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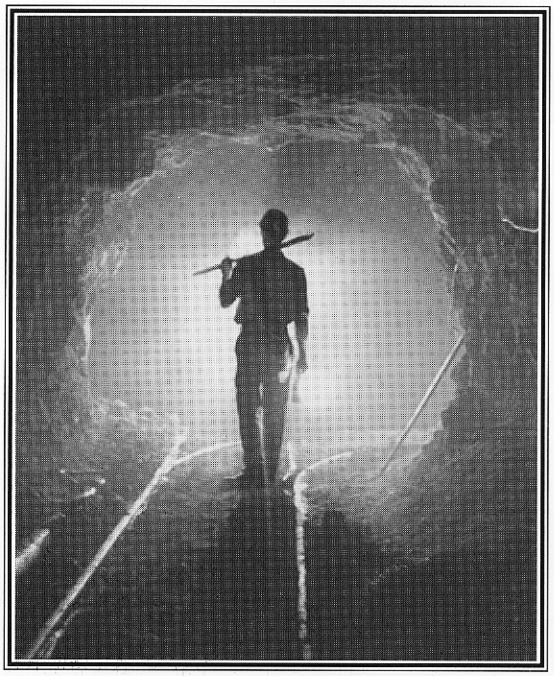
Sultan Minerals Inc.



Annual Report 2000

CORPORATE PROFILE

Sultan Minerals Inc. is a Vancouver based mineral exploration company currently focused on the exploration and assessment of the Kena Gold Property and the Jersey-Emerald Property, both located in southeastern British Columbia.

Incorporated in 1989, Sultan's business strategy is to maximize shareholder value through the acquisition of quality base and precious metal properties which have immediate production potential. The Company believes success is achievable through strong management direction, a sound financial formula, and favourable exploration opportunities that exist in the Americas.

Sultan Minerals Inc. is a member of the Lang Mining Group and trades on the Canadian Venture Exchange under the symbol SUL.

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ANNUAL GENERAL MEETING

The Annual General Meeting will be held on June 21, 2001 at the offices of Lang Mining, Suite 1400 - 570 Granville Street, Vancouver, British Columbia.

SULTAN MINERALS INC.

PRESIDENT'S REPORT 2000

Arthur G. Troup, P.Eng.
President

On behalf of the Board of Directors I am pleased to present the Annual Report of Sultan Minerals Inc. for the year ended December 31, 2000. This past year has been an exciting period for your company with discovery of the new Gold Mountain Zone on the Kena Property in southeastern B.C. This excitement has not yet been reflected in the company's share price due to continuing low gold prices.

THE GOLD MARKET

It is our opinion the gold price could soon rise as high energy prices and low interest rates lead to inflation throughout the global economy. Over the last few years the price of gold (priced in US dollars) has been affected by the high cost of the US dollar, the fear of further Central Bank selling, low gold lease rates and producer hedge selling. In spite of this the World Gold Council reports that the demand for gold remained high in 2000 with more than a 1,000 tonne shortfall between production and consumption. Recent negative economic forecasts have raised concerns about the US economy and have forced the Federal Reserve to lower interest rates. We believe this action may lead to inflation and to expectations that the US dollar may weaken. As this happens there will be renewed interest in gold that will widen the supply shortage and lead to higher prices.

THE YEAR 2000

THE KENA GOLD-COPPER PROPERTY, B.C.:

In 2000, the company focused on exploring its Kena gold-copper property located near the town of Nelson in southeastern British Columbia. The Kena Property is a porphyry-style, gold-copper prospect with world-class tonnage potential. The 2000 program involved geological mapping, soil geochemical surveys, geophysical surveys, excavator trenching and logging and sampling of 2,500 metres of diamond drill core left unsampled by previous property owners.

Soil geochemical sampling has now defined a 6,000 metre long gold and copper anomaly that extends almost the entire north south length of the property. Within this extensive soil anomaly three important centres of highly anomalous gold values have been identified. These are referred to as the Gold Mountain Zone, the Kena Gold Zone and the South Gold Zone.

The Gold Mountain Zone is a new discovery found in 2000 in a rock unit that was previously unexplored. The 2000 work program shows a 2,100 metre by 600 metre zone of highly anomalous gold soil values centred on a strong Induced Polarization geophysical anomaly. Trenching over a small portion of the anomaly was completed in November and encountered extremely encouraging bedrock gold concentrations. Assays ranged up to 11.4 g/t gold and averaged 1.43 g/t over the 125 metre by 100 metre area investigated by trenching.

The Kena Gold Zone located 500 metres south of the Gold Mountain Zone is outlined by a 1,000 metre by 300 metre gold soil anomaly that has been extensively drilled by previous operators in search of high grade gold veins. The 2000 assay program shows narrow high-grade intersections within an extensive zone of pervasive low-grade gold mineralization. Structural geological studies

6. Related party transactions and balances

Services rendered:	**2000**	**1999**
Lang Mining Corporation (a)	$95,934	$108,657
Legal fees (b)	$32,340	$7,680
Balances receivable from (payable to) (d):		
Lang Mining Corporation	$ (77,424)	$ (16,321)
Emgold Mining Corporation	$ 1,860	$ -
Cream Minerals Ltd.	$ 70	$ -

(a) Lang Mining Corporation ("LMC") is a private company controlled by the Chairman of the Company. LMC provides management services at a rate of $2,500 per month, and provides accounting, geological, and other services at cost plus 15%, until June 1, 2001. The management fees for fiscal 2000 were waived by LMC. Subsequent to the year-end, 885,531 common shares were issued in exchange for $88,553 in debt.

(b) Legal fees were paid to a law firm of which a director is a partner.

(c) The Company's investments include shares of companies with which two of the directors of the Company are associated.

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

7. Income taxes

The Company has non-capital losses of approximately $1,338,000 available to reduce future years' taxable income in Canada, which expire between 2001 and 2007. The benefits of these losses carried forward have not been recognized in these financial statements.

The Company has $10,026,000 in accumulated exploration and development costs available for deduction against future income for tax purposes. No benefit has been recognized in respect of these amounts, which may be carried forward indefinitely.

8. Comparative figures

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.

indicate that high-grade mineralization is related to crosscutting structures that do not follow the trend of the host rocks. This characteristic could have important implications for the overall grade of the zone and will require additional investigation.

The South Gold Zone is an 800 metre by 200 metre gold soil geochemical anomaly located 1,500 metres south of the Kena Gold Zone. The South Gold Zone flanks the Kena Copper Zone, a zone of porphyry style copper mineralization, that was sporadically drill tested in the 1980's. The South Gold Zone has soil values comparable to the Kena Gold and Gold Mountain Zones.

In 2001 exploration will focus on the new discovery on Gold Mountain where 3000 metres of diamond drilling is planned.

EMERALD TUNGSTEN MINE, B.C.

Due to the recent increase in price and demand for tungsten, the Company has contracted P&L Geological Services and former mine manager Ed Lawrence to conduct a re-evaluation of tungsten reserves at the Emerald Tungsten Mine located near Salmo in southeastern British Columbia. The Emerald Mine, located on Sultan's 100% owned property, was the largest tungsten producer in British Columbia. The mine closed in 1973 due to low tungsten prices combined with new royalty laws making the mine less profitable. The current review will assess the remaining tungsten reserves and investigate the potential for additional reserves.

ACKNOWLEDGMENTS

On behalf of the Board of Directors, I would like to thank you, our shareholders, for your support and confidence in our company over the past year. I would also like to thank our dedicated employees and consultants, for the hard work, commitment and personal sacrifices they have made to ensure the future growth of our company.

I am confident that the resource markets will recover and look forward to a rewarding year for you and your company in 2001.

On behalf of the Board of Directors

A.G. Troup, P.Eng.

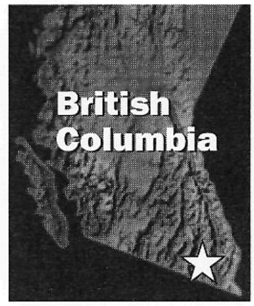
President

SULTAN MINERALS INC.

PROJECT REVIEW

Kena Gold-Copper Property, Nelson, British Columbia

During 2000, Sultan focused on exploring the Kena Property, located near the town of Nelson in southeastern British Columbia. The Kena Property hosts a number of porphyry style, gold and gold-copper prospects on approximately 3,500 hectares of land situated 45 kilometres north of the Cominco smelter at Trail, B.C. Infrastructure in this part of the province is excellent. A power line, gas line, rail bed and major highway pass through the corner of the Kena Property, and the property itself is serviced by a network of new logging access roads.



The area of the Kena property was initially reported to have important mineral potential by the Geological Survey of Canada in 1888. Surprisingly the area remained unexplored until 1973 when a number of claims were staked for copper and gold. From 1974 to 1991, these small properties were worked intermittently by a number of exploration companies. In October 1999 the properties were acquired and amalgamated by Sultan Minerals under the name Kena property.

GEOLOGY AND MINERALIZATION

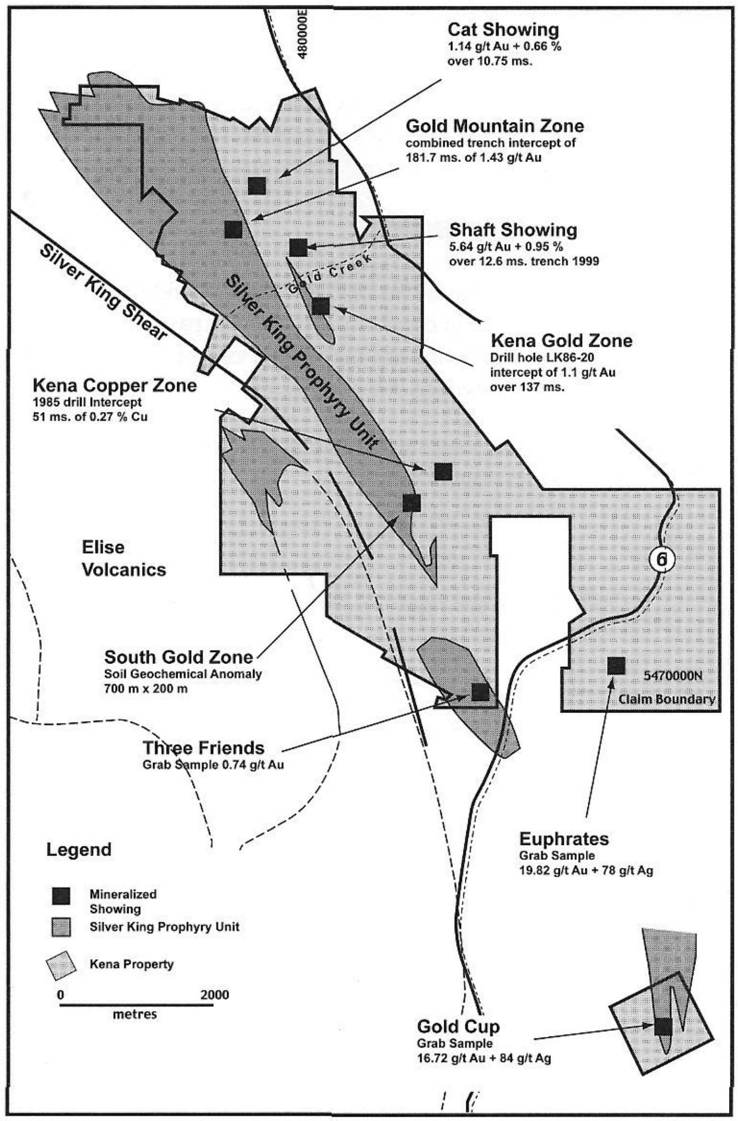
The Kena Property is underlain by volcanic rocks of the Rossland Group, Elise Formation, which are intruded by the younger Silver King Porphyry stock. A large number of mineral occurrences, including the Kena and Shaft on the east and the former Silver King Mine on the west, are spatially related to the Silver King Porphyry unit.

Recent exploration work and data compilation by the Company have identified four gold bearing zones on the Kena Property. These are: the Gold Mountain, Kena Gold, Shaft/Cat, and South Gold Zones.

Gold Mountain Zone

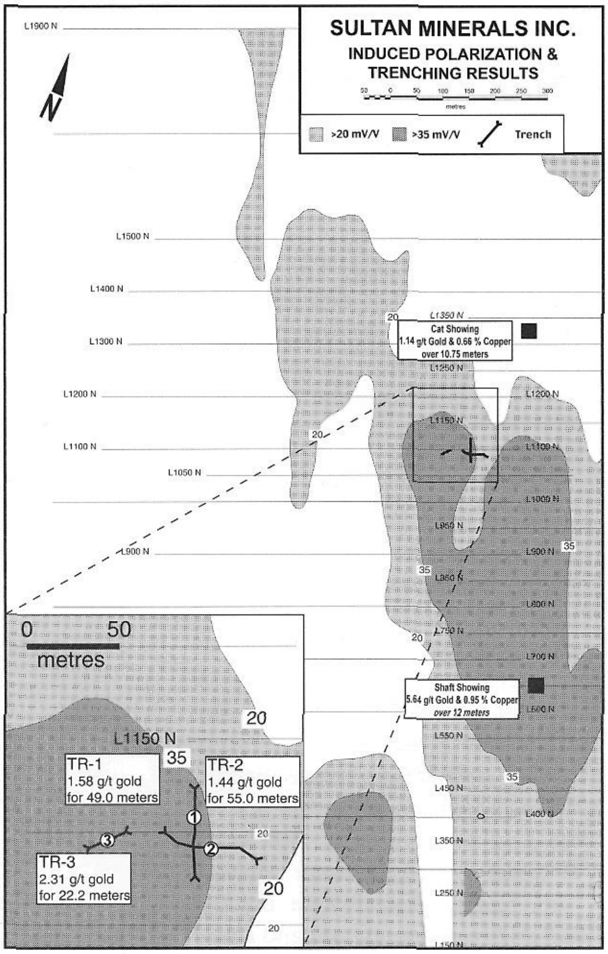
The most prominent new discovery by Sultan Minerals in 2000 was the Gold Mountain Zone. The Gold Mountain Zone lies in the northwest portion of the property, within the Silver King Porphyry unit, adjacent to the Elise Volcanic package. This mineralized zone is in a previously unexplored area, and represents a new and unique style of gold porphyry mineralization.

The initial indication of mineralization within the Silver King Porphyry body on Gold Mountain was made by a soil geochemical survey completed in September 2000. Results of the survey defined a 2100 metre by 600 metre gold soil anomaly over the Silver King Porphyry unit. The soil anomaly was followed-up by a program of prospecting and rock chip sampling which returned gold assays up to 5.48 g/t gold along the intrusive-volcanic contact and up to 2.71 g/t gold from outcrops within the intrusive.



Geochemical studies show a 4,000 metre-long gold and copper soil anomaly across the Kena property.

PROJECT REVIEW



Late in 2000, an excavator trenching program was conducted in the Gold Mountain Zone with very exciting results. Chip sample results from the six "discovery" trenches returned an average assay of 1.43 g/t gold over their combined length of 181.7 metres. The best three metre chip sample assayed 11.38 g/t gold. The six trenches test an area measuring 120 x 100 metres.

The disseminated and fracture filling sulfides observed in the trenches suggested the mineralization would respond to geophysics and an induced polarization (IP) survey was completed in November. The results show a large chargeability anomaly coincident with the gold soil geochemical anomaly. The uniformity of the chargeability anomaly within the intrusive suggests potential for widespread gold mineralization throughout the area.

IP Map showing Gold Mountain IP anomaly.

GOLD MOUNTAIN "DISCOVERY" TRENCH RESULTS

TRENCH NO.	FROM (m)	TO (m)	WIDTH (m)	AU (g/t)
TR-1	0	49	49	1.58
Including	9	18	9	3.78
And	44	47	3	3.14
TR-2	0	55	55	1.44
Including	25	28	3	3.16
And	37	40	3	3.54
And	49	52	3	3.86
TR-3	0	22	22	2.31
Including	6	9	3	11.38
TR-4	0	20.5	20.5	1.43
Including	0	9	9	3.02
TR-5	0	27	27	0.84
TR-6	0	6	6	0.17

Excavating the discovery trenches on the Gold Mountain zone.

Petrographic studies were carried out in order to determine the genesis and signature of the gold mineralization. Results of this study found that free gold occurs as clusters within quartz veinlets and as particles along the margins of pyrite grains.

The potential for large size, coupled with ready access and extremely good infrastructure gives the GoldMountain Zone the potential to become a new, world-class gold discovery.

Kena Gold Zone

The Kena Gold Zone lies within the Elise Volcanic Formation some 500 metres southeast of the Gold Mountain Zone. The zone has been extensively drill tested but much of the previously drilled core was never sampled. In 2000, much of the historic core was re-logged using detailed alteration and mineralization studies in order to get a signature for the gold mineralization, and many unsampled sections were assayed. Also, structural data from outcrop and drill core was assessed and a new structure identified which appears to be the mineralizing control. Currently, remodeling of the Kena Gold Zone is underway, utilizing this new mineralizing orientation and alteration assemblage data.

Shaft/Cat Zone

The Shaft and Cat showings are situated 800 metres apart along a northwest trending diorite unit that cuts the Elise Volcanics immediately east of Gold Mountain. The two showings were previously explored with trenching and 5 short diamond drill holes. Trench samples assayed up to 5.6 g/t gold and 0.95% copper over 12 metres. Diamond drill core assayed up to 9.0 g/t gold and 1.13% copper over 4.1 metres of apparent thickness.

In 2000, Sultan's core re-logging and sampling program traced this dioritic unit for an additional 700 metres to the south, giving the zone a minimum strike length of 1500 metres. The entire zone is marked by a prominent magnetic high. Along this extended zone historic drill hole TK87-46 intersected 11.67 metres of 4.72 g/t gold.

South Gold Zone

The South Gold Zone lies 1,500 metres southeast of the Kena Gold Zone and follows the contact between the Elise Volcanics and the Silver King Porphyry intrusive rocks. A large gold in soil geochemical anomaly trends parallel to this contact. Soil geochemical results and the geological setting of the South Gold Zone are comparable to that of the Gold Mountain Zone.

PROJECT REVIEW

Geologists mapping over the recently discovered Gold Mountain Zone.

New Showings

During the 2000 field program, the Company acquired additional claims to the south of the original Kena claim block. These claims cover extensions of the Silver King Porphyry intrusive which has been mapped for 12 kilometres southeast from the Gold Mountain Zone. During staking of these claims, encouraging assays as high as 16.72 g/t gold, 84.0 g/t silver, 0.21% copper were obtained from three new showings that displayed characteristics similar to the Gold Mountain Zone.

2001 EXPLORATION PROGRAM

A two phase exploration program is planned for 2001, with Phase II work being contingent up on the results from Phase I. Phase I work is expected to commence in June with excavator trenching, detailed structural mapping and diamond drilling of the best targets in the Gold Mountain Zone. As well, the entire 15 kilometre length of Silver King Porphyry will be prospected, mapped and soil sampled in a reconnaissance manner. The budget for the Phase I program is $285,000.

The Phase II program will follow up favourable results from the Phase I diamond drill program, with definition drilling over the Gold Mountain Zone. The budget for the Phase II program is estimated to be $1.2 million.

SULTAN MINERALS INC.

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion should be read in conjunction with the Company's 2000 Financial Statements and related notes thereto.

Overview

The Company's principal business is the exploration and development of mineral properties. The Company is continually investigating new exploration opportunities, and mineral exploration is carried out on properties identified by management of the Company as having favourable exploration potential. The Company advances its projects to varying degrees by prospecting, mapping, geophysics and drilling until it decides either that the property has limited exploration potential and should be abandoned or that work on the property has reached a stage where the expense and risk of further exploration and development dictate that the property should be optioned to a third party. The mineral exploration business is high risk and most exploration projects do not become mines.

Operating Results

For the fiscal year ended December 31, 2000 ("fiscal 2000"), the Company earned $4,367 in interest and other revenue, with a loss for the year of $123,715 ($0.01 per common share) compared to $3,486 in revenue in the 1999 fiscal year ("fiscal 1999"), and a loss for fiscal 1999 of $231,139 ($0.02 per common share). The Company has a working capital deficiency as at December 31, 2000, of $40,606.

Revenue

Interest revenue has increased marginally in fiscal 2000 over fiscal 1999 because of higher cash balances for part of the year shortly after completion of a private placement financing in the summer of fiscal 2000. The Company also received some revenue from an oil and gas well written off several years ago. During fiscal 1999, the Company sold its investment in shares of Blackwater Gold Corporation for a gain of $495.

Expenses

Total expenses were $128,082 in fiscal 2000 as compared to $234,625 in fiscal 1999. Legal, accounting and audit expenses remained at the same level in the two years. Management fees were waived by Lang Mining Corporation ("LMC") in fiscal 2000, but totalled $30,000 in fiscal 1999. The Company pays LMC $2,500 per month in management fees and a 15% administrative charge on all costs paid by LMC. Office and administration costs have decreased marginally from $42,797 in fiscal 1999 to $40,771 in fiscal 2000. Salaries and benefits have increased from $30,598 in fiscal 1999 to $36,955 in fiscal 2000. This increase is primarily due to a severance payment made during the year to a former employee. The Company has not been very active and negotiated with LMC to reduce the percentage of shared expenses charged by LMC in fiscal 1999 to reflect the reduced activity of the Company. Shareholder communications costs have remained constant with a nominal increase in expenditure in fiscal 2000. The Company spent $1,346 in fiscal 2000 and $2,540 in fiscal 1999 on property investigation costs. Travel and conference costs have decreased from $3,623 in fiscal 1999 to $2,442 in fiscal 2000. In fiscal 1999 the Company wrote off its interest in the True Blue property in British Columbia for a total write down of $80,929, with no property write-downs in fiscal 2000.

SULTAN MINERALS INC.

MANAGEMENT DISCUSSION AND ANALYSIS

Financing Activities and Capital Expenditures

For the fiscal year ending December 31, 2000, the Company raised $237,776 through a short form offering of 2,000,000 units and $100,000 by a flow-through private placement of 666,667 units at $0.15 per unit. The majority of the proceeds of these financings were used for exploration on the Kena Property. The Company expended $287,720 in acquisition and exploration costs on the Kena Property and $30,219 on the Jersey Emerald Property in fiscal 2000 for a total expenditure of $317,939 on mineral property interests. Subsequent to the year-end, the Company issued 885,531 common shares to Lang Mining Corporation in exchange for $88,553 in debt.

All of the Company's short to medium-term operating and exploration cash flow must be derived from external financing. The Company believes it will be able to raise sufficient capital to fund ongoing operations for at least the next year.

Risks and Uncertainties

All of the Company's current exploration projects are in British Columbia, Canada where the currency is relatively stable. None of the Company's exploration projects have any identifiable ore reserves.

The Company has no source of revenue other than minor interest income from excess cash balances on hand. A mining project can typically require five years or more between discovery, definition, development and construction. As a result, no production revenue is expected from any of the Company's exploration properties within that time frame.

All of the Company's short to medium-term operating and exploration cash flow must be derived from external financing. The Company believes it will be able to raise sufficient capital to fund ongoing operations for at least the next year. Actual funding may vary from what was planned due to a number of factors; the most significant of which would be the progress of exploration and development on its current properties. In the event that changes in market conditions prevent the Company from obtaining additional external financing if required, the Company will need to review its property holdings and prioritize project exploration with cash availability.

Outlook

For fiscal 2001, the Company will continue to focus on the Jersey-Emerald silver-lead-zinc and tungsten project in Salmo, and will continue with the exploration program on the Kena property near Nelson, British Columbia. This will be dependent on raising sufficient funds to fund exploration activities and ongoing operations.

SULTAN MINERALS INC.

AUDITORS' REPORT

To the Shareholders of Sultan Minerals Inc.

We have audited the balance sheets of Sultan Minerals Inc. as at December 31, 2000 and 1999, and the statements of operations and deficit and cash flows for each of the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2000 and 1999 and the results of its operations and its cash flows for each of the years ended December 31, 2000 and 1999, in accordance with Canadian generally accepted accounting principles. As required by the Company Act (British Columbia), we report that, in our opinion, these principles have been applied on a consistent basis.

Morgan and Company

Chartered Accountants

Vancouver, Canada

April 14, 2001

SULTAN MINERALS INC.

BALANCE SHEETS

	December 31 2000	December 31 1999
Assets		
Current assets		
Cash and cash equivalents	$ 35,897	$ 56,364
Accounts receivable	11,461	10,171
	47,358	66,535
Mineral property interests (see schedule) (note 3)	2,192,436	1,874,497
Investments (note 4)	3,913	3,913
Reclamation bonds	14,000	8,000
	$ 2,257,707	$ 1,952,945
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 87,964	$ 30,763
Shareholders' equity		
Share capital (note 5)	9,217,011	8,845,735
Deficit	(7,047,268)	(6,923,553)
	2,169,743	1,922,182
Subsequent event (note 6)		
	$ 2,257,707	$ 1,952,945

See accompanying notes to financial statements.

Approved by the Directors

Arthur G. Troup

Frank A. Lang

SULTAN MINERALS INC.

Statements of Operations and Deficit

	For the Years Ended December 31 2000	1999
Revenue		
Interest and other income	$ 4,367	$ 2,991
Gain on sale of investment	-	495
	4,367	3,486
Expenses		
Legal, accounting and audit	15,563	15,698
Management and consulting	-	30,000
Office and rent	40,771	42,797
Salaries and benefits	36,955	30,598
Shareholder communications	31,005	28,440
Property investigation costs	1,346	2,540
Travel and conferences	2,442	3,623
Write-down of mineral property interests	-	80,929
	128,082	234,625
Loss for the year	(123,715)	(231,139)
Deficit, beginning of year	(6,923,553)	(6,692,414)
Deficit, end of year	$ (7,047,268)	$ (6,923,553)
Loss per share	$ (0.01)	$ (0.02)
Weighted average number of shares outstanding	14,624,004	12,193,520

See accompanying notes to financial statements.

SULTAN MINERALS INC.

Statements of Cash Flows

	For the Years Ended December 31 2000	1999
Cash provided by (used for)		
Operations		
Loss for the year	$ (123,715)	$ (231,139)
Items not affecting working capital		
Gain on sale of investment	-	(495)
Write-down of mineral property interests	-	80,929
	(123,715)	(150,705)
Changes in non-cash operating working capital		
Accounts receivable	(1,290)	(8,293)
Accounts payable and accrued liabilities	57,201	96,188
	(67,804)	(62,810)
Investing		
Mineral property interests		
Acquisition costs	(26,920)	(10,000)
Exploration and development costs	(257,519)	(146,967)
Proceeds on sale of investments	-	1,695
Reclamation deposits	(6,000)	-
	(290,439)	(155,272)
Financing		
Issuance of shares for cash, net	337,776	263,450
Cash and cash equivalents		
Increase (decrease) during the year	(20,467)	45,368
Balance, beginning of year	56,364	10,996
Balance, end of year	$ 35,897	$ 56,364
Supplemental information		
Issuance of shares for debt settlement	$ -	$ 98,288
Shares issued for mineral property interests	$ 33,500	$ -

See accompanying notes to financial statements.

1. Going concern and nature of operations

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

These financial statements are prepared on a going-concern basis, which implies that the Company will continue realizing its assets and discharging its liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities, contingent obligations and commitments in other than the normal course of business and at amounts different from those in these financial statements. The Company has a working capital deficiency as at December 31, 2000, of $40,606 (See note 6).

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

2. Significant accounting policies

(a) Basis of presentation

These financial statements have been prepared in accordance with accounting principles and practices generally accepted in Canada.

(b) Use of estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates include the determination of impairment of mineral property interests and capital assets, reclamation obligations, rates for amortization, and classification of amounts receivable between current and non-current assets. Actual results could differ from those estimates.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash and liquid investments with maturities of less than three months when purchased.

(d) Fair value of financial instruments

The carrying amount of cash and equivalents, amounts receivable and accounts payable and accrued liabilities approximate fair value due to their short-term nature.

(e) Investments

Investments are recorded at cost.

2. Significant accounting policies (Continued)

(f) Mineral property interests

Mineral property acquisition costs and exploration and development costs are deferred until the property to which they relate is placed into production, sold, allowed to lapse or abandoned. These costs will be amortized over the estimated life of the property following commencement of commercial production or written off if the property is sold, allowed to lapse or abandoned.

Mineral property acquisition costs include the cash consideration and the fair market value of common shares, based on the trading price of the shares, issued for mineral property interests pursuant to the terms of the agreement. Payments relating to a property acquired under an option or joint venture agreement, where payments are made at the sole discretion of the Company, are recorded in the accounts upon payment.

The amount shown for mineral property interests represents costs incurred to date and the fair market value of common shares issued and does not necessarily reflect present or future value.

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

(g) Loss per common share

The loss per common share is computed using the weighted average number of shares outstanding during the year. Fully diluted loss per share has not been presented, as the effect on basic loss per share would be anti-dilutive.

(h) Stock options

The Company from time to time issues stock options as described in note 5. No compensation expense is recognized when shares or stock options are issued. Consideration for shares issued on exercise of stock options is credited to share capital.

3. Mineral property interests

(a) Kena Property, Nelson, British Columbia, Canada.

The Company has entered into an option agreement to acquire a 100% interest in the Kena Property located south of the community of Nelson in southeastern British Columbia. The Company may earn a 100% interest in the property by making payments totalling $110,000, of which $10,000 has been paid, issuing 200,000 common shares, of which 50,000 common shares have been issued, and completing a work program totalling $600,000 by November 1, 2003. The Company completed a minimum $12,000 due diligence program over the property by April 30, 2000. The property is subject to a 3% net smelter returns royalty on gold and silver and 1.5% on other metals. The Company has the right to purchase 50% of the royalty for the greater of 7,000 ounces of gold or $2,000,000 and must make an additional payment of 100,000 shares on commencement of commercial production.

3. Mineral property interests (Continued)

(b) Jersey-Emerald Property, Salmo, British Columbia, Canada

The Company holds a 100% interest in the Jersey Claim Group located near Salmo, British Columbia. The property is subject to a 3% net smelter royalty that can be reduced to 1.5% by making payments of $500,000 and issuing 50,000 common shares. In October 2000 an amendment to the agreement extended the start of royalty payments to 2004. In consideration, 200,000 common shares were issued to the royalty holders.

The Tungsten King Prospect comprises 17 crown-granted mineral claims. The Company acquired a 100% interest in the property by issuing 100,000 shares of the Company. The Company has an option to acquire a 100% interest in three adjacent crown grants by making cash payments totalling $100,000 over five years, of which $40,000 has been paid.

The Company holds a 100% interest in the Truman Hill and Leroy North properties. The property is subject to a net smelter royalty of 1.5% of which 50% can be purchased by issuing 25,000 shares of the Company.

The Company holds a 100% interest in the Summit Gold Property consisting of 4 mineral units and one reverted crown grant. The property is subject to a 2% net smelter royalty, which the Company has the right to purchase for $500,000.

The Company holds a 100% interest in the Jumbo 2 and Boncher crown granted mineral claims.

(c) True Blue Property, Kaslo Area, British Columbia, Canada

Pursuant to an agreement dated October 23, 1998, the Company was granted an option to acquire a 100% interest in the True Blue Property in consideration for 50,000 shares of the Company. In order to maintain the option agreement in good standing, the Company was to make staged payments over three years of cash, common shares and work commitments, totalling $70,000, $150,000 and $550,000, respectively. After a short work program it was determined that the property did not meet the expectations of the Company and the property was abandoned and costs of $80,929 written off in 1999.

4. Investments

	Number of Shares	Book Value 2000	Book Value 1999
Emgold Mining Corporation	6,020	$3,913	$3,913

The quoted market value of the above securities as at December 31, 2000, was $241 (1999: $1,565).

5. Share capital

The authorized share capital of the Company consists of 50,000,000 common shares without par value and 50,000,000 preferred shares without par value.

Common shares issued and outstanding are as follows:

	Number of Shares	Amount
Balance, December 31, 1998	11,255,582	$8,483,997
Private placement at $0.15 net of issue costs	1,750,000	259,050
Warrants exercised at $0.22	20,000	4,400
Debt settlement at $0.15	655,253	98,288
Balance, December 31, 1999	13,680,835	8,845,735
Issued for cash		
Short form offering at $0.15, net of issue costs	2,000,000	237,776
Private placement at $0.15	666,667	100,000
Issued for other		
Kena property payment at $0.23	50,000	11,500
Jersey Emerald property payment at $0.11	200,000	22,000
Balance, December 31, 2000	16,597,502	$9,217,011

(a) Stock options

The Company does not have a stock option plan for its directors and employees to acquire common shares of the Company but the Canadian Venture Exchange allows for the issue of stock options up to 10% of the outstanding common shares. At December 31, 2000, the Company could issue up to 1,659,750 (1999 – 1,368,084) stock options. At December 31, 2000, there were 1,150,000 (1999 – 923,000) stock options outstanding at a price determined by the fair market value of the shares at the date of grant. The options currently outstanding are exercisable for periods up to five years.

No share purchase options were exercised during fiscal 2000.

5. Share capital (Continued)

The following table summarizes information about the stock options outstanding at December 31, 2000:

Options Outstanding and Exercisable

Range of Exercise Prices	Number Outstanding at December 31, 2000	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
$0.15	782,000	4.2 years	$0.150
$0.21	368,000	2.2 years	$0.210
$0.15 to $0.21	1,150,000	3.6 years	$0.169

A summary of the changes in stock options for the years ended December 31, 2000 and 1999, is presented below:

	Shares	Weighted Average Exercise Price
Balance, December 31, 1998	848,000	$0.271
Granted	270,000	$0.172
Cancelled	(195,000)	$0.202
Balance, December 31, 1999	923,000	$0.204
Granted	712,000	$0.150
Expired	(465,000)	$0.210
Cancelled	(20,000)	$0.210
Balance, December 31, 2000	1,150,000	$0.169

(b) Share purchase warrants

As at December 31, 2000, 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
1,750,000 warrants	$0.25	March 26, 2001
4,000,000 warrants [1]	$0.15	July 31, 2001
500,000 Agents' warrants [2]	$0.15	July 31, 2001
666,667 warrants	$0.25/$0.30	October 24, 2001/2002

[1] Two warrants entitle the holder to purchase one common share at a price of $0.15 per share, up to July 31, 2001.

[2] The agent for the short form offering received a non-transferable share purchase warrant for the purchase of 500,000 common shares at $0.15 per share, up to July 31, 2001.

6. Related party transactions and balances

Services rendered:	**2000**	**1999**
Lang Mining Corporation (a)	$95,934	$108,657
Legal fees (b)	$32,340	$7,680
Balances receivable from (payable to) (d):		
Lang Mining Corporation	$ (77,424)	$ (16,321)
Emgold Mining Corporation	$ 1,860	$ -
Cream Minerals Ltd.	$ 70	$ -

(a) Lang Mining Corporation ("LMC") is a private company controlled by the Chairman of the Company. LMC provides management services at a rate of $2,500 per month, and provides accounting, geological, and other services at cost plus 15%, until June 1, 2001. The management fees for fiscal 2000 were waived by LMC. Subsequent to the year-end, 885,531 common shares were issued in exchange for $88,553 in debt.

(b) Legal fees were paid to a law firm of which a director is a partner.

(c) The Company's investments include shares of companies with which two of the directors of the Company are associated.

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

7. Income taxes

The Company has non-capital losses of approximately $1,338,000 available to reduce future years' taxable income in Canada, which expire between 2001 and 2007. The benefits of these losses carried forward have not been recognized in these financial statements.

The Company has $10,026,000 in accumulated exploration and development costs available for deduction against future income for tax purposes. No benefit has been recognized in respect of these amounts, which may be carried forward indefinitely.

8. Comparative figures

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.

SULTAN MINERALS INC.

Schedules of Mineral Property Interests

	For the Years ended December 31 2000	1999
Jersey-Emerald Property, British Columbia (note 3(b))		
Acquisition costs		
Balance, beginning of year	$ 638,272	$ 628,272
Incurred during the year	23,023	10,000
Balance, end of year	661,295	638,272
Exploration and development costs		
Assaying	174	689
Geological	4,961	23,378
Site activities	2,061	12,980
Travel and accommodation	-	3,892
Incurred during the year	7,196	40,939
Balance, beginning of year	1,201,993	1,161,054
Balance, end of year	1,209,189	1,201,993
	1,870,484	1,840,265
True Blue Property, British Columbia (note 3(c))		
Acquisition costs		
Balance, beginning of year	-	7,900
Incurred during the year	-	-
Write down of mineral property	-	(7,900)
Balance, end of year	-	-
Exploration and development costs		
Assaying	-	396
Geological	-	23,826
Drilling	-	34,322
Site activities	-	8,458
Travel and accommodation	-	4,794
Incurred during the year	-	71,796
Balance, beginning of year	-	1,233
	-	73,029
Write-down of mineral property	-	(73,029)
Balance, end of year	-	-
Kena Property, British Columbia (note 3(a))		
Acquisition costs		
Incurred during the year and balance, end of year	37,397	-
Exploration and development costs		
Assaying	36,429	3,984
Geological	175,002	24,940
Site activities	24,498	3,744
Travel and accommodation	14,394	1,564
Incurred during the year	250,323	34,232
Balance, beginning of year	34,232	-
Balance, end of year	284,555	34,232
	321,952	34,232
Mineral Property Interests	$ 2,192,436	$ 1,874,497

CORPORATE INFORMATION

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Directors

Frank A. Lang, Chairman
Arthur G. Troup, President
Ben Ainsworth
Sargent H. Berner

Officer

Shannon Ross,
CFO & Corporate Secretary

Auditors
Morgan and Company

Legal Counsel
DuMoulin Black

Shares Listed

Canadian Venture Exchange
Symbol: SUL

Share Capitalization

Outstanding: 17,483,033
Fully Diluted: 21,769,700
(April 1, 2000)

U.S. Compliance

S.E.C.: 12g3-2(b): 82-4741

Cusip Number

29158L102

Transfer Agent

Computershare Investor
Services Inc.