

30 January 2009

ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 30 January 2009

## SULTAN TO ACQUIRE LARGE PHOSPHATE DEPOSIT

The Board of Sultan Corporation Limited ("Sultan" or "Company") is pleased to announce that the Company has entered into an agreement to acquire the Chamaguel Phosphate Project ("the Project") located in Mali, West Africa.

The Project has been known since 1935 and recent work undertaken by PDRM Geological Consultants, consisting of surface mapping and grid sampling, identified a large phosphate deposit. Work completed to date plus confirmation and extension sampling to be undertaken by Sultan should allow an initial JORC Compliant Resource estimate to be completed in the second half of 2009.

### Highlights:

- Based on exploration activities undertaken by various parties, independent consultants have assessed an initial exploration target in-situ tonnage of 25 to 30Mt<sup>1</sup> of phosphate contained in two separate seams. There is potential for substantial increases in target tonnage with additional exploration.
- The Project is situated approximately 130km north of the regional centre of Gao.
- Lease area of 185km<sup>2</sup>, with additional exploration targets already identified, providing significant potential to find additional phosphate resources.
- Independent report indicates that at least a portion of the deposit may be of high enough grade to allow for a simple mining, crushing and direct customer shipment operation.

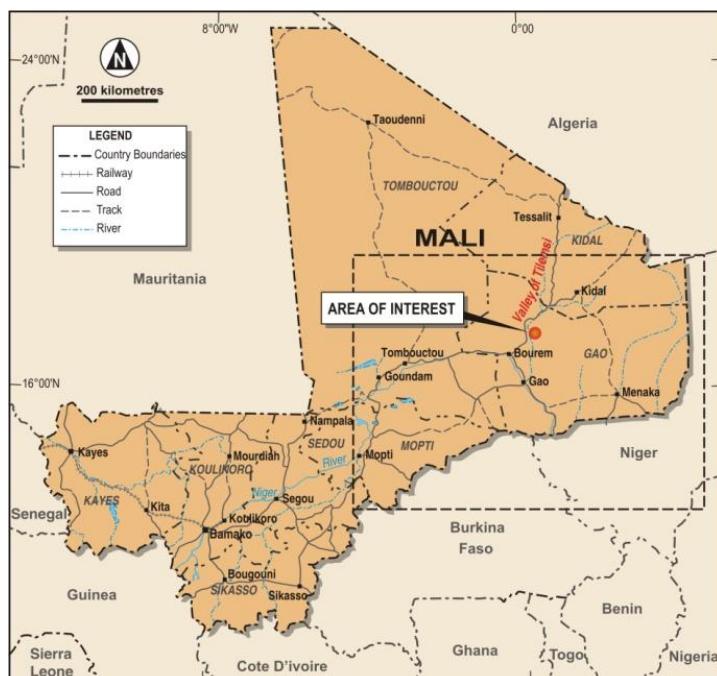


Figure 1 - Chamaguel Phosphate Project



The acquisition of the Chamaguel Phosphate Project will occur by Sultan acquiring 100% capital of Aether Minerals and Energy Limited (Aether). Aether's main asset is its 90% holding of Afriresources Mali SA. Afriresources has 100% ownership of a 185km<sup>2</sup> lease located in the Tilemsi phosphate concession (incorporating the Chamaguel deposit) of Gao, Mali in West Africa.

The commercial terms of Sultan acquisition, which is subject to approval by Sultan shareholders, include the issue of 60 million shares at settlement, with further ordinary shares to be issued upon achievement of production and product delivery to customers. Achievements of these milestones will also trigger certain cash payments to Aether.

**Enquiries:**

**Derek Lenartowicz – Managing Director**

**Contact Details:**

Telephone: (+61) 8 6365 4519

<sup>1</sup> The statement referring to the potential target tonnage is based on the 2008 geological report completed by Programme Pour le Developpement Des Ressources Minerale (PDRM), in conjunction with the Ministry of Mines in Mali. The potential tonnage range is conceptual in nature and insufficient work has been completed to report a Mineral Resource in accordance with the JORC Code (2004).

## **About Mali**

Mali is a landlocked country in West Africa sharing its borders with seven other countries. The Niger River and the Senegal River run respectively for 1700 km and 800 km through the south and east of the country, while the northern region forms part of the Sahara Desert.

Although Mali is landlocked country with relatively poor infrastructure, the government's reformed mineral code has attracted numerous foreign investors. Mali is now Africa's third largest gold producer. Apart from gold, Mali has potential bauxite, iron ore, base metals and phosphate deposits.

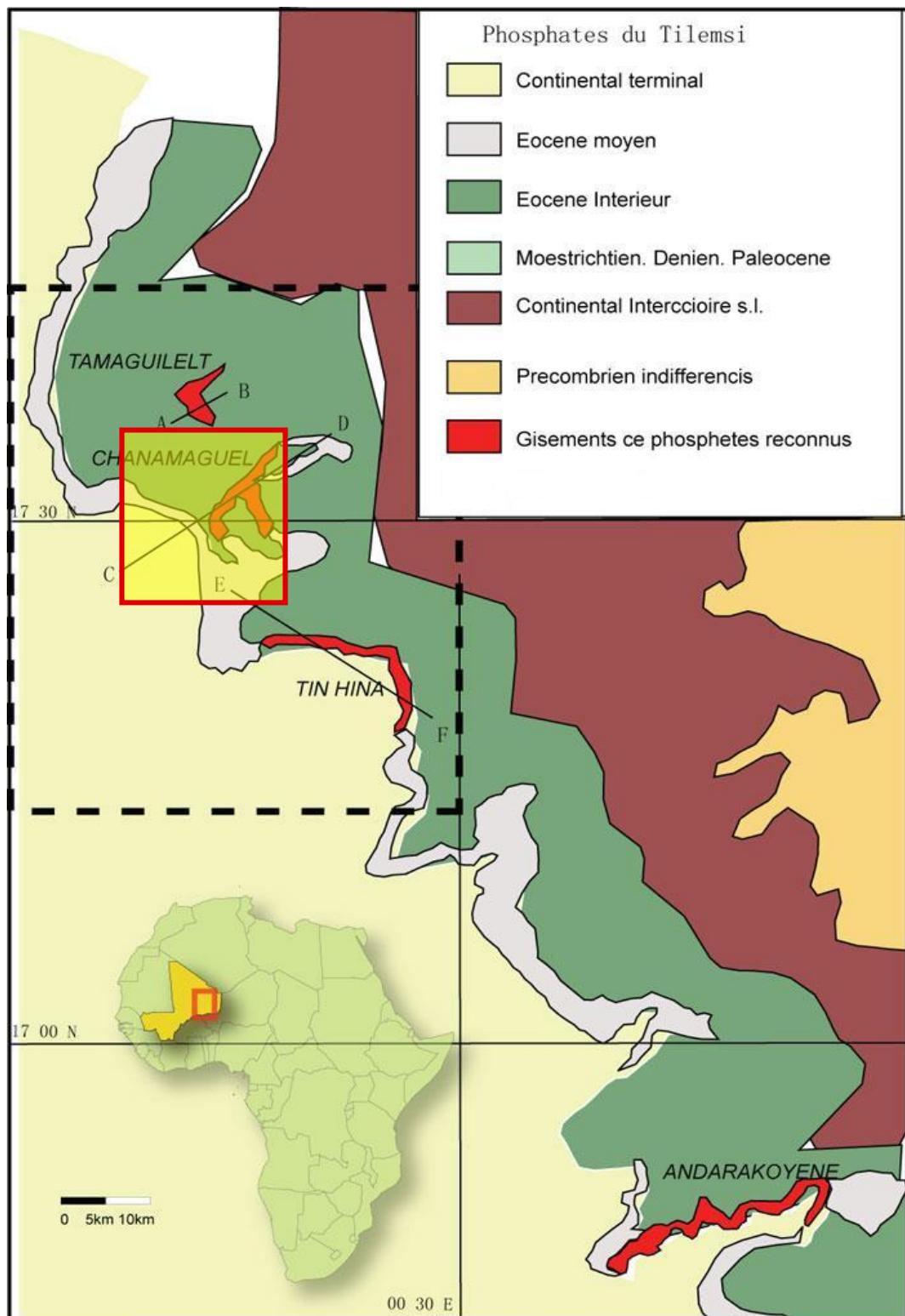
Mali's primary industries are agriculture and farming. Agriculture is practiced in the south and in the Niger River inland delta, where corn, cotton, rice, sugarcane, peanuts and other crops are cultivated. The list of principal exports includes peanuts, cotton, livestock and hides (cattle, goat, etc.), and gold. Mali has approximately 46 million hectares of arable land, and is known as the second largest cotton exporter in Africa after Egypt.

## **Uses of Phosphate**

Ninety percent of phosphate mined is used to produce chemical fertilisers. Worldwide, the resources of high-grade ore are declining, and the beneficiation of lower grade ores by washing, flotation and calcining is becoming more widespread.

Continued demand is predicted for phosphate fertilisers in an effort to feed a growing world population. Phosphate products are also used in animal feeds, as a leavening agent in baking powder and flour, as an additive to beverages and in pharmaceuticals. Industrial uses include water softening, rust proofing, fire proofing, in insecticides and detergents, and for the manufacture of elemental phosphorus.

Mali currently imports all of its phosphate. As a result, the government is seeking to have a local supplier of phosphate for local farmers at more favorable commercial rates. Malian ministry for Agriculture estimates the local demand to be approximately 220,000 tonnes per annum.



**Tilemsi Phosphate Concession, Mali West Africa**



## Due Diligence

Shareholders and potential investors should note that prior to the Company executing the conditional agreement with Aether and its vendors, it had conducted a high level review and assessment of the information provided in respect of the projects.

Sultan will now be undertaking a more comprehensive due diligence process (including title, environmental and other risks) with respect to the acquisition of Aether. Shareholders and investors should also be aware that the agreement to acquire Aether is conditional on regulatory and shareholder approval. Accordingly there is a risk that the transaction contemplated by this announcement may be changed or not be completed.

## Commercial Terms of Acquisition

Sultan has entered into an agreement to acquire 100% of Aether for consideration as follows:

- (a) 60,000,000 fully paid ordinary shares in the capital of Sultan (to be paid upon settlement);
- (b) 50,000,000 **Performance A** shares to be converted to ordinary Sultan shares upon delivery of first commercial phosphate shipment to a customer;
- (c) 50,000,000 **Performance B** shares to be converted to ordinary Sultan shares upon the Project reaching the milestone of generating \$5 million positive net cash flow after recovery of all capital and operating costs;
- (d) Aether will receive a one off payment of \$700,000.00 AUS upon Sultan obtaining approval from its board of directors to proceed to commercial production and development of the Project
- (e) The Vendors will be further entitled to 60% of any free cash flow arising after the Project is brought to production until payment of \$A1 million is made to the Vendors. Thereafter, 100% of free cash flow will be to the benefit of Sultan.

Derek Lenartowicz  
Managing Director

---