

SULTAN MINERALS INC.
(an exploration stage company)
INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2006

The Company's independent auditor has not performed a review of these interim financial statements.

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SULTAN MINERALS INC.

(an exploration stage company)
Interim Balance Sheets
(Unaudited - prepared by management)

| | March 31, 2006 | December 31, 2005 |
|--|-------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 309,848 | \$ 198,649 |
| Accounts receivable | 16,720 | 18,229 |
| Due from related parties (Note 7) | 2,946 | 42,323 |
| Prepaid expenses | 5,199 | 6,748 |
| | 334,713 | 265,949 |
| Deferred share issue costs | -- | 30,000 |
| Mineral property interests (see schedule) (Notes 3 and 10) | 3,695,600 | 3,603,949 |
| Investments (Note 4) | 3,914 | 3,914 |
| Equipment (Note 5) | 19,216 | 19,306 |
| Reclamation deposits | 57,061 | 55,991 |
| | \$ 4,110,504 | \$ 3,979,109 |
| Liabilities and Shareholders' Equity | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 88,784 | \$ 218,310 |
| Due to related parties (Note 7) | -- | 15,000 |
| | 88,784 | 233,310 |
| Shareholders' equity | | |
| Share capital (Note 6) | 14,794,234 | 14,503,631 |
| Contributed surplus | 504,474 | 449,702 |
| Deficit | (11,276,988) | (11,207,534) |
| | 4,021,720 | 3,745,799 |
| | \$ 4,110,504 | \$ 3,979,109 |

Commitments and subsequent events (Notes 3, 6 and 9)

See accompanying notes to interim financial statements.

Approved by the Directors



Arthur G. Troup



Frank A. Lang

The Company's independent auditor has not performed a review of these interim financial statements.

SULTAN MINERALS INC.

(an exploration stage company)

Interim Statements of Operations and Deficit

(Unaudited – prepared by management)

| | Three months ended March 31, | |
|---|-------------------------------------|-------------------|
| | 2006 | 2005 |
| Expenses | | |
| Amortization | \$ 502 | \$ 170 |
| Legal, accounting and audit | 1,698 | 3,344 |
| Management fees | 9,500 | 7,500 |
| Office and administration | 24,797 | 18,986 |
| Property investigations | -- | 560 |
| Salaries and benefits | 53,641 | 36,347 |
| Shareholder communications | 48,668 | 23,492 |
| Stock-based compensation | -- | 31,988 |
| Travel and conferences | 13,305 | 8,605 |
| Write-down of mineral property interest | 21,647 | -- |
| Interest and other income | (1,176) | (509) |
| | 172,582 | 130,483 |
| Loss before income taxes | (172,582) | (130,483) |
| Income tax recovery (Note 6 (c)) | 103,128 | 60,554 |
| Loss for the period | (69,454) | (69,929) |
| Deficit, beginning of period | (11,207,534) | (10,386,125) |
| Deficit, end of period | \$ (11,276,988) | \$ (10,456,054) |
| Loss per share, basic and diluted | \$ (0.00) | \$ (0.00) |
| Weighted average number of common shares outstanding – basic and diluted | 54,414,209 | 45,589,026 |

See accompanying notes to interim financial statements.

The Company's independent auditor has not performed a review of these interim financial statements.

SULTAN MINERALS INC.

(an exploration stage company)
Interim Statements of Cash Flows
(Unaudited - prepared by management)

| | Three months ended March 31, | |
|--|-------------------------------------|-------------|
| | 2006 | 2005 |
| Cash provided by (used for) | | |
| Operations | | |
| Loss for the period | \$ (69,454) | \$ (69,929) |
| Items not involving cash | | |
| Amortization | 502 | 170 |
| Stock-based compensation | -- | 31,988 |
| Income tax recovery | (103,128) | (60,554) |
| Changes in non-cash operating working capital | | |
| Accounts receivable | 1,509 | 56,693 |
| Due to/from related parties | 24,377 | (21,292) |
| Prepaid expenses | 1,549 | 17,061 |
| Accounts payable and accrued liabilities | (129,526) | (92,645) |
| | (274,171) | (138,508) |
| Investing | | |
| Mineral property interests | | |
| Acquisition costs | (31,955) | (1,257) |
| Exploration and development costs | (47,321) | (105,136) |
| Reclamation bonds | (1,070) | (5,890) |
| Equipment | (412) | -- |
| | (80,758) | (112,283) |
| Financing | | |
| Share issue costs | -- | (4,884) |
| Common shares issued for cash, net of share issue costs | 466,128 | -- |
| | 466,128 | (4,886) |
| Cash and cash equivalents | | |
| Increase (decrease) during the period | 111,199 | (255,675) |
| Balance, beginning of period | 198,649 | 368,793 |
| | 309,848 | 113,118 |
| Supplemental information | | |
| Shares issued for mineral property interests | \$ 12,375 | \$ 10,125 |
| Warrants issued related to issuance of share capital | 54,774 | -- |
| Stock-based compensation capitalized to mineral property interests | -- | 2,575 |

See accompanying notes to interim financial statements.

The Company's independent auditor has not performed a review of these interim financial statements.

SULTAN MINERALS INC.

(an exploration stage company)

Notes to Interim Financial Statements

Three months ended March 31, 2006 and 2005

(Unaudited – prepared by management)

1. Going concern and nature of operations:

Sultan Minerals Inc. (the "Company") is incorporated under the British Columbia Business Corporations Act, and its principal business activity is the exploration and development of mineral properties in Canada.

These financial statements have been prepared on a going-concern basis, which implies that the Company will continue realizing its assets and discharging its liabilities in the normal course of business. Accordingly, these financial statements do not reflect adjustments to the carrying value of assets and liabilities and balance sheet classifications used that would be necessary if going concern assumptions were not appropriate. Some adjustments could be material.

As disclosed in the financial statements, the Company has working capital as at March 31, 2006, of \$245,929 (December 31, 2005 – \$32,639) and an accumulated deficit of \$11,276,988 (December 31, 2005 – \$11,207,534).

The Company has capitalized \$3,695,600 in acquisition and related costs on the Kena property, the Jersey and Emerald properties and the Stephens Lake property.

Without additional external funding to meet existing obligations and to finance further exploration and development work on its mineral properties, there is substantial doubt as to the Company's ability to continue as a going concern. Although the Company has been successful in raising funds to date, there can be no assurance that additional funding will be available in the future. The financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to achieve profitable mining operations or obtain adequate financing.

The Company is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain mineral reserves that are economically recoverable.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current state of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

2. Basis of presentation:

The accompanying financial statements for the interim periods ended March 31, 2006 and 2005, are prepared on the basis of accounting principles generally accepted in Canada and are unaudited, but in the opinion of management, reflect all adjustments (consisting of normal recurring accruals) necessary for fair presentation of the financial position, operations and changes in financial results for the interim periods presented. The financial statements for the interim periods are not necessarily indicative of the results to be expected for the full year. These interim financial statements do not contain all of the information required for annual financial statements and should be read in conjunction with the most recent annual audited financial statements for the year ended December 31, 2005.

The Company's independent auditor has not performed a review of these interim financial statements.

SULTAN MINERALS INC.

(an exploration stage company)

Notes to Interim Financial Statements

Three months ended March 31, 2006 and 2005

(Unaudited – prepared by management)

3. Mineral property interests:

(a) Kena Property, Ymir, British Columbia, Canada

The Kena property is comprised of the original Kena claims and additional properties under option. The properties are contiguous. The Kena property is located near the community of Ymir in southeastern British Columbia.

Kena Claims

The Company holds 100% of the original Kena Property claims located near the community of Ymir in southeastern British Columbia. The Company earned its interest in the property by making payments totalling \$110,000, issuing 200,000 common shares and completing a work program totalling \$600,000 by November 1, 2003. The property is subject to a 3.0% net smelter returns royalty ("NSR") on gold and silver and 1.5% on other metals. The Company has the right to purchase 50.0% of the NSR for the greater of 7,000 ounces of gold or \$2,000,000 and must issue an additional 100,000 common shares on commencement of commercial production.

Cariboo Claims

The Company holds an option agreement to earn 100% in five claim units, the Cariboo claims, located north of Ymir in southeastern British Columbia and contiguous to the Kena Claims. To earn its interest, the Company must make cash payments totalling \$52,500 (\$27,500 paid) and issue 200,000 common shares, which have all been issued, over four years. A further 200,000 common shares of the Company are to be issued upon receipt of a positive feasibility study. A NSR of 3.0% from production of gold and 1.5% from production of other metals is payable to the optionor. The Company has the right to purchase 66⅔% of the NSR for \$1,000,000 on commencement of commercial production.

Daylight Claim Group

The Company entered into an option agreement with various optionors to acquire 87.5% of the Daylight Claim Group, consisting of 8 crown grants, located near Ymir, British Columbia. To exercise the option, the Company made total cash payments of \$52,500 and issued 175,000 common shares over three years. In addition, the agreement provides for the issuance of an additional 175,000 common shares to the optionors upon completion of a positive feasibility study recommending commercial production on the property. The properties are subject to royalties payable to the optionors of a 3.0% NSR from production of gold and silver and 1.5% NSR from the production of other metals. The Company has the right to reduce the NSR to 1.0% from the production of gold and silver and 0.5% from the production of other metals by a payment of \$1,000,000 on or prior to the commencement of commercial production.

The Company's independent auditor has not performed a review of these interim financial statements.

SULTAN MINERALS INC.

(an exploration stage company)

Notes to Interim Financial Statements

Three months ended March 31, 2006 and 2005

(Unaudited – prepared by management)

3. Mineral property interests (continued):

(a) Kena Property, Ymir, British Columbia, Canada (continued)

Athabasca Claim Group

The Company entered into an option agreement to acquire the Athabasca Claim Group consisting of ten reverted crown grants and three located claims, located near Ymir, British Columbia, by making payments of \$50,000 (\$15,000 paid) and issuing 200,000 common shares (175,000 issued) to the optionor over a three-year period. In March 2005 the Company and the optionor agreed to defer cash payments due in 2005 and 2006 for one year each in exchange for the acceleration of one half of the 2006 common share payment of 50,000 common shares. The December 2004 share payment and the accelerated 2006 share payment were made in January 2005. During the three months ended March 31, 2006, the Company terminated the option agreement on this property.

(b) Stephens Lake Property, Manitoba, Canada

In February 2004, the Company, along with Cream Minerals Ltd. and ValGold Resources Ltd. ("Cream" and "ValGold" or the "Companies"), entered into an agreement with BHP Billiton Diamonds Inc. ("BHP Billiton") whereby BHP Billiton was granted options to acquire up to a 70% interest in three Mineral Exploration Licenses (Numbers 64, 65 and 66) totalling 92,194 hectares of mineral property and an additional 81,824 hectares staked to the north and contiguous with the initial claims for a total of 174,018 hectares, in which each company now holds an undivided one-third interest subject to the BHP Billiton agreement.

Under the terms of the agreement, the Companies granted to BHP Billiton two options (the "BHP Options") to acquire, firstly, a 51.0% undivided interest in the property (the "First Option") and, secondly, an additional 19.0% undivided interest in the property (the "Second Option"). BHP Billiton agreed to fund all exploration expenditures on the property until the BHP Options were either terminated or fully exercised. In order to exercise the First Option, BHP Billiton was to incur exploration expenditures of \$1,000,000 on the property by February 21, 2010. To exercise the Second Option, BHP Billiton was to complete a feasibility study for the property by February 21, 2015.

Under the terms of the Trout Claim Group agreement, the Companies have agreed to make total cash payment of \$110,000 (\$10,000 paid by the Company) and issue 200,001 common shares (66,667 shares in the capital of each of the three companies (33,334 common shares of the Company issued to date)) to the optionor over a 36-month period from July 22, 2004. BHP Billiton reimbursed the Companies for the cash paid and for the value of the common shares issued by each company pursuant to the agreement. These reimbursements have been recorded as a reduction in the cost of the Trout claims. In addition, the Companies must also jointly incur exploration expenses of no less than \$5,000 by July 22, 2005, which was incurred, \$50,000 cumulative prior to July 22, 2006, and \$250,000 cumulative prior to July 22, 2007. Upon earning its 75.0% interest, the Companies and the optionor will enter into a 75:25 joint venture for the further exploration and development of the Trout Claim Group.

Subsequent to March 31, 2006, BHP Billiton notified the Companies that it would not be proceeding with the BHP Options and returned the properties to the Companies.

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SULTAN MINERALS INC.

(an exploration stage company)

Notes to Interim Financial Statements

Three months ended March 31, 2006 and 2005

(Unaudited – prepared by management)

3. Mineral property interests (continued):

(c) Coripampa Properties, Peru

The Company entered into an option agreement with a Peruvian partnership to acquire 100% of the Coripampa 1 silver property consisting of four mineral concessions (600 hectares), located in La Unión Province of the Arequipa Department and the Coripampa 2 gold and silver property consisting of 6 mineral concessions (700 hectares), located in the provinces of La Union/Parinacochas in the Republic of Peru. Subsequent to December 31, 2005, the Company determined that the property did not meet its long-term objectives and as a result, the agreement with the optionors was terminated, and wrote off \$294,606 in the year ended December 31, 2005. In the three months ended March 31, 2006, the final costs were determined with respect to the properties and additional exploration costs and taxes related to the concessions of \$21,647 were incurred and written off.

4. Investments:

| Name of Company | Number of Shares | Book Value March 31, 2006 | Book Value December 31, 2005 |
|--|------------------|---------------------------------|------------------------------------|
| Emgold Mining Corporation (Note 7 (e)) | 15,652 | \$ 3,913 | \$ 3,913 |
| LMC Management Services Ltd. (Note (a)) | 1 | 1 | 1 |
| | | \$ 3,914 | \$ 3,914 |

The quoted market value of Emgold Mining Corporation as at March 31, 2006, was \$10,956 (December 31, 2005: \$7,356).

5. Equipment:

| | Cost | Accumulated Depreciation | Net Book Value March 31, 2006 | Net Book Value December 31, 2005 |
|-----------|-----------|-----------------------------|-------------------------------------|--|
| Equipment | \$ 26,326 | \$ 7,110 | \$ 19,216 | \$ 19,306 |

The cost of equipment at December 31, 2005, was \$25,133.

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SULTAN MINERALS INC.

(an exploration stage company)

Notes to Interim Financial Statements

Three months ended March 31, 2006 and 2005

(Unaudited – prepared by management)

6. Share capital:

(a) Authorized:

Unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

(b) Issued and outstanding:

| | Number of Shares | Amount |
|--|-----------------------------|---------------|
| Balance, December 31, 2005 | 52,971,242 | \$14,503,631 |
| Issued for cash | | |
| Private placement at \$0.12, less share issue costs | 4,200,000 | 381,354 |
| Issued for mineral property interests and other | | |
| Cariboo claims at \$0.18 | 25,000 | 4,500 |
| Daylight at \$0.18 | 43,750 | 7,875 |
| Income tax effect of renunciation of flow-through expenditures | -- | (103,128) |
| Balance, March 31, 2006 | 57,239,992 | \$14,794,234 |

(c) Flow-through shares

In 2005, the Company issued 2,280,833 FTS for gross proceeds of \$302,250. Under the FTS agreements, the Company agreed to renounce \$302,250 of qualifying expenditures to the investors effective December 31, 2005, although under Canadian tax law the expenditures may actually be incurred up to December 31, 2006.

In accordance with CICA Handbook Section 3465 – Income Taxes, the Company has recorded a provision at the time of the actual renunciation, by a reduction in the amount included in share capital relating to the FTS, for the future income taxes related to the deductions foregone by the Company. The Company renounced flow through expenditures in March 2006, relating to December 31, 2005, and as a consequence, recognized a reduction in share capital and a recovery of future income taxes of \$103,128.

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SULTAN MINERALS INC.

(an exploration stage company)

Notes to Interim Financial Statements

Three months ended March 31, 2006 and 2005

(Unaudited – prepared by management)

6. Share capital (continued):

(d) Stock options

The Company has a stock option plan which allows for the grant of options to purchase up to 7,513,438 stock options. The following table summarizes information about the stock options outstanding at March 31, 2006:

| Exercise Price | Number Outstanding at March 31, 2006 | Weighted Average Remaining Contractual Life |
|------------------|---|--|
| \$0.10 | 2,000,000 | 4.4 years |
| \$0.15 | 3,020,000 | 3.5 years |
| \$0.21 | 595,000 | 0.7 years |
| \$0.40 | 731,000 | 0.8 years |
| \$0.32 | 701,000 | 1.4 years |
| \$0.15 to \$0.40 | 7,047,000 | |

A summary of the stock options at March 31, 2006, is presented below:

| | Shares | Weighted Average Exercise Price |
|-------------------------|-----------|------------------------------------|
| Balance, March 31, 2006 | 7,047,000 | \$0.19 |

Subsequent to March 31, 2006, 10,000 options at a price of \$0.10 were exercised.

(e) Share purchase warrants

As at March 31, 2006, the following share purchase warrants issued in connection with financings made by private placements and short form offerings were outstanding:

| Number of Warrants | Exercise Price | Expiry Date |
|--------------------|----------------|--------------------|
| 1,773,334 | \$0.20 | November 15, 2006 |
| 1,372,580 | \$0.15 | July 20, 2007 |
| 749,999 | \$0.18 | September 16, 2007 |
| 100,000 | \$0.17 | November 30, 2006 |
| 2,100,000 | 0.17 | February 28, 2008 |
| 420,000 | 0.12 | February 28, 2008 |
| 210,000 | 0.17 | February 28, 2008 |
| 6,725,913 | | |

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SULTAN MINERALS INC.

(an exploration stage company)

Notes to Interim Financial Statements

Three months ended March 31, 2006 and 2005

(Unaudited – prepared by management)

6. Share capital (continued):

(e) Share purchase warrants (continued)

During the period, the Company completed a brokered private placement of 4,200,000 units at a price of \$0.12 per unit, for gross proceeds of \$504,000. Each unit is comprised of one common share and one-half of one non-transferable share purchase warrant. Each whole share purchase warrant will entitle the holder to purchase one additional common share for a period of 24 months from issue, at an exercise price of \$0.17 per share. A cash commission equal to 10% of the gross proceeds received and non-transferable agent's unit warrants equal to 10% of the total number of units sold, or 420,000 agent's unit warrants was paid. Each agent's unit warrant will be exercisable at a price of \$0.12 for a period of 24 months from the date of issue to receive one common share in the capital of the Company and one-half one non-transferable share purchase warrant (the "Agent's Warrant"). Each whole Agent's Warrant will be exercisable at \$0.17 for a period of 24 months from the date of issue of the agent's unit warrant to receive one additional common share in the capital of the Company.

7. Related party transactions and balances:

| Services rendered and reimbursement of expenses: | Three months ended March 31, | |
|--|------------------------------|-----------|
| | 2006 | 2005 |
| LMC Management Services Ltd. (a) | \$ 111,296 | \$ 73,870 |
| Lang Mining Corporation (b) | 7,500 | 7,500 |
| Kent Avenue Consulting Ltd. (c) | 2,000 | -- |
| High Visibility Public Relations (d) | 5,000 | -- |
| Balances receivable from (f): | 2005 | 2005 |
| LMC Management Services Ltd. | \$ 2,946 | \$ 42,323 |

(a) Management, administrative, geological and other services are provided by LMC Management Services Ltd. ("LMC"), a private company held jointly by the Company and other public companies, to provide services on a full cost recovery basis to the various public entities currently sharing office space with the Company. There is no difference between the cost of \$1 and equity value. The Company has a 25% interest in LMC. Three months of estimated working capital is required to be on deposit with LMC under the terms of the services agreement.

(b) Lang Mining Corporation ("Lang Mining") is a private company controlled by the chairman of the Company. Lang Mining receives a management fee of \$2,500 per month for the services of Frank A. Lang, an officer and director of the Company.

(c) Consulting fees were paid to Kent Avenue Consulting Ltd., a private company controlled by Sargent H. Berner, a director of the Company.

(d) Consulting fees were paid to High Visibility Public Relations, a private company controlled by a close relative of Arthur G. Troup, the President of the Company.

The Company's independent auditor has not performed a review of these interim financial statements.

SULTAN MINERALS INC.

(an exploration stage company)

Notes to Interim Financial Statements

Three months ended March 31, 2006 and 2005

(Unaudited – prepared by management)

7. Related party transactions and balances (continued):

- (e) The Company's investments include shares in a listed company with two common directors and an officer.
- (f) Balances payable to and receivable from related parties are included in due to and due from related parties, respectively, on the balance sheets. These amounts are non-interest bearing and are due on demand.

8. Comparative figures:

Where necessary, comparative figures have been reclassified to conform to the current period's presentation.

9. Subsequent events:

Subsequent to March 31, 2006, the Company:

- (a) completed a non-brokered private placement of 2,000,000 units at a price of \$0.20 per unit. Each unit is comprised of one common share and one-half of a share purchase warrant. Two share purchase warrants and \$0.30 will be required to acquire one common share. The share purchase warrants will be exercisable for one year from regulatory approval; and
- (b) entered into a purchase agreement to acquire 100% right, title and interest in the surface rights over seven hundred (700) acres forming part of the Jersey Claim Group consisting of 28 crown granted mineral claims, four 2-post claims and 80 mineral units located near Salmo, British Columbia. The agreement is subject to regulatory approval. Under the terms of the agreement, Sultan has agreed to make cash and share payments in the aggregate value of \$200,000 plus GST (the "Purchase Price"), if any, due pursuant to the Excise Tax Act as follows: upon receipt of regulatory approval, ten thousand dollars (\$10,000) and up to two hundred thousand (200,000) common shares; on the first anniversary of the date of regulatory approval, up to two hundred thousand (200,000) common shares; on the second anniversary of the date of regulatory approval, up to two hundred thousand (200,000) common shares; and on the third anniversary of the date of regulatory approval, up to two hundred thousand (200,000) common shares.

The shares referred to in (i), (ii), (iii) and (iv) above are to be valued at the closing market price for the shares on the date that is four (4) months plus one (1) day after the date of issuance of the share payment (the "Valuation Date"). The value of each share payment shall be calculated as of the Valuation Date and a credit given accordingly to the balance due on the Purchase Price. If the calculation and credit results in the Purchase Price being paid in full, then the seller is not entitled to any further share payments. If after the Valuation Date for the payment referred to in (iv) above the seller has still not received the full payment of the Purchase Price, then Sultan will pay the remaining balance to the seller by a cash payment. Sultan has the right, at any time after completing the initial payment of cash and shares as set out in (i) above, to pay any remaining balance to fully satisfy the Purchase Price in the form of a cash payment.

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SULTAN MINERALS INC.

(an exploration stage company)

Note 10: Mineral Property Interests

Three months ended March 31, 2006

(Unaudited – prepared by management)

| | Kena Property, British Columbia | Jersey and Emerald Properties, British Columbia | Stephens Lake Property, Manitoba | Coripampa Properties, Peru | Total Mineral Property Interests March 31, 2006 |
|--|--|--|---|---|--|
| Acquisition costs | | | | | |
| Balance, beginning of period | \$ 620,133 | \$ 35,699 | \$ 443 | \$ -- | \$ 656,275 |
| Incurred during the period | 44,250 | 80 | -- | -- | 44,330 |
| Balance, end of period | 664,383 | 35,779 | 443 | -- | 700,605 |
| Exploration and development costs | | | | | |
| Incurred during the year | | | | | |
| Assays and analysis | 42 | 14,044 | -- | -- | 14,086 |
| Geological and geophysical | 55 | 24,094 | 210 | 3,582 | 27,941 |
| Site activities | 502 | 8,254 | 120 | 18,065 | 26,941 |
| | 599 | 46,392 | 330 | 21,647 | 68,968 |
| Balance, beginning of period | 2,483,980 | 452,546 | 11,148 | -- | 2,947,674 |
| Write-downs during the period | -- | -- | -- | (21,647) | (21,647) |
| Balance, end of period | 2,484,579 | 498,938 | 11,478 | -- | 2,994,995 |
| Total Mineral Property Interests | \$ 3,148,962 | \$ 534,717 | \$ 11,921 | \$ -- | \$ 3,695,600 |

The Company's independent auditor has not performed a review of these interim financial statements.

SULTAN MINERALS INC.

(an exploration stage company)

Note 10: Mineral Property Interests

Year ended December 31, 2005

(Unaudited – prepared by management)

| | Kena Property, British Columbia | Jersey and Emerald Properties, British Columbia | Stephens Lake Property, Manitoba | Willi Claims, Nevada | Coripampa Properties, Peru | Total Mineral Property Interests December 31, 2005 |
|--|--|--|---|---------------------------------|---|---|
| Acquisition costs | | | | | | |
| Balance, beginning of year | \$ 585,977 | \$ 30,501 | \$ 6,329 | \$ 22,375 | \$ 59,851 | \$ 705,033 |
| Incurred during the year | 34,156 | 5,198 | (5,886) | -- | 14,807 | 48,275 |
| Write-downs during the year | -- | -- | -- | (22,375) | (74,658) | (97,033) |
| Balance, end of year | 620,133 | 35,699 | 443 | -- | -- | 656,275 |
| Exploration and development costs | | | | | | |
| Incurred during the year | | | | | | |
| Assays and analysis | 11,812 | 21,216 | -- | -- | 3,322 | 36,350 |
| Drilling | 25,476 | 255,577 | -- | -- | -- | 281,053 |
| Environmental | -- | 1,218 | -- | -- | -- | 1,218 |
| Geological and geophysical | 19,422 | 85,693 | 1,763 | -- | 40,673 | 147,551 |
| Site activities | 9,658 | 56,931 | 306 | -- | 19,783 | 86,678 |
| Stock-based compensation | 2,575 | 12,961 | -- | -- | -- | 15,536 |
| Travel and accommodation | 1,905 | 16,587 | -- | -- | 8,376 | 26,868 |
| | 70,848 | 450,183 | 2,069 | | 72,154 | 595,254 |
| Balance, beginning of year | 2,413,132 | 2,363 | 9,079 | 2,933 | 147,794 | 2,575,301 |
| Write-downs during the year | -- | -- | -- | (2,933) | (219,948) | (222,881) |
| Balance, end of year | 2,483,980 | 452,546 | 11,148 | -- | -- | 2,947,674 |
| Total Mineral Property Interests | \$ 3,104,113 | \$ 488,245 | \$ 11,591 | \$ -- | \$ -- | \$ 3,603,949 |

Sultan Minerals Inc.
Three Months Ended
March 31, 2006

| | | |
|--------|---|----|
| 1.1 | Date..... | 2 |
| 1.2 | Overview..... | 2 |
| 1.2.1 | Jersey and Emerald Properties, British Columbia | 2 |
| 1.2.2 | Kena Property, British Columbia..... | 3 |
| 1.2.3 | Stephens Lake Property, Manitoba | 4 |
| 1.2.4 | Coripampa Properties, Peru | 4 |
| 1.2.5 | Mineral Property Option Payments Due In Fiscal 2006..... | 5 |
| 1.2.6 | Market Trends..... | 5 |
| 1.3 | Selected Annual Information | 6 |
| 1.4 | Results of Operations..... | 7 |
| 1.5 | Summary of Quarterly Results..... | 8 |
| 1.6 | Liquidity..... | 9 |
| 1.7 | Capital Resources..... | 10 |
| 1.8 | Off-Balance Sheet Arrangements | 10 |
| 1.9 | Transactions With Related Parties | 10 |
| 1.10 | Fourth Quarter..... | 11 |
| 1.11 | Proposed Transactions | 11 |
| 1.12 | Critical Accounting Estimates | 11 |
| 1.13 | Critical accounting policies and changes in accounting policies..... | 11 |
| 1.14 | Financial Instruments and Other Instruments..... | 11 |
| 1.15.1 | Other MD& A Requirements..... | 11 |
| 1.15.2 | Additional Disclosure for Venture Issuers Without Significant Revenue | 11 |
| 1.15.3 | Disclosure of Outstanding Share Data..... | 12 |
| | Other Information | 13 |

Sultan Minerals Inc.
Three Months Ended
March 31, 2006

1.1 Date

The effective date of this interim report is May 29, 2006.

1.2 Overview

This Management's Discussion and Analysis ("MD&A") contains certain "Forward-Looking Statements." All statements, other than statements of historical fact included herein, including without limitation, statements regarding potential mineralization and resources, research and development activities, and future plans of the Company are forward looking statements that involve various risks and uncertainties including changes in future prices of gold and other metals; variations in ore reserves, grades or recovery rates, accidents, labour disputes and other risks associated with mining; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, technological obsolescence, and other factors discussed under "Risk Factors" in the MD&A.

This MD&A should be read in conjunction with the audited financial statements of Sultan Minerals Inc. for the year ended December 31, 2005, and the unaudited interim financial statements for the three months ended March 31, 2006. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

Sultan Minerals Inc. ("Sultan" or the "Company") is a mineral exploration company. The Company has a portfolio of mineral exploration projects and the following is a brief summary of its current activities.

- Sultan's loss for the three months ended March 31, 2006 ("Q1 2006") was \$69,454 or \$0.00 per share, after income tax recovery due to flow-through renunciations, compared to a loss of \$69,929 or \$0.00 per share in the three months ended March 31, 2005 ("Q1 2005").
- During fiscal 2006, operations utilized \$274,171 compared to \$138,506 in Q1 2005. Expenditures on mineral property interests totalled \$113,298 in Q1 2006 compared to \$119,093 in Q1 2005. The expenditures were incurred on the following mineral properties in Q1 2006: Kena - \$44,849 (Q1 2005 - \$61,764), Coripampa Properties - \$21,647 (Q1 2005 - \$43,943), Stephens Lake - \$330 (Q1 2005 - \$1,298), and the Jersey and Emerald properties - \$46,472 (Q1 2005 - \$12,088). The Coripampa Properties were written off in fiscal 2005, and the additional costs of \$21,647 have also been written off in Q1 2006.

1.2.1 Jersey and Emerald Properties, British Columbia

The 9,500-hectare Jersey-Emerald Property (the "Property") is located in southeastern British Columbia, 10 kilometres southeast of the mining community of Salmo, B.C. The Property is host to the former Emerald Tungsten Mine, which was Canada's second largest tungsten producer. The tungsten mine was opened in 1943 and later purchased and operated by Placer Dome from 1947 to 1973 when it was closed due to low metal prices. In 1973, Placer decommissioned the mine and sold the mineral rights. Sultan optioned the Property in 1993 and has since expanded the Property through staking and additional option agreements. In the mine area there is an existing network of underground tunnels and workings over a two-square kilometre area that provides excellent access to the margins of the recently identified molybdenum deposit. Sultan presently holds 100% interest in the original Property subject to an advance annual royalty payment of \$50,000 scheduled to commence October 20, 2009, and an aggregate 3.0% Net Smelter Return ("NSR") royalty due to the property vendors. Sultan can reduce the NSR royalty to 1.5% by making a payment of \$500,000 and issuing 50,000 common shares.

Sultan Minerals Inc.
Three Months Ended
March 31, 2006

The Company believes that the property holds potential for a large porphyry molybdenum deposit. The mineralization was originally identified in underground workings and diamond drill holes at the historic Emerald Tungsten Mine.

To May 29, 2006, the Company has completed a 26-hole diamond drill program totalling 2942 metres that has tested the grade, width, depth and continuity of the molybdenum bearing stock work. The initial two holes investigated the width and depth of the mineralization. All detailed assay results can be viewed in news releases on the Company's website www.sultanminerals.com or on www.sedar.com.

Exploration expenditures on the Jersey-Emerald property in Q1 2006, with the Q1 2005 comparative figures shown in brackets, include the following: assays and analysis – \$14,044 (\$Nil); geological and geophysical – \$24,094 (\$10,311); travel and accommodation – \$Nil (\$573); and site activities – \$8,254 (\$1,204). Acquisition costs of \$80 (\$Nil) were incurred.

Subsequent to March 31, 2006, the Company entered into a purchase agreement to acquire 100% right, title and interest in the surface rights over seven hundred (700) acres forming part of the Jersey Claim Group consisting of 28 crown granted mineral claims, four 2-post claims and 80 mineral units located near Salmo, British Columbia. The agreement is subject to regulatory approval. Under the terms of the agreement, Sultan has agreed to make cash and share payments in the aggregate value of \$200,000 plus GST (the "Purchase Price"), if any, due pursuant to the Excise Tax Act as follows: upon receipt of regulatory approval, ten thousand dollars (\$10,000) and up to two hundred thousand (200,000) common shares; on the first anniversary of the date of regulatory approval, up to two hundred thousand (200,000) common shares; on the second anniversary of the date of regulatory approval, up to two hundred thousand (200,000) common shares; and on the third anniversary of the date of regulatory approval, up to two hundred thousand (200,000) common shares.

The shares referred to in (i), (ii), (iii) and (iv) above are to be valued at the closing market price for the shares on the date that is four (4) months plus one (1) day after the date of issuance of the share payment (the "Valuation Date"). The value of each share payment shall be calculated as of the Valuation Date and a credit given accordingly to the balance due on the Purchase Price. If the calculation and credit results in the Purchase Price being paid in full, then the seller is not entitled to any further share payments. If after the Valuation Date for the payment referred to in (iv) above the seller has still not received the full payment of the Purchase Price, then Sultan will pay the remaining balance to the seller by a cash payment. Sultan has the right, at any time after completing the initial payment of cash and shares as set out in (i) above, to pay any remaining balance to fully satisfy the Purchase Price in the form of a cash payment.

Mr. Ed Lawrence, P.Eng., former Manager of the Jersey and Emerald Mines, is managing the exploration drill program. Perry Grunenberg, P.Geo., of P&L Geological Services of Lac Le Jeune, BC, is Sultan's project supervisor and "Qualified Person" for the purpose of National Instrument 43-101, "Standards of Disclosure for Mineral Projects." Core samples are split with a core splitter and half of the core is stored in a secure site in Salmo, B.C. The second half of the core is placed in sealed plastic bags, and shipped to Acme Analytical Laboratories Ltd. in Vancouver, BC. The project's quality control program includes the systematic use of duplicate samples and the use of a secondary laboratory for check assaying.

1.2.2 Kena Property, British Columbia

The Company holds 100% of the original Kena Property claims located near the community of Ymir in southeastern British Columbia.

Sultan Minerals Inc.
Three Months Ended
March 31, 2006

Exploration expenditures on the Kena property in Q1 2006, with the Q1 2005 comparative figures shown in brackets, include the following: assays and analysis – \$42 (\$9,696); drilling - \$Nil (\$23,930); geological and geophysical – \$55 (\$11,672); travel and accommodation – \$Nil (\$1,120), site activities – \$502 (\$2,646) and stock based compensation - \$Nil (\$2,575). Acquisition costs of \$44,250 (\$10,125) were incurred.

Recommendations

A computer modeling of the property was completed as part of a resource study in 2004. The model indicated numerous untested areas adjacent to mineralized blocks. The report prepared as part of the resource study recommended that a \$1.27 million diamond drill program be conducted in order to significantly expand resources in the Gold Mountain and Kena Gold Zones. The Company currently does not have the financing available to conduct this recommended exploration program.

Mr. Perry Grunenberg , P.Geo of P&L Geological Services of Lac Le Jeune, BC, is the Company's project supervisor and "Qualified Person" for the purpose of National Instrument 43-101, "Standards of Disclosure for Mineral Projects".

Kena Property Agreements

Various property agreements have been entered into on properties contiguous to the initial Kena claims. These option agreements include the Starlight Claim Group, the Daylight Claim Group, the Cariboo claims, the Silver King Claim Group and the Athabasca claim Group.

1.2.3 Stephens Lake Property, Manitoba

The Stephens Lake - Trout Claim Group is 75 kilometres in length and is situated 100 kilometres east of Gillam, Manitoba. In order to facilitate the exploration of the property, Cream Minerals Ltd., ValGold Resources Ltd., and the Company agreed to pool their three respective and contiguous exploration licenses, so that each would hold an undivided one-third interest in all three of the exploration licenses subject to an agreement with BHP Billiton Diamonds Inc. ("BHP Billiton"). The combined exploration licenses, totalling 174,018 hectares, are referred to as the Stephens Lake Property. Approximately 1,000 metres of diamond drilling in two holes were completed by BHP Billiton in March 2006. Subsequent to March 31, 2006, the Company received notice from BHP Billiton that they would be withdrawing from the agreement on the Stephens Lake Property. Final assays and drill results have not yet been received from BHP Billiton. Costs incurred by the Company have not been significant to date, and the Company will need to review the exploration program conducted by BHP Billiton, before it determines the status of the project.

1.2.4 Coripampa Properties, Peru

Sultan entered into an option agreement with a Peruvian partnership to acquire a 100% interest in the Coripampa 1 and 2 properties in the Republic of Peru.

In February 2006, but recorded in the year ended December 31, 2005, the Company determined that the properties did not meet the Company's long-term goals, and its current focus on exploration in British Columbia. The properties were returned to the optionors and the Company incurred a write-down of \$294,606. In the three months ended March 31, 2006, the property taxes due for 2006 were paid by the Company, a final settlement was reached with the optionors of the property, and as a result, an additional \$21,647 was written off.

Sultan Minerals Inc.
Three Months Ended
March 31, 2006

1.2.5 Mineral Property Option Payments Due In Fiscal 2006

To maintain its mineral property interests the Company is required to make cash payments of \$83,208 and issue 120,417 common shares in fiscal 2006. In the three months ended March 31, 2006, cash payments of \$31,875 were made and 68,750 common shares were issued pursuant to option agreements on the Company's mineral property interests.

1.2.6 Market Trends

The price of gold has increased, continuing an overall uptrend, which began in 2004. The average gold price in 2005 averaged approximately US\$444.74 per ounce and has averaged US\$587.34 per ounce to May 29, 2006. The price for molybdenum (roasted) on March 31, 2006, was US\$25.00 per pound, and the price for tungsten on March 31, 2006, was US\$12.86 per pound.

Sultan Minerals Inc.
Three Months Ended
March 31, 2006

1.3 Selected Annual Information

The financial statements have been prepared in accordance with Canadian generally accounting principles and are expressed in Canadian dollars.

| | As at December 31, 2005 | As at December 31, 2004 |
|---|---|---|
| Current assets | \$ 265,949 | \$ 481,152 |
| Mineral property interests | 3,603,949 | 3,280,334 |
| Other assets | 109,211 | 56,557 |
| Total assets | 3,979,109 | 3,818,043 |
| Current liabilities | 233,310 | 144,435 |
| Shareholders' equity | 3,745,799 | 3,673,608 |
| Total shareholders' equity and liabilities | 3,979,109 | 3,818,043 |
| Working capital | 32,639 | 336,717 |
| | Year ended December 31, 2005 | Year ended December 31, 2004 |
| Expenses (recoveries) | | |
| Amortization | \$ 987 | \$ 843 |
| Legal, accounting and audit | 20,691 | 48,791 |
| Management and consulting fees | 35,000 | 30,000 |
| Office and administration | 80,278 | 79,943 |
| Salaries and benefits | 131,542 | 89,240 |
| Shareholder communications | 98,524 | 151,953 |
| Stock-based compensation | 176,393 | 218,207 |
| Travel and conferences | 19,413 | 32,885 |
| | 562,828 | 651,862 |
| Property investigations | 938 | 4,441 |
| Write-down of mineral property interests | 319,914 | -- |
| Interest income | (1,719) | (1,927) |
| Loss before income taxes | (881,961) | (654,376) |
| Income tax (recovery) expense – current | -- | -- |
| – future income taxes | 60,554 | -- |
| Loss for the year | \$ (821,407) | \$ (654,376) |
| Loss per share – basic and diluted | \$ (0.02) | \$ (0.02) |
| Weighted average number of common shares outstanding – basic and diluted | 48,507,514 | 40,841,887 |

Sultan Minerals Inc.
Three Months Ended
March 31, 2006

1.4 Results of Operations

Sultan had a loss of \$69,454, or loss per share of \$0.00 in the three months ended March 31, 2006 (“Q1 2006”), compared to a loss of \$69,929, or loss per share of \$0.00 in the three months ended March 31, 2005 (“Q1 2005”).

| | Three months ended March 31, | |
|---|-------------------------------------|-------------------|
| | 2006 | 2005 |
| Expenses | | |
| Amortization | \$ 502 | \$ 170 |
| Legal, accounting and audit | 1,698 | 3,344 |
| Management fees | 9,500 | 7,500 |
| Office and administration | 24,797 | 18,986 |
| Property investigations | -- | 560 |
| Salaries and benefits | 53,641 | 36,347 |
| Shareholder communications | 48,668 | 23,492 |
| Stock-based compensation | -- | 31,988 |
| Travel and conferences | 13,305 | 8,605 |
| Write-down of mineral property interest | 21,647 | -- |
| Interest and other income | (1,176) | (509) |
| | 172,582 | 130,483 |
| Loss before income taxes | (172,582) | (130,483) |
| Income tax recovery | 103,128 | 60,554 |
| Loss for the period | (69,454) | (69,929) |
| Deficit, beginning of period | (11,207,534) | (10,386,125) |
| Deficit, end of period | \$ (11,276,988) | \$ (10,456,054) |
| Loss per share, basic and diluted | \$ (0.00) | \$ (0.00) |
| Weighted average number of common shares outstanding – basic and diluted | 54,414,209 | 45,589,026 |

Revenue

Sultan has no source of revenue. Interest earned on excess cash is incidental income. Interest revenue has increased from \$509 in Q1 2005 to \$1,176 in Q1 2006 due to higher cash balances and interest rates in Q1 2006 as compared to Q1 2005.

Expenses

Legal, accounting and audit decreased from \$3,344 in Q1 2005 to \$1,698 in Q1 2006. Audit fees are accrued throughout the fiscal year. Fees charged for the fiscal 2005 year end were as estimated in the accrual. Legal fees are ongoing and will vary depending on the activity during the period. The fees incurred in the current period were accrued audit fees.

Management fees of \$2,500 per month are paid to Lang Mining Corporation, a private company, for the

Sultan Minerals Inc.
Three Months Ended
March 31, 2006

services of Frank Lang as Chairman of the Company, for a total of \$7,500 in each fiscal period. In Q1 2006 management fees of \$2,000 (2005-NIL) were paid to Kent Avenue Consulting Ltd., (through LMC Management Services Ltd.) a private company controlled by Sargent H. Berner, a director of the Company.

Office and administration costs increased from \$18,986 in Q1 2005 to \$24,797 in Q1 2006. The office and administration costs include rent, shared office services and other costs related to administration of a public company.

Salaries and benefits have increased from \$36,347 in Q1 2005 to \$53,641 in Q1 2006. Salaries will likely continue to increase as administration and regulation of public companies continues to increase. In Q1 2005, there was \$31,988 in vested stock-based compensation relating to vesting of stock options granted in July 2005. There was no stock-based compensation in Q1 2006.

Shareholder communications have increased from \$23,492 in Q1 2005 to \$48,668 in Q1 2006. The Company utilized the services of one consultant, Arbutus Enterprises Ltd. Fees paid totalled \$6,000 in both fiscal periods. Other shareholder activities consist of web site maintenance, transfer agency fees, shareholder inquiries and all costs associated with timely disclosure of information. Other increases in shareholder communications include \$5,000 paid to High Visibility Public Relations, \$8,000 paid to Independent Equity Research and \$4,600 paid to Robin Merrifield during Q1 2006. There were no equivalent payments made in Q1 2005.

Travel and conference expenses have increased from \$8,605 in Q1 2005 to \$13,305 in Q1 2006, primarily due to travel costs to the Prospectors and Developers Conference in Toronto.

Property investigation costs have decreased from \$560 in Q1 2005 to \$Nil in Q1 2006. Sultan is presented with property submittals continually, and the submissions are reviewed for possible acquisition. The costs related to submittals are capitalized if the property is acquired, or expensed if the property is not acquired.

In Q1 2006, \$21,647 incurred in exploration costs related to the Coripampa party was written off. The Company gave notice to the optionors in February 2006 that they would be terminating the option agreement. Exploration costs incurred prior to December 31, 2005, were written off in the fourth quarter of 2005. No mineral property interests were written off in fiscal 2005.

In accordance with CICA Handbook Section 3465 – Income Taxes, the Company has recorded a provision at the time of the actual renunciation, by a reduction in the amount included in share capital relating to the FTS, for the future income taxes related to the deductions foregone by the Company. The Company renounced flow through expenditures in the year ended December 31, 2005, and as a consequence, recognized a reduction in share capital and a recovery of future income taxes of \$103,128.

The Company also renounced flow through expenditures in the three months ended March 31, 2005, and as a consequence, has recognized a reduction in share capital and a recovery of future income taxes of \$60,554.

1.5 Summary of Quarterly Results

Summary of Quarterly Results

The table below provides, for each of the most recent eight quarters, a summary of exploration costs on a

Sultan Minerals Inc.
Three Months Ended
March 31, 2006

project-by-project basis and of corporate expenses, net of interest income, mineral property write-downs and property investigations.

| | Kena property. British Columbia | Jersey Emerald and other properties | Stephens Lake property, Manitoba | Cori- pampa properties, Peru | General and adminis- trative expenses (recovery) (Note 1) | Loss per quarter | Loss per share |
|----------------|--|--|---|---|--|-----------------------------|---------------------------|
| 2004 | | | | | | | |
| Second Quarter | 23,855 | 1,155 | 2,255 | 295 | 172,968 | 176,002 | \$0.00 |
| Third Quarter | 45,692 | 8,401 | 782 | 37,392 | 239,802 | 239,839 | \$0.01 |
| Fourth Quarter | 86,021 | (7,070) | 157 | 110,107 | 141,537 | 141,359 | \$0.01 |
| 2005 | | | | | | | |
| First Quarter | 61,764 | 12,088 | 1,298 | 43,943 | 130,432 | 69,929 | \$0.00 |
| Second Quarter | 27,350 | 65,668 | (2,115) | 12,094 | 234,558 | 234,974 | \$0.01 |
| Third Quarter | 6,037 | 173,794 | (2,869) | 4,472 | 100,578 | 125,251 | \$0.00 |
| Fourth Quarter | 9,853 | 203,831 | (131) | 26,452 | 97,260 | 391,253 | \$0.01 |
| 2006 | | | | | | | |
| First Quarter | 44,849 | 46,472 | 330 | 21,647 | 152,111 | 69,454 | \$0.00 |

Note 1: General and administrative expenses do not include the write-down of mineral property interests, investments, or interest and other miscellaneous income, but include stock-based compensation.

Note 2: Property acquisition and exploration costs exclude the write-down of mineral property interests.

1.6 Liquidity

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements to sophisticated investors and institutions. The Company has issued common shares in each of the past few years, pursuant to private placement financings and the exercise of warrants and options.

At March 31, 2006, Sultan's working capital, defined as current assets less current liabilities, was \$245,929, compared with working capital of \$32,639 at December 31, 2005.

Investing Activities

Acquisitions and Exploration Programs

The following provides the details of the property agreements and the exploration expenditures related to its mineral property interests during the period.

As at March 31, 2006, Sultan has capitalized \$3,695,600 representing costs associated with the acquisition and exploration of its mineral property interests in British Columbia and Manitoba. During the three months ended March 31, 2006, Sultan's expenditures included \$113,298 on the acquisition and exploration of its mineral property interests compared to \$119,093 in the three months ended March 31, 2005. Significant acquisition and exploration expenditures in Q1 2006 included \$46,472 on acquisition and exploration of the Jersey and Emerald properties, \$21,647 on the acquisition and exploration of the Coripampa properties in Peru, which was written off and \$44,849 on the acquisition and exploration of the Kena property in British Columbia.

Sultan Minerals Inc.
Three Months Ended
March 31, 2006

1.7 Capital Resources

During the three months ended March 31, 2006, the Company completed a brokered private placement of 4,200,000 units (the "Units") at a price of \$0.12 per Unit, for gross proceeds of \$504,000. Each Unit is comprised of one common share and one-half of one non-transferable share purchase warrant. Each whole share purchase warrant will entitle the holder to purchase one additional common share for a period of 24 months from issue, at an exercise price of \$0.17 per share. A cash commission equal to 10% of the gross proceeds received and non-transferable agent's unit warrants equal to 10% of the total number of Units, or 420,000 agent's unit warrants was paid. Each agent's unit warrant will be exercisable at a price of \$0.12 for a period of 24 months from the date of issue to receive one common share and one-half one non-transferable share purchase warrant (the "Agent's Warrant"). Each whole Agent's Warrant will be exercisable at \$0.17 for a period of 24 months from the date of issue of the agent's unit warrant to receive one additional common share.

Subsequent to March 31, 2006, the Company completed a non-brokered private placement of 2,000,000 units at a price of \$0.20 per unit, for gross proceeds of \$400,000. Each unit is comprised of one common share and one-half of one non-transferable share purchase warrant. Each whole share purchase warrant will entitle the holder to purchase one additional common share for a period of 12 months from closing, at an exercise price of \$0.30 per share.

Without continued external funding to meet existing obligations and to finance further exploration and development work on its mineral properties, there is substantial doubt as to the Company's ability to continue as a going concern. Although the Company has been successful in raising funds to date, there can be no assurance that additional funding will be available in the future. The balance sheets of the Company at March 31, 2006 and December 31, 2005, do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to obtain adequate financing.

1.8 Off-Balance Sheet Arrangements

None.

1.9 Transactions With Related Parties

| | Three months ended March 31, | |
|--|-------------------------------------|-------------|
| | 2006 | 2005 |
| Services rendered and reimbursement of expenses: | | |
| LMC Management Services Ltd. (a) | \$ 111,296 | \$ 73,870 |
| Lang Mining Corporation (b) | 7,500 | 7,500 |
| Kent Avenue Consulting Ltd. (c) | 2,000 | -- |
| High Visibility Public Relations (d) | 5,000 | -- |
| Balances receivable from (f): | 2005 | 2005 |
| LMC Management Services Ltd. | \$ 2,946 | \$ 42,323 |

(a) Management, administrative, geological and other services are provided by LMC Management Services Ltd. ("LMC"), a private company held jointly by the Company and other public companies, to provide services on a full cost recovery basis to the various public entities currently sharing office space with the Company. There is no difference between the cost of \$1 and equity value. The Company has a 25% interest in LMC. Three months of

Sultan Minerals Inc.
Three Months Ended
March 31, 2006

estimated working capital is required to be on deposit with LMC under the terms of the services agreement.

- (b) Lang Mining Corporation (“Lang Mining”) is a private company controlled by the chairman of the Company. Lang Mining receives a management fee of \$2,500 per month for the services of Frank A. Lang, an officer and director of the Company.
- (c) Consulting fees were paid to Kent Avenue Consulting Ltd., a private company controlled by Sargent H. Berner, a director of the Company.
- (d) Consulting fees were paid to High Visibility Public Relations, a private company controlled by a close relative of Arthur G. Troup, the President of the Company.
- (e) The Company’s investments include shares in a listed company with two common directors and an officer.
- (f) Balances payable to and receivable from related parties are included in due to and due from related parties, respectively, on the balance sheets. These amounts are non-interest bearing and are due on demand.

1.10 Fourth Quarter

Not applicable.

1.11 Proposed Transactions

There are no proposed asset or business acquisitions or dispositions before the board of directors for consideration, other than those in the ordinary course of business or as described in items 1.6 or 1.7 above.

1.12 Critical Accounting Estimates

As at March 31, 2006, the Company was a venture issuer.

1.13 Critical accounting policies and changes in accounting policies

None

1.14 Financial Instruments and Other Instruments

None.

1.15.1 Other MD& A Requirements

See the audited financial statements for the year ended December 31, 2005.

1.15.2 Additional Disclosure for Venture Issuers Without Significant Revenue

- (a) capitalized or expensed exploration and development costs

Sultan Minerals Inc.
Three Months Ended
March 31, 2006

The required disclosure is presented in the schedule of mineral property interests attached to the accompanying financial statements.

(b) expensed research and development costs

Not applicable.

(c) deferred development costs

Not applicable.

(d) general administrative expenses

The required disclosure is presented in the Statements of Operations.

(e) any material costs, whether capitalized, deferred or expensed, not referred to in (a) through (d)

None.

1.15.3 Disclosure of Outstanding Share Data

The following details the share capital structure as of May 29, 2006, the date of this MD&A, subject to minor accounting adjustments:

Outstanding share information at May 29, 2006

Authorized Capital

Unlimited number of common shares without par value and unlimited number of preference shares without par value.

Issued and Outstanding Capital

57,249,992 shares are issued and outstanding

Stock Options Outstanding

| Exercise Price | Number Outstanding | Expiry Date |
|-----------------------|---------------------------|--------------------|
| \$0.10 | 1,990,000 | June 10, 2010 |
| \$0.15 | 3,020,000 | July 6, 2009 |
| \$0.21 | 595,000 | August 31, 2006 |
| \$0.40 | 731,000 | October 19, 2006 |
| \$0.32 | 701,000 | May 16, 2007 |
| | 7,037,000 | |

Sultan Minerals Inc.
Three Months Ended
March 31, 2006

Warrants Outstanding

| Number of Warrants | Exercise Price | Expiry Date |
|---------------------------|-----------------------|--------------------|
| 1,773,334 | \$0.20 | November 15, 2006 |
| 1,372,580 | \$0.15 | July 20, 2007 |
| 749,999 | \$0.18 | September 16, 2007 |
| 100,000 | \$0.17 | November 30, 2006 |
| 2,100,000 | \$0.17 | February 28, 2008 |
| 420,000 | \$0.12 | February 28, 2008 |
| 210,000 | \$0.17 | February 28, 2008 |
| 6,725,913 | | |

Other Information

Controls and Procedures

As of December 31, 2005, we carried out an evaluation, under the supervision and with the participation of our President and Chief Financial Officer of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our President and Chief Financial Officer have concluded that our disclosure control and procedures are effective to ensure that information required to be (a) disclosed is recorded, processed, summarized and reported in a timely manner and (b) disclosed in the reports that we file or submit is accumulated and communicated to our management, including our President and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Approval

The Board of Directors of Sultan Minerals Inc. has approved the disclosure contained in the Annual MD&A. A copy of this Annual MD&A will be provided to anyone who requests it and can be located, along with additional information, on the SEDAR website at www.sedar.com.

Caution on Forward-Looking Information

This MD&A includes forward-looking statements, such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements.