SULTAN
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QUARTERLY REPORT FOR THE THREE MONTHS ENDING 31 DECEMBER 2008

1. HIGHLIGHTS

John Fardy and Peelwood Resource Estimates

- The completion of an initial near surface JORC resource at Peelwood. The resource was estimated in the category of 'inferred' and is expressed at a cut-off grade of 0% zinc equivalent. The estimate is:
    - 259,000 tonnes at 5.45% zinc equivalent (0% zinc equiv cut-off grade).

- Updating of the resource at John Fardy to produce a JORC compliant resource of 636,000 tonnes at 9.0% zinc equivalent. The resource is predominantly in the 'indicated' category with a small amount classified as 'inferred'.

- A combined total John Fardy and Peelwood resource of 895,000 tonnes at 8.0% zinc equivalent.

John Fardy and Peelwood Preliminary Mine Optimisation

- The resources at John Fardy and Peelwood have been optimised by Intermine Engineering Consultants. Preliminary indications show that respective open pits contain a combined resource of 469,000 tonnes at 10.5% zinc equivalent.

Metallurgical Test Work

- Metallurgical Test work has been undertaken by AMMTEC Limited based in Balcatta, Western Australia. Exploration at Peelwood is at an earlier stage and work has been restricted to John Fardy.

- Test work indicates that sulphide minerals are readily liberated at both 75 and the coarser 106 micron. Both grind recoveries of zinc, copper and lead are all well in excess of 90% and generally greater than 95%. Finer grinding is not required to enhancer flotation.

Preliminary Project Indicators

- McSweeney Partners Pty Ltd has been engaged to conduct engineering design and a costing study based on a 120-150 ktpa treatment plant.

Corporate

- A non-renounceable entitlement issue of one Share for every four Shares at an issue price of $0.005 per share to raise approximately $682,000 was offered to shareholders registered at 5.00 pm (WST) on 27 November 2008. As of 24 December $247,593 had been received and the Shortfall Offer pursuant to the prospectus remains open until 22 March 2009.

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2. JOHN FARDY AND PEELWOOD RESOURCE ESTIMATES

John Fardy and Peelwood zinc and copper prospects are 100% owned by Sultan Corporation and are located 75km south of Bathurst in central New South Wales. These prospects are part of a larger contiguous group of tenements held by Sultan and include other advanced targets such as Black Springs (see Figure 1).

The initial exploration program conducted during the past 12 months was highly successful in upgrading the JORC resource at John Fardy; delineating maiden JORC resources at Peelwood; and identifying strong mineralisation at the Black Springs project. All projects remain open to further expansion and will be tested in the coming year.

Initial Resource at Peelwood

Peelwood is a historic silver and base metal mining area, located approximately 1 km SSE of Sultan Corporation Limited's John Fardy Project as outlined in Figure 1. Results from all recent and historical drillholes were used to calculate the resource.

Twelve diamond core holes were drilled at Peelwood between 1951 and 2002. Sultan has augmented this historical data by drilling a further three diamond holes for 467.7 metres. 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.

The resource was estimated in the category of 'inferred' and is expressed at cut-off grades of 0% and 4% zinc equivalent. Combined John Fardy and Peelwood resources can be seen in Table 1. Table 2 details the resource figures of the individual deposits. The estimate is:

- 259,000 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)

Updated Resource at John Fardy

A resource upgrade at John Fardy based on drilling was completed at the end of June 2008. A JORC compliant resource of 636,000 tonnes at 9.0% zinc equivalent was obtained. The resource is predominantly in the 'indicated' category with a small amount classified as 'inferred'. See Table 2 for details of the resource by category and individual element.

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Total Resource – John Fardy and Peelwood

A combined total resource of 895,000 tonnes at 8.0% zinc equivalent was obtained for John Fardy and Peelwood. See Table 2 for details.

Table 1 - Combined Resource Update for John Fardy and Peelwood

Resource	Tonnes	Zn %	Cu %	Pb %	Ag g/t	Zinc Equiv.
Combined Resource	895,000	3.94	0.8	0.73	16	8.0

NB: The zinc equivalence formula and relevant calculation variables are outlined in the section titled "Description and notes on John Fardy and Peelwood Resource Estimates."

John Fardy and Peelwood have both been estimated in accordance with the JORC Code (2004) and the individual resource estimates are given in Table 2 below. The categories of indicated and inferred with decreasing levels of confidence are as follows:

Table 2 - Individual Resource Updates for John Fardy and Peelwood Prospects

Resource	Resource Category	Tonnes	Zn%	Cu%	Pb%	Ag g/t	Zinc Equiv.
John Fardy * *(1% Zn cut-off)*	*Indicated*	*597,000*	*4.5*	*1.0*	*0.6*	*15*	*9.2*
	Inferred	*39,000*	*3.0*	*1.1*	*0.3*	*13*	*7.8*
	Total	**636,000**	**4.4**	**1.0**	**0.5**	**15**	**9.0**
Peelwood **							
	Inferred	*259,000*	*2.82*	*0.3*	*1.28*	*17*	*5.45*
	Total	**259,000**	**2.82**	**0.3**	**1.28**	**17**	**5.45**
Combined Resource		*895,000*	*3.94*	*0.8*	*0.73*	*16*	*8.0*

* John Fardy October 2008 Resource was estimated by Chris Black of Cube Consulting Pty Ltd

** Peelwood Resource was estimated by Kevin Alexander of Sultan Corporation Ltd

NB: The zinc equivalence formula and relevant variables for calculation are outlined in the section titled "Description and notes on John Fardy and Peelwood Resource Estimates."

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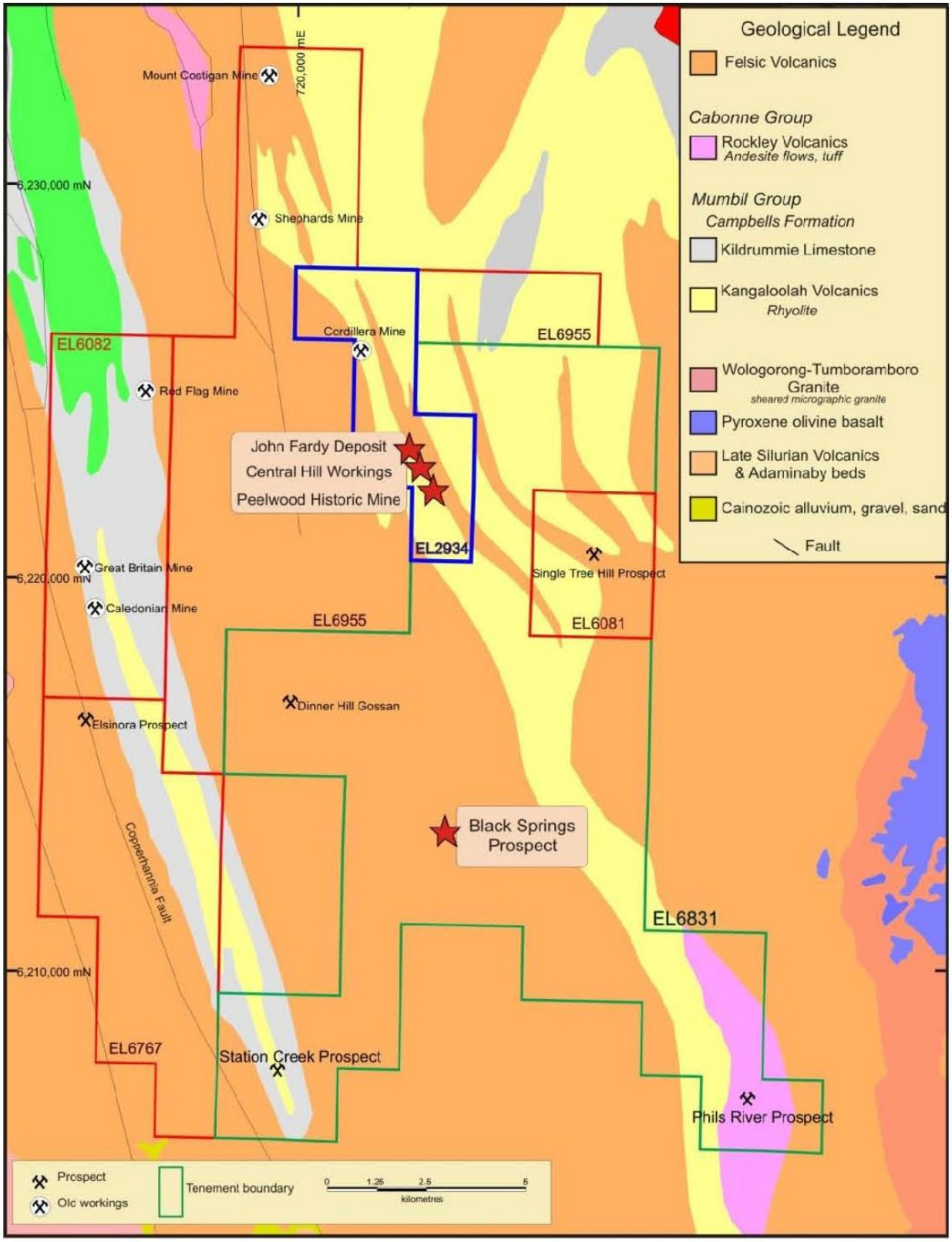
Figure 1 Sultan's Tenements in Peelwood Area



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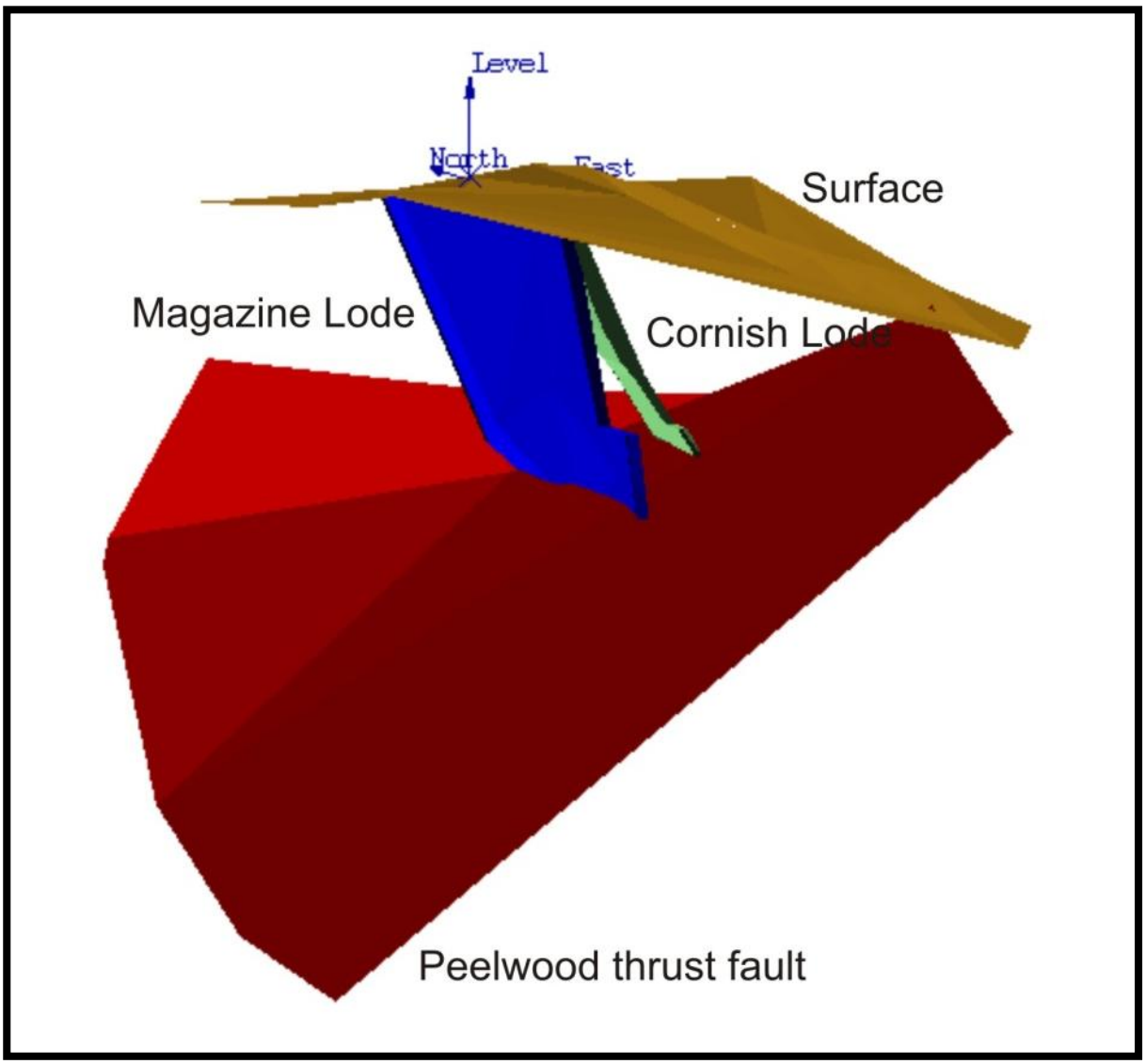

Figure 1 – Peelwood prospect - schematic Diagram of Magazine and Cornish Lodes

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3. JOHN FARDY AND PEELWOOD PRELIMINARY MINE OPTIMISATION

Sultan has engaged Intermine Engineering Consultants to complete all design and engineering studies. Intermine has optimised the current resource and preliminary indications indicate that the following tonnages are likely to occur within the respective open cuts at John Fardy and Peelwood projects.

Table 3 – Open Pit Estimates

Resource	Tonnes	Zn %	Cu %	Pb %	Ag g/t	Zinc Equiv.
John Fardy	*360,000*	*5.01*	*0.99*	*0.70*	*16*	*10.2*
Peelwood	*109,000*	*5.67*	*0.55*	*2.72*	*32*	*11.6*
Combined Resource	469,000	5.16	0.90	1.17	20	10.5

Sultan considers there are reasonable prospects for eventual economic extraction of this resource. Intermine has completed preliminary mine designs for both John Fardy and Peelwood and continue to manage the processes necessary to obtain regulatory approvals required to commence mining operations at both prospects.

4. METALLURGICAL TESTWORK

Sultan engaged Metallurgical Design to establish recovery characteristics of zinc, copper, lead and silver minerals. Metallurgical Design has also been responsible for optimising plant configuration for ore treatment.

In August and September, AMM was subcontracted by Metallurgical Design to conduct metallurgical test work of the John Fardy ore. Results of the test work are as follows:

- 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 90% and generally more than 95%;
- Finer grinding did not enhance floatation performance; and
- Very good Flotation Bulk Concentrate Recovery = 43.5%.

Table 4 - Recovery of Base Metals

Base Metal	% Recovery	Head Grade	Conc. Grade
Zinc	96	9.9	22.2
Lead	97.7	2.0	4.6
Copper	98.3	0.7	1.5
Sulphur	96.8	17.7	39.3

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Exploration at Peelwood is at an earlier stage than at John Fardy and independent metallurgical test work has not been undertaken, however mineralization at the two deposits is broadly similar in style.

5. PRELIMINARY PROJECT INDICATORS

Sultan has engaged McSweeney Partners Pty Ltd to conduct engineering design and a costing study based on a 120-150ktpa treatment plant. Preliminary assessment suggests the capital costs would fall within the expected values.

6. CORPORATE

A non-renounceable entitlement issue of one Share for every four Shares at an issue price of $0.005 per share to raise approximately $682,000 was offered to shareholders registered at 5.00 pm (WST) on 27 November 2008. The maximum number of shares to be issued was 136,404,694.

As of 24 December $247,593 had been received and the Shortfall remaining pursuant to the prospectus is 86,886,034 shares. The Shortfall offer remains open until 22 March 2009.

7. EXPLORATION EXPENDITURE

The total exploration expenditure in the quarter was $64,000. The material amounts related to:

- Engineering Design and Costing Studies - McSweeney Partner; and
- Geological modelling and Resource Estimation - Cube Consulting.

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Description and notes on the John Fardy and Peelwood Resource Estimates

Calculation of Zinc Equivalence

Zinc is the major mineral of economic value. The zinc equivalent grade has been calculated by adding the zinc grade and the adjusted grades of copper, lead and silver. The grades of copper, lead and silver have been multiplied by factors that express the assumed relative prices of the metals.

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

The assumed metal prices are zinc USD 0.50 per pound, copper USD 2.0 per pound, lead 0.60 per pound and silver USD 10.0 per ounce and are based on prices of these metals in the period October 2008.

In August and September 2008, AMMTEC Ltd of Perth, Western Australia conducted metallurgical test work of the John Fardy ore. The sulphide minerals are readily liberated at both 75 micron and the coarser 106 micron. For both grinds recoveries of zinc, copper and lead are all well in excess of 90% and generally more than 95%. The metallurgical test work suggests the recoveries of the major elements of value are similar and the relative metal prices are a good basis for calculating a zinc equivalent grade. Exploration at Peelwood is at an earlier stage than at John Fardy and independent metallurgical test work has not been undertaken. It has been assumed that Peelwood would have similar metallurgical characteristics to John Fardy.

Competent Personnel Responsible for the Resource Estimate

The resource estimate for John Fardy has been estimated on behalf of Sultan Corporation Limited by Chris Black of Cube Consulting Pty Ltd. Chris Black has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Person(s) as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Chris Black consents to the inclusion in the report of the matters based on their information in the form and context in which it appears in Table 2.

Cube Consulting is an independent Perth based resource consulting firm specializing in geological modelling, resource estimation and information technology.

The information in this report relating to the estimation of the Peelwood resource 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