

Recommendation

Speculative Buy

Target Price

\$0.33

Risk

High

Average Daily Volume

20-da: 86,650/150-da: 93,700

Quick Facts

Symbol	SUL:TSX-V
Recent Price	\$0.16
Shares O/S	62,439,384
Market Cap	\$10.0 million
52 Wk Range	\$0.25 - \$0.12
Year-End	December 31

C\$	BVPS	EPS
2004A	\$0.08	\$(0.02)
2005A	\$0.07	\$(0.01)
2006E	\$0.07	\$(0.01)
2006E	\$0.07	\$(0.01)

STRENGTHS

- Large property portfolio
- Large tungsten resource delineated at Jersey-Emerald property.
- Good leverage to molybdenum and tungsten

RISKS

- Chinese predatory pricing of Tungsten
- Subject to project financing
- Permitting risk

CONCLUSION

- An attractive means of investing in a large Canadian based tungsten/molybdenum project

UPDATE REPORT

SULTAN MINERALS INC.



Data Source: www.BigCharts.com

Sultan Minerals Inc. is a mineral exploration company with operations in British Columbia, Manitoba, and Peru

SUMMARY & RECOMMENDATION

Sultan Minerals Inc. (“Sultan” or the “Company”) is an intriguing junior mining exploration company with precious/base metal exposure and aggressive exploration programs. The Company has shifted its focus to tungsten to take advantage of a recently completed NI 43-101-compliant technical report that indicated a significant tungsten resource on its Jersey-Emerald property in British Columbia. The initial resource calculation compares favourably in both tonnage and grade with some of the largest tungsten mines in the world. Initial (small) production could begin within two years with full ramp-up following in 2-3 years.

Over 80% of the world’s tungsten production comes from China. With China’s increasing industrialization, more tungsten is being consumed internally and less is being exported. This has had a dramatic effect on the price of tungsten, which has more than tripled from US\$75 to US\$250 per metric tonne over the last two years. With China and India modernizing rapidly, we believe these higher tungsten prices are sustainable.

More significantly, lessening Chinese exports provides tungsten mining companies, such as Sultan, with opportunities to become substantial players in the global tungsten market, ex China. The downside is that China’s dominant position allows it to control the release of tungsten into the world market and to utilize predatory pricing policies.

The technical report also indicated that the Jersey-Emerald property has excellent potential for the expansion of not only tungsten, but also molybdenum, the property’s initially targeted mineral.

Our 12-month Target Price in our Initiating Report of January 2006 was \$0.25 per share, which the stock reached briefly in May 2006 before receding. Based upon the possibility of achieving tungsten production shortly, our new 12-month Target Price is raised to \$0.33 per share. The Company’s shares are recommended as a “Speculative Buy” to risk-tolerant investors.

THE COMPANY

Sultan Minerals Inc. is a mineral exploration company with operations in British Columbia and Manitoba. The Company is a member of the Lang Mining Group, which has more than 45 years of experience in precious metals exploration. The Lang Group has notable discoveries which include the Hemlo Gold Mine in Ontario, and Belmoral's Ferderber Mine and Aurizon's Sleeping Giant Mine in Quebec.

Sultan Minerals is a publicly listed company, trading under the symbol SUL on the TSX Venture Exchange, and on the Frankfurt Stock Exchange under the symbol RNZ.

KEY ISSUES

The recent NI 43-101 compliant initial resource calculation shows a significant tungsten resource on Sultan Minerals' Jersey-Emerald property. The tungsten resource delineated to date is comparable in both tonnage and grade with many of the world's largest producing tungsten mines with potential for expansion within the historically mined areas and within the surrounding terrain.

The main issues facing Sultan are:

1. Whether the economics at Jersey-Emerald justify a mining operation
2. Further delineation of tungsten mineralization
3. Securing the necessary mining permits

The NI 43-101 report recommends that the Company conduct a preliminary scoping study to determine economic parameters, a mining plan to develop the resource, and the necessary requirements for permitting the site for mining.

The NI 43-101 report also recommends that the Company undertake a 95-hole, 16,000-metre drilling program to test the East Dodger tungsten zone and the East Emerald tungsten zone and its projected extension at the north end of the zone. The drilling program is being undertaken to expand the measured and indicated resource by upgrading the resource currently placed in the inferred category, and to further delineate tungsten mineralization. To expedite the project, Sultan is initiating a scoping study to determine the necessary process to obtain a small scale mining permit¹.

¹ An application for a large scale mining operation in British Columbia can take up to three years to receive final approval. The Company has decided to explore the possibility of initially obtaining a small scale mining permit (250 tonnes/day) while concurrently seeking approval for a large scale operation.

INDUSTRY OVERVIEW

1. Molybdenum

Molybdenum is a silver-grey metallic element with the atomic number 42 and an atomic weight of 95.94. It is hard, malleable and ductile with a high melting temperature of 2,610o Celsius. When molybdenum is added to steel and other metals, it provides ductility, hardness, corrosion resistance, and high temperature strength. Moly steel is essential for pipeline steel for the oil and gas industry and is used in construction to provide flexibility and durability to high rise buildings. In addition, due to its low toxicity, it is an important component of catalysts and lubricants used by the oil industry.

The only economically significant form of mineralization in which molybdenum occurs naturally is the sulphide molybdenite (MoS₂). Molybdenite occurs mainly in granite-related hydrothermal porphyry systems where the average grade is generally less than 0.5% molybdenum. Locally however, within veins and breccia pipes, the grade can be higher.

The demand for molybdenum has grown as a result of the infrastructure development boom in China and, the demand for pipelines to deliver natural gas and oil to markets, in which it is a crucial alloy component. Molybdenum has undergone a tenfold spot price increase (from US\$3 to US\$30 currently) over the past two years. This has started to attract the attention of the Canadian exploration industry.

The industry consensus is that current prices are unsustainable since, at this level, an enormous portion of the in-ground inventory of molybdenum is very economic and if developed, would soon glut the market.

COMMENT: *While we believe that the current prices are unsustainable over the long-term, we do not feel they will decline back to their historically low levels (US\$3-US\$5). Our target equilibrium price for molybdenum is in the US\$15-US\$20 range.*

2. Tungsten

Tungsten is a shiny white metal which in its purest form is quite pliant and can easily be processed. However, it usually contains small concentrations of carbon and oxygen, which give tungsten metal its considerable hardness and brittleness. Due to these properties, tungsten, tungsten alloys and some tungsten compounds cannot be substituted in many important applications in different fields of modern technology.

Tungsten ore is usually mined by underground methods and then beneficiated at the site, using crushing and gravity separation to produce tungsten concentrates. These concentrates are then sold and processed chemically to produce ammonium paratungstate (APT), which is the main tungsten intermediate product. APT is the main intermediate product and also the main tungsten raw material that is traded in the market.

While some of the best-known uses of tungsten are filaments in light-bulbs and armor-piercing bullets used by the military, its biggest use is in industrial applications as cemented carbides, also known as hard metals.

Tungsten prices are generally quoted per metric ton unit (an “MTU” is one hundredth of a metric ton of 1,000 kilograms) of contained trioxide (WO₃). One MTU contains 10 kilograms of WO₃ or 7.93 kilograms of tungsten (W). The price is most commonly quoted for APT.

Since tungsten is not traded on an exchange such as the London Metal Exchange (LME), no terminal or futures markets exist for tungsten products, where producers, consumers and traders can fix a settlement price.

Global demand for tungsten peaked in 1989 at just over 51,000 tonnes, but the economic recession of the early 1990s had caused tungsten consumption to fall by almost 50% to 27,000 tonnes by 1992. Currently, demand for tungsten is estimated at 70,000 tonnes per year and is outpacing supply, resulting in a significant rise in tungsten prices.

A prolonged period of relative low prices for tungsten forced many Western producers to exit the market and resulted in a drop in world production from its peak of over 55,000 tonnes of metal contained in 1990 to just over 30,000 tonnes in 1997. Recent figures from 2005 show global mine production to be an estimated 76,500 tonnes/year.

The most significant recent trend impacting tungsten prices is China’s growth rate. It is now believed that China recently surpassed Europe as the largest consumer of tungsten in the world followed by the U.S.A., Japan. and then Russia.

Not only is China the largest consumer of tungsten, it possesses by far the largest resource base in the world for tungsten. The biggest problem is that China has become a net importer of tungsten ore, and exports only finished goods containing tungsten.

In the past, there have been periods where China has either intentionally or otherwise undertaken predatory pricing that nearly wiped out almost all Western production of tungsten. Part of that was due to its drive for foreign currency when it first opened up its economy. The last extended run up in tungsten prices occurred in the late 1970s to the early 1980s when supplies were cut back due to an earthquake in one of China’s main-producing areas.

Since it no longer needs to sell at a loss to generate foreign currency reserves, China has gone from offering exporters credits on sales of tungsten concentrate to charging excise tax in the past couple of years. The recent reduction of subsidies for state owned tungsten mines has also resulted in a number of closures. These actions have served to reduce the amount of tungsten exported by China.

With global demand for tungsten outpacing supply, the tungsten industry has been operating at a deficit, with the difference coming from stockpiles. It is now believed that the large Russian stockpiles have been depleted or are very close to depletion.

In the Western world, mine supply is currently restricted to the Panasquiera mine in Portugal, the recently re-opened Cantung mine in Canada, Bolivian production, and smaller quantities from other sources. The only other significant producer, Mittersill in Austria, is fully integrated forward and thus its production is not available for sale.

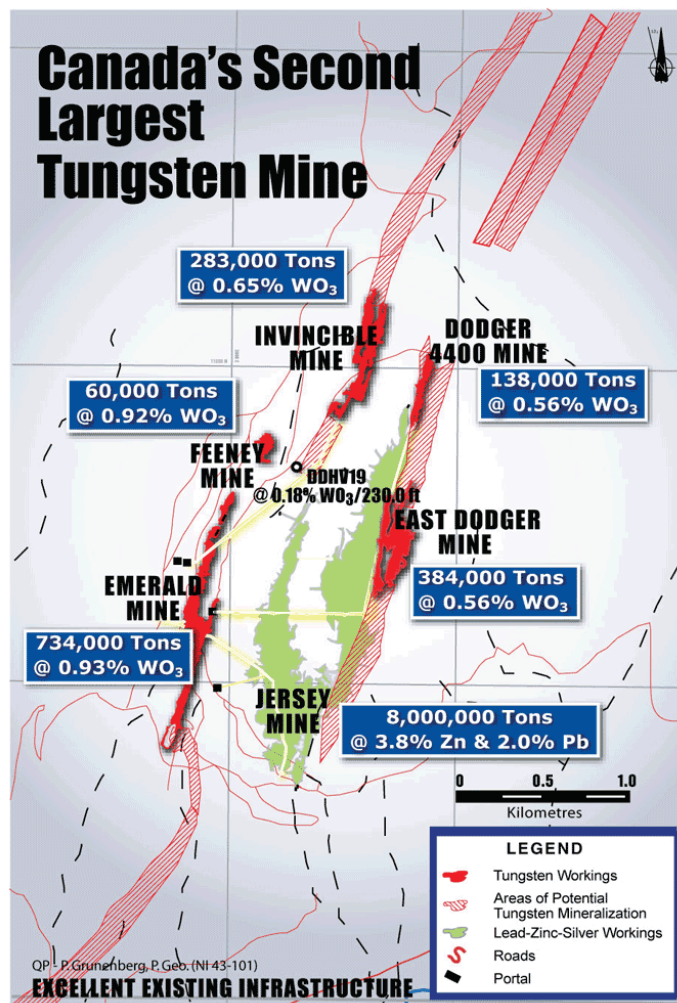
COMMENT: *We believe that with no new projects coming online in the near future, the increasing global demand combined with a simultaneous reduction in supply from a long-time exporter (China) will serve to keep the tungsten market tight for the next couple of years and perhaps longer, especially if India’s consumption rate begins to rise.*

RECENT DEVELOPMENTS

1. Jersey-Emerald Molybdenum and Tungsten Property

Sultan Minerals Inc. recently announced the initial resource calculations for the tungsten and molybdenum zones on its Jersey-Emerald property in British Columbia. The resource calculations were prepared by Giroux Consultants Ltd. and the resulting NI 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.

Figure 1. Tungsten Mines



Source: Company

The study focused on the East Dodger molybdenum zone and three tungsten deposits: the Invincible tungsten zone; the East Dodger tungsten zone; and the Dodger 4400 tungsten zone. The resource study demonstrates that significant deposits of tungsten mineralization remain within the Invincible and East Dodger tungsten mines with excellent exploration potential in both the historically mined areas and surrounding terrain. The study also demonstrates the molybdenum mineralization potential of the property.

COMMENT: *The resource calculation for the un-mined tungsten mineralization was conducted as a three-step process. First, a total resource estimate based on 4,593 diamond drill holes was calculated. Second, the portion of underground voids within each block was determined. Finally, the underground voids within each block were subtracted from the tonnage calculated for that block.*

For the tungsten zone, using a cut-off grade of 0.15% WO₃, results in an estimated resource of 2.51 million tons averaging 0.37% WO₃ in the measured and indicated category, with an additional 1.21 million tons averaging 0.40% WO₃ categorized as inferred.

Table 1 below illustrates that the tungsten resource outlined by the report compares favorably in both grade and in tonnage relative to some of the largest mines in the world.

Table 1. Tungsten Mines

	<u>Resource Category</u>	<u>Reserves (Tonnes)</u>	<u>Grade</u>	<u>MTUs</u>
Producing Mines:				
China (118 small mines)	Proven & Probable	540,000,000	0.35%	189,000,000
Panasquiera, Portugal	Inferred	4,649,000	0.25%	1,162,250
Ferbartal, Austria	Proven & Probable	2,000,000	0.50%	1,000,000
Cantung, Canada	Proven & Probable	500,000	1.75%	875,000
Mines under Development:				
Nui Phao, Vietnam	Proven & Probable	55,700,000	0.21%	11,529,900
King Island, Australia	Proven & Probable	13,400,000	0.64%	8,576,000
Undeveloped Deposits:				
Mactung, Canada	Measured & Indicated	16,159,000	1.01%	16,320,590
Jersey-Emerald, Canada	Measured & Indicated	3,720,000	0.38%	1,409,880

Source: eResearch

COMMENT: *In our view, with the current price of US\$250 per MTU of tungsten, this discovery is considered to be significant.*

For molybdenum mineralization in the Dodger 4200 zone, using a 0.05% Mo cut-off grade, the results of the study show an indicated resource of 28,000 tons averaging 0.098% Mo, with an additional 481,000 tons averaging 0.103% Mo in the inferred category.

In addition to the resources already indicated in the resource calculation, the Jersey-Emerald property possesses excellent potential for increased tungsten mineralization. A review of Placer Dome's historic records conducted by Sultan in 2001 found reports of six un-mined and relatively unexplored tungsten targets located in the vicinity of the Emerald tungsten mine. These targets occur as broad linear bands trending for more than 5,000 feet to the north and south of the mine workings. Since the original discoveries along the Upper and Lower Skarn Horizons are not mentioned in Placer Dome reports, it is considered a new discovery. Therefore, these seven tungsten targets represent an excellent potential source of additional tungsten mineralization.

COMMENT: *Based on the results from the recent NI 43-101 resource calculation, we believe that the economic potential of the Jersey-Emerald property has not only been enhanced but the near-term economic potential has shifted from molybdenum to tungsten mineralization.*

The study recommends:

- (i) A preliminary scoping study should be undertaken to determine economic parameters and a mining plan to develop the resource as well as the requirements necessary for permitting of the site for mining;
- (ii) An exploration program consisting of an 11,000-metre, 60 drill hole program to test the East Emerald tungsten zone and its projected extension, and 35 holes totaling 5,000 metres to test the East Dodger tungsten zone; and
- (iii) The East Dodger molybdenum zone should be investigated to the north, south and at depth with 3,000 metres of drilling in 15 holes.

Encouraged by the potential for significant expansion of tungsten resource on the Jersey-Emerald property as indicated by the resource study, the Company recently announced that it was commencing an 1,000-metre drill program designed to explore the north end of the recently identified East Emerald tungsten zone.

FINANCIAL REVIEW AND OUTLOOK

Sultan Minerals is a pure exploration company and, accordingly, is not cash flow positive. The Company has, to date, funded its exploration with funds raised solely in the capital markets as is the case with typical exploration companies.

Cash & Cash Equivalents: As at September 30, 2006, Sultan Minerals had \$235,816 available for its exploration activities.

Burn Rate: The Company's non-discretionary expenses (i.e. salaries, office and administrative, accounting fees, etc.) for the nine-month period ended September 30, 2006 has averaged approximately \$50,000 per month. We expect that level will continue for the remainder of 2006 and increase to \$63,000 per month in 2007.

Capital Expenditures: Management has indicated that exploration costs for its Jersey-Emerald project will require an outlay of approximately \$1,000,000 over the next 12 months. In order to cover these exploration costs, the Company will need to either access the capital markets, sale of an asset(s), or joint ventures.

Debt Funding: As at September 30, 2006, Sultan Minerals had \$108,000 long term debt. This is a mortgage payable relating to the acquisition of surface rights on its Jersey property in British Columbia.

Capital Structure: As at September 30, 2006, Sultan Minerals had 59,516,659 shares outstanding. Subsequently, the Company completed two non-brokered private placements, and has 62,439,384 shares outstanding.

On October 23, 2005, Sultan Minerals announced the completion of a non-brokered private placement financing for gross proceeds of \$199,800. The private placement consists of the issuance of 1,110,000 flow-through units at a price of \$0.18 per unit. Each flow-through unit is comprised of one (1) flow-through common share and one-half of one non-flow-through share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one additional non-flow-through common share of Sultan Minerals Inc. at an exercise price of \$0.25 prior to the expiration date of October 18, 2007.

Also on October 23, 2006, the Company further announced the completion of a separate non-brokered private placement for gross proceeds of \$290,036. The private placement consists of the issuance of 1,812,000 units at a price of \$0.16 per unit. Each unit is comprised of (1) one non-flow-through share of Sultan Minerals Inc., and one-half of one non-flow-through share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one additional non-flow-through common share of Sultan Minerals Inc. on or prior to October 18, 2007, at a price of \$0.25.

These two non-brokered private placements required a cash payment equal to eight percent (8%) of the gross proceeds received by Sultan Minerals Inc as a finder's fee. In addition, the finder was also granted non-transferable finder's warrants equal to ten percent (10%) of the aggregate number of flow-through units and unit sales made to eligible investors. Each finder's warrant issued in relation to the sale of flow-through units is exercisable to acquire a finder's warrant share, at a price of \$0.25 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.

The above private placements are subject to a holding period and may not be traded until February 19, 2007.

On December 13, 2006, Sultan announced that it has entered into an agreement with an investment dealer on a "best efforts basis" to raise up to \$1.5 million. A Short Form offering document was issued to qualify an offering of up to 9,375,000 units at \$0.16 per unit. Each unit will consist of one common share and one non-transferable common share purchase warrant. Each warrant will be exercisable into one common share for period of 24 month at an exercise price of \$0.25. Should this financing be fully subscribed to, then Sultan will have 71,814,384 shares outstanding.

The following options and warrants have been issued:

1. Stock Options	Exercise Price	Expiry Date	Comment	Potential Equity
<i>701,000</i>	<i>\$0.32</i>	<i>16-May-07</i>	<i>Out-of-the-Money</i>	<i>\$224,320</i>
3,020,000	\$0.15	9-Jul-09	In-the-money	\$453,000
1,990,000	\$0.10	10-Jun-10	In-the-money	\$199,000
<u>2,650,000</u>	<u>\$0.17</u>	<u>10-Jun-11</u>	<u>In-the-money</u>	<u>\$450,500</u>
8,361,000				\$1,326,820
2. Warrants	Exercise Price	Expiry Date	Comment	Potential Equity
<i>1,000,000</i>	<i>\$0.30</i>	<i>30-May-07</i>	<i>Out-of-the-Money</i>	<i>\$300,000</i>
<i>1,360,080</i>	<i>\$0.15</i>	<i>20-Jul-07</i>	<i>In-the-money</i>	<i>\$204,012</i>
<i>749,999</i>	<i>\$0.18</i>	<i>16-Sep-07</i>	<i>Out-of-the-Money</i>	<i>\$135,000</i>
<i>555,000</i>	<i>\$0.25</i>	<i>18-Oct-07</i>	<i>Out-of-the-Money</i>	<i>\$138,750</i>
<i>906,362</i>	<i>\$0.25</i>	<i>18-Oct-07</i>	<i>Out-of-the-Money</i>	<i>\$226,590</i>
<i>111,000</i>	<i>\$0.25</i>	<i>18-Oct-07</i>	<i>Out-of-the-Money</i>	<i>\$27,750</i>
417,500	\$0.12	28-Feb-08	In-the-money	\$50,100
1,250	\$0.17	28-Feb-08	In-the-money	\$213
2,100,000	\$0.17	28-Feb-08	In-the-money	\$357,000
<u>125,025</u>	<u>\$0.25</u>	<u>18-Oct-08</u>	<u>Out-of-the-Money</u>	<u>\$31,256</u>
7,326,216				\$1,470,671
TOTAL OPTIONS & WARRANTS				\$2,797,491

NOTE: Entries in italics are within the 12 month forecast period, and are either in-the-money now or less than our Target Price. Total = \$1,256,422

Table 2. Selected Financial Tables

	Nine-Months Ended September 30		Year ending December 31			
	2005	2006	2004	2005	2006E	2007E
Statement of Income/(Loss):						
Operating Income	-	-	-	-	-	-
Non-Operating Income	1,215	5,525	1,927	1,719	7,000	7,500
General & Administrative Expense	(302,430)	(457,231)	(432,812)	(386,386)	(550,000)	(750,000)
Amortization + Non-Cash Items	(25,894)	(23,406)	(843)	(320,901)	(25,000)	(25,000)
Stock-based Compensation	(163,597)	(116,638)	(218,207)	(176,393)	(125,000)	(150,000)
Other Expenses	-	-	(4,441)	-	-	-
Income Tax Recovery	<u>60,554</u>	<u>103,128</u>	<u>-</u>	<u>60,554</u>	<u>103,128</u>	<u>103,128</u>
Net Income (Loss)	(430,152)	(488,622)	(654,376)	(821,407)	(589,872)	(814,372)
Total Shares Outstanding	51,487,909	59,516,659	46,164,582	52,971,242	62,439,384	72,189,384
Weighted Shares Outstanding	47,039,062	59,511,251	40,841,887	48,507,514	62,400,000	67,314,384
Earnings (Loss) Per Share	(\$0.01)	(\$0.01)	(\$0.02)	(\$0.02)	(\$0.01)	(\$0.01)
Statement of Cash Flow:						
Net Income (Loss)	(430,152)	(488,622)	(654,376)	(821,407)	(589,872)	(814,372)
Non-Cash Items	<u>128,937</u>	<u>36,916</u>	<u>219,050</u>	<u>436,740</u>	<u>46,872</u>	<u>71,872</u>
Cash Flow from Operations	(301,215)	(451,706)	(435,326)	(384,667)	(543,000)	(742,500)
Capital Expenditures (Properties)	(358,953)	(275,424)	(418,221)	(599,593)	(350,000)	(1,000,000)
Other Investing Items	<u>(5,890)</u>	<u>(1,070)</u>	<u>(26,143)</u>	<u>(19,198)</u>	<u>(1,070)</u>	<u>(1,070)</u>
Free Cash Flow	(666,058)	(728,200)	(879,690)	(1,003,458)	(894,070)	(1,743,570)
Non-Cash Working Capital Changes	54,130	(103,936)	123,986	73,934	(35,527)	(45,802)
Equity Financing	532,880	761,303	917,425	699,380	1,251,139	1,500,000
Debt Financing	<u>-</u>	<u>108,000</u>	<u>-</u>	<u>-</u>	<u>108,000</u>	<u>(50,000)</u>
Change in Cash	(79,048)	37,167	161,721	(230,144)	429,542	(339,372)
Cash, Beginning of Period	<u>428,793</u>	<u>198,649</u>	<u>267,072</u>	<u>428,793</u>	<u>198,649</u>	<u>628,191</u>
Cash, End of Period	349,745	235,816	428,793	198,649	628,191	288,819
Balance Sheet:						
	As at September 30		As at December 31			
	2005	2006	2004	2005	2006E	2007E
Cash	349,745	235,816	428,793	198,649	628,191	288,819
Other Current Assets	99,609	15,478	52,359	67,300	15,478	15,478
Property, Plant & Equipment	3,658,550	4,109,399	3,280,334	3,603,949	3,928,949	4,903,949
Other Assets	<u>64,639</u>	<u>60,997</u>	<u>56,557</u>	<u>109,211</u>	<u>70,000</u>	<u>70,000</u>
Total Assets	<u>4,172,543</u>	<u>4,421,690</u>	<u>3,818,043</u>	<u>3,979,109</u>	<u>4,642,618</u>	<u>5,278,246</u>
Current Liabilities	185,815	127,552	144,435	233,310	127,552	127,552
Other Liabilities	0	0	0	0	0	0
Debt Obligations	<u>0</u>	<u>108,000</u>	<u>0</u>	<u>0</u>	<u>108,000</u>	<u>58,000</u>
Total Liabilities	185,815	235,552	144,435	233,310	235,552	185,552
Shareholders' Equity	<u>3,926,728</u>	<u>4,186,138</u>	<u>3,673,608</u>	<u>3,745,799</u>	<u>4,407,066</u>	<u>5,092,694</u>
Total Liabilities & Equity	<u>4,112,543</u>	<u>4,421,690</u>	<u>3,818,043</u>	<u>3,979,109</u>	<u>4,642,618</u>	<u>5,278,246</u>
Book Value (S.E.) Per Share	\$0.08	\$0.07	\$0.08	\$0.07	\$0.07	\$0.07

Source: Company and eResearch

COMMENT: Sultan Minerals Inc. is engaged in the exploration and development of mining properties. Because it has no operating mines, it has no revenues from mining and no operating income. The Company raises financing from equity investors, which it applies to acquiring various properties and funding exploration activities on these properties. The Company had cash of \$235,816 as at September 30, 2006. Subsequently, on October 23, 2006, the Company raised \$489,836 by way of a private placement. On December 13, 2006, the Company announced that it had entered into an agreement to raise up to \$1.5 million, an offering that is on a best efforts basis with an investment dealer.

VALUATION

Sultan Minerals has now defined NI 43-101 compliant resource calculations at both of its main properties, Jersey-Emerald and Kena Gold. Although major strides have been made at the two properties, we believe the calculation of a Target Price using the intrinsic valuation methodology is still premature due to the highly subjective nature of current mineral estimates and eventual associated production costs.

To ascertain a value for the shares of Sultan Minerals, we have analyzed the Company using two methodologies: (1) by comparing it to its peers; and (2) per attributable resources ounce.

(A) Company Comparison

We have compared Sultan Minerals to four companies that have a similar base metal focus: North American Tungsten Corp., Tiberon Minerals, Primary Metals Inc. and Playfair Mining Ltd.

The comparison companies were chosen mainly due to their tungsten exploration/production focus. It should be noted that while all companies share a common focus of tungsten, individually they are at different stages ranging from early exploration to production. In addition, Sultan Minerals is the only one from this group of companies with a multiple mineralization potential.

North American Tungsten's (TSXV-NTC) two main tungsten projects: Cantung and Mactung are located at the border of the Northwest Territories and Yukon. These two projects are at more advanced stages relative to Sultan's Jersey-Emerald tungsten project. At its Cantung project, NTC recently announced an underground probable reserve of 1,030,000 tonnes grading 1.17% WO₃ with an additional mineral resource estimate for the open pit and associated pit underground zone presently being prepared. The Cantung mine was recently taken out of care and maintenance and officially began production on September 1, 2005. The Mactung property is currently being aggressively explored by NTC. It was previously the subject of a report prepared at the request of the previous property owners in April 1982 which set out geological ore reserves of 16,159,000 tonnes (measured and indicated) grading 1.01% WO₃ and 13,785,000 tonnes (inferred) grading 0.84% WO₃.

Tiberon Mineral's (TSX-TBR) main property is its 70% interest in the Nui Phao project in Vietnam. To date, a proven and probable ore reserve of 55,700,000 tonnes grading 0.207% WO₃ has been delineated and therefore, is considered to be at a more advanced stage compared to Sultan's Jersey-Emerald tungsten project. Tiberon Minerals and its two Vietnamese partners, Thai Nguyen Mineral Company and Export-Import Investment Company Thai Nguyen expect the Nui Phao project to generate an annual after-tax cash flow averaging US\$71.5 million in the first five full years of production.

Primary Metals Inc.'s (TSX-V-PMI) main asset is its 100% interest in the Panasqueira tungsten mine in Portugal. On June 23, 2006, PMI announced an NI 43-101 compliant resource estimate. The estimate resulted in total mineral resources containing 1,180,408 MTUs of WO₃ (tungsten trioxide). The total included proven and probable reserves of 1,391,000 tonnes grading 0.233% WO₃ (containing 324,408 MTUs of WO₃) and additional indicated resources of 3,258,000 tonnes at a grade of 0.263% WO₃ (containing a further 856,000 MTUs WO₃). In addition, there were a further 1,610,000 tonnes at a grade of 0.224% WO₃ (containing 360,000 MTUs WO₃) in the inferred resource category.

Playfair Mining Ltd. (TSX-V-PLY) is an exploration company focused on tungsten mineralization. Playfair's portfolio of properties is comprised of four core properties possessing significant tungsten potential. It should be noted that estimates of tungsten resources at all of Playfair properties are historical in nature and are noncompliant with NI 43-101. Although the resource estimates are not NI 43-101 compliant they do however provide a conceptual indication of the potential of the deposits.

Table 3. Peer Valuation Table

	Sultan Minerals Inc. September-06 SUL-TSX-V	North America Tungsten Corp. June-06 NTC.TSX-V	Tiberon Minerals Inc. September-06 TBR.TSX	Primary Metals Inc. September-06 PML.TSX-V	Playfair Mining Ltd. August-06 PLY.TSX-V
Corporate:					
Share Price	C\$ 0.160	C\$ 0.64	C\$ 3.57	C\$ 2.10	C\$ 0.47
Shares O/S	59,516,659	105,946,402	75,353,028	12,490,259	44,256,919
Market Cap	C\$ 9,522,665	C\$ 67,805,697	C\$ 269,010,310	C\$ 26,229,544	C\$ 20,800,752
Mineral Value:					
Book Value	C\$ 4,109,399	C\$ 12,165,978	C\$ 33,820,777	C\$ 10,037,820	C\$ 3,195,089
Market Value	C\$ 9,210,374	C\$ 51,968,010	C\$ 211,716,943	C\$ 12,768,472	C\$ 17,202,493
Difference	C\$ 5,100,975	C\$ 39,802,032	C\$ 177,896,166	C\$ 2,730,652	C\$ 14,007,404
Property Ratio	2.24	4.27	6.26	1.27	5.38
Average Ratio	4.30				
Selected Ratio	4.75				
Common Equity (Reported)	C\$ 4,186,138				
Common Equity (Property Ratio)	C\$ 9,287,113				
Common Equity (Average Ratio)	C\$ 14,505,746				
Common Equity (Selected Ratio)	C\$ 19,596,384				
Equity Per Share (Reported)	C\$ 0.07				
Equity Per Share (Property Ratio)	C\$ 0.16				
Equity Per Share (Average Ratio)	C\$ 0.24				
Equity Per Share (Selected Ratio)	C\$ 0.33				

Source: eResearch

Due to the advanced stages of the peer companies' respective projects relative to Sultan's Jersey-Emerald tungsten project, we believe that the ratio applied to all four comparison companies is appropriately higher. With regard to valuation, we need to be cognizant of Sultan's multi-mineralization potential which is not present in either of the comparison companies.

The current market capitalization of each of the companies is greater than the book value of their mineral properties. This would indicate that the market is pricing in a premium over and above the book value in recognition of the potential value of each company's respective property portfolio. The market premium for Sultan Minerals is 2.24x, 4.27x for North American Tungsten, 6.26x, 1.27x and 5.38x for Tiberon Minerals, Primary Metals and Playfair Mining respectively, while the average market premium of the four comparative companies is 4.30x.

A higher ratio is being applied to North American Tungsten due to its producer status and because it possesses deposits which are larger in size and of much higher grade. While we acknowledge these differences between Sultan and NTC, we believe that NTC's Mactung project faces many hurdles (including environmental permitting and access to necessary hydro and water supply) that are not faced by Sultan's Jersey-Emerald tungsten deposit.

The primary difference between Sultan and Tiberon Minerals is the size of their respective projects. Since the Nui Phao project in Vietnam is one of the largest undeveloped tungsten deposits in the world, we believe that a ratio of 6.26x currently being applied to Tiberon is justified.

Primary Metals Inc.'s Panasquiera mine and Sultan's Jersey-Emerald deposit are comparable in terms of grade and size of mineralization. The primary distinguishing factor between the two companies is Panasquiera status as a producing mine. Sultan Minerals, however, possesses molybdenum potential along with the Kena gold property, whereas Primary Metals does not have any such comparable properties. Therefore, we believe that the appropriate ratio applied to Sultan Minerals should be at a minimum equal to or higher than that of Primary Metals Inc.

A comparison of Sultan and Playfair shows that while the tungsten resource at Playfair Mining Ltd.'s Risby property is not NI 43-101 compliant, it is however, similar in tonnage and higher in grade than the tungsten resource recently estimated at Sultan's Jersey-Emerald Property. We believe that in Playfair's case, the market appears to be focused on its large number of tungsten projects with significant potential, while not taking into consideration the challenges associated with achieving viable mining operations. For example, the Playfair's deposits are currently not easily accessible by road and are lacking in other infrastructure (water, hydro, labor) necessary to support a mining operation.

We believe that 4.75x is a suitable potential ratio for Sultan Minerals to attain at this stage of its exploration/development program and accordingly, this gives an intrinsic value for Sultan of \$0.33 per share.

(B) Per Attributable Resource Pound/Ounce

Since Sultan Minerals has yet to establish reserves at either of its two most advanced projects (the Jersey-Emerald tungsten and molybdenum property and the Kena Gold property), we are valuing these properties using the "per-attributable resource ounce".

In using the per attributable resource ounce method we believe that it is best to value the Kena Gold and the Jersey-Emerald properties individually using the respective mineralization estimates obtained from the NI 43-101 compliant resource calculations completed to date, and then aggregate the two obtained values to arrive at the Company value.

Depending on factors such as quality of deposits, the ease and accessibility of mining, we believe that a range of US\$5-US\$25 for its tungsten mineralization with US\$1-US\$7 for its molybdenum deposit and US\$10-US\$50 for its Kena property is appropriate for mining companies such as Sultan Minerals.

The results from the recent NI 43-101 compliant preliminary resource calculation show that the near-term economic potential for tungsten is greater than the Company's molybdenum and gold mineralization potential. Therefore, we believe that returns from stock price appreciation in the near-term will be highly dependent upon developments at the Company's Jersey-Emerald tungsten project.

Tungsten: The results of the preliminary resource calculation presented in Table 4 show that there are 2,510,000 tonnes grading 0.372% Tungsten (WO₃) classified as measured and indicated, with an additional 1,210,000 tonnes grading 0.397% WO₃ in the inferred category. We believe that the use of 1,000,000 MTU of WO₃ is appropriate since it is based upon results from a large data set (4,593 drill holes) and completely discounts any further delineation of tungsten mineralization arising from known tungsten bearing zones.

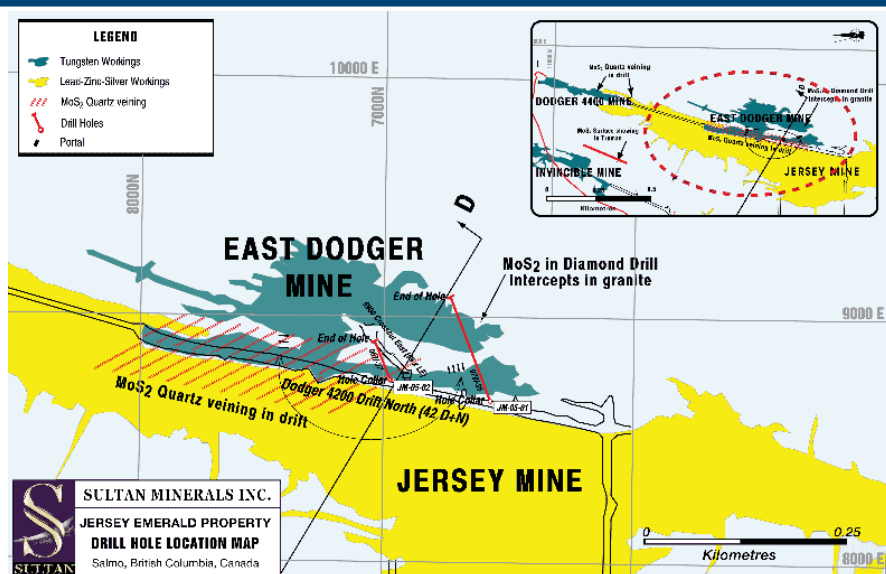
Table 4. Matrix of Values Per Attributable Resource Ounce

Per Attributable Tungsten MTU	US\$1	US\$5	US\$10	US\$15	US\$20
Market Cap (C\$ @C\$1=US\$0.8725)					
Using 1,000,000 Resource MTUs	\$1,146,132	\$5,730,659	\$11,461,318	\$17,191,977	\$22,922,636
Value Per Fully Diluted Share					
Using 59,516,659 Shares	\$0.02	\$0.10	\$0.19	\$0.29	\$0.39

Source: eResearch

The per share valuation estimates are highly dependent on the inputs. The use of conservative values for these inputs results in per share value ranging from \$0.02 to \$0.39. Given that the current market price for tungsten is US\$250 per MTU, we believe that a conservative value for tungsten in the ground is US\$10 per MTU and this results in a per share valuation of \$0.19.

Figure 2. Jersey Drill Hole



Source: Company

Molybdenum: The resources calculation for molybdenum mineralization (based on results from 21 diamond drill holes), results in an indicated resource of 28,000 tonnes grading 0.098% MoS₂ (54,880 lbs) with an additional 481,000 tonnes at a grade of 0.103% (990,860 lbs) MoS₂. It is important to note that this estimate for molybdenum covers only a very small portion of an otherwise very large property. Based on these results, the study concludes that the Jersey-Emerald property possesses potential for molybdenum mineralization and recommends that the Company conduct a 3,000-metre (15 holes) diamond drilling program to further explore the East Dodger molybdenum zone north, south and at depth.

Table 5. Matrix of Values Per Attributable Resource Ounce - Molybdenum

Per Attributable	US\$1	US\$2	US\$3	US\$4	US\$5
Molybdenum Resource Pound					
Market Cap (C\$ @C\$1=US\$0.8725)					
Using 1,000,000 Resource Pounds	\$1,146,132	\$2,292,264	\$3,438,395	\$4,584,527	\$5,730,659
Value Per Fully Diluted Share					
Using 59,516,659 Shares	\$0.02	\$0.04	\$0.06	\$0.08	\$0.10

Source: eResearch

The molybdenum mineralization delineated by the resource study is not sufficient to support a mine on a stand-alone basis. However, within a multi-mineralization framework, this mineralization would provide the Company with an additional source of revenue and potential cost savings.

In addition to possessing mineralization grades comparable to that of large producers and having good accessibility, we feel that the property can be mined using less expensive bulk mining methods available, such as long hole or open pit. Therefore, we believe that a conservative value to apply to the Jersey-Emerald is US\$3 per attributable molybdenum resource pound. The use of these conservative inputs in the per attributable resource methodology yields a value of \$0.06 for the Jersey-Emerald molybdenum property.

Figure2: Molybdenum 5-Year Chart

Source: adanacmoly.com

Gold: Sultan's Kena Gold property, considered a low-grade bulk tonnage type deposit possessing excellent infrastructure, is becoming more attractive as the price of gold increases. We feel that the application of a conservative "per attributable resource ounce" value of US\$10 is warranted at this point in time. Using this value, we obtain a value of \$0.08 for the Kena Gold property in isolation.

Table 6. Matrix of Values Per Attributable Resource Ounce - Gold

Per Attributable Gold Resource Ounce	US\$5	US\$10	US\$15	US\$20	US\$25	US\$30
Market Cap (C\$ @C\$1=US\$0.8725) Using 400,000 Resource Ounces	\$2,292,264	\$4,584,527	\$6,876,791	\$9,169,054	\$11,461,318	\$13,753,582
Value Per Fully Diluted Share Using 59,516,659 Shares	\$0.04	\$0.08	\$0.12	\$0.15	\$0.19	\$0.23

Source: eResearch

Therefore, using the “per attributable resources pound/ounce” methodology, we obtain a value of \$0.33 per share for the Company as a whole on a consolidated basis.

Valuation Conclusion

The peer-valuation method, which evaluates a company’s market capitalization relative to the book value of its properties, appears to be focused on the near-term potential of the Jersey-Emerald tungsten project, while excluding any potential value stemming from Sultan’s molybdenum and gold mineralization.

On the other hand, the per attributable resource ounce method is the sum of Sultan’s three individual types of mineralization. This method ignores the uncertainties associated with future outcomes.

Our two valuation methodologies produce estimates of intrinsic value for Sultan Minerals shares of \$0.33 (peer comparison) and \$0.33 (per attributable ounce/pound). Thus, our 12 month Target Price for the shares is \$0.33.

APPENDIX I

1. Jersey-Emerald Molybdenum and Tungsten Property, British Columbia

The Jersey-Emerald property is located in southeastern British Columbia, 10 kilometres southeast of the mining community of Salmo. The property, covering approximately 9,500 hectares lies between the Salmo River on the west and the top of Nevada Mountain on the east, and is bounded by Hidden Creek on the north and the South Salmo River on the south.

The Jersey-Emerald property had been Canada's second largest tungsten producer. The mine was put into production in 1943 by a Crown corporation, Wartime Metals Corp., to provide for wartime tungsten needs. Following the end of the war, the mine was purchased by Canadian Exploration Ltd. (later named Placer Dome). Placer Dome commercially mined the property alternately for tungsten and lead-zinc until 1972. The Emerald mine closed in 1973 due to low metal prices.

Placer Dome's historic mine records at the time of the mine's closure report six tungsten targets located in the vicinity of the historic mine workings. These targets occur as broad linear bands trending for more than 5,000 feet to the north and south of the mine working and have remained un-mined and relatively unexplored. In addition, historical mine records also reported occurrence of extensive molybdenum mineralization beneath the workings.

In 2005, with rising molybdenum prices, Sultan initiated an aggressive exploration program targeting the molybdenum potential of the property. An exploration program consisting of 22 diamond drill holes totaling almost 3,000 metres focused on the East Dodger area (Note: four additional holes were drilled to test for tungsten). To date, exploration on the East Dodger molybdenum zone (measuring 3,200 feet north-south by 400 feet east-west and to a depth of 300 feet) has resulted in the intersection of molybdenum mineralization in 21 diamond drill holes.

It was during Sultan's 2005 exploration program targeting molybdenum mineralization on its Jersey-Emerald property that tungsten mineralization was initially intersected by Sultan's diamond drill hole JM05-01.

In March 2006, Sultan reported that a new tungsten exploration target had been identified from historic maps, and diamond drill logs on its Jersey-Emerald molybdenum property. The new target referred to as the "East Emerald tungsten zone" was discovered by Sultan's geologists while researching historical assays belonging to the former property owner, Wartime Metals Corporation.

The East Emerald tungsten zone was identified through compiling geological information and historical assays from more than 70 diamond drill holes and over 100 historical mine maps and sectional plans prepared by Placer Dome and Wartime Metals. Historical drilling and surface sampling indicate that this tungsten-bearing horizon is 3,500 feet (1,100 metres) long, varies from 4.0 feet (1.2 metres) to more than 60.0 feet (18.2 metres) in thickness and extends as much as 1,000 feet (300 metres) down dip, with tungsten assays varying from less than 0.10% WO₃ to greater than 0.28% WO₃. The zone remains open to the south.

The records show that in 1941 and 1942, exploration by Wartime Metals resulted in the identification of two 30-foot thick tungsten-bearing zones known as the Upper and Lower Skarn Horizons. Since the Lower Skarn Horizon was road accessible, it was traced out over 1,500 feet through mapping and surface sampling and a 300-foot long section was systematically tested by

diamond drilling. This area of the Lower Skarn Horizon was being prepared for open pit mining when higher-grade mineralization was discovered at the nearby Emerald showing. Subsequently, the original discoveries were never fully delineated or mined as the mining operations focused on the higher-grade Emerald deposit.

In order to validate the historical tungsten assays, Sultan completed a four-hole diamond drill program that investigated a 500-foot long section of the East Emerald tungsten zone. The drill results show that all four holes intersected the tungsten-bearing horizon and returned tungsten assays comparable in grade and width to those reported for the same area in the historic diamond drilling records.

2. Kena Gold Property, British Columbia

The Kena property is located in southeastern British Columbia near the town of Nelson. Sultan Minerals initially optioned the Kena property in 1993, and has since expanded the total land position through staking and entering into additional option agreements. The property currently covers approximately 8,000 hectares and is widely mineralized, containing several gold, silver, and gold-copper prospects.

Prior to being acquired by Sultan Minerals in late 1999, the property was previously host to an historic high-grade copper and silver producer, the Silver King Mine, along with several smaller gold mines. Prior drilling concentrated on the Kena Gold zone, while smaller programs were carried out on the Kena Copper zone, the Dighem zone, and the Shaft showing.

To date, exploration by Sultan Minerals has led to the definition of two zones of gold mineralization: Kena Gold zone and Gold Mountain zone.

Results indicate that both the Kena Gold zone, measuring 1,000 x 300 metres, and the Gold Mountain zone, measuring 3,300 x 1,400 metres, consist of wide zones of low-grade porphyry style mineralization.

This exploration has resulted in the calculation of an NI 43-101 compliant initial resource calculation and a better understanding of the occurrence of the mineralization.

In general, the mineralization on the property can be best described as narrow high-grade gold shoots occurring within broad envelopes of lower-grade gold mineralization.

An NI 43-101 compliant initial resource calculation covering the Gold Mountain zone and the Kena zone was filed by the Company on June 16, 2004. Although the resource calculations have been determined using cutoff grades ranging from 0.0 to 4.0, management believes that a cutoff grade of 0.5 g/t is realistic for an open pit mining operation under the current gold prices.

Using management's conservative cutoff grade of 0.5 g/t results in the following initial resources calculations:

Gold Mountain Zone:

Measured + Indicated = 5,490,000 tonnes at 1.040 g/t
Inferred = 10,710,000 tonnes at 0.967 g/t

Kena Gold Zone:

Measured + Indicated = 6,330,000 tonnes at 0.969 g/t
Inferred = 1,440,000 tonnes at 1.216 g/t

This NI 43-101 compliant Technical Report shows a combined resource of 24,000,000 tonnes containing 381,000 ounces of gold in the measured and indicated category with an additional 389,000 ounces in the inferred category. This study noted that entire lengths of the drill holes in the two gold zones often average between 0.3 g/t gold to greater than 1.0 g/t gold; but, in several holes, one or more 1 to 2-metre intercepts of greater than 10.0 g/t gold were returned.

COMMENT: *We believe that since the property is generally of low-grade porphyry style mineralization, intersection of the high-grade structures is important to ensure that the true resource potential is obtained.*

The report and the accompanying NI 43-101 Technical Report was co-authored by Independent Qualified Person Gary Giroux. The report recommends a \$1.27 million diamond drilling program in order to expand significantly the resources at the Gold Mountain and Kena Gold zones.

COMMENT: *A detailed geological mapping program conducted as a follow-up to the study discovered two important cross structures which trend parallel to the earlier drilling direction and therefore, were not intersected by most of the holes of the prior drilling program.*

On February 24, 2005, the Company reported the assay results of a four-hole drilling program on its Kena property. Two drill holes were completed on the Gold Mountain zone and two holes were completed on the Kena zone to test the two cross structures identified by the geological mapping program.

The drill core assay results from these holes show that narrow high-grade gold intervals of up to 31.03 g/t gold were intersected. Although the presence of these cross structures does not appear to change the overall grade of the deposit, they do confirm that structurally controlled high-grade zones exist within the Gold Mountain and Kena Gold zones.

COMMENT: *In general, these results support the initial resource calculations and indicate the bulk tonnage potential of the property.*

Following the recent discovery of copper-silver mineralization near the historic Silver King Mine, located approximately 1,500 metres from the Gold Mountain and Kena Gold zones, the Company conducted a trenching program consisting of three trenches. The trenching program was aimed at testing a 170-metre long section of the foot wall rocks adjacent to the historic Silver King Mine. Trench 1, a 26-metre long north-south trench, which was excavated 170 metres along strike to the east of the blast discovery zone, was the highlight of the program. This trench encountered a 16-metre wide zone of disseminated mineralization assaying 0.69% copper and

188.6 g/t silver. In addition, a 3-metre wide section assaying 1.19% copper and 593.0 g/t silver was also encountered and the trench ended in mineralization.

The results of the trenching program support the reference made by historic mine records regarding several exposures of similar footwall mineralization located up to 360 metres along strike to the east of the new discovery. During the period the Silver King Mine was operational, only the high-grade veins were regarded as being material and, the disseminated mineralization was not sampled or assayed. Therefore, the Company's geologists have recommended additional trenching and diamond drilling be conducted to determine the dimensions and grade of the deposit which is open in all directions.

COMMENT: *Since only the high-grade veins were mined during the time the Silver King Mine was operational, we believe that the property may contain ample mineralization which can be mined profitably with the use of improvements in mining techniques.*

Stephens Lake Property, Manitoba

The Stephens Lake property is located approximately 100 kilometres east of Gillam, Manitoba. The property measures 75 kilometres in length and covers approximately 170,482 hectares of land.

The property overlies a stratigraphic package believed to be an extension of the Thompson Nickel Belt. The Thompson Nickel Belt held by Inco is one of the most important nickel producing regions in the world, with reserves in excess of 170 million tonnes at an estimated grade of greater than 2.0% nickel equivalent.

The property has been amalgamated under a joint venture agreement between Sultan Minerals, Cream Minerals Ltd., and ValGold Resources Ltd., in which they hold equal one-third shares.

APPENDIX II

Management Profiles

Frank A. Lang, Chairman

Mr. Lang holds a BA and MA from the University of British Columbia, is a Professional Engineer and has been involved in the operation and financing of junior resource companies for over 30 years. Mr. Lang is also President and Director of Cream Minerals Ltd.

Mr. Lang has created literally billions of dollars in shareholder value in companies with which he has been associated. Frank Lang and his former partner, Dick Hughes shared the Developer of the Year Award for the discovery of the Golden Giant Mine, the first mine in production in the Hemlo area in Ontario. Hemlo and the associated South Zone deposit were discovered in 1982 by two of the original Hughes-Lang group of companies, Golden Sceptre and Goliath Gold Mines. The Golden Giant deposit has produced gold since 1985, and has had gold reserves estimated at approximately 7 million ounces over that period.

Arthur G. Troup, P. Eng., President and Director

Mr. Troup, MSc, P.Eng., has served as President and Chief Executive Officer of Sultan Minerals Inc. since June 1989 and has been a Director of the Company since June 1987. Mr. Troup has also served as Vice President, Exploration and Director of Cream Minerals Ltd. since 1997. Prior to this, Mr. Troup was President of Archean Engineering Ltd., a firm offering project management and mineral exploration services, from 1981 through to 1988.

Mr. Troup graduated from McMaster University in Hamilton, Ontario with an MSc in Geology. He has over 30 years experience in the mining industry in North & South America, Southeast Asia and North Africa working for Rio Algom, Teck Corporation, Canada Nickel Corporation, Placer Dome Canada Limited, and the Geological Survey of Canada.

Ben Ainsworth, MA (Oxon), FGS, P. Eng. BC, Director

Mr. Ainsworth graduated with an Honours Degree in Geology in 1962. After coming to Canada in 1965, he worked with a major mining house based in Vancouver (Placer Development Ltd.) for more than 20 years before starting his own international minerals consultancy. He serves on the board of several junior mining companies and works with a wide range of metals and mineral commodities.

Sargent H. Berner, LL.B, Director

Mr. Berner is a graduate of the University of British Columbia, where he received his BA in 1963 and his LL.B in 1966; and the London School of Economics, London, England where he received his degree of Master of Laws in 1967. He has practised corporate, securities and natural resources law as a partner in the Vancouver law firm of DuMoulin Black from 1976 to 2005. Mr. Berner is currently a business consultant to the Company.

Shannon Ross, CA, CFO and Corporate Secretary

Ms. Ross brings more than 25 years of accounting and financial management experience to Sultan Minerals. Ms. Ross began her career in public practice, moved to the mining industry as an internal auditor for the mining giant, Cominco Ltd., and served as controller and chief financial officer for several mining companies before joining Sultan Minerals Inc. Ms. Ross holds a Bachelor of Commerce degree and is a registered Chartered Accountant.

ANALYST CERTIFICATION

Each Research Analyst who was involved in the preparation of this Research Report hereby certifies that: (1) the views, opinions, and recommendations expressed in this Research Report reflect accurately the Research Analyst's personal views concerning any and all securities and issuers that are discussed herein and are the subject matter of this Research Report; and (2) the fees, earnings, or compensation, in any form, payable to the Research Analyst, is not and will not, directly or indirectly, be related to the specific views, opinions, and recommendations expressed by the Research Analyst in this Research Report.

eResearch analysts on this report: Emanuel Abraham, B.Comm. has 6 years experience with financial institutions, including Citigroup Canada and the Bank of Montreal. He has worked in accounting and securitization as well as portfolio performance and risk reporting. Areas of experience include mining and oil & gas.

Bob Weir, Director of Research, B. Comm, B.Sc., CFA. Mr. Weir has been involved in an analytical capacity since 1966, with both the securities and the real estate industries. Initially with Wood Gundy Limited in London, England, he spent nine years with that firm in a securities research capacity. He spent the next twenty years in the real estate business as analyst, consultant, and broker before joining Dominion Bond Rating Service Limited in 1994. He eventually became Executive Vice-President of DBRS and was responsible for supervising the firm's 34 analysts and for running the company on a day-to-day basis. He joined eResearch in September 2004.

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Chief Economist

Beverly Brooks

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- Hold:** Expected total return within the next 12 months is between 0% and 10%.
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- Operational - Weak competitive market position, early stage of development, unproven operating plan, high cost structure, industry consolidating, business model/technology unproven or out-of-date.
- Medium Risk:** Financial - Several years of revenue and positive earnings, balance sheet in line with industry average, positive free cash flow, adequate working capital solvency, may or may not pay a dividend.
- Operational - Competitive market position and cost structure, industry stable, business model/technology is well established and consistent with current state of industry
- Low Risk:** Financial - Strong revenue growth and earnings over several years, stronger than average balance sheet, strong positive free cash flows, above average working capital solvency, company may pay (and stock may yield) substantial dividends or company may actively buy back stock.
- Operational - Dominant player in its market, below average cost structure, company may be a consolidator, company may have a leading market/technology position.

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