

## QUARTERLY REPORT FOR THE THREE MONTHS ENDING 30 JUNE 2009

### 1. HIGHLIGHTS

#### Metallurgical Test Work

**Highlights include:**

- Metallurgical recovery in excess of 95% achieved for both Copper and Zinc;
- Clean, high grade concentrate achieved;
- No need for fine grinding – expected savings in capital and operating costs; and
- All impurities below penalty levels.

Metallurgical Test work has been undertaken on John Fardy ores by AMMTEC Limited based in Balcatta, Western Australia. Earlier summary progress results had been available but during the quarter the final completed report was received.

#### Preliminary Fauna Assessment

**Highlights include:**

- Low likelihood of fauna affecting approval process;
- Fauna typical of Western slopes of NSW;
- Disturbed site due to previous grazing, clearing mining and exploration; and
- One (1) vulnerable species noted.
- Small mine foot print

The fauna assessment was co-ordinated by Sultan's Environmental Consultant Mr. Mark Cannon. Biodiversity Monitoring Services undertook the fauna assessment. A concurrent preliminary flora assessment was undertaken by Gingra Ecological Services and the report is awaited.

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More detailed fauna assessments may be required in future to provide information to the planning approval process, however based on the work to date, the likelihood of fauna affecting the approval process is regarded as low.

## 2. METALLURGICAL TESTWORK

Testwork was conducted by Ammtec Ltd at its major laboratory in Balcatta, Western Australia. Ammtec is an ASX-listed company involved in the supply of a wide range of metallurgical and mineral testwork services to the mining industry both in Australia and internationally.

Testwork was designed and coordinated on behalf of Sultan by Mr Mike Kitney of Metallurgical Design, while the actual testwork itself was supervised by Senior Metallurgist Wayne Harding of AMMTEC.

The results of the testwork are described below.

### 2.1. Grind Optimisation Flotation Testwork

Grind optimisation flotation testwork was undertaken to determine the overall recovery from flotation at two different grind sizes. 1.0 kg sub-samples of base metal sulphide ore were used and the grind sizes were 106 and 75 microns respectively. Summary results are given in the Table 1.

*Table 1 – Effect of Grind Size on Recovery*

Sample Identity	Grind Size (micron)	Recovery (%)			
		Copper	Lead	Zinc	Sulphur
Base metal sulphide <i>Cu/Zn/Pb ore</i>	106	99.55	99.05	99.64	99.63
	75	99.64	99.02	99.68	99.73

The testwork indicates that:

- Sulphide minerals are readily liberated at both 75 micron and the coarser 106 micron;
- Both grind recoveries of zinc, copper and lead are all well in excess of 95%; and
- Finer grinding to 75 micron is not required to enhance flotation performance.



## 2.2. Differential Cu-Pb-Zn rougher flotation testwork

Differential Cu-Pb-Zn rougher flotation testwork was conducted on 1.0kg sub-samples of base metal sulphide ore. Three separate tests were conducted using different reagents and producing from 6 to 7 separate concentrates.

All recoveries for Zn and Pb were in excess of 95% and generally of the order of 97% to 99% respectively. Cu recoveries were over 90% and in the case of Test WH1161 were over 95%. All testwork was conducted at a grind of 106 micron. Results for WH1161 are given in Table 2.

*Table 2 - Results from Differential Cu-Pb-Zn Rougher Flotation Testwork*

Sample Identity	Recovery (%)		
	Copper	Lead	Zinc
Base Metal Sulphide <i>Cu concentrate</i>	72.04	30.39	6.25
Base Metal Sulphide <i>Pb concentrate</i>	10.75	36.60	20.66
Base Metal Sulphide <i>Zn concentrate</i>	12.76	30.28	72.45
Base Metal Sulphide <i>Overall concentrate</i>	95.55	97.27	99.36

## 2.3. Bulk Rougher/Regrind/Cleaner Differential Flotation test

The final testwork was a Bulk Rougher/Regrind/Cleaner Differential Flotation test using a base metal sulphide sample of 8.0 kg, a grind of 106 microns and a new reagent scheme designed by Mr Graeme Stewart, Senior Flotation Metallurgist at AMMTEC. Results are given in Table 3.



Table 3 - Results from Bulk/Rougher/Regrind/Cleaner Differential Flotation Tests

Sample Identity	Recovery (%)		
	Copper	Lead	Zinc
Base Metal Sulphide <i>Cu concentrate</i>	49.2	11.9	9.71
Base Metal Sulphide <i>Pb concentrate</i>	17.4	44.2	5.68
Base Metal Sulphide <i>Zn concentrate</i>	27.6	39.9	83.8
Base Metal Sulphide <i>Overall concentrate</i>	94.2	96.0	99.2

This work demonstrated that saleable concentrates could be produced from all “ore-types” with very satisfactory concentrate recoveries. Based on these findings, Sultan’s feasibility study has progressed to the final stages.

### 3. PRELIMINARY FLORA AND FAUNA ASSESSMENT

#### 3.1. Introduction

SSC commissioned a desktop fauna and flora assessment of its John Fardy Project site. The assessment was 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) Act.

The surveys were coordinated by Mr. Mark Cannon who is an Environmental Consultant representing Sultan Corporation and is supervising the biological and other related environmental related aspects of the project.

The aim was to identify plant communities and possible threatened plant species and also to determine whether or not fauna of significance occur at the site. Biodiversity Monitoring Services undertook the fauna assessment whilst the flora assessment was undertaken by Gingra Ecological Services. The fauna assessment included a site visit undertaken on 7<sup>th</sup> May 2009.

The draft relative locations of the pits, waste dumps, tailings dam and other associated infrastructure are given in Figure 1 accompanying this Quarterly report.



### **3.2. Methodology**

The following methodology was used in the assessment:

- Known NSW fauna databases were searched. These include the Bionet (NSW Government) and the Wildlife Database (NSW DECC).
- A site visit was undertaken in May 2009.

### **3.3. Results**

The following results were noted:

- the site is hilly and consists of woodland habitat, creeklines and rocky outcrops;
- it is a disturbed site due to previous grazing, clearing, mining and exploration;
- the site visit revealed the presence of (13) bird species and three (3) mammals;
- one (1) vulnerable species was noted;
- the Wildlife database of the NSW DECC was deemed the most appropriate source and a 20km radius search area was chosen;
- the database provided a full list of 130 fauna species; and
- within the 20km radius there are one (1) endangered and seven (7) vulnerable species.

### **3.4. Conclusion**

The mine area has a relatively small footprint and the area has been subject to previous disturbance hence affecting the value of remaining habitat.

Endangered and vulnerable species do occur within the vicinity of the project.

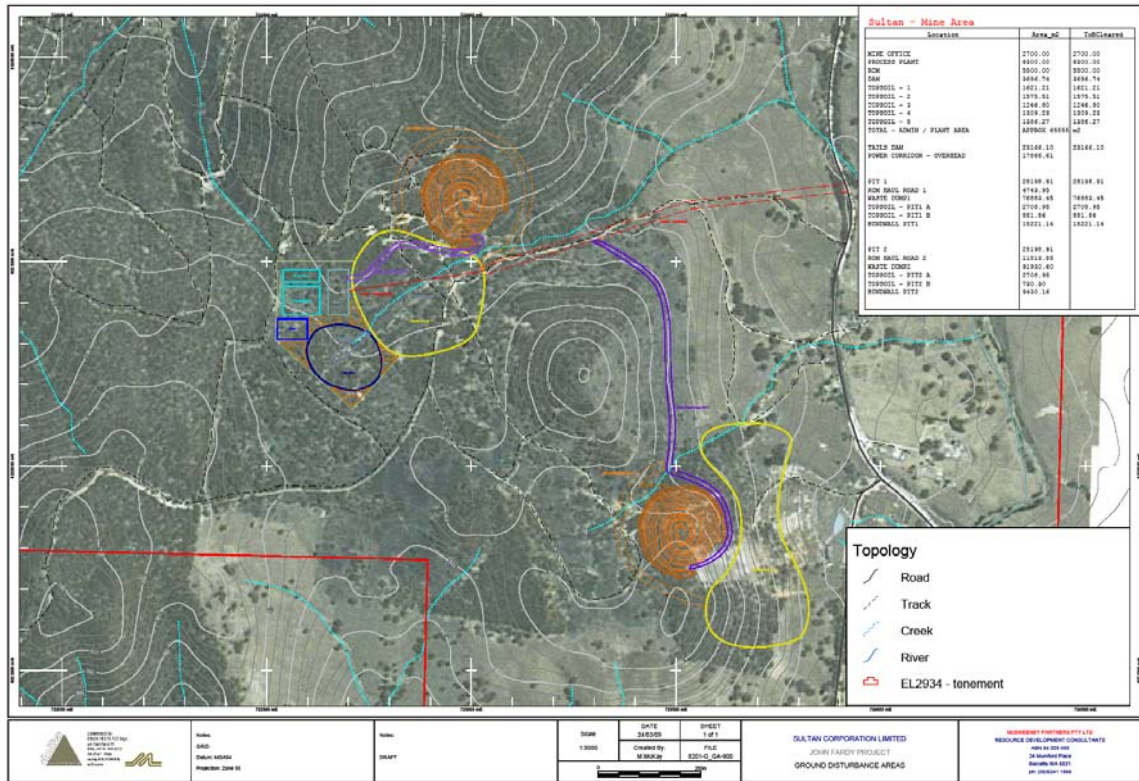
Due to the presence of a known vulnerable species, the Brown Treecreeper, noted during the site inspection and the possibility of other endangered and vulnerable species on site, further, more detailed assessments may be required to provide information to the planning approval. However based on the work to date, the likelihood of fauna affecting the approval process is regarded as low.

### **3.5. Corporate**

On 4 June 2009, the company completed a placement of 95,400,000 shares at 0.5 cents per share to raise \$477,000. Exploration expenditure in the quarter approximated \$16,000.



Figure 1 Location plan - John Fardy and Peelwood Open Pits, Waste Dumps and Tailings.



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.