

SULTAN MINERALS INC.
INTERIM FINANCIAL STATEMENTS
THREE AND SIX MONTHS ENDED JUNE 30, 2005 AND 2004
(Unaudited)

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

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SULTAN MINERALS INC.

(an exploration stage company)

Interim Balance Sheets

(Unaudited – prepared by management)

	June 30, 2005	December 31, 2004
Assets		
Current assets		
Cash and cash equivalents	\$ 258,457	\$ 428,793
Accounts receivable	17,165	10,126
Due from related parties (Note 6)	993	21,953
Prepaid expenses	11,245	20,280
	287,860	481,152
Mineral property interests (see schedules) (Note 3)	3,499,828	3,280,334
Investments (Note 4)	3,914	3,914
Equipment	1,017	1,356
Reclamation bonds	57,177	51,287
	\$ 3,849,796	\$ 3,818,043
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 59,917	\$ 144,435
Due to related parties (Note 6)	56,574	--
	116,491	144,435
Shareholders' equity		
Share capital (Note 5)	13,770,086	13,804,266
Share subscriptions (Note 8)	234,500	--
Contributed surplus	419,747	255,469
Deficit	(10,691,028)	(10,386,127)
	3,733,305	3,673,608
	\$ 3,849,796	\$ 3,818,043

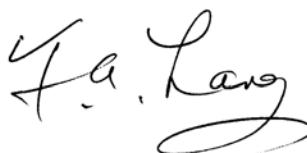
Subsequent events (Note 8)

See accompanying notes to financial statements.

Approved by the Directors



Arthur G. Troup



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 June 30,		Six months ended June 30,	
	2005	2004	2005	2004
Expenses				
Amortization	\$ 169	\$ 287	\$ 339	\$ 843
Legal, accounting and audit	800	13,736	4,144	19,814
Management fees	7,500	7,500	15,000	15,000
Office and administration	23,451	41,575	42,438	64,893
Salaries and benefits	55,111	43,067	87,624	67,738
Shareholder communications	19,860	50,699	47,185	77,184
Stock-based compensation	118,814	--	150,802	--
Property investigations	704	1,366	1,264	4,140
Travel	8,853	16,104	17,458	25,052
Interest and other income	(288)	1,668	(797)	(1,486)
	234,974	176,002	365,457	273,178
Loss before income taxes	(234,974)	(176,002)	(365,457)	(273,178)
Income tax recovery (Note 5(c))	--	--	60,554	--
Loss for the period	(234,974)	(176,002)	(304,903)	(273,178)
Deficit, beginning of period	(10,456,054)	(9,828,927)	(10,386,125)	(9,731,751)
Deficit, end of period	\$(10,691,028)	\$(10,004,929)	\$(10,691,028)	\$(10,004,929)
Loss per share, basic and diluted	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	46,258,618	39,390,048	46,213,618	40,487,876

See accompanying notes to financial statements.

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SULTAN MINERALS INC.

(an exploration stage company)

Interim Statements of Cash Flows

(Unaudited – prepared by management)

	Three months ended June 30,		Six months ended June 30,	
	2005	2004	2005	2004
Cash provided by (used for):				
Operations				
Loss for the period	\$ (234,974)	\$ (176,002)	\$ (304,901)	\$ (273,178)
Items not involving cash				
Amortization	169	287	339	843
Stock-based compensation	118,814	--	150,802	--
Future income taxes	--	--	(60,554)	--
Changes in non-cash working capital				
Accounts receivable	(3,732)	22,049	52,961	4,425
Due to/from related parties	98,826	82,654	77,534	14,898
Prepaid expenses	(8,026)	(8,388)	9,035	(18,495)
Accounts payable and accrued liabilities	8,127	11,275	(84,518)	113,231
	(20,796)	(68,125)	(159,302)	(158,276)
Investing activities				
Mineral property interests				
Acquisition costs	(6,292)	(16,337)	(25,333)	(55,050)
Exploration and development costs	(62,073)	(27,710)	(149,425)	(49,346)
Reclamation bonds	--	--	(5,890)	--
	(68,365)	(44,047)	(180,648)	(104,396)
Financing activities				
Share subscriptions	234,500	--	234,500	--
Common shares issued for cash	--	315,575	(4,886)	335,425
	234,500	315,575	229,614	335,425
Increase (decrease) in cash and cash equivalents during the period	145,339	203,403	(110,336)	72,753
Cash and cash equivalents, beginning of period	113,118	136,422	368,793	267,072
Cash, and cash equivalents, end of period	258,457	\$ 339,825	\$ 258,457	\$ 339,825
Supplemental information				
Shares issued for mineral property interests	\$ 21,135	\$ 23,750	\$ 31,260	\$ 34,650
Shares issued for corporate finance fee	--	525	--	525

See accompanying notes to financial statements.

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SULTAN MINERALS INC.

(an exploration stage company)

Notes to Interim Financial Statements

Six months ended June 30, 2005 and 2004

(Unaudited – prepared by management)

1. Going concern and nature of operations:

Sultan Minerals Inc. (the "Company") is incorporated under the Company Act (British Columbia), 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 June 30, 2005, of \$171,369 (December 31, 2004 - \$336,717) and an accumulated deficit of \$10,691,028 (December 31, 2004 - \$10,386,127).

The Company has capitalized \$3,499,828 in acquisition and related costs on the Kena property, the Jersey and Emerald property, the Stephens Lake property, the Coripampa properties and the Willi Claims.

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 interim financial statements are prepared in accordance with Canadian generally accepted accounting principles applicable to interim financial statements. They follow accounting policies and methods of their application consistent with the annual financial statements as at December 31, 2004, but they do not conform in all respects with the disclosure requirements of generally accepted accounting principles for annual financial statements. Accordingly, they should be read in conjunction with the Company's December 31, 2004, annual financial statements.

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

SULTAN MINERALS INC.

(an exploration stage company)

Notes to Interim Financial Statements

Six months ended June 30, 2005 and 2004

(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. Option payments made during the six months ended June 30, 2005, include:

Cariboo Claims

The Company holds an option agreement to earn 100% in five claim units, the Cariboo claims, located north of Ymir in southeastern British Columbia and contiguous to the Kena Claims. To earn its interest, the Company must make cash payments totalling \$52,500 (\$17,500 paid) and issue 200,000 common shares (175,000 issued) over four years. In January 2005 the Company and the optionor agreed to defer cash payments due in 2004 and 2005 for one year each in exchange for the acceleration of one half of the 2005 common share payment of 25,000 common shares. The December 2004 share payment and the accelerated share payment were made in February 2005. A further 200,000 common shares of the Company are to be issued upon receipt of a positive feasibility study. An NSR of 3.0% from production of gold and 1.5% from production of other metals is payable to the optionor. The Company has the right to purchase 66⅔% of the NSR for \$1,000,000 upon commencement of commercial production.

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. The agreement allows the Company to obtain a 100% interest in the property 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 share payment were made in April 2005. Upon completion of the obligations, the Company will hold a 100% interest in the property subject only to a 3.0% NSR from the production of gold and silver and a 1.5% NSR from the production of other metals. The Company has the right to purchase 67% of the NSR by the payment of \$1,000,000 to the optionor upon the commencement of commercial production.

Invincible Tungsten Mine

The Company has entered into a purchase agreement to acquire a 100% interest in the now decommissioned 7.4-hectare Invincible Tungsten Mine located 6 kilometres south of Salmo, British Columbia. Under the terms of the agreement, the Company will purchase the property for \$3,000 and 9,000 common shares, subject to a 2% Net Smelter Return royalty ("NSR"), which the Company may, at its discretion, reduce to a 0.5% NSR by the payment of \$150,000 after the completion of a positive feasibility study; and an annual advance royalty payment of \$3,000, which will commence in year 2010.

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SULTAN MINERALS INC.

(an exploration stage company)

Notes to Interim Financial Statements

Six months ended June 30, 2005 and 2004

(Unaudited – prepared by management)

3. Mineral property interests (continued):

Silver King Claim Group

The Company holds an option agreement to earn 100% interest in 24 crown grants and two claims held by record, known as the Silver King Claim Group of properties, located contiguous to the Kena Claims, in the Kootenay mining district of British Columbia. The terms of the option are that the Company must make total cash payments of \$140,000 (\$33,500 paid) and issue 250,000 common shares (215,000 issued) to the optionor over four years from July 9, 2003.

(b) Mineral Property Interests Commitments

To maintain its mineral property interests the Company is required to make cash payments of \$89,542 and issue 474,417 common shares in fiscal 2005. Pursuant to the option agreements, 264,000 common shares were issued in the six months ended June 30, 2005, and an additional 16,667 common shares have been issued subsequent to that date.

4. Investments:

Name of Company	Number of Shares	Book Value June 30, 2005	Book Value December 31, 2004
Emgold Mining Corporation	15,652	\$ 3,913	\$ 3,913
LMC Management Services Ltd.	1	1	1
		\$ 3,914	\$ 3,914

The quoted market value of Emgold Mining Corporation as at June 30, 2005, was \$5,635 (December 31, 2004 - \$10,956).

5. Share capital:

(a) Authorized

The authorized share capital of the Company consists of an 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, 2004	46,164,582	\$13,804,266
Issued for mineral property interests and other		
Cariboo claims at \$0.135	75,000	10,125
Athabasca at \$0.11	75,000	8,250
Invincible at \$0.09	9,000	810
Silver King at \$0.115	105,000	12,075
Share issue costs	--	(4,886)
Income tax effect of renunciation of flow through expenditures	--	(60,554)
Balance, June 30, 2005 (Unaudited)	46,428,582	\$13,770,086

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SULTAN MINERALS INC.

(an exploration stage company)

Notes to Interim Financial Statements

Six months ended June 30, 2005 and 2004

(Unaudited – prepared by management)

5. Share capital (continued):

(c) Flow-through shares

In 2004, the Company issued 1,000,000 flow-through shares ("FTS") for gross proceeds of \$170,000. Under the FTS agreements, the Company agreed to renounce \$170,000 of qualifying expenditures to the investors effective December 31, 2004, although under Canadian tax law the expenditures may actually be incurred up to December 31, 2005.

During 2004, new guidelines related to FTS accounting were issued by the Emerging Issues Committee ("EIC") of the CICA under EIC 146. Under EIC 146, the Company is required to 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 renounced flow through expenditures in the six months ended June 30, 2005, and as a consequence, has recognized a reduction in share capital and a recovery of future income taxes of \$60,554.

(d) Stock options

The Company has a stock option plan which allows for the grant of options to purchase up to 7,513,438 stock options. The following table summarizes information about the stock options outstanding at June 30, 2005:

Exercise Price	Number Outstanding at June 30, 2005	Weighted Average Remaining Contractual Life
\$0.10	2,000,000	5.0 years
\$0.15	3,020,000	4.0 years
\$0.21	595,000	1.2 years
\$0.40	731,000	1.3 years
\$0.32	701,000	1.9 years
\$0.15 to \$0.40	7,047,000	3.5 years

A summary of the stock options at June 30, 2005, is presented below:

	Shares	Weighted Average Exercise Price
Balance, June 30, 2005	7,047,000	\$0.19
Balance vested, June 30, 2005	5,537,000	\$0.18

No options were exercised in the six months ended June 30, 2005.

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SULTAN MINERALS INC.

(an exploration stage company)

Notes to Interim Financial Statements

Six months ended June 30, 2005 and 2004

(Unaudited – prepared by management)

5. Share capital (continued):

The fair value of each stock option granted in June 2005 on the date of grant using the Black-Scholes option-pricing model with weighted average assumptions as follows: risk free interest rate – 3.44%; expected life – 3 years; expected volatility – 83%; and weighted average fair value per option grant \$0.09. There were 2,000,000 stock options granted at a price of \$0.10 to directors, officers and employees, with an expiry date of June 10, 2010.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that are fully transferable and have no vesting restrictions. The Company's stock options are not transferable and cannot be traded. The Black-Scholes model also requires an estimate of expected volatility. The Company uses historical volatility rates of the Company to arrive at an estimate of expected volatility.

(e) Share purchase warrants

As at June 30, 2005, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
1,813,334	\$0.20	November 15, 2005
600,000	\$0.20	December 15, 2005
1,000,000	\$0.20	December 23, 2005
3,413,334		

6. Related party transactions and balances:

	Six months ended June 30,	
	2005	2004
Services rendered and reimbursement of expenses:		
LMC Management Services Ltd. (a)	\$ 161,232	\$ 165,498
Lang Mining Corporation (b)	15,000	15,000
Legal fees	3,344	10,144
Balances receivable from (payable to) (f):	June 30, 2005	December 31, 2004
LMC Management Services Ltd. (a)	\$ --	\$ 20,153
Directors and officers' expense advances (e)	993	1,800
Receivable from:	\$ 993	\$ 21,953
DuMoulin Black (c)	(3,563)	--
LMC Management Services Ltd.	(47,661)	--
Lang Mining Corporation	(5,350)	--
Payable to:	\$ (56,574)	\$ --

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SULTAN MINERALS INC.

(an exploration stage company)

Notes to Interim Financial Statements

Six months ended June 30, 2005 and 2004

(Unaudited – prepared by management)

6. Related party transactions and balances (continued):

- (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 an officer and director.
- (c) Legal fees were paid to DuMoulin Black, a law firm of which a director of the Company is an associate counsel.
- (d) The Company's investments include shares in a listed company with two common directors.
- (e) Balances payable to directors and officers are reimbursements for expenses incurred on behalf of the Company.
- (f) Balances payable to and receivable from related parties are included in due to and due from related parties, respectively, on the balance sheets. These amounts are non-interest bearing and are due on demand.

7. Comparative figures:

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

8. Subsequent events:

Subsequent to June 30, 2005:

- (a) the Company completed a non-brokered private placement for gross proceeds of \$354,266. The private placement consisted of a combination of flow through and non-flow through shares as follows:
 1. 797,500 units (the "Combined Units") at a price of \$0.20 per Combined Unit, for gross proceeds of \$159,500. Each Combined Unit is comprised of one (1) flow-through common share, one (1) non-flow-through common share, and one-half of one non-flow-through share purchase warrant. Each whole share purchase warrant will entitle the holder to purchase one additional common share expiring July 20, 2007, at an exercise price of \$0.15 per share; and
 2. 1,947,660 units (the "Units") at a price of \$0.10 per Unit, for gross proceeds of \$194,766. Each Unit is comprised of one (1) non-flow-through common share and one-half of one non-flow-through share purchase warrant. Each whole share purchase warrant will entitle the holder to purchase one additional common share expiring July 20, 2007, at an exercise price of \$0.15 per share.

Finder's fees totalling \$11,500 were paid in connection with the financing.

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SULTAN MINERALS INC.

(an exploration stage company)

Notes to Interim Financial Statements

Six months ended June 30, 2005 and 2004

(Unaudited – prepared by management)

8. Subsequent events (continued):

- (b) 16,667 common shares were issued and a cash payment of \$6,667 was made on the Trout Claim Group option agreement. A payment was received from BHP Billiton Diamonds Inc. for the cash and cash equivalent of the share payments made on the Trout claim group by the Company to the optionor of the property.

SULTAN MINERALS INC.

(an exploration stage company)
 Schedule of Mineral Property Interests
 Six months ended June 30, 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 June 30, 2005
Acquisition costs						
Balance, beginning of period	\$ 585,977	\$ 30,501	\$ 6,329	\$ 22,375	\$ 59,851	\$ 705,033
Incurred during the period	33,805	4,634	(5,366)	--	5,736	38,809
Balance, end of period	619,782	35,135	963	22,375	65,587	743,842
Exploration and development costs						
Incurred during the period						
Assays and analysis	10,296	328	--	--	3,321	13,945
Drilling	23,930	40,215	--	--	--	64,145
Geological and geophysical	12,350	15,697	1,554	--	32,302	61,903
Site activities	5,038	4,514	399	--	7,415	17,366
Stock based compensation	2,575	10,901	--	--	--	13,476
Travel and accommodation	1,120	1,467	--	--	7,263	9,850
	55,309	73,122	1,953	--	50,301	180,685
Balance, beginning of period	2,413,132	2,363	9,079	2,933	147,794	2,575,301
Balance, end of period	2,468,441	75,485	11,032	2,933	198,095	2,755,986
Total Mineral Property Interests	\$ 3,088,223	\$ 110,620	\$ 11,995	\$ 25,308	\$ 263,682	\$ 3,499,828

SULTAN MINERALS INC.

(an exploration stage company)
 Schedule of Mineral Property Interests
 Year ended December 31, 2004
 (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, 2004
Acquisition costs							
Balance, beginning of year	\$	478,853	\$ 1	\$ 523	\$ 5,796	\$ --	\$ 485,173
Incurred during the year		107,124	30,500	5,806	16,579	59,851	219,860
Balance, end of year		585,977	30,501	6,329	22,375	59,851	705,033
Exploration and development costs							
Incurred during the year							
Assays and analysis		7,412	--	--	--	20,478	27,890
Drilling		62,910	--	--	--	--	62,910
Geological and geophysical		87,440	2,363	4,264	2,783	84,192	181,042
Site activities		10,837	--	--	--	19,349	30,186
Travel and accommodation		5,025	--	--	--	23,775	28,800
		173,624	2,363	4,264	2,783	147,794	330,828
Balance, beginning of year		2,239,508	--	4,815	150	--	2,244,473
Balance, end of year		2,413,132	2,363	9,079	2,933	147,794	2,575,301
Total Mineral Property Interests	\$	2,999,109	\$ 32,864	\$ 15,408	\$ 25,308	\$ 207,645	\$ 3,280,334