

SULTAN MINERALS INC.
(an exploration stage company)
INTERIM FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 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)

	September 30, 2006	December 31, 2005
Assets		
Current assets		
Cash and cash equivalents	\$ 235,816	\$ 198,649
Accounts receivable	8,416	18,229
Due from related parties (Note 8)	--	42,323
Prepaid expenses	7,062	6,748
	251,294	265,949
Deferred share issue costs	--	30,000
Mineral property interests (see schedule) (Notes 3 and 11)	4,109,399	3,603,949
Investments (Note 4)	3,914	3,914
Equipment (Note 5)	19,177	19,306
Reclamation deposits	37,906	55,991
	\$ 4,421,690	\$ 3,979,109
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 54,409	\$ 218,310
Due to related parties (Note 8)	23,143	15,000
Current portion of mortgage payable (Note 6)	50,000	--
	127,552	233,310
Mortgage payable (Note 6)	108,000	--
	235,552	233,310
Shareholders' equity		
Share capital (Note 7)	15,111,703	14,503,631
Contributed surplus (Note 7)	770,591	449,702
Deficit	(11,696,156)	(11,207,534)
	4,186,138	3,745,799
	\$ 4,421,690	\$ 3,979,109

Commitments and subsequent events (Notes 3, 7 and 9)

See accompanying notes to interim financial statements.

Approved by the Directors

"Arthur G. Troup"
Arthur G. Troup

"Frank A. Lang"
Frank A. Lang

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SULTAN MINERALS INC.

(an exploration stage company)

Interim Statements of Operations and Deficit

(Unaudited – prepared by management)

	Three months ended September 30,		Nine months ended September 30,	
	2006	2005	2006	2005
Expenses				
Amortization	\$ 675	\$ 248	\$ 1,760	\$ 586
Legal, accounting and audit	11,844	9,046	18,806	13,191
Management fees	12,500	7,500	35,500	22,500
Office and administration	19,068	22,890	61,004	65,326
Salaries and benefits	44,173	22,686	145,220	114,144
Shareholder communications	42,411	25,413	157,957	68,764
Stock-based compensation	44,682	12,795	116,638	163,597
Property investigations	555	(217)	555	1,047
Travel	1,716	--	38,189	17,458
Write-down of mineral property interests	--	25,308	21,646	25,308
Interest and other income	(1,357)	(418)	(5,525)	(1,215)
	176,267	125,251	591,750	490,716
Loss before income taxes	(176,267)	(125,251)	(591,750)	(490,716)
Income tax recovery (Note 7(c))	--	--	103,128	60,554
Loss for the period	(176,267)	(125,251)	(488,622)	(430,152)
Deficit, beginning of period	(11,519,889)	(10,691,028)	(11,207,534)	(10,386,127)
Deficit, end of period	\$ (11,696,156)	\$ (10,816,279)	\$ (11,696,156)	\$ (10,816,279)
Loss per share, basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	59,511,251	49,442,222	57,339,670	47,039,062
Number of common shares outstanding, end of period	59,516,659	51,487,909	59,516,659	51,487,909

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.

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Interim Statements of Cash Flows

(Unaudited – prepared by management)

	Three months ended September 30,		Nine months ended September 30,	
	2006	2005	2006	2005
Cash provided by (used for):				
Operations				
Loss for the period	\$ (176,267)	\$ (125,251)	\$ (488,622)	\$ (430,152)
Items not involving cash				
Amortization	675	247	1,760	586
Stock-based compensation	44,683	12,795	116,638	163,597
Write-down of mineral property interests	--	25,308	21,646	--
Income tax recovery	--	--	(103,128)	(60,554)
Changes in non-cash working capital				
Accounts receivable	15,433	1,369	9,813	54,330
Due to/from related parties	71,768	(119,164)	50,466	(41,630)
Prepaid expenses	16,983	498	(314)	9,533
Accounts payable and accrued liabilities	1,862	116,415	(163,901)	31,897
	(24,863)	(87,783)	(555,642)	(247,085)
Investing activities				
Mineral property interests				
Acquisition costs	(14,839)	18,981	(77,258)	(6,352)
Exploration and development costs	(25,859)	(200,398)	(193,689)	(349,823)
Purchase of equipment	--	(2,778)	(4,477)	(2,778)
Reclamation bonds	--	--	(1,070)	(5,890)
	(40,698)	(184,195)	(276,494)	(364,843)
Financing activities				
Common shares issued for cash	300	303,266	869,303	532,880
Increase (decrease) in cash and cash equivalents during the period				
	(65,261)	31,288	37,167	(79,048)
Cash and cash equivalents, beginning of period				
	301,077	258,457	198,649	368,793
Cash, and cash equivalents, end of period				
	\$ 235,816	\$ 298,745	\$ 235,816	\$ 289,745
Supplemental information				
Shares issued for mineral property interests	\$ 3,250	\$ 1,583	\$ 62,800	\$ 32,843
Stock-based compensation capitalized to mineral property interests	6,383	--	13,348	--
Agent's warrants issued	--	--	54,774	--

See accompanying notes to interim financial statements.

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SULTAN MINERALS INC.

(an exploration stage company)

Notes to Interim Financial Statements

Nine months ended September 30, 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 September 30, 2006, of \$123,742 (December 31, 2005 – \$32,639) and an accumulated deficit of \$11,696,156 - (December 31, 2005 – \$11,207,534).

The Company has capitalized \$4,109,399 in acquisition and related exploration 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 September 30, 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.

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SULTAN MINERALS INC.

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Notes to Interim Financial Statements

Nine months ended September 30, 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.

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 nine months ended September 30, 2006, the Company terminated the option agreement on this property.

(b) Stephens Lake Property, Manitoba, Canada

The Company is in a joint venture with ValGold Resources Ltd. and Cream Minerals Ltd. The companies have a 100% interest in the Stephens Lake Property and an option agreement to acquire 75% of the contiguous Trout Claim Group. Under the terms of the Trout Claim Group agreement, the Companies have each agreed to make cash payments of \$36,667 (\$23,333 paid by the Company) and to issue 66,667 common shares (50,001 issued) to the optionor over a 36-month period from July 22, 2004.

(c) Jersey and Emerald Properties, British Columbia

In June 2006, the Company entered into a purchase agreement to acquire 100% right, title and interest in the surface rights over seven hundred and forty (740) 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. Under the terms of the agreement, the Company 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.

In October 2006 the Company completed an option agreement at an option price of \$50,000 to purchase the surface rights over two hundred and fifty (250) acres of land on an adjacent section of the Jersey property at a cost of \$50,000 until January 31, 2007. The initial option payment was held in trust at September 30, 2006, and subsequent to that date the option was exercised and the land was acquired.

(d) Property Payments

To maintain its mineral property interests and acquisitions completed subsequent to September 30, 2006, the Company is required to make cash payments of \$198,115 and issue 320,417 common shares in fiscal 2006. In the nine months ended September 30, 2006, cash payments of \$73,115 were made and 320,417 common shares were issued pursuant to option agreements on the Company's mineral property interests. The acquisition of surface rights i

4. Investments:

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

SULTAN MINERALS INC.

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Notes to Interim Financial Statements

Nine months ended September 30, 2006 and 2005

(Unaudited – prepared by management)

Name of Company	Number of Shares	Book Value September 30, 2006	Book Value December 31, 2005
Emgold Mining Corporation (Note 8 (f))	15,652	\$ 3,913	\$ 3,913
LMC Management Services Ltd. (Note 8 (a))	1	1	1
		\$ 3,914	\$ 3,914

The quoted market value of Emgold Mining Corporation as at September 30, 2006, was \$8,765 (December 31, 2005: \$7,356).

5. Equipment:

	Cost	Accumulated Depreciation	Net Book Value September 30, 2006	Net Book Value December 31, 2005
Equipment	\$ 29,610	\$ 10,433	\$ 19,177	\$ 19,306

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

6. Mortgage payable:

The Company entered into a mortgage payable relating to the acquisition of surface rights on its Jersey property in British Columbia (See Note 3 (c)). Payment terms are as follows: upon receipt of regulatory approval which was June 1, 2006, \$10,000, which was paid and 200,000 common shares were issued; and thereafter as follows: on June 1, 2007, up to 200,000 common shares; on June 1, 2008, up to 200,000 common shares and June 1, 2009, up to 200,000 common shares.

The shares referred to 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 payments referred to above the seller has still not received the full payment of the purchase price, then the Company will pay the remaining balance to the seller by a cash payment. The Company 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.

	September 30, 2006	December 31, 2005
Mortgage payable, opening balance	\$ 200,000	\$ --
Less cash payment	(10,000)	--
Less payments made in common shares	(32,000)	--
Mortgage payable, end of period	158,000	--
Current portion of mortgage payable	\$ 50,000	\$ --

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SULTAN MINERALS INC.

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Notes to Interim Financial Statements

Nine months ended September 30, 2006 and 2005

(Unaudited – prepared by management)

7. 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 warrant value and share issue costs	4,200,000	300,035
Private placement at \$0.20, less warrant value	2,000,000	344,486
Options exercised	10,000	1,000
Warrants exercised	12,500	1,875
Agent's warrants exercised	2,500	300
Issued for mineral property interests and other		
Cariboo claims at \$0.18	25,000	4,500
Daylight claim group at \$0.18	43,750	7,875
Jersey property at \$0.20	200,000	40,000
Kena claims at \$0.205	35,000	7,175
Trout claim group at \$0.195	16,667	3,250
Contributed surplus recognized on exercise of options	--	476
Contributed surplus recognized on exercise of agent's warrants	--	228
Income tax effect of renunciation of flow-through expenditures	--	(103,128)
Balance, September 30, 2006	59,516,659	\$15,111,703

During the period the Company:

- (a) 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 is 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 until February 28, 2008, to receive one additional common share. The value attributed to these non-transferable share purchase warrants was \$0.04 per warrant.

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SULTAN MINERALS INC.

(an exploration stage company)

Notes to Interim Financial Statements

Nine months ended September 30, 2006 and 2005

(Unaudited – prepared by management)

7. Share capital (continued):

(b) 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. Each whole share purchase warrant will entitle the holder to purchase one additional common share at an exercise price of \$0.30 per common share. The share purchase warrants are exercisable until May 30, 2007. The value attributed to these non-transferable share purchase warrants was \$0.06 per warrant.

(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.

(d) Stock options

The Company has a stock option plan which allows for the grant of options to purchase up to 11,899,498 stock options. The following table summarizes information about the stock options outstanding at September 30, 2006:

Weighted Average Remaining Contractual Life	Number Outstanding at September 30, 2006	Exercise Price
3.7 years	1,990,000	\$0.10
2.8 years	3,020,000	\$0.15
4.7 years	2,650,000	\$0.17
0.6 years	701,000	\$0.32
0.1 years	731,000	\$0.40
3.2 years	9,092,000	\$0.15 to \$0.40

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SULTAN MINERALS INC.

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Notes to Interim Financial Statements

Nine months ended September 30, 2006 and 2005

(Unaudited – prepared by management)

7. Share capital (continued):

(d) Stock options (continued)

A summary of the stock options at September 30, 2006, is presented below:

	Options Outstanding	Weighted Average Exercise Price
Balance, December 31, 2005	7,047,000	\$0.18
Granted	2,650,000	\$0.17
Exercised	(10,000)	\$0.10
Expired	(595,000)	\$0.21
Balance, September 30, 2006	9,092,000	\$0.18
Unvested stock options, September 30, 2006	1,800,000	\$0.17
Exercisable stock options, September 30, 2006	7,292,000	\$0.17

The fair value of each stock option granted in fiscal 2006, with the fair value of stock options granted in fiscal 2005 in brackets, are as follows: risk free interest rate – 4.02% (3.44%); expected life – 3 years (3 years); expected volatility - 81% (83%); and weighted average fair value per option grant of \$0.15 (\$0.09).

(e) Share purchase warrants

At September 30, 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
417,500	\$0.12	February 28, 2008
1,360,080	\$0.15	July 20, 2007
100,000	\$0.17	November 30, 2006
2,100,000	\$0.17	February 28, 2008
749,999	\$0.18	September 16, 2007
1,773,334*	\$0.20	November 15, 2006
1,000,000	\$0.30	May 30, 2007
210,000	\$0.17	February 28, 2008
7,710,913	\$0.19	

*These warrants expired, unexercised, subsequent to September 30, 2006.

(f) Contributed surplus

	September 30, 2006	December 31, 2005
Contributed surplus, beginning of period	\$ 449,702	\$ 255,469
Fair value of stock options allocated to shares issued on exercise	(476)	--
Non-cash stock-based compensation	129,986	191,929
Fair value of warrants allocated to shares issued on exercise	(228)	--

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SULTAN MINERALS INC.

(an exploration stage company)

Notes to Interim Financial Statements

Nine months ended September 30, 2006 and 2005

(Unaudited – prepared by management)

Fair value of finder's warrants and warrants	191,607	2,304
Contributed surplus, end of period	\$ 770,591	\$ 449,702

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

Nine months ended September 30, 2006 and 2005

(Unaudited – prepared by management)

8. Related party transactions and balances:

	Nine months ended September 30,	
	2006	2005
Services rendered and reimbursement of expenses:		
LMC Management Services Ltd. (a)	\$ 266,173	\$ 213,275
Lang Mining Corporation (b)	22,500	22,500
Kent Avenue Consulting Ltd. (c)	13,000	--
High Visibility Public Relations (d)	10,000	--
Legal fees	--	12,244
	September 30,	December 31,
Balances receivable from (f):	2006	2005
LMC Management Services Ltd.	\$ --	\$ 42,323
Balances payable to:		
Cream Minerals Ltd.	\$ 23,143	\$ --
DuMoulin Black	--	15,000

- (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 through LMC Management Services Ltd., 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) Legal fees were paid to DuMoulin Black, a law firm of which a director of the Company was an associate counsel to April 1, 2006.
- (f) The Company's investments include shares in a listed company with one director and one officer in common.
- (g) 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.

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SULTAN MINERALS INC.

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Notes to Interim Financial Statements

Nine months ended September 30, 2006 and 2005

(Unaudited – prepared by management)

9. Subsequent events:

Subsequent to September 30, 2006,

- (a) the Company completed a non-brokered private placement of 1,110,000 units (the "FT Units") at a price of \$0.18 per FT Unit for gross proceeds of up to \$199,800. Each FT Unit is comprised of one (1) flow-through common share and one-half of one non-flow-through ("NFT") share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one additional common share at an exercise price of \$0.25 per share until October 18, 2007.

In accordance with CICA Handbook Section 3465 – Income Taxes, the Company will record 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 is expected to renounce flow through expenditures in March 2007, relating to the year ended December 31, 2006, and as a consequence, is expected to recognize a reduction in share capital and a recovery of future income taxes of \$68,172.

- (b) the Company completed a non-brokered private placement of 1,812,725 units at a price of \$0.16 per unit, for gross proceeds of up to \$290,036. Each unit is comprised of one common share and one-half of one share purchase warrant. Each whole share purchase warrant will entitle the holder to purchase one additional common share at an exercise price of \$0.25 per share until October 18, 2008.

A cash finder's fee equal to eight percent (8%) of the gross proceeds from the sale of FT Units and units arranged by an arm's length finder was paid and 236,025 non-transferable finder's warrants were also granted to purchase that number of common shares of the Company. The finder's warrants equal ten percent (10%) of the aggregate number of FT Units and units sold. Each finder's warrant issued is exercisable to acquire a finder's warrant Share, at a price of \$0.25 per share until October 18, 2007, and each finder's warrant issued in relation to the sale of units is exercisable to acquire a finder's warrant share, at a price of \$0.25 per share until October 18, 2008.

- (c) The Company's board of directors approved the adoption of a Shareholder Rights Plan (the "Rights Plan"). Shareholder approval of the Rights Plan will be sought at the next annual general meeting of the Company's shareholders, unless terminated earlier. The TSX Venture Exchange has accepted the Rights Plan, subject to shareholder ratification. Effective as at October 31, 2006, the rights (the "Rights") were issued and attached to all of the Company's outstanding common shares.

10. Comparative figures:

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

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

SULTAN MINERALS INC.

(an exploration stage company)

Note 11: Mineral Property Interests

Nine months ended September 30, 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 September 30, 2006
Acquisition costs					
Balance, beginning of period	\$ 620,133	\$ 35,699	\$ 443	\$ --	\$ 656,275
Incurred during the period	66,157	215,318	16,583	--	298,058
Balance, end of period	686,290	251,017	17,026	--	954,333
Exploration and development costs					
Incurred during the period					
Assays and analysis	75	21,283	--	--	21,358
Drilling	--	47,984	--	--	47,984
Geological and geophysical	4,701	78,870	210	3,581	87,362
Site activities	1,474	16,856	19,319	18,065	55,714
Stock-based compensation	--	13,348	--	--	13,348
Transportation	--	3,272	--	--	3,272
	6,250	181,613	19,529	21,646	229,038
Balance, beginning of period	2,483,980	452,546	11,148	--	2,947,674
Write-downs during the period	--	--	--	(21,646)	(21,646)
Balance, end of period	2,490,230	634,159	30,677	--	3,155,066
Total Mineral Property Interests	\$ 3,176,520	\$ 885,176	\$ 47,703	\$ --	\$ 4,109,399

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

SULTAN MINERALS INC.

(an exploration stage company)

Note 11: 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

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1.1 Date

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

1.2 Overview

This Management's Discussion and Analysis ("MD&A") contains certain "Forward-Looking Statements." 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 nine months ended September 30, 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 nine months ended September 30, 2006 ("fiscal 2006") was \$488,622 or \$0.01 per share, after income tax recovery due to flow-through renunciations, compared to a loss of \$430,152 or \$0.01 per share, after income tax recovery due to flow-through renunciations, in the nine months ended September 30, 2005 ("fiscal 2005").
- During fiscal 2006, operations utilized \$555,642 compared to \$247,085 in fiscal 2005. Cash expenditures on mineral property interests totalled \$270,947 in fiscal 2006 compared to \$356,175 in fiscal 2005. Total property expenditures were incurred on the following mineral properties in fiscal 2006: Kena - \$72,407 (2005 - \$95,151), Coripampa Properties - \$21,646 (2005 - \$60,509), Stephens Lake - \$36,112 (2005 - a recovery of \$3,686), and the Jersey and Emerald properties - \$396,931 (2005 - \$251,550). The Coripampa Properties were written off in fiscal 2005, and the additional costs incurred in fiscal 2006 of \$21,646 have also been written off in fiscal 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.

EXPLORATION

To date, the Company completed a 26-hole diamond drill program totalling 2942 metres that 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 fiscal 2006 with the fiscal 2005 comparative figures shown in brackets include the following: assays and analysis - \$21,106 (\$328); drilling - \$47,984

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(\$40,215); geological and geophysical – \$56,025 (\$15,697); transportation – \$2,606 (\$1,467); stock-based compensation - \$6,964 (\$10,901) and site activities – \$14,025 (\$1,467). Acquisition costs of \$55,811 (\$4,634) were incurred.

PROPERTY AGREEMENTS

In fiscal 2006 the Company entered into a purchase agreement to acquire 100% right, title and interest in the surface rights over seven hundred and forty (740) 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. Under the terms of the agreement, Sultan 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 or June 1, 2006, (\$10,000 - paid) and up to 200,000 common shares (200,000 issued); on June 1, 2007, up to 200,000 common shares; on June 1, 2008, up to 200,000 common shares; and on June 1, 2009, up to 200,000 common shares. The shares issued had a value of \$32,000, so the remaining \$8,000 will be paid at the end of the term of the mortgage payable under the terms described below.

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.

In October 2006 the Company entered into an option agreement at an option price of \$50,000 to purchase the surface rights over two hundred and fifty (250) acres of land on an adjacent section of the Jersey property at a cost of \$50,000 until January 31, 2007. Subsequent to September 30, 2006, the option was exercised and the land was acquired.

METALLURGICAL TESTING

The Company received encouraging results from a preliminary Metallurgical Test for Molybdenum Flotation completed on a composite drill core sample from its Jersey-Emerald Property in southeastern British Columbia. The metallurgical study was completed by Process Research Associates Ltd. of Richmond, BC.

The metallurgical study blended core samples from four diamond drill holes into a single mineral composite which was then tested for molybdenum recovery by various flotation techniques. Although the main mineral of interest was molybdenite, the study found that many potential by-product recovery options should also be considered.

Rougher flotation recovered more than 97% of the contained molybdenum at a relatively coarse particle size (80% passing (P80) 170 um). The first rougher stage flotation recovered 98% of the contained molybdenum and 81% of the contained gold in 4.3% of the mass. The majority of the mass, 61.7%, was contributed by pyrite. Using lime as pyrite depressant in 5 stages of cleaning yielded a concentrate with grades of 29.2% molybdenum, 20.5% iron, 2.82g/T gold and 27.0g/T silver, with recoveries exceeding 47% gold and 95% molybdenum.

Mineralogical studies found that liberation was essentially 100% with the concentrate comprised of free

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grains of molybdenite (50% to 69%) and pyrite (28% to 45%) with traces (2.0%) of silicates, carbonate and rare chalcopyrite.

These preliminary results are encouraging and further testing is currently underway to improve the molybdenite and pyrite separation.

RESOURCE CALCULATIONS

The Company received the completed initial resource calculations for the Tungsten and Molybdenum Zones on its Jersey-Emerald Property in the Kootenay District of British Columbia. Resource calculations were prepared by Giroux Consultants Ltd. and the resulting National Instrument 43-101 Technical Report was co-authored by independent geological consultants Gary Giroux, P.Eng., of Giroux Consultants Ltd. and Perry Grunenberg, P.Geo. of P & L Geological Consultants Ltd.

The study demonstrates that significant deposits of tungsten mineralization remain within the East Dodger and the Invincible Tungsten Mines with excellent exploration potential in both the historically mined areas and the surrounding terrain. The authors recommend that a preliminary scoping study be undertaken to determine the requirements necessary for permitting of the site for mining.

Separate resource estimations were produced for tungsten in the Invincible and Dodger Zones based on 4,593 diamond drill holes cored at 25 to 50 ft. centres (7.0m to 15.0m centres) and molybdenum in the Dodger 4200 Zone based on 21 diamond drill holes. Within the tungsten zones assays were capped at 13.2% WO₃ in the Invincible-Emerald Zone and 14.2% WO₃ in the Dodger Zones, while within the molybdenum zone, assays were capped at 1.58% Mo. Uniform 10 ft down-hole composites were produced within all mineralized zones. Variography demonstrated anisotropic structures for both WO₃ and Mo within the mineralized zones. Within the tungsten zones blocks 25 x 25 x 25 ft. were interpolated using ordinary kriging. For the molybdenum zone blocks 50 x 50 x 20 ft. were estimated by ordinary kriging. Blocks in all zones were classified using distance parameters tied to the ranges of semivariograms. Specific gravity determinations were made from 2006 drill core. Within the tungsten zones 9 measurements showed a definite correlation between grade of WO₃ and specific gravity. Blocks with estimated grades less than 0.1% WO₃ were assigned a specific gravity of 2.77 (11.57 cu. ft./ton), blocks =0.1 and less than 0.3% WO₃ were given a value of 3.25 (9.86 cu. ft./ton) and blocks with estimated grades > 0.3% WO₃ were assigned a value of 3.36 (9.54 cu. ft./ton). Within the molybdenum resource area blocks were assigned an average of 8 measurements, a value of 2.68 which converts to a tonnage conversion factor of 11.96 cu. ft./ton.

Within the tungsten zones, using a cut-off grade of 0.15% WO₃, the results show 2.51 million tons averaging 0.37% WO₃ classed as measured plus indicated, with an additional 1.21 million tons averaging 0.40% WO₃ classed as inferred. In the molybdenum zone, the results at a 0.05% Mo cut-off show 28,000 tons averaging 0.098 % Mo classed as indicated with a further 481,000 tons averaging 0.103% Mo classed as inferred.

The results of the resource evaluation are summarized in the following tables.

TOTAL WO₃ RESOURCE FOR JERSEY PROJECT

Classification	Cutoff %	Tons>Cutoff	WO₃ %	Pounds of WO₃
Measured	0.15	1,200,000	0.379	9,096,000
Indicated	0.15	1,310,000	0.365	9,563,000
Measured Plus Indicated	0.15	2,510,000	0.372	18,674,000
Inferred	0.15	1,210,000	0.397	9,607,000

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TOTAL MO RESOURCE FOR DODGER 4200 ZONE

Classification	Cutoff %	Tons>Cutoff	Mo%	Pounds of Mo
Indicated	0.05	28,000	0.098	54,880
Inferred	0.05	481,000	0.103	990,860

The Company's consultants have suggested that until an economic evaluation is completed, 0.15% WO₃ and 0.05% Mo are realistic cutoff grades for an underground mining operation in this location at current tungsten and molybdenum prices. The details of the report and the total resource may be found on the Company's website: www.sultanminerals.com.

Resource calculations for tungsten were determined for the un-mined mineralization in the drilled out portions of the Invincible and Dodger tungsten deposits. Within the tungsten zones, tonnages were adjusted to account for underground mining. The proportion of underground voids within each block was determined and this amount of material was subtracted from the tonnage calculated for that block.

The study indicates that average grades of molybdenum within the porphyry system are significant enough for potential underground mining methods of extraction, and includes limited zones with highly elevated grades.

The report concludes that based on the results of this preliminary resource calculation potential for both tungsten and molybdenum resources exist on the Jersey property.

The report makes a number of recommendations that can be summarized as follows:

1. Consultation be initiated with the Ministry of Mines of British Columbia to establish the terms of reference for re-permitting this historic mine.
2. A preliminary scoping study should be undertaken to determine the economic parameters and mining plan to develop the resource as well as the requirements necessary for permitting of the site for mining.
3. The Invincible Mine workings should be dewatered and the access portals stabilized.
4. The East Emerald Tungsten Zone and its projected extension should be tested with 11,000 metres of drilling in 60 drill holes.
5. The East Dodger Tungsten Zone should be tested with 5,000 metres of drilling in 35 drill holes.
6. The East Dodger Molybdenum Zone should be investigated to the north, south and at depth with 3,000 metres of diamond drilling in 15 drill holes.

The proposed budget for the recommended program is estimated at \$4,120,000.

The study shows that a significant tungsten resource exists on the property. The resource is comparable in tonnage and grade with many of the world's largest producing tungsten mines and has potential for expansion both within the historically mined areas and within the surrounding terrain.

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

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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.

Exploration expenditures on the Kena property in fiscal 2006, with the fiscal 2005 comparative figures shown in brackets, include the following: assays and analysis – \$53 (\$10,296); drilling - \$Nil (\$23,930); geological and geophysical – \$4,747 (\$12,350); transportation – \$Nil (\$1,120), site activities – \$1,089 (\$5,038) and stock-based compensation - \$Nil (\$2,575). Acquisition costs of \$66,158 (\$33,805) 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 (the "Companies") 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, and subsequently an agreement was entered into with BHP Billiton Diamonds Inc. ("BHP Billiton") to carry out exploration on the property. 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. During the period, the Company received notice from BHP Billiton that they would be withdrawing from the agreement on the Stephens Lake Property. Five holes were drilled by BHP Billiton. Results from the final report received from BHP Billiton were received in August 2006, and the Companies are assessing the many untested geophysical targets that remain on the property, to determine whether any further work will be undertaken, or if the property interest will be terminated, or at a minimum, reduced in size. The BHP Billiton report states that another attempt is warranted to test the Trout 01 target with a more effective hole. The objective would be to drill at an angle of -70° south to better intersect the north dipping conductor and probable steeply dipping ultramafic to penetrate the bottom contact with the country rock, and to do down-hole EM probing.

The Companies also have an option agreement to acquire the Trout Claim Group. Under the terms of the agreement, the Companies agreed to make total cash payments of \$110,000 (\$23,333 paid by the

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Company) and issue 200,001 common shares (66,667 shares in the capital of each of the three companies (50,001 common shares of the Company issued to September 30, 2006)) 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 they had with the Companies until April 2006 on the Stephens Lake Property. These reimbursements have been recorded as a reduction in the cost of the Trout Claim Group. In addition, the Companies were to 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, which was incurred, and \$250,000 cumulative prior to July 22, 2007. Upon earning its 75.0% interest, the Companies and the optionor are able to enter into a 75:25 joint venture for the further exploration and development of the Trout Claim Group.

1.2.4 Mineral Property Option Payments Due In Fiscal 2006

To maintain its mineral property interests the Company is required to make cash payments of \$148,115 and issue 320,417 common shares in fiscal 2006. In the nine months ended September 30, 2006, cash payments of \$73,115 were made and 320,417 common shares were issued pursuant to option agreements on the Company's mineral property interests.

1.2.5 Market Trends

The price of gold has increased, continuing an overall uptrend, which began in 2004. The average gold price in 2005 averaged US\$444.74 per ounce and has averaged US\$601.01 per ounce to November 27, 2006. The price for molybdenum (roasted) on November 14, 2006, was US\$27.50 per pound, and the price for tungsten as ATP on November 10, 2006, was US\$255.00 per metric tonne.

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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	As at December 31, 2003
Current assets	\$ 265,949	\$ 481,152	\$ 361,924
Mineral property interests	3,603,949	3,280,334	2,729,646
Other assets	109,211	56,557	31,257
Total assets	3,979,109	3,818,043	3,122,827
Current liabilities	233,310	144,435	62,942
Shareholders' equity	3,745,799	3,673,608	3,059,885
Total shareholders' equity and liabilities	3,979,109	3,818,043	3,122,827
Working capital	32,639	336,717	298,982
	Year ended December 31, 2005	Year ended December 31, 2004	Year ended December 31, 2003
Expenses (recoveries)			
Amortization	\$ 987	\$ 843	\$ 2,012
Legal, accounting and audit	20,691	48,791	39,804
Management and consulting fees	35,000	30,000	30,000
Office and administration	80,278	79,943	31,244
Salaries and benefits	131,542	89,240	135,306
Shareholder communications	98,524	151,953	107,213
Stock-based compensation	176,393	218,207	10,493
Travel and conferences	19,413	32,885	(6,671)
	562,828	651,862	604,419
Property investigations	938	4,441	29,728
Write-down of mineral property interests	319,914	--	1,916,166
Interest income	(1,719)	(1,927)	(20,001)
Loss before income taxes	(881,961)	(654,376)	2,275,294
Income tax (recovery) expense – current		--	--
– future income taxes	60,554	--	(94,050)
Loss for the year	\$ (821,407)	\$ (654,376)	\$ 2,181,244
Loss per share – basic and diluted	\$ (0.02)	\$ (0.02)	\$ 0.06
Weighted average number of common shares outstanding – basic and diluted	48,507,514	40,841,887	37,342,803

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1.4 Results of Operations

Sultan had a loss of \$488,622, or a loss per share of \$0.01 in the nine months ended September 30, 2006, compared to a loss of \$430,152, or a loss per share of \$0.01 in the nine months ended September 30, 2005.

	Three months ended September 30,		Nine months ended September 30,	
	2006	2005	2006	2005
Expenses				
Amortization	\$ 675	\$ 248	\$ 1,760	\$ 586
Legal, accounting and audit	11,844	9,046	18,806	13,191
Management fees	12,500	7,500	35,500	22,500
Office and administration	19,068	22,890	61,004	65,326
Salaries and benefits	44,173	22,686	145,220	114,144
Shareholder communications	42,411	25,413	157,957	68,764
Stock-based compensation	44,682	12,795	116,638	163,597
Property investigations	555	(217)	555	1,047
Travel	1,716	--	38,189	17,458
Write-down of mineral property interests	--	25,308	21,646	25,308
Interest and other income	(1,357)	(418)	(5,525)	(1,215)
	176,267	125,251	591,750	490,716
Loss before income taxes	(176,267)	(125,251)	(591,750)	(490,716)
Income tax recovery	--	--	103,128	60,554
Loss for the period	(176,267)	(125,251)	(488,622)	(430,152)
Loss per share, basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	59,511,251	49,442,222	57,339,670	47,039,062
Number of common shares outstanding, end of period	59,516,659	51,487,909	59,516,659	51,487,909

Revenue

Sultan has no source of revenue. Interest earned on excess cash is incidental income. Interest revenue has increased from \$1,215 in fiscal 2005 to \$5,525 in fiscal 2006 due to higher cash balances and interest rates in 2006 compared to 2005.

Expenses

Legal, accounting and audit increased from \$13,191 in fiscal 2005 to \$18,806 in fiscal 2006. Audit fees are accrued throughout the fiscal year. Fees charged for the fiscal 2005 year end were as estimated in the accrual. The fees incurred in the current period were comprised of audit and legal fees. Legal fees are ongoing and will vary depending on the activity during the period.

Management fees of \$2,500 per month are paid to Lang Mining Corporation, a private company, for the services of Frank A. Lang as Chairman of the Company, for a total of \$15,000 in each fiscal period. In

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fiscal 2006 consulting fees of \$13,000 (2005-NIL) were paid through LMC Management Services Ltd., to Kent Avenue Consulting Ltd., a private company controlled by Sargent H. Berner, a director of the Company.

Office and administration costs decreased from \$65,326 in fiscal 2005 to \$61,004 in fiscal 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 \$114,144 in fiscal 2005 to \$145,220 in fiscal 2006. Salaries will likely continue to increase as administration and regulation of public companies continues to increase. In fiscal 2005, there was \$163,597 in vested stock-based compensation relating to vesting of stock options granted in July 2005, compared to \$116,638 in vested stock-based compensation in fiscal 2006 related to vesting of stock options granted in June 2006.

Shareholder communications have increased from \$68,764 in fiscal 2005 to \$157,957 in fiscal 2006. The Company utilized the services of a consultant, Arbutus Enterprises Ltd. Fees paid totalled \$18,000 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 \$10,000 (2005 - \$Nil) paid to High Visibility Public Relations, \$8,000 (2005 - \$Nil) paid to Independent Equity Research and \$7,600 (2005 - \$Nil) paid to Robin Merrifield in fiscal 2006. Sultan retained the services of Mr. Horng Kher (Marc) Lee as its Investor Relations and Market Consulting provider. Fees of \$12,000 (2005 - Nil) were paid to Mr. Lee during the period.

Stock-based compensation of \$163,597 in fiscal 2005 relates to the vested portion of stock options granted in June 2005. In June 2006 a total of 2,650,000 incentive stock options were granted to directors, officers, employees and consultants, exercisable over a five-year period expiring June 22, 2011, at a price of \$0.17 per share, and \$116,638 is the Black-Scholes valuation related to the vested portion of options expensed. The fair value of each stock option granted in fiscal 2006, with the fair value of stock options granted in fiscal 2005 in brackets, are as follows: risk free interest rate – 4.02% (3.44%); expected life – 3 years (3 years); expected volatility - 81% (83%); and weighted average fair value per option grant of \$0.15 (\$0.09).

Travel and conference expenses have increased from \$17,458 in fiscal 2005 to \$38,189 in fiscal 2006. A trade and technical show in Colorado in May 2006 attended by representatives of the Company accounted for the majority of the increase.

Property investigation costs have decreased from \$1,047 in fiscal 2005 to \$555 in fiscal 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 fiscal 2006, the final balance of \$21,646 incurred in exploration costs related to the Coripampa property was written off. The Company gave notice to the optionors in February 2006 that they would be terminating the option agreement. Mineral property interests of \$25,308 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 in

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fiscal 2006.

The Company also renounced flow through expenditures in the nine months ended September 30, 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 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							
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
Second Quarter	27,208	158,049	24	(1)	245,894	242,901	\$0.01
Third Quarter	350	192,410	35,758	--	177,624	176,267	\$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.

Three months ended September 30, 2006 ("Q3 2006"), compared to three months ended September 30, 2005 ("Q3 2005")

Legal, accounting and audit increased from \$9,046 in Q3 2005 to \$11,844 in Q3 2006. Audit fees are accrued throughout the fiscal year. Legal fees are ongoing and will vary depending on the activity during the period. The fees incurred in the current period were primarily legal fees.

Management fees of \$2,500 per month are paid to Lang Mining Corporation, a private company, for the services of Frank Lang as Chairman of the Company, for a total of \$7,500 in each quarter.

Office and administration costs decreased from \$22,890 in Q3 2005 to \$19,068 in Q3 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 \$22,686 in Q3 2005 to \$44,173 in Q3 2006. Salaries will likely be higher in fiscal 2006, compared to fiscal 2005, although period to period there may be differences, as the cost of administration and regulation of public companies continues to increase. Administration is also impacted by exploration activity, as office and administration costs increase when exploration

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activity increases.

Stock-based compensation of \$12,795 in Q3 2005 relates to stock options granted and vested in June 2005 and compares to \$44,682 for stock-based compensation relating to stock options granted and vested in June 2006 and the portion vested and recorded in Q3 2006.

Shareholder communications have increased from \$25,413 in Q3 2005 to \$42,411 in Q3 2006. The Company utilized the services of two investor relations' consultants in Q3 2005, and in Q3 2006 are currently using the services of Arbutus Enterprises Ltd. and Marc Lee. Fees paid to Arbutus totalled \$12,000 in both fiscal periods, whereas Marc Lee was paid \$9,000 in Q3 2006, with no comparative expense in Q3 2005. Shareholder communications activities were restrained, as the Company did not have the funds available for more than minimal communications with shareholders. Other shareholder activities consist of web site maintenance, transfer agency fees, shareholder inquiries and all costs associated with timely disclosure of information.

Travel and conference expenses have increased from \$Nil in Q3 2005 to \$1,716 in Q3 2006.

Property investigation costs have increased from a recovery of \$217 in Q3 2005 to \$555 in Q3 2006. No mineral property interests were written off in Q3 2006 compared to a mineral property write-down of \$25,308 in Q3 2005.

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 September 30, 2006, Sultan's working capital, defined as current assets less current liabilities, was \$123,742, 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.

At September 30, 2006, Sultan has capitalized \$4,109,399 representing costs associated with the acquisition and exploration of its mineral property interests in British Columbia and Manitoba. During the nine months ended September 30, 2006, Sultan's expenditures included \$527,096 on the acquisition and exploration of its mineral property interests compared to \$381,149 in the nine months ended September 30, 2005.

1.7 Capital Resources

During the nine months ended September 30, 2006, 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 was 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.

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The Company also 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 was comprised of one common share and one-half of one non-transferable share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one additional common share until May 30, 2007, at an exercise price of \$0.30 per share.

In fiscal 2006, 12,500 warrants were exercised at a price of \$0.15, 2,500 agent's warrants were exercised at a price of \$0.12, and 10,000 options were exercised at a price of \$0.10, for total proceeds of \$3,175.

Subsequent to September 30, 2006, the Company completed a non-brokered private placement of 1,110,000 units (the "FT Units") at a price of \$0.18 per FT Unit for gross proceeds of up to \$199,800. Each FT Unit is comprised of one (1) flow-through common share and one-half of one non-flow-through ("NFT") share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one additional common share at an exercise price of \$0.25 per share until October 18, 2007.

In accordance with CICA Handbook Section 3465 – Income Taxes, the Company will record 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 is expected to renounce flow through expenditures in March 2007, relating to the year ended December 31, 2006, and as a consequence, is expected to recognize a reduction in share capital and a recovery of future income taxes of \$68,172.

Additionally, the Company completed a non-brokered private placement of 1,812,725 units at a price of \$0.16 per unit, for gross proceeds of up to \$290,036. Each unit is comprised of one common share and one-half of one share purchase warrant. Each whole share purchase warrant will entitle the holder to purchase one additional common share at an exercise price of \$0.25 per share until October 18, 2008.

A cash finder's fee equal to eight percent (8%) of the gross proceeds from the sale of FT Units and units arranged by an arm's length finder was paid and 236,025 non-transferable finder's warrants were also granted to purchase that number of common shares of the Company. The finder's warrants equal ten percent (10%) of the aggregate number of FT Units and units sold. Each finder's warrant issued is exercisable to acquire a finder's warrant Share, at a price of \$0.25 per share until October 18, 2007, and each finder's warrant issued in relation to the sale of units is exercisable to acquire a finder's warrant share, at a price of \$0.25 per share until October 18, 2008.

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 September 30, 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.

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1.9 Transactions with Related Parties

Services rendered and reimbursement of expenses:	Nine months ended September 30,	
	2006	2005
LMC Management Services Ltd. (a)	\$ 266,173	\$ 213,275
Lang Mining Corporation (b)	22,500	22,500
Kent Avenue Consulting Ltd. (c)	13,000	--
High Visibility Public Relations (d)	10,000	--
Legal fees	--	12,244

Balances receivable from (f):	September 30,	December 31,
	2006	2005
LMC Management Services Ltd.	\$ --	\$ 42,323

Balances payable to:		
	Cream Minerals Ltd.	\$ 23,143
DuMoulin Black	--	15,000

- (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 through LMC Management Services Ltd., 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) Legal fees were paid to DuMoulin Black, a law firm of which a director of the Company was an associate counsel to April 1, 2006.
- (f) The Company's investments include shares in a listed company with one director and one officer in common.
- (g) 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.

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1.11 Proposed Transactions

There is no proposed asset or business acquisition or disposition 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 September 30, 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

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 November 29, 2006, the date of this MD&A, subject to minor accounting adjustments:

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Outstanding share information at November 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

62,439,384 shares are issued and outstanding

Stock Options Outstanding

Number of Options	Exercise Price	Expiry Date
2,650,000	\$0.17	June 21, 2011
1,990,000	\$0.10	June 10, 2010
3,020,000	\$0.15	July 6, 2009
701,000	\$0.32	May 16, 2007
8,361,000		

Warrants Outstanding

Number of Warrants	Exercise Price	Expiry Date
1,360,080	\$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
418,750	\$0.12	February 28, 2008
208,750	\$0.17	February 28, 2008
1,000,000	\$0.30	May 30, 2007
666,000	\$0.25	October 18, 2007
1,031,387	\$0.25	October 18, 2008
7,634,966		

*Underlying agent's warrants, exercisable at \$0.12 to receive one share and one half-warrant. Each full warrant is exercisable until February 28, 2008 at a price of \$0.17. 1,773,334 warrants exercisable at a price of \$0.20, until November 15, 2006, expired unexercised.

The Company's board of directors has approved the adoption of a Shareholder Rights Plan (the "Rights Plan"). Shareholder approval of the Rights Plan will be sought at the next annual general meeting of the Company's shareholders, unless terminated earlier. The TSX Venture Exchange has accepted the Rights Plan, subject to shareholder ratification.

The Rights Plan has been implemented by way of a rights plan agreement (the "Rights Plan Agreement") which has been designed to protect shareholders from unfair, abusive or coercive takeover strategies including the acquisition of control of the Company by a bidder in a transaction or series of transactions that may not treat all shareholders fairly nor afford all shareholders an equal opportunity to share in the premium paid upon an acquisition of control. The board of directors of the Company (the "Board") considers that the adoption of the Rights Plan is desirable and in the interests of all of the Company's shareholders. The Rights Plan Agreement was adopted to provide the Board with sufficient time, in the event of a public takeover bid or tender offer for the common shares of the Company, to pursue alternatives which could enhance shareholder value. These alternatives could involve the review of other takeover bids or offers from other interested parties to provide shareholders desiring to sell the Company's common shares with the best opportunity to realize the maximum sale price for their common shares. In addition, with sufficient time, the Board would be able to explore and, if feasible, advance alternatives to maximize share value through possible corporate

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reorganizations or restructuring. The directors need time in order to have any real ability to consider these alternatives.

Effective as at October 31, 2006, the rights (the "Rights") were issued and attached to all of Sultan's outstanding common shares. A separate rights certificate will not be issued until such time as the Rights become exercisable (which is referred to as the "separation time"). The Rights will become exercisable only if a person, together with its affiliates, associates and joint actors, acquires or announces its intention to acquire beneficial ownership of Sultan common shares which when aggregated with its current holdings total 20% or more of the outstanding Sultan common shares (determined in the manner set out in the Rights Plan). The Rights will permit the holder to purchase common shares of the Company at a 50% discount to their market price (as defined in the Rights Plan Agreement).

The Rights will not, however, be triggered by a "Permitted Bid", which is defined as a bid which is outstanding for a minimum of 60 days made to all of the shareholders of the Company for all of their common shares and, subject to other specified conditions, is accepted by a majority of independent shareholders (as detailed in the Rights Plan).

The Company has no knowledge of any pending or threatened takeover bids for the Company, and has no reason to believe that any takeover offer for the Company's shares is imminent.

Other Information

Controls and Procedures

We have 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.