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The Manager,
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# HIGH GRADE NEAR SURFACE RESOURCE AT PEELWOOD

Sultan Corporation Limited is pleased to report the completion of an initial JORC resource estimate for its Peelwood prospect, located 75km south of Bathurst in central New South Wales.

Sultan's JORC resource for Peelwood has been estimated in the category of 'inferred'. It is expressed at cut-off grades of 0% and 4% zinc equivalent. The estimate is:

- **259,060 tonnes at 5.45% zinc equivalent (0% zinc equiv cut-off grade)**
- **105,400 tonnes at 12.04% zinc equivalent (4% zinc equiv cut-off grade)**

These Peelwood resources are separate and additional to the previously announced John Fardy resource. As a result, the new inferred resource has the potential to supplement any future mining operation at John Fardy.

Sultan previously announced a JORC resource of at John Fardy (Table 2) of:

- **862,000 tonnes at 6.7% zinc equivalent.**

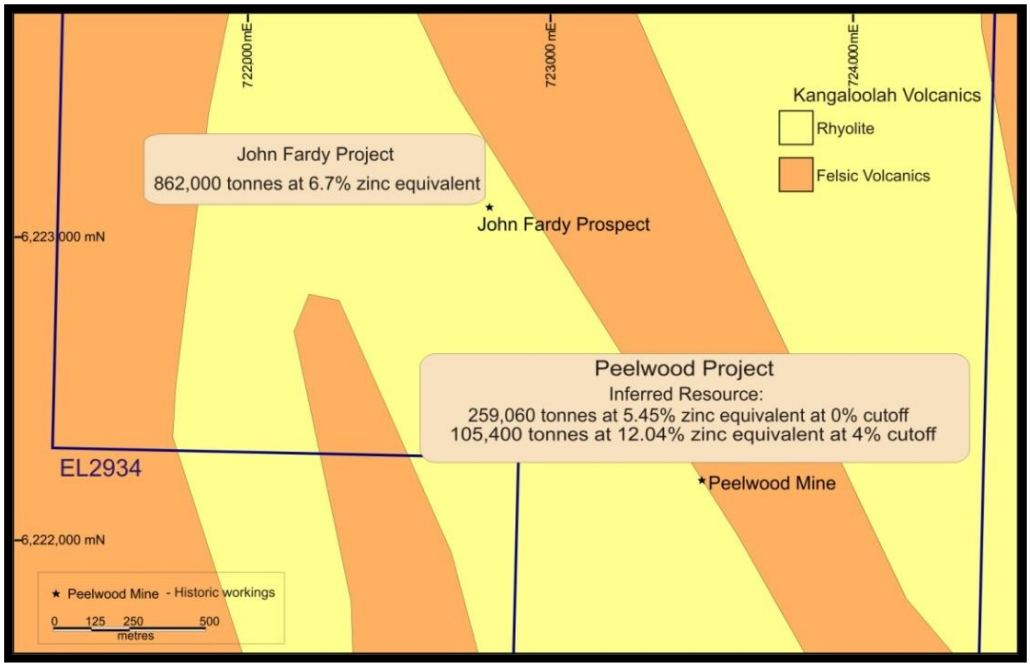


Figure 1 - Location of Peelwood Prospect, 1km SSE of John Fardy

Peelwood is an historic silver and base metal mining area and is located approximately 1km SSE of Sultan Corporation Limited's John Fardy Project as outlined in Figure 1.

Results from all recent and historical drillholes have been used to calculate the resource.

Twelve diamond core holes were drilled at Peelwood between 1951and 2002. Sultan has augmented this historical data by drilling a further three diamond holes for 467.7 metres in the April-May period of 2008.

There are two sub-parallel lode systems, the Cornish Lode and the Magazine Lode. The spatial relationship between the Cornish and Magazine Lodes is shown schematically in Figure 2.

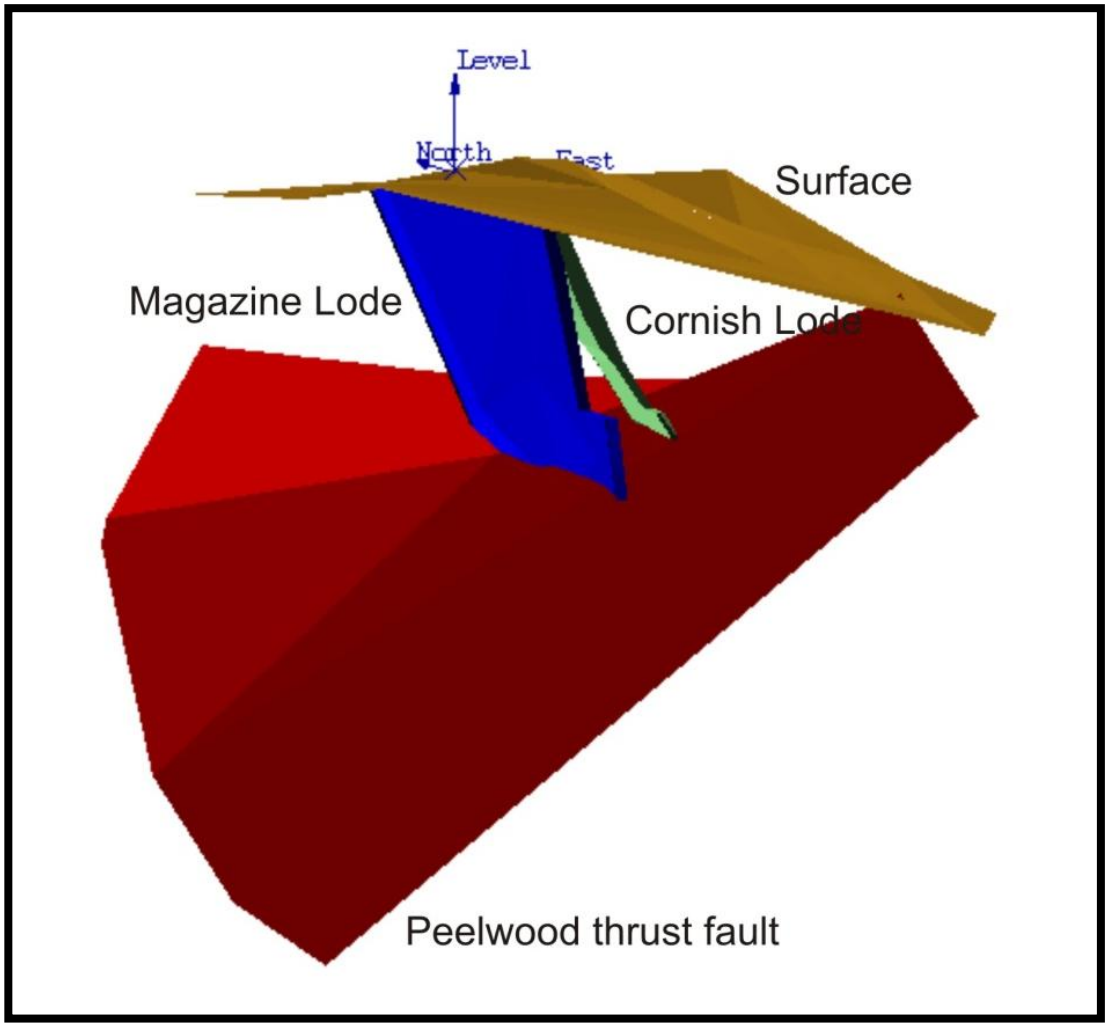


Figure 2 - Schematic Diagram of Magazine and Cornish Lodes

A detailed breakdown of the Peelwood resource with respect to the individual lodes and to varying cut-off grades and is given in Table 1.

The current Peelwood resource estimate has all material placed in the inferred category which is a relatively low level of confidence. In-fill and near surface drilling is planned for calendar 2009 to increase confidence in the current estimate.

Table 1 - Peelwood Resource for Individual Lodes and Varying Cut-Offs

| Mineralised Body | Tonnes | Zn % | Cu % | Pb % | Ag g/t | Zn Equiv |
|---|---|---|---|---|---|---|
| 0% Cut-off grade | | | | | | |
| Cornish Lode | 58,968 | 3.68 | 0.29 | 1.47 | 17 | 6.48 |
| Magazine Lode | 200,095 | 2.56 | 0.30 | 1.23 | 17 | 5.15 |
| **Total** | **259,063** | **2.82** | **0.30** | **1.28** | **17** | **5.45** |
| | | | | | | |
| 4% Cut-off grade | | | | | | |
| Cornish Lode | 30,277 | 6.50 | 0.43 | 2.58 | 27 | 11.07 |
| Magazine Lode | 75,123 | 6.30 | 0.69 | 3.00 | 37 | 12.43 |
| **Total** | **105,399** | **6.36** | **0.62** | **2.88** | **34** | **12.04** |

Both the Cornish and Magazine Lodes are open to the north and extension drilling is also planned for 2009.

Additional details on the resource estimate and the estimation methodology are provided in the notes below.

**Descriptions and Notes on the Peelwood Resource Estimate:**

During the recent drilling, programme analyses were taken from half core samples from the diamond drill hole intersections. An assay database was produced by adding the 2008 data to the historical drilling data previously compiled by Adanac Exploration Pty Limited. All assay data was converted into two metre downhole composites.

Both the hanging wall and the footwall of the lodes are quite well defined and these were used to construct wireframes. In carrying out the resource estimate the two metre composite samples were selected from only within the wireframes.

The estimation method used was inverse distance squared and block sizes for x, y and z were 5, 20 and 5 metres respectively. The Cornish Lode strikes close to north-south on the local grid whereas the Magazine Lode strikes approximately 20 degrees west of grid. N. Both lodes dip steeply to the east and appear to have a shallow plunge to the north. Taking these characteristics into account, individual search ellipses were constructed for both lodes and the parameters are given below:

***Cornish Lode**: x y z, 40 by 5 by 40 metres on a bearing 180, plunge 9 to N, dip 70 to the east.*

***Magazine Lode**: x y z, 40 by 10 by 40 metres on a bearing 161, plunge 9 to N, dip 73 to the east.*

It was possible to obtain an approximate base of oxidation. Some variation occurred according to location but was generally in the vicinity of just over 20 metres below surface. The majority of the ore in the resource is fresh but there were also some oxidized and transitional materials. Different in-situ bulk densities were assigned to the material types, with 2.7 assigned to oxide material, 2.9 assigned to transitional material and 3 assigned to fresh material.

The zinc equivalent grade was calculated by adding the zinc grade and the calculated grades of copper, lead and silver, according to the formula below:

***Zinc equivalent %** = Zn% + 4.0Cu% + 1.0Pb% +0.01Ag g/t.*

Sultan's John Fardy JORC resource has been estimated in the categories of measured, indicated and inferred with decreasing levels of confidence as seen in Table 2.

*Table 2 JORC Code-Compliant Resource at John Fardy Deposit*

| Resource Category | Tonnes | Zn% | Cu% | Pb% | Ag g/t | Zinc Equiv. |
|---|---|---|---|---|---|---|
| Measured | 470,000 | 4.9 | 0.9 | 0.7 | 14 | **7.4** |
| Indicated | 301,000 | 3.3 | 1.1 | 0.3 | 13 | **5.8** |
| Inferred | 91,000 | 3.3 | 1.1 | 0.3 | 13 | **5.8** |
| **Total** | **862,000** | **4.2** | **1.0** | **0.5** | **13** | **6.7** |

These estimates should be read in conjunction with the descriptions of the nature and mode of occurrence of the John Fardy deposit and its drill hole intersections with a plan and sections that were published in Sultan's announcements on 5 and 26 June 2007.

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.

Derek Lenartowicz
Managing Director