SULTAN MINERALS INC.
(an exploration stage company)
FINANCIAL STATEMENTS
DECEMBER 31, 2005 and 2004

AUDITORS' REPORT

To the Shareholders of Sultan Minerals Inc.

We have audited the balance sheets of Sultan Minerals Inc. as at December 31, 2005 and 2004 and the statements of operations and deficit and cash flows for each of the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2005 and 2004 and the results of its operations and its cash flows for each of the years then ended in accordance with Canadian generally accepted accounting principles.

"Morgan & Company"

Chartered Accountants

Vancouver, Canada

April 20, 2006

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SULTAN MINERALS INC.

(an exploration stage company)
Balance Sheets
As at December 31, 2005 and 2004

	December 31, 2005	December 31, 2004
Assets		
Current assets		
Cash and cash equivalents	$ 198,649	$ 428,793
Accounts receivable	18,229	10,126
Due from related parties (Note 7)	42,323	21,953
Prepaid expenses	6,748	20,280
	265,949	481,152
Deferred share issue costs	30,000	--
Mineral property interests (see schedule) (Notes 3 and 11)	3,603,949	3,280,334
Investments (Note 4)	3,914	3,914
Equipment (Note 5)	19,306	1,356
Reclamation deposits	55,991	51,287
	$ 3,979,109	$ 3,818,043
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 218,310	$ 144,435
Due to related parties (Note 7)	15,000	--
	233,310	144,435
Shareholders' equity		
Share capital (Note 6)	14,503,631	13,804,266
Contributed surplus	449,702	255,469
Deficit	(11,207,534)	(10,386,127)
	3,745,799	3,673,608
	$ 3,979,109	$ 3,818,043

Commitments and subsequent events (Notes 3, 6 and 10)

See accompanying notes to financial statements.

Approved by the Directors

A. Troup | F.A. Lang

Arthur G. Troup | Frank A. Lang

SULTAN MINERALS INC.

(an exploration stage company)
Statements of Operations and Deficit
For the years ended December 31, 2005 and 2004

	Years ended December 31, 2005	2004
Expenses		
Amortization	$ 987	$ 843
Legal, accounting and audit	20,691	48,791
Management and consulting fees	35,000	30,000
Office and administration	80,278	79,943
Salaries and benefits	131,542	89,240
Shareholder communications	98,524	151,953
Stock-based compensation	176,393	218,207
Travel and conferences	19,413	32,885
Loss before the following	562,828	651,862
Property investigations	938	4,441
Write-down of mineral property interests (Notes 3 (d) and (e))	319,914	--
Interest and other income	(1,719)	(1,927)
Loss before income taxes	(881,961)	(654,376)
Income tax recovery (expense) - current	--	--
- future income taxes	60,554	--
	60,554	--
Loss for the year	(821,407)	(654,376)
Deficit, beginning of year	(10,386,127)	(9,731,751)
Deficit, end of year	$ (11,207,534)	$ (10,386,127)
Loss per share, basic and diluted	$ (0.02)	$ (0.02)
Weighted average number of common shares outstanding – basic and diluted	48,507,514	40,841,887

See accompanying notes to financial statements.

SULTAN MINERALS INC.

(an exploration stage company)
Statements of Cash Flows
For the years ended December 31, 2005 and 2004

	Years ended December 31, 2005	2004
Cash provided by (used for)		
Operations		
Loss for the year	$ (821,407)	$ (654,376)
Items not involving cash		
Amortization	987	843
Stock-based compensation	176,393	218,207
Recovery of future income taxes	(60,554)	--
Write-down of mineral property interests	319,914	--
Changes in non-cash operating working capital		
Accounts receivable	(8,103)	8,155
Due to/from related parties	(5,370)	26,441
Prepaid expenses	13,532	(262)
Accounts payable and accrued liabilities	73,875	89,652
	(310,733)	(311,340)
Investing		
Mineral property interests		
Acquisition costs	(15,432)	(104,903)
Exploration and development costs	(579,457)	(313,318)
Reclamation deposits	(4,704)	(24,787)
Equipment	(19,198)	(1,356)
	(618,791)	(444,364)
Financing		
Deferred share issue costs	(30,000)	--
Common shares issued for cash, net of share issue costs	729,380	917,425
	699,380	917,425
Cash and cash equivalents		
Increase (decrease) during the year	(230,144)	161,721
Balance, beginning of year	428,793	267,072
Balance, end of year	$ 198,649	$ 428,793
Supplemental information		
Stock-based compensation capitalized to mineral properties	$ 15,536	$ 17,510
Shares issued for mineral property interests	32,843	114,957
Share issue costs	2,304	20,525

See accompanying notes to financial statements.

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 December 31, 2005, of $32,639 (2004 – $336,717) and an accumulated deficit of $11,207,534 (2004 – $10,386,127).

The Company has capitalized $3,603,949 in acquisition and related costs on the Kena property, the Jersey and Emerald properties and the Stephens Lake property.

Without additional external funding to meet existing obligations and to finance further exploration and development work on its mineral properties, there is substantial doubt as to the Company's ability to continue as a going concern. Although the Company has been successful in raising funds to date, there can be no assurance that additional funding will be available in the future. The financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to achieve profitable mining operations or obtain adequate financing. See Note 10 – Subsequent event.

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. Significant accounting policies:

(a) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported values of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include the determination of impairment of mineral property interests and reclamation obligations. In assessing the underlying values of mineral property interests, management considers the exploration and development plans and any future operation of the mineral property interests. These arrangements may, and likely will, change in the future in response to changing business conditions, and these changes may impact the Company's estimates of cash flows. As a result, actual results could differ from those reported.

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit with banks and highly liquid short-term interest bearing investments with maturities of less than 90 days from the original date of acquisition.

Interest from cash and cash equivalents is recorded on an accrual basis.

(c) Investments

The Company accounts for its portfolio investments as long-term investments. They are recorded at cost unless a permanent decline in value has been determined, at which time they are written down to market value.

(d) Deferred share issue costs

The Company defers all costs incurred in connection with the issue of share capital to be offset against the consideration received as a result of the issue of shares from the treasury.

(e) Mineral property interests

Mineral property acquisition costs and exploration and development costs are deferred until the property to which they relate is placed into production, sold, allowed to lapse or abandoned. These costs will be amortized over the estimated life of the property following commencement of commercial production or will be written off if the property is sold, allowed to lapse or abandoned.

Management of the Company reviews and evaluates the carrying value of each mineral property for impairment when events or changes in circumstances indicate that the carrying amounts of the related asset may not be recoverable. If the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the asset, an impairment loss is measured and assets are written down to fair value, which is normally the discounted value of future cash flows. Where estimates of future cash flows are not available and where other conditions suggest impairment, management assesses whether the carrying value can be recovered by considering alternative method of determining fair value. When it is determined that a mineral property is impaired it is written down to an estimated value in accordance with the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3063 "Impairment of Long-Lived Assets".

2. Significant accounting policies (continued):

(e) Mineral property interests (continued)

The acquisition of title to mineral properties is a detailed and time-consuming process. The Company has taken steps, in accordance with industry standards, to verify mineral properties in which it has an interest. Although the Company has made efforts to ensure that legal title to its properties is properly recorded in the name of the Company, when all terms of agreements have been met, there can be no assurance that such title will ultimately be secured.

Mineral property acquisition costs include the cash consideration and the fair market value of common shares, based on the trading price of the shares issued for mineral property interests pursuant to the terms of the agreement. Payments relating to a property acquired under an option or joint venture agreement, where payments are made at the sole discretion of the Company, are recorded upon payment.

The amount shown for mineral property interests represents costs incurred to date and the fair market value of common shares issued and does not necessarily reflect present or future value. Administrative expenditures are expensed in the year incurred. Property investigation costs, where a property interest is not acquired, are expensed as incurred.

(f) Asset retirement obligations

Effective December 1, 2003, the Company prospectively adopted the new standard of the CICA relating to asset retirement obligations. Under this new standard, asset retirement obligations are recognized when incurred and recorded as liabilities at fair value. Under the standard the liability is accreted over time through periodic charges to earnings. A corresponding increase to the carrying amount of the related asset is recorded and amortized over the life of the asset. The Company has no future legal liabilities for asset retirement obligations.

(g) Equipment

Equipment is recorded at cost. Depreciation is calculated on a straight-line basis over two years.

(h) Fair value of financial instruments

The carrying amounts of cash and cash equivalents, accounts receivable, due from related parties, accounts payable and accrued liabilities and due to related parties approximate their fair value due to their short-term nature. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from its financial instruments.

(i) Flow through common shares

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow through share arrangements are renounced to subscribers in accordance with income tax legislation. To recognize the foregone tax benefits to the Company, the carrying value of the shares is reduced by the tax effect of the tax benefits renounced to the subscribers.

2. Significant accounting policies (continued):

(j) Translation of foreign currencies

Foreign operations are integrated and consequently, the transactions of foreign operations are translated into Canadian currency using the temporal method.

Monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date and non-monetary assets and liabilities at the exchange rates in effect at the time of acquisition or issue. Revenues and expenses are translated at rates approximating exchange rates in effect at the time of the transactions. Exchange gains or losses arising on translation are included in income or loss for the year.

(k) Stock-based compensation

As of January 1, 2003, the Company adopted the amended recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3870, "Stock-Based Compensation and other Stock-Based payments. Under the amended standards of this Section, the fair value of all stock-based awards granted are estimated using the Black-Scholes model and are recorded in operations over the vesting periods. The compensation cost related to stock options granted after January 1, 2003, is recorded in operations and in contributed surplus. The contributed surplus balance is reduced as the options are exercised and the amount initially recorded is credited to share capital. No stock compensation expense for directors, officers and employees was recorded for stock options awarded and outstanding prior to January 1, 2003.

(l) Loss per share

Basic loss per common share is calculated by dividing loss available to common shareholders by the weighted average number of common shares outstanding during the year. For all periods presented, loss available to common shareholders equals the reported loss.

Diluted loss per share is calculated by the treasury stock method. All outstanding options and warrants are anti-dilutive and therefore have no effect on the determination of loss per share.

(m) Income taxes

Income taxes are calculated using the liability method of accounting. Under this method, future income tax is based on the differences between assets and liabilities reported for financial accounting purposes and those reported for income tax purposes. Future income taxes are measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse. The effect on future tax assets and liabilities of a change in tax rates is recognized in earnings in the period in which the change occurs.

3. Mineral property interests:

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

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

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

Cariboo Claims
The Company holds an option agreement to earn 100% in five claim units, the Cariboo claims, located north of Ymir in southeastern British Columbia and contiguous to the Kena Claims. To earn its interest, the Company must make cash payments totalling $52,500 ($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, or 25,000 common shares, which were issued in January 2005. Subsequent to December 31, 2005, a cash payment of $10,000 was made and the final 25,000 common shares were issued. A further 200,000 common shares of the Company are to be issued upon receipt of a positive feasibility study. A NSR of 3.0% from production of gold and 1.5% from production of other metals is payable to the optionor. The Company has the right to purchase 66⅔% of the NSR for $1,000,000 on commencement of commercial production.

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 ($22,000 paid) and issue 320,000 common shares (265,000 issued) to the optionor over four years from July 9, 2003. In addition, the Company must also make a cash payment to the optionor in 2007 equal to the greater of (a) 120% of the 2007 assessed value of the surface rights for seven claims issued by the British Columbia Assessment Authority in late 2006 or (b) $240,000. In exchange for the above cash and share payments, and at the end of the four year period, the Company will have a 100% interest in the properties, subject only to a 3.0% NSR from production with a minimum annual royalty payment of $40,000 (indexed to Statistics Canada Consumer Price Index using 2003 as a base year) and a further 200,000 common shares of the Company, due upon receipt of a positive feasibility study on commencement of commercial production. The Company has the right to purchase 50% of the NSR from the optionor for $1,000,000 upon commencement of commercial production.

3. Mineral property interests (continued):

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

Daylight Claim Group

The Company entered into an option agreement with various optionors to acquire 87.5% of the Daylight Claim Group, consisting of 8 crown grants, located near Ymir, British Columbia. To exercise the option, the Company must make total cash payments of $52,500 ($30,625 paid to December 31) and issue 175,000 common shares (131,250 issued to December 31) over three years from November 18, 2002. In addition, the agreement provides for the issuance of an additional 175,000 common shares to the optionors upon completion of a positive feasibility study recommending commercial production on the property. The properties are subject to royalties payable to the optionors of a 3.0% NSR from production of gold and silver and 1.5% NSR from the production of other metals. The Company has the right to reduce the NSR to 1.0% from the production of gold and silver and 0.5% from the production of other metals by a payment of $1,000,000 on or prior to the commencement of commercial production. Subsequent to December 31, the final cash payment of $21,875 was made and the final 43,750 common shares were issued.

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. Subsequent to December 31, 2005, the Company terminated the option agreement on the property.

Great Western Claim Group

In 2001 the Company entered into an option agreement to acquire 100% of the Great Western claim group, consisting of 3 claim units contiguous to the Kena property. The terms of the option agreement, as amended, provide that the Company must make total cash payments of $25,000 ($20,000 paid) and issue 356,250 common shares (356,250 issued) over a three-year period. In addition, the agreement provides for the issuance of a further 200,000 common shares on receipt of a positive feasibility study. The property is subject to a 3.0% NSR from production of gold and silver and 1.5% from production of other metals. The Company has the right to purchase 66⅔% of the NSR for $1,000,000 on commencement of commercial production.

Tough Nut Claim Group

The Company holds 100% in three Tough Nut Claim Group claims, located on the north end of the Silver King batholith. The claims are subject to a 3.0% NSR from gold and silver. The Company has the right to purchase 66⅔% of the NSR from the optionors for $2,000,000 at any time prior to commencement of commercial production.

3. Mineral property interests (continued):

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

Starlight Claim Group
The Company holds 100% of 4 claim units (75 hectares), known as the Starlight Claim Group, consisting of 3 crown grants and one mineral claim contiguous with the Kena Property, north of the community of Ymir in southeastern British Columbia. The property is subject to a 1.0% NSR from production of gold and silver and other metals. The Company has the right to purchase the NSR for $1,000,000 on commencement of commercial production.

(b) Jersey and Emerald Properties, Salmo, British Columbia, Canada

The Company holds a 100% interest in the Jersey Claim Group located near Salmo, British Columbia. The property is subject to a 3.0% NSR that can be reduced to 1.5% by making payments of $500,000 and issuing 50,000 common shares. Annual advance royalty payments of $50,000 were to commence in October 2000. In October 2000 an amendment to the agreement extended the commencement of these royalty payments to 2004. In consideration for the extension, 200,000 common shares were issued to the royalty holders. In October 2004 the agreement was further amended to defer commencement of the royalty payments to October 2009, by the issuance of 200,000 common shares to the royalty holders. Additional claims forming part of the properties include the Tungsten King Prospect, comprised of 17 crown-granted mineral claims. The Company acquired a 100% interest in these claims by issuing 100,000 shares of the Company. The Company also holds a 100% interest in the Truman Hill and Leroy North properties, additional properties in the Jersey and Emerald property group. The Truman Hill and Leroy north properties are subject to a NSR of 1.5% of which 50.0% can be purchased by issuing 25,000 shares of the Company. The Company also holds a 100% interest in the Summit Gold Property consisting of 4 mineral units and one reverted crown grant. The property is subject to a 2.0% NSR, which the Company has the right to purchase for $500,000. The Company holds a 100% interest in the Jumbo 2 and Boncher crown granted mineral claims. In accordance with CICA Accounting Guideline ACG-11, as no significant work had been carried out on the Jersey and Emerald Properties for a period of three years, the Company wrote down the property to a nominal carrying value of $1. Due to higher metals prices, the Company has re-commenced significant exploration activities on the property, and as a result, is capitalizing exploration and acquisition costs on the property.

Invincible Tungsten Mine
The Company entered into a purchase agreement to acquire a 100% interest in the now decommissioned 7.4-hecare Invincible Tungsten Mine located six kilometres south of Salmo, British Columbia. Under the agreement, the Company paid $3,000 and issued 9,000 common shares, subject to a 2.0% 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 by the payment of advance royalties of $3,000 per annum, commencing in 2010.

(c) Stephens Lake Property, Manitoba, Canada

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

3. Mineral property interests (continued):

(c) Stephens Lake Property, Manitoba, Canada (continued)

Under the terms of the agreement, the Companies have granted to BHP Diamonds two options (the "BHP Options") to acquire, firstly, a 51.0% undivided interest in the property (the "First Option") and, secondly, a 19.0% undivided interest in the property (the "Second Options"). BHP Diamonds has agreed to fund all exploration expenditures on the property until the BHP Options are either terminated or fully exercised. In order to exercise the First Option, BHP Diamonds must incur exploration expenditures of $1,000,000 on the property by February 21, 2010. To exercise the Second Option, BHP Diamonds must complete a feasibility study for the property by February 21, 2015. In the event that BHP Diamonds exercises both options, a joint venture will be formed and the Companies will have the following working interests in the joint venture – BHP Diamonds – 70%; the Company 10.0%; Cream – 10.0% and ValGold – 10.0%. In the event that BHP Diamonds exercises the First Option but chooses not to exercise the Second Option, or does not exercise the Second Option by the due date, then the Companies will have the following working interests in the joint venture – BHP Diamonds – 51.0%; the Company – 1/3 of 49.0%; Cream – 1/3 of 49.0%: and ValGold – 1/3 of 49.0%. If, after the joint venture is formed, a party's interest falls to 10.0% or less, for inability to finance its share of the joint venture or for other reasons, that party's interest will convert to a 1.0% NSR.

In July 2004, the Company jointly agreed with Cream and ValGold to option two staked claims, namely the Trout and Trout 1 claims, which are contiguous with and encompassed by the Stephens Lake Claim Group.

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

(d) Willi Claims, Nevada, U.S.A.

The Company entered into a purchase agreement to acquire a 100% interest in 20 Lode Mining Claims, Willi 1 to Willi 20, located in Churchill County, Nevada, U.S.A. Under the terms of the Agreement, the Company issued 50,000 common shares at $0.26. During the year ended December 31, 2005, the Company determined that it would not make the required annual payment due to the Bureau of Land Management, and as a result, wrote off $25,308.

3. Mineral property interests (continued):

(e) Coripampa Properties, Peru

The Company entered into an option agreement with a Peruvian partnership to acquire 100% of the Coripampa 1 silver property consisting of four mineral concessions (600 hectares), located in La Unión Province of the Arequipa Department and the Coripampa 2 gold and silver property consisting of 6 mineral concessions (700 hectares), located in the provinces of La Union/Parinacochas in the Republic of Peru. Under the terms of the agreement, the Company agreed to make total cash payments of US$265,000 (US$20,000 paid) and issue 850,000 common shares (100,000 issued) to the optionor over a 54-month period from April 2004. A 3.0% NSR and 300,000 common shares were payable to the optionors upon completion of a positive feasibility study or on commencement of commercial production, whichever occurs first. The Company had the right to purchase 50.0% of the NSR for US$1,800,000 at any time up to 120 days after the commencement of commercial production. A finder's fee of 15,000 common shares was paid to an arm's-length finder in connection with this transaction. The Company acquired by staking an additional four mineral concessions contiguous to Coripampa 1 and 2. Subsequent to December 31, 2005, the Company determined that the property did not meet its long-term objectives and as a result, the agreement with the optionors was terminated, and wrote off $294,606.

(f) Mineral Property Interests Commitments

To maintain its mineral property interests the Company is required to make cash payments of $83,208 and issue 120,417 common shares in fiscal 2006. Subsequent to December 31, 2005, payments of $31,875 were made and 68,750 common shares were issued, as described in Note 3 (a).

4. Investments:

Name of Company	Number of Shares	Book Value 2005	Book Value 2004
Emgold Mining Corporation (Note 7 (e))	15,652	$ 3,913	$ 3,913
LMC Management Services Ltd. (Note 7(a))	1	1	1
		$ 3,914	$ 3,914

The quoted market value of Emgold Mining Corporation as at December 31, 2005, was $7,356 (2004: $10,956).

5. Equipment:

	Cost	Accumulated Depreciation	Net Book Value 2005	Net Book Value 2004
Equipment	$ 25,133	$ 5,827	$ 19,306	$ 1,356

The cost of equipment at December 31, 2004, was $5,936.

6. Share capital:

(a) Authorized:

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

(b) Issued and outstanding:

	Number of Shares	Amount
Balance, December 31, 2003	39,081,081	$12,771,884
Issued for cash		
Private placement at $0.15, less share issue costs	2,400,000	327,900
Warrants exercised at $0.28	25,000	7,000
Private placement at $0.15, less share issue costs	1,773,334	263,000
Flow-through private placement at $0.17, less share issue costs	1,000,000	149,000
Private placement at $0.15	1,000,000	150,000
Issued for mineral property interests and other		
Willi Claims acquisition at $0.26	50,000	13,000
Athabasca claims at $0.215	50,000	10,750
Starlight property at $0.14	20,000	2,800
Silver King claim group at $0.135	60,000	8,100
Agent’s finders fee on brokered private placement at $0.15	23,500	3,525
Agent’s fee on brokered private placement at $0.17	100,000	17,000
Trout Claim Group at $0.14	16,667	2,332
Great Western claim group property payment at $0.14	50,000	7,000
Great Western claim group property payment at $0.16	156,250	25,000
Daylight property payment at $0.18	43,750	7,875
Coripampa mineral property and finder’s fee at $0.14	115,000	16,100
Option payment on Jersey and Emerald property payments	200,000	22,000
Balance, December 31, 2004	46,164,582	13,804,266
Issued for cash		
Private placement at $0.10, less share issue costs	3,542,660	342,766
Private placement at $0.13	1,500,000	195,000
Private placement at $0.15, less share issue costs	1,483,333	194,196
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
Stephens Lake – Trout at $0.095	16,667	1,583
Share issue costs	--	(4,886)
Income tax effect of renunciation of flow through expenditures	--	(60,554)
Balance, December 31, 2005	52,971,242	$14,503,631

6. 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.

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 $60,554.

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.

The Company has estimated that the future income taxes recorded at the time of renunciation would be approximately $103,128. Consequently, subsequent to the year ended December 31, 2005, the Company will recognize 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 7,513,438 stock options. The following table summarizes information about the stock options outstanding at December 31, 2005:

Exercise Price	Number Outstanding at December 31, 2005	Weighted Average Remaining Contractual Life
$0.10	2,000,000	4.4 years
$0.15	3,020,000	3.5 years
$0.21	595,000	0.7 years
$0.40	731,000	0.8 years
$0.32	701,000	1.4 years
$0.15 to $0.40	7,047,000	

A summary of the stock options at December 31, 2005, is presented below:

	Shares	Weighted Average Exercise Price
Balance, December 31, 2005	7,047,000	$0.19
Balance vested, December 31, 2005	6,292,000	$0.18

During the year ended December 31, 2005, 665,000 options exercisable at $0.15 expired unexercised and 2,000,000 options were granted, exercisable at a price of $0.10, with an expiry date of June 10, 2010.

6. Share capital (continued):

(d) Stock options (continued)

A summary of the changes in stock options for the years ended December 31, 2005 and 2004, is presented below:

	Shares	Weighted Average Exercise Price
Balance, December 31, 2003	2,825,000	$0.25
Granted	3,045,000	$0.15
Cancelled and expired	(158,000)	$0.24
Balance, December 31, 2004	5,712,000	$0.21
Granted	2,000,000	$0.10
Expired	(665,000)	$0.15
Balance, December 31, 2005	7,047,000	$0.19
Balance, vested, December 31, 2005	6,292,000	$0.18

The fair value of each stock option granted is estimated on the date of grant using the Black-Scholes option-pricing model with weighted average assumptions as follows:

	Years ended December 31, 2005	Years ended December 31, 2004
Risk free interest rate	3.44%	2.53%
Expected life (years)	3 years	3 years
Expected volatility	83%	125%
Weighted average fair value per option grant	$ 0.05	$ 0.11

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 December 31, 2005, the following share purchase warrants issued in connection with financings made by private placements and short form offerings were outstanding:

Number of Warrants	Exercise Price	Expiry Date
1,773,334	$0.20	November 15, 2006
1,372,580	$0.15	July 20, 2007
749,999	$0.18	September 16, 2007
100,000	$0.17	November 30, 2006
3,995,913		

6. Share capital (continued):

(e) Share purchase warrants

During the year, 5,273,500 warrants expired, unexercised, the expiry date of 1,773,334 warrants expiring November 15, 2005, was extended to November 15, 2006, and 2,222,579 warrants were issued pursuant to three private placements.

7. Related party transactions and balances:

	Years ended December 31,	
Services rendered and reimbursement of expenses:	**2005**	**2004**
LMC Management Services Ltd. (a)	$ 274,173	$ 268,571
Lang Mining Corporation (b)	30,000	30,000
Kent Avenue Consulting Ltd. (c)	5,000	--
DuMoulin Black (d)	27,244	14,639

Balances receivable from (payable to) (f):	**2005**	**2004**
LMC Management Services Ltd.	$ 42,323	$ 20,153
Directors and officers	--	1,800
Receivable from:	$ 42,323	$ 21,953
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 to Kent Avenue Consulting Ltd., a private company controlled by Sargent H. Berner, a director of the Company.

(d) Legal fees were paid to DuMoulin Black, a law firm of which a director of the Company is an associate counsel.

(e) The Company's investments include shares in a listed company with a common director and/ officer.

(f) Balances payable to and receivable from related parties are included in due to and due from related parties, respectively, on the balance sheets. These amounts are non-interest bearing and are due on demand.

8. Comparative figures:

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

9. Income taxes:

The recovery of income taxes shown in the statements of operations and deficit differs from the amounts obtained by applying statutory rates due to the following:

	2005	2004
Statutory tax rate	34.12%	35.62%
Loss for the year	$ (821,407)	$ (654,376)
Provision for income taxes based on statutory Canadian combined federal and provincial tax rates	(280,264)	(233,089)
Write-down of mineral property interest	109,155	--
Share issue costs	(35,894)	(38,721)
Other	657	1,882
Tax effect of flow through renunciation	(60,554)	--
Change in valuation allowance	206,347	269,928
Future income tax expense (recovery)	$ (60,554)	$ --

The significant components of the Company's future tax assets (liability) are as follows:

	2005	2004
Operating losses	$ 789,585	$ 789,969
Resource deductions	2,947,633	2,968,558
Other	3,467	3,371
Share issue costs	73,707	61,028
	3,814,392	3,822,926
Valuation allowance for future tax assets	(3,814,392)	(3,822,926)
	$ --	$ --

The realization of income tax benefits related to these future potential tax deductions is uncertain and cannot be viewed as more likely than not. Accordingly, no future income tax assets have been recognized for accounting purposes.

The Company has Canadian non-capital losses carried forward of $2,314,142 that may be available for tax purposes. The losses expire as follows:

Expiry date	$
2006	148,165
2007	122,369
2008	216,075
2009	354,093
2010	444,919
2014	539,592
2015	488,929

9. Income taxes (continued):

The Company has resource pools of approximately $8,639,019 available to offset future taxable income. The tax benefit of these amounts is available to be carried forward indefinitely.

10. Subsequent event:

Subsequent to December 31, 2005, the Company completed a brokered private placement of 4,200,000 units (the “Units”) at a price of $0.12 per Unit, for gross proceeds of $504,000. Each Unit is comprised of one common share and one-half of one non-transferable share purchase warrant. Each whole share purchase warrant will entitle the holder to purchase one additional common share for a period of 24 months from issue, at an exercise price of $0.17 per share. A cash commission equal to 10% of the gross proceeds received and non-transferable agent’s unit warrants equal to 10% of the total number of Units sold, or 420,000 agent’s unit warrants was paid. Each agent’s unit warrant will be exercisable at a price of $0.12 for a period of 24 months from the date of issue to receive one common share in the capital of the Company and one-half one non-transferable share purchase warrant (the "Agent’s Warrant"). Each whole Agent’s Warrant will be exercisable at $0.17 for a period of 24 months from the date of issue of the agent’s unit warrant to receive one additional common share in the capital of the Company.

SULTAN MINERALS INC.

(an exploration stage company)
Note 11: Mineral Property Interests
Year ended December 31, 2005

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

SULTAN MINERALS INC.

(an exploration stage company)
Note 11: Mineral Property Interests
Year ended December 31, 2004

	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	69,929	2,363	4,264	2,783	84,192	163,531
Site activities	10,837	--	--	--	19,349	30,186
Stock-based compensation	17,511	--	--	--	--	17,511
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

Sultan Minerals Inc.
Three Months and Year Ended
December 31, 2005

1.1 Date

The effective date of this annual report is April 28, 2005.

1.2 Overview

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

This MD&A should be read in conjunction with the audited financial statements of Sultan Minerals Inc. for the year ended December 31, 2005. 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 year ended December 31, 2005 ("fiscal 2005"), was $821,407 or $0.02 per common share, after income tax recovery due to flow-through renunciations of $60,554, compared to a loss of $654,376 or $0.02 per common share in the year ended December 31, 2004 ("fiscal 2004").
- During fiscal 2005, operations used $340,733 compared to $311,340 in fiscal 2004. Expenditures capitalized to mineral property interests totalled $643,529 in fiscal 2005 compared to $550,688 in fiscal 2004. Expenditures were incurred on the following mineral properties in fiscal 2005: Kena - $105,004 (2004 - $280,748), Coripampa Properties - $86,961 (2004 - $207,645), Stephens Lake – a recovery of $3,817 (2004 – expenditures of $10,060), Willi claims - $Nil (2004 - $19,362) and the Jersey and Emerald properties - $455,381 (2004 - $10,863).
- During fiscal 2005, Sultan wrote-off its interest in its option on the Coripampa properties in Peru and the Willi Claims in Nevada for a total of $319,914. There was no write-down of mineral properties in fiscal 2004.

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.

The Company believes that the property holds potential for a large porphyry molybdenum deposit. The mineralization was originally identified in underground workings and diamond drill holes at the historic Emerald Tungsten Mine. Mine records show that the molybdenum mineralization was encountered within an area measuring 700 metres by 300 metres and remains open in all directions. Within this area one remarkable drill core sample ran 4.44% Mo over a 4.0-metre length including a section of 20.8% Mo over 0.8 metres within this intersection. Another intersection in the same general area ran 0.71% Mo over a 2.1-metre length, and another ran 0.60% Mo over a 2.2-metre length. More recently a 57-metre long channel sample, taken in a development drift by Sultan in 1995, averaged 0.05% Mo with a 12.1-metre section running 0.11% Mo. This drift is about 150 metres north of the high-grade drill intersection mentioned above.

During an underground investigation the entire 580-metre length of the Dodger 4200 Drift North (42DrN) was examined. The inspection confirmed the presence of a molybdenum and pyrite-bearing quartz stock work along the drift. The frequency of east-west veins seen along the tunnel varies with the greatest abundance of veining occurring over a 110-metre long section extending from mine grid coordinates 7,265N to 7,730N. Due to oxidation of the sulfide mineralization over the 55 years that the tunnel has existed, a rusty coating on the tunnel walls identifies the mineralization.

Two development drifts, the Dodger 6900 Drift East (69DrE) and the Dodger 7500 Drift East (75DrE), driven easterly from the 42DrN for development of the East Dodger tungsten deposit, were also examined. Inspection of the 69DrE confirmed the existence of a molybdenite and pyrite bearing quartz-vein stock work comprised of abundant, vertical, north-south trending veins intersected by a lesser quantity of vertical, east west veins. Sultan sampled this 57-metre long development drift previously in 1995 while exploring for gold mineralization. These samples averaged 0.05% Mo over the entire 57-metre sample length, with a 12.1-metre section running 0.11% Mo. The 75DrE located 200 metres north of the 69DrE was also inspected over its initial 70-metre length. This drift was likewise observed to display molybdenite and pyrite bearing quartz-vein stock work similar to that seen in the previous drift. Note: Photographs of this stock work are displayed on the Company's website.)

To March 31, 2006, the Company has completed a 22-hole diamond drill program totalling 2,514 metres that has tested the grade, width, depth and continuity of the molybdenum bearing stock work. The initial two holes investigated the width and depth of the mineralization. Hole 2 was the highlight of the initial two-holes. This remarkable hole assayed 0.22% MoS2 over its entire 192 foot length averaging 3.8 times the average reported grade of the Endako Mine, Canada's largest molybdenum producer. Hole 2 also carried 5.19% MoS2 over 3.7 feet within a 13.7 foot long section that assayed 1.72% MoS2 near the bottom of the hole.

Drill hole 1 intersected a 52 foot wide zone that assayed 0.3% MoS2 and 0.11% WO3 including a 6.9 foot section that assayed 0.07% MoS2 and 0.27% WO3. The tungsten mineralization encountered in Hole 1 is part of the southern extension of the historic East Dodger Tungsten Mine. The intersection in Hole 1 is situated approximately 80 feet (24 metres) below the level of the historic Dodger mine and is readily accessible for mining from the existing workings.

The next eighteen holes focused on the zone of molybdenum mineralization intersected in drill hole 2. The program goals were to define the north, east and south margins of the deposit, establish grade trends and determine the orientation of the high-grade molybdenum mineralization intersected in drill hole 2.

Four holes, JM05-13 through JM05-16, encountered molybdenum mineralization over their entire lengths, and bottomed in mineralization. The holes were drilled in the East Dodger Zone, to investigate high-grade molybdenum seen in previously announced hole JM05-2, which assayed 0.22% MoS2 over its entire 192-foot length, and hole JM05-3 which averaged 0.11% MoS2 over 495 feet. Hole JM05-13 averaged 0.12% MoS2 over its entire 217-foot length, hole JM05-14 averaged 0.12% MoS2 over its 234-foot length, hole JM05-15 averaged 0.07% MoS2 over its 248-foot length, and hole JM05-16 averaged 0.10% MoS2 over its 215-foot length. All detailed assay results can be viewed in news releases on the Company's website www.sultanminerals.com or on www.sedar.com.

The East Dodger molybdenum-bearing zone has now been intersected in 21 widely-spaced diamond drill holes, over an area that measures 3,200 feet north-south by 400 feet east-west and remains open in all directions. The mineralization has been intersected between elevations of 4,400 feet and 3,900 feet and remains open at depth.

The drill results show that the stockwork is comprised of multiple, high-grade, east-west trending, molybdenite-bearing quartz veins. The stockwork is hosted within a granite intrusive body that lies beneath the historic tungsten mine workings. The assays and drill logs show that higher molybdenum grades occur where there is an increase in vein density within the broad, low-grade stockwork.

Surface diamond drill hole DS05-01 was collared 3,300 feet (1,000 metres) northeast of the underground discovery hole-2 (JM05-02). The surface hole intersected molybdenum stockwork mineralization at a hole-depth of 350 feet and the mineralization persisted to the end of the hole at a depth of 1,032 feet. The entire 682-foot section averaged 0.03% MoS2, including a 105 foot section from 350 feet to 455 feet that assayed 0.10% MoS2. Within this interval the highest grade section carried 1.14% MoS2 over a core length of 4.0 feet.

Exploration expenditures on the Jersey-Emerald property in fiscal 2005, with the fiscal 2004 comparative figures shown in brackets, include the following: assays and analysis – $21,216 ($Nil); drilling - $255,577 ($Nil); geological and geophysical – $98,654 ($2,363); travel and accommodation – $16,587 ($Nil); site activities – $56,931 ($Nil), environmental - $1,218 ($Nil) and stock-based compensation - $12,961 ($Nil). Acquisition costs of $5,198 ($30,500) were incurred.

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

1.2.2 Invincible Tungsten Mine

During the year ended December 31, 2005, the Company 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 purchased the property for $3,000 and 9,000 common shares, subject to a 2.0% 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. The property is contiguous to the Company's Emerald tungsten property, and all payments and costs are grouped with the other costs relating to the Emerald property.

1.2.3 Kena Property, British Columbia

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

During the year ended December 31, 2005, the Company expended $70,848 in exploration costs on the Kena property compared to $173,624 in the year ended December 31, 2004. The expenditures on the Kena property in fiscal 2005, with the fiscal 2004 comparative figures shown in brackets, include the following: assays and analysis – $11,812 ($7,412); drilling - $25,476 ($62,910); geological and geophysical – $19,422 ($69,929); travel and accommodation – $1,905 ($5,025); site activities – $9,658 ($10,837) and stock-based compensation - $2,575 ($17,511). Acquisition costs of $34,156 ($107,124) 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.

During prospecting in the summer of 2005, copper and silver mineralization was discovered on the Kena Property. The best sample taken from the new discovery assayed 2.48% copper and 165.0 grams per tonne silver. Seven metres of continuous chip sampling taken along the apparent strike of the showing returned an average grade of 1.71% copper and 61.0 grams per tonne silver.

The new discovery was made by prospecting near the historic Silver King Mine, located approximately 1,500 metres southwest of Sultan's Gold Mountain Zone. The mineralized exposure was found in a 1.0-metre wide by 7.0-metre long area exposed by erosion in the wall of a narrow pit excavated around 1900. The mineralization occurs in the footwall rocks beneath the historic Silver King Vein and is comprised of disseminations and veinlets of copper silver minerals. Historic mine records make reference to several exposures of similar footwall mineralization located 125 metres and 360 metres along strike to the east of the new discovery. At the time of mining only the high-grade veins were considered to be important and the disseminated mineralization was neither sampled nor assayed.

Assays received from samples taken during the recent prospecting program are as follows:

Rock Chip & Grab Sample Results

Sample	Description	From (m)	To (m)	Length (m)	Cu (%)	Ag (g/t)
SK-1	Grab				**2.48**	**165.0**
SK-2	Grab				**2.24**	**176.0**
SKFW-0-3	Chip	0.00	3.00	**3.00**	**1.80**	**22.0**
SKFW-3-7	Chip	3.00	7.00	**4.00**	**1.65**	**99.0**

An excavator-trenching program was undertaken to further investigate the dimensions and grade of the new discovery.

The highlight of the recent program was Trench 1, excavated 170 metres along strike to the east of the discovery blast-trench. This trench cut a 16.0-metre wide zone of disseminated mineralization that assayed 0.69% copper and 188.6 grams per tonne (5.50 oz/ton) silver. The trench ended in mineralization and included a 3.0-metre wide section that assayed 1.19% copper and 593.0 grams per tonne (17.30 oz/ton) silver.

Trench 2 was put in 120 metres west of Trench 1 and 50 metres east of the discovery blast-trench. Trench 2 intersected a 15 metre wide zone of mineralization that assayed 0.19% copper and 75.0 grams per tonne (2.19 oz/ton) silver including a 5.0-metre wide zone that assayed 0.54% copper and 100.0 grams per tonne (2.92 oz/ton) silver.

Trench 3 tested the blast-trench discovery area and found the mineralized zone to be 2.0 metres wide at this location. The best mineralization occurred in trench 3 over the original 1.0-metre wide exposure which assayed 1.00% copper and 61.0 grams per tonne (1.78 oz/ton) silver.

Assays for trenches 1 through 3 are tabled below:

Trench	From (m)	To (m)	Width (m)	Cu (%)	Ag (g/t)
TRENCH-1	**26.00**	**16.00**	**16.00**	**0.69**	**188.63**
Including	**21.00**	**5.00**	**5.00**	**1.00**	**461.00**
Including	**19.00**	**3.00**	**3.00**	**1.19**	**593.00**
TRENCH-2	**15.00**	**15.00**	**15.00**	**0.19**	**75.00**
Including	**5.00**	**5.00**	**5.00**	**0.54**	**100.00**
TRENCH-3	**2.00**	**2.00**	**2.00**	**0.82**	**39.00**
Including	**1.00**	**1.00**	**1.00**	**1.71**	**61.00**

Sultan is extremely pleased with the results of this recent trenching program. The results suggest that an extensive zone of disseminated copper and silver mineralization may exist in the footwall rocks adjacent to the historic Silver King Mine. Historic mine records make reference to several exposures of similar footwall mineralization located up to 360 metres along strike to the east of the new discovery. At the time of mining only the high-grade veins were considered to be important and the disseminated mineralization was neither sampled nor assayed. Sultan's consulting geologists recommend that additional trenching and diamond drill testing be carried out to determine the dimensions and grade of the deposit which remains open in all directions.

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

<u>Kena Property Agreements</u>
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.

Sultan has modified the terms of the Great West Claim Group option agreement dated September 6, 2001, allowing Sultan to issue 156,250 common shares to the optionor, at a deemed value of $0.16 per share, in lieu of the final $25,000 cash payment due to the optionor under the agreement. Sultan is now vested with 100% right, title and interest in three claim units of the original optioned Great Western Group of claims, 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. Sultan has the right to purchase 66 2/3 % of the NSR for $1,000,000 upon commencement of commercial production.

Sultan has also reached an agreement to modify the terms of the Tough Nut Claim Group option agreement dated September 25, 2001. Under the modified terms, subject only to a 3.0% NSR, payable to the optionor, all cash and share consideration paid to the owner of the claims to date has been deemed sufficient consideration to allow Sultan to be fully vested in three of the Tough Nut Claim Group claims, namely the EP, PY and SK claims located on the north end of the Silver King Batholith. The remaining claims initially optioned under the agreement will be returned to the applicable owners. Subsequent to December 31, 2005, the Company terminated the option agreement on the Athabasca Claim Group, consisting of ten reverted crown grants and three located claims, located near Ymir, British Columbia.

1.2.4 Stephens Lake Property, Manitoba

The Stephens Lake - Trout Claim Group is 75 kilometres in length and is situated 100 kilometres east of Gillam, Manitoba. In order to facilitate the exploration of the property, Cream Minerals Ltd., ValGold Resources Ltd., and the Company agreed to pool their three respective and contiguous exploration licenses, so that each would hold an undivided one-third interest in all three of the exploration licenses subject to an agreement with BHP Billiton Diamonds Inc. ("BHP Billiton"). The combined exploration licenses, totalling 174,018 hectares, are referred to as the Stephens Lake Property. Approximately 1,000 metres of diamond drilling in two holes were completed by BHP Billiton in March 2006.

In fiscal 2005, the Company has recovered $5,886 relating to acquisition costs due to being reimbursed by BHP Billiton for payments of cash and value of common shares paid to the optionor of the Trout Claim Group. In fiscal 2005 exploration expenses totalled $2,069, as compared to expenses incurred of $24,599, before recoveries, in fiscal 2004. The Company issued 16,667 common shares at a price of $0.095 per common share and made a payment of $10,000 to the optionor of the property. The value of the shares in cash and the option payment were recovered from BHP Billiton.

1.2.5 Coripampa Properties, Peru

Sultan entered into an option agreement with a Peruvian partnership to acquire a 100% interest in the Coripampa 1 and 2 properties in the Republic of Peru. Under the terms of the agreement Sultan agreed to make total cash payments of US$265,000 and to issue 850,000 common shares to the optionors over a 54-month period. Sultan made cash and share payments to the optionor consisting of US$20,000 and 100,000 common shares, respectively. A finder's fee of 15,000 common shares was paid to an arms-length finder in connection with this transaction.

During fiscal 2005, the Company expended $86,961 (2004 - $207,645) in acquisition and exploration costs on the Coripampa properties. The expenditures in fiscal 2005, with comparative figures for 2004, as applicable, include the following: assays and analysis – $3,322 ($20,478); geological and geophysical – $40,673 (2004 - $84,192); site activities – $19,783 (2004 - $19,349), and travel and accommodation - $8,376 ($23,775).

Sultan conducted a program of geological mapping and geochemical sampling to define targets for possible drill testing on both the Coripampa 1 Silver Property and the Coripampa 2 Gold & Silver Property. Two inclined diamond drill holes of about 250 m each were recommended to test the West Zone beneath the altered and mineralized area. A third hole was also recommended to test the South-Central Zone mineralization. The mapping and sampling program was carried out by Jesus Puente Solorzano whose work has been reviewed by Henry Meixner, P. Geo., the Company's supervisor and

"Qualified Person" for the purpose of National Instrument 43-101, Standards of Disclosure for Mineral Projects" for the Coripampa properties.

In February 2006, but recorded in the year ended December 31, 2005, the Company determined that the properties did not meet the Company's long-term goals, and its current focus on exploration in British Columbia. The properties were returned to the optionors and the Company incurred a write-down of $294,606.

Mineral Property Option Payments Due In Fiscal 2006

To maintain its mineral property interests the Company is required to make cash payments of $83,208 and issue 120,417 common shares in fiscal 2006. Subsequent to December 31, 2005, cash payments of $21,875 were made and 43,750 common shares were issued relating to the Daylight option, so that the Company has now a vested 87.5% interest in the property. In February 2006, a property option cash payment of $10,000 was made and 25,000 common shares were issued related to the option agreement on the Cariboo, Princess and Cleopatra properties.

1.2.6 Market Trends

The price of gold has increased, continuing an overall uptrend, which began in 2004. The average gold price in 2005 averaged approximately US$444.74 per ounce and has averaged US$566.49 per ounce to April 28, 2006. The price for molybdenum (roasted) on March 31, 2006, was US$25.00 per pound, and the price for tungsten on March 31, 2006, was US$12.86 per pound.

1.3 Selected Annual Information

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

	As at December 31, 2005	As at December 31, 2004
Current assets	$ 265,949	$ 481,152
Mineral property interests	3,603,949	3,280,334
Other assets	109,211	56,557
Total assets	3,979,109	3,818,043
Current liabilities	233,310	144,435
Shareholders' equity	3,745,799	3,673,608
Total shareholders' equity and liabilities	3,979,109	3,818,043
Working capital	32,639	336,717

	Year ended December 31, 2005	Year ended December 31, 2004
Expenses (recoveries)		
Amortization	$ 987	$ 843
Legal, accounting and audit	20,691	48,791
Management and consulting fees	35,000	30,000
Office and administration	80,278	79,943
Salaries and benefits	131,542	89,240
Shareholder communications	98,524	151,953
Stock-based compensation	176,393	218,207
Travel and conferences	19,413	32,885
	562,828	651,862
Property investigations	938	4,441
Write-down of mineral property interests	319,914	--
Interest income	(1,719)	(1,927)
Loss before income taxes	(881,961)	(654,376)
Income tax (recovery) expense – current		--
– future income taxes	60,554	--
Loss for the year	$ (821,407)	$ (654,376)
Loss per share – basic and diluted	$ (0.02)	$ 0.02
Weighted average number of common shares outstanding – basic and diluted	48,507,514	40,841,887

1.4 Results of Operations

Sultan had a loss of $821,407, or loss per share of $0.02 in the year ended December 31, 2005 ("fiscal 2005"), compared to a loss of $654,376, or loss per share of $0.02 in the year ended December 31, 2004 ("fiscal 2004").

Revenue
Sultan has no source of revenue. Interest earned on excess cash is incidental income. Interest revenue has decreased from $1,927 in fiscal 2004 to $1,719 in fiscal 2005 due to lower cash balances held during fiscal 2005 as compared to fiscal 2004.

Expenses

Legal, accounting and audit decreased from $48,791 in fiscal 2004 to $20,691 in fiscal 2005. Audit fees are accrued at the end of the fiscal year, and fees charged for the fiscal year end were as estimated in the accrual. Legal fees are ongoing and will vary depending on the activity during the year. The fees incurred in the current year were primarily accounting fees. Legal fees in fiscal 2004 were higher primarily due to the acquisition of the Coripampa properties in Peru.

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 $30,000 in each fiscal year.

Office and administration costs increased nominally from $79,943 in fiscal 2004 to $80,278 in fiscal 2005. The office and administration costs include rent, shared office services and other costs related to administration of a public company. Actual costs may vary depending upon the timing of exploration and administrative activity of the company, as charges are based on employee hours, and direct costs.

Salaries and benefits have increased from $89,240 in fiscal 2004 to $131,542 in fiscal 2005. Salaries will likely continue to increase as the time related to complying with regulations applicable to public companies continues to increase, including the preparation of quarterly and annual financial statements and the analysis thereof.

Stock-based compensation of $176,393 related to stock options granted and vested in fiscal 2005 compares to $218,207 related to stock-based compensation in fiscal 2004. In fiscal 2005, 2,000,000 stock options were granted to directors, officers and employees at a price of $0.10, with an expiry date of June 10, 2010. The valuation of stock options used was the Black-Scholes model, with a risk free interest rate of 3.44%, an expected life of three years, and an expected volatility of 83%.

Shareholder communications costs have decreased from $151,953 in fiscal 2004 to $98,524 in fiscal 2005. The Company utilized the services of two investor relations' consultants in fiscal 2004, but in fiscal 2005 are currently using the services of one consultant, Arbutus Enterprises Ltd. ("Arbutus"). Fees paid to Arbutus totalled $24,000 in both fiscal years. 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 decreased from $32,885 in fiscal 2004 to $19,413, primarily due to the fact that fewer conferences were attended in fiscal 2005.

Property investigation costs have decreased from $4,441 in fiscal 2004 to $938 in fiscal 2005. 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.

During fiscal 2005, Sultan wrote off its interest in the Willi Claims it held in Nevada by $25,308 and the Coripampa properties in Peru, by $294,606, for a total write-down of $319,914. No mineral property interests were written off in fiscal 2004.

During 2004, new guidelines related to Flow Through Share ("FTS") accounting were issued by the Emerging Issues Committee ("EIC") of the Canadian Institute of Chartered Accountants 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 year ended December 31, 2005, and as a consequence, has recognized a reduction in share capital and a recovery of future income taxes of $60,554. Subsequent to December 31, 2005, the Company renounced flow through expenditures in the year ended December 31, 2006, and as a consequence has recognized a recovery of future income taxes of $103,128, which will be recorded at the time of renunciation in the three months ended March 31, 2006.

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							
First Quarter	18,056	2,660	1,070	--	97,555	97,176	$0.00
Second Quarter	23,855	1,155	2,255	295	172,968	176,002	$0.00
Third Quarter	45,692	8,401	782	37,392	239,802	239,839	$0.01
Fourth Quarter	86,021	(7,070)	157	110,107	141,537	141,359	$0.01
2005							
First Quarter	61,764	12,088	1,298	43,943	130,432	69,929	$0.00
Second Quarter	27,350	65,668	(2,115)	12,094	234,558	234,974	$0.01
Third Quarter	6,037	173,794	(2,869)	4,472	100,578	125,251	$0.00
Fourth Quarter	9,853	203,831	(131)	26,452	97,260	391,253	$0.01

Note 1: General and administrative expenses do not include the write-down of mineral property interests, investments, or interest and other miscellaneous income, but include stock-based compensation.
Note 2: Property acquisition and exploration costs exclude the write-down of mineral property interests.

1.6 Liquidity

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily though 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 December 31, 2005, Sultan's working capital, defined as current assets less current liabilities, was $32,639, compared with working capital of $336,717 at December 31, 2004.

Investing Activities

Acquisitions and Exploration Programs

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

As at December 31, 2005, Sultan has capitalized $3,603,949 representing costs associated with the acquisition and exploration of its mineral property interests in British Columbia and Manitoba. During the year ended December 31, 2005, the Company wrote off its interest in the Willi claims in Nevada by a total of $25,308, and wrote off its interest in the Coripampa properties in Peru by $294,606, for a total write-down of $319,914. During the year ended December 31, 2005, Sultan's expenditures included $643,529 on the acquisition and exploration of its mineral property interests compared to $550,688 in the year ended December 31, 2004. Significant acquisition and exploration expenditures in fiscal 2005 included $105,004 on acquisition and exploration of the Kena property, $86,961 on the acquisition and exploration of the Coripampa properties in Peru, and $455,381 on the acquisition and exploration of the Jersey and Emerald properties in British Columbia, which includes the contiguous Invincible Tungsten Mine.

The Company 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 purchased the property for $3,000 and 9,000 common shares, subject to a 2.0% 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.

1.7 Capital Resources

During the year ended December 31, 2005, the Company completed a non-brokered private placement of 3,542,660 units for net proceeds of $342,766. 797,500 of the Combined Units were issued at a price of $0.20 per Combined Unit, for gross proceeds of $159,500. Each Combined Unit was comprised of one flow-through common share and one non-flow-through common share and one-half of one non-flow-through share purchase warrant, for a total issuance of 1,595,000 common shares. Each whole share purchase warrant entitles the holder to purchase one additional common share until July 20, 2007, at an exercise price of $0.15 per share. In addition, 1,947,660 flow-through shares were issued, in a unit offering at a price of $0.10 per unit, for gross proceeds of $194,766. Each unit was comprised of one non-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 common share until July 20, 2007, at an exercise price of $0.15 per share.

Sultan also completed a non-brokered private placement of 1,500,000 units at a price of $0.13 per unit, for gross proceeds of $195,000. Each unit was comprised of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one additional common share, expiring September 16, 2007, at an exercise price of $0.18 per share.

The Company completed a non-brokered private placement of 1,483,333 flow-through shares at a price of $0.15 per share, for net proceeds of $194,196, after share issue costs.

Sultan extended the expiry date of warrants previously issued on November 15, 2004, pursuant to a non-brokered private placement, by one year to now expire November 15, 2006. The warrants are exercisable for up to 1,773,334 common shares at a price of $0.20 per share, with no change to the warrant exercise price.

Subsequent to December 31, 2005, the Company completed a brokered private placement of 4,200,000 units (the "Units") at a price of $0.12 per Unit, for gross proceeds of $504,000. Each Unit is comprised of one common share and one-half of one non-transferable share purchase warrant. Each whole share purchase warrant will entitle the holder to purchase one additional common share for a period of 24 months from issue, at an exercise price of $0.17 per share. A cash commission equal to 10% of the gross proceeds received and non-transferable agent's unit warrants equal to 10% of the total number of Units, or 420,000 agent's unit warrants was paid. Each agent's unit warrant will be exercisable at a price of $0.12 for a period of 24 months from the date of issue to receive one common share and one-half one non-transferable share purchase warrant (the "Agent's Warrant"). Each whole Agent's Warrant will be exercisable at $0.17 for a period of 24 months from the date of issue of the agent's unit warrant to receive one additional common share.

On April 24, 2006, the Company announced that, subject to regulatory approval, it will carry out a non-brokered private placement of up to 3,000,000 units at a price of $0.20 per unit, for gross proceeds of up to $600,000. Each unit is comprised of one common share and one-half of one non-transferable share purchase warrant. Each whole share purchase warrant will entitle the holder to purchase one additional common share for a period of 12 months from closing, at an exercise price of $0.30 per share.

Without continued external funding to meet existing obligations and to finance further exploration and development work on its mineral properties, there is substantial doubt as to the Company's ability to continue as a going concern. Although the Company has been successful in raising funds to date, there can be no assurance that additional funding will be available in the future. The balance sheets of the Company at December 31, 2005 and 2004, do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to obtain adequate financing.

1.8 Off-Balance Sheet Arrangements

None.

1.9 Transactions With Related Parties

Services rendered and reimbursement of expenses:	Years ended December 31, 2005	2004
LMC Management Services Ltd. (a)	$ 274,173	$ 268,571
Lang Mining Corporation (b)	30,000	30,000
Legal fees (c)	27,244	14,639
Directors, officers and related companies (e)	5,000	--

Balances receivable from (payable to) (f):	2005	2004
LMC Management Services Ltd.	$ 42,323	$ 20,153
Directors and officers	--	1,800
Receivable from:	$ 42,323	$ 21,953
Legal fees (c)	(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. Included in the figure for fiscal 2005 is $5,000 paid to Kent Avenue Consulting Ltd., for consulting, a private company controlled by a director of the Company.

(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.

1.10 Fourth Quarter

Three months ended December 31, 2005 ("Q4 2005"), compared to three months ended December 31, 2004 ("Q4 2004")

	Three months ended December 31, 2005	Three months ended December 31, 2004
Expenses (recoveries)		
Amortization	$ 400	$ --
Legal, accounting and audit	7,501	11,251
Management and consulting fees	12,500	7,500
Office and administration	14,951	4,989
Salaries and benefits	17,398	(1,400)
Shareholder communications	29,759	41,618
Stock-based compensation	12,796	69,746
Travel and conferences	1,955	7,833
	97,260	141,537
Property investigations	(109)	106
Write-down of mineral property interests	294,606	--
Interest income	(504)	(284)
Loss for the period	$ (391,253)	$ (141,539)
Loss per share – basic and diluted	$ (0.01)	$ (0.00)
Weighted average number of common shares outstanding – basic and diluted	49,942,041	43,005,972

Legal, accounting and audit expense decreased from $11,251 in Q4 2004 to $7,501 in Q4 2005. Legal fees are ongoing and will vary depending on the activity during the period. The fees incurred in the current period were primarily accounting.

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. Consulting fees of $5,000 (2004 - $Nil) were paid to Kent Avenue Consulting, a private company.

Office and administration costs increased from $4,989 in Q4 2004 to $14,951 in Q4 2005. 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 a recovery of $1,400, due to the allocation of full costs for the year ended December 31, 2004, by LMC in Q4 2004 to $17,398 in Q4 2005. Salaries will likely increase as administration and regulation of public companies requires more use of shared personnel resulting in higher wage costs.

Stock-based compensation of $12,796 related to stock options vested in Q4 2005 compares to $69,746 for stock-based compensation related to options vested in Q4 2004.

Shareholder communications have decreased from $41,618 in Q4 2004 to $29,759 in Q4 2005. The

Company utilized the services of two investor relations' consultants in Q4 2004, and in Q4 2005 are currently using the services of one consultant, Arbutus Enterprises Ltd. Fees paid to Arbutus totalled $6,000 in both fiscal periods. 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 costs decreased from $7,833 in Q4 2004 to $1,955 in Q4 2005. Travel decreased in fiscal 2005, and timing of travel varies from period to period.

1.11 Proposed Transactions

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

1.12 Critical Accounting Estimates

As at December 31, 2005, the Company was a venture issuer.

1.13 Critical accounting policies and changes in accounting policies

The preparation of financial statements requires management to establish accounting policies, estimates and assumptions that affect the timing and reported amounts of assets, liabilities, revenues and expenses. These estimates are based upon historical experience and on various other assumptions that management believes to be reasonable under the circumstances, and require judgment on matters, which are inherently uncertain. A summary of the Company's significant accounting policies is set out in Note 2 of the audited financial statements for the year ended December 31, 2005.

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 April 28, 2006, the date of this MD&A, subject to minor accounting adjustments:

Outstanding share information at April 28, 2006

Authorized Capital

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

Issued and Outstanding Capital

57,249,992 shares are issued and outstanding

Stock Options Outstanding

Exercise Price	Number Outstanding	Expiry Date
$0.10	2,000,000	June 10, 2010
$0.15	3,020,000	July 6, 2009
$0.21	595,000	August 31, 2006
$0.40	731,000	October 19, 2006
$0.32	701,000	May 16, 2007
	7,047,000	

Warrants Outstanding

Number of Warrants	Exercise Price	Expiry Date
1,773,334	$0.20	November 15, 2006
1,372,580	$0.15	July 20, 2007
749,999	$0.18	September 16, 2007
100,000	$0.17	November 30, 2006
2,100,000	$0.17	February 28, 2008
420,000	$0.12	February 28, 2008
120,000	$0.17	February 28, 2008
6,635,913		

Other Information

Controls and Procedures

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

Approval

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

Caution on Forward-Looking Information

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