both 75 and the coarser 106 micron. Grind recoveries of zinc, copper and lead are all well in excess of 90% and generally greater than 95%. Finer grinding is not required to enhance flotation. Some additional work will be required to establish the optimum compositions of the final concentrates.

#### Preliminary Project Indicators

- McSweeney Partners Pty Ltd has been engaged to conduct engineering design and a costing study based on a 120-150 ktpa treatment plant. A preliminary site plan design was produced during the quarter, including the location of two open pits, waste dumps and tailings dam.
- Initial flora and fauna assessments were completed and reports are being compiled.

#### Corporate

- On March 20th the directors announced that 48 million shares were allotted pursuant to an application for Shortfall shares. This relates to the Prospectus lodged with the ASX on 18 November 2008 that closed on 23rd December 2008. The total shares issued were 97,518,660 and total funds received were \$487,593.



- Chamaguel Phosphate deposit in Mali – Sultan announced on 30th January that it had entered into an agreement to acquire the Chamaguel Phosphate deposit in Mali but that this was subject to due diligence and shareholder and regulatory approval. On 19th March Sultan announced that the agreement had been terminated.

Sultan continues to look for acquisition opportunities as it pursues its growth strategy.

## **2. JOHN FARDY AND PEELWOOD RESOURCE ESTIMATES**

John Fardy and Peelwood zinc and copper prospects are 100% owned by Sultan Corporation and are located 75km south of Bathurst in central New South Wales. These prospects are part of a larger contiguous group of tenements held by Sultan and include other advanced targets such as Black Springs (see Figure 1).

During the previous quarter Sultan produced a resource upgrade at John Fardy based on drilling completed during 2008. A combined total resource of 895,000 tonnes at 8.0% zinc equivalent was obtained for John Fardy and Peelwood (see Table 1 and 2).

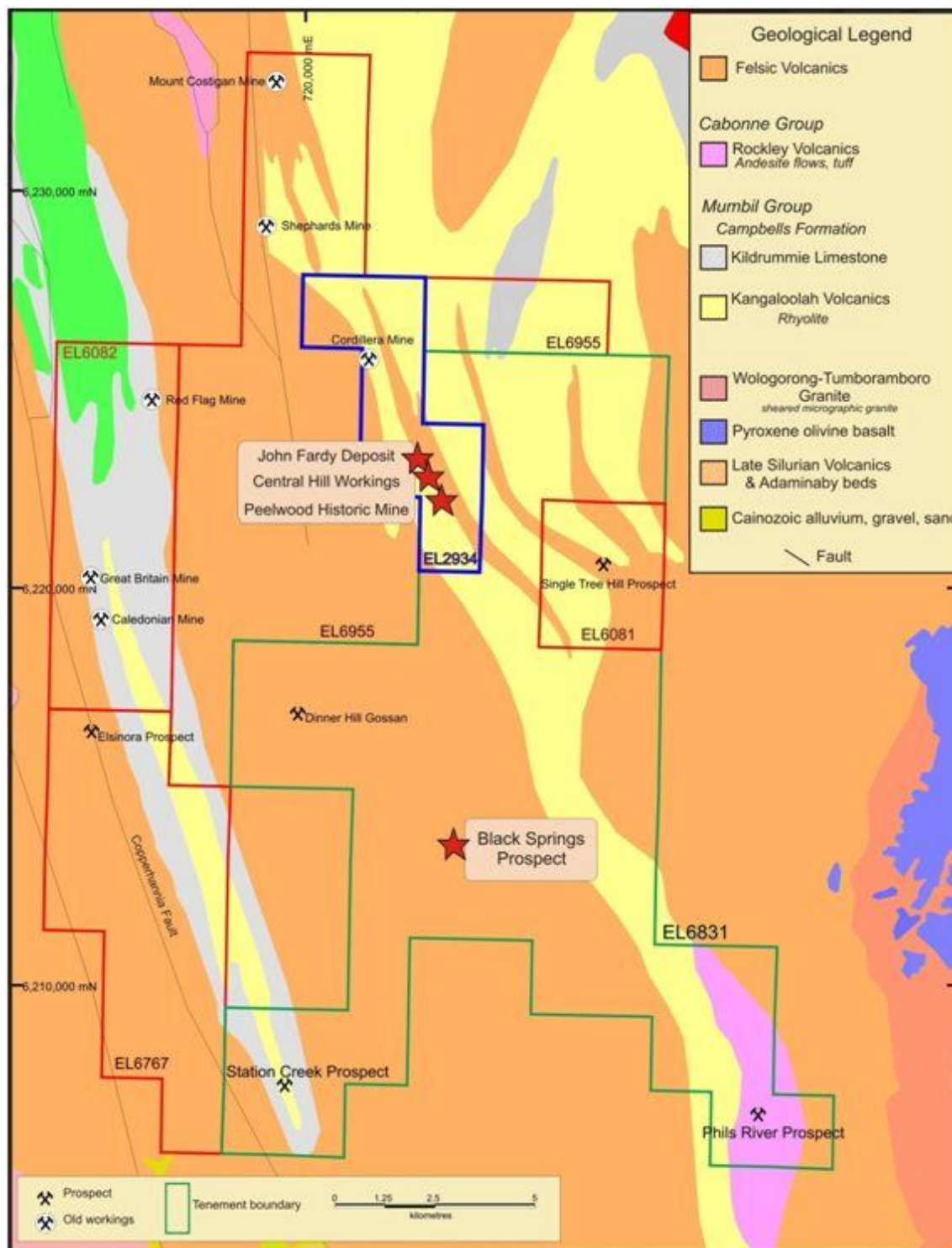
## **3. JOHN FARDY AND PEELWOOD PRELIMINARY MINE OPTIMISATION**

Also during the previous quarter Intermin Engineering Consultants carried out optimization of the current resource. Preliminary indications indicate that approximately 469,000 tonnes at 5.16% zinc, 0.90% copper, 1.17% lead and 20 g/t silver are likely to occur within the respective open cuts at John Fardy and Peelwood projects (see Table 3)

Intermin has completed preliminary mine designs for both John Fardy and Peelwood and continue to manage the processes necessary to obtain regulatory approvals required to commence mining operations at both prospects. The preliminary mine design forms the basis for the scoping study currently underway.



Figure 1 - Location of John Fardy and Peelwood Prospects





#### **4. METALLURGICAL TESTWORK**

Sultan engaged Metallurgical Design to establish recovery characteristics of zinc, copper, lead and silver minerals at John Fardy. Metallurgical Design has also been responsible for optimising plant configuration for mineralisation treatment.

AMMTEC was subcontracted by Metallurgical Design to conduct metallurgical test work of the John Fardy mineralisation. A final compilation report was received during the quarter and the major findings are: -

- Sulphide minerals are readily liberated at both 75 micron and 106 micron;
- Grind recoveries of zinc, copper and lead are all well in excess of 90% and generally more than 95%;
- Finer grinding did not enhance floatation performance; and
- Very good Flotation Bulk Concentrate Recovery = 43.5%. Additional work will be required to determine optimum compositions of the concentrates.

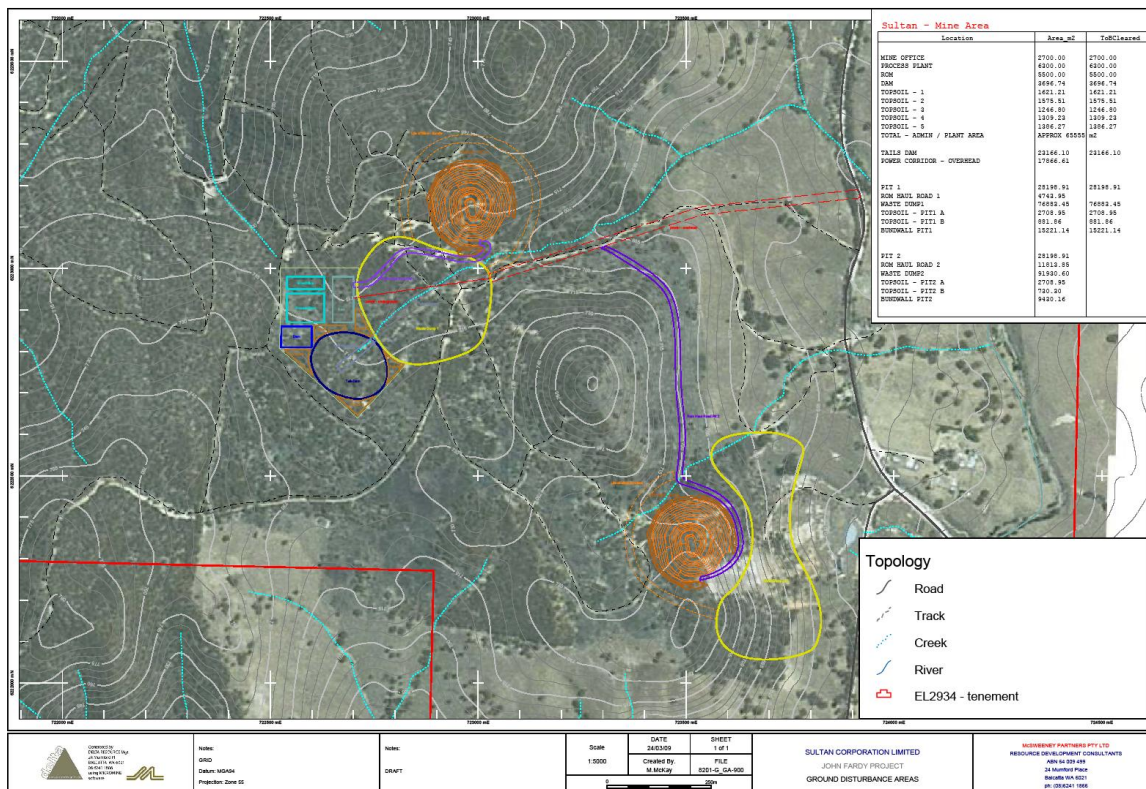
#### **5. MINING SCOPING STUDY**

Sultan has engaged McSweeney Partners Pty Ltd to conduct engineering design and a costing study based on a 120-150ktpa treatment plant. Preliminary assessment suggests the capital costs would fall within the expected values.

A preliminary site layout with the location of two open pits, waste dumps and tailings dam has been produced (see Figure 2).



Figure 2 Location plan - John Fardy and Peelwood Open Pits, Waste Dumps and Tailings.



Preliminary flora and fauna assessments have been completed and reports are awaited to determine if further more detailed surveys are required. Reports for both the flora and fauna assessments are currently being prepared.

Biodiversity Monitoring Services of Oberon, N.S.W have undertaken a desktop review of fauna in the general area of the John Fardy project deposits to determine the need to undertake further work, including field assessment.

A flora assessment has been undertaken by Gingra Ecological Surveys of Canterbury, N.S.W. The flora assessment involved a review of literature relating to vegetation of the Peelwood area, access of relevant data bases and a field survey over three days.

The assessment is intended to address necessary requirements of the NSW Environmental Planning and Assessment, the NSW Threatened Species Conservation Act, the NSW Native Vegetation Act and the Commonwealth Environment Protection and Biodiversity Conservation (EPBC).





## **6. CORPORATE**

On March 20th the directors announced that 48 million shares were allotted pursuant to an application for Shortfall shares. These additional allotted shares relate to a provision for Shortfall shares that was outlined in the Prospectus lodged with the ASX on 18 November 2008.

The prospectus closed on 23rd December 2008 and there was a further three month period in which applications could be made for any Shortfall shares. The total shares issued were 97,518,660 and total funds received were \$487,593.

## **7. CHAMAGUEL PHOSPHATE DEPOSIT**

Sultan announced on 30th January that it had entered into an agreement to acquire the Chamaguel Phosphate deposit in Mali but that this was subject to due diligence and shareholder and regulatory approval. On 19th March Sultan announced that the agreement had been terminated.

Sultan continues to look for acquisition opportunities as it pursues its growth strategy.



## Total Resource – John Fardy and Peelwood

John Fardy and Peelwood have both been estimated in accordance with the JORC Code (2004) the combined resource is given in Table 1 and the individual resource estimates are given in Table 2 below.

*Table 1 - Combined Resource Update for John Fardy and Peelwood*

Resource	Tonnes	Zn %	Cu %	Pb %	Ag g/t	Zinc Equiv.
<b>Combined Resource</b>	895,000	3.94	0.8	0.73	16	8.0

NB: The zinc equivalence formula and relevant calculation variables are outlined in the section titled "Description and notes on John Fardy and Peelwood Resource Estimates."

*Table 2 - Individual Resource Updates for John Fardy and Peelwood Prospects*

Resource	Resource Category	Tonnes	Zn%	Cu%	Pb%	Ag g/t	Zinc Equiv.
<b>John Fardy *</b> (1% Zn cut-off)	<i>Indicated</i>	597,000	4.5	1.0	0.6	15	9.2
	<i>Inferred</i>	39,000	3.0	1.1	0.3	13	7.8
	<b>Total</b>	<b>636,000</b>	<b>4.4</b>	<b>1.0</b>	<b>0.5</b>	<b>15</b>	<b>9.0</b>
<b>Peelwood **</b>	<i>Inferred</i>	259,000	2.82	0.3	1.28	17	5.45
	<b>Total</b>	<b>259,000</b>	<b>2.82</b>	<b>0.3</b>	<b>1.28</b>	<b>17</b>	<b>5.45</b>
	<b>Combined Resource</b>	<b>895,000</b>	<b>3.94</b>	<b>0.8</b>	<b>0.73</b>	<b>16</b>	<b>8.0</b>

\* John Fardy October 2008 Resource was estimated by Chris Black of Cube Consulting Pty Ltd

\*\* Peelwood Resource was estimated by Kevin Alexander of Sultan Corporation Ltd

NB: The zinc equivalence formula and relevant variables for calculation are outlined in the section titled "Description and notes on John Fardy and Peelwood Resource Estimates."

## John Fardy And Peelwood Preliminary Mine Optimisation

Preliminary indications indicate that the following tonnages are likely to occur within the respective open cuts at John Fardy and Peelwood projects.

*Table 3 – Open Pit Estimates*

Resource	Tonnes	Zn %	Cu %	Pb %	Ag g/t	Zinc Equiv.
<b>John Fardy</b>	360,000	5.01	0.99	0.70	16	10.2
<b>Peelwood</b>	109,000	5.67	0.55	2.72	32	11.6
<b>Combined Resource</b>	469,000	5.16	0.90	1.17	20	10.5



## Description and notes on the John Fardy and Peelwood Resource Estimates

### Calculation of Zinc Equivalence

Zinc is the major mineral of economic value. The zinc equivalent grade has been calculated by adding the zinc grade and the adjusted grades of copper, lead and silver. The grades of copper, lead and silver have been multiplied by factors that express the assumed relative prices of the metals.

$$\text{Zinc equivalent \%} = \text{Zn\%} + 4.0\text{Cu\%} + 1.0\text{Pb\%} + 0.01\text{Ag g/t.}$$

The assumed metal prices are zinc USD 0.50 per pound, copper USD 2.0 per pound, lead 0.60 per pound and silver USD 10.0 per ounce and are based on prices of these metals in the period October 2008.

In August and September 2008, AMMTEC Ltd of Perth, Western Australia conducted metallurgical test work of the John Fardy ore. The sulphide minerals are readily liberated at both 75 micron and the coarser 106 micron. For both grinds recoveries of zinc, copper and lead are all well in excess of 90% and generally more than 95%. The metallurgical test work suggests the recoveries of the major elements of value are similar and the relative metal prices are a good basis for calculating a zinc equivalent grade. Exploration at Peelwood is at an earlier stage than at John Fardy and independent metallurgical test work has not been undertaken. It has been assumed that Peelwood would have similar metallurgical characteristics to John Fardy.

### Competent Personnel Responsible for the Resource Estimate

The resource estimate for John Fardy has been estimated on behalf of Sultan Corporation Limited by Chris Black of Cube Consulting Pty Ltd. Chris Black has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Person(s) as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Chris Black consents to the inclusion in the report of the matters based on their information in the form and context in which it appears in Table 2.

Cube Consulting is an independent Perth based resource consulting firm specializing in geological modelling, resource estimation and information technology.

The information in this report relating to the estimation of the Peelwood resource is based on information compiled by Mr. Kevin Alexander. Mr. Alexander is a full time employee of Sultan Corporation Limited. Mr. Alexander is a member of The Australasian Institute of Mining and Metallurgy and Australian Institute of Geoscientists. He has sufficient experience that is relevant to the style of mineralization under consideration and to the activity which he is undertaking to be qualified as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting on Exploration Results, Mineral resources and Ore Reserves". Mr. Alexander consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Derek Lenartowicz  
Managing Director