

82F/3
675543

SKARN - Jersey

SULTAN MINERALS INC.

1995 ANNUAL REPORT



**Our mission is to reward the confidence of our shareholders
through the acquisition and economical development of
world-class precious metal properties throughout the Americas.**

Table of Contents

| | |
|---|----|
| Letter to Shareholders | 1 |
| Property Review | 4 |
| Property Map | 5 |
| Geochemical Maps | 6 |
| Auditors' Report | 9 |
| Financial Statements | 10 |
| Notes to Financial Statements | 13 |
| Corporate Information (Inside Back Cover) | |

About the cover:

Rock specimens from three key targets on the property: The Bismuth, Iron Mountain and Emerald-Leroy Zones.

COMPANY PROFILE



Sultan Minerals Inc. is a Vancouver-based mineral exploration company currently focused on the exploration and assessment of its Jersey-Emerald property near Salmo, British Columbia. The identification of three important exploration targets in 1995 offers potential for the discovery of large-scale base and precious metal deposits.

Incorporated in 1989, Sultan's business strategy is to maximize shareholder value through the acquisition of quality precious metal properties which have immediate production potential. The Company believes success is achievable through strong management direction, a sound financial formula, and favorable exploration opportunities that exist in Canada. Sultan Minerals Inc. is a member of the Lang Mining Group and trades on the Vancouver Stock Exchange.

LETTER TO THE
SHAREHOLDERS



*Frank A. Lang,
President & Director*

It gives me great pleasure to present the Annual Report together with the Consolidated Financial Statements and subsequent property events for the fiscal year ending December 31, 1995.

The most important achievement of the past year was the completion of a two phase exploration program on the company's Jersey-Emerald Property in southeastern British Columbia. Sultan Minerals has an option to acquire 100% interest (subject to a small NSR royalty) in the Jersey and Emerald lead, zinc and tungsten mines located near the community of Salmo in southeastern BC. The two mines were operated by Placer-Dome Ltd. from 1947 to 1972. The Jersey Mine was the largest lead-zinc mine in the Kootenay Arc, producing 8.4 million tons of lead-zinc-silver ore. The adjacent Emerald Mine produced 1.6 million tons of tungsten ore over its 35-year life.

The exploration program included prospecting, geophysical and geochemical surveys, and surface sampling. This work has yielded very impressive results and has led to the discovery of three excellent gold and base-metal targets on the 4,000 hectare property.

Of greatest significance is the Iron Mountain copper-zinc-silver soil anomaly situated in an overburden covered area approximately 1.5 km east of the former Jersey Mine. This promising geochemical anomaly covers an area of more than 2.5 square kilometers, and remains open to the east. The size and magnitude of this anomaly suggests that the zone could host a substantial, large-tonnage, low-cost, open-pit deposit.

In the immediate vicinity of the Jersey Mine is the Bismuth gold zone which overlies the former, flat-lying, lead-zinc workings. Discovered, but not explored for gold, by Placer-Dome, the zone is reported to be up to 15 meters thick and possibly over 1 km in length. It is exposed locally in the underground workings where chip samples have assayed as high as 0.35 oz/ton gold. This zone is readily accessible from the existing mine workings, making it an enticing exploration target.

The Emerald-Leroy gold-tungsten zone is a 2.5-km-long soil anomaly, situated 1.0 km west of the Jersey Mine. The anomaly encompasses the former Emerald tungsten mine and many historic gold prospect pits that date to the turn of the century. Surface prospecting returned a number of high grade gold assays, up to 0.89 oz/ton, from quartz and massive sulfide outcrops and boulders found over this area. Once again, the potential for high grade gold mineralization, coupled with easy access, makes for another exciting exploration target.

In addition to the three outstanding targets, the existing infrastructure makes the Jersey-Emerald an exceptional property. There is excellent mine road access through to the center of the property, BC Hydro power transmission lines, a natural gas pipeline that crosses the property, a nearby smelter in Trail, BC. and an experienced work force in Salmo, BC. In addition, mild climate conditions with relatively low snowfall allows for exploration drilling and geophysics to continue year round.



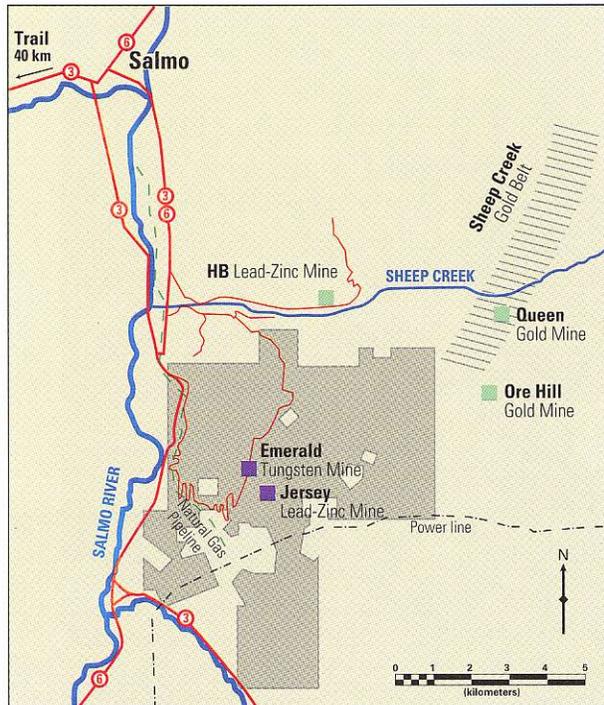
Other Properties

Sultan has a 50% interest in the Dawson 80 Pup Gold Property located in the historic Klondike gold camp near Dawson City, Yukon. The property was drill tested by Kennecott Canada Inc., in 1994. Diamond drilling intersected important hydrothermal alteration with anomalous arsenic, molybdenum and zinc concentrations but gold values were low, and Kennecott have since dropped their option on the property.

Sultan holds 100% interest in the Ahbau Creek copper-gold property located approximately 25 km north of Quesnel, BC. The company also holds a 40% interest in the Cone Hill copper-gold property located 5 km north of the 960 million ton Fish Lake deposit of Taseko Mines Ltd. near Williams Lake, BC. Both Ahbau Creek and Cone Hill are porphyry copper-gold prospects that have received preliminary exploration programs. Some 50,000 tons of mineralization grading 0.30 oz/ton gold equivalent have been indicated by previous drilling on the Ahbau Creek property.

The Company retains an 100% interest in the Silvia massive sulfide property located 200 km southwest of Mexico City. The property is adjacent to the northeast border of the Mamatla Mineral Reserve owned by Valerie Gold Resources Ltd.

Due to the outstanding results obtained over the Jersey-Emerald property, Sultan's 1996 activities will focus on that prospect. The company has no work planned for its other properties in the current year but will be seeking joint-venture partners to explore them.



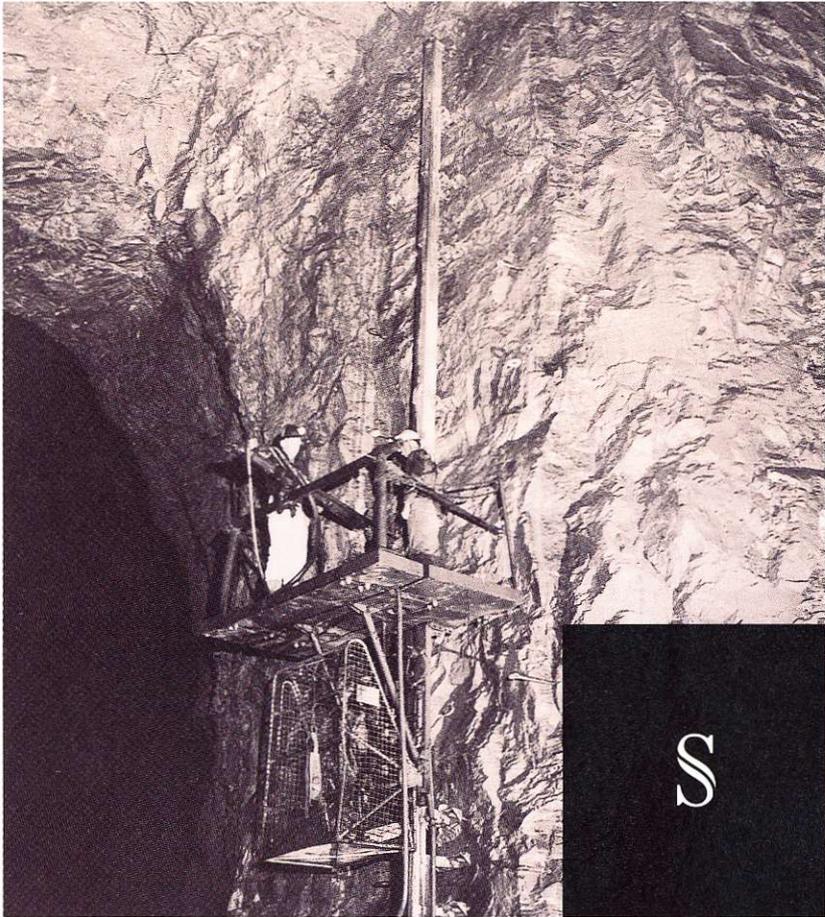
I would like to express my appreciation to our dedicated employees, consultants, contractors and directors, who's efforts, insight and competence have together contributed to this year's very impressive achievements. Our activities this year were strained by an office move and considerable corporate growth, but our employees have proven more than equal to this challenge.

On behalf of the Board of Directors, I wish to thank you, our shareholders, for your continued support. I am confident that 1996 will be an exciting and rewarding year for you and your company.

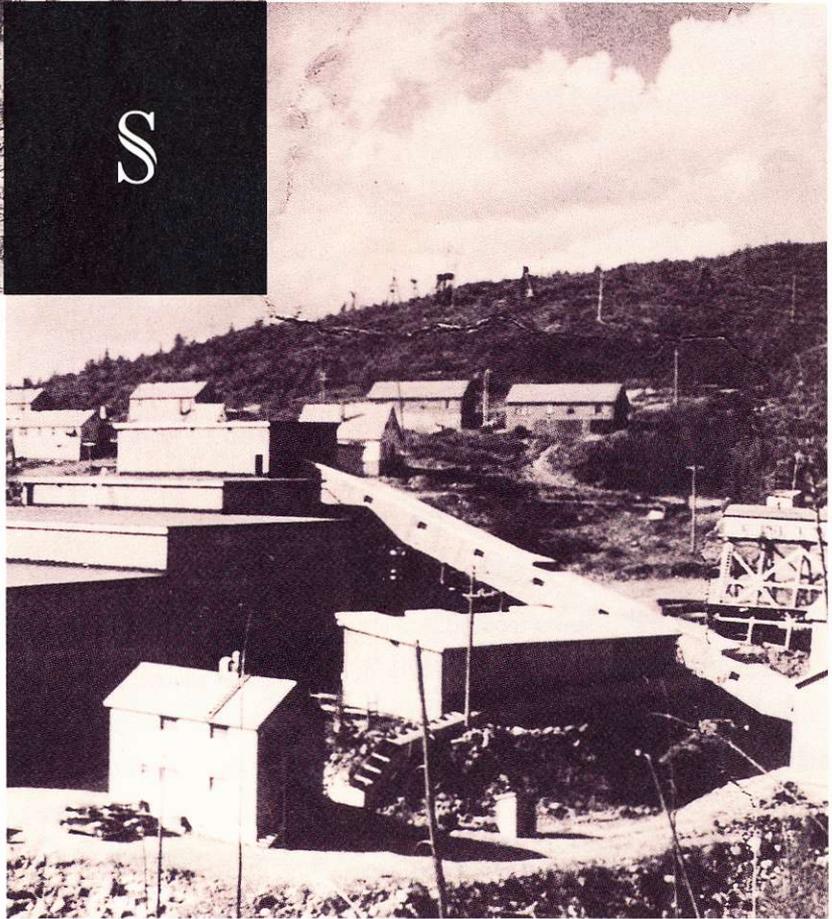
Frank A. Lang, B.A., M.A., P.Eng.
President & Director

THE JERSEY-EMERALD PROPERTY

EXISTING INFRASTRUCTURE CONSISTS OF NEARBY LABOR, ACCESS ROADS, POWERLINES, A NATURAL GAS PIPELINE AND LOCAL SMELTING FACILITIES.



S



THE JERSEY-EMERALD PROPERTY — BRITISH COLUMBIA



Top left: Underground miners working from a drilling platform in the 20 meter high Jersey lead-zinc mine 1954. Bottom right: The Emerald Tungsten Mill 1962.

1.6 million tons of ore were processed over 26 years of production.

Project Review



In 1995, the company's exploration efforts were focused on the 4,000 hectare Jersey-Emerald property located near Salmo in southeastern British Columbia. In Phase One, prospecting and reconnaissance geochemical surveys were carried out over two large airborne geophysical targets discovered the previous year. The programs were immediately successful in discovering zones of highly anomalous base and precious-metal concentrations. Detailed geochemical sampling programs were initiated which resulted in locating three important exploration targets on the property. These are the Iron Mountain Copper-Zinc-Silver Zone, the Bismuth Gold Zone and the Emerald-Leroy Gold-Tungsten Zone. The size and magnitude of the Iron Mountain anomaly suggests potential for a large-scale open-pit deposit.

Location and Access

The Jersey-Emerald Mine project is located in southeastern British Columbia just 10 km south of the community of Salmo, BC. The Cominco smelter at Trail, BC lies 45 km to the west. Highway Number 3 provides excellent access to the west side of the property and a network of good quality, gravel, mine and logging roads provides additional access to the center of the claims (map page 2). Additional infrastructure already in place consists of a BC. Hydro powerline and a natural gas pipeline which cross the property.

Property and Title Rights

In October 1993, Sultan Minerals Inc. negotiated an option to purchase 100% interest in the Jersey-Emerald lead-zinc and tungsten property subject to a 3.0% NSR royalty. The final payment for the property is a 50,000 share payment due in October 1996. Annual advance royalty payments of \$50,000 commence in October 2000, with the stipulation that Sultan Minerals may purchase up to half of the NSR royalty for \$500,000 and 50,000 shares. The Company has recently expanded its holding by staking an additional 900 hectares in the northeast quadrant. The Jersey-Emerald property now covers approx. 4,000 hectares of mineral rights.

History of the Property

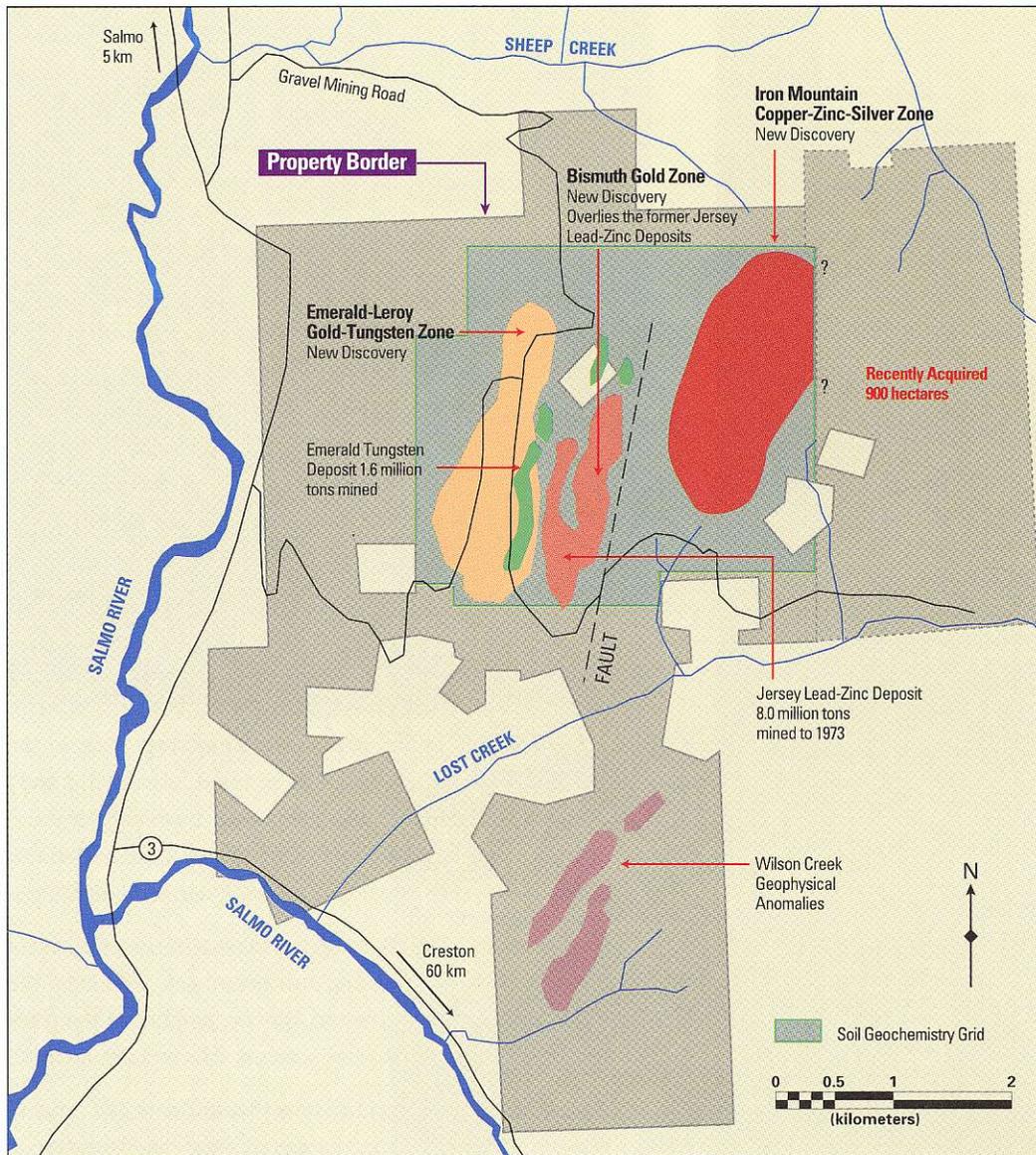
In 1896, the Jersey-Emerald area was initially staked for gold when assays as high as 3.5 oz/ton were reported. Prospectors continued to focus on this mineral-rich area of the Kootenay Arc and in 1906, the Emerald lead deposit was discovered 1 km east of the gold discovery. The area was acquired by Pacific Coast Steel of San Francisco in 1910 which went on to develop it as the Emerald Lead Mine in 1919.

Subsequently in 1938, tungsten mineralization was discovered in skarn¹ beds at the site of the long abandoned gold workings. Wartime Metals Corp., a Federal Government Agency, purchased the property, and in 1942, the Emerald Tungsten Mine was put into production for the war effort.

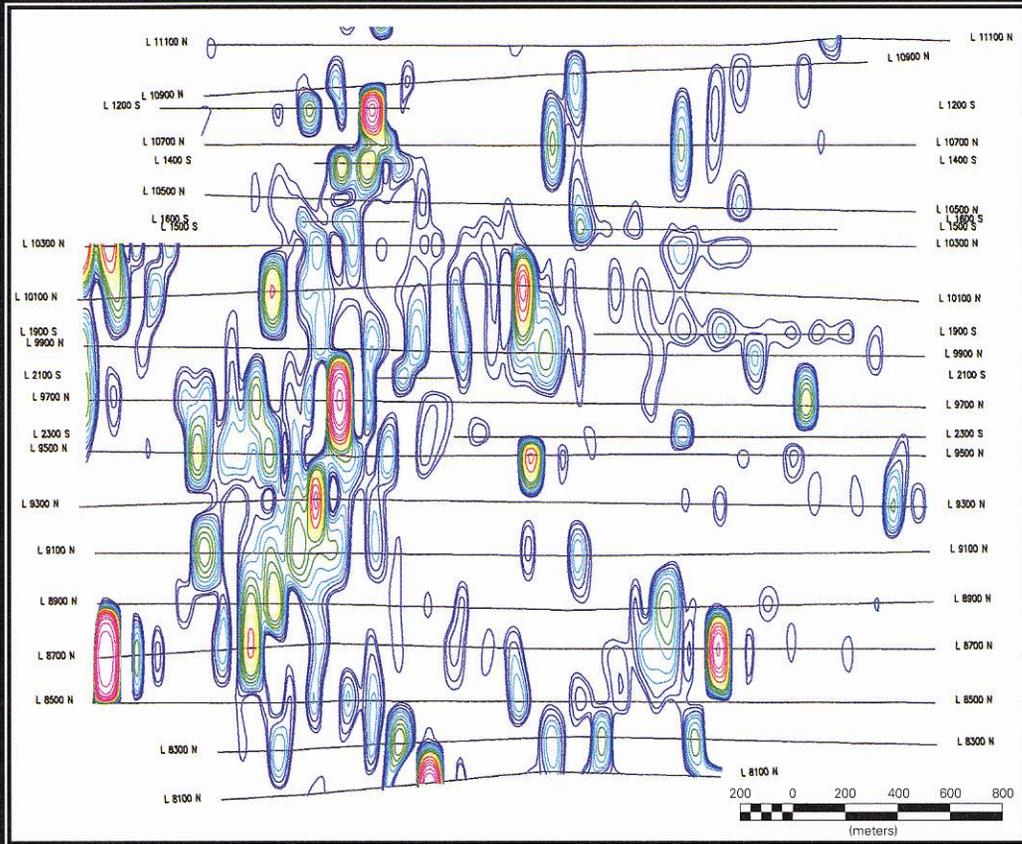
Canadian Exploration Ltd., now Placer-Dome Ltd., purchased the lead mine in 1947 and later, the government-held tungsten mine and mill. Tungsten production re-commenced in 1947 and lead-zinc-silver production was initiated in 1949. Tungsten ore was mined from four zones, the Emerald, Feeney, Invincible and Dodger deposits. However, the lead and zinc ore was mined from only one zone, the newly discovered Jersey deposit. Production continued until September 1973 when the mines were closed and decommissioned due to low metal prices and depleted lead-zinc reserves. Over the mines' operating life, 8.4 million tons of lead-zinc-silver ore and 1.6 million tons of tungsten ore were mined and milled.

Jersey-Emerald Property

Salmo, British Columbia



The Iron Mountain Copper-Zinc-Silver Zone, the Bismuth Gold Zone and the Emerald-Leroy Gold-Tungsten Zone are believed to have potential for important new mineral deposits. Follow-up exploration in 1996 will include a 2,000 meter diamond drill program over these zones. Almost half of the 4,000 hectare property remains unexplored. These areas, along with the Wilson Creek airborne geophysical anomalies, will be investigated during the 1996 program.



Gold Contours (PPB)

**Jersey-Emerald Property
Salmo, British Columbia**

Gold geochemical anomaly in ppb over the Emerald-Leroy Zone.

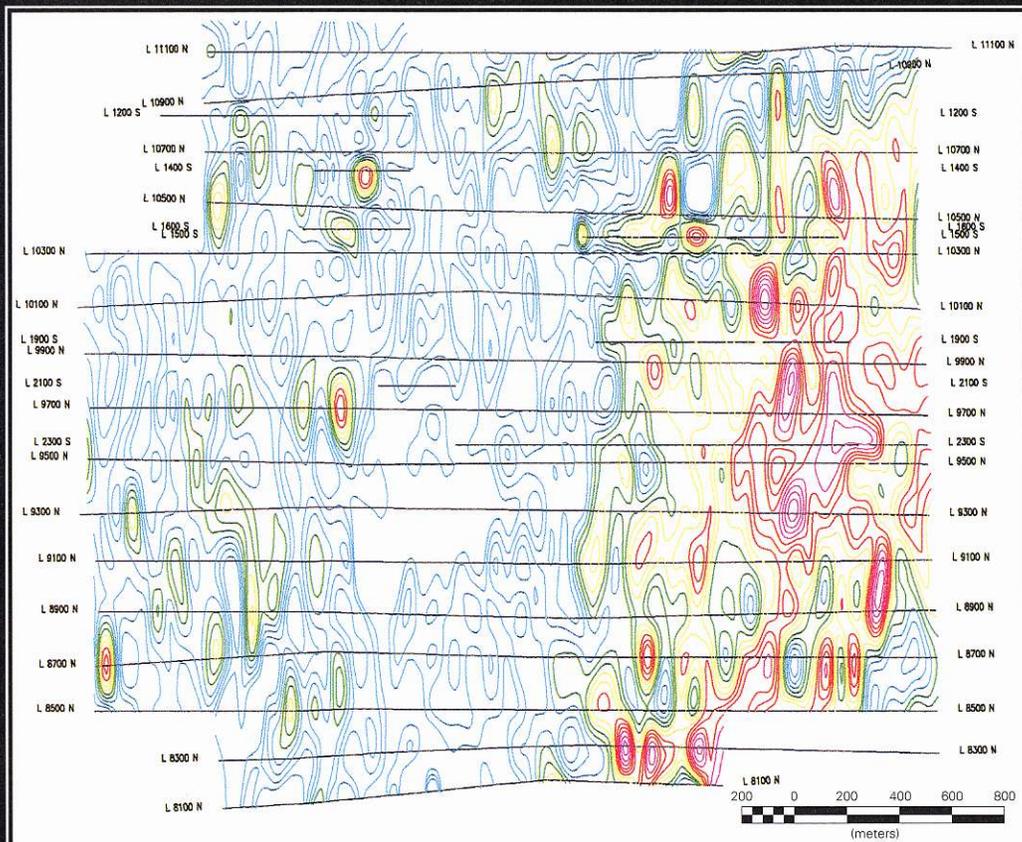
Quartz vein samples have returned assays up to 0.80 oz/ton gold over this 2 km long target.

Sultan Minerals Inc.
August-November 1995
Soil Geochemistry

Legend

- 2.5 to 5.0
- 5.0 to 10.0
- 10.0 to 20.0
- 20.0 to 30.0
- 30.0 to 50.0
- >50.0

Logarithmic Contours



Copper Contours (PPM)

**Jersey-Emerald Property
Salmo, British Columbia**

Copper geochemical anomaly in ppm over the Iron Mountain Zone.

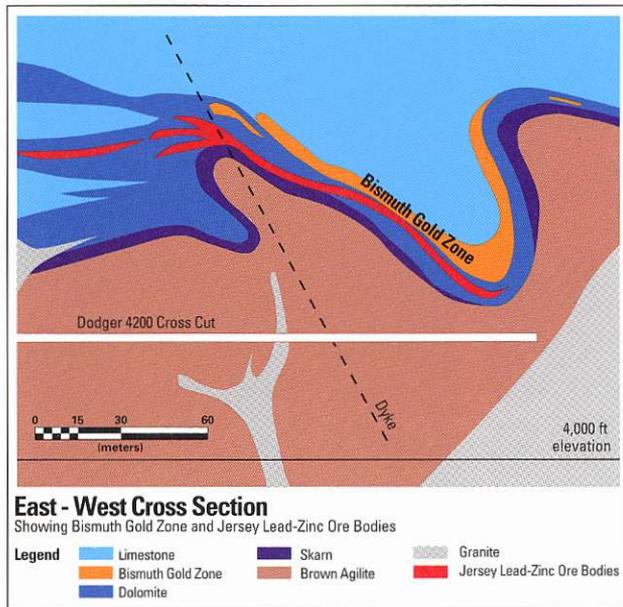
This extensive anomaly is more than 2.5 km long, a minimum of 1.0 km wide and coincides with highly anomalous zinc and silver values.

Sultan Minerals Inc.
August-November 1995
Soil Geochemistry

Legend

- 20 to 30
- 30 to 50
- 50 to 80
- 80 to 125
- 125 to 250
- >250

Logarithmic Contours



EAST-WEST CROSS SECTION OF THE BISMUTH GOLD ZONE.

LOCATED ABOVE THE JERSEY ORE DEPOSIT, THE ZONE IS POTENTIALLY 15 METERS THICK.

Exploration Program

Sultan Minerals Inc. acquired the Jersey-Emerald property in 1993 and has undertaken to explore its potential for gold and base-metal mineralization. A program entailing surface prospecting, 1,300 meters of diamond drilling and an airborne geophysical survey, was completed in 1994. Highly encouraging results were obtained which lead to a recommendation for additional exploration in 1995.

Surface exploration continued through prospecting and reconnaissance geochemical surveys carried out over two large airborne geophysical targets discovered the previous year. The programs were immediately successful and a detailed geochemical sampling program was initiated, eventually covering more than half of the 40-square-km property.

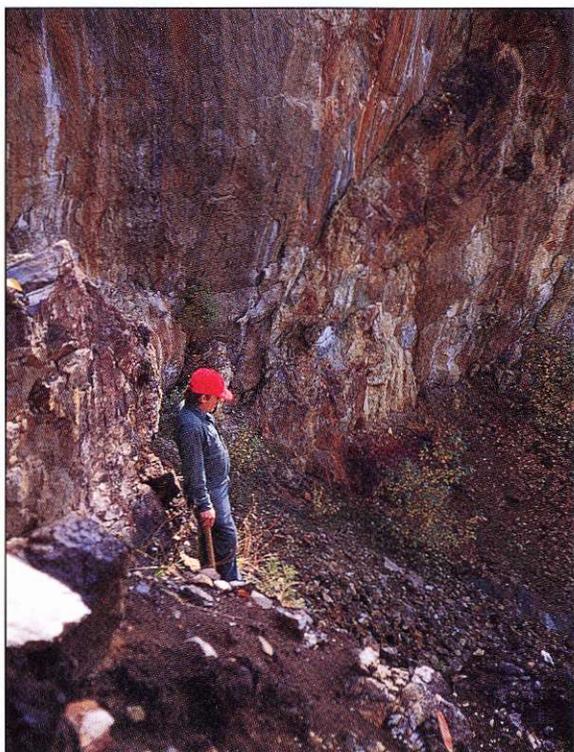
Three important exploration targets have now been identified on the property. These are referred to as the Iron Mountain Copper-Zinc-Silver Zone, the Bismuth Gold Zone and the Emerald-Leroy Gold-Tungsten Zone.

Iron Mountain

The Iron Mountain Zone is a copper-zinc-silver soil anomaly situated in an overburden covered area approximately 1.5 km east of the former Jersey mine. The zone occurs east of a north-south fault that previously was believed to mark the east margin of all mineralization on the property. The north-trending anomaly is 2.5 km long, more than 1.0 km wide and remains open to the east. It is defined by copper values up to 500 ppm, zinc values up to 2,000 ppm, and silver values up to 5.0 ppm. The anomalous metal values occur near a 1.5-km-long Dighem airborne geophysical anomaly discovered in 1994. In response to its strike and location along the eastern border of the property, an additional 900 hectares of land was acquired to expand the Iron Mountain target to the east, ensuring its complete coverage.

Bismuth Gold Zone

The Bismuth Gold Zone is a flat-lying gold and native bismuth enriched horizon which overlies the former Jersey lead-zinc-silver deposit (see diagram). The Bismuth Zone was intersected in several surface and underground drill holes by Placer-Dome, but because of the low gold price at the time, the deposit was not explored further. Placer's drill logs indicate this zone to be as much as 15 meters thick. The zone is exposed locally in the underground lead-zinc workings. Chip samples taken from these workings have assayed as high as 0.35 oz/ton gold. The core from Placer's underground drill hole J1603, which partially intersected the Bismuth Zone, was recently located and assayed. It assayed 0.18 oz/ton gold and 2.0 oz/ton silver across 2.5 meters near the end of the hole.



SAMPLING FOR GOLD ALONG THE EAST WALL OF THE EMERALD OPEN-PIT.

The exceptional results obtained to date suggests that the 1996 program has an excellent chance of discovering mineral rich deposits of major economic significance that will dwarf the original Jersey and Emerald deposits.

Several anomalous gold values occur clustered over the north and south end of the Jersey lead-zinc anomaly that follows the surface trace of the former 8 million ton ore deposit. These gold values are along strike from the known Bismuth Zone and are believed to be reflecting surface exposures of this zone. If they are found to be related surface outcroppings, then this gold zone will be more than 1 km in length.

Emerald-Leroy

The Emerald-Leroy Zone is a 2.5-km-long, north-trending zone, defined by anomalous gold, tungsten and arsenic soil values. Soil results from this region suggests that two previously known targets, the Emerald Gold-Tungsten Zone and the Leroy Gold Zone, are probably spatially related. Previous work over this area has shown gold and tungsten mineralization to be associated with quartz veins and sulfide-rich skarn horizons near the contact with the Emerald granodiorite body.

Near the center of this extensive soil anomaly, Placer Dome recovered some 1 million tons of tungsten ore from the Emerald Mine. Although Placer did not assay the zone for precious metals, some free gold was recovered with the Tungsten concentrate. In 1994 a diamond drill hole located at the south end of this zone intersected a 30.0 meter thick massive sulfide horizon that carried 0.99 oz/ton gold and 1.0 oz/ton silver across 90 centimeters. Subsequently, the 1995 prospecting program discovered a number of quartz boulders near the north end of the zone that gave gold grades of up to 0.89 oz/ton.

On-Going and Future Work

The exploration program in 1996 will give priority to the Iron Mountain Zone while initiating work programs on the Emerald-Leroy and the Bismuth Zones. The work will involve diamond drilling, trenching, geological mapping, geophysical surveys, and follow-up geochemistry. P&L Exploration Consultants of Smithers, BC has been commissioned to plan and supervise the surface program. A notice of work has been filed with the Minerals Division of the British Columbia Ministry of Employment and Investment to obtain permitting for the project.

Field work is expected to commence in May 1996. The objective of the initial on-site work will be to prepare the three known targets for a planned 2,000 meter diamond drill program. Once drilling is underway, the remaining unexplored sections of the property will be investigated with reconnaissance geological, geochemical, and prospecting programs.

1 Skarn; a garnet-rich rock that forms when limestone is intruded by granite.

To the Shareholders of Sultan Minerals Inc.

We have audited the balance sheets of Sultan Minerals Inc. as at December 31, 1995 and 1994 and the statements of deferred exploration expenditures, loss and deficit and changes in financial position for the years then ended. 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 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, 1995 and 1994 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles. As required by the British Columbia Company Act, we report that, in our opinion, these principles have been applied on a consistent basis.



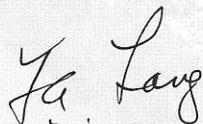
Chartered Accountants

March 18, 1996, Vancouver, B.C.

Sultan Minerals Inc.

| December 31 | 1995 | 1994 |
|--|-------------|--------------|
| ASSETS | | |
| Current assets | | |
| Cash and short term deposits | \$ 46,110 | \$ 275,931 |
| Accounts receivable | 13,665 | 10,167 |
| Promissory note receivable (Note 3) | 48,040 | - |
| Prepaid expenses | 1,545 | 1,508 |
| | 109,360 | 287,606 |
| Mineral properties and deferred costs (Note 3) | 864,481 | 960,646 |
| Investments (Note 5) | 18,713 | 18,713 |
| Reclamation bond | 7,000 | 7,000 |
| | \$ 999,554 | \$ 1,273,965 |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 94,836 | \$ 63,998 |
| Loans from director | 26,000 | 26,000 |
| | 120,836 | 89,998 |
| Share subscriptions | - | 183,000 |
| | 120,836 | 272,998 |
| SHAREHOLDERS' EQUITY | | |
| Share capital (Note 6) | 6,226,443 | 5,886,092 |
| Deficit | (5,347,725) | (4,885,125) |
| | 878,718 | 1,000,967 |
| | \$ 999,554 | \$ 1,273,965 |

Signed on behalf of the Directors



Frank A. Lang



Arthur G. Troup

STATEMENTS OF
LOSS AND DEFICIT

Sultan Minerals Inc.

| December 31 | 1995 | 1994 |
|--|----------------------|----------------------|
| Revenue | | |
| Interest and miscellaneous income | \$ 11,931 | \$ 3,619 |
| Administrative expenses | | |
| Bank charges and interest | 2,094 | 2,743 |
| Consulting | 7,811 | - |
| Management fee | 30,000 | 17,500 |
| Office and administration | 44,156 | 6,538 |
| Printing | 6,730 | 4,932 |
| Professional fees | 18,330 | 2,990 |
| Regulatory fees | 4,706 | 4,562 |
| Stock transfer fees | 7,806 | 4,156 |
| Travel and promotion | 5,986 | 9,891 |
| Wages and benefits | 46,912 | 33,094 |
| | <u>174,531</u> | <u>86,406</u> |
| Loss before the following | (162,600) | (82,787) |
| Mineral properties and deferred costs abandoned or written down | <u>(300,000)</u> | <u>(31,203)</u> |
| Loss for the year | (462,600) | (113,990) |
| Deficit, beginning of year | (4,885,125) | (4,771,135) |
| Deficit, end of year | <u>\$(5,347,725)</u> | <u>\$(4,885,125)</u> |

STATEMENTS OF
CHANGES IN
FINANCIAL POSITION

Sultan Minerals Inc.

| December 31 | 1995 | 1994 |
|---|-------------|-------------|
| Operating activities | | |
| Loss for the year | \$(462,600) | \$(113,990) |
| Add: item not involving cash | | |
| Mineral properties and deferred costs abandoned or written down | 300,000 | 31,203 |
| | (162,600) | (82,787) |
| Net decrease in non-cash operating working capital items | 27,303 | 25,871 |
| | (135,297) | (56,916) |
| Investing activities | | |
| Exploration expenditures | (159,385) | (223,160) |
| Mineral properties | (44,450) | (52,497) |
| Reclamation bond | - | (7,000) |
| | (203,835) | (282,657) |
| Financing activities | | |
| Issuance of shares for mineral properties | 20,389 | 39,000 |
| Issuance of shares for cash | 319,962 | 379,663 |
| Share subscriptions | (183,000) | 123,000 |
| Promissory note | (48,040) | - |
| | 109,311 | 541,663 |
| Increase (decrease) in cash | (229,821) | 202,090 |
| CASH, beginning of year | 275,931 | 73,841 |
| CASH, end of year | \$ 46,110 | \$ 275,931 |

Sultan Minerals Inc.
Notes to Financial Statements

December 31, 1995

1. Nature of operations

The Company is in the process of exploring and developing its mineral properties, but on the basis of information to date, has not yet determined whether these properties contain ore reserves which are economically recoverable. The underlying value of the mineral properties and related deferred costs is dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development, and upon future profitable production.

2. Significant accounting policies

a) Mineral properties and deferred costs

Property acquisition costs and related exploration and development costs are deferred until the properties are brought into production, at which time they are amortized on a unit of production basis, or until the properties are abandoned, sold or considered to be impaired in value, at which time an appropriate charge is made to operations for the year.

b) Investments

The Company accounts for its portfolio investments as long term investments. They are recorded at cost unless a permanent impairment in value has been determined, at which time they are written down to market value.

c) Loss per Share

Basic loss per share has not been calculated, as it would not be meaningful at this stage of the Company's operations.

3. Promissory note receivable

At December 31, 1995, the Company has a promissory note receivable of \$48,040 due from a company with a common director. The note receivable is without interest and has monthly repayments commencing April 30, 1996 of \$16,000 and at \$4,000 per month thereafter, with final payment by December 31, 1996.

4. Mineral properties and deferred costs

At December 31, 1995 accumulated costs in respect to the Company's interest in mineral claims owned, leased or under option, consisted of the following:

| December 31 | 1995 | | | 1994 |
|------------------------|-------------------|----------------------|------------|------------|
| | Acquisition Costs | Deferred Exploration | Book Value | Book Value |
| Jersey claims, B.C. | \$ 132,448 | \$ 400,245 | \$ 532,693 | 329,078 |
| Cone Hill claims, B.C. | 16,100 | 18,105 | 34,205 | \$ 34,117 |
| Dawson claims, Yukon | 40,000 | 107,583 | 147,583 | 447,451 |
| G. South Claims, B.C. | - | 150,000 | 150,000 | 150,000 |
| | \$ 188,548 | \$ 675,933 | \$ 864,481 | \$ 960,646 |

Jersey Claims, British Columbia

The Company has an option to earn a 100% interest in the Jersey Claim Group located near Salmo, B.C. Pursuant to the terms of the option agreement, the Company has paid \$23,000 and issued 150,000 shares of the Company. The balance of 50,000 shares is to be issued on October 20, 1996, together with an additional cash payment, if any, described in the following paragraph. The property is subject to a 3% net smelter royalty that can be reduced to 1.5% by making separate payments of \$500,000 and 50,000 common shares.

The agreement requires that if the shares of the Company are trading at less than \$0.80 per share at the time of issuance of 50,000 shares, the Company will make an additional cash payment equal to the difference between the market value of 50,000 shares and \$40,000. Pursuant to this, the Company had to pay \$19,611 to the optionors during the year when 50,000 shares were issued in October, 1995. A similar additional payment will be required upon issuance of 50,000 shares in October, 1996 if the share price is less than \$0.80 per share.

Cone Hill Claims, British Columbia

The Company holds a 40% interest in seven mineral claims situated in the Taseko Lake area, Clinton Mining Division, B.C.

The remaining 60% is held by a company with common management.



Dawson claims, Yukon

The Company holds 37.5% and 50% interests in certain Dawson claims, subject to an interest to the vendor of the greater of 10% of net profits or 2% of net smelter returns.

5. Investments

a) Marketable securities

| | Number of Shares | Book Value 1995 | Book Value 1994 |
|-----------------------------|---------------------|--------------------|--------------------|
| Emperor Gold Corporation | 15,652 | \$ 3,913 | \$ 3,913 |
| Hughes Lang Corporation | 2,460 | 1,599 | 1,599 |
| Blackwater Gold Corporation | 16,000 | 1,200 | 1,200 |
| | | 6,712 | 6,712 |

The quoted market value of the above securities as at December 31, 1995 was \$28,440 (1994 - \$20,307).

b) Other investments

| | 1995 | 1994 |
|---------------------------------|--------|--------|
| Hughes Lang Placer Corporation | 1 | 1 |
| Digital Geographics Corporation | 12,000 | 12,000 |
| | 12,001 | 12,001 |
| Total investments | 18,713 | 18,713 |

6. Share capital

- a) Authorized:
100,000,000 shares divided into:
50,000,000 common shares without par value
50,000,000 preferred shares (none issued)

b) Common shares issued:

| For | Number of Shares | | Amount of Consideration | |
|--------------------|------------------|-----------|----------------------------|--------------|
| | 1995 | 1994 | 1995 | 1994 |
| Cash | 6,461,829 | 5,752,079 | \$ 5,903,290 | \$ 5,583,328 |
| Mineral properties | 427,000 | 377,000 | 129,609 | 109,220 |
| Debt | 188,860 | 188,860 | 193,544 | 193,544 |
| | 7,077,689 | 6,317,939 | \$ 6,226,443 | \$ 5,886,092 |

c) During the year the following shares were issued pursuant to:

| | Number of Shares | Net Proceeds |
|---|---------------------|-----------------|
| Exercise of employee incentive share purchase options | 99,750 | \$ 14,962 |
| Private placements | 610,000 | 305,000 |
| Mineral property acquisitions | 50,000 | 20,389 |
| | 759,750 | \$ 340,351 |

d) As at December 31, 1995, the following incentive share purchase options were outstanding:

| Number of Shares | Exercise Price | Expiry Date |
|------------------|----------------|-------------------|
| 525,000 | \$0.60 | April 6, 2000 |
| 35,000 | \$0.50 | August 16, 2000 |
| 38,000 | \$0.35 | December 6, 2000 |
| 104,000 | \$0.45 | December 23, 1998 |
| 702,000 | | |

- e) As at December 31, 1995, 375,007 (1994 - 750,000) common shares were held in escrow. These shares may only be released with the consent of regulatory authorities.
- f) As at December 31, 1995, the following share purchase warrants issued in connection with private placements were outstanding:

| Number of Shares | Exercise Price | Expiry Date |
|------------------|-----------------|------------------------------------|
| 152,500 | \$0.65 | October 13, 1996 |
| 85,000 | \$0.50 | October 3, 1996 |
| 135,000 | \$0.50 | if exercised by October 3, 1996 |
| | or at \$0.60 | if exercised by October 3, 1997 |

- g) Commitment to issue shares

The Jersey Group Claims (Note 4) option agreement requires issuance of 50,000 shares on October 20, 1996 in order to exercise the option to acquire the property.

7. Related party transactions

- a) During the year, the Company was charged an amount of \$140,778 (1994 - \$57,388) in respect of office, administrative services and management fees. As at December 31, 1995, \$41,729 (1994 - \$8,899) was owed to the companies which have common management in respect of these services.
- b) During the year, the Company was charged \$7,875 (1994 - Nil) in geological services from a company with a common director.
- c) The Company's investments include shares of companies with which a director is associated.
- d) Certain of the Company's mineral properties have been acquired from, or involve participation, by companies with which one or more directors are associated.
- e) Interest of \$5,328 (1994 - \$2,728) has been accrued on the loans from a director, shown on the balance sheet.

8. Subsequent Event

The Company has arranged private placements with several investors for the issuance of up to 600,000 units at a price of \$0.35 per unit. Each unit will consist of one share and one share purchase warrant which will entitle the holder to purchase one additional share for a two year period at a price of \$0.35 per share if exercised within the first year and at a price of \$0.40 if exercised after the first year but before the expiry of the second year.

STATEMENTS OF
DEFERRED
EXPLORATION
EXPENDITURES

Sultan Minerals Inc.

| December 31 | 1995 | 1994 |
|--|-------------------|-------------------|
| Exploration expenditures | | |
| Jersey claims, B.C. | \$ 159,165 | \$ 205,751 |
| Cone Hill claims, B.C. | 88 | 17,410 |
| Dawson claim, Yukon | 132 | - |
| | <u>159,385</u> | <u>223,161</u> |
| Deferred exploration expenditures | | |
| Beginning of year | 803,548 | 585,090 |
| Charged to statement of loss and deficit | <u>(287,000)</u> | <u>(4,703)</u> |
| Deferred exploration expenditures | | |
| End of year | <u>\$ 675,933</u> | <u>\$ 803,548</u> |

Corporate Information

Sultan Minerals Inc.

Corporate Office

Suite 1610 – 777 Dunsmuir Street
P.O. Box 10435
Vancouver, BC, Canada V7Y 1K5
Tel (604) 687-4622
Fax (604) 687-4212

Directors & Officers

Frank A. Lang
Director & President
Ellen Skobin Conville
Corporate Secretary
Arthur G. Troup
Director & Project Manager
Ben Ainsworth
Director

Shares Listed

Vancouver Stock Exchange
Venture Section
Symbol: SUL

Transfer Agent

Montreal Trust Company

Share Capitalization

Outstanding: 7,077,689
Fully diluted: 8,152,189

Auditors

Morgan and Company

Legal Counsel

DuMoulin Black

Conversion Table

1 oz/ton = 34.286 gms/tonne
1 kilometer = 0.62 miles
1 square kilometer = 100 hectares

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on June 27, 1996 at 11:00 am at the head office of The Lang Mining Group, located at Suite 1610-777 Dunsmuir St. Vancouver, British Columbia.

Sultan Minerals Inc.

Suite 1610 - 777 Dunsmuir Street
PO Box 10435
Vancouver BC, Canada V7Y 1K5
Telephone (604) 687-4622
Fax (604) 687-4212



Sultan Minerals Inc. is a member of The Lang Mining Group.

SULTAN MINERALS INC.

1610-777 Dunsmuir Street, P.O.Box 10435,
Vancouver, B.C., V7Y 1K5 Canada
Tel: (604) 687 4622 Fax (604) 687 4212 Email: lang@mindlink.bc.ca

NEWS RELEASE

November 27, 1996

SYMBOL: SUL-vse

NEW LEAD-ZINC HORIZON INTERSECTED AT JERSEY-EMERALD PROPERTY

The company is pleased to report that recent property work has identified a new zinc and lead enriched dolomite horizon on its Jersey-Emerald property near Salmo, B.C. The new zone referred to as the Lower Jersey Horizon, is parallel to, but approximately 60 metres below, the previously mined Jersey orebody. This Lower Jersey Horizon has now been identified in six diamond drill holes over a strike length of 1,600 metres (5,000 feet) and a width of 500 metres (1,500 feet).

The new mineralized zone was intersected in two holes drilled in 1994-95. Their significance was only recently recognized when consulting geologist, Ed. Lawrence, related the mineralized intercepts to a new mine model of the horizons underlying the former Jersey orebody. The model is based on surface and underground geology and in particular two underground holes, JU848 and JU270, drilled by Placer-Dome prior to the mine's closure in 1973. Mr. Lawrence is former manager of the Jersey Mine.

Sultan has now drilled four holes, Z96-5 to Z96-8, to confirm the presence of the lower horizon. All four holes identified a lower dolomite horizon. Holes Z96-6 and Z96-7 were badly sheared and assays are not believed to be representative. Assay results for the four new holes and the three previous holes that identified the new zone are as follows:

| HOLE | FROM (m.) | TO (m.) | LENGTH (m.) | LENGTH (ft.) | Pb % | Zn % |
|----------------------------|--------------|------------|----------------|-----------------|---------|---------|
| Z96-5 | 6.25 | 8.53 | 2.28 | 7.48 | 3.78 | 18.28 |
| | 34.89 | 38.33 | 3.44 | 13.26 | 0.04 | 2.13 |
| Z96-6 | 54.86 | 57.79 | 2.93 | 9.61 | 4.57 | 2.97 |
| Z96-7 | 48.66 | 49.99 | 1.33 | 4.36 | 1.85 | 0.65 |
| Z96-8 | 35.66 | 38.71 | 3.05 | 10.01 | 2.33 | 1.66 |
| | 56.69 | 57.00 | 0.31 | 1.02 | 3.74 | 0.51 |
| * | 89.40 | 94.40 | 5.00 | 16.40 | 4.62 | 2.65 |
| JU848* | 23.16 | 31.70 | 8.69 | 28.50 | 1.60 | 4.20 |
| JU270* | 56.60 | 57.90 | 1.30 | 4.30 | 3.80 | 8.10 |
| Previously reported holes: | | | | | | |
| 94J-8* | 116.00 | 118.00 | 2.00 | 6.56 | 2.51 | 2.33 |
| 95J-2* | 53.50 | 55.00 | 1.50 | 4.92 | 0.20 | 5.13 |

* = Lower Jersey Horizon Intersection.

The recent drilling was done from surface thereby necessitating that the holes be drilled beyond the limits of the former Jersey mine workings. It is believed that the Lower Jersey Horizon may carry thicker and higher grade mineralization below the former Jersey mine as indicated in the accompanying cross-section.

Surface exploration indicates potential for considerable lateral continuity to this new lead-zinc horizon. Two 50 cm surface samples taken over the Tungsten King showing, located 1.5 km south of the Jersey mine, assayed 0.25% lead, 16.33% zinc, and 9.2g/t silver, and 2.7% lead, 2.31% zinc, and 69.7 g/t silver respectively. On the Truman Hill zone, one km south of Tungsten King, a 1.0 metre channel sample assayed 6.5% lead and 7.73% zinc, and a 4.0 metre chip sample assayed 2.56% lead, 8.37% zinc and 59.1g/t silver. The company's geologists propose that the unit hosting this mineralization may be the strike extension of the Lower Jersey Horizon

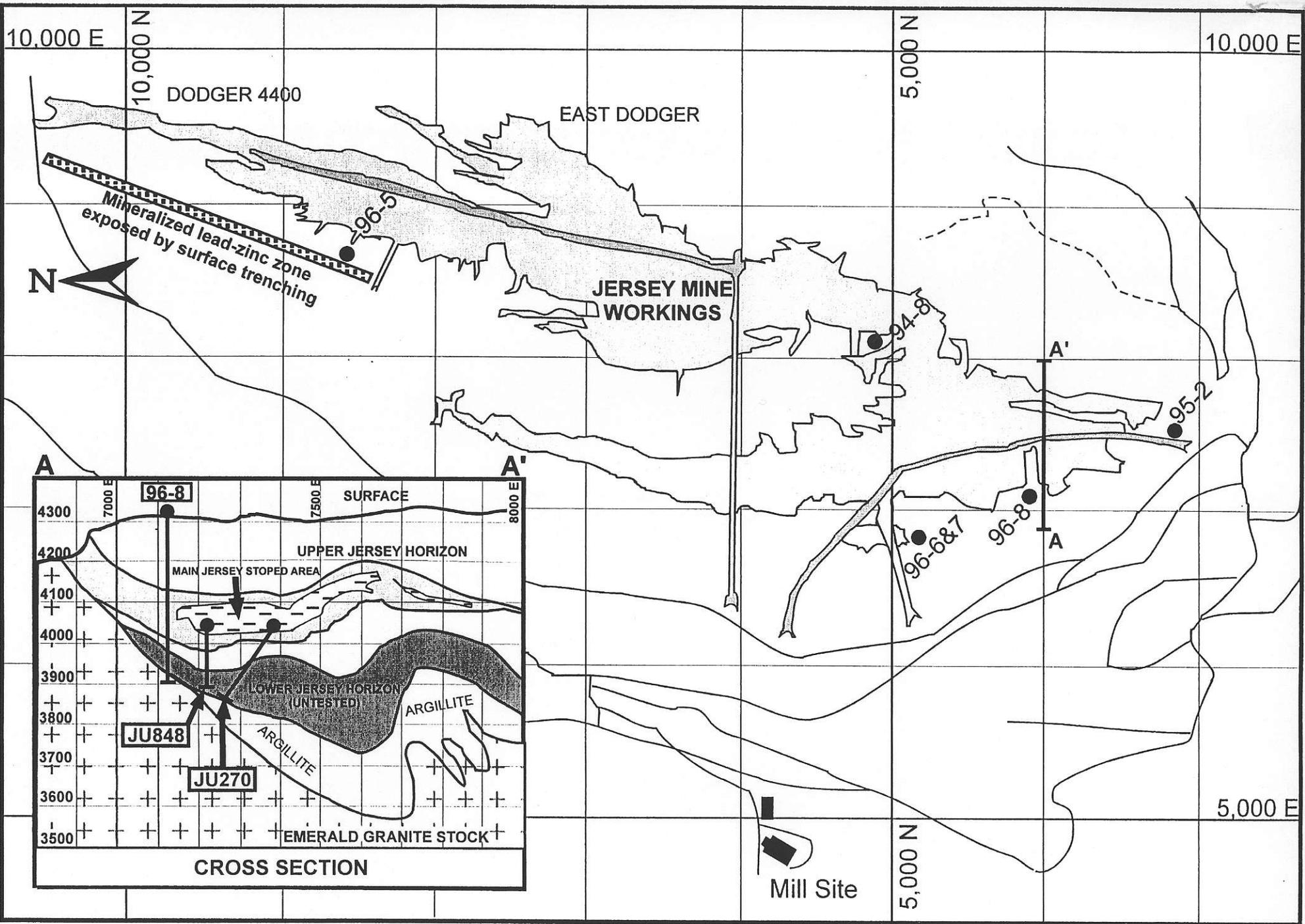
To the north of drill hole Z96-5, the surface trace of the Jersey mine mineralization has been exposed for over 500 metres by trenching. Chip samples taken along this zone show good zinc grades across widths up to 2.5 metres, with the best one metre sample assaying 3.49% lead, 17.22% zinc and 4.1 g/t silver. Additional trenching and drilling is required to define the northern extent of this Upper Jersey mineralization.

The Jersey mine was the largest lead-zinc producer in the Kootenay Arc. Discovered in 1906 the mine commenced production in 1910. In 1947 Canadian Exploration Ltd. (now Placer-Dome Ltd.) purchased the mine and expanded production to 1,200 tons/day. The mine produced until 1973 when operations ceased due to low metal prices.

The company has obtained the necessary permits to carry out an underground winter drill program to test the Lower Jersey Horizon and the previously reported Bismuth Gold Zone (please see news release of Oct. 10). Drilling is scheduled to commence in early 1997, after computer modeling of drill logs from the former Jersey Mine is completed.

A.G. Troup, V.P. Exploration

For further information please contact
the **Investor Services Department** of the Lang Mining Group
Tel: (604) 687-4622 Fax: (604) 687-4212 Email: lang@mindlink.bc.ca



● Drill Holes intercepting the Lower Jersey Horizon

— Roads

▨ Tunnels Underneath Workings

SULTAN MINERALS INC.
 Drill Hole Location Map
 with Cross Section



