

Recommendation

Speculative Buy

Target Price

\$0.25

Risk

High

Average Daily Volume

20-da:96,300/150-da:149,100

Quick Facts

Recent Price	\$0.15
Symbol	SUL: TSX-V
Shares O/S	52.97 million
Shares O/S FD	54.97 million
52-Wk. Range	\$0.22 - \$0.075
Year-End	December 31

CS	BVPS	EPS
2004A	\$0.08	\$(0.01)
2005A	\$0.08	\$(0.01)
2006E	\$0.08	\$(0.01)

STRENGTHS

- Vast land positions with potential for large porphyry molybdenum and large gold and silver deposits
- Drill results support independent studies conducted
- Good leverage to molybdenum, gold, and silver prices

RISKS

- Structural complexity and metal distribution of major gold property
- Inherent risk in mineral exploration
- Commodity price risk

CONCLUSION

- Considerable upside potential resulting from successful drilling programs
- Well balanced exposure to precious and base metals

SULTAN MINERALS INC.

Data Source: www.BigCharts.com

Sultan Minerals Inc. is a mineral exploration company with operations in British Columbia, Manitoba, and Peru

SUMMARY & RECOMMENDATION

Sultan Minerals Inc. ("Sultan Minerals" or the "Company") is an intriguing junior mining exploration company with considerable base and precious metal exposure and aggressive exploration programs. We recommend the shares of Sultan Minerals as a "Speculative Buy" to risk-tolerant investors with a 12 months' Target Price of \$0.25.

Sultan Minerals is an international exploration company which has accumulated a portfolio of highly prospective properties: (1) the Jersey-Emerald project (100%-owned; BC location) has the potential for hosting a large porphyry molybdenum deposit, and is currently entering the second phase of drilling; (2) the Kena project (100%-owned; BC location) has the potential for hosting a significant bulk-tonnage porphyry style gold and silver deposit; (3) the Coripampa 1&2 is a gold & silver property (100% interest; Peru) located in a well-known precious metal belt that is host to several large deposits; and (4) the Stephens Lake nickel project (33% interest; Manitoba) is located over what is believed to be an extension of the Thompson Nickel Belt held by Inco, with

the Company having granted BHP Billiton Diamonds Inc. the option to acquire at least 51%.

We believe that the Company's prospects will be positively impacted by the following factors: (1) further delineation of molybdenum/tungsten mineralization at the Jersey-Emerald property; (2) further expansion of the gold resource and delineation of its silver/copper deposit at its Kena property; (3) initial drill results from its Coripampa 1 & 2 gold & silver properties; and (4) results from an exploration program being conducted by BHP Billiton at Stephens Lake .

The immediate challenge facing Sultan Minerals is securing the necessary financing for its fiscal 2006 exploration program, including drill testing the many targets identified to date.

The industry dynamics for Sultan Minerals are positive with the price of molybdenum near record highs and gold and silver continuing to march steadily upwards. As the Company's exploration programs continue to delineate the deposits on its properties, we believe the Company should begin to receive increasing investor attention.

THE COMPANY

Sultan Minerals Inc. is a mineral exploration company with operations in British Columbia, Manitoba, and Peru. The Company is a member of the Lang Mining Group, which has more than 45 years of experience in precious metals exploration. Its notable discoveries include the Hemlo Gold Mine in Ontario, and Belmoral's Ferderber Mine and Aurizon's Sleeping Giant Mine in Quebec.

The Company is listed on the TSX-Venture Exchange, and its shares trade under the symbol SUL.

KEY ISSUES

The two main issues facing Sultan Minerals are:

- (1) highly prospective properties requiring further exploration; and
- (2) insufficient funds to conduct exploration.

A. Further Exploration

At its Jersey-Emerald property, the Company has thus far established that an area measuring 1,000 feet by 400 feet is molybdenum-bearing, as evidenced by the recent drill program. While the first hurdle has been overcome, further exploration is necessary to establish an NI 43-101 resource estimate for this zone. In addition, an exploration program is necessary to determine whether the remainder of the large property possesses similar mineralization. Therefore, the main issue that needs to be addressed is further exploration to determine the property's full potential.

At the Kena property, an NI 43-101 compliant independent technical report has estimated a combined resource of 24,000,000 tonnes containing 381,000 oz. of gold in the measured and indicated category and, 389,000 oz. of gold in the inferred category. The resource remains open in three directions and additional exploration could significantly expand these numbers, particularly in the zone lying between the Gold Mountain and Kena Gold Zones. While at current prices this deposit is closing in on being economical, the Company must conduct an exploration program aimed at expanding the resource.

B. Financing

The second issue the Company needs to address is the securing the financing necessary to fund the exploration required to take its highly prospective properties to the next level. The exploration conducted to date has advanced the Jersey-Emerald and Kena properties to a point where the mineralization of these properties has been established. Yet, further exploration is necessary in order to take them to the next level.

C. Solving the Issues

In an attempt to resolve these issues, the Company has a number of choices available: (1) access the capital markets; (2) enter into joint-ventures; (3) sell properties; and (4) reduce the scale of operation.

The Company is in the process of investigating the possibility of a small-scale operation at its Jersey-Emerald property. In order to establish the required resource necessary for such an endeavor, the Company is currently drilling the East Dodger Zone. If the results indicate that a small-scale operation is feasible, the Company would generate cash flow by targeting only the high grade veins and be operating within 4-6 months. Therefore, we believe that this would be ideal for the Company as the cash flow generated would fund further exploration efforts.

At the Kena Gold property, the issues facing the Company may get resolved by rising gold prices. In 1999, the Company believed that an average grade of 2 g/t at US\$300 per ounce was required to make the property economically

feasible. With the current price of gold exceeding US\$550 per ounce, we believe that the property is on the verge of being economic. This has led to discussion between Sultan Minerals and other companies interested in forming a joint venture.

MOLYBDENUM OVERVIEW

Molybdenum is a silver-grey metallic element with the atomic number 42 and an atomic weight of 95.94. Molybdenum is hard, malleable, and ductile, and has a high melting temperature of 2,610o Celsius. When molybdenum is added to steel and other metals, it provides hardness, corrosion resistance, and high temperature strength. In addition, due to its low toxicity, it is an important component of catalysts and lubricants used by the oil industry.

The only economically significant form of mineralization in which molybdenum occurs naturally is the sulphide molybdenite (MoS₂). Molybdenite occurs mainly in granite-related hydrothermal porphyry systems where the average grade is generally less than 0.5% molybdenum though, locally, within veins and breccia pipes the grade can be higher.

Molybdenum has undergone a significant increase since the beginning of 2004, rising almost as high as US\$40. It has since declined to around US\$23. The substantial spot price increase over the past two years has started to get the attention of the Canadian exploration industry. The demand for molybdenum has grown as a result of the infrastructure development boom in China, and the demand for oil and natural gas pipelines, in which it is a crucial alloy component.

Industry consensus is that current prices are unsustainable since, at this level, an enormous portion of the in-ground inventory of molybdenum is very economic and, if developed, would soon glut the market.

COMMENT: *While we agree that current prices are unsustainable over the longer term, we do not believe that they will decline to their historical levels (US\$3-US\$5 per pound). Our target equilibrium for molybdenum is in the US\$15-US\$20 per pound range.*

PROPERTIES

Sultan Minerals has four main assets that include both base and precious metals, and comprise:

- (1) the Jersey-Emerald molybdenum and tungsten project near Salmo, B.C.;
- (2) the Kena gold-copper-silver project near Ymir, B.C.;
- (3) the Stephens Lake nickel project in Manitoba; and
- (4) the Coripampa silver and gold project in Peru.

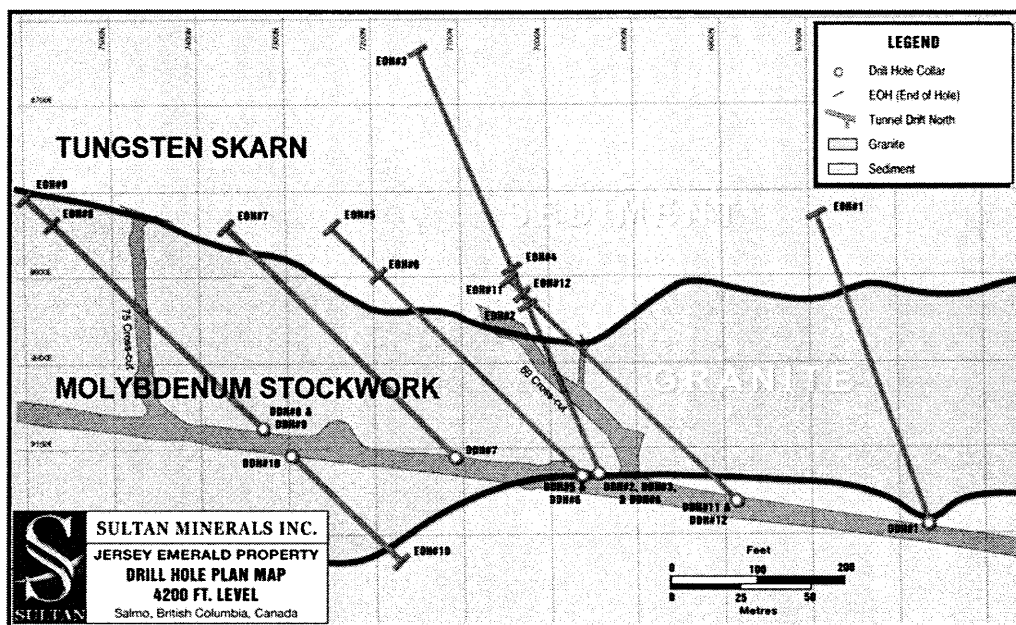
1. Jersey Emerald Molybdenum and Tungsten Property, British Columbia

The Jersey-Emerald property is located in southeastern British Columbia, 10 kilometres southeast of the mining community of Salmo. The property, covering approximately 9,500 hectares, lies between the Salmo River on the west and the top of Nevada Mountain on the east, and is bounded by Hidden Creek on the north and the South Salmo River on the south.

COMMENT: *Sultan Minerals originally acquired the property for its gold potential, but an underground investigation of the Dodger 4200 Drift North, Dodger 6900 East, and Dodger 7500 Drift East revealed the existence of a strong molybdenite and pyrite bearing quartz vein stockwork.*

Although numerous occurrences confirming that the underlying intrusive is molybdenum-bearing have been noted since the 1930s, depressed molybdenum prices over the past 23 years have been the main reason behind the lack of exploration on the property. With the recent increase in the price of molybdenum, combined with Sultan Minerals' 100% ownership of the claims covering the property, the Company decided that further exploration of the molybdenum mineralization was warranted.

Figure 1: Jersey Emerald Drill Hole



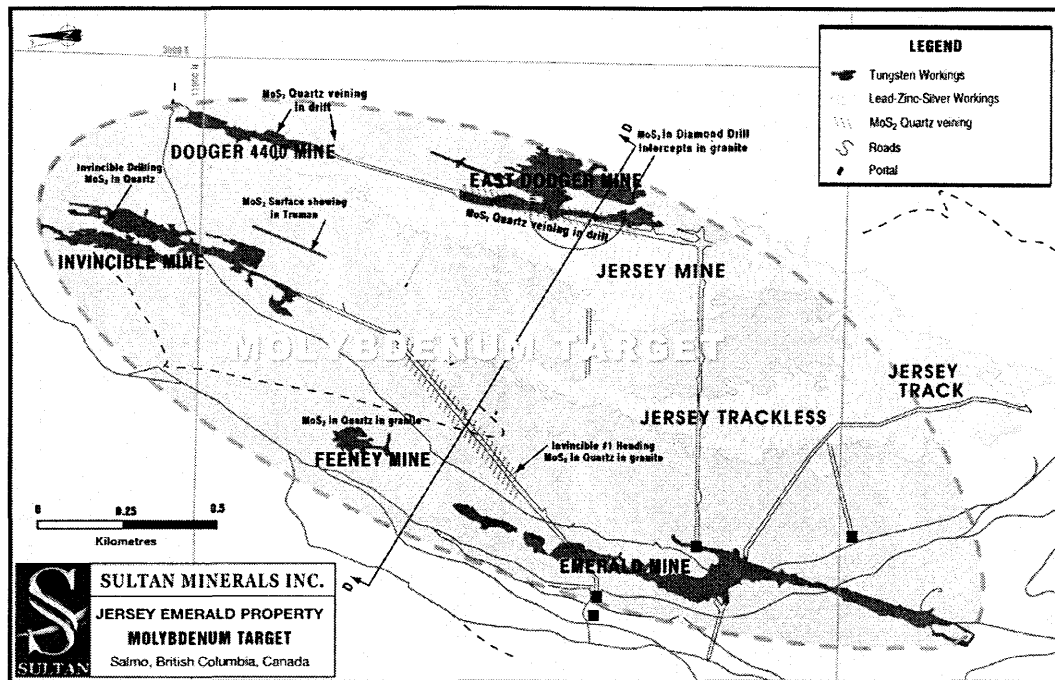
Source: Company

The Company recently announced the results from a 12-hole diamond drilling program that was conducted to test for the extent of molybdenum mineralization present beneath the historic Jersey-Emerald Mine. The results from this drill program show that all 12 holes intersected molybdenum mineralization comprised of a network of high-grade molybdenite-bearing quartz veins hosted within a granite intrusive body. The grade of the molybdenum intersections over the entire 1,000-foot long zone is variable and is highest where there are a greater number of veins. These results also support the findings of a non compliant NI 43-101 study, which concluded that the property holds potential for a large porphyry style molybdenum deposit.

COMMENT: Results of a recent drill program show that all 12 holes intersected molybdenum mineralization over the entire 1,000 foot long zone beneath the East Dodger Zone of the historic Jersey-Emerald Tungsten Mine. The highlight of the program was hole JM05-2, assaying 0.22% MoS₂ over its entire 192 foot length. This is highly encouraging.

Based on these encouraging drill results, the Company recently announced the initiation of a surface drilling program, the purpose of which is to follow up on targets which have been generated through research conducted on drill logs from the historic mine database. An analysis of these historic drill holes found at least 415 instances where molybdenum mineralization was observed to occur within and adjacent to the favourable granite host. This study indicates that a significant number of these intersections are clustered beneath the Feeney and Dodger 4400 historic tungsten deposits.

Figure 2: Molybdenum Target



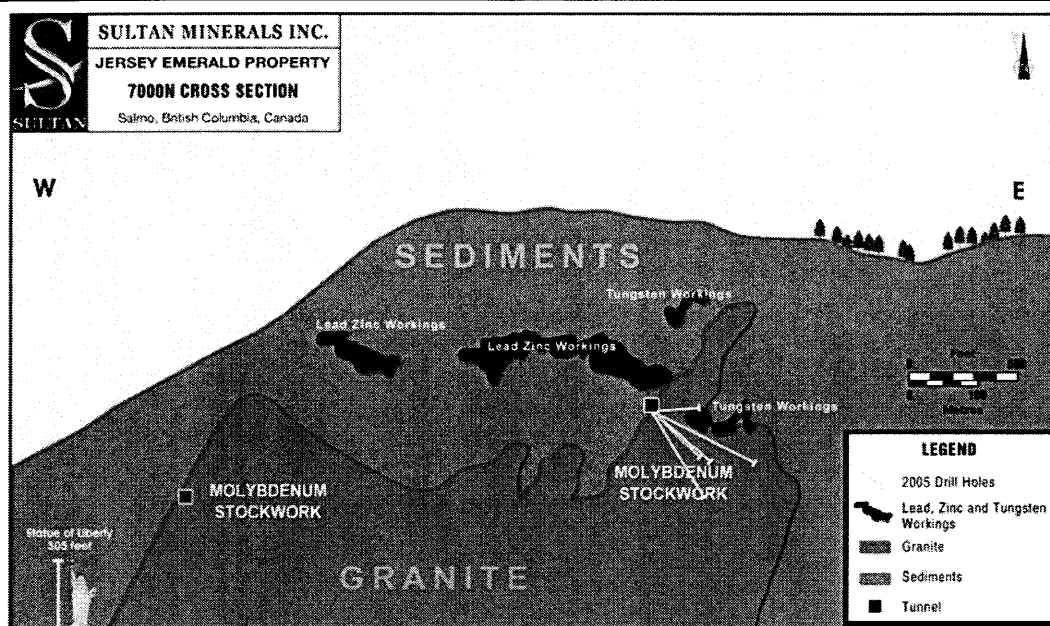
Source: Company

Sultan Minerals is currently drilling an initial surface drill hole at the Feeney Mine located 3,000 feet to the northwest of the previous 12 underground holes. Following the completion of the drilling in the Feeney area, the focus of drilling will then shift to investigate the molybdenum potential beneath the Dodger 4400 Mine area.

The Company will conduct a Systematic Grid Drilling program at the East Dodger Zone, the site of the earlier 12-hole drill program. The purpose of the systematic grid drilling program is to check for continuity of the mineralization encountered in the earlier drill program. If the results of this grid pattern drilling indicate sufficient continuity of the mineralization, this will further establish a resource estimate for the zone. Given that the results of this program are positive, the Company believes that a bulk sampling program could be commenced in late February 2006.

The Company also believes that the property is host to economically feasible tungsten mineralization, as evidenced by that which was encountered in Hole JM05-1. The hole was situated approximately 80 feet below the level of the historic East Dodger Tungsten Mine and is considered part of its southern extension. Therefore, the intersection encountered in this hole suggests that the tungsten mineralization may extend well beyond the limits of the historic mine. This belief is also supported by the geological studies completed by Placer Dome, which indicate that the favourable host rock for tungsten mineralization extends for at least 5,000 feet to the north and south of the historic mine.

Figure 3: Jersey Emerald



Source: Company

2. Kena Gold Property, British Columbia

The Kena property is located in southeastern British Columbia near the town of Nelson. Sultan Minerals initially optioned the Kena Property in 1993, and has since expanded the total land position through staking and entering into additional option agreements. The property currently covers approximately 8,000 hectares and is widely mineralized, containing several gold, silver, and gold-copper prospects.

Prior to being acquired by Sultan Minerals in late 1999, the property was previously host to an historic high-grade copper and silver producer, the Silver King Mine, along with several smaller gold mines. Prior drilling concentrated on the Kena Gold Zone, while smaller programs were carried out on the Kena Copper Zone, the Dighem Zone, and the Shaft showing.

Over the past four years, Sultan Minerals has systematically carried out a number of exploration programs and discovered a large area of gold mineralization associated with the Silver King intrusive, and its contact areas. This system can be best described as narrow high-grade gold shoots occurring within broad envelopes of lower grade gold mineralization. Geology, gold soil geochemistry, surface and trench rock samples, and geophysical surveys all indicate the presence of another zone (Gold Mountain Zone) measuring approximately 3,000 meters by 1,400 meters which is host to significant gold mineralization.

A Fugro Airborne Survey completed in 2002, has led to the recognition of an alteration corridor that extends the length of the property. The alteration corridor and associated structures appear to be responsible for mineralization in the Kena Gold Zone, Gold Mountain Zone, and several nearby high-grade gold intersections.

On June 16, 2004, the Company filed a NI 43-101 compliant Initial Resource Calculation on the Gold Mountain Zone and the Kena Gold Zone. Although resource calculations have been determined using cut-off grades ranging from 0.0 to 4.0, management believes that a cut-off grade of 0.5 g/t is realistic for an open pit mining operation under the current gold prices.

Using management's conservative cut-off grade of 0.5 g/t results in the following initial resources calculations:

Gold Mountain Zone:

Measured + Indicated = 5,490,000 tonnes at 1.040 g/t
Inferred = 10,710,000 tonnes at 0.967 g/t

Kena Gold Zone:

Measured + Indicated = 6,330,000 tonnes at 0.969 g/t
Inferred = 1,440,000 tonnes at 1.216 g/t

This NI 43-101 compliant Technical Report shows a combined resource of 24,000,000 tonnes containing 381,000 ounces of gold in the measured + indicated category with an additional 389,000 ounces in the inferred category. This study noted that entire lengths of the drill holes in the two gold zones often average between 0.3 g/t gold to greater than 1.0 g/t gold; but, in several holes, one or more 1 to 2 metre intercepts of greater than 10.0 g/t gold were returned.

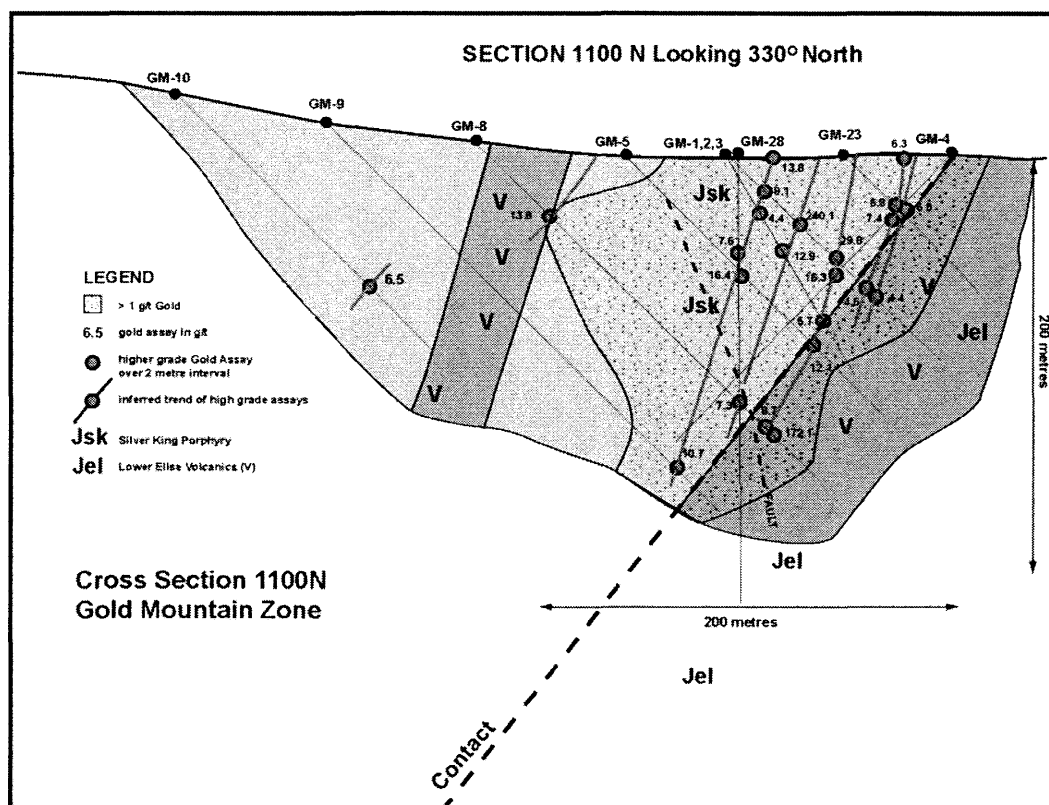
COMMENT: *We believe that, since the property contains bulk tonnage porphyry style mineralization, intersection of the high-grade structures is important to ensure that the true resource potential is obtained.*

The report and the accompanying NI 43-101 Technical Report was co-authored by Independent Qualified Person, Gary Giroux, P.Eng. The report recommends a \$1.27 million diamond drilling program in order to expand significantly the resources at the Gold Mountain and Kena Gold Zones.

COMMENT: *A detailed geological mapping program conducted as a follow-up to the study discovered two important cross structures which trend parallel to the earlier drilling direction and, therefore, were not intersected by most of the holes of the prior drilling program.*

On February 24, 2005, the Company reported the assay results of a four-hole drilling program on its Kena property. Two drill holes were completed on the Gold Mountain Zone and two holes were completed on the Kena Zone to test the two cross structures identified by the geological mapping program.

Figure 4: Gold Mountain Zone



Source: Company

The drill core assay results from these holes show that narrow high-grade gold intervals of up to 31.03 g/t gold were intersected. Although the presence of these cross structures does not appear to change the overall grade of the deposit, they do confirm that structurally controlled high-grade zones exist within the Gold Mountain and Kena Gold Zones.

COMMENT: *In general, these results support the initial resource calculations and indicate the bulk tonnage potential of the property.*

Following the recent discovery of copper-silver mineralization near the historic Silver King Mine, located approximately 1,500 metres from the Gold Mountain and Kena Gold Zones, the Company conducted a trenching program consisting of 3 trenches. The trenching program was aimed at testing a 170-metre long section of the foot wall rocks adjacent to the historic Silver King Mine.

Trench 1, a 26 metre long north-south trench, which was excavated 170 metres along strike to the east of the blast discovery was the highlight of the program. This trench encountered a 16 metre wide zone of disseminated mineralization assaying 0.69% copper and 188.6 g/t silver. In addition, a 3.0 metre wide section assaying 1.19% copper and 593.0 g/t silver was also encountered and the trench ended in mineralization.

The results of the trenching program support the reference made by historic mine records regarding several exposures of similar footwall mineralization located up to 360 metres along strike to the east of the new discovery. During the period the Silver King Mine was operational, only the high-grade veins were regarded as being material, and the disseminated mineralization was not sampled or assayed. Therefore, the Company's geologists have recommended additional trenching and diamond drilling be conducted to determine the dimensions and grade of the deposit which is open in all directions.

COMMENT: *Since only the high-grade veins were mined during the time the Silver King Mine was operational, we believe that the property may contain ample mineralization which can be mined profitably with the use of improvements in mining techniques.*

3. Stephens Lake Property, Manitoba

The Stephens Lake property is located approximately 100 kilometres east of Gillam, Manitoba. The property measures 75 kilometres in length and covers approximately 170,482 hectares of land.

The property overlies a stratigraphic package believed to be an extension of the Thompson Nickel Belt, which is held by Inco and is considered one of the most important nickel-producing regions in the world, with production plus reserves in excess of 170 million tonnes at an estimated grade of greater than 2.0% nickel equivalent. Over the last 50 years 75% of the deposit has been mined.

The property has been amalgamated under a joint venture agreement between Sultan Minerals, Cream Minerals Ltd., and ValGold Resources Ltd., in which they hold equal one-third shares. Subsequently, the companies entered into an agreement with BHP Billiton Diamonds Inc. (“BHP Diamonds”) under which BHP Diamonds has been granted options to an initial 51% interest in the property.

Under the terms of the agreement, the companies have granted to BHP Billiton Diamonds the option to acquire:

1. a 51% undivided interest in the Stephens Lake property (the “First Option”); and
2. a 19% undivided interest in the Stephens Lake property (the “Second Option”) in addition to the 51% interest

In order to exercise the First Option, BHP Billiton Diamonds must incur exploration expenditures of \$1,000,000 on the property within five years following the effective date of the agreement (February 2004). In order to exercise the Second Option, BHP Billiton Diamonds must complete a feasibility study for the project on or prior to the 10th anniversary of the effective date.

On January 25, 2005, Sultan Minerals announced that the companies had been advised by BHP Billiton Diamonds, that it would commence a diamond drilling program in February, 2005. The program would consist of a minimum of 1,000 metres of NQ (refers to the size of the core sample taken) diamond drilling on four high-priority targets. The targets were outlined through the use of an airborne magnetics survey conducted to identify potential ultra-mafic targets and a VTEM helicopter electromagnetic survey in June 2004.

The drill program was delayed for a number of technical reasons and did not get started until late March 2005. With early spring break-up, the program was terminated before the first hole could be completed. Drilling is now planned to resume in February 2006.

4. Coripampa Silver-Gold Property, Peru

The Coripampa 1 & 2 gold and silver properties are located in south-western Peru. The Coripampa 1 silver property is located in zone 18 of Huaynacotas District, La Union Province of the Arequipa Department, and consists of four mineral concessions covering approximately 600 hectares. The Coripampa 2 gold & silver property consists of 6 mineral concessions. Approximately 700 hectares is located in zone 18 of Pampamarca/Coronel.

On November 15, 2004, Sultan Minerals announced the completion of a geological mapping and sampling program on the Coripampa 1 & 2 silver and gold properties. The program confirmed the presence of epithermal silver and gold mineralization and outlined a number of priority one and priority two targets on both properties. These two properties are considered to be new discoveries in the well known Peruvian precious metal belt that is host to Orcopampa Gold, Antipite Gold, Arcata Silver, and Caylloma Silver mines.

(A) Coripampa 1

The Coripampa 1 project is best described as low sulfidation epithermal silver mineralization associated with chalcedony and hyaline quartz occurring as veins, fracture fillings, and microfracture fillings. The mineralization zones are controlled by a system of north-northeast and east-west trending faults with the north-northeast faults appearing to be the dominant control for mineralization.

The Coripampa 1 has two priority one targets outlined and are referred to as the Central Zone and East Zone.

i. Central Zone

This zone measures 500 metres in length and 100 metres in width. It is a broad alteration zone from which several channel samples were obtained. These samples have returned in excess of 100 g/t silver along with high copper, lead and zinc.

ii. East Zone

This zone is a strongly altered outcrop which assayed up to 300 g/t silver with associated copper, antimony, zinc and lead.

(B) Coripampa 2

The Coripampa 2 project is best described as a low sulfidation epithermal gold and silver mineralization within a complex system of silica-filled fracturing and microfracturing. The mapping program conducted by Sultan has outlined two priority one targets known as the West Zone and the South-Central Zone.

i. The West Zone

A detailed grid sampling and mapping program on this zone has resulted in a well defined area presently measuring 1150 metres by 580 metres. Thirty-five chip samples taken from this zone have returned gold values ranging between 100 ppb and 1000 ppb. The mineralization of this zone is strongly associated with stockwork of silica that trends north-south and iron oxide-filled veins that occur within a strongly altered tuff.

As a follow-up to the mapping program, 174 channel samples each weighing 3 kilograms, were taken from rock outcrop in hand-dug trenches measuring 1 metre in length, 10 cm width, and 50 cm depth. The ICP analysis and the gold fire assays of these samples shows that 43 were higher than 0.1 ppm Au ranging between 30 ppb to 300 ppb. The highest value returned was 2.69 g/t Au.

ii. The South-Central Zone

The detailed grid sampling and mapping program has resulted in this zone being defined as currently measuring 950 metres by 300 metres.

A sampling program similar to that conducted at the West Zone resulted in a total of 139 samples being taken and analyzed from this zone. The ICP and gold fire assays returned 54 samples with values above 0.1 ppm Au and 10 samples assaying above 1.0 ppm Au. The highest gold values obtained were 3.48 g/t, 5.5 g/t and 7.27 g/t Au.

The Company's geologists report that "the results of the exploration conducted to date, indicate subdued precious metal content which is typically prevalent in the surface exposures of the hydrothermally altered mineralized intrusives of this region." Therefore, Sultan's geologists strongly recommend a diamond drilling program consisting of two inclined holes measuring 250 metres each to test beneath the altered area of the West Zone and a third hole to test the South-Central Zone.

Given Sultan's focus on its two British Columbia properties, it is actively seeking a joint venture partner for these properties.

MANAGEMENT AND DIRECTORS

Frank A. Lang, B.A., M.A., P. Eng., Chairman

Mr. Lang is a Professional Engineer, and has been involved in the operation and financing of junior resource companies for over 40 years. He is also President and Director of Cream Minerals Ltd., and Chairman and Director of Acrex Ventures Ltd., Emgold Mining Corporation and ValGold Resources Ltd. Mr. Lang was involved with the discovery of the Ferderber Gold Mine, the Beacon Two Gold Mine and the Sleeping Giant Gold Mine in the V1a D'Or area in Quebec. He and his former partner, Dick Hughes, shared the Developer of the Year Award for the discovery of the Golden Giant Mine, the first gold mine in production in the Hemlo area in Ontario.

Arthur G. Troup, P. Eng., President and Director

Mr. Troup has served as President and Chief Executive Officer of Sultan Minerals Inc. since June 1997 and has been a Director of the Company since June 1995. Mr. Troup has also served as Vice President, Exploration and Director of Cream Minerals Ltd. since 1987, Vice President, Exploration of Emgold Mining Corporation since September 1993, Vice President, Exploration of ValGold Resources Ltd. from June 1996 to January 2005, and is currently Chief Geologist of ValGold Resources Ltd. Prior to this, Mr. Troup was President of Archean Engineering Ltd., a firm offering project management and mineral exploration services, from 1981 through to 1996. Mr. Troup graduated from McMaster University in Hamilton, Ontario with a M.Sc. in Geology. He has over 30 years experience in the mining industry in North America, Southeast Asia and North Africa working for Rio Algom, Teck Corporation, Canada Nickel Corporation and Placer Dome Canada Limited, and the Geological Survey of Canada.

Ben Ainsworth, M.A. (Oxon), F.G.S., P. Eng. (BC), Director

Mr. Ainsworth graduated with an Honours Degree in Geology from Oxford in 1962. After graduating he worked in base metal exploration in Eire and served as a Development Geologist with the Ghana Geological Survey. He joined Placer Development (now Placer Dome) as a Senior Geologist in 1965 and held assignments as Exploration Manager - Eastern Canada, Exploration Manager - Chile, President - Placer Chile S.A. de C.V. While with Placer he carried out extensive exploration work in British Columbia and the Yukon, which led to the discovery in 1972 of the world class Howards-Pass lead-zinc deposit. In 1986, he formed an international mineral exploration consultancy and has served on the board of several junior mining companies working with a wide range of metals and mineral commodities.

Sargent H. Berner, B.A., LL.B., Director

Sargent Berner practiced corporate, securities, and natural resources law as a partner in the Vancouver law firm of DuMoulin Black from 1976 until 2004, he is currently associate counsel. Mr. Berner is a graduate of the University of British Columbia where he received his B.A. in 1963 and his LL.B. in 1966. He also received the degree of Master of Laws from the London School of Economics, London, England in 1967.

Shannon Ross, B. Comm., C.A., CFO & Corporate Secretary

Ms. Ross brings more than 25 years of accounting and financial management experience to Sultan Minerals. Ms. Ross began her career in public practice, moved to mining industry as an internal auditor for the mining giant, Cominco Ltd., and has served as controller and chief financial officer for several mining companies before joining the Lang Mining Group. She holds a Bachelor of Commerce degree and is a registered Chartered Accountant.

FINANCIAL REVIEW AND OUTLOOK

Revenue: Sultan Minerals is a pure exploration company and, accordingly, is not cash flow positive. The Company has, to date, funded its exploration with funds raised solely in the capital markets, as is the case with typical exploration companies.

Cash & Cash Equivalents: As at September 30, 2005, Sultan Minerals had \$289,745 available for its exploration activities.

Burn Rate: The Company's non-discretionary expenses, i.e. salaries, office and administrative, accounting fees, etc., for the 12-month period ended December 31, 2004 averaged \$30,000 per month. In the first nine months of 2005, it averaged \$33,000. We expect the \$35,000 level will continue for 2006.

Capital Expenditures: Management has indicated that exploration costs for its Jersey-Emerald project will require an outlay of approximately \$2,000,000 to \$3,000,000 over the next 12 months. In order to cover these exploration costs, the funds required may come from equity financing, joint ventures, or the full or partial sale of an asset(s).

Debt Funding: As at September 30, 2005, Sultan Minerals had no long-term debt outstanding.

Capital Structure: As at September 30, 2005, Sultan Minerals Ltd. had 51,487,909 shares outstanding. On November 23, 2005, the Company announced a non-brokered private placement financing, for gross proceeds of \$222,500. The private placement consists of the issuance of 1,483,333 flow-through shares at a price of \$0.15 per Unit. This increases shares outstanding to 52,971,242. Including warrants and options (see below) that are "in-the-money" and which we expect will be exercised during our 12-months forecast period (shown in *italics*), fully diluted shares outstanding would be 53,666,242. Current market capitalization is approximately \$7.9 million.

The following options and warrants have been issued:

Table 1: Options and Warrants

Options:

Exercise Price	Number Outstanding	Expiry Date	Comment	Potential New Equity
\$0.21	595,000	July-06	<i>Out-of-the-Money</i>	\$124,950
\$0.40	731,000	September-06	Out-of-the-Money	\$292,400
\$0.32	701,000	March-07	Out-of-the-Money	\$224,320
\$0.15	3,020,000	May-09	Out-of-the-Money	\$453,000
\$0.10	<u>2,000,000</u>	April-10	In-the-Money	<u>\$200,000</u>
	7,047,000			\$1,294,670

Warrants:

Exercise Price	Number Outstanding	Expiry Date	Comment	Potential New Equity
\$0.17	100,000	November-06	<i>Out-of-the-Money</i>	\$17,000
\$0.15	1,372,580	July-07	Out-of-the-Money	\$205,887
\$0.18	<u>749,999</u>	September-07	Out-of-the-Money	<u>\$135,000</u>
	1,472,580			\$357,887
Grand Total	8,519,580			\$1,652,557

Source: Company & eResearch

Set out in the following table are abridged Financial Statements:

Table 2: Selected Financial Statements

	Nine-Months Ended:		December 31 Year-End:		Pro Forma	Pro Forma
	30-Sep	30-Sep	31-Dec	31-Dec	31-Dec	31-Dec
	2004	2005	2003	2004	2005E	2006E
Statement of Income/(Loss):						
Operating Income	0	0	0	0	0	0
Non-Operating Income	1,644	1,215	20,001	1,927	1,700	5,718
General & Administrative Expense	(361,021)	(301,383)	(2,293,283)	(432,812)	(410,000)	(450,000)
Amortization + Non-Cash Items	(843)	(25,894)	(2,012)	(843)	(843)	(25,000)
Stock-based Compensation	(148,462)	(163,597)	0	(218,207)	(200,000)	(200,000)
Other Expenses	(4,335)	(1,047)	0	(4,441)	(1,500)	(2,000)
Income Tax Recovery	0	<u>60,554</u>	<u>94,050</u>	0	0	<u>100,000</u>
Net Income (Loss)	(513,017)	(430,152)	(2,181,244)	(654,376)	(610,643)	(571,282)
Shares Outstanding	41,706,248	51,487,909	39,081,081	46,164,582	52,971,242	72,971,242
Earnings (Loss) Per Share	(\$0.01)	(\$0.01)	(\$0.06)	(\$0.01)	(\$0.01)	(\$0.01)
Statement of Cash Flow:						
Net Income (Loss)	(513,017)	(430,152)	(2,181,244)	(654,376)	(610,643)	(571,282)
Non-Cash Items	149,305	128,937	1,824,128	219,050	200,843	225,000
Non-Cash Working Capital Changes	42,986	54,130	(152,577)	123,986	54,130	100,000
Cash Flow from Operations	(320,726)	(247,085)	(509,693)	(311,340)	(355,670)	(246,282)
Capital Expenditures (Properties)	(203,743)	(356,175)	(389,103)	(418,221)	(450,000)	(2,000,000)
Other Investing Items	(28,067)	(8,668)	0	(26,143)	(8,668)	0
Free Cash Flow	(552,536)	(611,928)	(898,796)	(755,704)	(814,338)	(2,246,282)
Equity Financing	335,425	532,880	673,226	917,425	733,130	2,000,000
Debt Financing	0	0	0	0	0	0
Change in Cash	(217,111)	(79,048)	(225,570)	161,721	(81,208)	(246,282)
Beginning Balance	267,072	368,793	492,642	267,072	428,793	300,000
Ending Balance	49,961	289,745	267,072	428,793	347,585	53,718
	Nine-Months Ended:		As at December Year-End:		31-Dec	31-Dec
	30-Sep	30-Sep	31-Dec	31-Dec	31-Dec	31-Dec
	2004	2005	2003	2004	2005E	2006E
Balance Sheet:						
Cash	49,961	289,745	267,072	428,793	347,585	53,718
Other Current Assets	20,470	99,609	94,852	52,359	133,567	100,000
Property, Plant & Equipment	2,982,217	3,662,098	2,729,646	3,280,334	3,730,334	5,730,334
Other Assets	<u>58,481</u>	<u>61,091</u>	<u>31,257</u>	<u>56,557</u>	<u>70,000</u>	<u>60,000</u>
Total Assets	<u>3,111,129</u>	<u>4,112,543</u>	<u>3,122,827</u>	<u>3,818,043</u>	<u>4,281,486</u>	<u>5,944,052</u>
Current Liabilities	31,546	185,815	62,942	144,435	200,000	250,000
Other Liabilities	0	0	0	0	0	0
Debt Obligations	0	0	0	0	0	0
Total Liabilities	31,546	185,815	62,942	144,435	200,000	250,000
Shareholders' Equity	<u>3,079,583</u>	<u>3,926,728</u>	<u>3,059,885</u>	<u>3,673,608</u>	<u>4,081,486</u>	<u>5,694,052</u>
Total Liabilities & Equity	<u>3,111,129</u>	<u>4,112,543</u>	<u>3,122,827</u>	<u>3,818,043</u>	<u>4,281,486</u>	<u>5,944,052</u>
Book Value (S.E.) Per Share	\$0.07	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08

Source: Company and eResearch

COMMENT: Sultan Minerals has no operating income and records annual net losses of \$0.01 per share, which is expected to continue through 2006. Book value per share is stable at \$0.08. The Company has an immediate need for additional equity to finance its \$2 million+ exploration program in 2006. This is always a challenge for a junior mining company.

VALUATION

To date, Sultan Minerals has not defined any mineral reserves that comply with NI 43-101, nor have any feasibility studies been performed on its properties. Therefore, the calculation of a Target Price using the intrinsic valuation methodology is not applicable due to the highly subjective nature of current mineral estimates. (Note: Sultan has completed a NI 43-101 compliant initial resource calculation on its Kena Gold Property.)

To ascertain a value for the shares of Sultan Minerals, we have analyzed the Company using two methodologies: (1) Peer Comparison; and (2) Per Attributable Resource Pound/Ounce.

(A) Company Comparison

We have compared Sultan Minerals to three companies that have a similar precious and base metal focus: Adanac Moly Corp.; Eagle Plains Resources; and Leeward Capital Corporation.

The comparison companies were chosen mainly due to their status as exploration companies involving molybdenum plays. It should be noted that all companies possess similarities in the grade of molybdenum returned from drill programs conducted to date. While they are at different stages of the exploration process, none of the companies has yet completed a final feasibility study.

Adanac Moly Corp.'s Ruby Creek project, located in the northwestern corner of British Columbia, is at a slightly more advanced stage of exploration than Sultan Mineral's Jersey-Emerald molybdenum exploration project. In May 2005, Adanac announced a NI 43-101 compliant combined and measured and indicated geological resource of 205,100,000 tonnes grading 0.062% Mo at a cut-off grade of 0.04% Mo. Currently, Adanac is pursuing its goal of completing a pre-feasibility study to justify putting the Ruby Creek deposit into production as a pure molybdenum mine.

Eagle Plains Resources of Cranbrook, British Columbia holds interests in 35 gold, silver, copper, lead, zinc and molybdenum properties. It recently completed Phase 1 drilling at its 100%-owned Sphinx molybdenum property, comprising a total of 2,500 hectares. The results from a 14-hole (10,921 feet) diamond drilling program indicate a bulk tonnage grade which is similar to the Jersey-Emerald property.

Leeward Capital Corporation's 100%-owned Nithi Mountain property, consisting of 4,300 hectares, is at a similar exploration stage to Sultan Mineral's Jersey-Emerald property. The results from a recent 17-hole (4,130 metres) diamond drill program indicate that the grade of the mineralization encountered at Nithi Mountain is also very similar to that of the Jersey-Emerald property.

Table 3: Peer Valuation

	Sultan Minerals September-05	Adanac Moly October-05	Eagle Plains Resources September-05	Leeward Capital Corp. September-05
Corporate:				
Share Price	C\$ 0.15	C\$ 0.56	C\$ 0.80	C\$ 0.18
Shares O/S	51,487,909	41,112,702	44,363,979	32,563,769
Market Cap	C\$ 7,723,186	C\$ 23,023,113	C\$ 35,491,183	C\$ 5,861,478
Mineral Value:				
Book Value	C\$ 3,658,550	C\$ 6,911,523	C\$ 5,257,089	C\$ 1,807,500
Market Value	C\$ 7,269,193	C\$ 21,455,655	C\$ 29,985,852	C\$ 5,610,913
Difference	C\$ 3,610,643	C\$ 14,544,132	C\$ 24,728,763	C\$ 3,803,413
Property Ratio	1.99	3.10	5.70	3.10
Average Ratio	3.47			
Selected Ratio	3.00			
Common Equity (Reported)	C\$ 3,926,728			
Common Equity (Property Ratio)	C\$ 7,537,371			
Common Equity (Average Ratio)	C\$ 12,981,059			
Common Equity (Selected Ratio)	C\$ 11,243,828			
Equity Per Share (Reported)	C\$ 0.08			
Equity Per Share (Property Ratio)	C\$ 0.15			
Equity Per Share (Average Ratio)	C\$ 0.25			
Equity Per Share (Selected Ratio)	C\$ 0.22			

Source: eResearch

Analysis

The current market capitalization of each of the companies is greater than the book value of their mineral properties, which indicates that the market is pricing in a premium over and above the book value in recognition of the potential value of each company's respective property portfolio. The market premium is 1.99x for Sultan Minerals, 3.10x for Adanac Moly, 5.70x for Eagle Plains, and 3.10x for Leeward. The average market premium of the three comparative companies is 3.47x, indicating that Sultan Minerals is being valued less than its peer group.

The ratio applied to Adanac (3.10x) reflects the advanced stage of its Ruby Creek property. The ratio being applied to Eagle Plains Resources (5.70x) is significantly higher due to the higher possibility of exploration success associated with being involved in a large number and variety of projects. The molybdenum properties of Leeward Capital and Sultan Minerals are very similar in grade of mineralization and exploration stage. The major difference between the two companies is that Sultan Minerals has the Kena gold property, whereas Leeward Capital does not have a similar gold property. Therefore, we believe that the appropriate ratio applied to Sultan Minerals should be at least equal to that of Leeward Capital's 3.10x.

Consequently, we are choosing 3.10x, the same as for Adanac Moly and Leeward Capital, as being the suitable potential ratio for Sultan Minerals to attain at this stage of its exploration program. Accordingly, this gives an indicated value for Sultan of \$0.22 per share.

(B) Per Attributable Resource Pound/Ounce

In using the Per Attributable Resource Pound/Ounce method, we are valuing the Kena Gold and the Jersey-Emerald properties separately using the mineralization estimates obtained from the exploration completed to date.

Since Sultan Minerals has yet to establish reserves at either of its two most advanced projects (the Jersey-Emerald molybdenum property and the Kena gold property), we are valuing these properties using the “per attributable resource ounce” method.

Depending on factors such as quality of deposits, the ease and accessibility of mining, we believe that a range of US\$1 to US\$6 for its molybdenum deposit and US\$10 to \$40 for its Kena property is appropriate for mining companies such as Sultan Minerals.

Exploration to date has confirmed the occurrence of molybdenum mineralization in an area measuring 1,000 feet by 400 feet. The mineralization levels obtained from the 12-hole drill program vary in grade, but are considered to be on par with that of the large producers. Given the results of the drill program, we believe that the property, as currently defined, possesses a gross of 10,000,000 tonnes at an average grade of 0.06% MoS₂. However, the property still needs to be better defined through an infill drilling program. Therefore, in order to arrive at a current value for the Company we believe that the use of 1,500,000 tonnes representing mineralization surrounding the holes is more appropriate. The use of this conservative estimate yields 1,800,000 pounds of molybdenum.

In addition to possessing mineralization grades comparable to that of large producers and having good accessibility, we believe that it can be mined using less expensive methods available, such as open pit.

Therefore, we believe that an appropriate value to apply to the Jersey-Emerald is at the lower-middle end of this range and have chosen US\$3 per attributable molybdenum resource pound. As shown in the table below, the Per Attributable Resource Methodology yields an intrinsic value of \$0.12 per share for the Jersey-Emerald Molybdenum Property.

Table 4: Matrix of Values Per Attributable Resource Ounce

Per Attributable	US\$1	US\$2	US\$3	US\$4	US\$5	US\$6
Molybdenum Resource Pound						
Market Cap (C\$ @C\$1=US\$0.8622)						
Using 1,800,000 Resource Pounds	\$2,087,683	\$4,175,365	\$6,263,048	\$8,350,731	\$10,438,413	\$12,526,096
Value Per Fully Diluted Share						
Using 51,487,909 Shares	\$0.04	\$0.08	\$0.12	\$0.16	\$0.20	\$0.24

Source: eResearch

Sultan’s Kena gold property, considered a low-grade bulk tonnage type deposit possessing excellent infrastructure, is becoming more attractive as the price of gold increases. We believe that the application of a conservative “per attributable resource ounce” value of US\$20 is warranted at this point in time. Using this value we obtain an intrinsic value of \$0.18 per share for the Kena Gold Property.

Table 5: Matrix of Values Per Attributable Resource Pound

Per Attributable	US\$10	US\$20	US\$30	US\$40
Gold Resource Ounce				
Market Cap (C\$ @C\$1=US\$0.8622)				
Using 400,000 Resource Ounces	\$4,639,295	\$9,278,590	\$13,917,884	\$18,557,179
Value Per Fully Diluted Share				
Using 51,487,909 Shares	\$0.09	\$0.18	\$0.27	\$0.36

Source: eResearch

Therefore, using the “per attributable resource pound/ounce” methodology, we obtain a value of \$0.30 per share for the Company as a whole on a consolidated basis.

Valuation Conclusion

Our two valuation methodologies produce estimates of the intrinsic value for Sultan Minerals shares of \$0.23 (peer comparison) and \$0.30 (per attributable resource ounce). Weighting these, we derive our 12 months’ Target Price for the shares of \$0.25. This represents a 67% increase from current levels.

APPENDIX 1: JERSEY-EMERALD PROPERTY

The Company originally acquired the property for its gold potential, by entering into an option agreement with Lloyd Addie and Robert Bourdon to purchase 100% interest in the Jersey Claim Group. Sultan subsequently became aware of a 1000-foot wide molybdenum bearing stockwork exposed in the historic underground tungsten workings and historic diamond drill holes at the Emerald Tungsten Mine. The historic mine records indicate that molybdenum was encountered within an area measuring 700 metres by 300 metres and remains open in all directions.

Widespread occurrences, confirming that the underlying intrusive is molybdenum bearing have been noted on this property since the 1930s. Initially they were found in the surface showings on the western slope of Iron Mountain, where the Emerald and Feeney tungsten deposits were developed. In general, these occurrences consisted of high-grade molybdenite along fracture surfaces, and in the skarns associated with tungsten mineralization. The molybdenum content of the skarns tended to have limited continuity or potential volume. However, during the periods when these tungsten deposits were being developed, the source of the skarn molybdenum was found to be in a stockwork within the underlying granitic intrusive.

A preliminary program was initiated in 1981, but unfortunately was aborted due to falling molybdenum prices. However, the results of this limited program revealed that significant molybdenum occurs in a large stockwork of vertical quartz veins that formed in the intrusive. The best exposure of this is in the Dodger 4200 Drift North. The subsequent mapping of this drift revealed molybdenum in a stockwork of east-west trending quartz veins for the length of drift that is in the intrusive; approximately 330 metres. It should be noted that similar veins trending north-south were also found in this drift, but at this time their moly content remains unknown.

Another area where the intrusive was revealed is the East Dodger mine located about 100 metres east of the Dodger 4200 Drift North. During the 1970's, when it was developed and mined by Placer Dome, molybdenum was found in the stockwork and also in the diamond drill core.

Also of great interest, is an area located about 700 metres to the west where similar widespread occurrence of molybdenum in the stockwork has been intersected by the Invincible Main Haulage decline. Here again, the molybdenum is found in a stockwork of vertical quartz veins within an intrusive.

The results of the 12 holes recently drilled by Sultan show the molybdenum-rich body to extend 1,000 feet north-south, 400 feet east-west and to a depth of 300 feet. With the current price of molybdenite near \$23.00/lb, the Company is extremely pleased with the results of the 12 hole drill program and has moved a second drill on to the property to conduct the next phase of drilling.

Highlights

Drill Hole 2 (JM05-02) was drilled in the Dodger 4200 Drift North to investigate the grade of a 1,000 foot wide molybdenum bearing stockwork exposed in the historic tungsten workings. This impressive hole encountered molybdenum mineralization over its entire 192-foot length assaying 0.22% MoS₂. This hole includes a 13.7 foot long section near the bottom of the hole that assayed 1.72% MoS₂ and 5.19% MoS₂ over 3.7 feet within this section.

Drill Hole 3 (JM05-03) was a 600-foot long hole drilled adjacent to drill hole 2, along an azimuth of 067° with a dip of -25° in order to determine the total width of the mineralized intersection of hole 2. Drilling focused on the East Dodger Zone of the Emerald Tungsten Mine where sizeable molybdenum and tungsten deposits were intersected in holes 1 and 2. The hole showed molybdenum mineralization to a depth of 537 feet and most importantly confirmed the mineralization intersected in hole 2. The hole averaged 0.11% MoS₂ over 495 feet while encountering higher grades over the first half. Included in a 165.5 foot section averaging 0.26% were several high grade intersections with the best section averaging 1.30% over 15.0 feet and a 2.5 foot section that carried 2.58%. Beyond a depth of 537 feet, the alteration and mineralization decreases suggesting that the western margin of the deposit had been penetrated.

The three underground holes 4, 5, and 6 (JM05-04, JM05-05, and JM05-06) were step out holes from hole (JM05-02). Hole 4 was drilled upwards along an azimuth of 0670 above hole 3. The hole passed above the top of the favorable host granite and entered the overlying tungsten rich skarn unit. The hole assayed 0.06 % MoS₂ over 87 feet, including a width of 6.5 feet of 0.36% MoS₂. It also returned 0.41% WO₃ (tungsten) over a 6 foot core length from 250 to 256 feet. This indicates that the property may have excellent tungsten potential since the tungsten was only mined down to a cut-off of 0.30% WO₃.

Hole 5 was drilled to the north of holes 2 and 3 along an azimuth of 0450 with a dip of -200. This hole assayed .05% MoS₂ over the entire length of 438 feet. Included in this was an intersection from 29 to 166 feet that returned 0.13% MoS₂. Several high-grade intersections including 0.42% MoS₂ over 18.0 feet and 0.93% MoS₂ were also reported.

Hole 6 was drilled upwards at an angle of +50 along an azimuth of 0450 above hole 5. The hole passed above the top of the favourable granite host and entered the tungsten rich skarn. The hole assayed 0.08% MoS₂ over 113 feet, including 18 feet of 0.31% MoS₂ and 4 feet of 1.03% MoS₂.

Hole 7 was collared 135 feet north of previously drilled holes 5 and 6. Drilled along an azimuth of 0450 with a dip of -200, it intersected a section of granite that hosted only two significant sections of molybdenite veining, but still assayed 0.02% MoS₂ over 67.50 feet.

Holes 8 and 9, were drilled 225 feet north of hole 7 along an azimuth of 0450 with a dip of -200 and -350 respectively. Both holes show significant molybdenite veining, with hole 9 returning an impressive 0.54% MoS₂ over 3.0 feet.

Hole 10 was drilled horizontally along an azimuth of 2250 from the same setup as holes 8 and 9. The hole was drilled in the opposite direction of holes 8 and 9 in order to test the margin and style of mineralization. The drill hole cut the margin of the favourable host granite and entered the overlying tungsten-rich skarn at 159 feet. Prior to entering the skarn, the hole intersected several molybdenum-rich veins and averaged 0.06% MoS₂ over 126 feet, including 3 feet that returned 1.01% MoS₂.

The purpose of holes 11 and 12, which were collared 165 feet to the south of hole 2, was to test the mineralization potential of the southern portion of the zone. Drilled along an azimuth of 0450 and a dip of -300 and -450 respectively, both holes showed significant molybdenite veining. The highest intersection reported was at hole 11, which assayed 0.83% MoS₂ over 3 feet and averaged 0.06% MoS₂ over 119 feet.

Table 6: Drill Results Table

Drill Hole	Azimuth/ Dip	Length	From	To	Width	MoS2%
JM05-01	070/-35	498.00	342.50	461.00	119.00	0.05
JM05-02	067/-37	196.00	4.00	196.00	192.00	0.22
Including			186.00	189.70	3.70	5.19
JM05-03	067/-25	600.00	0.00	495.00	495.00	0.11
Including			200.00	215.00	15.00	1.30
JM05-04	067/+05	270.00	65.00	152.00	87.00	0.06
Including			97.00	103.50	6.50	0.36
JM05-05	045/-20	438.00	0.00	438.00	438.00	0.05
Including			29.00	166.00	137.00	0.13
JM05-06	045/+05	325.00	2.00	115.00	113.00	0.08
Including			22.00	26.00	4.00	1.03
JM05-07	045/-20	414.00	79.00	146.50	67.50	0.02
JM05-08	045/-20	395.00	0.00	149.00	149.00	0.03
Including			35.00	41.00	6.00	0.31
JM05-09	045/-35	476.00	37.50	377.00	339.50	0.03
JM05-10	225/0	186.00	10.00	133.00	123.00	0.06
Including			32.50	35.50	3.00	1.01
JM05-11	045/-30	408.00	0.00	413.00	413.00	0.03
Including			216.00	335.00	119.00	0.06
JM05-12	045/-45	537.00	194.00	357.00	163.00	0.04
Including			344.00	357.00	13.00	0.21

APPENDIX 2: KENA PROPERTY

After optioning the Kena property in 1999, Sultan Minerals conducted exploration programs consisting of sampling of existing diamond drill core, geological and structural mapping, geochemical and geophysical surveys and excavator trenching. The core-sampling program resulted in the definition of large widths of gold mineralization in the Kena Gold Zone.

Encouraged by the results of the 1999 exploration program, the Company conducted a program entailing soil geochemical, magnetometer and induced polarization surveys followed by trenching over the Silver King Intrusive located north of Gold Creek, in an area now referred to as the Gold Mountain Zone. The six trenches averaged 1.43 g/t gold over the combined length of 182 metres.

The results from a 7-hole diamond drill program completed in July 2001, confirmed the depth extension of the widespread, porphyry style gold mineralization within the Silver King intrusive unit and extending across the contact into the Elise Volcanics for a short distance. The core samples, including relatively barren zones averaged 0.8 g/t gold over the entire 892.5 metres drilled, with intervals up to 28 metres returning above 2.5 g/t gold and one 12 metre interval showing more than 4.0 g/t gold. The encouraging result from this program led to a second drilling and exploration program consisting of expanded geochemical and induced polarization surveys, followed by 5,788 metres of reverse circulation and diamond drilling on the Gold Mountain Zone. The results show a gold soil geochemical anomaly extending north and west of the initial surveyed area, covering an area measuring 3,300 by 1,400 metres. Drilling in the trench discovery area indicated "bulk tonnage type" gold mineralization with many holes returning 1 g/t over 100 metres or greater. Also, two "bonanza grade" intervals were found, in 01GM-03 where 1.23 metres assayed 240.07 g/t gold, while 01GM-08 assayed 172.10 g/t gold over 2.0 metres.

On November 24, 2005, Sultan Minerals announced that it was commencing with a trenching program aimed at testing a zone of copper-silver mineralization discovered during reclamation blast-trenching near the historic Silver King Mine on its Kena Gold Property.

The highlight of the program was Trench 1, a north-south trench, measuring 26 metres in length, excavated 170 metres along strike of the discovery blast-trench. Assay results show that this trench cut a 16.0 metre wide zone of disseminated mineralization with values of 0.69% copper and 188.6 g/t (5.50 oz/ton) silver. In addition, the trench, which ended in mineralization, included a 3.0 metre wide section which assayed 1.19% copper and 593.0 g/t (17.30 oz/ton) silver.

Trench 2 was a north-south trench excavated 120 metres to the west of Trench 1 and 50 metres east of the discovery blast-trench. Assay results show the intersection of a 15 metre wide zone of mineralization with values of 0.19% copper and 4.0 g/t silver including a 5 metre wide zone assaying values of 0.54% copper and 10.0 g/t silver.

During the time which the Silver King Mine was operational only the high-grade veins were mined, while the disseminated mineralization was ignored. Thus, the Company is considering additional trenching and diamond drilling be conducted to determine the dimensions and grade of the deposit which remains open in all directions.

NOTES

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Each Research Analyst who was involved in the preparation of this Research Report hereby certifies that: (1) the views, opinions, and recommendations expressed in this Research Report reflect accurately the Research Analyst's personal views concerning any and all securities and issuers that are discussed herein and are the subject matter of this Research Report; and (2) the fees, earnings, or compensation, in any form, payable to the Research Analyst, is not and will not, directly or indirectly, be related to the specific views, opinions, and recommendations expressed by the Research Analyst in this Research Report.

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