

SULTAN MINERALS INC.  
(an exploration stage company)  
INTERIM FINANCIAL STATEMENTS  
MARCH 31, 2010 and 2009

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

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## SULTAN MINERALS INC.

(an exploration stage company)

Balance Sheets

As at March 31, 2010 and December 31, 2009

(Unaudited – prepared by management)

	March 31, 2010	December 31, 2009
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 41,731	\$ 13,629
Short-term investments	1,577,250	1,760,000
Accounts receivable	21,160	15,316
Due from related parties (Note 8)	--	5,334
Prepaid expenses	7,357	19,130
	1,647,498	1,813,409
Mineral property interests (see schedule) (Notes 4 and 11)	8,715,504	8,668,228
Investments (Note 5)	392	548
Equipment (Note 6)	7,911	11,255
Reclamation deposits	21,120	22,170
	\$ 10,392,425	\$ 10,515,610
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 88,385	\$ 78,694
Due to related parties (Note 8)	94,234	48,000
<b>Total liabilities</b>	182,619	126,694
<b>Shareholders' equity</b>		
Share capital (Note 7)	22,302,639	22,297,139
Warrants (Note 7)	328,289	328,289
Contributed surplus	3,298,055	3,298,134
Deficit	(15,715,655)	(15,531,280)
Accumulated other comprehensive loss	(3,522)	(3,366)
	10,209,806	10,388,916
	\$ 10,392,425	\$ 10,515,610

Commitments (Note 4 (d))

See accompanying notes to financial statements.

Approved by the Directors

“Arthur G. Troup”  
Arthur G. Troup

“Robin Merrifield”  
Robin Merrifield

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

## SULTAN MINERALS INC.

(an exploration stage company)

Statements of Operations and Deficit

(Unaudited – prepared by management)

	<b>Three months ended March 31,</b>	
	<b>2010</b>	<b>2009</b>
<b>Expenses (recoveries)</b>		
Amortization	\$ --	\$ 274
Legal, accounting and audit	6,087	10,191
Management fees	7,500	7,500
Office and administration	23,306	39,958
Property investigations	1,910	1,144
Salaries and benefits	71,814	84,083
Shareholder communications	62,783	41,090
Stock-based compensation	(79)	19,105
Travel and conferences	12,871	2,616
Interest and other income	(1,817)	(12,232)
	<b>184,375</b>	<b>193,729</b>
Loss before income taxes	(184,375)	(193,729)
Future income tax recovery	--	1,310
<b>Loss for the period</b>	<b>(184,375)</b>	<b>(192,419)</b>
<b>Deficit, beginning of period</b>	<b>(15,531,280)</b>	<b>(14,269,080)</b>
<b>Deficit, end of period</b>	<b>\$ (15,715,655)</b>	<b>\$ (14,461,499)</b>
<b>Loss per share, basic and diluted</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>123,928,200</b>	<b>101,950,838</b>

Statements of Comprehensive Loss  
(Unaudited – prepared by management)

	<b>Three months ended March 31,</b>	
	<b>2010</b>	<b>2009</b>
<b>Loss for the period before comprehensive loss</b>	<b>\$ (184,375)</b>	<b>\$ (192,419)</b>
Unrealized gain (loss) on investments	(156)	78
<b>Comprehensive loss</b>	<b>\$ (184,531)</b>	<b>\$ (192,341)</b>

See accompanying notes to financial statements.

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**SULTAN MINERALS INC.**

(an exploration stage company)

Statements of Shareholders' Equity

Three months ended March 31, 2010 and 2009

(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, 2008	101,950,868	\$ 22,027,355	\$ 582,974	\$ 2,374,613	\$ (3,209)	\$ (14,269,080)	\$ 10,712,653
Issued for cash							
Private placement, less share issue costs	20,000,000	193,560	328,289	--	--	--	521,849
Issued for mineral property interests and other							
Surface rights – Jersey-Emerald property	200,000	9,000	--	--	--	--	9,000
Acquisition – Victory Tungsten property	200,000	10,000	--	--	--	--	10,000
Jersey-Emerald property	250,000	12,500	--	--	--	--	12,500
Garnet Lead-Zinc Property	100,000	6,000	--	--	--	--	6,000
HB Mine	50,000	2,500	--	--	--	--	2,500
Aspen Mineral Claims	100,000	4,500	--	--	--	--	4,500
Agent's compensation	1,060,000	31,800	--	--	--	--	31,800
Shares returned to treasury	(250)	(76)	--	--	--	--	(76)
Stock-based compensation	--	--	--	340,547	--	--	340,547
Unrealized losses on investments for the year	--	--	--	--	(157)	--	(157)
Warrants expired, unexercised	--	--	(582,974)	582,974	--	--	--
Loss for the year	--	--	--	--	--	(1,262,200)	(1,262,200)
Balance, December 31, 2009	123,910,618	22,297,139	328,289	3,298,134	(3,366)	(15,531,280)	10,388,916
Issue for mineral property interest and other							
HB Mine 2	100,000	5,500	--	--	--	--	5,500
Stock-based compensation	--	--	--	(79)	--	--	(79)
Unrealized losses on investments for the period	--	--	--	--	(156)	--	(156)
Loss for the period	--	--	--	--	--	(184,375)	(184,375)
Balance, March 31, 2010	124,010,618	\$ 22,302,639	\$ 328,289	\$ 3,298,055	\$ (3,522)	\$ (15,715,655)	\$ 10,209,806

See accompanying notes to financial statements.

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## SULTAN MINERALS INC.

(an exploration stage company)

Statements of Cash Flows

(Unaudited - prepared by management)

	Three months ended March 31,	
	2010	2009
<b>Cash provided by (used for)</b>		
<b>Operations</b>		
Loss for the period	\$ (184,375)	\$ (192,419)
Items not involving cash		
Amortization	--	274
Stock-based compensation	(79)	19,105
Income tax recovery	--	(1,310)
Changes in non-cash operating working capital		
Accounts receivable	(5,844)	5,627
Due to/from related parties	51,566	(26,414)
Prepaid expenses	11,773	7,876
Accounts payable and accrued liabilities	11,000	(26,340)
	(115,959)	(213,601)
<b>Investing</b>		
Mineral property interests		
Acquisition costs	(13,083)	(4,937)
Exploration and development costs	(26,656)	(92,936)
Short-term investments redeemed (purchased)	182,750	(87,434)
Reclamation deposits	1,050	--
	144,061	(185,307)
Increase (decrease) in cash during the period	28,102	(398,908)
Cash, beginning of period	13,629	408,375
Cash, end of period	\$ 41,731	\$ 9,467
<b>Supplemental information</b>		
Stock-based compensation capitalized to mineral property interests	--	3,729
Future income tax liability capitalized to mineral property interests	--	1,310

See accompanying notes to financial statements.

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## **SULTAN MINERALS INC.**

(an exploration stage company)

Notes to Financial Statements

Three months ended March 31, 2010 and 2009

(Unaudited – prepared by management)

### **1. Nature of operations and going concern**

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. The Company has not determined whether its mineral property interests contain mineral reserves that are economically recoverable.

The accompanying interim financial statements have been prepared using Canadian generally accepted accounting principles ("Canadian GAAP") applicable to a going concern 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 and 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, 2009.

As disclosed in the financial statements, the Company has working capital, as at March 31, 2010, of \$1,464,879 (December 31, 2009 – \$1,686,715) and an accumulated deficit of \$15,715,655 (December 31, 2009 – \$15,531,280). Working capital is defined as current assets less current liabilities.

The Company has capitalized \$8,715,504 (December 31, 2009 - \$8,668,228) in acquisition and related exploration costs on the Kena property and the Jersey and Emerald properties.

As a junior resource company, the Company's ability to continue as a going concern is contingent on its ability to obtain additional financing. The current financial equity market conditions, the challenging funding environment and the low price of the Company's common shares make it difficult to raise funds by private placements of shares. The junior resource industry has been severely impacted by the world economic situation, as it is considered to be a high-risk investment. There is no assurance that the Company will be successful with any financing ventures. It is dependent upon the continuing financial support of shareholders and obtaining financing to continue exploration of its mineral property interests. The Company has sufficient working capital to conduct its operations for the next fiscal year.

The financial statements do not include any adjustments to the recoverability and classification of recorded assets, or the amounts of, and classification of liabilities that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

The amounts shown as mineral properties and related deferred costs represent costs net of recoveries to date, less amounts written off, and do not necessarily represent present or future values. Recoverability of the amounts shown for mineral properties is dependent upon the discovery of economically recoverable mineral reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain financing necessary to complete the exploration and development of its mineral property interests, and on future profitable production or proceeds from the disposition of the mineral property interests.

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## **SULTAN MINERALS INC.**

(an exploration stage company)

Notes to Financial Statements

Three months ended March 31, 2010 and 2009

(Unaudited – prepared by management)

### **2. Accounting policies**

The accounting policies followed by the Company are set out in Note 2 to the audited financial statements for the year ended December 31, 2009, and have been consistently followed in the preparation of these financial statements 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, 2010.

### **3. Future accounting pronouncements**

In January 2009, the CICA issued CICA Handbook Section 1582, "Business Combinations", which replaces former guidance on business combinations. Section 1582 establishes principles and requirements of the acquisition method and related disclosures. In addition, the CICA issued Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-controlling interests, which replaces the existing guidance. Section 1601 establishes standards for the preparation of consolidated financial statements and Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards apply prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011, with earlier application permitted. The Company adopted this standard effective December 31, 2009, with no impact on the Company's interim financial statements.

### **4. Mineral property interests**

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

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

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

The Jersey and Emerald Properties are comprised of several claims that have been purchased or are under option. The properties are contiguous. The properties are located near the community of Salmo in southeastern British Columbia. In the three months ended March 31, 2010, the Company entered into an agreement to acquire a 100% interest in the HB Lead-Zinc Property, comprised of a 100-hectare mineral claim, Tenure Number 693188, located at UTM coordinates 5,443,100N and 485,600E near Salmo, British Columbia, Canada.

Under the terms of the agreement, the Company earned a 100% interest in the property by making a cash payment of \$10,000 and issuing 100,000 common shares.

#### **(d) Mineral Property Interests Commitments**

To maintain its mineral property interests, the Company is required to make monthly cash payments in fiscal 2010 of \$750 for lease of surface property rights. In fiscal 2010, the Company will have to make cash payments of \$18,000, and issue 150,000 common shares with respect to its mineral property interests held at December 31, 2009.

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

## SULTAN MINERALS INC.

(an exploration stage company)

Notes to Financial Statements

Three months ended March 31, 2010 and 2009

(Unaudited – prepared by management)

### 5. Investments

	Number of Shares	Book Value March 31, 2010	Fair Value March 31, 2010	Fair Value December 31, 2009
Emgold Mining Corporation (Note 8 (c))	1,565	\$ 3,913	\$ 392	\$ 548
<b>Total Investments</b>		\$ 3,913	\$ 392	\$ 548

As at March 31, 2010, investments in available-for-sale securities consist of marketable securities which had a market value of \$392 (December 31, 2009 - \$548). The carrying amount of these securities are subject to revaluation on a mark-to-market basis at the end of each reporting period, and the increases or decreases arising on revaluation are recorded in Accumulated Other Comprehensive Income ("AOCI"), a component of shareholders' equity.

### 6. Equipment

	Cost	Accumulated Amortization	Net Book Value March 31, 2010	Cost	Accumulated Amortization	Net Book Value December 31, 2009
Office equipment	\$ 3,283	\$ 3,283	\$ --	\$ 3,283	\$ 3,283	\$ --
Computer equipment	11,856	11,339	517	11,856	10,963	893
Field and mining equipment	49,614	47,539	2,075	49,614	46,760	2,854
Vehicles	26,271	20,952	5,319	26,271	18,763	7,508
	\$ 91,024	\$ 83,113	\$ 7,911	\$ 91,024	\$ 79,769	\$ 11,255

### 7. 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 Statements of Shareholders' Equity.

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## SULTAN MINERALS INC.

(an exploration stage company)

Notes to Financial Statements

Three months ended March 31, 2010 and 2009

(Unaudited – prepared by management)

### 7. Share capital (continued)

#### (c) 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 March 31, 2010:

Weighted Average Exercise Price	Number Outstanding at March 31, 2010	Weighted Average Remaining Contractual Life
\$0.10	1,500,000	0.2 years
\$0.17	2,425,000	1.2 years
\$0.45	2,230,000	2.3 years
\$0.29	2,670,000	2.6 years
\$0.29	200,000	3.0 years
\$0.10	5,670,000	4.2 years
\$0.10	500,000	4.7 years
\$0.20	15,195,000	2.8 years

A summary of the stock options for the three months ended March 31, 2010 and year ended December 31, 2009, is presented below:

	Shares	Weighted Average Exercise Price
Balance, March 31, 2010 and December 31, 2009	15,195,000	\$0.20
Vested, March 31, 2010	15,090,000	\$0.20

#### (d) Share purchase warrants

As at March 31, 2010, 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
13,333,333	\$0.06/\$0.12	June 30, 2010/2014
706,666	\$0.06/\$0.12	June 30, 2010/2014
2,247,600	\$0.05	June 30, 2014
1,498,400	\$0.06/\$0.12	June 30, 2010/2014
17,785,999		

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

## **SULTAN MINERALS INC.**

(an exploration stage company)

Notes to Financial Statements

Three months ended March 31, 2010 and 2009

(Unaudited – prepared by management)

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

#### (e) Shareholder rights plan

The Company's board of directors and shareholders approved the adoption of a Shareholder Rights Plan (the "Rights Plan"). Effective October 31, 2006, the rights (the "Rights") were issued and attached to all of the Company's outstanding common shares. The Rights will become exercisable only if a person, together with its affiliates, associates and acting jointly, acquires or announces its intention to acquire beneficial ownership of the Company's common shares which when aggregated with its current holdings total 20% or more of the outstanding common shares (determined in the manner set out in the Rights Plan). The Rights will permit the holder 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).

### **8. Related party transactions and balances**

	<b>Three months ended March 31,</b>	
	<b>2010</b>	<b>2009</b>
Services rendered and reimbursement of expenses:		
Quorum Management and Administrative Services Inc. (a)	\$ 71,354	\$ 123,808
Lang Mining Corporation (b)	7,500	7,500
Directors' fees	10,500	12,000
	<b>March 31,</b>	<b>December 31,</b>
Balances receivable from (d):	<b>2010</b>	<b>2009</b>
Quorum Management and Administrative Services Inc. (a)	\$ --	\$ 5,334
Balances payable to (d):		
Quorum Management and Administrative Services Inc. (a)	\$ 44,609	\$ --
Lang Mining Corporation (b)	2,625	--
Directors' fees	47,000	48,000
	\$ 94,234	\$ 48,000

(a) Management, administrative, geological and other services are provided by Quorum Management and Administrative Services Inc. ("Quorum") at market rates for the rental of office space and services provided by Quorum.

(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.

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

## **SULTAN MINERALS INC.**

(an exploration stage company)

Notes to Financial Statements

Three months ended March 31, 2010 and 2009

(Unaudited – prepared by management)

### **8. Related party transactions and balances**

- (c) The Company's investments include shares in a listed company with a common director.
- (d) 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.

### **9. Financial instruments**

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. The disclosures in the notes to these financial statements describe how the categories of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognized.

As at March 31, 2010, the classification of the financial instruments, as well as their carrying values and fair values, with comparative figures for December 31, 2009, are shown in the table below:

	<b>March 31, 2010</b>		<b>December 31, 2009</b>	
	<b>Fair Value</b>	<b>Carrying Value</b>	<b>Fair Value</b>	<b>Carrying Value</b>
<b>Financial assets</b>				
Cash	\$ 41,731	\$ 41,731	\$ 13,629	\$ 13,629
Short-term investments	1,577,250	1,577,250	1,760,000	1,760,000
Accounts receivable	21,160	21,160	15,316	15,316
Investments	392	392	548	548
Due from related parties	--	--	5,334	5,334
<b>Financial liabilities</b>				
Accounts payable and accrued liabilities	88,385	88,385	78,694	78,694
Due to related parties	94,234	94,234	48,000	48,000

The fair values of the Company's financial instruments measured at March 31, 2010, constitute Level 1 measurements for its cash, short-term investments and investments within the fair value hierarchy defined under Canadian GAAP.

The Company recognized interest income during the three months ended March 31, 2010, totalling \$1,817. This is primarily interest income from the Company's short-term investments. This balance represents interest income from all sources.

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## **SULTAN MINERALS INC.**

(an exploration stage company)

Notes to Financial Statements

Three months ended March 31, 2010 and 2009

(Unaudited – prepared by management)

### **9. Financial instruments (continued)**

#### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company's maximum exposure to credit risk at the balance sheet date under its financial instruments is summarized as follows:

	<b>March 31, 2010</b>
Accounts and other receivables -	
Currently due	\$ 21,160
Past due by 90 days or less, not impaired	--
Past due by greater than 90 days, not impaired	--
	21,160
Cash	41,731
Short-term investments	1,577,250
	\$ 1,640,141

Substantially all of the Company's cash is held with major financial institutions in Canada, and management believes the exposure to credit risk with such institutions is not significant. Those financial assets that potentially subject the Company to credit risk are primarily its investment in marketable securities of publicly-traded companies and any receivables. The Company has increased its focus on credit risk given the impact of the current economic climate. The Company considers the risk of material loss to be significantly mitigated due to the financial strength of the major financial institutions where cash and term deposits are held. The Company's maximum exposure to credit risk as at March 31, 2010, is the carrying value of its financial assets.

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements as well as the growth and development of its mineral property interests. The Company coordinates this planning and budgeting process with its financing activities through the capital management process described in note 12, in normal circumstances. The Company's financial liabilities are comprised of its accounts payable and accrued liabilities and amounts due to related parties, the contractual maturities of which at March 31, 2010, are summarized as follows:

	<b>March 31, 2010</b>
Accounts payable and accrued liabilities with contractual maturities –	
Within 90 days or less	\$ 88,385
In later than 90 days, not later than one year	--
Due to related parties with contractual maturities	
Within 90 days or less	94,234
In later than 90 days, not later than one year	--

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## **SULTAN MINERALS INC.**

(an exploration stage company)

Notes to Financial Statements

Three months ended March 31, 2010 and 2009

(Unaudited – prepared by management)

### **9. Financial instruments (continued)**

#### Market risks

The significant market risks to which the Company is exposed include 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 risk associated with fluctuations in the market prices of gold, copper, zinc, lead, molybdenum and tungsten, and the outlook for these metals. The Company's ability to raise capital is affected by the prices of commodities that the Company is exploring for on its mineral property interests. The Company does not have any hedging or other derivative contracts respecting its operations.

Market prices for these metals have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, levels of worldwide production, short-term changes in supply and demand, industrial and retail demand, central bank lending, and forward sales by producers and speculators. The Company has elected not to actively manage its commodity price risk.

- Interest rate risk

The Company has no significant exposure at March 31, 2010, to interest rate risk through its financial instruments.

- Currency risk

Fluctuations in United States dollars would not significantly impact the operations and the values of its assets and shareholders' equity at this time. If the Company were to go into production, the Company would be subject to more foreign currency risk from fluctuations in the Canadian dollar relative to the United States dollar, due to metals prices and their denomination in United States dollars.

### **10. Management of capital**

The Company's objective in managing capital is to maintain adequate levels of funding to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral property interests in British Columbia and to maintain a flexible capital structure which will optimize the costs of capital.

The Company endeavours to manage its capital structure in a manner that provides sufficient funding for operational activities through funds primarily secured through equity capital obtained in private placements. There can be no assurances that the Company will be able to continue raising capital in this manner.

Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this form of financing due to the current difficult conditions. The Company makes adjustments to its management of capital in the light of changes in economic conditions and the risk characteristics of its assets, seeking to limit shareholder dilution and optimize its costs of capital while maintaining an acceptable level of risk. The Company currently has sufficient funds for operations but must rely on equity financings, or forms of joint venture or other types of financing to continue exploration and development work and to meet its administrative overhead costs in future years (See Note 1).

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## **SULTAN MINERALS INC.**

(an exploration stage company)

Notes to Financial Statements

Three months ended March 31, 2010 and 2009

(Unaudited – prepared by management)

### **10. Management of capital (continued)**

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with maturities allowing the Company to withdraw funds at intervals needed for the expected timing of expenditures in its operations.

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

## SULTAN MINERALS INC.

(an exploration stage company)

Notes to Financial Statements

Three months ended March 31, 2010

(Unaudited – prepared by management)

Note 11: 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 March 31, 2010</b>
<b>Acquisition costs</b>				
Balance, beginning of period	\$ 515,636	\$ 627,431	\$ 1	\$ 1,143,068
Incurred during the period	--	18,583	--	18,583
Balance, end of period	515,636	646,014	1	1,161,651
<b>Exploration and development costs</b>				
Incurred during the period				
Assays and analysis	--	(9,634)	--	(9,634)
Geological and geophysical	4,585	21,043	140	25,768
Site activities	1,488	10,848	--	12,336
Travel and accommodation	--	223	--	223
	6,073	22,480	140	28,693
Balance, beginning of period	2,827,074	4,698,086	--	7,525,160
Balance, end of period	2,833,147	4,720,566	140	7,553,853
<b>Total Mineral Property Interests</b>	<b>\$ 3,348,783</b>	<b>\$ 5,366,580</b>	<b>\$ 141</b>	<b>\$ 8,715,504</b>

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

## SULTAN MINERALS INC.

(an exploration stage company)

Notes to Financial Statements

Year ended December 31, 2009

(Unaudited – prepared by management)

Note 11: 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 December 31, 2009</b>
<b>Acquisition costs</b>				
Balance, beginning of year	\$ 512,065	\$ 523,581	\$ 1	\$ 1,035,647
Incurred during the year	3,571	103,850	--	107,421
Balance, end of year	515,636	627,431	1	1,143,068
<b>Exploration and development costs</b>				
Incurred during the year				
Assays and analysis	937	57,783	--	58,720
Drilling	--	209,082	--	209,082
Geological and geophysical	55,555	173,083	--	228,638
Site activities	3,656	59,742	--	63,398
Stock-based compensation	--	56,003	--	56,003
Travel and accommodation	6,110	20,846	--	26,956
	66,258	576,539	--	642,797
Balance, beginning of year	2,792,648	4,928,069	--	7,720,717
Mineral exploration tax credits	(31,832)	(806,522)	--	(838,354)
Balance, end of year	2,827,074	4,698,086	--	7,525,160
<b>Total Mineral Property Interests</b>	<b>\$ 3,342,710</b>	<b>\$ 5,325,517</b>	<b>\$ 1</b>	<b>\$ 8,668,228</b>

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**1.1 Date**

The effective date of this Management's Discussion and Analysis ("MD&A") is May 26, 2010.

**1.2 Overview**

This Management's 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 MD&A should be read in conjunction with the audited financial statements of Sultan Minerals Inc. for the Company's interim financial statements for the years ended December 31, 2009 and 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 three months ended March 31, 2010 ("fiscal 2010") was \$184,375 or \$0.00 per share compared to a loss of \$192,419 or \$0.00 per share for the three months ended March 31, 2009 ("fiscal 2009"), after income tax recovery of \$1,310, related to capitalized stock-based compensation.
- During fiscal 2010, operations utilized cash of \$115,959 compared to \$213,601 in fiscal 2009.
- Expenditures on mineral property interests totalled \$47,276 in fiscal 2010 compared to \$60,459 in fiscal 2009. The expenditures were incurred on the following mineral properties in fiscal 2010, with the fiscal 2009 numbers in brackets: Kena - \$6,073 (\$3,878), Stephens Lake - \$140 (\$Nil), and the Jersey and Emerald properties - \$41,063 (\$56,581). There were no mineral property write-downs in either fiscal period.

**1.2.1 Jersey – Emerald Property, British Columbia**

The approximate 20,000-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 2-square kilometre area that provides excellent access to the margins of the recently identified molybdenum deposit.

During the three months ended March 31, 2010, the Company entered into an agreement to acquire a 100% interest in the HB Lead-Zinc Property, comprised of a 100-hectare mineral claim, Tenure Number 693188, located at UTM coordinates 5,443,100N and 485,600E near Salmo, British Columbia, Canada.

Under the terms of the agreement, the Company earned a 100% interest in the property by making a cash payment of \$10,000 and issuing 100,000 common shares.

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Sultan's Jersey Emerald property includes British Columbia's second and third largest historic lead-zinc mines. The HB showing was initially staked in 1907 and put into production in a limited manner in 1912. In 1927 the property was acquired by the Consolidated Mining and Smelting Company ("Cominco"). Exploration by Cominco in 1949-1950 led to the discovery of three parallel, steeply dipping, ore zones extending for 900 metres in a north-south direction across the claims. In 1955 the HB Mine was put into production at 1,000 tons/day. Ten years later in 1965 the adjacent Garnet Lead-Zinc Mine was put into production as part of Cominco's HB mining operation.

Between 1912 and 1978 the Garnet and HB mines are reported to have produced a total of 6,656,101 tonnes of ore at an average grade of 4.1% Zn, 0.8% Pb and 4.8 g/tonne Ag. (BC Geological Survey, Detail Production Report, MINFILE). Seventy percent of this production is estimated to have been mined from the HB Mine deposits.

The Garnet and HB mines closed in August 1978. As of December 31, 1978, the remaining measured and indicated reserves for the HB Mine were reported by Canadian Pacific Limited as approximately 36,287 tonnes grading 0.1 per cent lead and 4.1 per cent zinc (Energy, Mines and Resources Canada Mineral Bulletin MR 198, page 209). Recovered from this ore were 29,425,521 grams of silver, 49,511,536 kilograms of lead, 260,431,646 kilograms of zinc, 2,019,586 kilograms of cadmium, 105,412 kilograms of copper and 6,159 grams of gold. (Energy, Mines and Resources Canada Mineral Bulletin MR 198, page 209).

**Readers are cautioned that the grades, resource figures and production figures quoted in this release are historical in nature and were compiled before the implementation of NI 43-101 Standards for Disclosure of Mineral Projects.**

The Company is taking the necessary steps to advance the known molybdenum and tungsten deposits at the Jersey-Emerald mine as is evident by our land acquisitions and our current drilling program. 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), and in the Company's annual MDA which can also be found on the two websites noted earlier.

In early 2010 the Company completed a magnetometer geophysical survey on its HB and Garnet Zinc Properties which has identified two, new, high priority, geophysical targets. The two targets lie adjacent to and along strike from the two historic mines. Together the two new targets rival the combined size of the two historic mines.

The eastern magnetic anomaly is situated along strike to the north of the historic Garnet Zinc mine suggesting the possibility of an extension to the historic mine. This target is comparable in size to the former Garnet mine. The magnetic anomaly is believed to be caused by the mineral pyrrhotite which is locally associated with the zinc mineralization. The Garnet deposit was mined as an open cut and thus only gives a magnetic response over a remnant pillar at the south end of the deposit.

The second geophysical target is situated 400 metres west of the Garnet Mine and trends parallel to both the Garnet and HB deposits. This target is more than 800 metres in length and is comparable in size to the combined Garnet and HB deposits. The target appears to be sub surface plunging to the north but may be exposed on surface at its south end.

A recently completed soil geochemical survey over the HB and Garnet Zinc zones shows potential for extensions and parallel zones of lead-zinc mineralization. Analytical results identify multiple zinc anomalies where many samples exceed 10,000 ppm, the upper limit of laboratory detection. The principal soil anomaly is centered over the Garnet Zinc Mine but extends far beyond the original deposit. This strong, 900-metre long, lead and zinc anomaly extends for 300 metres to the north and 300 metres to the south of the historic Garnet workings and remains open to the south. The north end of the soil

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anomaly partially overlaps with a magnetic geophysical anomaly which is believed to be reflecting mineralization at depth. Two parallel soil anomalies lie to the west of the Garnet Mine suggesting potential for additional lead-zinc mineralization in an area that has never been drill tested. The western most soil anomaly coincides with the southern end of a strong magnetic geophysical anomaly that is believed to plunge to the north where it exists below surface for a distance of 900 metres beyond the zinc soil anomaly.

Several areas of elevated lead and zinc concentrations occur to the east of the Garnet zone. These areas are believed to be reflecting surface exposures of the HB Zinc deposit and the associated mine workings. A large database of historical mine records including mine plans, mine sections, drill logs and geological maps was acquired with the property and is being reviewed.

In May 2010 Sultan received its exploration permit to allow for trenching and drilling within the HB-Garnet mines area of the Jersey-Emerald property. Critchlow Diamond Drilling of Salmo, BC, has been contracted to complete up to 1500 metres of drilling commencing later in May.

Targets for drilling have been defined by elevated lead and zinc in soil geochemistry coincident with elevated magnetic response. The magnetic data is currently being analyzed by Peter E. Walcott and Associates to assist with target definition and drill-hole placement. Of particular interest to Sultan is a 900-metre long magnetic anomaly that is located approximately 250 metres west of the historic mine workings. Coincident lead and zinc soil anomalies suggest potential for lead-zinc mineralization in an area that has never been drill tested.

Sultan's consultants continue to process the large database of historical mine records, including paper-drafted mine plans, mine sections, drill logs and geological maps that were acquired with the property. Mr. Ed Lawrence, P.Eng, former Manager of Sultan's adjacent Jersey and Emerald Mines, is undertaking a review of the historical HB and Garnet mine records. Preliminary inspection of this information suggests that the south end of the Garnet zinc deposit remains open and may extend to the south far beyond the previous mining operations.

Exploration expenditures on the Jersey-Emerald property in fiscal 2010 with the fiscal 2009 comparative figures shown in parentheses include the following: assays and analysis – recovery of \$9,634 (\$10,976); drilling geological and geophysical – \$21,043 (\$21,501); travel and accommodation – \$223 (\$2,214); stock-based compensation and future income tax recovery - \$Nil (\$5,039); and site activities – \$10,848 (\$14,601). Acquisition costs of \$18,583 (\$2,250) were incurred.

Mr. Ed Lawrence, P.Eng. is managing the ongoing diamond drilling programs. Mr. Perry Grunenber, 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 Becquerel Laboratories in Mississauga, Ontario for tungsten and Assayers Canada in Vancouver, BC for other elements.

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

Sultan's 8,173-hectare Kena Gold-Copper Project located near the community of Ymir in southeastern British Columbia encompasses two areas of porphyry-style gold mineralization – the Gold Mountain and Kena Gold Zones situated within an 8.0-km long gold geochemical anomaly. Sultan tested the two zones with 12,000 metres of diamond drilling in 80 drill holes and a preliminary NI 43-101 resource estimate was prepared by Giroux Consultants Ltd. in June 2004. The report shows a measured and indicated resource of 11,820,000 tonnes containing 381,000 ounces of gold at an average grade of 1.0 g/T using a

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0.5 g/T cut-off grade for gold. An additional inferred resource of 12,150,000 tonnes containing 389,000 ounces of gold at the same grade (June 7, 2004, News Release) expands the potential size and should be increased with additional diamond drilling.

Exploration expenditures on the Kena property in fiscal 2010, with the fiscal 2009 comparative figures shown in parentheses, include the following: geological and geophysical – \$4,585 (\$728) and site activities – \$1,488 (\$463). Acquisition costs of \$Nil (\$2,687) were incurred.

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 Other Properties, British Columbia**

Sultan has staked 570 hectares of mineral tenures adjacent to the Gibraltar Porphyry Copper-Molybdenum Mine ("Gibraltar Mine") in south central British Columbia, Canada. The road accessible property is located 1,500 metres west of the Gibraltar Mine, approximately 40 kilometres north of the community of Williams Lake BC. The Gibraltar Mine is the second largest porphyry copper mine in British Columbia. Production commenced in 1972 and to date it has been reported that 350 million tonnes of ore have been mined and milled giving 2.1 billion pounds of copper and 22.0 million pounds of molybdenum. Proven and probable reserves are currently 470 million tons grading 0.315% copper and 0.008% molybdenum.

Sultan's adjacent property overlies the west margin of the Granite Mountain pluton, which is host to the Gibraltar orebodies. The property has had little previous exploration. The claims were acquired as part of Sultan's ongoing program of acquiring underexplored properties in proven mining camps.

Sultan has contracted Peter E. Walcott & Associates to review the property and make recommendations for a geophysical survey that will investigate the property's potential for porphyry copper-molybdenum mineralization.

### **1.2.4 Mineral Property Option Payments Due In Fiscal 2010**

To maintain its mineral property interests, the Company is required to make monthly cash payments in fiscal 2010 of \$750 for lease of surface property rights and will have to make cash payments in the year ended December 31, 2010, of \$21,000, and issue 150,000 common shares with respect to its mineral property interests held at December 31, 2009.

### **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 was US\$603 per ounce. In 2007 gold averaged US\$693 per ounce, in 2008 the average price per ounce was US\$872 and in 2009 the average price per ounce was US\$972. In 2010, the price of gold has averaged US\$1129 to May 18. The average price for molybdenum (roasted) in 2006 was US\$25.56 per pound, US\$29.72 per pound in 2007 and US\$24.55 per pound in 2008. The price in 2009 averaged US\$12.50 per pound with a price of US\$17.15 at March 31, 2010. The price of tungsten has remained relatively stable at between US\$210 to US\$215/MTU for APT concentrate (as of March 31, 2010, it was US\$212/MTU Source - Metals Bulletin). The price of lead in 2009 was US\$0.80 per pound and at April 13, 2010 was US\$1.05 per pound, and the average price of zinc in 2009 was US\$0.80 per pound and currently sits at US\$1.07 per pound.

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**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, 2009	As at December 31, 2008	As at December 31, 2007
Current assets	\$ 1,813,409	\$ 2,128,442	\$ 4,361,691
Mineral property interests	8,668,228	8,756,364	7,120,104
Other assets	33,973	53,231	75,138
<b>Total assets</b>	<b>10,515,610</b>	<b>10,938,037</b>	<b>11,556,933</b>
Current liabilities	126,694	225,384	236,718
Long-term debt	--	--	44,000
Shareholders' equity	10,388,916	10,712,653	11,276,215
<b>Total shareholders' equity and liabilities</b>	<b>10,515,610</b>	<b>10,938,037</b>	<b>11,556,933</b>
<b>Working capital (current assets less current liabilities)</b>	<b>1,686,715</b>	<b>1,903,058</b>	<b>4,124,973</b>
	<b>Year ended December 31, 2009</b>	<b>Year ended December 31, 2008</b>	<b>Year ended December 31, 2007</b>
<b>Expenses (recoveries)</b>			
Amortization	\$ 365	\$ 1,711	\$ 2,020
Debt finance adjustment	(3,000)	18,000	(14,000)
Legal, accounting and audit	60,498	35,719	56,428
Management and consulting fees	30,000	57,750	45,000
Office and administration	156,726	136,056	94,339
Salaries and benefits	326,985	295,897	221,429
Shareholder communications	190,196	352,205	263,175
Stock-based compensation	299,019	476,653	677,726
Termination fee	250,000	--	--
Travel and conferences	4,863	49,517	34,400
	1,351,652	1,423,508	1,380,517
Property investigations	3,902	1,418	4,352
Write-down of mineral property interests	--	82,809	92,736
Interest and other income	(42,866)	(90,235)	(141,173)
<b>Loss before income taxes</b>	<b>(1,276,688)</b>	<b>(1,417,500)</b>	<b>(1,336,432)</b>
Income tax (recovery) expense – current	--	--	--
– future income taxes	14,488	385,487	68,172
<b>Loss for the year</b>	<b>\$ (1,262,200)</b>	<b>\$ (1,032,013)</b>	<b>\$ (1,268,260)</b>
<b>Loss per share – basic and diluted</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>112,981,330</b>	<b>101,626,050</b>	<b>86,200,248</b>
<b>Number of common shares issued and outstanding, end of year</b>	<b>123,910,618</b>	<b>101,950,858</b>	<b>100,226,518</b>

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**1.4 Results of Operations**

	<b>Three months ended March 31,</b>	
	<b>2010</b>	<b>2009</b>
<b>Expenses (recoveries)</b>		
Amortization	\$ --	\$ 274
Legal, accounting and audit	6,087	10,191
Management fees	7,500	7,500
Office and administration	23,306	39,958
Property investigations	1,910	1,144
Salaries and benefits	71,814	84,083
Shareholder communications	62,783	41,090
Stock-based compensation	(79)	19,105
Travel and conferences	12,871	2,616
Interest and other income	(1,817)	(12,232)
	<b>184,375</b>	<b>193,729</b>
Loss before income taxes	(184,375)	(193,729)
Future income tax recovery	--	1,310
<b>Loss for the period</b>	<b>(184,375)</b>	<b>(192,419)</b>
<b>Loss per share, basic and diluted</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>123,928,200</b>	<b>101,950,838</b>

Sultan's loss for fiscal 2010 was \$184,375 or \$0.00 per share compared to a loss of \$192,419 or \$0.00 per share for fiscal 2009, after income tax recovery of \$1,310, related to capitalized stock-based compensation.

**Revenue**

Sultan has no source of revenue. Interest earned on excess cash is incidental income. Interest and other income decreased from \$12,232 in fiscal 2009 to \$1,817 in fiscal 2009, due to lower cash balances and lower interest rates in fiscal 2010.

**Expenses**

Legal, accounting and audit decreased from \$10,191 in fiscal 2009 to \$6,087 in fiscal 2010. Audit fees are accrued throughout the fiscal year. Legal fees are ongoing and will vary depending on the activity during the period.

Management fees of \$2,500 per month are paid to Lang Mining Corporation, a private company, for the services of Frank Lang as Chairman of the Company, for an annual fee of \$30,000, or \$7,500 in each quarterly period.

Office and administration costs decreased from \$39,958 in fiscal 2009 to \$23,306 in fiscal 2010. The office and administration costs include rent, shared office services and other costs related to administration of a public company. Included in fiscal 2009 is \$12,000 in accrued directors' fees. Directors' fees were finalized in April 2010, and will be paid at a total of \$3,500 per month for the three outside directors. The Company continues to rent space from Quorum and pay market rates for the services of Quorum.

Salaries and benefits decreased from \$84,083 in fiscal 2009 to \$71,814 in fiscal 2010. The salaries change depending on activity levels provided by Quorum.

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In fiscal 2009, there was \$19,105 in stock-based compensation expense, compared with a recovery of \$79 related to revaluation of unvested stock options granted to consultants in fiscal 2009. In addition, stock-based compensation expense of \$3,729, based on the B-S valuation model, was capitalized to mineral property interests in fiscal 2009. No stock-based compensation was capitalized relating to options granted in fiscal 2010. The B-S option valuation model was developed for use in estimating the fair value of traded options that are fully transferable and have no vesting restrictions. The Company's stock options are not transferable and cannot be traded. The B-S model also requires an estimate of expected volatility. The Company uses historical volatility rates of the Company to arrive at an estimate of expected volatility.

Shareholder communications costs have increased from \$41,090 in fiscal 2009 to \$62,783 in fiscal 2010. The Company utilized the services of Arbutus Enterprises Ltd. - \$6,000 (2009 - \$6,000) and Horng Kher (Marc) Lee - \$18,000 (2009 - \$18,000). Other shareholder activities consist of web site maintenance and development, transfer agent fees, regulatory and filing fees and all costs associated with timely disclosure of information.

Travel and conference expenses increased from \$2,616 in fiscal 2009 to \$12,871 in fiscal 2010. The Company attended the Prospectors and Developers Conference in fiscal 2010, contributing to the higher expense in that period.

Property investigation costs increased from \$1,144 in fiscal 2009 to \$1,910 in fiscal 2010. 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.

### **1.5 Summary of Quarterly Results**

The table below provides, for each of the most recent eight quarters, a summary of acquisition and exploration costs on a project-by-project basis and of corporate expenses, net of interest income, mineral property write-downs and property investigations.

	<b>Kena property. British Columbia</b>	<b>Jersey Emerald and other properties</b>	<b>General and adminis- trative expenses (Note 1)</b>	<b>Loss per quarter</b>	<b>Loss per share</b>
<b>2008</b>					
Second Quarter	6,356	441,502	357,497	323,439	\$0.00
Third Quarter	17,403	379,885	355,149	315,543	\$0.00
Fourth Quarter	18,081	218,671	296,462	388,112	\$0.00
<b>2009</b>					
First Quarter	3,878	56,581	204,817	192,419	\$0.00
Second Quarter	6,889	232,505	479,819	475,009	\$0.01
Third Quarter	21,925	261,714	191,158	189,422	\$0.00
Fourth Quarter	37,137	129,589	439,858	405,350	\$0.00
<b>2010</b>					
First Quarter	6,073	41,203	184,282	184,375	\$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.

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## **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 March 31, 2010, Sultan's working capital, defined as current assets less current liabilities, was \$1,464,879 (December 31, 2009 - \$1,686,715). The Company's cash in excess of current expenditures is held in Guaranteed Investment Certificates or Treasury Bills.

Management, administrative, geological, office rent and other services are provided by Quorum Management and Administrative Services Inc. ("Quorum") at market rates.

### **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 March 31, 2010, Sultan had capitalized \$8,715,504, representing costs associated with the acquisition and exploration of its mineral property interests in British Columbia and Manitoba.

In fiscal 2010, the Company entered into an agreement to acquire a 100% interest in the HB Lead-Zinc Property, comprised of a 100-hectare mineral claim, Tenure Number 693188, located at UTM coordinates 5,443,100N and 485,600E near Salmo, British Columbia, Canada. .

Under the terms of the agreement, the Company earned a 100% interest in the property by making a cash payment of \$10,000 and issuing 100,000 common shares.

## **1.7 Capital Resources**

During the three months ended March 31, 2010, the Company did not complete any form of financings.

In the year ended December 31 2009, the Company received refunds of its 2006, 2007 and 2008 METC claims in the amount of \$838,354 plus interest. This has provided additional working capital to the Company to be used in its exploration activities. The METC refunds may be subject to audit. The Company will apply for credits related to exploration incurred in the year ended December 31, 2009, but no forms have been completed. Any METC credits received as of the date of this Quarterly MD&A may be subject to audit.

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 March 31, 2010 and December 31, 2009, 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.

### **Management of capital**

The Company's objective in managing capital is to maintain adequate levels of funding to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral

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property interests in British Columbia and to maintain a flexible capital structure which will optimize the costs of capital.

The Company endeavours to manage its capital structure in a manner that provides sufficient funding for operational activities through funds primarily secured through equity capital obtained in private placements. There can be no assurances that the Company will be able to continue raising capital in this manner.

Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this form of financing due to the current difficult conditions. The Company makes adjustments to its management of capital in the light of changes in economic conditions and the risk characteristics of its assets, seeking to limit shareholder dilution and optimize its costs of capital while maintaining an acceptable level of risk. The Company currently has sufficient funds for operations but must rely on equity financings, or forms of joint venture or other types of financing to continue exploration and development work and to meet its administrative overhead costs in future years.

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with maturities allowing the Company to withdraw funds at intervals needed for the expected timing of expenditures in its operations.

**1.8 Off-Balance Sheet Arrangements**

None.

**1.9 Transactions with Related Parties**

	<b>Three months ended March 31,</b>	
Services rendered and reimbursement of expenses:	<b>2010</b>	<b>2009</b>
Quorum Management and Administrative Services Inc. (a)	\$ 71,354	\$ 123,808
Lang Mining Corporation (b)	7,500	7,500
Directors' fees	10,500	12,000
	<b>March 31,</b>	<b>December 31,</b>
Balances receivable from (d):	<b>2010</b>	<b>2009</b>
Quorum Management and Administrative Services Inc. (a)	\$ --	\$ 5,334
	<b>March 31,</b>	<b>December 31,</b>
Balances payable to (d):	<b>2010</b>	<b>2009</b>
Quorum Management and Administrative Services Inc. (a)	\$ 44,609	\$ --
Lang Mining Corporation (b)	2,625	--
Directors' fees	47,000	48,000
	\$ 94,234	\$ 48,000

(a) Management, administrative, geological and other services are provided by Quorum Management and Administrative Services Inc. ("Quorum") at market rates for the rental of office space and services provided by Quorum.

(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.

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- (c) The Company's investments include shares in a listed company with a common director.
- (d) 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 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.

#### **1.11 Critical Accounting Estimates**

As at March 31, 2010, the Company was a venture issuer.

#### **1.12 Critical accounting policies and changes in accounting policies**

The accounting policies followed by the Company are set out in Note 2 to the audited financial statements for the year ended December 31, 2009, and have been consistently followed in the preparation of these financial statements.

*(a) International financial reporting standards ("IFRS")*

In 2006, the 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 apply IFRS. The changeover is effective 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 of comparative amounts reported by the Company for the year ending December 31, 2010.

The Company's IFRS conversion plan will include consideration of the impacts of IFRS on the Company's consolidated financial statements, internal control over financial reporting, information systems and business activities such as income and expenses denominated in currencies in other than United States dollars, compensation metrics, and personnel and training requirements. Management expects minimal impact on information systems and compensation metrics will arise from converting to IFRS.

The IFRS conversion plan will include a high-level impact assessment of IFRS effective in 2010, as relevant to the Company. This initial assessment will identify those standards of high or medium priority to the Company, based on a number of factors pertinent to the Company. The International Accounting Standards Board has activities currently underway which may, or will, change the standards effective upon the Company's adoption of IFRS, and therefore may impact this initial high-level assessment. The Company will assess any such change as a component of its detailed impact assessment and update its IFRS conversion plan as appropriate.

The Company will review in detail any areas that they have determined may have a high or medium level of impact on the Company's consolidated financial statements. This phase involves detailed review of IFRS relevant to the Company and identification of all differences between existing Canadian GAAP and IFRS, along with quantification of impact on key line items and disclosures. The phase includes identification, evaluation and selection of accounting policies necessary for the Company's conversion to

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IFRS and evaluation of the impact on outstanding operational elements such as budgeting. The Company has commenced a high level review but has not yet outlined a detailed review of IFRS relevant to the Company and identification of key differences. The Company expects to complete this before the end of the third quarter of fiscal 2010.

Once the areas that will require detailed review are identified, the Company will make the required changes for conversion to IFRS into the underlying financial close and reporting process and business processes. This will include finalization and approval of accounting policy changes, collection of financial information necessary to prepare IFRS compliant consolidated financial statements, implementation of additional internal controls, and preparation and approval of completed IFRS consolidated financial statements. The IFRS changeover is expected to impact the presentation and/or valuations of balances and transactions in the Company's quarterly and annual consolidated financial statements and related notes effective January 1, 2011, including comparative figures for the year ended December 31, 2010. The Company has commenced its high-level diagnostic and once it is complete, the Company will be able to describe or quantify the effects on its consolidated financial statements.

**Future accounting pronouncements**

In January 2009, the CICA issued CICA Handbook Section "1582, "Business Combinations", which replaces former guidance on business combinations. Section 1582 establishes principles and requirements of the acquisition method and related disclosures. In addition, the CICA issued Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-controlling interests, which replaces the existing guidance. Section 1601 establishes standards for the preparation of consolidated financial statements and Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards apply prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011, with earlier application permitted. These standards will have no impact on the Company's financial statements.

**1.13 Financial instruments and other instruments**

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. The disclosures in the notes to these financial statements describe how the categories of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognized.

As at March 31, 2010, the classification of the financial instruments, as well as their carrying values and fair values, with comparative figures for December 31, 2009, are shown in the table below:

	<b>March 31, 2010</b>		<b>December 31, 2009</b>	
	<b>Fair Value</b>	<b>Carrying Value</b>	<b>Fair Value</b>	<b>Carrying Value</b>
<b>Financial assets</b>				
Cash	\$ 41,731	\$ 41,731	\$ 13,629	\$ 13,629
Short-term investments	1,577,250	1,577,250	1,760,000	1,760,000
Accounts receivable	21,160	21,160	15,316	15,316
Investments	392	392	548	548
Due from related parties	--	--	5,334	5,334
<b>Financial liabilities</b>				
Accounts payable and accrued liabilities	88,385	88,385	78,694	78,694
Due to related parties	94,234	94,234	48,000	48,000

The fair values of the Company's financial instruments measured at March 31, 2010, constitute Level 1 measurements for its cash, short-term investments and investments within the fair value hierarchy defined under Canadian GAAP.

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The Company recognized interest income during the three months ended March 31, 2010, totalling \$1,817. This is primarily interest income from the Company's short-term investments. This balance represents interest income from all sources.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company's maximum exposure to credit risk at the balance sheet date under its financial instruments is summarized as follows:

	<b>March 31, 2010</b>
Accounts and other receivables -	
Currently due	\$ 21,160
Past due by 90 days or less, not impaired	--
Past due by greater than 90 days, not impaired	--
	21,160
Cash	41,731
Short-term investments	1,577,250
	<b>\$ 1,640,141</b>

Substantially all of the Company's cash is held with major financial institutions in Canada, and management believes the exposure to credit risk with such institutions is not significant. Those financial assets that potentially subject the Company to credit risk are primarily its investment in marketable securities of publicly-traded companies and any receivables. The Company has increased its focus on credit risk given the impact of the current economic climate. The Company considers the risk of material loss to be significantly mitigated due to the financial strength of the major financial institutions where cash and term deposits are held. The Company's maximum exposure to credit risk as at March 31, 2010, is the carrying value of its financial assets.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements as well as the growth and development of its mineral property interests. The Company coordinates this planning and budgeting process with its financing activities through the capital management process in normal circumstances. The Company's financial liabilities are comprised of its accounts payable and accrued liabilities and amounts due to related parties, the contractual maturities of which at March 31, 2010, are summarized as follows:

	<b>March 31, 2010</b>
Accounts payable and accrued liabilities with contractual maturities –	
Within 90 days or less	\$ 88,385
In later than 90 days, not later than one year	--
Due to related parties with contractual maturities	
Within 90 days or less	94,234
In later than 90 days, not later than one year	--

Market risks

The significant market risks to which the Company is exposed include 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 risk associated with fluctuations in the market prices of gold, copper, zinc, lead,

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molybdenum and tungsten, and the outlook for these metals. The Company's ability to raise capital is affected by the prices of commodities that the Company is exploring for on its mineral property interests. The Company does not have any hedging or other derivative contracts respecting its operations.

Market prices for these metals have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, levels of worldwide production, short-term changes in supply and demand, industrial and retail demand, central bank lending, and forward sales by producers and speculators. The Company has elected not to actively manage its commodity price risk.

Interest rate risk

The Company has no significant exposure at March 31, 2010, to interest rate risk through its financial instruments.

Currency risk

Fluctuations in United States dollars would not significantly impact the operations and the values of its assets and shareholders' equity at this time. If the Company were to go into production, the Company would be subject to more foreign currency risk from fluctuations in the Canadian dollar relative to the United States dollar, due to metals prices and their denomination in United States dollars.

The Company's objective in managing capital is to maintain adequate levels of funding to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral property interests in British Columbia and to maintain a flexible capital structure which will optimize the costs of capital at an acceptable risk.

The Company endeavours to manage its capital structure in a manner that provides sufficient funding for operational activities through funds primarily secured through equity capital obtained in private placements. There can be no assurances that the Company will be able to continue raising capital in this manner.

Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this form of financing due to the current difficult conditions. The Company makes adjustments to its management of capital in the light of changes in economic conditions and the risk characteristics of its assets, seeking to limit shareholder dilution and optimize its costs of capital while maintaining an acceptable level of risk. The Company currently has sufficient funds for operations but must rely on equity financings, or forms of joint venture or other types of financing to continue exploration and development work and to meet its administrative overhead costs in future years (See Note 1).

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with maturities allowing the Company to withdraw funds at intervals needed for the expected timing of expenditures in its operations.

#### **1.14.1 Other MD& A Requirements**

See the financial statements for the three months ended March 31, 2010 and 2009.

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**1.14.2 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 financial statements for the three months ended March 31, 2010 and 2009.

(b) expensed research and development costs

Not applicable.

(c) deferred development costs

Not applicable.

(d) general administrative expenses

The required disclosure is presented in the Statements of Operations and Deficit.

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

None.

**1.14.3 Disclosure of Outstanding Share Data**

The following details the share capital structure as of May 26, 2010, 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

124,010,618 common shares are issued and outstanding

Stock Options Outstanding

<b>Number of Options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
2,425,000	\$0.17	June 21, 2011
1,500,000	\$0.10	June 10, 2010
2,230,000	\$0.45	July 20, 2012
2,670,000	\$0.29	October 23, 2012
200,000	\$0.29	March 17, 2013
5,670,000	\$0.10	June 22, 2014
500,000	\$0.10	December 11, 2014
15,195,000		

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Warrants Outstanding

<b>Number of Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
13,333,333	\$0.06/\$0.12	June 30, 2010/2014
706,666	\$0.06/\$0.12	June 30, 2010/2014
2,247,600	\$0.05	June 30, 2014
1,498,400	\$0.06/\$0.12	June 30, 2010/2014
17,785,999	\$0.14 (using 2010 expiry values)	

Shareholder Rights Plan

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 National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings (NI 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 NI 52-109, in particular, the

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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
- 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 NI 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 this 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.