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SUPERINTENDENT OF BROKERS  
AND  
VANCOUVER STOCK EXCHANGE

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MINISTRY OF ENERGY, MINES  
AND PETROLEUM RESOURCES  
KAMLOOPS, B.C.  
Rec'd. MAY 10 1994  
Vancouver,

STATEMENT OF MATERIAL FACTS (#34/94)  
EFFECTIVE DATE: MAY 2, 1994

APEX ENERGY CORP.  
Suite 1680 - 650 West Georgia Street,  
British Columbia, V6B 4N9 Telephone: (604) 688 - 0607

Geological Survey Branch  
MEMPR

**NAME OF ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER**

Suite 1680 - 650 West Georgia Street,  
Vancouver, British Columbia, V6B 4N9 Telephone: (604) 688 - 0607

**ADDRESS OF REGISTERED AND RECORDS OFFICE OF ISSUER**

MONTREAL TRUST COMPANY OF CANADA  
510 Burrard Street, Vancouver, British Columbia V6C 3B9

**NAME AND ADDRESS OF REGISTRAR & TRANSFER AGENT FOR ISSUER'S SECURITIES IN BRITISH COLUMBIA**

**OFFERING: 1,000,000 UNITS**

Each Units consist of One Common Share and Two Series "A" Share Purchase Warrants, two such warrants will entitle the holder thereof to purchase one additional common share of the Issuer at any time up to the close of business within one year following the Offering Day at a price to be determined in accordance with the rules of the Vancouver Stock Exchange.

	Estimated Price to Public *	Agent's Commission	Estimated Net Proceeds to the Issue
Per Unit	\$0.50	\$ 0.0375	\$ 0.4625
Total	\$500,000.00	\$37,500.00	\$462,500.00

\* The offering price of the Units will be as determined in accordance with the rules and policies of the Vancouver Stock Exchange and it is estimated that this will be \$0.50 per Unit.

The securities offered hereunder are speculative in nature. Information concerning the risks involved may be obtained by reference to this document; further clarification, if required, may be sought from a broker.

**ADDITIONAL OFFERING**

The Agent has agreed to purchase any Units offered hereby which have not been sold at the conclusion of the Offering. Any Units purchased by the Agent pursuant to its guarantee will be distributed under this Statement of Material Facts through the facilities of the Vancouver Stock Exchange at the market price at the time of sale. See "Plan of Distribution" for further information concerning the resale of these Units.

**SHAREHOLDERS' OFFERING**

This Statement of Material Facts also qualifies for sale, at the market price for the shares of the Issuer at the time of sale, 500,000 private placement units. The units consists of 500,000 common shares and share purchase warrants to purchase up to an additional 500,000 common shares of the Issuer. See "Shareholders' Offering" herein for further information.

**AGENTS:**

CANACCORD CAPITAL CORPORATION  
Suite 2200 - 609 Granville Street  
Vancouver, British Columbia V7Y 1H2

Neither the Superintendent of Brokers nor the Vancouver Stock Exchange has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

## **ITEM 1. PLAN OF DISTRIBUTION**

### **Offering**

Apex Energy Corp. (the "Issuer"), by its Agent, hereby offers (the "Offering") to the public through the facilities of the Vancouver Stock Exchange (the "Exchange") ONE MILLION (1,000,000) Units (the "Units").

Each Unit consists of ONE (1) common share and TWO (2) Series "A" Share Purchase Warrant (the "Series "A" Share Purchase Warrants"). TWO (2) such Series "A" Share Purchase Warrants will entitle the holder thereof to purchase ONE (1) additional common share of the Issuer at an estimated price of \$0.50 per common share (the "Offering Price") at any time up to the close of business ONE (1) year from the Offering Day of this Statement of Material Facts.

The Offering will take place on a day (the "Offering Day") not more than one hundred and eighty (180) calendar days after the date (the "Effective Date") this Statement of Material Facts is accepted for filing by the Exchange and the Superintendent of Brokers.

The price of the Units (the "Offering Price") will be at a price to be agreed upon by the Issuer and the Agent, in accordance with the rules and policies of the Exchange. If the Issuer and the Agent fail to agree on the Offering Price before the Offering Day, neither party is obliged to proceed with the Offering.

In accordance with the Exchange's policies, at least 85% of the Offering will be offered to clients of the Agent before the Agent or its associates may participate for their own accounts.

The Directors, Officers and other Insiders of the Issuer may purchase securities from this Offering.

Purchasers of any Units will be required to pay a commission at the rates normally charged by their brokers.

### **Appointment of Agent**

The Issuer, by an agreement dated October 21, 1993, (as amended by an agreement dated January 21, 1994) (the "Agency Agreement") appointed CANACCORD CAPITAL CORPORATION as its agent ("Agent") to offer the Units to the public through the facilities of the Vancouver Stock Exchange.

The Issuer will pay the Agent a commission of 7.5% of the selling price of the Unit.

The Issuer, has granted the Agent a right of first refusal with respect to any future equity financing it may require during the twelve (12) month period following the Effective Date.

The Agent reserves the right to offer selling group participation in the normal course of the brokerage business to selling groups of other registered brokers, dealers and investment dealers who may or may not be offered part of the commissions or bonuses derived from this Offering.

The obligations of the Agent under the Agency Agreement may be terminated prior to the opening of the market on the Offering Day at the Agents discretion, on the basis of its assessment of the state of the financial markets and may also be terminated at any time upon the occurrence of certain stated events.

There are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or any other person or company in connection with this Offering.

### Series "A" Share Purchase Warrants

The Series "A" Share Purchase Warrants will be transferable and in bearer form and TWO (2) such Series "A" Share Purchase Warrants will entitle the holder thereof to purchase ONE (1) additional common share of the Issuer at the minimum price or prices permitted by the rules and policies of the Exchange per common share at any time up to the close of business ONE (1) year from the Offering Day.

The Series "A" Share Purchase Warrants will contain, among other things, provisions for appropriate adjustment in the class, number and price of shares issuable pursuant to any exercise thereof upon the occurrence of certain events, including any subdivision, consolidation or re-classification of the shares of the Issuer, the payment of stock dividends or the amalgamation of the Issuer.

The Series "A" Warrants will be posted for trading on the Exchange subject to evidence of satisfactory distribution of such Warrants as specified by the rules of the Exchange.

### Agent's Warrants

The Agent has agreed to purchase any shares not sold at the conclusion of the Offering. In consideration therefor, the Agent has been granted non-transferable share purchase warrants ("Agent's Warrants") entitling it to purchase up to 200,000 Shares of the Issuer at the Offering Price, at any time up to the close of business ONE (1) year following the conclusion of the Offering Day.

The Agent's Warrants will contain the same terms as the Series "A" Warrants, except that they will be non-transferable.

### Additional Offering

This Statement of Material Facts also qualifies for sale to the public through the facilities of the Exchange at the market price prevailing for the shares at the time of the sale, any Units purchased by the Agent. The Issuer will not receive any proceeds from the sale of

any such Units by the Agent, all of which proceeds will, in such event, accrue to the Agent.

### Shareholders' Offering

This Statement of Material Facts also qualifies shares of the Issuer for sale to the public by existing shareholders until the earlier of the expiry of the hold period and the date all such shares have been sold. These shares are to be sold through the facilities of the Exchange at the market price for the shares at the time of sale. No securities of the selling shareholders will be sold until the distribution of the Issuer's shares has been completed.

Pursuant to a Brokerage Private Placement Agency Letter Agreement dated for reference April 15, 1993 between the Issuer and Canaccord Capital Corporation, eight shareholders (the "Selling Shareholders") purchased 500,000 shares (the "Private Placement Shares") of the Issuer at a price of \$0.35 per share and, an additional 500,000 shares may be issued pursuant to the exercise of non-transferable share purchase warrants as described in Item 8(3)(a) herein (the "Private Placement Unit"). The Private Placement Unit previously distributed pursuant to exemptions under the Securities Act BC which exemptions provide for a one year hold period are hereby qualified for distribution to the public by the shareholders on the terms and conditions as contained in this Statement of Material Facts.

The names and addresses of the Selling Shareholders, the number of securities beneficially owned, the number of securities being offered and the number of securities to be owned in the event all securities offered are sold by the selling shareholders are as follows:

Name and Address	Total Number of Shares Beneficially owned or to be acquired by Selling Shareholders	Shares being qualified for sale by Selling Shareholders	Shares Beneficially owned upon completion of Offering
Richard Bordewick 885 Pyrford Road West Vancouver, BC V7S 2AL	40,000	40,000	NIL
Michael Bruin 2200-609 Granville Street Vancouver, BC V7Y 1H2	40,000	40,000	NIL
Christine Byrne 6671 Azure Road Richmond, BC V7C 2S7	230,000	230,000	NIL

G.R. Dawson Holdings Ltd. 1066-999 West Hastings Street Vancouver, BC V6C 2W2	250,000	250,000	NIL
Colette Matter 4010 West 19th Avenue Vancouver, BC V6S 1E3	150,000	150,000	NIL
John K. Ralfs 235 Marine Drive Cobble Hill, BC VOR 1L1	100,000	100,000	NIL
Gary D.A. Schellenberg 5411 Calderwood Crescent Richmond, BC V7C 3G2	170,000	170,000	NIL
Kathleen Virvillis 165 West 23rd Avenue Vancouver, BC V5Y 2H1	20,000	20,000	NIL

The Issuer will not receive any proceeds from the sale of the Private Placement Units and any expenses incurred from the distribution of these shares will be borne by the Selling Shareholders.

The Selling Shareholders do not make any representation with respect to the securities offered hereunder and will not be signing this Statement of Material Facts on behalf of the Issuer, themselves or otherwise.

Shares sold pursuant to the Shareholders Offering will be sold only by persons registered under the Securities Act BC who will provide any purchasers of such shares with a copy of this Statement of Material Facts and any amendments thereto.

## **ITEM 2. HOW THE NET PROCEEDS OF THE ISSUE ARE TO BE SPENT**

Although it is not possible to determine the actual net proceeds from the Offering, if all of the Units are sold at the estimated price of \$0.50 per Unit, the Issuer will receive gross proceeds of \$500,000.00 which, after the deduction of the selling commission of \$37,500.00, will net the Issuer \$462,500.00.

The principal purposes for which the net proceeds of \$462,500.00 from the sale of the securities plus cash on hand of \$21,700.00 are to be spent in order of priority, are as follows:

(a)	To pay the estimated cost of this issue (\$15,000 paid)		\$ 10,000.00
(b)	To pay accounts payable - general (as at March 31, 1994 apprx.)		\$ 2,250.00
(c)	To pay accounts payable - property exploration (Issuer's share)		
	i. SouthernEra Claims	\$ 15,199.00	
	ii. Magrum Weir FL Claims (Humpy Lake West)	\$107,643.00	\$122,842.00
(d)	To pay Issuer's share of Phase I of 1994 exploration programs		
	i. Magrum Weir FL Claims (Humpy Lake West)	\$189,855.00	
	ii. Star	\$ 30,230.00	
	iii. Yamba	\$ 77,085.00	\$297,170.00
(e)	To be added to working capital		\$ 51,938.00
		<b>TOTAL:</b>	<b>\$484,200.00</b>

Accounts payable for 1993 for property exploration on SouthernEra and Magrum Weir claims total \$176,501.06 of which the Issuer's share is \$122,842.00.

Any proceeds received from the exercise of the Series "A" Warrants and the Agent's Warrants will be added to the working capital of the Issuer.

### ITEM 3. MATERIAL NATURAL RESOURCE PROPERTIES

#### SUMMARY OF MATERIAL MINING PROPERTIES

- Group I** - Properties for which regulatory approval has been obtained under this Statement of Material Facts.
- Group II** - Presently-held properties which are currently producing or being explored, or upon which exploration is planned within the next year.
- Group III** - Other presently-held properties upon which the Issuer's acquisition and exploration costs to date exceed \$100,000.

<u>GROUP</u>	<u>Property Name</u>	<u>Issuer's Acquisition and Exploration costs to date (in \$)</u>	<u>Shares Issued to Date</u>	<u>Planned Expenditure from funds available upon completion of the Offering</u>
I	West Snare Lake SouthernEra Claims	\$ 47,868 **	nil nil	nil \$ 15,199
II	Star Claims Yam Claims	\$ 5,000 \$ 5,000	100,000 100,000	\$ 30,230 \$ 77,085
III	Twin FL Claims (43) FL Claims (41)	\$ 15,381 \$150,000* \$150,000*	750,000 100,000 ) 100,000 )	nil  ***\$297,498

\* inclusive of the deemed value of shares issued to date

\*\* SouthernEra claims acquired by Issuer transferring 5% of FL Claims (43) and (41) to SouthernEra

\*\*\* of the sum \$297,498, \$107,643 represents an account payable for the 1993 work program

**Group I - Properties for which regulatory approval has been obtained under this Statement of Material Facts.**

**A. West Snare Lake Claims  
Mackenzie Mining District  
Northwest Territories**

Pursuant to a Purchase Sale/Agreement dated June 11, 1993 (the "West Snare Lake Agreement") between the Issuer, Winslow Gold Corp. ("Winslow") of Calgary, Alberta and Northwind Ventures Ltd. ("Northwind") of Calgary, Alberta, Winslow and Northwind sold to the Issuer a 12.5% interest in the following mineral claims, subject to a 1% net smelter royalty in favour of Northern Geophysics Ltd. in consideration of the Issuer paying Winslow and Northwind \$47,868.14 (PAID):

<u>Claim Name</u>	<u>Claim Number</u>	<u>Acreage</u>	<u>Record Date</u>
TT1	F32001	2,471.40	May 21, 1993

TT30	F32030	2,582.50	May 21, 1993
TT40	F32040	2,062.50	May 21, 1993
TT44	F32044	2,582.50	May 21, 1993
TT60	F32060	2,582.50	May 21, 1993
TT70	F32070	2,582.50	May 21, 1993
TT75	F31995	2,414.70	May 21, 1993
TT77	F31997	2,293.20	May 21, 1993
TT2	F32002	2,565.25	May 21, 1993
TT27	F32037	2,582.50	May 21, 1993
TT74	F31994	2,143.80	May 21, 1993
TT3	F32003	2,582.50	May 21, 1993
TT10	F32010	2,582.50	May 21, 1993
TT11	F32011	2,458.50	May 21, 1993
TT16	F32016	2,582.50	May 21, 1993
TT22	F32022	2,582.50	May 21, 1993
TT35	F32035	2,582.50	May 21, 1993
TT41	F32041	2,582.50	May 21, 1993
TT47	F32047	2,582.50	May 21, 1993
TT52	F32052	1,449.50	May 21, 1993
TT57	F32057	2,530.80	May 21, 1993
TT67	F32067	2,375.80	May 21, 1993
TT69	F32069	2,582.50	May 21, 1993
TT71	F32639	2,582.50	May 21, 1993
TT76	F31996	2,458.50	May 21, 1993
TT78	F31998	2,513.70	May 21, 1993
TT4	F32004	2,582.50	May 21, 1993
TT6	F32006	2,582.50	May 21, 1993
TT23	F32023	2,582.50	May 21, 1993
TT38	F32038	2,255.30	May 21, 1993
TT50	F32050	2,582.50	May 21, 1993
TT51	F32051	2,444.70	May 21, 1993
TT62	F32062	2,582.50	May 21, 1993
TT5	F32005	2,582.50	May 21, 1993
TT19	F32019	2,582.50	May 21, 1993
TT21	F32021	2,410.30	May 21, 1993
TT46	F32046	2,582.50	May 21, 1993
TT49	F32049	919.40	May 21, 1993
TT63	F32063	2,248.60	May 21, 1993
TT68	F32068	2,479.10	May 21, 1993
TT7	F32007	2,582.50	May 21, 1993
TT12	F32012	2,582.50	May 21, 1993
TT25	F32025	2,582.50	May 21, 1993
TT26	F32026	2,313.90	May 21, 1993
TT32	F32032	2,527.90	May 21, 1993



TT36	F32036	2,582.50	May 21, 1993
TT53	F32053	2,582.50	May 21, 1993
TT58	F32058	2,562.20	May 21, 1993
TT65	F32065	1,756.20	May 21, 1993
TT8	F32008	2,582.50	May 21, 1993
TT13	F32013	2,582.50	May 21, 1993
TT18	F32018	2,396.50	May 21, 1993
TT20	F32020	2,582.50	May 21, 1993
TT28	F32028	2,493.60	May 21, 1993
TT31	F32021	2,410.30	May 21, 1993
TT33	F32033	2,582.50	May 21, 1993
TT45	F32045	2,417.20	May 21, 1993
TT48	F32048	1,353.20	May 21, 1993
TT54	F32054	2,582.50	May 21, 1993
TT64	F32064	1,865.70	May 21, 1993
TT72	F32192	2,582.50	May 21, 1993
TT9	F32009	2,582.50	May 21, 1993
TT14	F32014	2,466.30	May 21, 1993
TT17	F32017	2,427.50	May 21, 1993
TT24	F32024	2,582.50	May 21, 1993
TT34	F32034	2,582.50	May 21, 1993
TT37	F32037	2,582.50	May 21, 1993
TT39	F32029	1,170.70	May 21, 1993
TT42	F32042	2,530.80	May 21, 1993
TT43	F32043	2,530.80	May 21, 1993
TT55	F32055	2,582.50	May 21, 1993
TT59	F32059	2,582.50	May 21, 1993
TT61	F32061	2,582.50	May 21, 1993
TT66	F32066	2,582.50	May 21, 1993
TT79	F31999	2,410.40	May 21, 1993
TT15	F32015	2,582.50	May 21, 1993
TT29	F32029	2,314.30	May 21, 1993
TT56	F32056	2,582.50	May 21, 1993
TT73	F31993	2,582.50	May 21, 1993
TT80	F31770	400.00	May 21, 1993

(herein called the " West Snare Lake Claims")

The West Snare Lake Claims are located due north of Yellowknife, Northwest Territories. In addition to direct access from Yellowknife, the West Snare Lake Claims can also be serviced from two of the airstrips in the area that can accommodate Hercules aircraft.

According to the Report of John A. McDonald and Walter D. Melnyk dated March, 1994 (the "McDonald/Melnyk Report"), published mapping by Frith (1992) shows that the west

central and southern portion of the West Snare Mineral Claims is underlain by mesoarchean basement complex rocks including biotite granitoid gneiss and migmatite of granodiorite. Undifferentiated migmatite, gneiss and schist of granodiorite composition occurs adjacent to the east and northeast of the basement complex rocks. This unit occupies about 40% of the West Snare Lake Claims by area. These rocks are overlain by bedded metasediments of the Yellowknife Supergroup in the northwestern corner of the property adjacent to Indin Lake. A narrow band of hornblend gneiss and schist, also part of the Yellowknife Supergroup, trends northeasterly near the west shore of Snare Lake. All granitoid metasedimentary rocks are cross-cut by later intrusive rock of granodiorite composition.

No exploration work has been undertaken on the West Snare Lake Mineral Claims to date and no exploration program is presently proposed for this property.

THERE IS NO UNDERGROUND OR SURFACE PLANT OR EQUIPMENT ON THE WEST SNARE LAKE CLAIMS, OR ANY KNOWN BODY OF COMMERCIAL ORE.

**B. SouthernEra Claims  
Mackenzie Mining District  
Northwest Territories**

Pursuant to a letter agreement dated August 13, 1993 between SouthernEra Resources Ltd. ("SouthernEra") of Toronto, Ontario, Sarabat Gold Corporation ("Sarabat") of Vancouver, BC, Winspear Resources Ltd. ("Winspear") of Vancouver, BC, Consolidated Newgate Resources Ltd., ("CNR") of Vancouver, BC and the Issuer, SouthernEra transferred to each of the Issuer, Sarabat, Winspear and CNR an undivided 5% interest in the following mineral claims situated in the Mackenzie Mining District, Northwest Territories in consideration of the Issuer, Sarabat, Winspear and CNR each transferring an undivided 5% of their interest in the FL Claims to SouthernEra:

<u>Claim Name</u>	<u>Tag Number</u>	<u>Acreage</u>
SUF 1	F31501	2,582.50
SUF 2	F31502	2,582.50
SUF 3	F31503	1,549.50
SUF 4	F31504	2,582.50
SUF 5	F31505	2,582.50
SUF 6	F31506	1,459.50
SUF 7	F31507	2,582.50
SUF 8	F31508	2,582.50
SUF 9	F31509	774.75
SUF 10	F31510	2,582.50
SUF 11	F31511	2,582.50
SUF 12	F31512	2,582.50

SUF 13	F31513	2,582.50
SUF 14	F31514	1,549.50
SUF 15	F31515	2,582.50
SUF 16	F31516	2,582.50
SUF 17	F31517	2,582.50
SUF 18	F31518	2,582.50
SUF 19	F31519	1,549.50
SUF 20	F31520	619.80
SUF 21	F31521	929.70
SUF 22	F31522	1,239.60
SUF 23	F31523	464.85
SUF 24	F31524	464.85
SUF 3X	Z02465	206.60
SUF 4X	Z02466	206.60
SUF 5X	Z02467	464.85
SUF 7X	Z02468	309.90
SUF 64	F31564	309.90
SUF 65	F31493	516.50

(herein called the "SouthernEra Claims")

The SouthernEra Claims are located 250 km due north of Yellowknife, Northwest Territories. In addition to direct access from Yellowknife, the property can also be serviced from two of the airstrips in the area that can accommodate Hercules aircraft.

According to the McDonald/Melnyk Report, published mapping by Frith (1992) indicates that virtually the entire SouthernEra Claims are underlain by undifferentiated basement rocks consisting of migmatite, schists and gneisses of the granodioritic composition. A narrow east-west trending unit of volcanics belonging to the Yellowknife Supergroup brushes the northwest corner of the property. A second narrow band of volcanics, trending southwesterly, occurs in the eastern half of the property.

During 1993 SouthernEra carried out an exploration program which consisted of an airborne geophysical survey, basal till sampling and diamond drilling. The airborne geophysical survey comprised 1,752 line-kilometers of flying and identified 33 anomalies requiring further follow-up work.

All anomalies were till sampled during the 1993 field season. A total of 403 basal till samples were collected, which at the date of the McDonald/Melnyk Report were being processed and only preliminary results are available.

Diamond drilling tests of prospective targets followed the geophysical and basal till sampling. A total of 7 angle drill holes, totalling 4,486 feet were completed, testing six anomalies.

The exploration expenses on the SoutherEra Claims to date total \$535,700.36, of which the Issuer's share is \$15,199.00 which will be paid from the proceeds of this Offering.

Future exploration activities on the SouthernEra Claims are dependent upon the completion of sample processing and data compilation and interpretation.

THERE IS NO UNDERGROUND OR SURFACE PLANT OR EQUIPMENT ON THE SOUTHERNERA CLAIMS, OR ANY KNOWN BODY OF COMMERCIAL ORE.

Group II - Presently held properties which regulatory approval has been obtained.

A. Star Claims  
 Mackenzie Mining District  
 Northwest Territories

Pursuant to an agreement dated November 18, 1992 (the "Star Agreement") between the Issuer and Northern Geophysics Ltd. ("Northern") of Yellowknife, NWT, the Issuer acquired a 100% interest in the following mineral claims, in consideration of the Issuer issuing to Northern 100,000 free-trading shares of the Issuer at a deemed price of \$0.05 per share:

<u>Claim Name</u>	<u>Tag No.</u>	<u>Acreage</u>	<u>Record Date</u>
Star 1	F21237	2,582.5	June 25, 1992
Star 2	F21238	2,265.72	June 25, 1992
Star 3	F21239	1,635.67	June 25, 1992

(herein the "Star Claims")

Pursuant to the Star Agreement Northern will retain a 2% gross over-riding royalty on production derived from the Star Claims.

The Star Claims are located approximately 262 km northeast of Yellowknife, Northwest Territories and consist of three claims that incorporate 6,749 acres.

According to the McDonald/Melnyk Report, recent mapping by Thompson et al (1993) shows that the eastern two thirds of the property is essentially underlain by rock of the Yellowknife Supergroup. These have been intruded by a later pink megacrystic granite that underlies the western part of the property. A detailed airborne survey conducted over the property reveals five positive dyke-like anomalies that trend 330 degrees.

During the 1993 calendar year a detailed airborne helicopter-supported Mag/EM survey was carried out by Dighem for a total of 166 line km. Preliminary investigation of the airborne data reveals six anomalies that require further work.

To date the expenditures on the Star Claims total \$8,855.28, of which the Issuer has paid \$4,853.60.

The McDonald/Melnyk Report recommends a two-phase exploration program. Phase I will consist of a detailed evaluation of the airborne geophysical data acquired in 1993, till sampling down-ice from any anomalies defined by this work and ground geophysics, all to be carried out in the spring and summer, followed in the fall, if warranted by the results of Phase I, detailed geophysical surveying and by diamond drilling to test those targets thought to represent kimberlite pipes and processing of the samples collected earlier. Budgets for the two phases are \$60,460.00 and \$144,635.00, respectively, and are as follows:

Phase I (Spring and Summer Period)

(a)	Data evaluation 3 days @ \$450/day	\$ 1,350.00
(b)	Ground geophysics: assume 4 crew days	24,000.00
(c)	Till sampling: assume 16 regional and 36 anomaly specific samples Collection costs (52 samples @ \$355)	18,460.00
(d)	Base metal/gold evaluation	<u>2,700.00</u>
	Subtotal	\$46,510.00
(e)	Planning, evaluation, reporting	4,650.00
(f)	Contingency	4,650.00
(g)	Administration	<u>4,650.00</u>
	<b>TOTAL</b>	<b><u>\$60,460.00</u></b>

Phase II (Fall Period)

This phase assumes that detailed magnetometer surveys will be conducted over two anomalies and that both will be tested by diamond drilling.

(a)	Detailed geophysical grid surveys 2 days @ \$6000/day	\$ 12,000.00
(b)	Sample processing and analytical Cost: 52 samples @ \$355/sample	18,460.00

(c)	Drilling: 2 holes at 200 m Cost: 2 x 200m x \$202/m	<u>80,800.00</u>
	Subtotal	\$111,260.00
(d)	Planning, evaluation, reporting	11,125.00
(e)	Contingency	11,125.00
(f)	Administration	<u>11,125.00</u>
	<b>TOTAL</b>	<b><u>\$144,635.00</u></b>

The Issuer's share of the Phase I and Phase II budgets is \$30,230.00 and \$72,318.00, respectively.

**B. Yam Claims**  
**Mackenzie Mining District**  
**Northwest Territories**

Pursuant to an agreement dated November 18, 1992 (the "Yam Agreement") between the Issuer and Northern Geophysics Ltd. of Yellowknife, NWT the Issuer acquired a 100% interest in the following mineral Claims, in consideration of the Issuer issuing to Northern 100,000 free-trading shares of the Issuer at a deemed price of \$0.05 per share:

<u>Claim Name</u>	<u>Tag No.</u>	<u>Acreage</u>	<u>Record Date</u>
Yam 1	F22697	2,582.5	September 15, 1992
Yam 2	F22698	1,239.6	September 15, 1992
Yam 3	F22696	1,022.72	September 15, 1992

(herein the "Yam Claims")

Pursuant to the Yam Agreement Northern will retain a 2% gross over-riding royalty on production derived from the Yam Claims.

The Yam Claims are located approximately 235 km northwest of Yellowknife, Northwest Territories and consist of three claims that incorporate 4,845 acres.

According to the McDonald/Melnyk Report, about 85% of the Yam claims are underlain by water. Recent mapping by Thompson et al (1993) shows that the subcrop is defined by two phases of late granitic rocks. While no airborne geophysical work has been done on the property, aeromagnetic maps published by the Federal Government do not indicate that magnetic dykes underlie the property.

The Yam Claims are adjacent to both the BHP-DiaMet and Tanqueray-Hill City-Fibreclad properties on which significant discoveries of diamond-bearing kimberlite have been made and lies within the "Corridor of Hope" as defined by frequency of magnetic mafic dykes of the MacKenzie dyke swarm.

Presently, the only exploration work which has been carried out on the Yam Claims has been data compilation. Total exploration expenditures to December 31, 1993 on the Yam Claims is \$1,569.00, of which the Issuer has paid \$1,210.46.

The McDonald/Melnyk Report recommends a two phase exploration program. Phase I will consist of a detailed ground magnetometer survey which will commence in the spring as soon as weather conditions permit and will be carried out largely on lake ice. Phase II will be initiated immediately in the event that significant anomalies are revealed during Phase I and will consist of detailed geophysics and diamond drilling. Budgets for the two phases are \$44,190.00 and \$109,980.00, respectively.

Phase I (Spring Period)

(a)	Detailed magnetometer survey 111 line km @ \$290/km	\$32,190.00
(b)	Interpretation support: 4 days @ \$450/day	<u>1,800.00</u>
	Subtotal	\$33,990.00
(c)	Planning, evaluation, reporting	3,400.00
(d)	Contingency	3,400.00
(e)	Administration	<u>3,400.00</u>
	<b>TOTAL</b>	<b><u>\$44,190.00</u></b>

Phase II (to follow Phase I directly if warranted - Spring Period)

(a)	Detailed grid follow-up (4 crew days)	\$ 24,000.00
(b)	Diamond drilling: 2 holes, 150 m @ \$202/m	<u>60,600.00</u>
	Subtotal	\$ 84,600.00
(c)	Planning, evaluation, reporting	8,460.00
(d)	Contingency	8,460.00
(e)	Administration	<u>8,460.00</u>
	<b>TOTAL</b>	<b><u>\$109,980.00</u></b>

The Issuer's share of the Phase I and Phase II budgets is \$22,095.00 and \$54,990.00, respectively.

THE STAR CLAIMS AND THE YAM CLAIMS ARE WITHOUT A KNOWN BODY OF COMMERCIAL ORE.

Group III - Other presently held properties upon which the Issuer's acquisition and exploration costs to date exceed \$100,000.

A. Twin Property  
Kamloops Mining Division  
British Columbia

The Twin Property consists of three located mineral claims totalling 39 units and is situated in the Adams Plateau area, Kamloops Mining Division, British Columbia, approximately 60 kilometres northeast of the City of Kamloops. The Twin Property is owned 100% by the Issuer. Pursuant to an agreement dated October 27, 1986, as amended by an Amending Agreement dated July 19, 1990 (the "Agreement"), the Twin Claims were optioned to Homestake Mining (Canada) Limited ("Homestake").

The Agreement was originally signed between Esso Minerals Canada, a division of Esso Resources Canada, ("Esso") and the then property owners, Lincoln Resources Inc. ("Lincoln") (as to 52.2%) and the Issuer (as to 47.8%). Lincoln was succeeded, successively, by United Lincoln Resources Inc. and Continental Gold Corp. ("Continental"). During 1989, Esso assigned their interest in the Agreement to Homestake.

The Agreement was renegotiated and amended by an Amending Agreement dated July 17, 1990 between Homestake and the Issuer (the "Amending Agreement") and pursuant thereto, the term of the Agreement was extended by two years to December 31, 1992 and Homestake paid Continental the sum of \$50,000 to purchase their 52.2% interest in the Twin Property for and on behalf of the Issuer, increasing the Issuer's interest to 100%. This purchase was effected by an agreement dated July 17, 1990 between Homestake, Continental and the Issuer. Pursuant also to the Amending Agreement, Homestake had the option to earn either a 50% interest in the Twin Property by December 31, 1991 or an 80% interest by March 31, 1993. In order to earn a 50% interest, Homestake had to make further cash payments totalling \$60,000 and expend at least \$400,000 in exploration by December 31, 1991. To earn an 80% interest, Homestake had to make further cash payments totalling \$110,000 and expend at least \$700,000 in exploration by December 31, 1992. On June 26, 1992 Homestake advised the Issuer that effective as of that date Homestake had terminated the Agreement. Homestake's exploration expenditure on the Twin Property to the termination date were approximately \$1,075,000.

The Issuer acquired the Twin Property in 1981 and has carried out exploration work during 1981 and 1982 including geological, geochemical and geophysical surveys. In 1983, Austin Resources Inc., a prior optionee, established a control grid and extended the geochemical work. Additional surveys were carried out in 1984 by Corporation Falconbridge Copper, the operator of the adjoining property of Rea Gold Corporation, and in 1985 and 1986 by Lincoln Resources Inc.

The work done to date has been successful in delineating at least two northwest-southwest trending structures which are believed to warrant additional exploration. Their potential has recently been enhanced by results obtained on similar, or possibly the



same, structures on the adjacent property of Rea Gold Corporation where the operator, Minnova Inc. (formerly Corporation Falconbridge Copper) has reported unusually high-grade occurrences of precious metals, particularly silver, in diamond drilling. The mineralization was proved to be economic and the Samatasm Mine, owned jointly by Minnova Inc. and Rea Gold Corporation, was placed into commercial production during 1989 with stated reserves of 661,000 tons averaging 32.08 oz./ton silver and some base metals.

Esso completed an 18 hole drilling program on the Twin Property in 1987. The most significant intersection was Twin #3, drilled in the "Rea Zone" strike extension. It returned an average grade of 0.90 oz per ton gold and 7.3 oz. per ton silver over a width of 6.0 feet. Twin #9 returned an average grade of 0.26 oz. per ton gold and 8.08 oz per ton silver over a width of 7.8 feet. Other holes drilled returned only minor values. Despite their containing only geochemical levels of gold, the presence of such grades of mineralization as encountered in Twin #3 and Twin #9 is most encouraging.

Following Homestake's acquisition of Esso's interest in the Twin Property, during 1989 Homestake did a limited trenching program on the Property's Twin Mountain Zone, but encountered no significant mineralization. During 1990, Homestake diamond drilled nine holes totalling 4,017 meters and completed down hole pulse EM in four holes. All holes were targeted on the Rea Horizon, which hosts Rea Gold's Discovery deposit and the K7 deposit on the adjacent Kamad Silver Property. The drill program located good widths of Rea Horizon stratigraphy down to 300 meters below surface, and a new zone of mineralization was intersected in three of the deepest holes.

During 1991 Homestake did 4069 meters of diamond drilling in six holes on the Twin Property.

The 1991 drill program discovered a new massive sulphide horizon on the Twin Property. The Silver zone, which is interpreted as a structural repetition of the Rea zone, was intersected by all six 1991 drill holes. The zone contains thick sections of pyritic sediments, which are anomalous in base and precious metals. A 20cm intersection of high-grade stratiform massive sulphide was obtained in hole T91036. Gold, silver, copper, lead and zinc grades were similar to those in the Rea zone massive sulphide, however arsenic levels were significantly lower. The zone remains open at depth and along strike in both directions.

The Rea zone was intersected in all three of the deeper holes, increased thickness of felsic volcanic rocks, relative to shallower holes, and the occurrence of quartz-eye rhyolite flows, indicate that these deeper holes intersected the zone very near to a felsic volcanic centre. The pyritic siltite unit, interpreted as a pyrite-rich exhalative sediment, was absent, although sericite-pyrite-chlorite alteration and stockwork within the felsics and the footwall mafics was locally intense. This type of alteration and stringer mineralization may be related to the deposition of massive sulphide mineralization.

The hanging wall sediments, which form a distinct marker unit at the stratigraphic top of the Rea zone in shallower holes, were very thin or absent in the 1991 holes. The stratigraphic hanging wall was occupied by a thick series of intermediate to mafic pyroclastics and flows, which are very similar in appearance to the footwall mafic volcanics. Whole rock geochemistry indicated these rocks are different from the Rea footwall mafics, and are chemically more similar to mafic rocks within the Plateau assemblage.

The Issuer does not intend to use any of the proceeds from this Offering for exploration work on the Twin Claims.

The Twin Claims are in good standing with assessment work recorded until February 13, 1996.

THE PROPERTY HAS NO KNOWN ORE RESERVES AND IS NOT CURRENTLY GENERATING REVENUE FOR THE ISSUER.

**B. FL Claims (43)**  
**Mackenzie Mining District**  
**Northwest Territories**

Pursuant to an agreement dated February 11, 1993 (the "Weir Agreement") between the Issuer and Brian Weir ("Weir") of Yellowknife, NWT, the Issuer acquired a 100% interest in the following mineral Claims in consideration of the Issuer paying Weir \$125,000 in cash and issuing Weir 100,000 shares in the capital stock of the Issuer at a deemed price of \$0.25 per share:

<u>Claim Name</u>	<u>Tag Number</u>	<u>Acreage</u>
FL 108	F32108	2,221.07
FL 109	F32109	2,582.5
FL 112	F32112	2,582.5
FL 113	F32113	2,582.5
FL 114	F32114	2,582.5
FL 115	F32115	2,221.07
FL 120	F32120	2,221.07
FL 121	F32121	2,582.5
FL 122	F32122	2,582.5
FL 123	F32123	2,582.5
FL 124	F32124	2,582.5
FL 125	F32125	2,582.5
FL 126	F32126	2,582.5
FL 127	F32127	2,221.07
FL 132	F32132	1,546.14

FL 133	F32133	2,492.97
FL 134	F32134	2,465.42
FL 135	F32135	2,582.5
FL 136	F32136	2,582.5
FL 137	F32137	816.12
FL 137A	F32289	1,301.66
FL 138	F32138	2,582.5
FL 139	F32139	1,463.5
FL 142	F32142	2,203.86
FL 143	F32143	2,203.86
FL 144	F32144	2,435.58
FL 145	F32145	2,406.88
FL 146	F32146	2,582.5
FL 147	F32147	2,189.94
FL 148	F32148	2,510.19
FL 149	F32149	2,430.98
FL 150	F32150	1,518.45
FL 151	F32151	2,520.52
FL 152	F32152	2,014.32
FL 153	F32153	2,530.85
FL 154	F32154	2,582.5
FL 155	F32155	2,582.5
FL 156	F32156	1,714.73
FL 157	F32157	2,510.19
FL 158	F32158	2,527.4
FL 159	F32159	2,582.5
FL 160	F32160	2,582.5
FL 161	F32161	2,582.5

(herein called the "Weir Claims")

Pursuant to the Weir Agreement Weir will retain a 3% gross over-riding royalty on production derived from the Weir Claims.

**C. FL Claims (41)  
Mackenzie Mining District  
Northwest Territories**

Pursuant to an agreement dated February 11, 1993 (the "Magrum Agreement") between the Issuer and Mike Magrum ("Magrum") of Yellowknife, NWT, the Issuer acquired a 100% interest in the following mineral Claims in consideration of the Issuer paying Magrum \$125,000 in cash and issuing Magrum 100,000 shares in the capital stock of the Issuer at a deemed price of \$0.25 per share:

<u>Claim Name</u>	<u>Tag Number</u>	<u>Acreage</u>
FL 162	F32162	2,189.94
FL 163	F32163	2,582.5
FL 164	F32164	2,582.5
FL 165	F32165	2,582.5
FL 166	F32166	2,582.5
FL 167	F32167	2,582.5
FL 168	F32168	2,582.5
FL 169	F32271	654.27
FL 169A	F32268	1,411.85
FL 170	F32170	2,582.5
FL 171	F32171	2,582.5
FL 172	F32172	2,406.88
FL 173	F32173	2,582.5
FL 174	F32174	2,582.5
FL 175	F32175	2,582.5
FL 176	F32176	2,582.5
FL 177	F32177	2,582.5
FL 178	F32178	2,582.5
FL 179	F32179	2,582.5
FL 180	F32180	2,582.5
FL 181	F32181	2,582.5
FL 182	F32270	888.43
FL 182A	F32269	1,384.3
FL 185	F32185	2,582.5
FL 186	F32186	2,582.5
FL 187	F32187	2,582.5
FL 192	F32192	2,582.5
FL 193	F32193	2,582.5
FL 194	F32194	2,582.5
FL 367	F32367	2,582.5
FL 368	F32368	2,582.5
FL 369	F32369	2,582.5
FL 370	F32370	2,582.5
FL 371	F32281	2,582.5
FL 372	F32282	2,582.5
FL 373	F32283	2,582.5
FL 374	F32284	2,582.5
FL 375	F32285	2,582.5
FL 376	F32286	2,582.5
FL 377	F32287	2,582.5
FL 378	F32288	2,582.5

(herein called the "Magrum Claims")

Pursuant to the Magrum Agreement Magrum will retain a 3% gross over-riding royalty on production derived from the Magrum Claims.

By virtue of a purchase and option agreement dated April 5, 1993 (the "Newgate Agreement") between the Issuer and Consolidated Newgate Resources Ltd., ("Newgate"), the Issuer agreed to sell a 50% interest in the Weir Claims, Magrum Claims, Star Claims and the Yam Claims (collectively the "FL Claims"), in consideration of Newgate issuing 100,000 free-trading shares in its capital stock at a deemed price of \$0.75 per share to the Issuer and paying the Issuer \$150,000 in cash.

Pursuant to the Newgate Agreement the Issuer granted to Newgate an option to purchase an additional 25% interest in the FL Claims for the price of \$1,000,000. The option is open for exercise for a period of two years from the date of the issuance of the aforesaid 100,000 shares.

Pursuant to an agreement dated April 16, 1993, between the Issuer, Consolidated Newgate Resources Ltd. (CNR) and Sarabat Gold Corporation ("Sarabat") (the CNR Agreement), as amended by an agreement dated September 7, 1993 between the Issuer, CNR and Sarabat (the "Amending CNR Agreement"), the Issuer agreed to grant Sarabat an option to purchase an undivided 5% interest in the FL Claims in the event that CNR, did not exercise its option under the Newgate Agreement to purchase an additional 25% interest in the FL Claims. The option granted by the Issuer to Sarabat can be exercised on payment of \$200,000 and is exercisable for a period of two years.

In accordance with the terms of the Newgate Agreement, the Issuer and Newgate agreed to enter into a joint venture agreement to develop the FL Claims within five days of the Issuer receiving regulatory approval to the aforesaid agreement.

The foregoing agreements are subject to Vancouver Stock Exchange Approval.

The Magrum Weir Claims (also known as Humpy Lake West) consists of 84 claims that cover 199,079 acres and are located about 250 km north of Yellowknife, Northwest Territories.

According to the McDonald/Melnyk Report, published mapping by Frith (1992) shows that the northern arm of the property is underlain mainly by basement gneisses and migmatite derived in part from rocks of the Yellowknife Supergroup. Midway along the western boundary, a 2 km wide band of Yellowknife Supergroup volcanics separates these rocks from a large granitic intrusion that occupies the southwest part of the property and migmatites in the southeast. The airborne geophysical survey shows at least eight northwest-striking linear positive magnetic anomalies on the property that are consistent with dykes of the MacKenize dyke swarm; two of these extend the full length of the western part of the property.

During the 1993 calendar year an initial evaluation of the terrain was undertaken by M. Millard of the Saskatchewan Research Council to determine the suitability of surficial material for till analysis. A preliminary evaluation using aerial photographs was followed by a helicopter support survey. This was followed by a detailed Mag/EM survey undertaken by Dighem Surveys & Processing Inc. that covered 4500 line KM at 200 M line spacing. Only a preliminary evaluation of digital data has been undertaken at this time. This survey identified 81 anomalies that require further follow-up work.

Following the preliminary results of the airborne survey 225 till and esker samples were collected from the property. All samples were shipped as collected to the Saskatchewan Research Council's laboratory in Saskatoon, Saskatchewan where they are being held until budgets become available to permit processing. The estimated cost for the processing and analysis is \$281 per till sample.

A total of \$289,236.65 was expended on exploration on the Magrum and Weir Claims during the 1993 calendar year, of which the Issuer's share was \$137,400.13. Of the \$137,400.13, \$29,758.57 has been paid, the balance of \$107,641.56 will be paid from the proceeds of this Offering.

The McDonald/Melnyk Report recommends a two phase exploration program, Phase I consisting of completion of the basic data base, ground geophysics and additional till and esker sampling, scheduled for spring and summer to be followed in the fall, if positive results are obtained, by Phase II comprising diamond drilling to test targets exhibiting kimberlite signatures and analysis of the Phase I till and esker samples. The estimated costs of the Phase I and Phase II components are \$421,900.00 and \$460,495.00, respectively.

#### Phase I (Spring and Summer Period)

(a)	Data evaluation, geophysics and geology	\$ 7,200.00
(b)	Ground geophysics over priority anomalies 16 crew days @ \$6,000.00	96,000.00
(c)	Sample processing and microprobe analysis 1993 samples: 225 samples @ \$281.20	63,270.00
(d)	1994 samples: collect 185 regional, 288 anomaly and 36 esker samples=509 total Collection + shipping: \$355 x 509	180,695.00
(e)	Base metal/gold evaluation	<u>12,500.00</u>
	Subtotal	<u>\$359,665.00</u>
(f)	Planning, evaluation, reporting	20,745.00
(g)	Contingency	20,745.00
(h)	Administration	<u>20,745.00</u>
	<b>TOTAL</b>	<b><u>\$421,900.00</u></b>

Phase II (Fall Period)

This phase of exploration assumes that two targets are defined by the Phase I activities and that both are further investigated by additional ground geophysics and diamond drilling.

(a)	Geophysics: assume 2 anomalies 1 crew day each @ \$6000/day	\$ 12,000.00
(b)	Diamond drilling: 4 x 200 m x \$202/m	161,600.00
(c)	Sample processing and analyses from Phase I 509 samples @ \$355/sample	<u>180,695.00</u>
	Subtotal	\$354,295.00
(d)	Planning, evaluation, reporting	35,400.00
(e)	Contingency	35,400.00
(f)	Administration	<u>35,400.00</u>
	<b>TOTAL</b>	<b><u>\$460,495.00</u></b>

The Issuer's share of the Phase I and Phase II budgets is \$189,855.00 and \$207,223.00, respectively.

THE FL CLAIMS ARE WITHOUT A KNOWN BODY OF COMMERCIAL ORE.

RISK FACTORS

The shares offered hereby are considered speculative due to the nature of the Issuer's business and the present stage of its development. Potential investors should consider the following:

1. To the knowledge of the Issuer, the properties described above (the "Properties") are without a known body of ore and any program conducted on the Properties with the proceeds from the Offering would be an exploratory search for ore.
2. If the Issuer's exploration programs are successful in establishing commercial reserves of ore additional funds will be required for their development and to place them in commercial production. One source of future funds presently available to the Issuer is through the sale of equity capital. Another alternative for financing of further exploration would be the offering by the Issuer of an interest in the Properties to be earned by another party or parties carrying out further exploration or development thereof.
3. Exploration for minerals is a speculative venture involving substantial risk. There is no certainty the expenditures to be made by the Issuer in acquiring the interests described herein will result in discoveries of commercial quantities of ore.

4. The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of mineral reserves are discovered, a ready market will exist for the sale of same. The marketability of natural resources which may be acquired or discovered by the Issuer will be affected by numerous factors beyond the control of the Issuer. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Issuer's not receiving an adequate return on invested capital.
5. While the Issuer follows usual industry practice in obtaining title reports where necessary with respect to properties in which it has an interest, the existence of title reports should not be construed to suggest that the Issuer has good and marketable title to the Properties. The Properties may be subject to unrecorded agreements or transfers or native land claims and title may be affected by undetected defects.
6. The mining properties have not been surveyed and the precise location and extent thereof may be in doubt.
7. Mining operations generally involve a high degree of risk. Hazards such as unusual or unexpected formations and other conditions are involved. The Issuer may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or, against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on the Issuer's financial position.
8. References made to the section headed "Other Material Facts" concerning possible conflicts of interest involving directors and officers of the Issuer.

#### **ITEM 4. PARTICULARS OF NON-RESOURCE ASSETS**

The Issuer does not hold any material non-resource assets.

#### **ITEM 5. CORPORATE INFORMATION**

The Issuer was incorporated on February 11, 1981 under the Company Act of the Province of British Columbia by registration of its Memorandum and Articles. The Issuer has a U.S. subsidiary, namely Apex Energy (U.S.) Inc., a corporation organized and existing under the laws of the State of Nevada U.S.A. which was incorporated on June 11, 1981 as a wholly-owned subsidiary of the Issuer.



The authorized capital of the Issuer consists of 100,000,000 shares of which 5,850,750 shares are issued as fully paid and non-assessable shares. All shares of the Issuer rank equally as to voting, and there are no special preference, conversion or redemption rights attached to any of the shares of the Issuer.

Since the date of the Issuer's audited financial statements prepared to April 30, 1993, a copy of which is attached hereto and forms part of this Statements of Material Facts, 750,250 shares of the Issuer have been issued.

**ITEM 6. DIRECTORS, OFFICERS, PROMOTERS AND PERSONS HOLDING MORE THAN TEN PERCENT OF THE ISSUED EQUITY SHARES**

(1)

<u>NAME AND ADDRESS</u>	<u>PRINCIPAL OCCUPATION FOR THE LAST FIVE YEARS</u>
<b>KENNETH RICHARD RALFS</b> 6671 Azure Road Richmond, B.C. V7C 2S7 President and Director	1979 to July 1989 account executive McDermid St. Lawrence; August 1989 to date Geologist, Investor Relations, Mining Executive: Director and/or Officer of Toscana Resources Ltd., Adex Mining Corp. Consol. Texas Northern Mineral Ltd. and Golden Coast Minerals Ltd., company's listed on the Vancouver Stock Exchange and/or the Toronto Stock Exchange; former Director and/or Officer of California Gold Mines Ltd. November 1990 to September 1992, Quattro Resources Ltd. July 1990 to August 1990 and Canton Ventures Ltd. July 1990 to October 1990
<b>Number of Shares</b>	75,200 free-trading - direct 133,000 free-trading - indirect
<b>JOHN ROSS FRASER*</b> 711 West 20th Street North Vancouver, B.C. V7P 2B3 Director	Geologist; Self-Employed - Fraser Geological Services Inc. 1992 to date; former Senior Geologist with Bow Valley Industries Ltd. 1985-1991; Vice President of Consolidated Venturix Holdings Ltd. October, 1993 to date
<b>Number of Shares</b>	20,000 free-trading

**JOHN KENNETH RALFS\***  
235 Marine Drive  
Cobble Hill, B.C. VOR 1L1  
Director

Retired Senior Banker; former president of the Issuer 1981 to November 1992

Number of Shares

239,500 free-trading

**DONALD DOUGLAS SHARP\***  
1002-1460 Barclay Street  
Vancouver, B.C. V6G 1J5  
Director

Chartered Accountant; Financial Consultant; Director and/or Officer of Ecstall Mining Corp. Golden Sitka Resources Ltd. and Major General Resources Ltd. former Director and/or Officer of Pass Lake Resources Ltd. August 1988 to 1991 and Teryl Resources Ltd. December 1988 to 1991; former Secretary of the Issuer 1990 November, 1992

Number of Shares

nil

**HEATHER EVE SCHELLENBERG**  
5411 Calderwood Crescent  
Richmond, B.C. V7C 3G2  
Secretary

Administrative Consultant; Self-Employed; Secretary of Winspear Resources Ltd. a company listed on the Vancouver Stock Exchange and Adex Mining Corp. (formerly Bellex Mining Corp.) a company listed on the Vancouver Stock Exchange and The Toronto Stock Exchange; President of Adex Mining Corp. 1988 to December 1992

Number of Shares

NIL

\* Members of the Issuer's Audit Committee

**(2)(a) Relationship of the Directors, Officers or Promoters of the Issuer to other Reporting Companies**

Name of Director  
Officer or Promoter

Number of other Public Companies of which  
(s)he is currently or has been in the last  
three years a director/officer/promoter

KENNETH R. RALFS  
JOHN R. FRASER  
JOHN K. RALFS  
DONALD D. SHARP  
HEATHER E. SCHELLENBERG

eight  
two  
nil  
six  
three

A list of the companies with which each of the above is, or has been a director, officer, promoter will be available for inspection at the Issuer's registered and records office during normal business hours while primary distribution of the shares offered hereunder is in progress, and for a period of thirty (30) days thereafter (see Item 9(c) herein).

**(2)(b)** None of the reporting companies referred to in Item 6 (2)(a) hereof have been, during the period the foregoing were directors, officers or promoters thereof, struck off the Register of Companies by the British Columbia Registrar of Companies or similar authority, and such companies securities were not the subject of a cease trade or suspension order for a period of more than 30 consecutive days.

**(2)(c)** On October 21, 1993 the Superintendent of Brokers issued a section 146 cease trade order against Kenneth R. Ralfs (the "Insider"). The order was issued for failure to file the required insider reports pursuant to section 70(2) of the Securities Act, S.B.C. 1985, c.83 (the "Act"). Under Section 146(1) of the Act the Insider is to cease trading in the securities of the Issuer until the Insider files the required records in a form satisfactory to the Superintendent of Brokers. The Insider filed all the required insider reports and as of January 11, 1994, the Order was no longer in effect.

**(3)(a) Remuneration of Directors, Officers, Promoters or Insiders of the Issuer within the Past Year**

During the financial year ended April 30, 1993 \$10,000.00 was paid in management fees. For the eleven months ended March 31, 1994, a further \$27,500 was paid. The management fees were paid to Kenneth R. Ralfs director and president of the Issuer pursuant to a management agreement dated January 31, 1993.

As at March 31, 1994 450140 B.C. Ltd., a private British Columbia company owned as to 50% by Kenneth R. Ralfs, a director of the Issuer was paid \$20,000 for administration, marketing/investor relations services, incurred on behalf of the Issuer and as such was re-imbursed for such expenses. The foregoing amount represent payment for a four month period.

**(3)(b) Other Consideration Received by Directors, Officers Promoters or Insiders of the Issuer**

No director, officer, promoter or insider of the Issuer have received anything of value (including money, securities, property, contracts, options or rights of any kind, whether received directly or indirectly) from the Issuer within the past year which have not been disclosed elsewhere in this Statement of Material Facts.

**(4) Other Holders of more than 10% of the Issued Equity Shares of the Issuer**

The only other persons holding beneficially, directly or indirectly, a greater than 10% interest in the shares of the Issuer other than those who have already been disclosed are:

West Canada Depository Trust Company 609 Granville Street Vancouver, BC	4,400,000	78.03%
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The Issuer is unaware of the beneficial owners of the shares registered in the name of the above.

**ITEM 7. OPTIONS TO PURCHASE SECURITIES OF THE ISSUER****(1)**

There are no share purchase warrants or rights, other than as disclosed in Item 1 of this Statement of Material Facts, granted to an insider or promoter of the Issuer by the Issuer or by a present security holder.

The following Stock Options granted by the Issuer to directors and employees are presently outstanding and have not been disclosed elsewhere in this Statement of Material Facts.

<u>Name of Director</u>	<u>Date of Option</u>	<u>Expiry Date</u>	<u>Number of Shares</u>	<u>Number Exercised</u>	<u>Price Per Share</u>
J.K. Ralfs	Apr. 16/93	Apr. 16/95	60,000	nil	\$0.45
K.R. Ralfs	Apr. 16/93	Apr. 16/95	101,000	52,000	\$0.45
D.D. Sharp	Apr. 16/93	Apr. 16/95	60,000	nil	\$0.45
J.R.Fraser	Dec. 7/92	Dec. 7/97	80,000	80,000	\$0.15

**(2) Employees**

<u>Date of Option</u>	<u>Date of Expiry</u>	<u>Number of Share</u>	<u>Exercise Price Per Share</u>
April 16, 1993	April 16, 1995	50,000	\$0.45
Oct. 19, 1993	Oct. 19, 1995	150,000	\$0.30

**ITEM 8. SECURITIES OF THE ISSUER HELD IN ESCROW,  
IN POOL OR SUBJECT TO HOLD RESTRICTIONS****(1) Escrow Shares**

None of the Issuer's shares are held in escrow.

**(2) Pooled Shares**

There are no securities of the Issuer held in pool.

**(3) Shares Subject to Unexpired Hold Period****Brokerage Private Placement - May 1993**

Pursuant to a Private Placement Agency Letter Agreement dated for reference April 15, 1993 between the Issuer and Canaccord Capital Corporation, eight placees entered into Subscription Agreements whereby the placees purchased 500,000 shares (the "Private Placement Shares") of the Issuer at a price of \$0.35 per share and, an additional 500,000 shares may be issued pursuant to the exercise of non-transferable share purchase warrants at any time prior to 4:30 p.m. (Vancouver Time) on December 14, 1994. The exercise price up to the close of business on June 14, 1994 will be \$0.35 per share and, between June 15, 1994 and the close of business on December 14, 1994 the exercise price will be \$0.40 per share.

There are no other securities which are presently subject to an unexpired hold period.

**ITEM 9. PARTICULARS OF ANY OTHER MATERIAL FACTS****(1) Legal Proceedings**

There are no actual or pending material legal proceedings to which the Issuer is or is likely to be a party or which any of its property is or is likely to be the subject.

**(2) Properties Acquired by Staking or Purchase**

N/A

**(3) Increase in Liabilities or other Debt Obligations**

Liabilities (including bonds, debentures, notes or other debt obligations) have not significantly increased or altered subsequent to the date of the financial statements included in this Statement of Material Facts.

**(4) Items For Which Regulatory Approval Is Not Being Sought**

There are no properties proposed to be acquired for which regulatory approval is not being sought under this Statement of Material Facts.

**(5) Other Material Facts**

Certain of the Directors, Officers and Shareholders of the Issuer are also directors, officers and shareholders of other companies engaged in the acquisition, exploration and development of petroleum and natural gas properties, and conflicts of interest may arise between their duties as Directors of the Issuer and as directors of other companies. All such possible conflicts will be disclosed in accordance with the requirements of the British Columbia Company Act and the directors concerned will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed on them by law.

There are no other material facts not previously disclosed herein in this Statement of Material Facts.

**(6) Inspection of all Material Contracts**

During the primary distribution of the securities offered hereunder and for 30 days after completion of such distribution, all material contracts referred to in this Statement of Material Facts, all technical reports summarized or referred to in Items 3 and 4, and a list of names of the reporting companies described in Item 6 may be inspected at any time during normal business hours at the records office of the Issuer at 1680-650 West Georgia Street, Vancouver, British Columbia, V6B 4N9.

**ITEM 10. STATUTORY RIGHTS OF RESCISSION**

The Securities Act provides a purchaser with a right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a statement of material facts and further provides a purchaser with remedies for rescission or damages where the statement of material facts and any amendment contains a material misrepresentation or is not delivered to the purchaser prior to delivery of the written confirmation of sale or prior to midnight on the second business day after entering into the agreement, but such remedies must be exercised by the purchaser within the time limit prescribed. For further information concerning these rights and the time limits within which they must be exercised, the purchaser should refer to Sections 66, 114, 118 and 124 of the Securities Act or consult a lawyer.

**SCHEDULE A - FINANCIAL INFORMATION**

**APEX ENERGY CORP.  
FINANCIAL STATEMENTS  
JANUARY 31, 1994  
(UNAUDITED)**

**PREPARED BY MANAGEMENT**

APEX ENERGY CORP.

BALANCE SHEET AS AT JANUARY 31, 1994  
(UNAUDITED)

	<u>1994</u>	<u>1993</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 67,999	\$ 60,518
Accounts Receivable	62,036	443
Prepaid expenses	<u>3,400</u>	<u>0</u>
	\$ 133,435	\$ 60,961
<b>MINERAL PROPERTIES</b>		
Acquisition Cost:		
Twin Property	\$ 15,381	\$ 15,381
Yamba Property	5,000	5,000
Star Property	5,000	5,000
FL (Humpy West) Property	112,500	-
West Snare Property	<u>47,868</u>	<u>-</u>
Total Acquisition Costs	\$ 185,749	\$ 25,381
Deferred Exploration:		
Twin Property	\$ -	\$ -
Yamba Property	1,210	-
Star Property	4,854	-
Humpy North Property	15,199	-
FL (Humpy West) Property	137,400	-
West Snare Property	<u>-</u>	<u>-</u>
Total Deferred Exploration	\$ 158,663	\$ 25,381
<b>OTHER</b>	<u>6,998</u>	<u>3,757</u>
	\$ 484,845	\$ 90,099
	=====	=====

**LIABILITIES AND SHAREHOLDERS' EQUITY**

<b>CURRENT</b>		
Accounts Payable	\$ 178,847	\$ 3,708
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock	\$1,870,310	1,526,485
Deficit	<u>(1,564,312)</u>	<u>(1,440,094)</u>
	<u>305,998</u>	<u>86,391</u>
	\$ 484,845	\$ 90,099
	=====	=====

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

  
\_\_\_\_\_  
Kenneth R. Ralfs                      Director

  
\_\_\_\_\_  
John R. Fraser                      Director



**APEX ENERGY CORP.**  
**STATEMENT OF LOSS AND DEFICIT**  
**NINE MONTH PERIOD ENDED JANUARY 31, 1994**  
**(UNAUDITED)**

	<u>1994</u>	<u>1993</u>
<b>REVENUE</b>		
Miscellaneous	\$ 0	\$ 159
 <b>EXPENSES</b>		
Audit and legal fees	\$ 19,252	\$ 3,582
Commissions	13,125	0
Depreciation	501	242
Investor relations	16,144	2,498
Office rent & administration	21,446	3,007
Miscellaneous	0	2,524
Regulatory fees	14,986	4,110
Management fees	<u>22,500</u>	<u>2,500</u>
	\$ 107,954	\$ 18,463
 <b>LOSS FOR THE PERIOD</b>	 107,954	 18,304
<b>Deficit, beginning of period</b>	<u>1,456,358</u>	<u>1,421,790</u>
 <b>DEFICIT, END OF PERIOD</b>	 <u>\$1,564,312</u> =====	 <u>\$1,440,094</u> =====

PREPARED BY MANAGEMENT

APEX ENERGY CORP.

STATEMENT OF CHANGES IN FINANCIAL POSITION

NINE MONTH PERIOD ENDED JANUARY 31, 1994

(UNAUDITED)

	<u>1994</u>	<u>1993</u>
<b>OPERATING ACTIVITIES</b>		
Loss for the period	\$ (107,954)	\$ (18,304)
Items not affecting cash	<u>501</u>	<u>242</u>
	(107,453)	(18,062)
 Cash provided by changes in non-cash working capital items	 155,040	 (6,408)
 <b>FINANCING ACTIVITIES</b>		
Capital stock issued	255,825	62,000
 <b>INVESTING ACTIVITIES</b>		
Mineral Properties	(135,367)	10,000
Exploration & development	<u>(156,209)</u>	<u>0</u>
	(291,576)	10,000
 <b>CHANGE DURING THE PERIOD</b>	 11,836	 47,530
Cash, beginning of period	<u>56,163</u>	<u>12,988</u>
 <b>CASH, END OF PERIOD</b>	 \$ 67,999 =====	 \$ 60,518 =====

PREPARED BY MANAGEMENT

APEX ENERGY CORP.

JANUARY 31, 1994

SCHEDULE B - SUPPLEMENTARY INFORMATION

1. Management fees of \$22,500 were paid to a director for the nine month period ended January 31, 1994.

2(a) 500,000 common shares were issued during the period pursuant to a brokered private placement to net the company \$175,000. The private placement unit consisted of one share and one warrant entitling the holder to acquire one share at \$0.35 in the first year and \$0.40 in the next six months.

37,500 common shares at \$0.35 were issued during the period pursuant to the brokered private placement commission.

750 private placement warrants @ \$0.40 were exercised during the period to net the company \$300.

60,000 stock options @ \$0.15 were exercised during the period to net the company \$9,000.

102,000 stock options @ \$.45 were exercised during the period to net the company \$45,900.

50,000 common shares with a deemed value of \$12,500 were issued during the period pursuant to the property agreement on the FL (Humpy Lake West) claims.

(b) On October 19, 1993 stock options were granted to employees to acquire 150,000 shares @ \$0.30 per share. The options are exercisable on or before October 19, 1995.

3(a) Authorized: 10,000,000 common shares, without par value.

Issued: 5,850,750 common shares.

<u>January 31, 1994</u>	<u>No. of Shares</u>	<u>Amount</u>
Balance, beginning of period, 4/30/93	5,100,500	\$ 1,614,485
Issued during the period pursuant to warrants	750	300

APEX ENERGY CORP.  
 SCHEDULE B CONTINUED  
 JANUARY 31, 1994

Issued during the period pursuant to a private placement	500,000	175,000
Issued during the period pursuant to stock options	162,000	54,900
Issued during the period pursuant to property acquisition	50,000	12,500
Issued during the period pursuant to commissions	<u>37,500</u>	<u>13,125</u>
	<u>5,850,750</u>	<u>\$ 1,870,310</u>
	=====	=====

- (b) At January 31, 1994 the following stock options are outstanding:  
 (a) 271,000 shares at \$0.45 per share to April 16, 1995.  
 (b) 150,000 shares at \$0.30 per share to October 19, 1995.
- (c) At January 31, 1994 there are no shares in escrow or subject to a pooling agreement.
- (d) List of Directors at January 31, 1994:  
 K.R. Ralfs, President/Director  
 J.K. Ralfs, Director  
 D.D. Sharp, Director  
 J.R. Fraser, Director

PREPARED BY MANAGEMENT

## APEX ENERGY CORP.

January 31, 1994

### SCHEDULE C - MANAGEMENT DISCUSSION

During the past year, Apex Energy Corp. has become involved in five strategically located diamond properties, totalling 451,399 acres, in the Lac de Gras and Humpy Lake areas of the Northwest Territories and currently holds interests in these ranging from 5% to 50%. Exploration activities, consisting variously of airborne geophysical surveying, till and esker sampling and limited diamond drilling, were carried out on three of the properties, West Humpy, Humpy North and Star, during this period. These efforts have resulted in the discovery of a number of potential kimberlite targets which require additional investigation. At the present time, 1994 exploration programs are planned for the Yamba, Star and West Humpy properties, with fuel mobilization over winter roads expected to commence in early March in preparation for the start of field programs in early April.

#### Subsequent Events

The Company has filed a Statement of Material Facts with the Vancouver Stock Exchange for a public offering of 1,000,000 units, each unit to consist of one common share and two Series "A" share purchase warrants. The offering price is expected to be \$0.50 per unit. Two Series "A" share purchase warrants will entitle the holder to purchase one additional common share for a period of one year from the offering day at the offering price.

**APEX ENERGY CORP.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**APRIL 30, 1993**  
**(APRIL 30, 1992)**

**APEX ENERGY CORP.**  
**INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**APRIL 30, 1993**  
**(APRIL 30, 1992)**

AUDITOR'S REPORT

CONSOLIDATED BALANCE SHEET

Exhibit A

CONSOLIDATED STATEMENT OF ADMINISTRATION COSTS  
AND DEFICIT

Exhibit B

CONSOLIDATED STATEMENT OF OPERATING, FINANCING  
AND INVESTING ACTIVITIES

Exhibit C

CONSOLIDATED SCHEDULE OF DEFERRED EXPLORATION  
AND DEVELOPMENT COSTS

Schedule I

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BRUCE F. JAMIESON & CO.  
CERTIFIED GENERAL ACCOUNTANT

#407 - 325 HOWE STREET  
VANCOUVER, B.C. V6C 1Z7  
Telephone: (604) 684-3354  
Fax: (604) 684-3499

**AUDITOR'S REPORT**

To the Shareholders of  
Apex Energy Corp.

I have audited the consolidated balance sheets of Apex Energy Corp. as at April 30, 1993 and April 30, 1992, the consolidated statements of administration costs and deficit, the consolidated statements of operating, financing and investing activities, and the consolidated schedules of deferred exploration and development costs for the years then ended. These consolidated financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these consolidated financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the consolidated 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 presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at April 30, 1993 and April 30, 1992, 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 Company Act of the Province of British Columbia, I report that, in my opinion, these principles have been applied on a consistent basis.



CERTIFIED GENERAL ACCOUNTANT

Vancouver, B.C.  
August 13, 1993




**APEX ENERGY CORP.**  
**CONSOLIDATED BALANCE SHEET**  
**APRIL 30, 1993**

(With comparative audited consolidated figures  
for April 30, 1992)

	<u>1993</u>	<u>1992</u>
<b><u>ASSETS</u></b>		
Current Assets		
Bank accounts	\$ 56,163	\$ 2,988
Term deposit	-	10,000
Accounts receivable	588	198
Share subscriptions receivable (Note 8)	50,000	-
Prepaid expenses	<u>-</u>	<u>352</u>
	106,751	13,538
Mineral Properties, including deferred costs (Notes 3 and 5)	52,835	15,381
Capital Assets, net (Note 4)	1,226	1,632
Incorporation Costs	<u>2,466</u>	<u>2,466</u>
	<u>\$ 163,278</u>	<u>\$ 33,017</u>
<b><u>LIABILITIES</u></b>		
Current Liabilities		
Accounts payable	<u>\$ 5,151</u>	<u>\$ 322</u>
<b><u>SHAREHOLDERS' EQUITY</u></b>		
Share Capital (Note 6)	1,614,485	1,454,485
Deficit	<u>(1,456,358)</u>	<u>(1,421,790)</u>
	<u>158,127</u>	<u>32,695</u>
	<u>\$ 163,278</u>	<u>\$ 33,017</u>

Approved on Behalf of the Board:



\_\_\_\_\_  
Director



\_\_\_\_\_  
Director

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

**APEX ENERGY CORP.**  
**CONSOLIDATED STATEMENT OF ADMINISTRATION COSTS AND DEFICIT**  
**FOR THE YEAR ENDED APRIL 30, 1993**  
(With comparative audited consolidated figures for  
the year ended April 30, 1992)

	<u>1993</u>	<u>1992</u>
<b>ADMINISTRATION COSTS:</b>		
Audit and legal fees	\$ 7,589	\$ 3,789
Depletion and amortization	306	474
Filing fees	5,713	1,410
Investor relations	3,300	3,872
Management fees	10,000	-
Miscellaneous	1,782	2,738
Office rent	3,007	4,130
Office and administration	1,346	-
Transfer agent	<u>1,687</u>	<u>1,775</u>
	34,730	18,188
Interest and miscellaneous income	<u>(162)</u>	<u>(591)</u>
	34,568	17,597
<b>OTHER ITEMS:</b>		
Loss on write-off of capitalized costs related to abandoned mineral properties	-	192,712
Revenue from option of mineral property	<u>-</u>	<u>(20,000)</u>
<b>NET LOSS</b>	34,568	190,309
<b>DEFICIT AT BEGINNING OF YEAR</b>	<u>1,421,790</u>	<u>1,231,481</u>
<b>DEFICIT AT END OF YEAR</b>	<u>\$ 1,456,358</u>	<u>\$ 1,421,790</u>
 <b>Loss per Share:</b> based on the weighted average number of shares outstanding during the year	 <u>\$ .008</u>	 <u>\$ .045</u>

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

## APEX ENERGY CORP.

CONSOLIDATED STATEMENT OF OPERATING, FINANCING  
AND INVESTING ACTIVITIES

FOR THE YEAR ENDED APRIL 30, 1993

(With comparative audited consolidated figures for  
the year ended April 30, 1992)

	<u>1993</u>	<u>1992</u>
OPERATING ACTIVITIES:		
Net loss	\$ (34,568)	\$(190,309)
Add non-cash items:		
Depletion and amortization	306	474
Write-down of costs related to abandoned mineral properties	<u>-</u>	<u>192,711</u>
	(34,262)	2,876
Decrease (Increase) in accounts receivable	(50,390)	948
Decrease in prepaid expenses	352	-
Increase (Decrease) in accounts payable	<u>4,829</u>	<u>(4,808)</u>
	<u>(79,471)</u>	<u>(984)</u>
FINANCING ACTIVITIES:		
Issue of share capital for:		
Cash	100,000	9,250
Share subscriptions receivable	50,000	-
Mineral properties	10,000	-
Mineral property option payments received	25,000	-
Proceeds on sale of capital assets	<u>100</u>	<u>-</u>
	<u>185,100</u>	<u>9,250</u>
INVESTING ACTIVITIES:		
Acquisition of mineral properties	(60,000)	-
Exploration and development costs	<u>(2,454)</u>	<u>(2,915)</u>
	<u>(62,454)</u>	<u>(2,915)</u>
INCREASE IN CASH	43,175	5,351
CASH AT BEGINNING OF YEAR	<u>12,988</u>	<u>7,637</u>
CASH AT END OF YEAR	<u>\$ 56,163</u>	<u>\$ 12,988</u>
Cash Consists of:		
Bank accounts	\$ 56,163	\$ 2,988
Term deposit	<u>-</u>	<u>10,000</u>
	<u>\$ 56,163</u>	<u>\$ 12,988</u>

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

## APEX ENERGY CORP.

CONSOLIDATED SCHEDULE OF DEFERRED EXPLORATION  
AND DEVELOPMENT COSTS

FOR THE YEAR ENDED APRIL 30, 1993

(With comparative audited consolidated figures for  
the year ended April 30, 1992)

	<u>1993</u>	<u>1992</u>
EXPLORATION AND DEVELOPMENT COSTS:		
Consultants and geologists	\$ 2,454	\$ -
Mapping	-	1,758
Recording fees	<u>-</u>	<u>1,157</u>
TOTAL EXPLORATION AND DEVELOPMENT COSTS INCURRED DURING THE YEAR	2,454	2,915
BALANCE OF COSTS AT BEGINNING OF YEAR	-	104,796
ALLOCATION TO DEFICIT OF COSTS RELATED TO ABANDONED MINERAL PROPERTIES	<u>-</u>	<u>(107,711)</u>
BALANCE OF COSTS AT END OF YEAR	<u>\$ 2,454</u>	<u>\$ -</u>

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

APEX ENERGY CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

APRIL 30, 1993

(APRIL 30, 1992)

1. NATURE OF OPERATIONS

The company is in the process of exploring its mineral properties. It has not yet determined whether the mineral properties contain mineral reserves that are economically recoverable. The continued operations of the company and the recoverability of the amount shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the company to obtain necessary financing to complete the development, and upon future profitable production.

2. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Apex Energy (U.S.) Inc., a wholly-owned subsidiary, incorporated in the State of Nevada.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Deferred Costs

The company is in the exploration stage with respect to its investment in natural resource properties and accordingly follows the practice of capitalizing all costs related to the exploration project, until such time as the project is put into commercial production, sold or abandoned. If commercial production commences, these capitalized costs will be amortized on a unit-of-production basis. If the mineral properties are abandoned, the related capitalized costs are expensed.

b. Values

The amounts shown for the mineral properties and deferred costs represent costs to date and are not intended to reflect present or future values.

c. Translation of Foreign Currencies

Foreign currencies have been translated into Canadian funds using the temporal method, as follows:

- i. Monetary items, at the rate of exchange prevailing as at the balance sheet date.
- ii. Non-monetary items, at the historical rate of exchange.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

iii. Revenue and expenses, at the period average in which the transaction occurred.

Gains or losses resulting from these translation adjustments are included in the consolidated statement of operating loss and deficit

4. CAPITAL ASSETS

The company is currently amortizing its capital assets at a rate of 20% per annum applied to the declining balance.

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>1993 Net Book Value</u>	<u>1992 Net Book Value</u>
Office furniture and equipment	<u>\$ 9,638</u>	<u>\$ 8,412</u>	<u>\$ 1,226</u>	<u>\$ 1,632</u>

5. MINERAL PROPERTIES

	<u>Acquisition Costs</u>	<u>Deferred Exploration and Development Costs</u>	<u>Balance April 30, 1993</u>	<u>Balance April 30, 1992</u>
a. Twin Property	<u>\$ 15,381</u>	<u>\$ -</u>	<u>\$ 15,381</u>	<u>\$ 15,381</u>
b. Yam Property	5,000	849	5,849	-
c. Star Property	5,000	849	5,849	-
d. FL Property	<u>50,000</u>	<u>756</u>	<u>50,756</u>	<u>-</u>
	60,000	2,454	62,454	-
Option Proceeds Received	<u>(25,000)</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>
	<u>35,000</u>	<u>2,454</u>	<u>37,454</u>	<u>-</u>
	<u>\$ 50,381</u>	<u>\$ 2,454</u>	<u>\$ 52,835</u>	<u>\$ 15,381</u>

a. Twin Property

The company owns 100% interest in three (3) mineral claims located in the Kamloops Mining Division, British Columbia, pursuant to an Agreement dated October 27, 1986 (renegotiated and amended by an Amending Agreement dated July 17, 1990). The property was under option to Homestake Canada Ltd. ("Homestake"), to earn an 80% interest by March 31, 1993.

During the current year, Homestake Canada Ltd. terminated the Option Agreement and has no further interest in the property.

5. MINERAL PROPERTIES (CONT'D)

b. Yam Property

By an Agreement dated November 18, 1992, the company acquired a 100% interest (subject to a 2% gross overriding royalty) in three (3) mineral claims (known as the Yam 1-3) located in the MacKenzie Mining District of the Northwest Territories for consideration of:

- the issue of 100,000 shares of the company's capital stock at a deemed price of \$0.05 per share (issued)

This property is subject to the Purchase and Option Agreement described below.

c. Star Property

By an Agreement dated November 18, 1992, the company acquired a 100% interest (subject to a 2% gross overriding royalty) in three (3) mineral claims (known as the Star 1-3) located in the MacKenzie Mining District of the Northwest Territories, for consideration of:

- the issue of 100,000 shares of the company's capital stock at a deemed price of \$0.05 per share (issued)

This property is subject to the Purchase and Option Agreement described below.

d. FL Property

By an Option Agreement dated February 11, 1993 (amended February 11, 1993), the company has the right to acquire a 100% interest (subject to a 3% gross overriding royalty) in forty-three (43) mineral claims located in the MacKenzie Mining District of the Northwest Territories for consideration of:

- \$125,000 cash within three days of acceptance of the Agreement by regulatory authorities (subsequently paid)
- the issue of 25,000 shares of the company's capital stock on acceptance of the Agreement by regulatory authorities (subsequently issued)
- the issue of 75,000 shares of the company's capital stock in 25,000 share increments based on regulatory approval of recommended work programs, subsequent to the first work program carried out by the company

Regulatory approval of this Agreement was received subsequent to April 30, 1993.

This property is subject to the Purchase and Option Agreement described below.

5. MINERAL PROPERTIES (CONT'D)

In a separate Option Agreement dated February 11, 1993 (amended February 11, 1993), the company has the right to acquire a 100% interest (subject to a 3% gross overriding royalty) in forty-one (41) mineral claims located in the MacKenzie Mining District of the Northwest Territories, for consideration of:

- \$125,000 cash within three days of acceptance of the Agreement by regulatory authorities (\$50,000 paid); (\$75,000 subsequently paid)
- the issue of 25,000 shares of the company's capital stock on acceptance of the Agreement (subsequently issued)
- the issue of 75,000 shares of the company's capital stock in 25,000 share increments based on regulatory approval of recommended work programs, subsequent to the first work program carried out by the company

Regulatory approval of this Agreement was received subsequent to April 30, 1993.

This property is subject to the Purchase and Option Agreement described below.

e. Purchase and Option Agreement

By an Agreement dated April 5, 1993, the company has agreed to sell a 50% interest in ninety (90) mineral claims (described in Notes 5b, c, and d above) located in the MacKenzie Mining District of the Northwest Territories, for consideration of:

- \$150,000 cash payable on execution of the Agreement (\$25,000 received at the audit date - \$125,000 subsequently received)
- the issue of 100,000 shares of the purchaser's capital stock on acceptance of the Agreement by regulatory authorities

In addition, the company has granted the purchaser an option to acquire a further 25% interest in the above mentioned mineral properties for consideration of:

- \$1,000,000 cash payable within two years from the date of issue of the purchaser's capital stock as required by the original Purchase Agreement described above.

Regulatory approval of this Agreement has not yet been received. Upon regulatory approval of this Agreement, the companies will enter into a Joint Venture Agreement for the development of the claims.



## 6. SHARE CAPITAL

The authorized share capital of the company is 10,000,000 shares without par value.

The company has issued shares of its capital stock as follows:

	<u>Number of Shares</u>	<u>Amount \$</u>
Balance at April 30, 1991	4,155,500	\$ 1,445,235
Issued during the year for cash	<u>55,000</u>	<u>9,250</u>
Balance at April 30, 1992	4,210,500	1,454,485
Issued during the year for:		
Cash	640,000	150,000
Share subscriptions receivable	50,000	-
Mineral properties	<u>200,000</u>	<u>10,000</u>
Balance at April 30, 1993	<u>5,100,500</u>	<u>\$ 1,614,485</u>

Transactions for the Issue of Share Capital  
During the Year Ended April 30, 1993:

- a. Directors and employee stock options totalling 690,000 shares were exercised as follows: 310,000 shares at a price of \$0.20 per share, 310,000 shares at a price of \$0.25 per share, and 70,000 shares at a price of \$0.15 per share, to net the corporate treasury \$150,000.
- b. The company issued 200,000 shares at a price of \$0.05 per share for the acquisition of mineral properties described in Notes 5b and 5c above.

During the Year Ended April 30, 1992:

Directors and employee stock options totalling 55,000 shares were exercised as follows: 35,000 shares at a price of \$0.15 per share and 20,000 shares at a price of \$0.20 per share, to net the corporate treasury \$9,250.

Stock Options:

The company has outstanding stock options to its Directors and employees totalling 433,000 shares, exercisable as follows: 60,000 shares at a price of \$0.15 per share on or before December 7, 1994 (subsequently exercised), and 373,000 shares at a price of \$0.45 per share on or before April 16, 1995.

## 7. RELATED TRANSACTIONS

Management fees totalling \$10,000 have been incurred with and paid to the President of the company in the current year.

## 8. SUBSEQUENT EVENTS

- a. The company completed a Private Placement financing consisting of 500,000 units at a price of \$0.35 per unit for total proceeds of \$175,000. Each unit consists of one (1) common share and one (1) share purchase warrant which is exercisable to acquire one (1) additional common share at a price of \$0.35 per share if exercised in the first year and at \$0.40 per share if exercised within the following six months.

In addition, 37,500 units were issued as a commission for completing the Private Placement.

- b. By a Letter Agreement dated June 11, 1993, the company may acquire a 12.5% interest in eighty (80) mineral claims located in the MacKenzie Mining District of the Northwest Territories, for consideration of:
- \$47,868 cash (representing 16.6625% of the vendor's acquisition costs) payable as follows:
    - \$25,000 on execution of the Letter Agreement (subsequently paid)
    - \$22,868 on completion of staking, registration and recording of the claims to which the Agreement refers (subsequently completed)
- c. The company received outstanding share subscriptions totalling \$50,000.

## 9. ADDITIONAL INFORMATION

By a Letter Agreement dated August 13, 1993, the company became a participant in a transfer of interest in certain mineral properties located in the Mackenzie Mining District, Northwest Territories. Under this Agreement, the company and its partners will receive a 5% equity in certain mineral properties owned by SouthernEra Resources Limited in exchange for the transfer of a 20% interest in the company's and its partners mineral claims. Subsequent to the transfer of interests, each company is responsible for its pro-rata share of exploration and development costs on the properties.

**APEX ENERGY CORP.**

**APRIL 30, 1993**

Section 1

A. RELATED TRANSACTIONS FOR THE CURRENT FISCAL YEAR-TO-DATE:

See Note 7 of the accompanying financial statements.

Section 2

A. SECURITIES ISSUED DURING QUARTER ENDED APRIL 30, 1993:

(a) The company issued 310,000 shares at \$0.25 per share for the exercise of stock options, for total proceeds of \$77,500.

(b) The company issued 70,000 shares at \$0.15 per share for the exercise of stock options, for total proceeds of \$10,500.

B. OPTIONS GRANTED DURING QUARTER ENDED APRIL 30, 1993:

The company granted stock options totalling 373,000 shares exercisable at a price of \$0.45 per share on or before April 16, 1995.

Section 3

A. AUTHORIZED AND ISSUED SHARE CAPITAL AS AT APRIL 30, 1993:

Authorized share capital - 10,000,000 common shares without par value.

A total of 5,100,500 shares have been issued for a total of \$1,614,485.

B. OPTIONS, WARRANTS AND CONVERTIBLE SECURITIES OUTSTANDING AS AT APRIL 30, 1993:

See Note 6 of the accompanying financial statements.

C. SHARES IN ESCROW OR SUBJECT TO POOLING AS AT APRIL 30, 1993:

Common shares in escrow - NIL

D. LIST OF DIRECTORS AS AT APRIL 30, 1993:

K.R. Ralfs	President/Director
J.K. Ralfs	Director
D.D. Sharp	Director
D.St.C. Dunn	Director
J.R. Fraser	Director

**APEX ENERGY CORP.**

**FOR THE QUARTER ENDED APRIL 30, 1993**

Apex Energy Corp. (the "Company:") has had an eventful year, focusing on diamond exploration in the Lac de Gras area, Northwest Territories. The Company acquired three properties, Yam 1-3, Star 1-3 and Humpy Lake West (the "Properties"), the Properties total approximately 210,000 acres and, were acquired for cash and stock, thus, recovering most of the original cost to the Company.

Subsequent to April 30, 1993 the Company entered into a Letter Agreement with SouthernEra Resources Limited ("SouthernEra"), whereby the Company will acquire a 5% working interest in 80,000 acres in the Humpy Lake area, in return for the Company giving SouthernEra a 5% working interest in the Humpy Lake West property. A formal agreement has not yet been finalized. SouthernEra are drilling in the Humpy Lake area.

The Company also entered into an agreement in August, 1993 with Winslow Gold Corp. and Northwind Ventures Ltd., whereby the Company will acquire an undivided 12.5% working interest in approximately 200,000 acres in the West Snare Lake Property, Northwest Territories.

On August 5, 1993 David St. Clair Dunn, P.Geo. resigned as a director of the Company as he has taken a fulltime position as explorations manager with a mining company. We thank David for his contribution to the Company, and wish him success in the future.

11. (1) CERTIFICATE OF DIRECTORS AND PROMOTERS OF THE ISSUER

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts.

DATED: APRIL 25, 1994

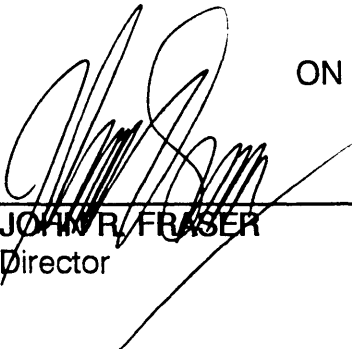
**APEX ENERGY CORP.**



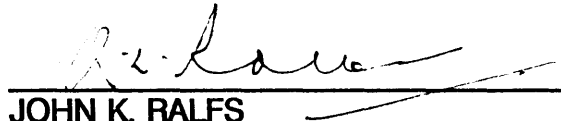
**KENNETH R. RALFS**

Chief Executive Officer, Chief Financial  
Officer and Promoter

ON BEHALF OF THE BOARD OF DIRECTOR



**JOHN R. FRASER**  
Director



**JOHN K. RALFS**  
Director

11. (2) CERTIFICATE OF THE AGENT

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts as required by the Securities Act and its Regulations.

DATED: April 25, 1994

**CANACCORD CAPITAL CORPORATION**

Per: 

(authorized signatory)

**PETER BROWN**

(please print name)