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DRILLING TO COMMENCE AT SULTAN'S POLYMETALLIC MONTY PROJECT AS FEASIBILITY WORK PROGRESSES

Feasibility work for Montenegro Project on track with metallurgical drilling imminent

International minerals company Sultan Corporation (ASX: SSC) ("Sultan" or the "Company") is pleased to advise that a program of metallurgical sample drilling is set to commence at its MB ("Monty") Base Metals Project located in Montenegro, eastern Europe (*see Figure 2*) as feasibility work ramps up.

Sultan acquired 100% of the Monty Project in 2010 for just €100,000 and moved quickly to establish a JORC compliant Inferred Resource of **9.2Mt grading 3.8% zinc, 1.2% lead and 0.36% copper, containing 350,000t of contained zinc, 110,400t of lead and 33,120t of copper** (see Figure 1 attached).

This resource was calculated from existing drilling information, saving Sultan considerable cost and establishing that Monty is a valuable polymetallic resource with the potential to underpin a mining development within the next 12-18 months.

The Company expects that Monty will form part of a broader Consolidation Strategy in the Balkans, which will involve the acquisition of a portfolio of advanced (near-production) and emerging base metal projects in the region. Further details on this strategy will be provided in the near future.

Monty Project – Feasibility Work

Approvals have now been received from the Government of Montenegro for drilling to commence at Monty in order to extract approximately 200kg of core for metallurgical sampling. This programme will commence shortly with an accredited local drilling company already mandated to complete this work.

These samples will be sent to the United Kingdom in October to be analysed by recognised consultants mandated by Sultan to act as Project Manager for the metallurgical sampling and concentrate recovery programme.



In addition, any excess sample recovered will be sent to Perth and will be assayed for zinc, lead, copper and silver, with the results to be incorporated into the existing database to update the current JORC resource.

This process is likely to take approximately 2-3 months to complete. At the end of this programme, Sultan will have a better understanding of the process flow relating to concentrate recovery and will be in a position to commence design of the plant. As Monty has been previously mined, Sultan is confident that the concentrate recovery programme will yield positive results.

The Company will also be aiming to work with partners to develop a preliminary mine plan for Monty in the next few months, in parallel with this metallurgical programme.

Ultimately, Sultan is targeting completion of all feasibility work on Monty by approximately mid-2012 with a view to commencing construction of a plant in the second half of 2012 and starting mining operations in 2013. The achievement of this target would represent only two years from Sultan acquiring the project right through to production, which underlines the importance that the Company places on this asset.

Initial in-house commercial analysis of the Monty Project highlights several key advantages for Sultan in this project, over and above the low entry cost, namely:

- it is a typical polymetallic ore body that contains copper, lead, zinc and silver – all of which can all be recovered, ensuring a strong, diversified revenue stream;
- it has low forecast unit operating costs;
- the project is able to access a motivated and experienced local workforce, at significantly lower costs to any similar project located in Australia;
- it has relatively low forecast capital costs for plant and other infrastructure;
- it is well placed to benefit from continued strong market demand and associated prices for base metals; and
- there are potential synergies and economies of scale with other base metal projects which Sultan may consider and acquire in the region.

Sultan's Managing Director, Mr Mike Ralston, said "The Company was confident that the Monty Project would form a cornerstone of its Resource Project Consolidation Strategy in the Balkans region, moving rapidly towards a mine development by 2013 and making a strong contribution to the Company's earnings by 2014".

"With a number of key advantages outlined above and at current metal prices, we expect that Monty could become a low-cost mine development with the potential to deliver net cash flows of around \$50 per tonne of ore processed," he said. "We will be initially targeting 200,000tpa of ore throughput, rising to 400,000tpa once fully ramped up. These estimates are



in-house only from initial scoping studies completed, and will be reviewed once the full feasibility is completed in 2012.”

-ENDS-

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Figure 1: JORC Resource for Monty – Inferred

	Tonnes	Zn %	Pb %	Cu %	Cut-Off's
Brskovo	2,539,086	3.82	3.03	0.53	2% Zn or 2% Pb
Zuta Prla	4,744,869	4.06	0.11	0.30	3% Zn
Visnjica	1,896,020	2.98	1.51	0.26	2% Zn
Total Weighted Ave	9,179,975	3.77	1.21	0.36	

1. Competent Persons Statement

The information in this report that relates to Exploration Results 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.



Figure 2 – Monty Project Location, Montenegro

