

The Company Announcements Officer
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The following is an *Inside Briefing* interview with Sultan Corporation Managing Director, Mr Mike Ralston

In this interview, Mr Ralston provides an update on emerging resources company Sultan Corporation Limited (ASX: SSC) (current market capitalisation = \$35 million) including:

- ◆ an overview of the Company's base metals consolidation strategy in Eastern Europe and the Balkans region;
- ◆ the recently announced acquisition of the highly prospective Bogdan Project in Poland, located next door to one of the world's biggest copper producers;
- ◆ an explanation of the Company's growth focus, including plans for its existing assets;
- ◆ details relating to the previously announced Togo Phosphate Project in West Africa; and
- ◆ an overview of the Company's development and production strategy for 2012 and beyond.

Inside Briefing: Sultan Corporation Limited (ASX: SSC) is an emerging company with a dynamic growth strategy centred around a growing portfolio of base metal projects located in East Europe and the Balkans, as well as existing projects in Australia. Can you provide a brief overview of the company including your executive team?

Mike Ralston: Sultan has been developing the Peelwood copper-zinc-lead project in New South Wales for several years and is close to completing the environmental impact study as the final key requirement before moving the project to production. However, while Peelwood shows strong cash returns over a 3-4 year production cycle, its limited mine life would make it difficult to build a substantial resource company around this asset alone. Accordingly, we have spent considerable time seeking additional projects that will build the company to a new level.

Evidence of this is starting to emerge – firstly with our MB (“Monty”) base metals project in Montenegro, which has the ability to deliver significant cash flow from 2013 onwards when it goes into production, and now with our exciting new Bogdan base metals exploration project in Poland – which gives the company significant upside potential.

Our Executive Chairman, Derek Lenartowicz, has strong experience, both as a mining engineer (he was formerly General Manager of WMC's flagship Mt Keith nickel mine in WA) as well as someone who can identify and secure quality resource projects; we are leveraging off his expertise in both capacities, and will continue to do so into the future.

Milos Bosnjakovic, our other Executive Director, has strong networks in the Balkans region and his ability to locate and deliver projects there is significant. Kevin Alexander, our Chief Geologist, has considerable experience in base metals and gold over many years and he will also play a critical role in the Company as we develop our portfolio of assets over the next 12-24 months.

My experience is more corporate-focused and I have played a role in several ASX resource growth stories, most recently helping to build Kangaroo Resources Limited (ASX: KRL) from a \$5 million shell company to a substantial resource group with a >\$500 million market capitalisation in just two years. I believe that Sultan has all the ingredients to do exactly the same – namely strong exploration projects with huge upside potential, together with near-term production projects which can deliver strong cash flow, a robust strategy, and a senior management team with highly complementary skills and experience.

Inside Briefing: Can you explain your emerging Consolidation Strategy in more detail and outline what sort of assets Sultan is targeting?

Mike Ralston: As a Board, we made the conscious decision some months back to develop Sultan towards becoming an emerging mid-tier mining company with a strong portfolio of quality projects, aiming for a market capitalisation exceeding \$500 million within 2-3 years. Obviously it takes time to move from where we have come from to this position, but it also takes projects and people to make it happen, ultimately leveraging off their experience and their ability to deliver. We have both.

Sultan is targeting Eastern Europe and the Balkans for projects to deliver into this strategy because we have a significant competitive advantage in being able to secure quality assets in that region for good value. Derek Lenartowicz is a third generation miner from Poland and Milos Bosnjakovic was a lawyer for the Government of the former Yugoslavia.

We also believe this region also offers compelling value because it has a long history of mining, with some of the best base metal projects in the world operating in countries that have strong security of tenure, transparency in their mining laws, experienced resource workforces, and generally low entry costs and operating costs compared to Australia.

Sultan acquired a 100 per cent interest in the MB ("Monty") base metals Project in Montenegro in late 2010 and has quickly advanced that asset to a JORC resource, with a view to ultimately moving it into production sometime in 2013. This was the first step in our overall consolidation strategy, under which we plan to develop a number of base metal assets – leveraging off all available synergies and economies of scale – and build up a strong regional portfolio, including one or more projects which are already in production.

Our Monty Project should not be under-estimated. It is polymetallic, which means that Sultan will benefit from being able to recover all of zinc, lead, copper and silver together, resulting in good operating margins from these metal credits together with low production costs. This would make Monty a robust project, based on the results of our preliminary internal review.

Sultan's medium term strategy is to deliver operating cash flows of approximately \$75 million per annum from all of its projects within 2-3 years and we believe that the Monty might contribute approximately one third of that target, which makes it a valuable cornerstone for the Company.

The new Bogdan Project in Poland marks the second step in this strategy and presents a unique opportunity in that it is located immediately adjacent to one of the largest copper and silver producers in the world. Similar base metals mineralization has already been identified on the Bogdan tenement, making it a highly prospective opportunity.

We are excited by the potential at Bogdan and plan to embark on an exploration programme in the near term. The location, base metals focus, and strong upside all fit in well with our emerging strategy and we are confident that this asset has the potential to become a company-making project for Sultan in the years ahead.

However, we are not stopping here as we have an opportunity to bring other valuable resource assets into the mix to build upon this regional consolidation. We are currently considering other projects in the same region, but at the moment there is nothing further to report to market.

Ultimately our aim is to have a strong portfolio of quality projects with similar characteristics in close proximity, ranging from early exploration through to already-in-production assets. We believe such a combination would be valuable and would provide Sultan with a strong platform to achieve our ambition of attaining a significant market capitalisation in the medium term.

Inside Briefing: Bogdan in particular sounds impressive for its potential, can you elaborate further on the asset and what you might hope to achieve there?

Mike Ralston: The significance of Bogdan is that it lies on a regional feeder fault line that is strongly endowed with massive base metals mineralisation which has sustained substantial copper production over the past 40 years. Bogdan sits immediately adjacent to the mines owned and operated by KGHM Polska Miedz S.A (“KGHM”), one of the largest copper and silver producers in the world. KGHM is an \$11 billion organization that is targeting to mine over 500,000 tonnes of copper (including credits) in 2011 from this area – a level of copper production that is nearly three times the copper production tonnage of BHP’s Olympic Dam Project!

The company made approximately \$2 billion profit last year and it is one of the largest companies on the Polish stock exchange. It has developed a series of copper mines along 30km of this particular fault line over the past 40 years and it has significant associated infrastructure in place, including concentrators and smelters that constantly need ore.

The Bogdan tenement covers an area of approximately 40 sq km, so the tenement represents a reasonably large land area for Sultan to explore, and it is located next to one of the most successful mines within the KGHM operations. The zone of mineralisation along this fault line contains all of copper, lead, zinc, silver and gold, which have all been mined from the adjacent tenements, and Sultan will be targeting all of these in its exploration programme.

To date only one hole has been drilled historically in the Bogdan tenement and this returned sufficiently positive base metal results to warrant further attention. While it’s early days and we do not want to get ahead of ourselves, we believe that this property has the potential to develop into a significant asset within Sultan’s portfolio and we will therefore be working on Bogdan as a priority exploration project going forward.

Inside Briefing: What do you intend to do with your other Australian assets under your current strategy?

Mike Ralston: Sultan currently owns 100 per cent of the Peelwood base metals project in New South Wales, which incorporates the Elsenora (gold) project, where we have recently announced positive initial drilling results. Peelwood definitely has value but obviously does not fit that well within a base metals consolidation strategy centered in the Eastern Europe/Balkans region.

We will continue to progress this asset towards production but we will consider all options thereafter for Peelwood and how we might best leverage this asset within our overall plan. We are aware that we have limits to overall resources at our disposal and our focus ultimately needs to be placed upon those assets that we believe can bring the most long term value into Sultan.

Elsienora is slightly different. As indicated by our August 2010 announcement, we completed our first stage exploration programme which indicated that the same type of broad gold mineralisation exists at Elsenora that is prevalent at McPhillamy’s, which is a +3 million ounce gold resource located approximately 50 km to the north.

We are bullish on gold and believe that there is sufficient motivation for Sultan to persevere at Elsenora; accordingly, we are embarking on a second stage exploration programme to drill a few deeper holes. The most valuable intersections for gold at McPhillamy’s are at depth below the broad mineralized zone and we will be looking for something similar at Elsenora.

As to how we might incorporate any success at Elsenora into our overall structure and strategy, I believe it is early days and we will manage that appropriately if the project goes to the next stage with a defined resource. Naturally our shareholders will be looked after whichever way we decide to go.

Inside Briefing: There have been media articles as well as Sultan announcements concerning the company tendering for a large phosphate project in Togo, West Africa. Can you explain where this presently stands as well as how this may be incorporated into your Consolidation Strategy if the company was able to secure this project?

Mike Ralston: Sultan has been working on this project for a while and, as announced, we submitted a tender as required by the Government of Togo in early August 2011. We believe that Sultan represents a very experienced and capable partner for the Government of Togo to develop this asset and we were able to secure the support of several tier one partners for our tender in relation to key aspects of the development process. We realize that the Government of Togo has to consider all tenders carefully to ultimately make their choice as to which party they believe can add most value to this project and we respect their decision-making process.

We understand the World Bank may now also be involved in the process and we are comfortable with their participation. To date we have not heard anything more and we will continue to monitor this and take appropriate action as the Togo phosphate project is of a size and scale that can immediately lift Sultan into the tier of resource companies that we are targeting over the medium term.

As to how we might best incorporate this project into the overall Sultan consolidation strategy, it's probably too early to say, and we will deal with that issue if we are successful in our tender bid.

Inside Briefing: Looking forward, can you briefly summarise some of the key milestones which shareholders and investors should look out for from Sultan over the next three to six months?

Mike Ralston: We have spent a fair amount of time and energy building the foundations for this new strategy over the past six months and we are confident that investors will see some of the fruits of this activity over the next six months, with further projects potentially being added in the Eastern European and Balkans region.

We are taking time to ensure that anything that we consider is carefully vetted in terms of overall value and long term potential and that all appropriate due diligence is completed. Obviously this takes time and this will therefore be an ongoing process. We will keep the market informed of this via the ASX platform.

More specifically, Sultan will soon be commencing an initial exploration programme at Bogdan and a second exploration programme at Elsenora. We will continue our feasibility work at both Peelwood and Monty with a view to moving both projects into production in as short a time as possible. We believe we should receive a clear indication on Togo within the next quarter.

As our growth strategy unfolds, Sultan will also continue to develop its corporate strategy; as the strength of our asset portfolio builds up, the Company may consider a consolidation of issued share capital to make the company more attractive to long term sophisticated investors. We will also begin to market Sultan more aggressively going forward with the objective of building awareness and market support.

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These factors include, but are not limited to, the failure to complete and commission the mine facilities, processing plant and related infrastructure in the time frame and within estimated costs currently planned; variations in global demand and price for gold and base metal materials; fluctuations in exchange rates between the U.S. Dollar, the Euro, other European currencies and the Australian dollar; failure to recover the resource and reserve estimates of the Project; the failure of Sultan Corporation's suppliers, service providers and partners to fulfill their obligations under construction, supply and other agreements; unforeseen geological, physical or meteorological conditions, natural disasters or cyclones; changes in the regulatory environment, industrial disputes, labour shortages, political and other factors; the inability to obtain additional financing, if required, on commercially suitable terms; and global and regional economic conditions.

Readers are cautioned not to place undue reliance on forward-looking statements. We assume no obligation to update such information.

The information concerning production targets in this announcement are not intended to be forecasts. They are internally generated goals set by the board of directors of Sultan. The ability of the company to achieve these targets will be largely determined by the company's ability to secure adequate funding, implement mining plans, resolve logistical issues associated with mining and enter into off take arrangements with reputable third parties.

It is common practice for a company to comment on and discuss its exploration in terms of target size and type. The information above relating to any exploration target should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the terms Resource(s) or Reserve(s) have not been used in this context. The potential quantity and grade is conceptual in nature, since there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.