
QUARTERLY REPORT FOR THE THREE MONTHS ENDING 31 MARCH 2010

1. HIGHLIGHTS

- Peelwood mine approval process continued with project status meetings held between Sultan and NSW Department of Industry and Investment officials.
- Community consultation meetings held at Crookwell and Tuena, the nearest townships in the vicinity of the Peelwood North Project.
- Metallurgical test hole drilled to obtain PQ core for metallurgical testwork to finalize the design of the flotation circuit.
- A survey targeting threatened species was undertaken within the Peelwood North Project area in January 2010.
- Soil and sub-soil studies have been completed at Peelwood North.
- Exclusive rights to negotiate purchase Brskovo Lead and Zinc Mining Complex in Montenegro.

2. PEELWOOD NORTH MINE DEVELOPMENT

Sultan has advanced the mine design, plant layout and equipment selection and is continuing the assessment and selection of mining contractors and optimal concentrate off-take options. Sultan continued to work closely with Government agencies and the local shire to ensure all criteria for the formal submission are fulfilled.

On March 24 a major project status meeting was held in Maitland, NSW between senior Sultan managers and consultants and senior officials of the NSW Department of Primary Industries. At this meeting Sultan made a formal presentation to the NSW officials and received their feedback and advice regarding requirements for the approval process.



On April 12 and 13 the first of a series of planned Community Consultation meetings were held between senior Sultan personnel and the communities of Crookwell and Tuena. The overall response was favourable and the main points raised relate to maximizing opportunities for local employment, the likely impact on local roads and the water requirements for the project and as Sultan has undertaken to meet the requests as far as possible, particularly in relation to local employment.

Sultan has had preliminary meetings on site with hydrological consultants and noise mitigation consultations with a view to designing programmes to undertake these studies.

3. PEELWOOD NORTH - METALLURGICAL TEST WORK

During the quarter Sultan completed a single hole of PQ core for a total of 100.8 metres. The drilling was designed to obtain additional ore material to enable the configuration of the flotation circuit to be finalized. Test work will be conducted at the AMMTEC laboratories in Balcatta, WA.

The hole was drilled into the central part of the ore body and intersected 8.5 metres of massive to almost massive sulphides from 63.1 metres. In addition there are 1-2 metres of disseminated mineralization as selvages on both sides of the massive sulphide material and this will invariably be part of the mined and processed material. A total of 12.5 metres full PQ core of representative mineralization has been sent to AMMTEC and has been process in preparation for test work.

4. TARGETED THREATENED SPECIES STUDIES

A survey targeting threatened species was undertaken within the Peelwood North Project area. The survey was requested by the NSW Department of Environment Climate Change and Conservation (DECCW) and took place over four days in January, 2010 and the list of threatened species required to be targeted was provided by the DECCW. A variety of survey techniques were used with the survey effort totalling 278 Trap days.

The fauna survey revealed the presence of three threatened bat species to varying degrees of confidence, the Large-eared Pied Bat *Chalinolobus dwyeri*, Eastern Bent-wing Bat *Miniopterus schreibersii oceanensis* and Fishing Bat *Myotis macropus*.



Only four bats were captured in harp traps during the survey, all in the trap placed at the entrance to an old mining adit which is located outside the area directly impacted by proposed mining. It is possible that bats may roost in other old workings within the proposed mining area but none were observed. It was concluded that management procedures can be put in place so that mining can commence with reasonable confidence that no bats will be directly impacted.

5. SOIL AND SUB-SOIL STUDIES

A study of the soils in the Peelwood North project area was conducted in January 2010 by Geoff Cunningham of Natural Resource Consultants of Natural Resource Consultants Pty Ltd. The physical and chemical attributes of the soils of the study area have been quantified through a combination of field assessment and laboratory testing. Soils in the study area have been described and two Soil Mapping Units [SMUs] have been identified.

These SMUs are:

- Soil Mapping Unit 1 - Soils of the lower slopes, midslopes and upper slopes and crests
- Soil Mapping Unit 2 – Soils of the drainage depressions and associated terraces

The subdivision into two SMU's is quite simple and the relative distribution is controlled by the local topography. The soils are generally stable though erosion was evident around some of the disturbed areas and it was stated that erosion would need to be controlled when mining commences.

Both SMUs [topsoil and subsoil combined] have an overall moderate erodibility rating however it was noted that the topsoils from both SMUs have a high erodibility rating.

Dispersibility values were generally low however there is still a need to rapidly stabilize all topsoil and subsoil stockpiles with perennial pasture cover as soon as possible after stockpile construction because of the inherent erodibility of the soil materials.

All of the soil horizons tested were non-saline and the soil materials sampled generally had pH values within the acceptable range for plant growth with only one horizon in one



of the test profiles having pH values outside this range. Detailed soil management recommendations have been provided and the recommendations for managing both SMUs are the same. Hence the soil stripping, stockpiling and rehabilitation issues as discussed for the whole study area apply equally.

6. EXCLUSIVE RIGHTS TO NEGOTIATE PURCHASE OF THE BRSKOVO LEAD AND ZINC MINING COMPLEX IN MONTENEGRO

Sultan has secured exclusive rights to negotiate with the Government of Montenegro, as represented by the Ministry of Economy to acquire the Concession rights for exploration and exploitation of former “Brskovo” mine and associated zinc/lead deposits near Mojkovac, Montenegro.

Sultan has been selected as the only organisation with which the Ministry of Economy will enter into direct negotiations. Sultan and the Government of Montenegro will within a sixty (60) day period negotiate and finalise the conditions and obligations under which Sultan Corporation Limited will conduct its activities in Montenegro.

Sultan Corporation has conducted the technical and preliminary commercial assessment of this project and believes there is a strong possibility that this field can become commercially exploited.

Major aspects of the Brskovo project include:

- Brskovo ore field contains 5 significant, already refined mineral occurrences.
- These occurrences have been extensively explored and have associated grade and tonnage estimates under the Soviet Union and Eastern European system.
- The Directors believe that this purchase would offer opportunity for commercial mining within a short timeframe;

Sultan wishes to emphasise that whilst good progress has been made negotiating for the purchase of the Brskovo Zn/Pb Complex there is no guarantee that the Company will be awarded the Exploration and Exploitation Concession.



7. UPCOMING QUARTER ACTIVITIES

Sultan anticipates that during the second quarter of 2010, it will be focussed on:

- Formal Mine Approval Process
 - Metallurgical testing.
 - Baseline groundwater assessment and evaluation of the water requirements for the project.
 - Continued consultation with various NSW government departments.
 - Continued Community Consultation.

- Negotiation of Concession rights for exploration and exploitation of former “Brskovo” mine and associated zinc/lead deposits.

- Review of drilling targets within EL 6831 ‘Black Springs’ and EL 6767 ‘Elsieonora’ with a view to providing additional ore within trucking distance for the Peelwood North project.

The Directors and Management of Sultan are committed to progress along the path of transition from explorer to miner.

Derek Lenartowicz
Managing Director