

SULTAN MINERALS INC.  
(an exploration stage company)  
INTERIM FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008

**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

As at September 30, 2008 and December 31, 2007

(Unaudited – prepared by management)

	<b>September 30, 2008</b>	<b>December 31, 2007</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 3,254	\$ 1,022,700
Short-term investments	2,204,000	3,095,000
Accounts receivable	77,684	140,579
Due from related parties (Note 9)	143,437	75,036
Prepaid expenses	99,618	28,376
	2,527,993	4,361,691
Mineral property interests (see schedule) (Notes 5 and 10)	8,602,421	7,120,104
Investments (Note 6)	1,253	2,896
Equipment	37,805	49,022
Reclamation deposits	23,220	23,220
	\$ 11,192,692	\$ 11,556,933
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 71,425	\$ 183,298
Due to related parties (Note 9)	--	420
Current portion of long-term debt	85,000	53,000
	156,425	236,718
<b>Long-term debt</b> (Note 7)	--	44,000
<b>Total liabilities</b>	156,425	280,718
<b>Shareholders' equity</b>		
Share capital (Note 8)	22,027,355	22,050,752
Warrants (Note 8)	1,094,700	1,166,158
Contributed surplus	1,797,841	1,297,390
Deficit	(13,880,968)	(13,237,067)
Accumulated other comprehensive loss	(2,661)	(1,018)
	11,036,267	11,276,215
	\$ 11,192,692	\$ 11,556,933

Commitments (Note 5 (c))

Subsequent event (Note 8 (e))

See accompanying notes to interim financial statements.

Approved by the Directors

“Arthur G. Troup”  
Arthur G. Troup

“Sargent H. Berner”  
Sargent H. Berner

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

## SULTAN MINERALS INC.

(an exploration stage company)

Interim Statements of Operations and Deficit

(Unaudited – prepared by management)

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
<b>Expenses</b>				
Amortization	\$ 428	\$ 505	\$ 1,438	\$ 1,515
Debt finance adjustment	18,000	(14,000)	18,000	(14,000)
Legal, accounting and audit	10,859	6,090	28,344	48,616
Management fees	15,000	10,000	42,750	34,000
Office and administration	27,445	21,715	91,405	61,896
Salaries and benefits	53,746	68,573	195,305	199,633
Shareholder communications	129,041	62,294	296,410	195,485
Stock-based compensation	92,714	211,899	410,433	283,020
Property investigations	1,418	2,216	1,418	4,119
Travel	7,916	2,854	42,962	27,241
Write-down of mineral property interests	--	19,806	--	92,736
Interest and other income	(17,942)	(36,701)	(81,470)	(96,115)
	338,625	355,251	1,046,995	838,146
Loss before income taxes	(338,625)	(355,251)	(1,046,995)	(838,146)
Income tax recovery (Note 8(c))	23,082	--	403,094	68,172
Loss for the period	(315,543)	(355,251)	(643,901)	(769,974)
Deficit, beginning of period	(13,565,425)	(12,383,530)	(13,237,067)	(11,968,807)
Deficit, end of period	\$ (13,880,968)	\$ (12,738,781)	\$ (13,880,968)	\$ (12,738,781)
<b>Loss per share, basic and diluted</b>	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
<b>Weighted average number of common shares outstanding</b>	101,950,868	95,030,532	101,192,607	82,778,271
<b>Number of common shares outstanding, end of period</b>	101,950,868	95,758,518	101,950,868	95,758,518

See accompanying notes to interim financial statements.

Interim Statements of Comprehensive Income

(Unaudited – prepared by management)

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
<b>Loss for the period before comprehensive income</b>	\$ (315,543)	\$ (355,251)	\$ (643,901)	\$ (769,974)
Unrealized losses on investments	(1,252)	(1,173)	(1,643)	(2,269)
<b>Comprehensive loss</b>	\$ (316,795)	\$ (356,424)	\$ (645,544)	\$ (772,243)

See accompanying notes to interim financial statements.

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

## SULTAN MINERALS INC.

(an exploration stage company)

Interim Statements of Shareholders' Equity

Nine months ended September 30, 2008

(Unaudited – prepared by management)

	Common Shares Without Par Value		Warrants	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total Shareholders' Equity
	Shares	Amount					
Balance, December 31, 2006	62,439,384	\$ 15,575,946	\$ 182,985	\$ 630,278	\$ --	\$ (11,968,807)	\$ 4,420,402
Issued for cash							
Private placement at \$0.16, less share issue costs	9,375,000	920,314	405,032	--	--	--	1,325,346
Private placement at \$0.22, less share issue costs	16,523,864	2,830,715	511,895	--	--	--	3,342,610
Private placement at \$0.35 less share issue costs	3,803,000	966,150	253,388	--	--	--	1,219,538
Stock options exercised	1,099,750	239,426	--	(92,838)	--	--	146,588
Warrants exercised	4,866,229	1,044,539	(65,267)	--	--	--	979,272
Agent's warrants exercised	1,722,625	424,901	(121,875)	--	--	--	303,026
Issued for mineral property interests and other							
Surface rights – Jersey-Emerald property	380,000	109,850	--	--	--	--	109,850
Stephens Lake – Trout	16,666	7,083	--	--	--	--	7,083
Income tax effect of renunciation of flow-through expenditures	--	(68,172)	--	--	--	--	(68,172)
Stock options expired unexercised or cancelled	--	--	--	(17,801)	--	--	(17,801)
Stock-based compensation	--	--	--	777,751	--	--	777,751
Transition adjustment to opening balance	--	--	--	--	469	--	469
Unrealized losses on investments for the year	--	--	--	--	(1,487)	--	(1,487)
Loss for the year	--	--	--	--	--	(1,268,260)	(1,268,260)
Balance, December 31, 2007	100,226,518	22,050,752	1,166,158	1,297,390	(1,018)	(13,237,067)	11,276,215
Issued for cash							
Warrants exercised	1,341,500	267,362	(39,306)	--	--	--	228,056
Agent's warrants exercised	14,100	3,152	(1,225)	--	--	--	1,927
Stock options exercised	168,750	35,472	--	(13,534)	--	--	21,938
Issued for mineral property interests and other							
Income tax effect of renunciation of flow-through expenditures	--	(359,383)	--	--	--	--	(359,383)
Surface rights – Jersey-Emerald property	200,000	30,000	--	--	--	--	30,000
Stock-based compensation	--	--	--	483,058	--	--	483,058
Unrealized losses on investments for the period	--	--	--	--	(1,643)	--	(1,643)
Warrants expired, unexercised	--	--	(30,927)	30,927	--	--	--
Loss for the period	--	--	--	--	--	(643,901)	(643,901)
Balance, September 30, 2008	101,950,868	\$ 22,027,355	\$ 1,094,700	\$ 1,797,841	\$ (2,661)	\$ (13,880,968)	\$ 11,036,267

See accompanying notes to interim financial statements.

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

## SULTAN MINERALS INC.

(an exploration stage company)

Interim Statements of Cash Flows

(Unaudited – prepared by management)

	<b>Three months ended September 30, 2008</b>		<b>Nine months ended September 30, 2008</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b>Cash provided by (used for):</b>				
<b>Operations</b>				
Loss for the period	\$ (315,543)	\$ (355,251)	\$ (643,901)	\$ (769,974)
Items not involving cash				
Amortization	428	505	1,438	1,515
Stock-based compensation	92,714	211,899	410,433	283,020
Write-down of mineral property interests	--	19,806	--	92,736
Debt finance adjustment	18,000	--	18,000	--
Income tax recovery	(23,082)	--	(403,094)	(68,172)
Changes in non-cash working capital				
Accounts receivable	(39,784)	(36,206)	62,895	(81,885)
Due to/from related parties	(32,435)	(80,561)	(68,821)	8,841
Prepaid expenses	(13,104)	39,354	(71,242)	(19,389)
Accounts payable and accrued liabilities	8,274	6,905	(23,631)	(89,846)
	(304,532)	(193,549)	(717,923)	(643,154)
<b>Investing activities</b>				
Mineral property interests				
Acquisition costs	(4,510)	(67,033)	(22,754)	(110,940)
Exploration and development costs	(391,511)	(401,329)	(1,410,419)	(1,414,562)
Purchase of equipment	--	(31,276)	(11,271)	(50,144)
Short-term investments	691,000	50,000	891,000	(3,697,000)
Reclamation bonds	--	--	--	14,686
	294,979	449,638	(532,815)	(5,257,960)
<b>Financing activities</b>				
Common shares issued for cash	--	441,361	251,921	5,923,665
<b>Increase (decrease) in cash and cash equivalents during the period</b>				
	(9,553)	(201,826)	(1,019,446)	22,551
<b>Cash and cash equivalents, beginning of period</b>	12,807	256,196	1,022,700	31,819
<b>Cash, and cash equivalents, end of period</b>	\$ 3,254	\$ 54,370	\$ 3,254	\$ 54,370
<b>Supplemental information</b>				
Shares issued for mineral property interests	\$ --	\$ 15,183	\$ 30,000	\$ 116,933
Stock-based compensation capitalized to mineral property interests	16,849	19,196	72,625	24,999

See accompanying notes to interim financial statements.

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

## **SULTAN MINERALS INC.**

(an exploration stage company)

Notes to Interim Financial Statements

Three and nine months ended September 30, 2008 and 2007

(Unaudited – prepared by management)

### **1. 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.

As disclosed in the financial statements, the Company has working capital, as at September 30, 2008, of \$2,371,568 (December 31, 2007 – \$4,124,973) and an accumulated deficit of \$13,880,968 (December 31, 2007 – \$13,237,067). Working capital is defined as current assets less current liabilities.

The Company has capitalized \$8,602,421 (December 31, 2007 - \$7,120,104) in acquisition and related costs on the Kena property, the Jersey and Emerald properties and the Stephens Lake property.

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.

### **2. Accounting policies**

#### Basis of presentation

The accompanying financial statements for the interim periods ended September 30, 2008 and 2007, 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 financial statements do not contain the detail or footnote disclosure concerning accounting policies and other matters, which would be included in full year financial statements, and therefore should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2007.

The accounting policies followed by the Company are set out in Note 2 to the audited financial statements for the year ended December 31, 2007, and have been consistently followed in the preparation of these financial statement except that the Company has adopted the following Canadian Institute of Chartered Accountants guidelines effective for the Company's first interim period commencing January 1, 2008.

### **3. Changes in accounting policies**

#### Financial Instruments – recognition and measurement

Section 3855 requires that all financial assets, except those classified as held to maturity, and derivative financial instruments, must be measured at fair value. All financial liabilities must be measured at fair value when they are classified as held for trading; otherwise, they are measured at amortized cost.

**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

Three and nine months ended September 30, 2008 and 2007

(Unaudited – prepared by management)

### **3. Changes in accounting policies (continued)**

#### Financial Instruments – recognition and measurement (continued)

The Company accounts for its portfolio investments as long-term investments. Section 1530 – “*Comprehensive Income*” of the Canadian Institute of Chartered Accountants Handbook (“CICA”) is the change in the Company’s net assets that results from transactions, events and circumstances from sources other than the Company’s shareholders and includes items that would not normally be included in net earnings such as unrealized gains or losses on available-for-sale investments. Other comprehensive income includes the holding gains and losses from available-for-sale securities, which are not included in income (loss) and realized.

Investments classified as available-for-sale are reported at fair market value (or mark to market) based on quoted market prices with unrealized gains or losses excluded from the earnings or loss and reported as other comprehensive income or loss.

#### Comprehensive income and transition adjustment to opening balance

The adoption of Sections 1530 and 3855 impacts the opening equity and losses of the Company. The unrealized gain on the available-for-sale securities from purchase to December 31, 2007, was \$1,018, which is reported as an adjustment to the opening balance of accumulated other comprehensive income. The unrealized loss on the available-for-sale securities for the nine months ended September 30, 2008, was \$1,643, which is reported in the current period. There would be no tax impact resulting from adjustments arising from comprehensive income as there are unrecorded income tax assets that would result in no income tax being payable.

Investments available for sale are reported at fair market value (or mark to market) based on quoted market prices with unrealized gains or losses excluded from earnings and reported as other comprehensive income or loss. Investments subject to significant influence are reported at cost and not adjusted to fair market value. All of the Company’s investments have been designated as available-for-sale.

#### Accounting policy choice for transaction costs

On June 1, 2007, the Emerging Issues Committee of the CICA issued Abstract No. 166, “Accounting Policy Choice for Transactions Costs” (EIC 166). This EIC addresses the accounting policy choice of expensing or adding transaction costs related to the acquisition of financial assets and financial liabilities that are classified as other than held for trading. Specifically, it requires that the same accounting policy choice be applied to all similar financial instruments classified as other than held for trading, but permits a different policy choice for financial instruments that are not similar. The Company has adopted EIC 166 effective December 31, 2007, which requires retroactive application to all transaction costs accounted for in accordance with CICA Handbook Section 3855, Financial Instruments – Recognition and Measurement. The Company has evaluated the impact of EIC 166 and determined that no adjustments are currently required.

**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

Three and nine months ended September 30, 2008 and 2007

(Unaudited – prepared by management)

### **4. New accounting pronouncements**

#### Capital disclosures

CICA handbook Section 1535, "*Capital Disclosures*", establishes standards for disclosing information about the Company's capital and how it is managed. Under this standard, the Company will be required to disclose the following, based on the information provided internally to the Company's key management personnel: (i) qualitative information about its objectives, policies and processes for managing capital; (ii) summary quantitative data about what it manages as capital; (iii) whether during the period it complied with any externally imposed capital requirements to which it is subject; and (iv) when the Company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

This standard is effective for interim and annual financial statements beginning on January 1, 2008. The Company manages its common shares, options and warrants as capital. As the Company is in the exploration state, its principal source of funds is from the issuance of common shares. It is the Company's objective to safeguard its ability to continue as a going concern, so that it can continue to explore and develop its projects for the benefit of its stakeholders.

The Company is listed on the TSX Venture Exchange. The TSX Venture Exchange imposes certain capital requirements prior to listing; however, there are no ongoing capital requirements to remain listed on the TSX Venture Exchange.

#### Financial instruments disclosures

CICA Handbook Section 3862, "*Financial Instruments – Disclosures*", requires entities to provide disclosure of quantitative and qualitative information in their financial statements that enable users to evaluate (a) the significance of financial instruments for the Company's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the company is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks. The Company will be required to disclose the measurement basis or bases used, and the criteria used to determine classification for different types of instruments. The section requires specific disclosures to be made, including the criteria for (i) designating financial assets and liabilities as held for trading; (ii) designating financial assets as available-for-sale; and (iii) determining when impairment is recorded against the related financial asset or when an allowance account is used. This standard is effective for interim and annual financial statements beginning on January 1, 2008.

As of September 30, 2008, the Company's carrying values of cash, short-term investments, accounts receivable, and accounts payable approximate their fair market values.

#### Credit risk

Financial instruments that potentially subject the Company to credit risk consist of cash, short-term investments, and accounts receivable. The Company deposits cash and short-term investments with Canadian chartered banks with a credit rating of R-1 High or equivalent.

#### Currency risk

As at September 30, 2008, most of the Company's cash and short-term investments were held in Canadian dollars. The Company's functional and reporting currency is the Canadian dollar. The Company's currency risk is nominal, as cash balances kept in United States dollars are nominal and are used for nominal expenditures in that currency.



**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

Three and nine months ended September 30, 2008 and 2007

(Unaudited – prepared by management)

### **4. New accounting pronouncements (continued)**

#### Interest rate risk

Included in the loss for the year in these financial statements is interest income on Canadian dollar cash and short-term investments. If interest rates throughout the year had been 10 basis points (0.1% lower (higher)), then the loss for the period would have been under nominal and would have had no effect on the operations of the Company.

#### Liquidity risk

The Company manages liquidity risk by maintaining sufficient cash and short-term investment balances. Liquidity requirements are managed based on expected cash flow to ensure there is sufficient capital in order to meet short-term obligations.

#### Market risks

The significant market risks to which the Company is exposed are commodity price risk, interest rate risk and foreign exchange risk.

#### Commodity price risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market prices of gold, tungsten, molybdenum, copper and zinc, all commodities that are in the two significant mineral property interests held by the Company.

#### General standards on financial statement presentation

CICA Handbook section 1400, "*General Standards on Financial Statement Presentation*", has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern. The changes are effective for interim and annual financial statements beginning on or after January 1, 2008. The adoption of these changes has not had an impact on its interim financial statements.

#### International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011, will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be fully estimated at this time.

### **5. Mineral property interests**

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

The Kena property is located immediately north of the community of Ymir in southeastern British Columbia. The property is comprised of the original Kena claims and additional contiguous properties acquired by staking and option totaling approximately 8,173.21 hectares in size.

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

Three and nine months ended September 30, 2008 and 2007

(Unaudited – prepared by management)

### 5. Mineral property interests (continued)

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

The Company holds a 100% interest in the 10,120-hectare Jersey Claim Group located near Salmo, British Columbia.

In June 2006, the Company entered into a purchase agreement to acquire 100% right, title and interest in the surface rights over a portion 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 made a payment of \$10,000 in cash, and has agreed to make share payments in the aggregate value of \$200,000. Share payments of 200,000 common shares are to be made annually on a value date four months after the date of issue, until the related liability has been extinguished. (See Note 7 – Long-term debt).

#### (c) Mineral Property Interests Commitments

To maintain its mineral property interests, the Company is required to make no cash payments in fiscal 2008, but is scheduled to issue 200,000 common shares in fiscal 2009. This relates to the common shares to be issued on the mortgage payable relating to an acquisition of surface rights.

### 6. Investments

Name of Company	Number of Shares	Book Value, September 30, 2008	Accumulated Unrealized Holding Gains (Losses)	September 30, 2008 Carrying Value
Emgold Mining Corporation (Note 9(d))	15,652	\$ 3,913	\$ (2,661)	\$ 1,252
LMC Management Services Ltd. (Note 9(a))	1	1	--	1
		\$ 3,914	\$ (2,661)	\$ 1,253

Name of Company	Number of Shares	Book Value December 31, 2007	Accumulated Unrealized Holding Gains (Losses)	December 31, 2007 Carrying Value
Emgold Mining Corporation	15,652	\$ 3,913	\$ (1,018)	\$ 2,895
LMC Management Services Ltd.	1	1	--	1
		\$ 3,914	\$ (1,018)	\$ 2,896

**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

Three and nine months ended September 30, 2008 and 2007

(Unaudited – prepared by management)

### **7. Long-term debt**

The Company entered into a long-term agreement, secured by a mortgage payable, relating to the acquisition of surface rights on its Jersey property in British Columbia (See Note 5 (b)). Payment terms are as follows: upon receipt of regulatory approval which was June 1, 2006, \$10,000 paid in cash and 200,000 common shares issued. Thereafter, payments are to be made as follows: on June 1, 2007, up to 200,000 common shares (issued); on June 1, 2008, up to 200,000 common shares (issued) and on June 1, 2009, up to 200,000 common shares.

The common 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"), or October 2 of each year. The value of each share payment is to 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 mortgage on the property 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 related liability and purchase price of the property, the Company will pay the remaining balance to the seller by way of a cash payment.

The Company has the right, at any time after completing the initial payment of cash and shares as set out above, to pay any remaining balance to fully satisfy the purchase price in the form of a cash payment. The current portion of the mortgage payable is estimated by the number of shares to be issued in June 2009 and valued using the closing market price for the common shares of the Company at September 30, 2008, of \$0.04 (December 31, 2007 - \$0.265). Any gain or loss resulting from the difference between the recorded prices of the common shares issued and the Valuation Date (October 2, 2008 - \$0.06) is recorded as an adjustment to the balance payable with a corresponding amount recorded in operations. The debt financing adjustment for the year ended December 31, 2007, was a gain of \$14,000.

	<b>September 30, 2008</b>	<b>December 31, 2007</b>
Long-term debt, beginning of period	\$ 97,000	\$ 158,000
Less cash payment	--	--
Less payments made in common shares on valuation date	(12,000)	(61,000)
Long-term debt, end of period	85,000	97,000
Current portion of long-term debt	\$ 85,000	\$ 53,000

### **8. 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:

See Interim Statements of Shareholders' Equity.

**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

Three and nine months ended September 30, 2008 and 2007

(Unaudited – prepared by management)

### **8. Share capital (continued)**

#### (c) Flow-through shares

In 2007, the Company issued 3,803,000 flow-through shares (“FTS”) for gross proceeds of \$1,331,050. Under the FTS agreements, the Company agreed to renounce \$1,331,050 of qualifying expenditures to the investors effective December 31, 2007, although under Canadian tax law the expenditures may actually be incurred up to December 31, 2008.

The Company has estimated that the future income taxes recorded at the time of renunciation will total approximately \$59,383. During the period, the Company recognized a reduction in share capital and a recovery of future income taxes of approximately \$359,383.

#### (d) Stock options

The Company has a stock option plan which allows for the grant of options to purchase up to 20,390,173 common shares. The following table summarizes information about the stock options outstanding at September 30, 2008:

<b>Weighted Average Exercise Price</b>	<b>Number Outstanding at September 30, 2008</b>	<b>Weighted Average Remaining Contractual Life</b>
\$0.10	1,500,000	1.7 years
\$0.15	2,379,000	0.8 years
\$0.17	2,500,000	2.7 years
\$0.45	2,334,000	3.8 years
\$0.29	2,835,000	4.1 years
\$0.29	200,000	4.5 years
<b>\$0.25</b>	<b>11,748,000</b>	<b>2.8 years</b>

A summary of the changes in stock options for the period ended September 30, 2008, is presented below:

	<b>Shares</b>	<b>Weighted Average Exercise Price</b>
Balance, December 31, 2007	12,534,500	\$0.25
Granted	200,000	\$0.29
Exercised	(168,750)	\$0.13
Cancelled	(817,750)	\$0.41
<b>Balance, September 30, 2008</b>	<b>11,748,000</b>	<b>\$0.24</b>
<b>Balance vested, September 30, 2008</b>	<b>9,647,000</b>	<b>\$0.22</b>

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

Three and nine months ended September 30, 2008 and 2007

(Unaudited – prepared by management)

### 8. Share capital (continued)

#### (d) Stock options (continued)

The Company granted 200,000 stock options to consultants at a price of \$0.29, with an expiry date of March 17, 2013. The fair value of the stock option granted was estimated on the date of grant using a Black-Scholes option-pricing model with weighted average assumptions as follows: risk-free interest rate – 3.86%; expected life of 5 years; expected volatility – 82%; and a weighted average fair value per option grant of \$0.21.

#### (e) Share purchase warrants

As at September 30, 2008, 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
291,237**	\$0.25	October 18, 2008
9,185,000	\$0.25	January 11, 2009
289,750*	\$0.16	January 11, 2009
289,750	\$0.25	January 11, 2009
5,738,750**	\$0.30	November 10, 2008
918,200**	\$0.30	November 10, 2008
2,523,182**	\$0.30	November 10, 2008
316,800**	\$0.30	November 10, 2008
3,803,000	\$0.50	December 12, 2009
319,300	\$0.50	December 12, 2009
<b>23,674,969</b>		

\* Underlying agent's warrants, exercisable at \$0.16 to receive one share and one half-warrant. Each full warrant is then exercisable until January 11, 2009, at a price of \$0.25.

\*\*These warrants expired unexercised, subsequent to September 30, 2008.

### 9. Related party transactions and balances

Services rendered and reimbursement of expenses:	Nine months ended September 30,	
	2008	2007
LMC Management Services Ltd. (a)	\$ 367,832	\$ 338,683
Lang Mining Corporation (b)	22,500	22,500
Kent Avenue Consulting Ltd. (c)	20,250	11,500
Balances receivable from (e):	September 30,	December 31,
	2008	2007
LMC Management Services Ltd.	\$ 142,933	\$ 74,208
Directors and officers	504	828
	143,437	75,036
Balances payable to (e):		
Directors and officers	\$ --	\$ 420

**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

Three and nine months ended September 30, 2008 and 2007

(Unaudited – prepared by management)

### **9. Related party transactions and balances (continued)**

- (a) Management, administrative, geological and other services are provided by LMC Management Services Ltd. (“LMC”), a private company held jointly by the Company and other public companies, to provide services on a full cost recovery basis to the various public entities currently sharing office space with the Company. There is no difference between the cost of \$1 and equity value. The Company has a 25% interest in LMC. Three months of estimated working capital is required to be on deposit with LMC under the terms of the services agreement. At September 30, 2008, the Company has advanced cash in excess of its estimated working capital funding obligation under the agreement with LMC.
- (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) The Company's investments include shares in a listed company with a common director.
- (e) 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.

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

## SULTAN MINERALS INC.

(an exploration stage company)  
 Notes to the Interim Financial Statements  
 Nine months ended September 30, 2008  
 (Unaudited – prepared by management)  
 Note 10: Mineral Property Interests

	<b>Kena Property, British Columbia</b>	<b>Jersey and Emerald Properties, British Columbia</b>	<b>Stephens Lake Property, Manitoba</b>	<b>Mineral Property Interests September 30, 2008</b>
<b>Acquisition costs</b>				
Balance, beginning of period	\$ 503,483	\$ 502,616	\$ 37,438	\$ 1,043,537
Incurred during the period	8,582	14,172	--	22,754
Balance, end of period	512,065	516,788	37,438	1,066,291
<b>Exploration and development costs</b>				
Incurred during the period				
Assays and analysis	14,033	171,334	--	185,367
Drilling	--	571,368	--	571,368
Engineering	--	15,000	--	15,000
Environmental	--	83,028	--	83,028
Geological and geophysical	20,366	275,986	--	296,352
Site activities	3,637	120,686	--	124,323
Stock-based compensation	--	116,335	--	116,335
Travel and accommodation	2,418	65,372	--	67,790
	40,454	1,419,109	--	1,459,563
Balance, beginning of period	2,734,113	3,297,082	45,372	6,076,567
Balance, end of period	2,774,567	4,716,191	45,372	7,536,130
<b>Total Mineral Property Interests</b>	<b>\$ 3,286,632</b>	<b>\$ 5,232,979</b>	<b>\$ 82,810</b>	<b>\$ 8,602,421</b>

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

## SULTAN MINERALS INC.

(an exploration stage company)  
Notes to the Interim Financial Statements  
Year ended December 31, 2007  
(Unaudited – prepared by management)  
Note 10: Mineral Property Interests

	<b>Kena Property, British Columbia</b>	<b>Jersey and Emerald Properties, British Columbia</b>	<b>Stephens Lake Property, Manitoba</b>	<b>Total Mineral Property Interests December 31, 2007</b>
<b>Acquisition costs</b>				
Balance, beginning of year	\$ 576,166	\$ 346,857	\$ 17,022	\$ 940,045
Incurred during the year	143	155,759	20,416	176,318
Write-downs during the year	(72,826)	--	--	(72,826)
Balance, end of year	503,483	502,616	37,438	1,043,537
<b>Exploration and development costs</b>				
Incurred during the year				
Assays and analysis	5,014	93,796	--	98,810
Drilling	135,443	1,403,533	--	1,538,976
Engineering	--	134,196	--	134,196
Environmental	--	45,859	--	45,859
Geological and geophysical	20,972	306,006	--	326,978
Site activities	3,468	310,165	14,670	328,303
Stock-based compensation	--	81,063	--	81,063
Travel and accommodation	6,538	88,669	--	95,207
Trenching	136	23,057	--	23,193
	171,571	2,486,344	14,670	2,672,585
Balance, beginning of year	2,582,452	810,738	30,702	3,423,892
Write-downs during the year	(19,910)	--	--	(19,910)
Balance, end of year	2,734,113	3,297,082	45,372	6,076,567
<b>Total Mineral Property Interests</b>	<b>\$ 3,237,596</b>	<b>\$ 3,799,698</b>	<b>\$ 82,810</b>	<b>\$ 7,120,104</b>



**Sultan Minerals Inc.**  
**Management Discussion and Analysis**  
**for the Three and Nine Months Ended**  
**September 30, 2008**

1.1	Date .....	2
1.2	Overview .....	2
1.2.1	Jersey and Emerald Properties, British Columbia .....	2
1.2.2	Kena Gold Property, British Columbia .....	6
1.2.3	Stephens Lake Property, Manitoba .....	7
1.2.4	Mineral Property Option Payments Due In Fiscal 2008 .....	7
1.2.5	Market Trends .....	7
1.3	Selected Annual Information .....	8
1.4	Results of Operations .....	9
1.5	Summary of Quarterly Results .....	11
1.6	Liquidity .....	12
1.7	Capital Resources .....	13
1.8	Off-Balance Sheet Arrangements .....	14
1.9	Transactions with Related Parties .....	14
1.10	Fourth Quarter .....	15
1.11	Proposed Transactions .....	15
1.12	Critical Accounting Estimates .....	15
1.13	Critical accounting policies and changes in accounting policies .....	15
1.14	Financial Instruments and Other Instruments .....	16
1.15.1	Other MD& A Requirements .....	16
1.15.2	Additional Disclosure for Venture Issuers without Significant Revenue .....	16
1.15.3	Disclosure of Outstanding Share Data .....	17
	Other Information .....	18

**Sultan Minerals Inc.**  
**Management Discussion and Analysis**  
**for the Three and Nine Months Ended**  
**September 30, 2008**

## **1.1 Date**

The effective date of this interim report is November 28, 2008.

## **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 and other metals; 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. The Company expressly disclaims any obligation to revise or update forward-looking statements and any liability in the event actual results differ from those currently anticipated.

This interim MD&A should be read in conjunction with the unaudited interim financial statements of Sultan Minerals Inc. for the three and nine months ended September 30, 2008. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

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

- Sultan's loss for the nine months ended September 30, 2008 ("fiscal 2008") was \$643,901 or \$0.01 per common share, after income tax recovery of \$403,094, primarily due to flow-through renunciations and future income taxes on capitalized stock-based compensation, compared to a loss of \$769,974 or \$0.01 per common share in the nine months ended September 30, 2007 ("fiscal 2007"), also after income tax recovery due to flow-through renunciations of \$68,172.
- During fiscal 2008, operations utilized cash of \$717,923 compared to \$643,154 in fiscal 2007.
- Cash expenditures on mineral property interests totalled \$1,433,173 in fiscal 2008 compared to \$1,525,502 in fiscal 2007. Total expenditures were incurred on the following mineral properties in fiscal 2008, with the fiscal 2007 numbers in brackets: Kena - \$49,036 (\$9,738); the Stephens Lake Property - \$Nil (\$35,086) and the Jersey and Emerald properties - \$1,433,281 (\$1,798,838).
- The Company received total cash of \$251,921 by the issuance of 1,524,350 common shares in fiscal 2008 through the exercise of stock options, warrants and agent's warrants.

### **1.2.1 Jersey and Emerald Properties, British Columbia**

The 10,120-hectare Jersey-Emerald Property is located in south-eastern British Columbia, 10 kilometres southeast of the mining community of Salmo. The Jersey-Emerald Property is host to the former Emerald Tungsten Mine, which was Canada's second largest tungsten producer and the historic Jersey Lead-Zinc Mine, British Columbia's second largest lead-zinc producer. Sultan optioned the initial claims in 1993 and has since expanded its holdings through staking and additional option agreements. In 2005 molybdenum mineralization was discovered beneath the tungsten workings. 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

**Sultan Minerals Inc.**  
**Management Discussion and Analysis**  
**for the Three and Nine Months Ended**  
**September 30, 2008**

100% interest in the original claims 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 optionors. Sultan can reduce the NSR royalty to 1.5% by making a payment of \$500,000 and issuing 50,000 common shares.

The Company is taking the necessary steps to advance the known molybdenum and tungsten deposits at our Jersey-Emerald mine as is evident by our land acquisitions and our current drilling program, which is well underway. Sultan now owns 1,100 acres of surface rights over the proposed mine site.

**EXPLORATION**

All detailed assay results can be viewed in news releases on the Company’s website [www.sultanminerals.com](http://www.sultanminerals.com) or on [www.sedar.com](http://www.sedar.com).

In 2008, diamond drilling has been underway on the East Dodger Molybdenum Zone where underground drill hole JM07-04 intersected 0.10% MoS<sub>2</sub> over a core length of 548.0 feet. The intersection included several higher-grade sections that included 0.28% MoS<sub>2</sub> over 79.9 feet, 0.23% MoS<sub>2</sub> over 43.0 feet and 1.81% MoS<sub>2</sub> over 9.9 feet.

The Dodger Molybdenum Zone has now been intersected in 36 drill holes and favourable results from drill-holes JM08-08 and JM08-09 expand the zone to the south. Hole JM08-08 assayed 0.16% molybdenum (MoS<sub>2</sub>) over a core length of 85.0 feet within a 288.0 foot section that averaged 0.07% MoS<sub>2</sub>. The hole contained several very high-grade molybdenum bearing zones including 1.74% MoS<sub>2</sub> over 3.0 feet, 0.44% MoS<sub>2</sub> over 5.0 feet and 0.81% MoS<sub>2</sub> over 4.3 feet. Hole JM08-09, located 100 feet south of hole JM08-08, assayed 0.08% MoS<sub>2</sub> over a core length of 105.0 feet including 1.04% MoS<sub>2</sub> over 5.0 feet. This hole also intersected a 10.0-foot wide quartz vein that assayed 0.5% MoS<sub>2</sub> and 0.40 g/t gold.

Tungsten mineralization was also intersected in many of the holes and is believed to represent the western extension of the East Dodger Tungsten Zone. The most notable intercept was in hole JM08-09 that assayed 0.73% tungsten (WO<sub>3</sub>) over a core length of 9.10 feet within a 23.6 foot section that averaged 0.35% WO<sub>3</sub>.

Assay results for 13 diamond drill holes, ES08-02 through ES08-14, are shown below. The 13 holes explored the East Emerald Tungsten zone, a sizeable body of low-grade, bulk tonnage, tungsten mineralization discovered by drilling in 2006 and 2007 (see News Releases of Jan 17, 2007 and April 15, 2008). Results are very favourable. The holes confirm continuity between the previous wide spaced drill holes and show extensions of the mineralization to the north and west.

The most striking tungsten intersections were obtained from Hole ES08-13 which carried 0.24% WO<sub>3</sub> over a core length of 105.4 feet and Hole ES08-07 which carried 0.46% WO<sub>3</sub> over a core length of 17.4 feet. Significant intersections from holes ES08-02 through ES08-14 are shown in the following table:

<b>DRILL-HOLE NUMBER</b>	<b>GRID North</b>	<b>GRID East</b>	<b>AZMTH /DIP</b>	<b>FROM (feet)</b>	<b>TO (feet)</b>	<b>WIDTH (feet)</b>	<b>WO<sub>3</sub> (%)</b>	<b>MoS<sub>2</sub> (%)</b>
<b>ES08-02</b>	9543	7990	115/-45	341.00	372.50	<b>31.50</b>	<b>0.07</b>	
<b>and</b>				392.90	394.40	<b>1.50</b>	<b>0.20</b>	
<b>and</b>				394.40	402.80	<b>8.40</b>		<b>0.11</b>
<b>and</b>				498.80	503.15	<b>4.35</b>	<b>0.64</b>	<b>0.16</b>
<b>and</b>				646.00	661.30	<b>15.30</b>	<b>0.10</b>	

**Sultan Minerals Inc.**  
**Management Discussion and Analysis**  
**for the Three and Nine Months Ended**  
**September 30, 2008**

<b>DRILL-HOLE NUMBER</b>	<b>GRID North</b>	<b>GRID East</b>	<b>AZMTH /DIP</b>	<b>FROM (feet)</b>	<b>TO (feet)</b>	<b>WIDTH (feet)</b>	<b>WO<sub>3</sub> (%)</b>	<b>MoS<sub>2</sub> (%)</b>
<b>ES08-03</b>	10122	8756	295/-56	182.70	194.30	<b>11.60</b>	<b>0.08</b>	
<b>and</b>				412.70	420.90	<b>8.20</b>	<b>0.13</b>	
<b>and</b>				454.50	463.25	<b>8.75</b>	<b>0.17</b>	<b>0.06</b>
<b>Including</b>				454.50	458.90	<b>4.40</b>	<b>0.30</b>	<b>0.09</b>
<b>ES08-04</b>	9982	8520	115/-80	69.90	78.00	<b>8.10</b>	<b>0.10</b>	
<b>and</b>				586.60	598.70	<b>12.10</b>	<b>0.10</b>	
<b>Including</b>				586.60	589.60	<b>3.00</b>	<b>0.23</b>	
<b>ES08-05</b>	9985	8525	295/-45	164.50	166.00	<b>1.50</b>	<b>0.21</b>	
<b>and</b>				292.60	330.10	<b>37.50</b>	<b>0.13</b>	<b>0.04</b>
<b>Including</b>				292.60	311.90	<b>19.30</b>	<b>0.17</b>	<b>0.08</b>
<b>Including</b>				299.50	306.90	<b>7.40</b>	<b>0.16</b>	<b>0.17</b>
<b>Including</b>				326.20	330.10	<b>3.90</b>	<b>0.37</b>	
<b>ES08-06</b>	9865	8250	115/-80	221.90	259.50	<b>37.60</b>	<b>0.15</b>	<b>0.02</b>
<b>Including</b>				238.20	250.70	<b>12.50</b>	<b>0.31</b>	<b>0.05</b>
<b>Including</b>				238.20	241.20	<b>3.00</b>	<b>0.48</b>	
<b>and</b>				382.15	391.90	<b>9.75</b>	<b>0.14</b>	<b>0.03</b>
<b>08-07</b>	9865	8250	115/-60	196.10	201.60	<b>5.50</b>	<b>0.15</b>	
<b>and</b>				247.10	264.50	<b>17.40</b>	<b>0.46</b>	
<b>Including</b>				247.10	251.80	<b>4.70</b>	<b>0.52</b>	
<b>and</b>				316.60	320.50	<b>3.90</b>	<b>0.05</b>	<b>0.12</b>
<b>and</b>				707.60	738.00	<b>30.40</b>	<b>0.09</b>	<b>0.05</b>
<b>Including</b>				723.60	725.30	<b>1.70</b>	<b>0.16</b>	<b>0.81</b>
<b>ES08-08</b>	9658	8062	290/-70	152.90	183.00	<b>30.10</b>	<b>0.10</b>	
<b>Including</b>				152.90	157.50	<b>4.60</b>	<b>0.19</b>	
<b>Including</b>				166.65	172.00	<b>5.35</b>	<b>0.21</b>	
<b>and</b>				222.00	229.45	<b>7.45</b>	<b>0.51</b>	<b>0.25</b>
<b>Including</b>				226.70	229.45	<b>2.75</b>	<b>1.10</b>	<b>0.67</b>
<b>ES08-09</b>	9425	7952	0/-90	126.80	178.10	<b>51.30</b>	<b>0.16</b>	
<b>Including</b>				126.80	146.60	<b>19.80</b>	<b>0.29</b>	
<b>Including</b>				126.80	131.35	<b>4.55</b>	<b>0.63</b>	
<b>and</b>				219.00	222.20	<b>3.20</b>	<b>0.09</b>	<b>0.23</b>
<b>and</b>				241.70	244.00	<b>2.30</b>	<b>0.38</b>	
<b>and</b>				259.60	277.40	<b>17.80</b>		<b>0.09</b>
<b>and</b>				277.40	284.00	<b>6.60</b>	<b>0.13</b>	
<b>ES08-10</b>	9718	7903	290/-60	34.05	44.10	<b>10.05</b>	<b>0.22</b>	
<b>and</b>				56.30	60.50	<b>4.20</b>		<b>0.07</b>
<b>ES08-11</b>	9465	7775	0/-90	6.80	76.90	<b>70.10</b>	<b>0.10</b>	
<b>Including</b>				29.00	37.80	<b>8.80</b>	<b>0.22</b>	

**Sultan Minerals Inc.**  
**Management Discussion and Analysis**  
**for the Three and Nine Months Ended**  
**September 30, 2008**

<b>DRILL-HOLE NUMBER</b>	<b>GRID North</b>	<b>GRID East</b>	<b>AZMTH /DIP</b>	<b>FROM (feet)</b>	<b>TO (feet)</b>	<b>WIDTH (feet)</b>	<b>WO<sub>3</sub> (%)</b>	<b>MoS<sub>2</sub> (%)</b>
<b>ES08-12</b>	9465	7775	285/-50	9.00	16.60	<b>7.60</b>	<b>0.07</b>	
<b>Including</b>				9.00	10.60	<b>1.60</b>	<b>0.12</b>	
<b>and</b>				16.60	20.50	<b>3.90</b>		<b>0.07</b>
<b>ES08-13</b>	9230	7710	0/-90	13.20	118.60	<b>105.40</b>	<b>0.24</b>	
<b>Including</b>				36.20	46.30	<b>10.10</b>	<b>0.39</b>	
<b>Including</b>				78.90	113.30	<b>34.40</b>	<b>0.33</b>	
<b>Including</b>				99.10	113.30	<b>14.20</b>	<b>0.48</b>	
<b>ES08-14</b>	9000	7635	0/-90	11.30	28.20	<b>16.90</b>	<b>0.11</b>	
<b>Including</b>				19.40	23.50	<b>4.10</b>	<b>0.14</b>	

**Note 1:** All dimensions and core lengths are recorded in feet in order that results are compatible with the historic mine grid and the existing database of 5,600 drill holes. Convert feet to metres by multiplying by 0.304.

**Note 2:** Intersection angles vary from 15° to 90° suggesting that the true width of the mineralized horizons range from 25% to 95% of the intersection widths.

Sultan has now intersected the East Emerald Tungsten zone in 39 drill holes that confirm the continuation of the tungsten mineralization over a length of 3,300 feet (1,000 metres) and a width of 700 feet (200 metres) (see News Release of April 29, 2008). The drill results continue to show multiple horizons of 0.25% to 0.60% tungsten mineralization contained within wide zones of lower grade mineralization averaging 0.10 to 0.25% WO<sub>3</sub>. Many of these holes carry significant molybdenum (MoS<sub>2</sub>) concentrations within the same horizons as the tungsten. The mineralization remains open to the north, south and west.

Sultan had four additional surface drill holes planned for the current round of drilling but due to permitting delays these have been postponed until next year. The Company is presently completing a program of trenching and surface prospecting over the south end of the Jersey-Emerald property. Results for an updated tungsten resource estimate being carried out by Giroux Consultants are expected to be available shortly. The price of tungsten has remained relatively stable at \$250/MTU for APT concentrate (as of October 31, Metals Bulletin).

In September 2008 Geoscience BC and Natural Resources Canada commenced a budgeted \$542,000 Airborne Geophysical Survey in the Kootenay Area of BC. The survey covers a 609-square kilometre area centered on Sultan's 93-square kilometre Jersey-Emerald Property. The BC Ministry of Energy, Mines and Petroleum Resources rated this area as having some of the highest mineral potential in British Columbia. The survey was designed to provide information about the rocks deep below the surface.

The survey is being flown by Fugro Airborne Surveys. The survey area includes Sultan's Jersey Mine and the HB and Reeves-Macdonald mines, these 3 being the second, third and fourth largest historic lead-zinc producers in the province. The survey also covers Sultan's historic Emerald Tungsten Mine, Canada's second-largest tungsten producer, as well as the famous Sheep Creek and Ymir gold camps.

Sultan, as one of the largest mineral title landholders in the survey area, is also participating in the survey, by contributing funding for the flying of intermediate 100-metre spaced survey lines over its Jersey-Emerald property within the Geoscience BC survey area. The detailed airborne geophysical coverage is expected to identify new exploration targets outside of the seven historic mines on the extensive property.

Exploration expenditures on the Jersey-Emerald property in fiscal 2008 with the fiscal 2007 comparative

**Sultan Minerals Inc.**  
**Management Discussion and Analysis**  
**for the Three and Nine Months Ended**  
**September 30, 2008**

figures shown in brackets include the following: assays and analysis - \$171,334 (\$76,259); drilling - \$571,368 (\$888,369); engineering - \$15,000 (\$134,196); environmental - \$83,028 (\$23,805); geological and geophysical - \$275,986 (\$220,423); travel and accommodation - \$65,372 (\$54,922); stock-based compensation and related future income tax - \$116,335 (\$24,999); trenching - \$Nil (\$23,035) and site activities - \$120,686 (\$206,516). Acquisition costs of \$14,172 (\$146,314) were incurred.

In July 2007 Sultan engaged Wardrop Engineering to undertake an environmental baseline study which was recently completed on the Jersey-Emerald Property. The environmental assessment primarily covers water quality data and biological sampling including fish, invertebrates and habitat description. In conjunction with this environmental baseline study, Wardrop is supervising metallurgical studies that are currently underway on the tungsten and molybdenum mineralization. Further studies will be commissioned and will be ongoing.

Mr. Ed Lawrence, P.Eng., former Manager of the Jersey and Emerald Mines, is managing the ongoing diamond drilling programs. Mr. Perry Grunenberg, P.Geo., of PBG Geoscience in Kamloops, BC, is Sultan's project supervisor and "Qualified Person" for the purpose of NI 43-101, "Standards of Disclosure for Mineral Projects." Standard sampling procedures are used whereby the core is split with a core splitter and half of the core sent by trucking company directly to either Acme Labs Ltd. in Vancouver or Assayers Canada in Vancouver for assay by standard analytical procedures. The remaining half of the core is stored in the Company's core storage facility in Salmo, BC. All sample preparation is done at the laboratory by Acme or Assayers Canada staff. Checks are being run on 5% of the samples at Becqueral Laboratories in Mississauga, Ontario for tungsten and Assayers Canada in Vancouver, BC for other elements.

### **1.2.2 Kena Gold Property, British Columbia**

The Company holds 100% interest in the 8,173-hectare Kena Gold Property located near the community of Ymir in southeastern British Columbia. Of particular interest to Sultan is a 7.0-kilometre long gold soil anomaly located near the north end of the property. The soil anomaly encompasses the Gold Mountain and Kena Gold Zones, both of which host porphyry gold deposits (refer to Sultan's website maps at [www.sultanminerals.com/s/KenaMaps.asp](http://www.sultanminerals.com/s/KenaMaps.asp)). From 2000 to 2004, Sultan tested the two zones with 12,000 metres of diamond drilling in 80 drill holes. Preliminary resource calculations were prepared by Giroux Consultants Ltd. in June 2004 and the resulting NI 43-101 Technical Report was co-authored by independent geological consultants, Gary Giroux, P.Eng., of Giroux Consultants Ltd. and Linda Dandy, P.Geo., of P & L Geological Consultants Ltd.

Exploration expenditures on the Kena property in fiscal 2008, with the fiscal 2007 comparative figures shown in brackets, include the following: assays and analysis - \$14,033 (\$466); geological and geophysical - \$20,366 (\$5,592); travel and accommodation - \$2,418 (\$1,473); and site activities - \$3,637 (\$1,928). Acquisition costs of \$8,582 (\$143) were incurred.

#### Recommendations

The June 2004 Technical Report shows that the Gold Mountain and Kena Gold Zones had a measured and indicated resource of 24,860,000 tonnes containing 541,000 ounces of gold at an average grade of 0.66 g/T using a 0.3 g/T cut-off grade for gold. There is an additional inferred resource of 25,800,000 tonnes containing 557,000 ounces of gold at the same grade (June 7, 2004, News Release). The report stated that the resource has potential for expansion with additional diamond drilling.

A computer modeling of the property was completed as part of the 2004 resource study. The model indicated numerous untested areas adjacent to mineralized blocks. The report recommended that a \$1.2

**Sultan Minerals Inc.**  
**Management Discussion and Analysis**  
**for the Three and Nine Months Ended**  
**September 30, 2008**

million diamond drill program be conducted in order to significantly expand resources in the Gold Mountain and Kena Gold Zones.

Gold Zone

In February Sultan received final gold assays for a deep drill hole completed in December 2007. From bedrock surface to a depth of 435.33 metres, diamond drill hole GM07-01 assays 0.50 g/t gold over a core length of 430.0 metres (1,428 feet), well below any previous drill intersections. Of particular interest is a 101.27-metre section that averages 0.84 g/t gold from 230.73 to 332.00 metres. This intersection occurs below the level of previous drilling on this target. The hole also contained several higher grade sections including 10.99 g/t gold over 4.0 metres, 9.10 g/t gold over 1.27 metres and 11.26 g/t gold over 2.0 metres.

Results from this drilling program are consistent with previous results which demonstrate that the Gold Mountain Zone is host to bulk tonnage, porphyry style, gold mineralization containing narrower, very high-grade gold shoots. The hole cut classic, gold bearing, porphyry style mineralization to a hole depth of 457 metres (1,500 feet) where the hole intersected the unmineralized volcanics that form the east wall of the Gold Mountain Zone. The results suggest that the Gold Mountain Zone which was previously drilled to less than 240 metres depth may extend to much greater depths and be much larger than previously believed.

The focus of the drill program was to expand the preliminary gold resource announced in the NI 43-101 report of June 2004. In the fall of 2008 Sultan conducted a trenching program to trace the mineralization to the south where the soil anomaly overlaps the Kena Porphyry Copper Zone. Assay results are pending.

Ms Linda Dandy, 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 NI 43-101, "Standards of Disclosure for Mineral Projects".

### **1.2.3 Stephens Lake Property, Manitoba**

The Stephens Lake - Trout Claim Group is situated 100 kilometres east of Gillam, Manitoba. The Company is in a joint venture with ValGold Resources Ltd. and Cream Minerals Ltd. (the "Companies"). The Companies hold 75% of the Trout Claim Group, which are internal to the claims initially forming the Stephens Lake Property.

### **1.2.4 Mineral Property Option Payments Due In Fiscal 2008**

To maintain its mineral property interests the Company is required to make no cash payments in the year ended December 31, 2008, but required to issue up to 200,000 common shares, which were issued, in the year ended December 31, 2008, related to the mortgage payable on the acquisition of surface rights.

### **1.2.5 Market Trends**

The price of gold has increased, continuing an overall uptrend, which began in 2004. The average gold price in 2006 averaged US\$603.46 per ounce. In 2007 gold averaged US\$693 per ounce, and in 2008, the average price has increased to US\$877 at November 27, 2008. The average price for molybdenum (roasted) in 2006 was US\$25.56 per pound, and in 2007 averaged US\$29.72 per pound.

**Sultan Minerals Inc.**  
**Management Discussion and Analysis**  
**for the Three and Nine Months Ended**  
**September 30, 2008**

**1.3 Selected Annual Information**

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) and are expressed in Canadian dollars.

	As at December 31, 2007	As at December 31, 2006	As at December 31, 2005
Current assets	\$ 4,361,691	\$ 232,237	\$ 265,949
Mineral property interests	7,120,104	4,363,937	3,603,949
Other assets	75,138	74,906	109,211
<b>Total assets</b>	<b>11,556,933</b>	<b>4,671,080</b>	<b>3,979,109</b>
Current liabilities	236,718	127,678	233,310
Long-term debt	44,000	123,000	--
Shareholders' equity	11,276,215	4,420,402	3,745,799
<b>Total shareholders' equity and liabilities</b>	<b>11,556,933</b>	<b>4,671,080</b>	<b>3,979,109</b>
<b>Working capital (current assets less current liabilities)</b>	<b>4,124,973</b>	<b>104,559</b>	<b>32,639</b>
	<b>Year ended December 31, 2007</b>	<b>Year ended December 31, 2006</b>	<b>Year ended December 31, 2005</b>
<b>Expenses (recoveries)</b>			
Amortization	\$ 2,020	\$ 2,435	\$ 987
Debt finance adjustment	(14,000)	6,000	--
Legal, accounting and audit	56,428	33,527	20,691
Management and consulting fees	45,000	46,000	35,000
Office and administration	94,339	74,993	80,278
Salaries and benefits	221,429	171,412	131,542
Shareholder communications	263,175	202,301	98,524
Stock-based compensation	677,726	161,322	176,393
Travel and conferences	34,400	43,246	19,413
	1,380,517	741,236	562,828
Property investigations	4,352	873	938
Write-down of mineral property interests	92,736	131,771	319,914
Interest income	(141,173)	(9,479)	(1,719)
<b>Loss before income taxes</b>	<b>(1,336,432)</b>	<b>(864,401)</b>	<b>(881,961)</b>
Income tax (recovery) expense – current	--	--	--
– future income taxes	68,172	103,128	60,554
<b>Loss for the year</b>	<b>\$ (1,268,260)</b>	<b>\$ (761,273)</b>	<b>\$ (821,407)</b>
<b>Loss per share – basic and diluted</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding</b>			
<b>– basic and diluted</b>	80,200,248	58,480,943	48,507,514
<b>Number of common shares issue and outstanding, end of year</b>	100,226,518	62,439,384	52,971,242



**Sultan Minerals Inc.**  
**Management Discussion and Analysis**  
**for the Three and Nine Months Ended**  
**September 30, 2008**

**1.4 Results of Operations**

Sultan incurred a loss of \$769,974 or loss per common share of \$0.01 in fiscal 2008, compared to a loss of \$643,901, or loss per common share of \$0.01 in fiscal 2007.

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b>Expenses</b>				
Amortization	\$ 428	\$ 505	\$ 1,438	\$ 1,515
Debt finance adjustment	18,000	(14,000)	18,000	(14,000)
Legal, accounting and audit	10,859	6,090	28,344	48,616
Management fees	15,000	10,000	42,750	34,000
Office and administration	27,445	21,715	91,405	61,896
Salaries and benefits	53,746	68,573	195,305	199,633
Shareholder communications	129,041	62,294	296,410	195,485
Stock-based compensation	92,714	211,899	410,433	283,020
Property investigations	1,418	2,216	1,418	4,119
Travel	7,916	2,854	42,962	27,241
Write-down of mineral property interests	--	19,806	--	92,736
Interest and other income	(17,942)	(36,701)	(81,470)	(96,115)
	<b>338,625</b>	<b>355,251</b>	<b>1,046,995</b>	<b>838,146</b>
Loss before income taxes	(338,625)	(355,251)	(1,046,995)	(838,146)
Income tax recovery	23,082	--	403,094	68,172
Loss for the period	(315,543)	(355,251)	(643,901)	(769,974)
<b>Loss per share, basic and diluted</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding</b>	<b>101,950,868</b>	<b>95,030,532</b>	<b>101,192,607</b>	<b>82,778,271</b>
<b>Number of common shares outstanding, end of period</b>	<b>101,950,868</b>	<b>95,758,518</b>	<b>101,950,868</b>	<b>95,758,518</b>

**Revenue**

Sultan has no source of revenue. Interest earned on excess cash is incidental income. Interest revenue increased from \$74,133 in fiscal 2007 to \$81,470 in fiscal 2008 due to higher cash balances and higher interest rates throughout the fiscal 2008 period. The Company earned \$21,982 from incidental sales of logs in fiscal 2007, compared to \$Nil in fiscal 2008.

**Expenses**

Legal, accounting and audit decreased from \$48,616 in fiscal 2007 to \$28,344 in fiscal 2008. Audit fees are accrued throughout the fiscal year. In general, audit time is increasing on an annual basis, and will continue to do so, as public company auditors and public companies continue to comply with the extensive detail required by the Canadian Public Accountability Board, as they review the audit firms that

**Sultan Minerals Inc.**  
**Management Discussion and Analysis**  
**for the Three and Nine Months Ended**  
**September 30, 2008**

audit public companies. Either external consultants must be hired to comply, or in the case of companies who have administrative and accounting services provided as in the case of Sultan, the time, and therefore the cost, required to complete the extra detail, must be passed onto the Company. Full back-up of nominal historical numbers, is required. Accruals of audit fees are based on the prior year's audit, and the audit fees for 2006 were higher than estimated, resulting in higher fees in fiscal 2007. Legal fees are ongoing and will vary depending on the activity during the period. Legal fees decreased from \$12,524 in fiscal 2007 to \$1,574 in fiscal 2008.

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 \$22,500 in each fiscal period. In fiscal 2008, consulting fees of \$20,250 (2007 - \$11,500) were paid through LMC Management Services Ltd. ("LMC") to Kent Avenue Consulting Ltd., a private company controlled by Sargent H. Berner, a director of the Company.

Office and administration costs increased from \$61,896 in fiscal 2007 to \$91,405 in fiscal 2008. The office and administration costs include rent, shared office services and other costs related to administration of a public company. An additional company shared office premises in the first five months of fiscal 2007, reducing costs in that period.

Salaries and benefits decreased nominally from \$199,633 in fiscal 2007 to \$195,305 in fiscal 2008. Salaries will likely remain at the same level as fiscal 2007 for the balance of fiscal 2008.

In fiscal 2007, there was \$283,020 in stock-based compensation expense, compared with \$410,433 in fiscal 2008. In addition, stock-based compensation of \$72,624 was capitalized to the Jersey-Emerald Property in fiscal 2008, plus related future income tax liability of \$43,711, compared to \$24,999 capitalized in fiscal 2007.

Shareholder communications costs have increased from \$195,485 in fiscal 2007 to \$296,410 in fiscal 2008. The Company utilized the services of Arbutus Enterprises Ltd. \$18,000 (2007 - \$18,000) and Horng Kher (Marc) Lee \$52,000 (2007 - \$33,000), and CHF Investor Relations ("CHF") \$58,875 (2007 - \$38,000) and Renmark Financial Communications Inc. ("Renmark") (\$21,350 (2007 - \$Nil). Other shareholder activities consist of web site maintenance, transfer agent fees, regulatory and filing fees and all costs associated with timely disclosure of information. CHF were granted stock options on March 29, 2007. These stock options expired on August 30, 2008, as the contract with CHF was terminated.

In June 2008, the Company retained Renmark to assist with its investor relations activities. Renmark provided services to Sultan on a month-to-month basis and was paid a monthly retainer of \$7,000 plus allowable disbursements. Cancellation of contract for services by either party required one month's written notice, and the contract with Renmark was terminated effective October 29, 2008.

Travel and conference expenses increased from \$27,241 in fiscal 2007 to \$42,942 in fiscal 2008.

Property investigation costs decreased from \$4,119 in fiscal 2007 to \$1,418 in fiscal 2008. Sultan is presented with property submittals continually, and certain 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 2008, the Company had no write-downs in mineral property interests, but in fiscal 2007, \$92,736 related to the Silver King claims at the Kena property was written off.

**Sultan Minerals Inc.**  
**Management Discussion and Analysis**  
**for the Three and Nine Months Ended**  
**September 30, 2008**

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, 2007, and as a consequence, recognized a reduction in share capital and a recovery of future income taxes of \$359,383 in the year ended December 31, 2008. Additional income tax recovery relates to capitalized stock-based compensation.

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, 2006, and as a consequence, recognized a reduction in share capital and a recovery of future income taxes of \$68,172 in the year ended December 31, 2007.

### 1.5 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	General and adminis- trative expenses (recovery) (Note 1)	Loss per quarter	Loss per share
<b>2006</b>						
Fourth Quarter	92,223	272,419	21	166,162	272,651	\$0.01
<b>2007</b>						
First Quarter	1,179	395,279	--	217,812	139,458	\$0.00
Second Quarter	671	715,262	14,670	249,664	275,265	\$0.00
Third Quarter	7,888	688,297	20,416	369,930	355,251	\$0.00
Fourth Quarter	161,976	843,265	--	543,111	498,286	\$0.01
<b>2008</b>						
First Quarter	25,277	611,894	--	414,400	4,919	\$0.00
Second Quarter	6,356	441,502	--	357,497	323,439	\$0.01
Third Quarter	17,403	379,885	--	356,567	315,543	\$0.00

Note 1: General and administrative expenses do not include the write-down of mineral property interests, investments, property investigations, interest and other miscellaneous income or income tax recovery, but includes stock-based compensation.

Note 2: Property acquisition and exploration costs exclude the write-down of mineral property interests.

### Three months ended September 30, 2008 (“Q3 2008”) compared to three months ended September 30, 2007 (“Q3 2007”)

#### Revenue

Sultan has no source of revenue. Interest earned on excess cash is incidental income, and decreased from \$36,701 in Q3 2007 to \$17,942 in Q3 2008 due to higher cash balances and higher interest rates in Q3 2007 as compared to Q3 2008.

**Sultan Minerals Inc.**  
**Management Discussion and Analysis**  
**for the Three and Nine Months Ended**  
**September 30, 2008**

**Expenses**

Legal, accounting and audit increased from \$6,090 in Q3 2007 to \$10,859 in Q3 2008.

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 fiscal quarter. In Q3 2008, management fees of \$7,500 (Q3 2007 - \$2,500) were paid through LMC to Kent Avenue Consulting Ltd., a private company controlled by Sargent H. Berner, a director of the Company.

Office and administration costs increased from \$21,715 in Q3 2007 to \$27,445 in Q3 2008. 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 \$68,573 in Q3 2007 to \$53,746 in Q3 2008, due to timing and allocation of salaries throughout the year.

In Q3 2007, there was \$211,899 in stock-based compensation expense, compared with \$92,714 in Q3 2008.

Shareholder communications increased from \$62,294 in Q3 2007 to \$129,041 in Q3 2008. The Company utilized the services of Arbutus Enterprises Ltd. \$6,000 (Q3 2007 - \$6,000) and Horng Kher (Marc) Lee \$18,000 (Q3 2007 - \$15,000). In addition, CHF was paid \$18,000 in Q3 2007 and \$13,875 in Q3 2008, and Renmark was paid \$21,350 in Q3 2008 with no comparative expense in Q3 2007. A video was completed in Q3 2008 contributing to the increase in shareholder communications costs.

Travel and conference expenses increased from \$2,854 in Q3 2007 to \$7,916 in Q3 2008.

In Q3 2007, \$19,806 incurred in costs related to the Silver King claims at the Kena Property was written off with no mineral property write-downs incurred in Q3 2008.

**1.6 Liquidity**

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements to sophisticated investors and institutions. The Company has issued common shares in each of the past few years, pursuant to private placement financings and the exercise of warrants and options.

At September 30, 2008, Sultan's working capital, defined as current assets less current liabilities, was \$2,371,568, compared with working capital of \$4,124,973 at December 31, 2007. The Company's cash in excess of current expenditures is held in Guaranteed Investment Certificates or Treasury Bills.

Management, administrative, geological and other services are provided by 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. At September 30, 2008, two companies are currently in arrears to the maximum allowable period under the terms of the agreement with LMC. As a result, the Company has advanced \$142,933 in excess of its estimated working capital funding obligation under the agreement with LMC. At the date of

**Sultan Minerals Inc.**  
**Management Discussion and Analysis**  
**for the Three and Nine Months Ended**  
**September 30, 2008**

filing of this interim report, it is not known if this amount will be recoverable from LMC. If other companies sharing office space are unable to obtain financing to pay LMC their share of administration and overhead, it may be necessary to sever employees of LMC and possibly outsource certain services that are currently performed by LMC employees. The recoverability of the balance of \$142,933 will be determined in the next few months.

**Investing Activities**

**Acquisitions and Exploration Programs**

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

At September 30, 2008, Sultan had capitalized \$8,602,421, representing costs associated with the acquisition and exploration of its mineral property interests in British Columbia and Manitoba. During the nine months ended September 30, 2008, Sultan's total expenditures included \$1,482,317 on the acquisition and exploration of its mineral property interests compared to \$1,843,662 in the nine months ended September 30, 2007.

The Company entered into a long-term agreement, secured by a mortgage payable, relating to the acquisition of surface rights on its Jersey property in British Columbia. Payment terms are as follows: upon receipt of regulatory approval which was June 1, 2006, \$10,000 was paid in cash and 200,000 common shares were issued. Thereafter, payments are to be made as follows: on June 1, 2007, up to 200,000 common shares (200,000 issued); on June 1, 2008, up to 200,000 common shares (200,000 issued) and June 1, 2009, up to 200,000 common shares.

The common 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"), or October 2 of each year. The value of each share payment is to 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 mortgage on the property 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 related liability and purchase price of the property, the Company will pay the remaining balance to the seller by way of a cash payment.

The Company has the right, at any time after completing the initial payment of cash and shares as set out above, to pay any remaining balance to fully satisfy the purchase price in the form of a cash payment. The current portion of the mortgage payable is estimated by the number of shares to be issued in June 2008, and valued using the closing market price for the common shares of the Company at October 2, 2008, of \$0.06 (September 30, 2008 - \$0.04). Any gain or loss resulting from the difference between the recorded market value of the common shares issued on June 2, 2008, of \$0.15, and the Valuation Date is recorded as an adjustment to the balance payable with a corresponding amount recorded in operations.

**1.7 Capital Resources**

During the nine months ended September 30, 2008, the Company issued 1,341,500 common shares on the exercise of 1,341,500 share purchase warrants at a price of \$0.17; 4,700 common shares on the exercise of 4,700 agent's warrants at a price of \$0.17, 9,400 common shares on the exercise of 9,400 agent's warrants at a price of \$0.12, and 168,750 common shares on the exercise of stock options at prices ranging from \$0.10 to \$0.17, for total proceeds of \$251,921. The Company granted 200,000 stock

**Sultan Minerals Inc.**  
**Management Discussion and Analysis**  
**for the Three and Nine Months Ended**  
**September 30, 2008**

options to consultants at an exercise price of \$0.29, with an expiry date of March 17, 2013. The fair value of the stock options granted was estimated on the date of grant using a Black-Scholes option-pricing model with weighted average assumptions as follows: risk-free interest rate – 3.86%; expected life of 5 years; expected volatility – 82%; and a weighted average fair value per option grant of \$0.21.

The Company will require continued external funding to meet future obligations and to finance further exploration and development work on its mineral properties. The Company currently has funds available to complete all of its currently planned exploration programs, but as the Company does not have a source of revenue, there is doubt as to the Company’s ability to continue as a going concern. Although the Company has been successful in raising funds to date, there can be no assurance that additional funding will be available in the future. The balance sheets of the Company at September 30, 2008, and December 31, 2007, 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**

	<b>Nine months ended September 30,</b>	
Services rendered and reimbursement of expenses:	<b>2008</b>	<b>2007</b>
LMC Management Services Ltd. (a)	\$ 367,832	\$ 338,683
Lang Mining Corporation (b)	22,500	22,500
Kent Avenue Consulting Ltd. (c)	20,250	11,500
	<hr/>	
	<b>September 30,</b>	<b>December 31,</b>
Balances receivable from (e):	<b>2008</b>	<b>2007</b>
LMC Management Services Ltd.	\$ 142,933	\$ 74,208
Directors and officers	504	828
	143,437	75,036
	<hr/>	
Balances payable to (e):		
Directors and officers	\$ --	\$ 420

(a) Management, administrative, geological and other services are provided by 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. At September 30, 2008, two companies are currently in arrears to the maximum allowable period under the terms of the agreement with LMC. As a result, the Company has advanced cash in excess of its estimated working capital funding obligation under the agreement with LMC.

(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.

**Sultan Minerals Inc.**  
**Management Discussion and Analysis**  
**for the Three and Nine Months Ended**  
**September 30, 2008**

- (d) The Company's investments include shares in a listed company with a common director.
- (e) 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 September 30, 2008, the Company was a venture issuer.

**1.13 Critical accounting policies and changes in accounting policies**

Financial Instruments – Recognition and Measurement.

Section 3855 requires that all financial assets, except those classified as held to maturity, and derivative financial instruments, must be measured at fair value. All financial liabilities must be measured at fair value when they are classified as held for trading; otherwise, they are measured at amortized cost. Investments and comprehensive income Investments and comprehensive income

Financial instruments – recognition and measurement.

The Company accounts for its portfolio investments as long-term investments. Section 1530 – “Comprehensive Income” of the Canadian Institute of Chartered Accountants Handbook (“CICA”) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net earnings such as unrealized gains or losses on available-for-sale investments. Other comprehensive income includes the holding gains and losses from available-for-sale securities, which are not included in income (loss) and realized.

Investments classified as available-for-sale are reported at fair market value (or mark to market) based on quoted market prices with unrealized gains or losses excluded from the earnings or loss and reported as other comprehensive income or loss.

Comprehensive income and transition adjustment to opening balance

The adoption of Sections 1530 and 3855 impacts the opening equity and losses of the Company. The unrealized gain on the available for sale securities from purchase to December 31, 2007, was \$1,018, which is reported as an adjustment to the opening balance of accumulated other comprehensive income. The unrealized loss on the available-for-sale securities for the nine months ended September 30, 2008,

**Sultan Minerals Inc.**  
**Management Discussion and Analysis**  
**for the Three and Nine Months Ended**  
**September 30, 2008**

was \$1,643, which is reported in the current period. There would be no tax impact resulting from adjustments arising from comprehensive income as there are unrecorded income tax assets that would result in no income tax being payable.

Investments available for sale are reported at fair market value (or mark to market) based on quoted market prices with unrealized gains or losses excluded from earnings and reported as other comprehensive income or loss. Investments subject to significant influence are reported at cost and not adjusted to fair market value. All of the Company's investments have been designated as available for sale.

Accounting policy choice for transaction costs

On June 1, 2007, the Emerging Issues Committee of the CICA issued Abstract No. 166, "Accounting Policy Choice for Transactions Costs" (EIC 166). This EIC addresses the accounting policy choice of expensing or adding transaction costs related to the acquisition of financial assets and financial liabilities that are classified as other than held for trading. Specifically, it requires that the same accounting policy choice be applied to all similar financial instruments classified as other than held for trading, but permits a different policy choice for financial instruments that are not similar. The Company has adopted EIC 166 effective December 31, 2007, which requires retroactive application to all transaction costs accounted for in accordance with CICA Handbook Section 3855, Financial Instruments – Recognition and Measurement. The Company has evaluated the impact of EIC 166 and determined that no adjustments are currently required.

**1.14 Financial Instruments and Other Instruments**

Section 3855 requires that all financial assets, except those classified as held to maturity, and derivative financial instruments, must be measured at fair value. All financial liabilities must be measured at fair value when they are classified as held for trading; otherwise, they are measured at cost. Investments available for sale are reported at fair market value (or mark to market) based on quoted market prices with unrealized gains or losses excluded from earnings and reported as other comprehensive income or loss. Investments subject to significant influence are reported at cost and not adjusted to fair market value. All of the Company's investments have been designated as available-for-sale.

**1.15.1 Other MD& A Requirements**

See the audited annual financial statements for the year ended December 31, 2007 and the unaudited interim financial statements for the three and nine months ended September 30, 2008.

**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 unaudited interim financial statements.

- (b) expensed research and development costs

Not applicable.



**Sultan Minerals Inc.**  
**Management Discussion and Analysis**  
**for the Three and Nine Months Ended**  
**September 30, 2008**

(c) deferred development costs

Not applicable.

(d) general administrative expenses

The required disclosure is presented in the Statements of Operations.

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

None.

### **1.15.3 Disclosure of Outstanding Share Data**

The following details the share capital structure as of November 28, 2008, the date of this MD&A, subject to minor accounting adjustments:

#### Authorized Capital

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

#### Issued and Outstanding Capital

101,950,868 common shares are issued and outstanding

#### Stock Options Outstanding

<b>Number of Options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
2,500,000	\$0.17	June 21, 2011
1,500,000	\$0.10	June 10, 2010
2,379,000	\$0.15	July 6, 2009
2,334,000	\$0.45	July 20, 2012
2,835,000	\$0.29	October 23, 2012
200,000	\$0.29	March 17, 2013
<b>11,748,000</b>		

#### Warrants Outstanding

<b>Number of Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
9,185,000	\$0.25	January 11, 2009
289,750*	\$0.16	January 11, 2009
289,750	\$0.25	January 11, 2009
3,803,000	\$0.50	December 12, 2009
319,300	\$0.50	December 12, 2009
<b>13,886,800</b>		

\* Underlying agent's warrants, exercisable at \$0.16 to receive one share and one half-warrant. Each full warrant is then exercisable until January 11, 2009 at a price of \$0.25.

#### Shareholder Rights Plan

**Sultan Minerals Inc.**  
**Management Discussion and Analysis**  
**for the Three and Nine Months Ended**  
**September 30, 2008**

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

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

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

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

## **Other Information**

### **Controls and Procedures**

In contrast to the certificate required under Multilateral Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings (MI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in MI 52-109, in particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

**Sultan Minerals Inc.**  
**Management Discussion and Analysis**  
**for the Three and Nine Months Ended**  
**September 30, 2008**

- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in MI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

### **Approval**

The Board of Directors of Sultan Minerals Inc. has approved the disclosure contained in the Interim MD&A. A copy of this Interim 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](http://www.sedar.com).

### **Caution on Forward-Looking Information**

This Interim MD&A contains "forward-looking statements". These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements.

Forward-looking statements may include, but are not limited to, statements with respect to future remediation and reclamation activities, future mineral exploration, the estimation of mineral reserves and mineral resources, the realization of mineral reserve and mineral resource estimates, the timing of activities and the amount of estimated revenues and expenses, the success of exploration activities, permitting time lines, requirements for additional capital and sources and uses of funds.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of exploration activities; actual results of remediation and reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of gold and other commodities; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of exploration and development activities.