



CANADA VENTURE: Moly Edges Into Sultan's Tungsten Plans

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VANCOUVER (Dow Jones)--Lead, zinc, tungsten and, more recently, molybdenum - these are the metals **Sultan** Minerals Inc. (SUL.V) is chasing in southern British Columbia.

"We're focused on advanced exploration and development, and our flagship project is the Jersey-Emerald property, which has three styles of mineral deposits located around the historic Jersey and Emerald mines," said Art Troup, **Sultan's** president and chief executive since 1997.

Placer Dome - now owned by Barrick Gold Corp. (ABX) - shut those two operations back in 1973. At the time, Emerald had been the country's largest tungsten mine while its Jersey counterpart was B.C.'s second-largest lead/zinc producer. As usual, metal prices proved to be the mines' Achilles heel.

Sultan acquired the mothballed mines in 1993, then proceeded to build a larger land package around the mines - a package that's now more than 90 square kilometers.

"With prices for tungsten, lead and zinc now about 10 times higher than they were in 1973, we feel we can put these deposits back into production," Troup said.

On the tungsten side of the equation, an NI 43-101- compliant estimate shows 2.5 million tons of ore averaging 0.37% tungsten concentrate. There's also an additional 1.2 million tons in inferred resource averaging much the same grade as its measured and indicated resource.

"The (study) shows that with some infill drilling, we'll be able to pull much of that inferred resource into the measured and indicated category," he said.

Initial estimates show that Jersey-Emerald could support a 1,000-ton-a-day tungsten operation. That's not quite good enough for **Sultan**, Troup said.

"We'd like to bring a mine into production at a rate of 2,000 tons a day, but in order to justify that we would need to prove up another 2.5 million tons of tungsten ore at about the same grade," he said. "This is our focus for this year - to prove up the tonnage, which we think we can do and something we'd like to get done this year."

The property has five key tungsten ore bodies, not all of which have resource estimates. There are also other areas that historically fell below Placer Dome's cut-off grade when the mines were originally in production.

"Those are the areas we're looking at right now," Troup said. "And we're now drilling around the (defined) ore bodies, looking for extensions to the higher graded areas."

Underground drilling took place last winter and **Sultan** is about to start a 20,000-foot drill program at surface.

Sultan Isn't All About Tungsten - Don't Forget The Moly

At this stage, it's important to remember **Sultan** isn't all about tungsten, given the various types of ores found on the property, including lead and zinc.

"The property is like a layer cake, with three layers of mineralization," Troup said.

Basically, lead and zinc are found near the surface, meaning **Sultan** often drills through that to get at some of the tungsten deposits at depth, meaning concurrent mineralization tests on lead and zinc are possible.

"But as we've been exploring these deposits, there's also a molybdenum ore body that lies below the tungsten," Troup said. "Over the last two years, we've intersected that with 28 drill holes and many of these holes have had just spectacular intersections over wide widths. Our current drill program will also be looking to intersect that (moly) deposit."

All of this work is being carried out on what was a well-developed, brownfield site: two mothballed mines just 15 minutes outside the town of Salmo, with power and water lines crossing the property. While the area's infrastructure is first-rate, the two mines also have more than 10 miles of underground hauling roads in place, which can be used to expand what's been mined in the past, Troup said.

"Our short-term goal is to put the tungsten mine into production as soon as possible," he said. "This would also give us additional cash flow."

He reckons production is about three years away, what with an environmental-impact study yet to be completed. That should take at least another 14 months, but the fact that Jersey-Emerald is a former mining site means regulatory permits will be much easier to obtain; trying to get the go-ahead to start a new mine from scratch would be much harder, he said.

Capital spend for reopening a mine won't be cheap. **Sultan** would need to raise C\$120 million if new equipment is used - or about half that amount if used equipment is employed.

"We could bank-finance at least 50% of that, so it's something we think we can do ourselves," he said.

As for the molybdenum side of the equation, **Sultan** would have to consider a joint venture with a major mining company.

"If the (moly) deposit proves to be as big as the present results indicate, it would be world-class and we'd have to look at finding a partner who could raise C\$500 million to C\$600 million to put a 20,000-ton- to 30,000-ton-a-day mine into operation," he said.

At the moment, **Sultan** has C\$4.2 million in the treasury - more than enough to cover its planned C\$2.5 million operating budget this year. A number of in-the-money warrants are also being exercised, meaning funds continue to trickle into the coffers.

Back in June, **Sultan** released its latest round of drilling results. Troup said the market largely ignored the tungsten, lead and zinc results and instead focused on its high-grade molybdenum intersections, with grades as high as 0.85%. **Sultan** shares spiked as high as 71 Canadian cents before settling back down to around 40 Canadian cents, as the market took profits and waited for further developments.

Company Web Site: <http://www.sultanminerals.com>

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