SULTAN MINERALS INC.
(an exploration stage company)
INTERIM FINANCIAL STATEMENTS
THREE AND SIX MONTHS ENDED JUNE 30, 2006

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

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

SULTAN MINERALS INC.

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

	June 30, 2006	December 31, 2005
Assets		
Current assets		
Cash and cash equivalents	$ 301,077	$ 198,649
Accounts receivable	23,849	18,229
Due from related parties (Note 7)	51,025	42,323
Prepaid expenses	24,045	6,748
	399,996	265,949
Deferred share issue costs	--	30,000
Mineral property interests (see schedule) (Notes 3 and 9)	3,880,881	3,603,949
Investments (Note 4)	3,914	3,914
Equipment (Note 5)	20,884	19,306
Reclamation deposits	57,061	55,991
	$ 4,362,736	$ 3,979,109
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 52,547	$ 218,310
Due to related parties (Note 7)	2,400	15,000
	54,947	233,310
Shareholders' equity		
Share capital (Note 6)	15,244,758	14,503,631
Contributed surplus	582,920	449,702
Deficit	(11,519,889)	(11,207,534)
	4,307,789	3,745,799
	$ 4,362,736	$ 3,979,109

Commitments and subsequent events (Notes 3 and 6)

See accompanying notes to interim financial statements.

Approved by the Directors

Arthur G. Troup

Frank A. Lang

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

SULTAN MINERALS INC.

(an exploration stage company)
Interim Statements of Operations and Deficit
(Unaudited – prepared by management)

	Three months ended June 30, 2006	Three months ended June 30, 2005	Six months ended June 30, 2006	Six months ended June 30, 2005
Expenses				
Amortization	$ 583	$ 169	$ 1,085	$ 339
Legal, accounting and audit	5,265	800	6,962	4,144
Management fees	13,500	7,500	23,000	15,000
Office and administration	17,138	23,451	41,936	42,438
Salaries and benefits	47,406	55,111	101,047	87,624
Shareholder communications	60,933	19,860	109,601	47,185
Stock-based compensation	71,956	118,814	71,956	150,802
Property investigations	--	704	--	1,264
Travel	29,112	8,853	42,418	17,458
Write-down of mineral property interests	--	--	21,646	--
Interest and other income	(2,992)	(288)	(4,168)	(797)
	242,901	234,974	415,483	365,457
Loss before income taxes	(242,901)	(234,974)	(415,483)	(365,457)
Income tax recovery (Note 5(c))	--	--	103,128	60,554
Loss for the period	(242,901)	(234,974)	(312,355)	(304,903)
Deficit, beginning of period	(11,276,988)	(10,456,054)	(11,207,534)	(10,386,125)
Deficit, end of period	$ (11,519,889)	$ (10,691,028)	$ (11,519,889)	$ (10,691,028)
Loss per share, basic and diluted	$ (0.00)	$ (0.01)	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding	58,005,926	46,258,618	56,235,983	46,213,618
Number of common shares outstanding, end of period	59,497,492	46,428,582	59,497,492	46,428,582

See accompanying notes to financial statements.

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

SULTAN MINERALS INC.

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

	Three months ended June 30, 2006	Three months ended June 30, 2005	Six months ended June 30, 2006	Six months ended June 30, 2005
Cash provided by (used for):				
Operations				
Loss for the period	$ (242,901)	$ (234,974)	$ (312,355)	$ (304,903)
Items not involving cash				
Amortization	583	169	1,085	339
Stock-based compensation	71,956	118,814	71,956	150,802
Write-down of mineral property interests	--	--	21,646	--
Future income taxes	--	--	(103,128)	(60,554)
Changes in non-cash working capital				
Accounts receivable	(7,129)	(3,732)	(5,620)	52,963
Due to/from related parties	(45,679)	98,826	(21,302)	77,534
Prepaid expenses	(18,846)	(8,026)	(17,297)	9,035
Accounts payable and accrued liabilities	(36,237)	8,127	(165,763)	(84,518)
	(278,253)	(20,796)	(530,778)	(159,302)
Investing activities				
Mineral property interests				
Acquisition costs	(30,464)	(6,292)	(62,419)	(25,333)
Exploration and development costs	(99,771)	(62,073)	(167,831)	(149,425)
Purchase of equipment	(3,158)	--	(4,477)	--
Reclamation bonds	--	--	(1,070)	(5,890)
	(133,393)	(68,365)	(235,797)	(180,648)
Financing activities				
Share subscriptions	--	234,500	--	234,500
Common shares issued for cash	402,875	--	869,003	(4,886)
	402,875	234,500	869,003	229,614
Increase (decrease) in cash and cash equivalents during the period	(8,771)	145,339	102,428	(110,336)
Cash and cash equivalents, beginning of period	309,848	113,118	198,649	368,793
Cash, and cash equivalents, end of period	$ 301,077	$ 258,457	$ 301,077	$ 258,457
Supplemental information				
Shares issued for mineral property interests	$ 47,175	$ 21,135	$ 59,550	$ 31,260
Stock-based compensation capitalized to mineral property interests	6,964	--	6,964	--
Warrants issued for corporate finance fee	--	--	$ 54,774	--

See accompanying notes to financial statements.

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

SULTAN MINERALS INC.

(an exploration stage company)
Notes to Interim Financial Statements
Six months ended June 30, 2006 and 2005
(Unaudited – prepared by management)

1. Going concern and nature of operations:

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

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

As disclosed in the financial statements, the Company has working capital as at June 30, 2006, of $345,049 (December 31, 2005 – $32,639) and an accumulated deficit of $11,519,889 (December 31, 2005 – $11,207,534).

The Company has capitalized $3,880,881 in acquisition and related exploration costs on the Kena property, the Jersey and Emerald properties and the Stephens Lake property.

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

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

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

2. Basis of presentation:

The accompanying financial statements for the interim periods ended June 30, 2006 and 2005, are prepared on the basis of accounting principles generally accepted in Canada and are unaudited, but in the opinion of management, reflect all adjustments (consisting of normal recurring accruals) necessary for fair presentation of the financial position, operations and changes in financial results for the interim periods presented. The financial statements for the interim periods are not necessarily indicative of the results to be expected for the full year. These interim financial statements do not contain all of the information required for annual financial statements and should be read in conjunction with the most recent annual audited financial statements for the year ended December 31, 2005.

3. Mineral property interests:

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

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

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

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

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

SULTAN MINERALS INC.

(an exploration stage company)
Notes to Interim Financial Statements
Six months ended June 30, 2006 and 2005
(Unaudited – prepared by management)

3. Mineral property interests (continued):

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

Athabasca Claim Group

The Company entered into an option agreement to acquire the Athabasca Claim Group consisting of ten reverted crown grants and three located claims, located near Ymir, British Columbia, by making payments of $50,000 ($15,000 paid) and issuing 200,000 common shares (175,000 issued) to the optionor over a three-year period. In March 2005 the Company and the optionor agreed to defer cash payments due in 2005 and 2006 for one year each in exchange for the acceleration of one half of the 2006 common share payment of 50,000 common shares. The December 2004 share payment and the accelerated 2006 share payment were made in January 2005. During the six months ended June 30, 2006, the Company terminated the option agreement on this property.

(b) Stephens Lake Property, Manitoba, Canada

The Companies have a 100% interest in the Stephens Lake Property and have an option agreement to acquire 75% of the contiguous Trout Claim Group.

In February 2004, the Company, along with Cream Minerals Ltd. and ValGold Resources Ltd. ("Cream" and "ValGold" or the "Companies"), entered into an agreement with BHP Billiton Diamonds Inc. ("BHP Billiton") whereby BHP Billiton was granted options to acquire up to a 70% interest in three Mineral Exploration Licenses (Numbers 64, 65 and 66) totalling 92,194 hectares of mineral property and an additional 81,824 hectares staked to the north and contiguous with the initial claims for a total of 174,018 hectares, in which each company now holds an undivided one-third interest.. In the six months ended June 30, 2006, BHP Billiton notified the Companies that it would not be proceeding with the BHP Options and returned the properties to the Companies.

The Companies also have an option agreement to acquire the Trout Claim Group. Under the terms of the agreement, the Companies have each agreed to make cash payments of $36,667 ($10,000 paid by the Company) and to issue 66,667 common shares (33,334 common shares of the Company issued to June 30, 2006) to the optionor over a 36-month period from July 22, 2004. BHP Billiton reimbursed the Companies for the cash paid and for the value of the common shares issued by each company pursuant to the agreement they had with the Companies until April 2006 on the Stephens Lake Property. These reimbursements have been recorded as a reduction in the cost of the Trout Claim Group. In addition, the Companies must also jointly incur exploration expenses of no less than $5,000 by July 22, 2005, which was incurred, $50,000 cumulative prior to July 22, 2006, and $250,000 cumulative prior to July 22, 2007. Upon earning its 75.0% interest, the Companies and the optionor will enter into a 75:25 joint venture for the further exploration and development of the Trout Claim Group. Subsequent to June 30, 2006, the Company issued 16,667 common shares and made a cash payment of $13,333 on the option agreement on the Trout Claim Group.

SULTAN MINERALS INC.

(an exploration stage company)
Notes to Interim Financial Statements
Six months ended June 30, 2006 and 2005
(Unaudited – prepared by management)

3. Mineral property interests (continued):

(c) Coripampa Properties, Peru

The Company entered into an option agreement with a Peruvian partnership to acquire 100% of the Coripampa 1 silver property consisting of four mineral concessions (600 hectares), located in La Unión Province of the Arequipa Department and the Coripampa 2 gold and silver property consisting of 6 mineral concessions (700 hectares), located in the provinces of La Union/Parinacochas in the Republic of Peru. Subsequent to December 31, 2005, the Company determined that the property did not meet its long-term objectives and as a result, the agreement with the optionors was terminated, and wrote off $294,606 in the year ended December 31, 2005. In the six months ended June 30, 2006, the final costs were determined with respect to the properties and additional exploration costs and taxes related to the concessions of $21,647 were incurred and written off.

(c) Jersey and Emerald Properties, British Columbia

In June 2006, the Company entered into a purchase agreement to acquire 100% right, title and interest in the surface rights over seven hundred (700) acres forming part of the Jersey Claim Group consisting of 28 crown granted mineral claims, four 2-post claims and 80 mineral units located near Salmo, British Columbia. Under the terms of the agreement, the Company has agreed to make cash and share payments in the aggregate value of $200,000 plus GST (the "Purchase Price"), if any, due pursuant to the Excise Tax Act as follows: upon receipt of regulatory approval which was June 1, 2006, $10,000, which was paid and 200,000 common shares were issued; and thereafter as follows: on June 1, 2007, up to 200,000 common shares; on June 1, 2008, up to 200,000 common shares and June 1, 2009, up to 200,000 common shares.

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

(d) Property Payments

To maintain its mineral property interests the Company is required to make cash payments of $98,115 and issue 320,417 common shares in fiscal 2006. In the six months ended June 30, 2006, cash payments of $59,782 were made and 303,750 common shares were issued pursuant to option agreements on the Company's mineral property interests.

SULTAN MINERALS INC.

(an exploration stage company)
Notes to Interim Financial Statements
Six months ended June 30, 2006 and 2005
(Unaudited – prepared by management)

4. Investments:

Name of Company	Number of Shares	Book Value June 30, 2006	Book Value December 31, 2005
Emgold Mining Corporation (Note 7 (f))	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 June 30, 2006, was $13,461 (December 31, 2005: $7,356).

5. Equipment:

	Cost	Accumulated Depreciation	Net Book Value June 30, 2006	Net Book Value December 31, 2005
Equipment	$ 29,610	$ 8,726	$ 20,884	$ 19,306

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

6. Share capital:

(a) Authorized:

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

(b) Issued and outstanding:

	Number of Shares	Amount
Balance, December 31, 2005	52,971,242	$14,503,631
Issued for cash		
Private placement at $0.12, less share issue costs	4,200,000	381,354
Private placement at $0.20	2,000,000	400,000
Options exercised	10,000	1,000
Warrants exercised	12,500	1,875
Issued for mineral property interests and other		
Cariboo claims at $0.18	25,000	4,500
Daylight claim group at $0.18	43,750	7,875
Jersey property at $0.20	200,000	40,000
Kena claims at $0.205	35,000	7,175
Contributed surplus recognized on exercise of options	--	476
Income tax effect of renunciation of flow-through expenditures	--	(103,128)
Balance, June 30, 2006	59,497,492	$15,244,758

SULTAN MINERALS INC.

(an exploration stage company)
Notes to Interim Financial Statements
Six months ended June 30, 2006 and 2005
(Unaudited – prepared by management)

6. Share capital (continued):

(c) Flow-through shares

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

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

(d) Stock options

The Company has a stock option plan which allows for the grant of options to purchase up to 7,513,438 stock options. The following table summarizes information about the stock options outstanding at June 30, 2006:

Weighted Average Remaining Contractual Life	Number Outstanding at June 30, 2006	Exercise Price
3.9 years	1,990,000	$0.10
3.0 years	3,020,000	$0.15
5.0 years	2,650,000	$0.17
0.2 years	595,000	$0.21
0.9 years	701,000	$0.32
0.3 years	731,000	$0.40
3.2 years	7,887,000	$0.15 to $0.40

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

	Shares	Weighted Average Exercise Price
Vested stock options, June 30, 2006	7,887,000	$0.19
Unvested stock options, June 30, 2006	1,800,000	$0.17
Total stock options, June 30, 2006	9,687,000	$0.18

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

6. Share capital (continued):

(e) Share purchase warrants

As at June 30, 2006, the following share purchase warrants issued in connection with financings made by private placements and short form offerings were outstanding:

Number of Warrants	Exercise Price	Expiry Date
420,000	$0.12	February 28, 2008
1,372,580	$0.15	July 20, 2007
100,000	$0.17	November 30, 2006
2,310,000	$0.17	February 28, 2008
749,999	$0.18	September 16, 2007
1,773,334	$0.20	November 15, 2006
1,000,000	$0.30	May 30, 2007
6,725,913	$0.19	

During the period the Company:

(a) completed a brokered private placement of 4,200,000 units at a price of $0.12 per unit, for gross proceeds of $504,000. Each unit is comprised of one common share and one-half of one non-transferable share purchase warrant. Each whole share purchase warrant will entitle the holder to purchase one additional common share for a period of 24 months from issue, at an exercise price of $0.17 per share. A cash commission equal to 10% of the gross proceeds received and non-transferable agent's unit warrants equal to 10% of the total number of units sold, or 420,000 agent's unit warrants was paid. Each agent's unit warrant is exercisable at a price of $0.12 for a period of 24 months from the date of issue to receive one common share and one-half one non-transferable share purchase warrant (the "Agent's Warrant"). Each whole Agent's Warrant will be exercisable at $0.17 until February 28, 2008, to receive one additional common share.

(b) completed a non-brokered private placement of 2,000,000 units at a price of $0.20 per unit. Each unit is comprised of one common share and one-half of a share purchase warrant. Each whole share purchase warrant will entitle the holder to purchase on additional common share at an exercise price of $0.30 per common share. The share purchase warrants are exercisable until May 30, 2007.

SULTAN MINERALS INC.

(an exploration stage company)
Notes to Interim Financial Statements
Six months ended June 30, 2006 and 2005
(Unaudited – prepared by management)

7. Related party transactions and balances:

	Six months ended June 30, 2006	2005
Services rendered and reimbursement of expenses:		
LMC Management Services Ltd. (a)	$ 219,216	$ 161,232
Lang Mining Corporation (b)	15,000	15,000
Kent Avenue Consulting Ltd. (c)	8,000	--
High Visibility Public Relations (d)	10,000	--
Legal fees	--	3,344

	June 30, 2006	December 31, 2005
Balances receivable from (f):		
LMC Management Services Ltd.	$ 51,025	$ 42,323
Balances payable to:		
Cream Minerals Ltd.	$ 2,400	$ --
DuMoulin Black	--	15,000

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

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

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

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

(e) Legal fees were paid to DuMoulin Black, a law firm of which a director of the Company was an associate counsel to April 1, 2006.

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

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

8. Comparative figures:

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

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

SULTAN MINERALS INC.

(an exploration stage company)
Note 9: Mineral Property Interests
Six months ended June 30, 2006
(Unaudited – prepared by management)

	Kena Property, British Columbia	Jersey and Emerald Properties, British Columbia	Stephens Lake Property, Manitoba	Coripampa Properties, Peru	Total Mineral Property Interests June 30, 2006
Acquisition costs					
Balance, beginning of period	$ 620,133	$ 35,699	$ 443	$ --	$ 656,275
Incurred during the period	66,158	55,811	--	--	121,969
Balance, end of period	686,291	91,510	443	--	778,244
Exploration and development costs					
Incurred during the period					
Assays and analysis	53	21,106	--	--	21,159
Drilling	--	47,984	--	--	47,984
Geological and geophysical	4,757	56,025	210	3,581	64,573
Site activities	1,089	14,025	144	18,065	33,323
Stock-based compensation	--	6,964	--	--	6,964
Transportation	--	2,606	--	--	2,606
	5,899	148,710	354	21,646	176,609
Balance, beginning of period	2,483,980	452,546	11,148	--	2,947,674
Write-downs during the period	--	--	--	(21,646)	(21,646)
Balance, end of period	2,489,879	601,256	11,502	--	3,102,637
Total Mineral Property Interests	$ 3,176,170	$ 692,766	$ 11,945	$ --	$ 3,880,881

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

SULTAN MINERALS INC.

(an exploration stage company)
Note 9: Mineral Property Interests
Year ended December 31, 2005
(Unaudited – prepared by management)

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

Sultan Minerals Inc.
Three and Six Months Ended
June 30, 2006

1.1 Date

The effective date of this interim report is August 24, 2006.

1.2 Overview

This Management's Discussion and Analysis ("MD&A") contains certain "Forward-Looking Statements." This MD&A should be read in conjunction with the audited financial statements of Sultan Minerals Inc. for the year ended December 31, 2005, and the unaudited interim financial statements for the six months ended June 30, 2006. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

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

- Sultan's loss for the six months ended June 30, 2006 ("fiscal 2006") was $312,355 or $0.01 per share, after income tax recovery due to flow-through renunciations, compared to a loss of $304,903 or $0.01 per share in the six months ended June 30, 2005 ("fiscal 2005").

- During fiscal 2006, operations utilized $530,778 compared to $159,302 in fiscal 2005. Expenditures on mineral property interests totalled $298,578 in fiscal 2006 compared to $159,302 in fiscal 2005. The expenditures were incurred on the following mineral properties in fiscal 2006: Kena - $72,057 (2005 - $89,114), Coripampa Properties - $21,646 (2005 - $56,037), Stephens Lake - $354 (2005 – a recovery of $3,414), and the Jersey and Emerald properties - $204,521 (2005 - $77,756). The Coripampa Properties were written off in fiscal 2005, and the additional costs incurred in fiscal 2006 of $21,646 have also been written off in fiscal 2006.

1.2.1 Jersey and Emerald Properties, British Columbia

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

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

To August 24, 2006, the Company has completed a 26-hole diamond drill program totalling 2942 metres that has tested the grade, width, depth and continuity of the molybdenum bearing stock work. The initial two holes investigated the width and depth of the mineralization. All detailed assay results can be viewed in news releases on the Company's website www.sultanminerals.com or on www.sedar.com.

Exploration expenditures on the Jersey-Emerald property in fiscal 2006 with the fiscal 2005 comparative figures shown in brackets include the following: assays and analysis – $21,106 ($328); drilling - $47,984 ($40,215); geological and geophysical – $56,025 ($15,697); transportation – $2,606 ($1,467); stock-based compensation - $6,964 ($10,901) and site activities – $14,025 ($1,467). Acquisition costs of $55,811 ($4,634) were incurred.

In fiscal 2006 the Company entered into a purchase agreement to acquire 100% right, title and interest in the surface rights over seven hundred (700) acres forming part of the Jersey Claim Group consisting of 28 crown granted mineral claims, four 2-post claims and 80 mineral units located near Salmo, British Columbia. Under the terms of the agreement, Sultan agreed to make cash and share payments in the aggregate value of $200,000 plus GST (the "Purchase Price"), if any, due pursuant to the Excise Tax Act as follows: upon receipt of regulatory approval or June 1, 2006, ($10,000 - paid) and up to 200,000 common shares (200,000 issued); on June 1, 2007, up to 200,000 common shares; on June 1, 2008, up to 200,000 common shares; and on June 1, 2009, up to 200,000 common shares.

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

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

1.2.2 Kena Property, British Columbia

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

Exploration expenditures on the Kena property in fiscal 2006, with the fiscal 2005 comparative figures shown in brackets, include the following: assays and analysis – $53 ($10,296); drilling - $Nil ($23,930); geological and geophysical – $4,747 ($12,350); transportation – $Nil ($1,120), site activities – $1,089 ($5,038) and stock-based compensation - $Nil ($2,575). Acquisition costs of $66,158 ($33,805) were incurred.

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

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

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

1.2.3 Stephens Lake Property, Manitoba

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

The Companies also have an option agreement to acquire the Trout Claim Group. Under the terms of the agreement, the Companies have agreed to make total cash payments 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 June 30, 2006)) to the optionor over a 36-month period from July 22, 2004. BHP Billiton reimbursed the Companies for the cash paid and for the value of the common shares issued by each company pursuant to the agreement they had with the Companies until April 2006 on the Stephens Lake Property. These reimbursements have been recorded as a reduction in the cost of the Trout Claim Group. In addition, the Companies were to jointly incur exploration expenses of no less than $5,000 by July 22, 2005, which was incurred, $50,000 cumulative prior to July 22, 2006, which was incurred, and $250,000 cumulative prior to July 22, 2007. Upon earning its 75.0% interest, the Companies and the optionor will enter into a 75:25 joint venture for the further exploration and development of the Trout Claim Group. Subsequent to June 30, 2006, the Company issued 16,667 common shares and made a cash payment of $13,333 on the option agreement on the Trout Claim Group.

1.2.4 Coripampa Properties, Peru

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

In February 2006, but recorded in the year ended December 31, 2005, the Company determined that the properties did not meet the Company's long-term goals, and its current focus on exploration in British Columbia. The properties were returned to the optionors and the Company incurred a write-down of $294,606. In fiscal 2006, the property taxes due for 2006 were paid by the Company, a final settlement was reached with the optionors of the property, and as a result, an additional $21,646 was written off.

1.2.5 Mineral Property Option Payments Due In Fiscal 2006

To maintain its mineral property interests the Company is required to make cash payments of $98,115 and issue 320,417 common shares in fiscal 2006. In the six months ended June 30, 2006, cash payments of $59,782 were made and 303,750 common shares were issued pursuant to option agreements on the Company's mineral property interests.

1.2.6 Market Trends

The price of gold has increased, continuing an overall uptrend, which began in 2004. The average gold price in 2005 averaged US$444.74 per ounce and has averaged US$599.94 per ounce to August 23, 2006. The price for molybdenum (roasted) on June 30, 2006, was US$26.25 per pound, and the price for tungsten on June 30, 2006, was US$11.69 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 $312,355, or loss per share of $0.01 in the six months ended June 30, 2006, compared to a loss of $304,903, or loss per share of $0.01 in the six months ended June 30, 2005.

	Three months ended June 30, 2006	Three months ended June 30, 2005	Six months ended June 30, 2006	Six months ended June 30, 2005
Expenses				
Amortization	$ 583	$ 169	$ 1,085	$ 339
Legal, accounting and audit	5,265	800	6,962	4,144
Management fees	13,500	7,500	23,000	15,000
Office and administration	17,138	23,451	41,936	42,438
Salaries and benefits	47,406	55,111	101,047	87,624
Shareholder communications	60,933	19,860	109,601	47,185
Stock-based compensation	71,956	118,814	71,956	150,802
Property investigations	--	704	--	1,264
Travel	29,112	8,853	42,418	17,458
Write-down of mineral property interests	--	--	21,646	--
Interest and other income	(2,992)	(288)	(4,168)	(797)
	242,901	234,974	415,483	365,457
Loss before income taxes	(242,901)	(234,974)	(415,483)	(365,457)
Income tax recovery	--	--	103,128	60,554
Loss for the period	(242,901)	(234,974)	(312,355)	(304,903)
Deficit, beginning of period	(11,276,988)	(10,456,054)	(11,207,534)	(10,386,125)
Deficit, end of period	$(11,519,889)	$(10,691,028)	$(11,519,889)	$(10,691,028)
Loss per share, basic and diluted	$ (0.00)	$ (0.01)	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding	58,005,926	46,258,618	56,235,983	46,213,618
Number of common shares outstanding, end of period	59,497,492	46,428,582	59,497,492	46,428,582

Revenue

Sultan has no source of revenue. Interest earned on excess cash is incidental income. Interest revenue has increased from $797 in fiscal 2005 to $4,168 in fiscal 2006 due to higher cash balances and interest rates in 2006 compared to 2005.

Expenses

Legal, accounting and audit increased from $4,144 in fiscal 2005 to $6,962 in fiscal 2006. Audit fees are accrued throughout the fiscal year. Fees charged for the fiscal 2005 year end were as estimated in the accrual. The fees incurred in the current period were audit fees. Legal fees are ongoing and will vary depending on the activity during the period.

Management fees of $2,500 per month are paid to Lang Mining Corporation, a private company, for the services of Frank A. Lang as Chairman of the Company, for a total of $15,000 in each fiscal period. In fiscal 2006 management fees of $8,000 (2005-NIL) were paid through LMC Management Services Ltd., to Kent Avenue Consulting Ltd., a private company controlled by Sargent H. Berner, a director of the Company.

Office and administration costs decreased from $42,438 in fiscal 2005 to $41,936 in fiscal 2006. The office and administration costs include rent, shared office services and other costs related to administration of a public company.

Salaries and benefits have increased from $87,624 in fiscal 2005 to $101,047 in fiscal 2006. Salaries will likely continue to increase as administration and regulation of public companies continues to increase. In fiscal 2005, there was $150,802 in vested stock-based compensation relating to vesting of stock options granted in July 2005, compared to $71,956 in vested stock-based compensation in fiscal 2006 related to vesting of stock options granted in June 2006.

Shareholder communications have increased from $47,185 in fiscal 2005 to $109,601 in fiscal 2006. The Company utilized the services of a consultant, Arbutus Enterprises Ltd. Fees paid totalled $12,000 in both fiscal periods. Other shareholder activities consist of web site maintenance, transfer agency fees, shareholder inquiries and all costs associated with timely disclosure of information. Other increases in shareholder communications include $10,000 (2005 - $Nil) paid to High Visibility Public Relations, $8,000 (2005 - $Nil) paid to Independent Equity Research and $7,600 (2005 - $Nil) paid to Robin Merrifield in fiscal 2006. Sultan retained the services of Mr. Horng Kher (Marc) Lee as its Investor Relations and Market Consulting provider. No fees were paid to Mr. Lee during the period.

Stock-based compensation of $150,802 in fiscal 2005 relates to the vested portion of stock options granted in June 2005. In June 2006 a total of 2,650,000 incentive stock options were granted to directors, officers, employees and consultants, exercisable over a five-year period expiring June 22, 2011, at a price of $0.17 per share, and $71,956 is the Black-Scholes valuation related to the vested portion of options expensed. The fair value of each stock option granted in fiscal 2006, with the fair value of stock options granted in fiscal 2005 in brackets, are as follows: risk free interest rate – 4.02% (3.44%); expected life – 3 years (3 years); expected volatility - 81% (83%); and weighted average fair value per option grant of $0.15 ($0.09).

Travel and conference expenses have increased from $17,458 in fiscal 2005 to $42,418 in fiscal 2006. A trade and technical show in Colorado in May 2006 attended by representatives of the Company accounted for the majority of the increase.

Property investigation costs have decreased from $1,264 in fiscal 2005 to $Nil in fiscal 2006. Sultan is presented with property submittals continually, and the submissions are reviewed for possible acquisition. The costs related to submittals are capitalized if the property is acquired, or expensed if the property is not acquired.

In fiscal 2006, $21,646 incurred in exploration costs related to the Coripampa property was written off. The Company gave notice to the optionors in February 2006 that they would be terminating the option agreement. Exploration costs incurred prior to December 31, 2005, were written off in the fourth quarter of 2005. No mineral property interests were written off in fiscal 2005.

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

The Company also 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.

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							
Third Quarter	45,692	8,401	782	37,392	239,802	239,839	$0.01
Fourth Quarter	86,021	(7,070)	157	110,107	141,537	141,359	$0.01
2005							
First Quarter	61,764	12,088	1,298	43,943	130,432	69,929	$0.00
Second Quarter	27,350	65,668	(2,115)	12,094	234,558	234,974	$0.01
Third Quarter	6,037	173,794	(2,869)	4,472	100,578	125,251	$0.00
Fourth Quarter	9,853	203,831	(131)	26,452	97,260	391,253	$0.01
2006							
First Quarter	44,849	46,472	330	21,647	152,111	69,454	$0.00
Second Quarter	27,208	158,049	24	(1)	245,894	242,901	$0.00

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

Three months ended June 30, 2006 ("Q2 2006"), compared to three months ended June 30, 2005 ("Q2 2005")

Legal, accounting and audit increased from $800 in Q2 2005 to $5,265 in Q2 2006. Audit fees are accrued throughout the fiscal year. Legal fees are ongoing and will vary depending on the activity during the period. The fees incurred in the current period were primarily audit fees.

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

Office and administration costs decreased from $23,451 in Q2 2005 to $17,138 in Q2 2006. The office and administration costs include rent, shared office services and other costs related to administration of a public company.

Salaries and benefits have decreased from $55,111 in Q2 2005 to $47,406 in Q2 2006. Salaries will likely be higher in fiscal 2006, compared to fiscal 2005, although period to period there may be differences, as the cost of administration and regulation of public companies continues to increase. Administration is also impacted by exploration activity, as office and administration costs increase when exploration activity increases.

Stock-based compensation of $118,814 in Q2 2005 relates to stock options granted and vested in June 2005 and compares to $71,956 for stock-based compensation relating to stock options granted and vested in June 2006 and the portion vested and recorded in Q2 2006.

Shareholder communications have increased from $19,860 in Q2 2005 to $60,933 in Q2 2006. The Company utilized the services of two investor relations' consultants in Q2 2005, and in Q2 2006 are currently using the services of Arbutus Enterprises Ltd. and Marc Lee. Fees paid to Arbutus totalled $12,000 in both fiscal periods, whereas Marc Lee was paid $3,000 in Q2 2006, with no comparative expense in Q2 2005. Shareholder communications activities were restrained, as the Company did not have the funds available for more than minimal communications with shareholders. Other shareholder activities consist of web site maintenance, transfer agency fees, shareholder inquiries and all costs associated with timely disclosure of information. In Q2 2006, $5,000 was paid to High Visibility Public Relations, for booth design and preparation. High Visibility Public Relations is a company controlled by a close relative of the President of the Company. No payments were made in Q2 2005.

Travel and conference expenses have increased from $8,853 in Q2 2005 to $29,112 in Q2 2006. Representatives of the Company attended a trade and technical show in Colorado in May 2006, which accounted for the increase in Q2 2006.

Property investigation costs have decreased from $704 in Q2 2005 to $Nil in Q2 2006. No mineral property interests were written off in Q2 2006 or Q2 2005.

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 June 30, 2006, Sultan's working capital, defined as current assets less current liabilities, was $345,049, compared with working capital of $32,639 at December 31, 2005.

Investing Activities

Acquisitions and Exploration Programs

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

As at June 30, 2006, Sultan has capitalized $3,880,881 representing costs associated with the acquisition and exploration of its mineral property interests in British Columbia and Manitoba. During the six months ended June 30, 2006, Sultan's cash expenditures included $230,250 on the acquisition and exploration of its mineral property interests compared to $174,758 in the six months ended June 30, 2005.

1.7 Capital Resources

During the six months ended June 30, 2006, the Company completed a brokered private placement of 4,200,000 units at a price of $0.12 per unit, for gross proceeds of $504,000. Each unit was comprised of one common share and one-half of one non-transferable share purchase warrant. Each whole share purchase warrant will entitle the holder to purchase one additional common share for a period of 24 months from issue, at an exercise price of $0.17 per share. 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 is exercisable at a price of $0.12 until February 28, 2008, to receive one common share and one-half one non-transferable share purchase warrant (the "Agent's Warrant"). Each whole Agent's Warrant is exercisable at $0.17 until February 28, 2008, to receive one additional common share.

The Company also completed a non-brokered private placement of 2,000,000 units at a price of $0.20 per unit, for gross proceeds of $400,000. Each unit was comprised of one common share and one-half of one non-transferable share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one additional common share until May 30, 2007, at an exercise price of $0.30 per share.

In fiscal 2006, 12,500 warrants were exercised at a price of $0.15 to acquire 12,500 common shares.

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 June 30, 2006 and December 31, 2005, do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to obtain adequate financing.

1.8 Off-Balance Sheet Arrangements

None.

1.9 Transactions with Related Parties

Services rendered and reimbursement of expenses:	Six months ended June 30, 2006	2005
LMC Management Services Ltd. (a)	$ 219,216	$ 161,232
Lang Mining Corporation (b)	15,000	15,000
Kent Avenue Consulting Ltd. (c)	8,000	--
High Visibility Public Relations (d)	10,000	--
Legal fees	--	3,344

Balances receivable from (f):	June 30, 2006	December 31, 2005
LMC Management Services Ltd.	$ 51,025	$ 42,323
Balances payable to:		
Cream Minerals Ltd.	$ 2,400	$ --
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) Consulting fees were paid to High Visibility Public Relations, a private company controlled by a close relative of Arthur G. Troup, the President of the Company.

(e) Legal fees were paid to DuMoulin Black, a law firm of which a director of the Company was an associate counsel to April 1, 2006.

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

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

1.10 Fourth Quarter

Not applicable.

1.11 Proposed Transactions

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

1.12 Critical Accounting Estimates

As at June 30, 2006, the Company was a venture issuer.

1.13 Critical accounting policies and changes in accounting policies

None

1.14 Financial Instruments and Other Instruments

None.

1.15.1 Other MD& A Requirements

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

1.15.2 Additional Disclosure for Venture Issuers without Significant Revenue

(a) capitalized or expensed exploration and development costs

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

(b) expensed research and development costs

Not applicable.

(c) deferred development costs

Not applicable.

(d) general administrative expenses

The required disclosure is presented in the Statements of Operations.

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

None.

1.15.3 Disclosure of Outstanding Share Data

The following details the share capital structure as of August 24, 2006, the date of this MD&A, subject to minor accounting adjustments:

Outstanding share information at August 24, 2006

Authorized Capital

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

Issued and Outstanding Capital

59,514,159 shares are issued and outstanding

Stock Options Outstanding

Exercise Price	Number Outstanding	Expiry Date
$0.17	2,650,000	June 21, 2011
$0.10	1,990,000	June 10, 2010
$0.15	3,020,000	July 6, 2009
$0.21	595,000	August 31, 2006
$0.40	731,000	October 19, 2006
$0.32	701,000	May 16, 2007
	9,687,000	

Warrants Outstanding

Number of Warrants	Exercise Price	Expiry Date
1,773,334	$0.20	November 15, 2006
1,360,080	$0.15	July 20, 2007
749,999	$0.18	September 16, 2007
100,000	$0.17	November 30, 2006
2,100,000	$0.17	February 28, 2008
420,000	$0.12	February 28, 2008
210,000*	$0.17	February 28, 2008
1,000,000	$0.30	May 30, 2007
7,713,413		

*Underlying agent's warrants, exercisable at $0.12 to receive one share and one half-warrant. Each full warrant is exercisable until February 28, 2008 at a price of $0.17.

Other Information

Controls and Procedures

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

Approval

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

Caution on Forward-Looking Information

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