

SULTAN MINERALS INC.
(an exploration stage company)
CONDENSED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2012

The accompanying condensed interim financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors. The Company's independent auditors have not performed a review of these condensed interim financial statements.

SULTAN MINERALS INC.

(an exploration stage company)

Condensed Interim Statements of Financial Position

(Unaudited) (Expressed in Canadian dollars)

	March 31, 2012	December 31, 2011
Assets		
Current assets		
Short-term investments	\$ 36,250	\$ 82,250
Accounts receivable	126,078	57,155
Prepaid expenses	11,894	16,366
	174,222	155,771
Mineral property exploration interests (Note 3)	9,430,608	9,438,584
Investments (Note 4)	196	196
Equipment (Note 5)	1,542	1,868
Reclamation deposits	21,120	21,120
	\$ 9,627,688	\$ 9,617,539
Liabilities and Equity		
Current liabilities		
Cheques written in excess of funds on deposit	16,481	19,932
Accounts payable and accrued liabilities	79,969	79,983
Deferred revenue	25,000	37,778
Due to related parties (Note 7)	17,193	36,489
Total liabilities	138,643	174,182
Equity		
Share capital (Note 6)	22,857,034	22,719,474
Warrants (Note 6)	429,049	368,616
Share-based payments reserve	3,307,659	3,307,659
Accumulated other comprehensive loss	(3,721)	(3,721)
Deficit	(17,100,976)	(16,948,671)
	9,489,045	9,443,357
	\$ 9,627,688	\$ 9,617,539

Commitments (Note 10)

Approved on Behalf of the Board:

/s/ "Arthur G. Troup"
Arthur G. Troup, Director

/s/ "Robin Merrifield"
Robin Merrifield, Director

SULTAN MINERALS INC.

(an exploration stage company)

Condensed Interim Statements of Operations and Comprehensive Loss

(Unaudited) (Expressed in Canadian dollars)

	Three months ended	
	March 31,	
	2012	2011
Expenses		
Depreciation	\$ 326	\$ 952
Legal, accounting and audit	25,561	4,509
Management fees	7,500	7,500
Office and administration	30,263	45,037
Salaries and benefits	49,635	49,253
Shareholder communications	33,197	48,984
Travel and conferences	5,766	5,352
Interest and other (recoveries)	57	(1,010)
	<u>152,305</u>	<u>160,577</u>
Net loss	(152,305)	(160,577)
Other comprehensive income (loss)		
Unrealized gain (loss) on investments	-	(143)
	<u>\$ (152,305)</u>	<u>\$ (160,720)</u>
Comprehensive loss		
	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Loss per share, basic and diluted		
	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Weighted average number of common shares outstanding – basic and diluted	133,058,099	130,446,918

SULTAN MINERALS INC.

(an exploration stage company)
 Condensed Interim Statements of Changes in Shareholders' Equity
 (Unaudited) (Expressed in Canadian dollars)

	Common Shares		Warrants Reserve	Share-based Payments Reserve	Accumulated Other Comprehensive Loss	Deficit	Total Shareholders' Equity
	Shares	Amount					
Balance, December 31, 2010	130,446,918	\$ 22,715,974	\$ 368,616	\$ 3,307,659	\$ (3,562)	\$ (16,364,495)	\$ 10,024,192
Other comprehensive loss	-	-	-	-	(143)	-	(143)
Loss for the period	-	-	-	-	-	(160,577)	(160,577)
Balance, March 31, 2011	130,446,918	\$ 22,715,974	\$ 368,616	\$ 3,307,659	\$ (3,705)	\$ (16,525,072)	\$ 9,863,472
Balance, December 31, 2011	130,559,418	\$ 22,719,474	\$ 368,616	\$ 3,307,659	\$ (3,721)	\$ (16,948,671)	\$ 9,443,357
Private placement, net of share issuance cost	4,000,000	126,245	66,748	-	-	-	192,993
Warrants exercised	100,000	11,315	(6,315)	-	-	-	5,000
Other comprehensive loss	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	(152,305)	(152,305)
Balance, March 31, 2012	134,659,418	\$ 22,857,034	\$ 429,049	\$ 3,307,659	\$ (3,721)	\$ (17,100,976)	\$ 9,489,045

The accompanying notes form an integral part of these financial statements.

SULTAN MINERALS INC.

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Condensed Interim Statements of Cash Flows

(Unaudited) (Expressed in Canadian dollars)

	Three months ended March 31,	
	2012	2011
Cash provided by (used for)		
Operations		
Net loss	\$ (152,305)	\$ (160,577)
Items not involving cash:		
Depreciation	326	952
Changes in non-cash operating working capital		
Accounts receivable	(68,923)	32,035
Due to/from related parties	(19,296)	(3,153)
Prepaid expenses	4,472	(202)
Accounts payable and accrued liabilities	(14)	(34,096)
	(235,740)	(165,041)
Investing		
Mineral property exploration interests		
Acquisition costs	-	(35,854)
Exploration and evaluation costs	(4,802)	-
Short-term investments redeemed	46,000	-
	41,198	(35,854)
Financing		
Proceeds from share issuance	197,993	-
Increase (decrease) in cash	3,451	(200,895)
Cash, beginning of period	(19,932)	187,177
Cash (Cheques issued in excess of funds on deposit), end of period	\$ (16,481)	\$ (13,718)
Supplemental information		
Interest paid	-	-
Income tax paid	-	-

SULTAN MINERALS INC.

(an exploration stage company)

Notes to condensed interim financial statements

Three months ended March 31, 2012

(Unaudited) (Expressed in Canadian dollars)

1. CORPORATE INFORMATION AND NATURE OF OPERATIONS

Sultan Minerals Inc., incorporated in British Columbia, is a public company listed on the TSX Venture Exchange ("TSX-V") and trades under the symbol SUL. The address of the Company's corporate office and its principal place of business is 1066 West Hastings Street, Suite 2000, Vancouver, British Columbia, Canada.

The Company is in the exploration stage and its principal business activity is the exploration and evaluation of mineral properties in Canada. The Company is in the process of exploring and evaluating its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

The amounts shown as mineral properties and related capitalized exploration 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.

2. BASIS OF PREPARATION

a) Statement of compliance

These condensed interim financial statements are prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* under International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board. These condensed interim financial statements follow the same accounting policies and methods of application as the Company's most recent annual financial statements. Accordingly, these condensed interim financial statements should be read in conjunction with our most recent annual financial statements, which were prepared in accordance with IFRS as issued by the IASB.

The condensed interim financial statements were authorized for issuance by the Board of Directors on May 28, 2012.

b) Going Concern

These interim financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable period of time. The Company has incurred losses since its inception and had an accumulated deficit of \$17,100,976 at March 31, 2012 which has been funded primarily by issuance of shares. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future. The Company has been successful in the past in raising funds for operations by issuing shares but there is no assurance that it will be able to continue to do so in the future. These factors may cast significant doubt on the use of the going concern basis of accounting.

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Three months ended March 31, 2012

(Unaudited) (Expressed in Canadian dollars)

3. MINERAL PROPERTY EXPLORATION INTERESTS

Expenditures on interests in mineral properties are considered exploration and evaluation assets.

	KENA PROPERTY, BRITISH COLUMBIA	JERSEY AND EMERALD PROPERTIES, BRITISH COLUMBIA	MCLEESE LAKE PROPERTY, BRITISH COLUMBIA	STEPHENS LAKE PROPERTY, MANITOBA	Mineral Property Interests 2011
Acquisition costs					
As at January 1, 2012	\$ 535,841	\$ 696,447	\$ -	\$ 1	\$ 1,232,289
Incurring during the period					
Option Proceeds	(5,000)	(12,779)	-	-	(17,779)
As at March 31, 2012	530,841	683,668	-	1	1,214,510

Exploration and evaluation costs

Incurring during the year					
Assays and analysis	-	-	-	-	--
Geological and geophysical	-	461	-	-	461
Site activities	2,864	6,478	-	-	9,342
Travel and accommodation	-	-	-	-	--
	2,864	6,939	-	-	9,803
As at January 1, 2012	3,280,407	4,899,040	26,708	140	8,206,295
As at March 31, 2012	3,283,271	4,905,979	26,708	140	8,216,098
Balance, March 31, 2012	\$ 3,814,112	\$ 5,589,647	\$ 26,708	\$ 141	\$ 9,430,608

	KENA PROPERTY, BRITISH COLUMBIA	JERSEY AND EMERALD PROPERTIES, BRITISH COLUMBIA	MCLEESE LAKE PROPERTY, BRITISH COLUMBIA	STEPHENS LAKE PROPERTY, MANITOBA	MINERAL PROPERTY INTERESTS 2010
Acquisition costs					
As at January 1, 2011	\$ 527,861	\$ 695,669	\$ -	\$ 1	\$ 1,223,531
Incurring during the year	7,980	13,000	-	-	20,980
Option Proceeds		(12,222)			(12,222)
As at December 31, 2011	535,841	696,447	-	1	1,232,289

Exploration and evaluation costs

Incurring during 2010					
Assays and analysis	5,069	134	-	-	5,203
Geological and geophysical	18,470	-	-	-	18,470
Site activities	8,458	51,472	1,649	-	61,579
Travel and accommodation	3,065	4,910	-	-	7,975
Tax credits recovered	(10,604)	(20,329)	-	-	(30,933)
	24,458	36,187	1,649	-	62,294
As at January 1, 2011	3,255,949	4,862,853	25,059	140	8,144,001
As at December 31, 2011	3,280,407	4,899,040	26,708	140	8,206,295
Balance, December 31, 2011	\$ 3,816,248	\$ 5,595,487	\$ 26,708	\$ 141	\$ 9,438,584

The impairment assessment of exploration and evaluation assets did not result in amounts being written off in the Company's properties.

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Three months ended March 31, 2012

(Unaudited) (Expressed in Canadian dollars)

3. MINERAL PROPERTY EXPLORATION INTERESTS (continued)

a) Kena Property, Ymir, British Columbia, Canada

The Kena property is located near the community of Ymir in southeastern British Columbia. The Kena Property is comprised of the original Kena claims and four adjoining properties. One adjoining property, the Daylight claim Group is still under option.

Kena Claims

The Company holds 100% of the original Kena Property claims. The property is subject to a 3.0% net smelter returns royalty ("NSR") on gold and silver and 1.5% on other metals. The Company has the right to purchase 50.0% of the NSR for the greater of 7,000 ounces of gold or \$2,000,000 and must issue an additional 100,000 common shares on commencement of commercial production.

Tough Nut Claim Group

The Company holds 100% in three Tough Nut Claim Group claims, located on the north end of the Kena Property. The claims are subject to a 3.0% NSR from gold and silver. The Company has the right to purchase 66.67% of the NSR from the optionors for \$2,000,000 at any time prior to commencement of commercial production.

Great Western Claim Group

The Company holds 100% of the Great Western claim group, consisting of 3 claim units contiguous to the Kena property. Sultan must issue 200,000 common shares to the property vendors on receipt of a positive feasibility study. The property is subject to a 3.0% NSR from production of gold and silver and 1.5% from production of other metals. The Company has the right to purchase 66.67% of the NSR for \$1,000,000 on commencement of commercial production.

Starlight Claim Group

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

Daylight Claim Group

The Company holds 87.5% of the Daylight Claim Group, consisting of 8 crown grants. On August 22, 2011, the Company entered an Agreement with Ms. Janet Lynn Wirth (the "Optionor") to option the remaining 12.5% interest in the Daylight Claim Group which was approved by the TSX-V on November 9, 2011. The Company has the exclusive right and option to acquire the 12.5% interest in the Property by making cash payments of \$7,500 and issuing 25,000 common shares to the Optionor over a one-year period.

The properties are subject to royalties payable to the optionors of a 3.0% NSR from production of gold and silver and 1.5% NSR from the production of other metals. The Company has the right to reduce the NSR to 1.0% from the production of gold and silver and 0.5% from the production of other metals by a payment of \$1,000,000 on or prior to the commencement of commercial production. The Company must issue 200,000 common shares to the optionors upon completion of a positive feasibility study recommending commercial production on the property.

During the year ended December 31, 2011, the Company made a payment of \$3,750 in cash and issued 12,500 common shares of the Company with a fair value of \$500 to acquire the remaining 12.5% interest in the Daylight Claim Group.

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(Unaudited) (Expressed in Canadian dollars)

3. MINERAL PROPERTY EXPLORATION INTERESTS (continued)

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

Option Agreement with Altair Ventures Inc.

On December 30, 2011, the Company entered into an option Letter Agreement with Altair Ventures Inc. ("Altair"), whereby Altair has an option to earn a 60% interest in 7,000 hectares of mineral claims that comprise the Kena and Toughnut portions of the Company's Kena Gold-Copper Property (the "Project") in British Columbia by completing \$7,500,000 in Project related exploration expenditures over four years. The Altair Option has a term of 4 years commencing from December 30, 2011 (the "Effective Date").

To exercise the Option and earn its (60%) interest in the Project, Altair will:

i) make the following cash option payments to the Company:

- (A) within 5 business days of receiving the TSX-V acceptance, \$195,000 (received subsequent to March 31, 2012);
- (B) within six months from the Effective Date, an additional \$200,000;
- (C) within eighteen months from the Effective Date, an additional \$300,000;
- (D) within thirty months from the Effective Date, an additional \$300,000;
- (E) within forty-two months from the Effective Date, an additional \$400,000; and
- (F) within forty-eight months from the Effective Date, an additional \$600,000;

for total cash option payments of \$2,000,000 including \$5,000 received on signing of Letter Agreement;

ii) issue common shares of Altair to the Company as follows:

- (A) within 5 business days of receiving the TSX-V acceptance, 500,000 shares (received subsequent to March 31, 2012);
- (B) within six months from the Effective Date, an additional 500,000 shares;
- (C) within eighteen months from the Effective Date, an additional 500,000 shares;
- (D) within thirty months from the Effective Date, an additional 500,000 shares; and
- (E) within forty-eight months from the Effective Date, an additional 666,667 shares;

for a total of 2,666,667 shares; and

iii) incur exploration expenditures as follows:

- (A) within twelve months from the Effective Date, \$1,500,000;
- (B) within twenty-four months from the Effective Date, an additional \$2,000,000;
- (C) within thirty-six months from the Effective Date, an additional \$2,000,000; and
- (D) within forty-eight months from the Effective Date, an additional \$2,000,000;

for total exploration expenditures of \$7,500,000.

After Altair has earned its 60% interest in the Project, Altair may elect to extend the option (the "First Option Extension Notice") and earn a 70% interest in the Project by completing a Feasibility Report within 72 months following the Effective Date. If Altair completes a Feasibility Report within 72 months of the Effective Date, then Altair may elect to earn an additional 5% interest in the Project (the "Second Option Extension Notice"), making Altair's aggregate interest in the Project 75% by electing to continue funding all of the Project development expenditures up to the achievement of Commercial Production from the Project.

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(Unaudited) (Expressed in Canadian dollars)

3. MINERAL PROPERTY EXPLORATION INTERESTS (continued)

Option Agreement with Altair Ventures Inc. (continued)

In addition to the other payments provided for in the agreement, Altair will make bonus payments to Sultan as follows:

(A) If, at the end of 51 months following the Effective Date, Altair has elected not to give the First Option Extension Notice, and the Parties have then established that there are measured and indicated gold resources on the Project of not less than 2.0 million ounces at a 0.3 gram/tonne cut-off, then Altair will pay a one-time lump sum \$2.0 million Reported Resource Bonus to Sultan.

(B) If, Altair elects to give the First Option Extension Notice, then at the end of 76 months following the Effective Date Altair will pay a Reported Resource Bonus to Sultan equal to the greater of:

- (i) \$5.00 per ounce of probable and proven mineral reserves on the Project, determined at a 0.3 gram/tonne cut-off; or
- (ii) a one-time lump sum amount of \$2.0 million, provided that the Parties have by then established that there are measured and indicated gold resources on the Project of not less than 2.0 million ounces at a 0.3 gram/tonne cut-off.

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

The 14,000 hectare Jersey-Emerald Property is located 10 kilometres southeast of the community of Salmo in southeastern British Columbia. The property is comprised of several contiguous mineral properties and historic mines that have been purchased or are under option. The property is host to the former Emerald Tungsten Mine, which was Canada's second largest tungsten producer and the historic Jersey and HB lead-zinc mines, British Columbia's second and third largest lead-zinc producers. The property is also host to the historic, small but high grade Aspen Silver and Summit Gold mines.

To maintain its Jersey-Emerald mineral property interests in fiscal 2012, the Company is required to make monthly cash payments of \$750 for lease of surface property rights, pay \$3,000 in advance royalty payments and make property option payments of \$20,000 and 100,000 shares.

In 2006 and 2007 the Company entered into four separate purchase agreement to acquire 100% of the rights, title and interest in the surface rights to 1,122 acres of land situated over the historic Jersey and Emerald mine workings.

Option Agreement with Tunxsten Resources Ltd.

On November 17, 2011, the Company signed a Letter of Intent ("LOI") with Tunxsten Resources Ltd. ("Tunxsten") granting Tunxsten the exclusive option to acquire up to an undivided 65% interest in the Jersey Emerald Property (the "Property") located near Salmo, British Columbia, over a three year period from the Closing Date. Tunxsten will have the exclusive right to acquire up to an undivided 65% interest in the Property under the following terms of the LOI:

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(Unaudited) (Expressed in Canadian dollars)

3. MINERAL PROPERTY EXPLORATION INTERESTS (continued)

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

Option Agreement with Tunxsten Resources Ltd. (continued)

- Paying to the Company \$250,000 upon receiving regulatory approval of the Definitive Agreement;
- Completing work program minimum exploration expenditures of \$8,500,000;
- Paying to the Company a consulting fee of \$450,000, with \$150,000 advanced by Tunxsten on regulatory approval of the Definitive Agreement and \$150,000 paid on each of the 1st and 2nd anniversary dates from regulatory approval of the Definitive Agreement; and
- Tunxsten assuming responsibility of equipment maintenance and existing net smelter royalties.

Upon earning its 65% interest, the Company and Tunxsten will form a Joint Venture by entering into a joint venture agreement for the further development of the Property by the Parties. Upon completion of a bankable feasibility study, Tunxsten will have the right to acquire an additional undivided 5% interest in the Property for a payment of \$500,000 to the Company increasing Tunxsten's interest to 70%.

Upon receiving regulatory approval, Tunxsten agrees to provide the Company with a senior debt credit line of \$150,000 upon which the Company may draw down the full amount immediately, such credit line having an interest rate of 5% per annum calculated quarterly, and not in advance, which principal amount and any accrued but unpaid interest will be due and payable three years from the Closing Date.

Upon execution of this LOI in November 2011, the Company received a deposit of \$50,000 from Tunxsten and \$25,000 of such \$50,000 will be refundable to Tunxsten in the event that the LOI terminates or Tunxsten decides not to proceed with this agreement. If this agreement is executed, the \$50,000 payment will be deducted from the \$250,000 option payment under the LOI.

As at March 31, 2012, \$25,000 option payments from Tunxsten were deducted from the Property and the remaining balance of \$25,000 is recorded to deferred revenue. The LOI is currently subject to regulatory approval.

c) Stephens Lake Property, Manitoba, Canada

The Company is in a joint venture with ValGold Resources Ltd. and Cream Minerals Ltd. (the "Companies"). The Companies have 75% of the Trout Claim Group, which are internal to the claims forming the Stephens Lake Property. The Company has written off all exploration and carrying costs on the property to a nominal carrying value of \$1, as it has no exploration programs planned.

d) Mineral Property Interests Commitments

To maintain its mineral property interests, the Company is required to make monthly cash payments in fiscal 2012 of \$750 for lease of surface property rights. In fiscal 2012, the Company will have to make cash payments of \$26,750, and issue 112,500 common shares with respect to its mineral property interests held at December 31, 2011.

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Notes to condensed interim financial statements

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(Unaudited) (Expressed in Canadian dollars)

4. INVESTMENTS

	Number of Shares	Book Value March 31, 2012	Fair Value March 31, 2012	Fair Value December 31, 2011
Emgold Mining Corporation (Note 9 (c))	1,565	\$ 3,913	\$ 196	\$ 196
Total Investments		\$ 3,913	\$ 196	\$ 196

As at March 31, 2012 investments in available-for-sale securities consist of marketable securities which had a market value of \$196 (December 31, 2011 - \$196). 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.

5. EQUIPMENT

Cost	Computer Equipment	Field and Mining Equipment	Vehicles	Total
As at December 31, 2011	\$ 15,770	\$ 49,614	\$ 26,271	\$ 91,655
Additions	-	-	-	-
As at March 31, 2012	\$ 15,770	\$ 49,614	\$ 26,271	\$ 91,655
Accumulated Depreciation				
As at December 31, 2011	\$ 13,902	\$ 49,614	\$ 26,271	\$ 89,787
Depreciation	326	-	-	326
As at March 31, 2012	\$ 14,228	\$ 49,614	\$ 26,271	\$ 90,113
Carrying Amounts				
Balance, December 31, 2011	\$ 1,868	\$ -	\$ -	\$ 1,868
Balance, March 31, 2012	\$ 1,542	\$ -	\$ -	\$ 1,542

6. SHARE CAPITAL

(a) Authorized:

Unlimited number of common shares without par value

(b) Issued and outstanding:

See Statements of Changes in Shareholders' Equity.

On February 1, 2012, the Company completed a non-brokered private placement of 4,000,000 units. Each unit was comprised of one common share and one share purchase warrant at \$0.05 per unit, for gross proceeds of \$200,000. Each warrant is exercisable into one common share for a period of 24 months from the date of issue at an exercise price of \$0.10 per share. Share issuance cost of \$7,006 was incurred. The warrants were valued using a Black-Scholes pricing model using the following assumptions: risk free interest rate - 0.98%; volatility - 106%, and an expected life of two years. The value allocated to the warrants was 66,749.

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(Unaudited) (Expressed in Canadian dollars)

6. 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, 2012:

Weighted Average Exercise Price	Number Outstanding at March 31, 2012	Weighted Average Remaining Contractual Life
\$0.45	1,818,000	0.3 years
\$0.29	2,050,000	0.6 years
\$0.29	100,000	1.0 years
\$0.10	4,430,000	2.2 years
\$0.10	500,000	2.7 years
\$0.22	8,898,000	1.5 years

A summary of the changes in stock options for the three month ended March 31, 2012 is presented below:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2011	9,962,000	\$0.22
Cancelled/forfeited	(1,064,000)	\$0.22
Expired	--	--
Balance, March 31, 2012	8,898,000	\$0.22
Balance vested, March 31, 2012	8,898,000	\$0.22

(d) Share purchase warrants

As at March 31, 2012 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	\$0.12	June 30, 2014
706,666	\$0.12	June 30, 2014
66,666	\$0.12	June 28, 2014
523,800	\$0.05	June 30, 2014
1,498,400	\$0.12	June 30, 2014
4,662,500	\$0.15	November 24, 2012
4,000,000	\$0.10	February 1, 2014
24,791,365	\$0.12	

The following table summarizes changes in the number of warrants outstanding:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2011 and 2010	20,824,699	\$0.13
Issued	4,066,666	\$0.10
Exercised	(100,000)	\$0.05
Balance, March 31, 2012	24,791,365	\$0.12

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(Unaudited) (Expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

(e) Shareholder rights plan

The Company's board of directors approved the adoption of a Shareholder Rights Plan (the "Rights Plan") on June 28, 2010, and the Rights Plan will expire on June 28, 2013.

The Shareholder Rights Plan has been designed to protect shareholders from unfair, abusive or coercive take-over 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 Shareholder Rights Plan was adopted to provide the Board with sufficient time, in the event of a public take-over bid or tender offer for the common shares, to pursue alternatives which could enhance shareholder value.

This Shareholder Rights Plan is not being adopted in response to any proposal to acquire control of the Company.

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).

7. RELATED PARTY TRANSACTIONS AND BALANCES

	Three months ended March 31,	
Services rendered and reimbursement of expenses:	2012	2011
Quorum Management and Administrative Services Inc. (a)	\$ 211	\$ 16,757
Lang Mining Corporation (b)	7,500	7,500
Directors' fees	9,519	10,500
Short term employee benefit (e)	63,000	45,998

Balances payable to (d):	March 31,	December 31,
	2012	2011
Quorum Management and Administrative Services Inc. (a)	\$ --	\$ 413
Directors' fees	3,249	12,761
Short term employee benefit (e)	11,144	14,915
Lang Mining Corporation (b)	2,800	8,400
	\$ 17,193	\$ 36,489

The Company has identified its directors and certain senior officers as its key management personnel and the compensation costs for key management personnel and companies related to them were recorded at their exchange amounts as agreed upon by transacting parties and on terms and conditions similar to non-related parties as follows:

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

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7. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

8. 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, 2012, the classification of the financial instruments, as well as their carrying values and fair values, with comparative figures for December 31, 2011, are shown in the table below:

	March 31, 2012		December 31, 2011	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial assets				
Cash	\$ -	\$ -	\$ --	\$ --
Short-term investments	36,250	36,250	82,250	82,250
Accounts receivable	126,078	126,078	57,155	57,155
Investments	196	196	196	196
Financial liabilities				
Cheques written in excess of funds on deposit	16,481	16,481	19,932	19,932
Accounts payable and accrued liabilities	79,969	79,969	79,983	79,983
Due to related parties	17,193	17,193	36,489	36,489

The fair values of the Company's financial instruments measured at March 31, 2012, constitute Level 1 measurements for its cash, short-term investments and investments within the fair value hierarchy.

The Company recognized interest income during the three months ended March 31, 2012, totalling \$247. This is primarily interest income from the Company's short-term investments. This balance represents interest income from all sources.

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8. 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:

	March 31, 2012
Accounts and other receivables -	
Currently due	\$ 126,078
Past due by 90 days or less, not impaired	--
Past due by greater than 90 days, not impaired	--
	127,078
Short-term investments	36,250
	\$ 162,328

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 term deposits are held. The Company's maximum exposure to credit risk as at March 31, 2012, 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 11, 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, 2012, are summarized as follows:

	March 31, 2012
Accounts payable and accrued liabilities with contractual maturities –	
Within 90 days or less	\$ 79,969
In later than 90 days, not later than one year	--
Due to related parties with contractual maturities	
Within 90 days or less	--
In later than 90 days, not later than one year	--

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8. 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 evaluation 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, 2012, 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.

9. 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 2b).

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9. 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.

10. COMMITMENTS

The Company's commitment for annual minimum future lease payments under the office rental agreement is as follows:

2012	\$ 19,096
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