

~~DA~~ / RM?
DA

019654

104G 048 Jack Claims
104G/4E

MINISTRY OF ENERGY, MINES
and PETROLEUM RESOURCES
Rec'd APR 26 1991
SMITHERS, B.C.

SUPERINTENDENT OF BROKERS
AND
VANCOUVER STOCK EXCHANGE

STATEMENT OF MATERIAL FACTS

EFFECTIVE DATE: March 21, 1991

#26/91

Schez Property New?
104G/5E
Twin Property (Kamloops MS)
New?

Apex Energy Corp., 717 - 602 West Hastings Street,
Vancouver, British Columbia, V6B 1P2, 688-0607

NAME OF ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

3000 - 1055 West Georgia Street, Vancouver, British Columbia, V6E 3R3

ADDRESS OF REGISTERED AND RECORDS OFFICES OF THE ISSUER

Montreal Trust Company of Canada, 2nd Floor, 510 Burrard Street,
Vancouver, British Columbia, V6C 3B9

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

OFFERING: 700,000 Common Shares

	Estimated Price to Public	Estimated Agent's Commission	Estimated Net Proceeds to be Received by Issuer
Per Share.....	\$0.50	\$0.0375	\$0.4625
Total.....	\$350,000	\$26,250	\$323,750

The shares will be offered for sale to the public through the facilities of the Vancouver Stock Exchange at a price to be determined by the Issuer and the Agent in accordance with the rules of the Vancouver Stock Exchange. (See "Plan of Distribution").

ADDITIONAL OFFERING

The Agent has agreed to purchase (the "Guarantee") any of the Shares offered hereby which have not been sold at the conclusion of the Offering, and in consideration will receive Agent's Warrants entitling it to purchase up to a total of 250,000 Common shares. (See "Plan of Distribution"). Any Shares acquired by the Agent under the 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. Any shares acquired by the Agent upon exercise of the Agent's Warrants may be sold by the Agent through the facilities of the Vancouver Stock Exchange at the market price at the time of sale.

The Issuer is, under the rules of the Vancouver Stock Exchange, a "Venture Company".

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.

April 11/91

AGENT

L.O.M. WESTERN SECURITIES LTD.
2200 - 609 Granville Street
Vancouver, British Columbia
V7Y 1H2

Neither the British Columbia Securities Commission 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.

Any funds received from the exercise in whole or in part of the Agent's Warrants will be added to working capital. Working capital will be used to defray normal administration costs, for property investigations for the purpose of the acquisition of mineral properties, and for further work on properties in which the Issuer has an interest as the directors may determine.

There are no provisions or any arrangement for holding any part of the net proceeds in trust or subject to the fulfillment of any conditions whatsoever.

ITEM 3 PARTICULARS OF NATURAL RESOURCE ASSETS

1. Summary of Material Mining Properties

GROUP I Properties for which regulatory approval has been obtained under this Statement:

None.

GROUP II Presently held properties which are currently producing or being explored, or upon which exploration is planned within the next year:

<u>Property Name</u>	<u>Issuer's Acquisition and Exploration Costs to December 31, 1990</u>	<u>Shares Issued to Date</u>	<u>Planned Expenditures From Funds Available Upon Completion of the Offering</u>
Jack Claims	\$64,716	75,000	\$82,000
Schez Claims	\$37,760	50,000	\$37,000
Stikine Arch Properties			
- Nightout Creek Property	\$11,315	Nil	\$35,000
- North Scud Property	\$11,810	Nil	\$20,000
Twin Claims	\$15,381	750,000	Nil

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

None.

2. Narrative Information - Material Mining Properties

GROUP II

(a) Jack Claims, Liard Mining Division, British Columbia

The Jack Claims consist of four (4) mineral claims totalling 51 units and are situated in the Galore Creek area of the Liard Mining Division, British Columbia, approximately 90 kilometers south of the village of Telegraph Creek.

The Jack Claims are owned by Silver Standard Resources Inc. ("Silver") of 400 - 1199 West Hastings Street, Vancouver, B.C. and pursuant to an Assignment and Assumption Agreement dated for reference September 10, 1990 between Harrisburg - Dayton Resource Corp. ("Harrisburg"), Silver, Teck Corporation ("Teck") and the Issuer, as amended by a Letter of Agreement dated January 10, 1991 (the "Assignment Agreement"), the Issuer purchased Harrisburg's interest in an option agreement dated September 1, 1989 between Harrisburg, Consolidated Silver Standard Mines Limited (the predecessor company to Silver) and Teck (the "Option Agreement"), by which Harrisburg was granted an option to earn up to a 75% interest in the Jack Claims.

The consideration paid by the Issuer to purchase Harrisburg's interest in the Assignment Agreement was \$7,500 cash and 37,500 shares to each of Harrisburg and Silver, and the assumption of Harrisburg's commitments in the Option Agreement. The 75,000 shares were issued at a deemed price of \$0.20 per share for a total value of \$15,000.

Pursuant to the Option Agreement, to earn a 50% interest the Issuer made a cash payment of \$13,500 by September 19, 1990, and must make cash payments of \$10,000 by December 31, 1991 and \$10,000 by December 31, 1992. In addition, the Issuer must make work expenditures on the Jack Claims totalling \$350,000, of which \$100,000 in aggregate must be completed by December 31, 1991, \$175,000 in aggregate by December 31, 1992 and \$350,000 in aggregate by December 31, 1993. Of the \$100,000 required to be expended by December 31, 1991, Silver has acknowledged that \$10,800 has been expended by Harrisburg and the Issuer expended \$21,216 by December 31, 1990 for a total of \$32,016. The Issuer is required to notify Silver by August 1, 1991 that it commits to incur \$100,000 in work expenditures by December 31, 1991, otherwise the

Assignment Agreement will terminate. If and when a 50% interest in the Jack Claims has been earned by the Issuer, a further 25% interest (for a total of 75%) may be earned thereafter by incurring further work expenditures of \$500,000 within 18 months of the notice electing to earn the additional interest.

If and when the Issuer earns a 75% interest, Silver may earn back a 25% interest, thereby reducing the Issuer's interest to 50%, by incurring work expenditures of \$1,000,000 within 24 months of Silver giving notice that it elects to earn back the interest.

Upon exercise of the option, which will occur upon the Issuer earning a 50% undivided interest in the Claims, the Issuer and Silver will be deemed to have formed a joint venture to do further exploration and development work on the Jack Claims.

A regional aeromagnetic survey conducted by the Geological Survey of Canada in 1978 indicates the Jack Claims are on the flank of a major magnetic high. Harrisburg carried out prospecting, mapping and rock and soil sampling in 1989, taking 27 soil samples, 5 silt samples and 63 rock samples. Float samples with small quartz veins containing pyrite, pyrrhotite and chalcopryrite have in one sample returned values of up to 3.708 oz./ton gold and in another 0.359 oz./ton gold and 4.46% copper. The in-situ location of this mineralization has not yet been located.

During the Issuer's 1990 field program, an effort was made to follow up the previous results and this entailed prospecting, limited geological mapping and soil, rock and trench sampling. Soil sampling returned eight values considered anomalous, with values of copper up to 1,323 parts per million and gold values of up to 240 parts per billion.

The Jack Claims have several zones of mineralization from which anomalous copper and gold values have been obtained. Further exploration is planned for 1991 as recommended in the report dated January 8, 1991 by D.E. Blann to consist of detailed geological mapping, sampling and trenching at an estimated cost of \$72,000. The object is to outline the extent of alteration, grade of mineralization and to determine their structural controls.

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

(b) Schez Property, Liard Mining Division,
British Columbia

The Schez Property consists of five (5) M.G.S. mineral claims totalling 87 units and is situated in the Galore Creek area of the Liard Mining Division, British Columbia, approximately 65 kilometres southwest of the village of Telegraph Creek. The Property is 100% owned by Bellex Mining Corp. ("Bellex") of 840 - 650 West Georgia Street, Vancouver, B.C. and pursuant to an Option Agreement dated June 20, 1990 but actually executed on July 23, 1990, as amended September 20, 1990 and January 7, 1991, between Bellex and the Issuer (the "Option Agreement"), the Issuer, in consideration of \$2,500 paid to Bellex, was granted the option to acquire a 50% interest in the Schez Property.

In order to earn its 50% interest, the Issuer must make cash payments, issue shares in the capital stock of the Issuer to Bellex and make expenditures on the property as follows:

<u>Dates Upon Which Conditions Must Be Met</u>	<u>Cash Payments</u>	<u>Shares</u>	<u>Expenditures</u>
Within 10 days of Acceptance for filing by the Exchange		50,000 (issued)	
On or before the earlier of Sept. 30/90 and the date on which the Issuer receives the proceeds from this public offering	\$ 7,500 (paid)		
On or before Dec. 31/90			\$ 15,000 (completed)
On or before Sept. 30/91	\$10,000	50,000	\$ 25,000
On or before Dec. 31/92	\$20,000	50,000	\$150,000
On or before Dec. 31/93	\$20,000	50,000	\$300,000

Upon acquiring a 50% right, title and interest in and to the Schez Claims, the option will have deemed to have been exercised and the parties will thereafter form a joint venture to place the property into commercial production, subject to a feasibility study.

Preliminary prospecting by Bellex included the collection of 12 stream sediment samples. Seven samples returned anomalous values in gold ranging from 20 ppb to 1,020 ppb. Values in silver roughly correspond to gold values with four samples returning 1.0 ppm to 3.3 ppm silver. Twenty-one silt samples and 74 soil samples were taken during the Issuer's exploration of the Property in 1990 from an area dominantly underlain by grandiorite. The silt sampling indicates that a consistently high background of zinc, silver, cadmium and barium values exist in many of the streams on the Property. Soil samples returned only a few weak and sporadic anomalies. A quartz vein float assayed 78 grams (2.5 oz.) ton gold over a ½ meter width.

Follow-up exploration consisting of detailed mapping and prospecting is planned for 1991 to define complex geological and geochemical relationships inherent to skarn mineralization within a limestone unit at an estimated cost of \$27,000, as recommended in the Report of D.E. Blann and M.R. Vulimiri dated January 15, 1991.

THE SCHEZ PROPERTY IS WITHOUT A KNOWN BODY OF COMMERCIAL ORE.

(c) Stikine Arch Properties, Liard Mining Division,
British Columbia

The Stikine Arch Properties (the "Properties") consist of eight mineral properties totalling 238 units and are situated in the Galore Creek/Telegraph Creek areas of the Stikine Arch in the Liard Mining Division of northwestern British Columbia. The Properties are owned 100% by Equity Silver Mines Limited ("Equity Silver") of 13 - 1155 Melville Street, Vancouver, B.C. and pursuant to an Agreement dated July 30, 1990, as amended by an Amending Agreement dated December 4, 1990 between Equity Silver and the Issuer (the "Agreement"), the Issuer was granted the option to acquire a 100% interest in the Properties in consideration of the following:

- (a) upon execution of the Agreement the sum of \$19,000 (paid);
- (b) a minimum of \$27,000 in exploration expenditures by December 31, 1990 (completed);
- (c) a minimum of \$54,000 in exploration expenditures by December 31, 1991;

- (d) a minimum of \$100,000 in exploration expenditures by December 31, 1992; and
- (e) the assumption of the obligations of an underlying agreement (the "Underlying Agreement") between Equity Silver, Homestake Mineral Development Company and Mr. Edward Asp.

Pursuant to the Underlying Agreement, Mr. Asp is entitled a 10% net proceeds royalty (the "Royalty"). Within 30 days following a production decision, an election must be made to either purchase the Royalty within 90 days for \$1,000,000 or pay to Mr. Asp a \$200,000 advance on the Royalty. Equity Silver has been released from its obligations under the Underlying Agreement and the Issuer has entered into a Novation and Release Agreement dated December 4, 1990 with Mr. Asp.

In addition, pursuant to the Agreement, upon the Issuer exercising the option and earning a 100% interest, Equity Silver has:

- (a) the right to receive 10% net proceeds interest;
- (b) the right of first refusal to prepare a feasibility study on the Properties at Equity Silver's own expense; and
- (c) upon completion of the feasibility study, the right to take a 60% interest in the Properties, subject to reimbursing the Issuer for 60% of costs incurred after exercising the option, less Equity Silver's expenditures for a feasibility study, in which event the right to receive the 10% net proceeds interest referred to above, would be extinguished. Should Equity Silver elect to take a 60% interest in the Properties, a joint venture shall be formed with Equity Silver as operator.

Details of the Properties are as follows:

<u>Property Name</u>	<u>Claim Name</u>	<u>No. of Units</u>	<u>Record No.</u>	<u>Expiry Date</u>
Rugged Mtn.	Canyon 25	20	4729	June 28/93
Nightout Crk.	Gran 15	20	4672	June 14/92
	Canyon 53	20	4739	June 28/92
	Dayin 1	18	6134	June 15/91

Gran 12	Gran 12	20	4669	June 14/91
North Scud	Gran 9	18	4666	June 14/91
	Gran 10	18	4667	June 14/91
	Canyon 17	20	4673	June 14/91
Navo Canyon	Canyon 12	20	4677	June 14/91
Day Group	Day 3	1	5067	Aug. 12/91
	Day 4	1	5068	Aug. 12/91
	Day 5	1	5069	Aug. 12/91
	Day 6	1	5070	Aug. 12/91
Missusjay	Canyon 28	20	4737	June 28/91
	Canyon 29	20	4738	June 28/91
Canyon 30	Canyon 30	18	4734	June 28/91

All of the Properties are located in the Liard Mining Division of British Columbia.

During 1989, Homestake Mineral Development Company, as operator and as a joint venture partner at that time with Equity Silver, carried out a preliminary examination of a number of mineral properties, including the Properties, utilizing prospecting and rock, stream sediment and soil sampling. Most of the properties failed to reveal anything of economic interest but the Rugged Mountain Project was considered to warrant further prospecting and sampling.

The Agreement to option these properties was not signed until late in the 1990 exploration season and exploration by the Issuer was primarily of a reconnaissance nature. The exploration involved five properties, the Nightout Creek, North Scud, Missusjay, Navo Canyon and Gran 12. Of these, the Nightout Creek and North Scud Properties warrant follow up work, which is planned for 1991.

Nightout Creek Property

The Nightout Creek Property consists of the Canyon 53, Dayin 1 and Gran 15 Claims. Exploration in 1990 consisted of a brief reconnaissance geological/geochemical program. A strong northeast trending, quartz-pyrite bearing, carbonate altered shear zone was located 50 meters upstream from a previously taken silt sample which returned 80 p.p.b. gold. Chip sampling returned no values of economic interest. However, the presence of abundant quartz stringer and pyrite in the zone is encouraging.

Further work is planned for 1991 to consist of prospecting, contour soil sampling and trenching in the area of the shear zone. Geological mapping and rock sampling is to be undertaken in the area of the copper showing previously located on the Gran 15 Claim. The exploration program, as recommended in the Report of David St. Clair Dunn dated January 21, 1991, is estimated to cost \$35,000. David St. Clair Dunn is a director of the Issuer. Virginia Kuran, B.Sc., F.G.A.C., has agreed with the conclusions, recommendations and cost estimate for the program proposed by Mr. Dunn.

North Scud Property

The North Scud Property consists of the Gran 9, Gran 10 and Canyon 17 Claims. Exploration in 1990 was limited in extent and provided only a cursory look at the property. Work was directed to widely separated parts of the North Scud Property and complete evaluation was not possible. Nothing of significant value was located. However, the consulting geologists state that the location, geological setting and cursory results in the limited program suggest the North Scud Property may be a viable prospect for precious mineralization. The Report of the consulting geologist, E. Ostensoe dated January 23, 1991 recommends a small amount of additional work directed to the west side of the "Gran" Glacier and to the east side of the Gran 10 Claim. Of particular interest will be any epithermal veins in volcanic rocks close to the contact with Hickman-type quartz monzonite intrusions, and altered zones observed along the west side of the "Gran" Glacier. The estimated cost of the program is \$20,000.

THE PROPERTIES ARE WITHOUT A KNOWN BODY OF COMMERCIAL ORE.

(d) 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. It is owned 100% by the Issuer and pursuant to an agreement dated October 27, 1986 (the "Agreement") is currently under option to Homestake Mining (Canada) Limited ("Homestake").

The Agreement was originally signed between the Optionor, Esso Minerals Canada, a division of Esso Resources Canada Ltd. ("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 has 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 must 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 must make further cash payments totalling \$110,000 and expend at least \$700,000 in exploration by December 31, 1992. When and if Homestake exercises the option at 80%, or if the option is exercised at 50% and subsequently the Issuer fails to contribute to funding of further work on the Twin Property under a joint venture agreement and its interest is diluted to 20%, the Issuer has the option to convert its interest to a 20% net proceeds of production interest, or participate as a joint venture partner. If the Issuer opts for a net proceeds of production interest, Homestake may acquire 25% of such royalty interest by paying \$1,000,000 to the Issuer, thereby reducing the Issuer's interest to a 15% net proceeds of production royalty interest.

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-southeast 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 Samatosum 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 #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. Significant results include:

<u>Hole</u>	<u>From</u>	<u>To</u>	<u>Width(m)</u>	<u>Au(g/t)</u>	<u>Ag(g/t)</u>	<u>Cu(%)</u>	<u>Pb(%)</u>	<u>Zn(%)</u>
T90031	523.5	528.0	4.5	2.85	11.8	0.01	0.44	0.85
	incl.		1.4	5.04	17.4	0.02	0.92	1.78
T90032	529.2	534.9	5.7	0.24	23.4	0.33	1.75	1.25
T90035	426.4	427.9	1.5	1.12	6.5	0.02	0.10	0.22

The mineralization is open at depth. Homestake is considering a follow up drill program for 1991.

The Twin Property is in good standing with assessment work recorded until February 13, 1995. THE PROPERTY HAS NO KNOWN ORE RESERVES AND IS NOT CURRENTLY GENERATING REVENUE FOR THE ISSUER.

3. Natural Gas Properties

See Item 9 for details of interests in gas wells which were written off by the Issuer as at October 31, 1990.

ITEM 4 PARTICULARS OF NON-RESOURCE ASSETS

The Issuer does not own or have an interest in any non-resource assets.

ITEM 5 CORPORATE INFORMATION

The Issuer was incorporated on February 11, 1981 by filing a Memorandum and Articles with the Registrar of Companies under the British Columbia Company Act. 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 Issuer's authorized capital consists of 10,000,000 Common shares without par value, of which 4,155,500 Common shares are issued as at the date hereof. There are no material rights or restrictions attached to such shares.

All shares of the Issuer, both issued and unissued, are of the same class and rank equally as to dividends, voting rights and participation in assets of the Issuer in the event of its dissolution, liquidation or winding-up. No shares have been issued subject to call or assessment. There are no pre-emptive or conversion rights and no provisions for redemption, purchase for cancellation, surrender, sinking fund or purchase fund. Provisions as to the creation of modifications, amendments or variations of such rights or such provisions are contained in the Company Act of British Columbia.

Since December 31, 1990, being the date of the most recent financial statements included in this Statement, the Issuer has not issued any shares.

ITEM 6 DIRECTORS, OFFICERS, PROMOTERS AND PERSONS HOLDING MORE THAN 10% OF THE ISSUED EQUITY SHARES

The names, addresses, positions with the Issuer, and chief occupations for the past five years of the directors,

officers and promoters of the Issuer and the number of shares each holds beneficially are as follows:

<u>Name, Address and Position with Issuer</u>	<u>Chief Occupation For Past Five Years</u>	<u>No. of Shares Held Beneficially Directly or Indirectly</u>
JOHN KENNETH RALFS 68-2212 Folkestone Way West Vancouver, B.C. V7S 2X7 President, Chief Executive Officer, Chief Financial Officer, Director & Promoter	President of the Issuer; Financial Consultant, Self-Employed, Jan., 1985 to March, 1987	446,500
HENRY BRODIE HICKS* 3719 Marine Vista Arbutus Ridge Cobble Hill, B.C. V0R 1L1 Director	Mining Engineer, Self-Employed; President & Director, Brodie Hicks Engineering Ltd., over five years	221,300
DAVID ST. CLAIR DUNN* 2348 Palmerston Avenue West Vancouver, B.C. V7V 2W2 Director	Geological Consultant, Self-Employed, over five years	35,250
DONALD DOUGLAS SHARP* 1105 - 1020 Howe Street Vancouver, B.C. V6Z 1R2 Director & Secretary	Chartered Accountant; Secretary/Treasurer, Pass Lake Resources Ltd., past two years; previously Vice-President and Director, Queenstake Resources Ltd., Jan., 1981 to Aug., 1988	30,000
KENNETH RICHARD RALFS 6671 Azure Road Richmond, B.C. V7C 2S7 Director	Geologist, Self-Employed, August, 1989 to present; Stockbroker, McDermid, St. Lawrence Ltd., for the five years previous to August, 1989	163,200

* Member of Audit Committee.

QUALIFYING REPORT

ON THE

JACK CLAIM

FOR

APEX ENERGY CORP.
#717-602 West Hastings Street
Vancouver, B.C.
V6B 1P2

NTS: 104G/4E

LATITUDE: 57⁰09' NORTH
LONGITUDE: 131⁰34' WEST

Prepared by

D. Blann, P.Eng.
on behalf of
Coast Mountain Geological Ltd.
Vancouver, B.C.

January 8, 1991

APEX ENERGY CORP.

CONSOLIDATED STATEMENT OF OPERATING,
FINANCING AND INVESTING ACTIVITIES

FOR THE EIGHT MONTHS PERIOD ENDED DECEMBER 31, 1990

OPERATING ACTIVITIES:

Net Loss	\$ (97,559)
Add non-cash items:	
Depreciation	351
Write-off of gas interests	<u>79,533</u>
	(17,675)
Decrease (Increase) in accounts receivable	2,009
Increase (Decrease) in accounts payable	(2,062)

FINANCING ACTIVITIES:

Issue of share capital	193,700
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INVESTING ACTIVITIES:

Investment in mineral properties	<u>(147,712)</u>
INCREASE (DECREASE) IN CASH	28,260
CASH AT BEGINNING OF YEAR	<u>1,930</u>
CASH AT END OF YEAR	<u><u>\$ 30,190</u></u>

(unaudited)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. The natural gas interests in New York State, with a depleted value of \$80,447, were written off the Company's balance sheet as at October 31, 1990. The Operator has experienced financial difficulties and maintenance of the wells has steadily deteriorated. The last revenue received was for production in January of this year. The Operator has been seeking approval of the Federal Deposit Insurance Corp. to sell its New York gas interests and, if a sale is concluded, a new Operator could be expected to get production going again.

2. Audit and legal costs of \$18,622 are high and largely reflect legal costs with the acquisition of several mining properties during the period and work on a Statement of Material Facts being prepared for a public financing.

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	(Not reproduced in this Statement of Material Facts)

SUMMARY

The Jack Claims lie between the toe of Jack Wilson glacier and Saddlehorn Mountain in the Galore Creek area of northwestern British Columbia. The property is underlain by Stuhini Group volcanic and sedimentary rocks that have undergone intense folding and shearing; pervasive chlorite-epidote and quartz-sericite-pyrite alteration with associated copper-gold mineralization is localized within strongly fractured zones.

Work performed during the 1990 and previous field seasons has defined several areas of fracture controlled disseminated chalcopyrite mineralization with anomalous copper and gold values (Figure 4). Float samples of chlorite-epidote altered andesite with small quartz veins containing pyrite, pyrrhotite and chalcopyrite have returned values of up to 3.708 oz/t Au (Kushner, 1989). The in-situ location of this mineralization has not yet been located.

A program of detailed geological mapping, sampling, and trenching where necessary, is proposed for the Jack property. The object of this program is to outline the extent of alteration and mineralization and to determine their structural controls. If results are favourable, then a preliminary diamond drilling program to test the mineralization continuity would be required.

The initial program is estimated to cost \$72,000.00. If results are favourable, a diamond drilling program costing approximately \$153,000.00 would be required.

INTRODUCTION

Exploration programs on the Jack property have consisted of prospecting, geological mapping, and rock and soil sampling. This report is based on the results of the work performed on the property during the 1990 and previous field programs.

LOCATION AND ACCESS

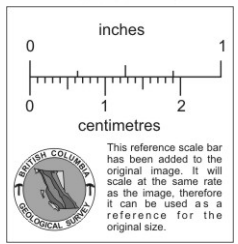
The Jack property is situated between the toe of Jack Wilson glacier and Saddlehorn Mountain in the Galore Creek area of northwestern British Columbia. It is centred around 57°09' latitude and 131°34' longitude, approximately 90 kilometres south of Telegraph Creek, east of the Stikine River. The Galore Creek mineral deposit (Hudson Bay Mining, Kennocott, Cominco) lies 6 kilometres to the southeast of the Jack property.

Presently, the best access to the Jack property is provided by helicopter from the Scud airstrip at the mouth of the Scud River, 25 kilometres to the northwest of the property, or from the Galore Creek camp, 5 kilometres to the southeast of the property. Both of the airstrips support fixed wing aircraft from Smithers, Dease Lake, and Bronson Creek, B.C., and Wrangell, Alaska.

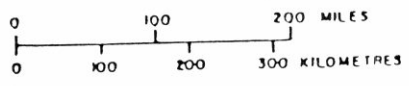
TOPOGRAPHY AND PHYSIOGRAPHY

The Jack claims cover the northwest side of Saddlehorn Mountain and the southern side of the Jack Wilson Glacier valley. Topography is extreme, with elevations rising from the Jack Wilson Glacier at 365 metres to Saddlehorn Mountain (over 2100 metres) in a very short distance. Most of the property lies above the treeline and is covered by glacial and avalanche debris. Approximately 30-40% of the surface is rock outcrop. At lower elevations, the forested areas are covered by a dense growth of spruce, balsam, and hemlock with an undergrowth of devil's club and huckleberry. Slide alder is prominent on the avalanche paths.

**PROPERTY
LOCATION**



APEX ENERGY CORP.			
JACK PROPERTY			
PROPERTY LOCATION MAP			
LIARD MINING DIVISION			
COAST MOUNTAIN GEOLOGICAL LTD. / QUEST CANADA RESOURCES LTD.			
DRAWN BY: B.K.	NIS: 10-16/4	DATE: NOVEMBER, 1990	FIGURE: 1



Within the large cirque on the northwestern side of Saddlehorn Mountain is a small pocket glacier, from which runoff drains north into the Jack Wilson Creek. This area has been the focus of most of the exploration efforts to date.

Temperatures are moderated by the proximity to the Pacific weather systems, and rarely exceed -20 to $+25^{\circ}\text{C}$. Annual precipitation is estimated at over 200 centimetres, including several metres of accumulated snowfall during the winter months.

HISTORY

The discovery of the Galore Creek and Copper-Canyon copper-gold deposits in 1955 prompted Kennco Exploration Ltd. and Conwest Explorations Ltd. to seek other properties of interest in the area. Between 1963 and 1965, Conwest Explorations Ltd. conducted regional mapping and sampling in the vicinity of the Jack property and took a silt and rock sample from the ground presently covered by the Jack claims.

The Geological Survey of Canada flew a regional aeromagnetic survey over the Galore Creek area during 1978. This work outlined two significant magnetic high anomalies; one is centred four kilometres east-southeast, on the Galore Creek deposit, and one is centred on the north fork of Jack Wilson Creek, one kilometre northwest, of the Jack property.

In 1987 and 1988 Consolidated Silver Standard Mines Ltd. conducted limited geological mapping, prospecting and geochemical sampling on the Jack claim (Folk, 1987/Awmack, 1988).

Harrisburg-Dayton Resources Corp. carried out seven man-days of prospecting, mapping and rock and soil sampling of the Jack claim during 1989.

During the 1990 field program, an effort was made to follow up the results obtained by previous programs; prospecting, limited geological mapping, soil, rock and trench sampling were performed. Work was concentrated on the western portion of the property, within the general area of the cirque and its' pocket glacier.

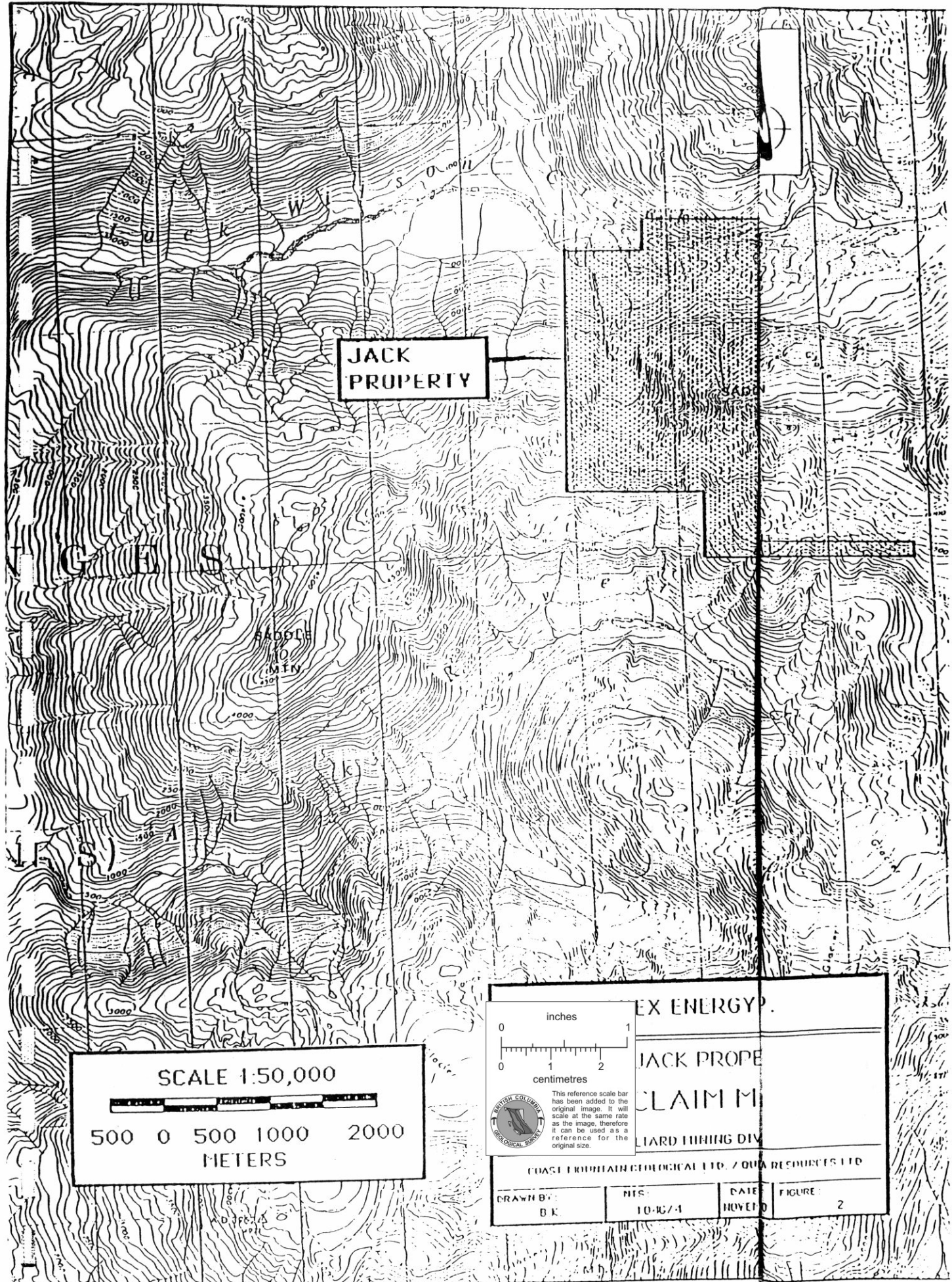
Results of the above programs outlined several areas of anomalous gold-copper values associated with chalcopyrite-pyrite mineralization within strongly fractured, chlorite-epidote altered zones. Quartz-sulphide vein float carrying high gold values were also obtained on the Jack property.

PROPERTY DESCRIPTION

The Jack property covers the northwestern side of Saddlehorn Mountain and the west side of the Jack Wilson glacier. There are four claims totalling 51 units located in the Liard Mining Division at 57⁰⁹' latitude and 131³⁴' longitude, NTS 104G/4E (Figures 1,2). The following table summarizes the available claim information.

TABLE 1
CLAIM INFORMATION

<u>Claim</u>	<u>Record No.</u>	<u>Units</u>	<u>Expiry Date</u>	<u>Owner</u>
Jack	3643	20	09/19/91	Cons.SilverStd\Apex
RB6	5633	4	01/13/92	Hrsb-Dayton Res\Apex
RB8	5635	15	01/13/92	Hrsb-Dayton Res\Apex
RB10	5643	12	01/13/92	Hrsb-Dayton Res\Apex
	Total	<u>51</u>		



**JACK
PROPERTY**

SCALE 1:50,000

**500 0 500 1000 2000
METERS**

EX ENERGY P.

JACK PROPE

CLAIM M

LIARD TING DIV

COAST FROTHAIN GEOLOGICAL LTD. / OIL & RESOURCES LTD

DRAWN BY: B.K.	DATE: 10-10-74	DATE REVISED	FIGURE 2
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0 inches 1
0 1 2 centimetres



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REGIONAL GEOLOGY

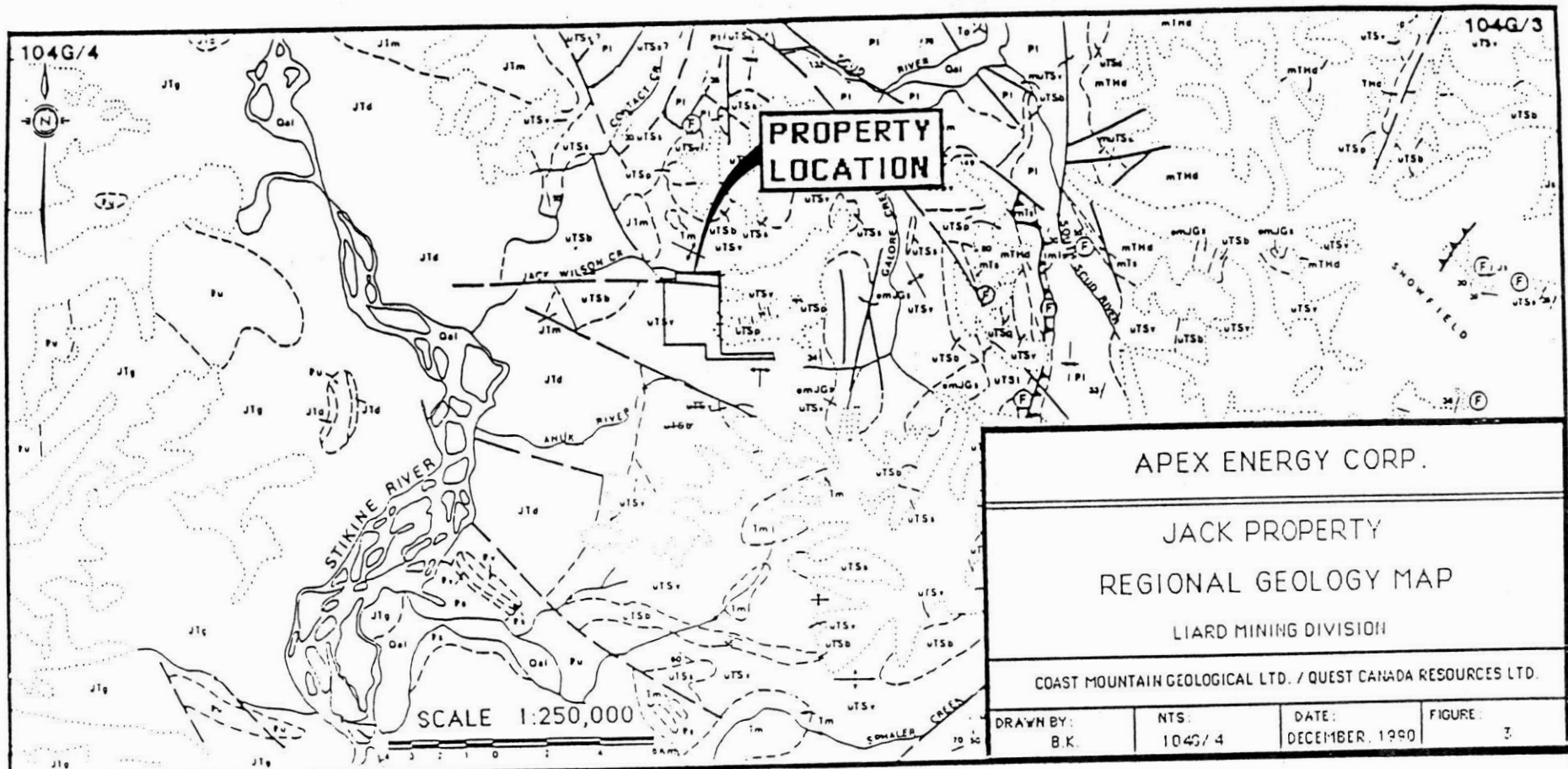
The Galore Creek area consists of stratigraphic and intrusive sequences of Upper Paleozoic to Tertiary Stikina Terrane rock units bounded to the west by the Coast Range plutonic complex and to the east by the Intermontaine belt (Figure 3). The Stikina Terrane is composed of the following:

TABLE 2STIKINA TERRANE

Stikina	- Mesozoic-Tertiary	Plugs and dikes
	- Mid Jurassic- Tertiary Sloko Group, Edziza/ Spectrum Range volcanic arc basalt	Coast Range Plutonic Complex
	- Upper Triassic Stuhini Group flows, tuff, breccia, sediments, +Hazelton Group equivalents	Hickman Plutonic Suite
	- Mid Triassic silty shales, argillite, limy dolomitic siltstone, cherty and rare carbonaceous limestone	
	- Pre Permian to Mid Jurassic Stikine Assemblage sediments, tuff, intermediate volcanic rocks, limestone	

The accretion of the Stikina Terrane developed various penetrative foliations in the Paleozoic and mid-Triassic strata. Upper Triassic and younger rocks have dominantly northward trending zones of schistosity and foliation.

For a complete and detailed description of the regional geology of the Galore Creek area, works of Souther (1971), Allen/Panteleyev (1976), and Logan/Koyanagi (1989) can be referred to.



QUATERNARY

Qal alluvium, glacial material

STRATIFIED ROCKS

JURASSIC

Js sandstone, siltstone, arkose, tuff, polymictic, granitic conglomerate, carbonaceous plant material

MIDDLE TO UPPER TRIASSIC

STUHLI GROUP

UTSs siltstone, sandstone, conglomerate, minor limestone

UTSI well-bedded green-maroon lapilli-ash tuffs and epiclastics

UTSp pyroxene-porphyr flows and fragmentals

UTSb breccia-tuff and fragmentals, silicic crystal tuff, lahars-breccia

im/UTSv massive andesite flows and tuffs, amygdaloidal basalt

MIDDLE TRIASSIC

mTs carbonaceous silty shale with elliptical concretions and cherty siltstones

STIKINE ASSEMBLAGE

PERMIAN

PI massive, thickly bedded, buff, bioclastic calcarenite, thinly bedded, bioclastic limestone, with chert interbeds and minor epiclastics

PERMIAN AND OLDER

Pv plagioclase porphyry flows/sills, volcanoclastics, purple ash tuff, chert schist, massive flows

Ps silver phyllite, slate and phyllitic argillite

Pu undivided green-maroon isolated volcanics, metasegments

MISSISSIPPIAN

MI grey, massive, bedded calcarenite with chert interbeds overlying coarse grained crinoidal calcarenite, flows, and tuffs

Ms phyllite, tuff, intraterrigenous limestone and conglomerate

INTRUSIVE ROCKS

TERTIARY

Tp / Tm plagioclase-porphyrific diorite

line-grained biotite quartz monzonite

JURASSIC - TERTIARY

COAST INTRUSIONS

JTg medium to coarse, pink, hornblende, biotite granite

JTd medium-grained-biotite-hornblende diorite

JTm coarse potassium feldspar, megacrystic granite monzonite

EARLY TO MIDDLE JURASSIC

GALORE CREEK INTRUSIONS

emJGs syenite, orthoclase porphyritic monzonite

EARLY JURASSIC

emJm medium to coarse, hornblende, biotite, granodiorite to monzonite

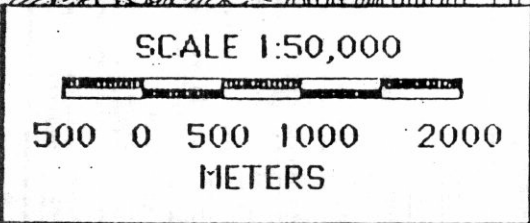
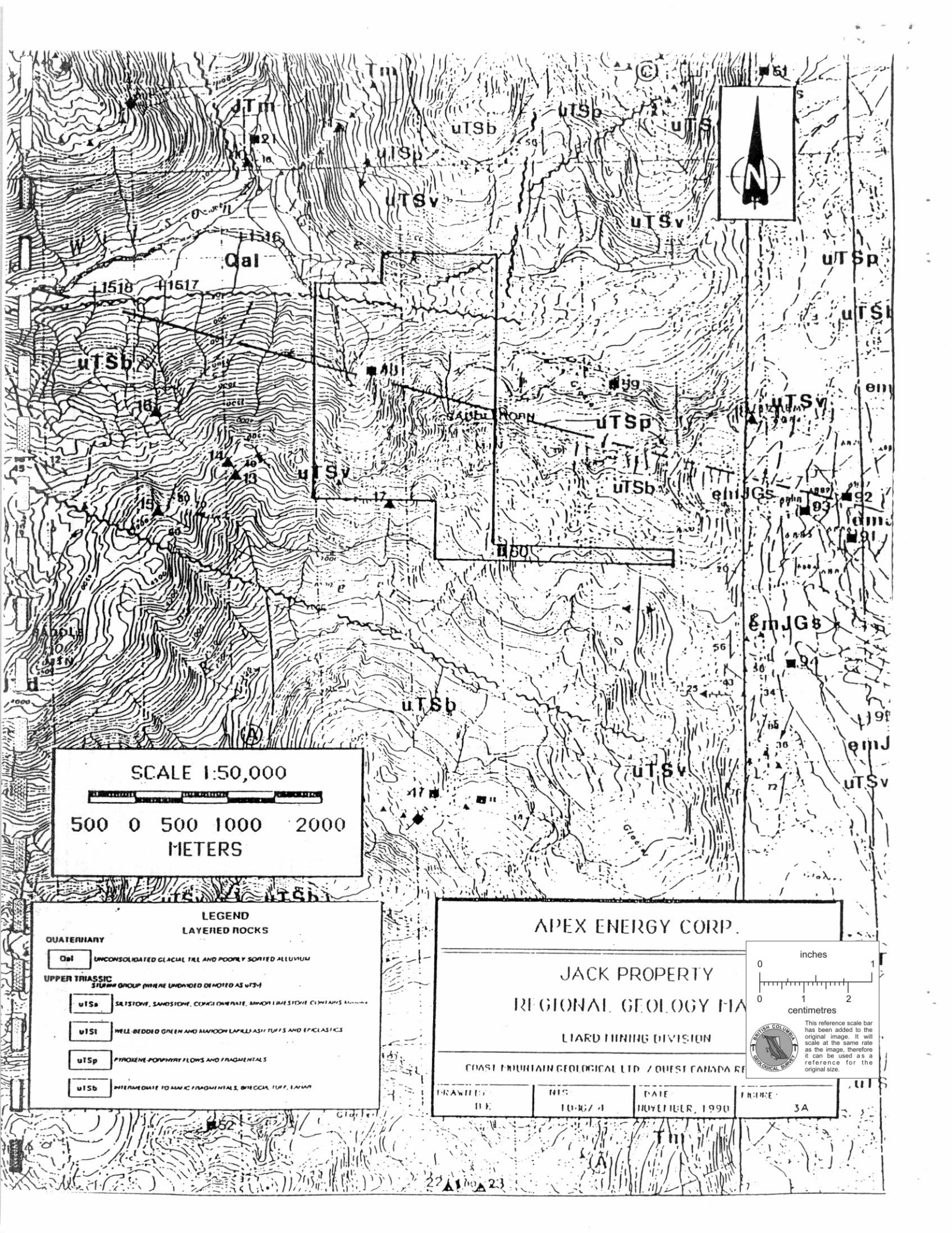
MIDDLE TRIASSIC

0 1 inches
0 1 2 centimetres
medium-grained-biotite-hornblende to monzonite



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- bedding
- plunging syncline
- plunging anticline
- minor fold axis



LEGEND
LAYERED ROCKS

QUATERNARY	
Qal	UNCONSOLIDATED GLACIAL TILL AND POORLY SORTED ALLUVIUM
UPPER TRIASSIC	
STURM GROUP (WHERE UNDIVIDED OR NOTED AS uTS)	
uTSa	SILTSTONE, SANDSTONE, COARSE GRAINED, MINOR LIMESTONE CONTAINS ALGAL MAT
uTSi	WELL-BEDDED GREEN AND BLACKISH LAPILLI ASH TUFFS AND EPICLASTICS
uTSp	PHYOKENE-PORPHYRY FLOWS AND FRAGMENTALS
uTSb	INTERMEDIATE TO BASIC FRAGMENTALS, BITUMEN TUFF, LAMAR

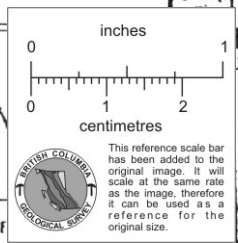
APEX ENERGY CORP.

JACK PROPERTY
REGIONAL GEOLOGY MAP

LIARD MINING DIVISION

COAST MOUNTAIN GEOLOGICAL LTD. / QUEST CANADA RESEARCH

DRAWN BY D.E.	REV. 10-87/4	DATE NOVEMBER, 1990	FIGURE 3A
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PROPERTY GEOLOGY

The dominant rock units on the Jack property are Stuhini Triassic to Jurassic aged andesitic volcanic flows and tuff with phyllitic and ankeritic sediments. The andesite volcanic flows and tuff commonly exhibit a broken crystal matrix, and are weakly porphyritic with plagioclase phenocrysts. Augite porphyry is generally found in the southwest portion of the property.

Siltstone, sandstone, and conglomerate are found at the northern foot of Saddlehorn Mountain, and metamorphosed equivalents lie on the ridge to its' south (Figure 4).

Jurassic aged intrusive andesite dikes and sills cut through and subparallel bedding. They range in width from 0.5 to 3.0 metres and are common near the Cirqueback Zone (Figure 4). Diorite and quartz-diorite intrusions are believed to underlie the Jack claim; although outcrops have not been found to date, numerous coarse grained intrusions are found on the adjacent Jack Wilson property to the west (Blann, 1990).

STRUCTURE

The volcanic and sedimentary rocks on the northwest portion of the Jack property are complexly folded (Folk, 1987). A tight anticlinal fold with an axis bearing 020° may underlie the cirque and the pocket glacier on the northwestern side of the property (Blann, Figure 5, 1990). Dominant shear and fault structures on the property trend northwest and north to northeast, with later crosscutting structures trending east-west. Dikes are generally oriented at 050° and 090° .

MINERALIZATION AND ASSOCIATED ALTERATION

Moderate to intense chlorite and epidote alteration and, locally, quartz-sericite-pyrite alteration occurs on the Jack property. The zones of alteration are associated with fracture controlled disseminated chalcopryrite-pyrite mineralization and occur dominantly on the north and western areas of the property extending, intermittently, southwards to the headwall of the cirque. Quartz-sericite-pyrite alteration also occurs locally in areas near the propylitic alteration. These areas are noted by prominent gossans.

Alteration and mineralization are controlled by shears, faults and fractures that trend northwest and northeast, the highest intensity occurring where they cross. Copper and gold values vary; the most consistent and widespread values found to date occur within chlorite-epidote altered andesite volcanic rocks of the Blue and Cirqueback Zone (Figure 4).

Other mineralization of interest on the Jack property include the sandstone units and the quartz-sulphide vein float.

The host for most of the mineralization is dominantly the sheared andesitic volcanic rocks, however, a sample of sandstone containing disseminated pyrite assayed 1280 ppb Au, and float of quartz pebble conglomerate with pyrite and pyrrhotite assayed 1462 ppm copper (Kushner, 1989).

Float samples of a narrow quartz-chalcopyrite-pyrrhotite-pyrite vein within altered andesite have returned gold values up to 3.708 oz/t Au, and 0.359 oz/t Au with 4.46% copper (Kushner, 1989). Similar material has been located in place on the adjacent Jack Wilson property (Blann, 1990). The source of the float on the Jack property is most likely to be found within the cirque.

DISCUSSION

Strong fracture controlled chlorite-epidote and quartz-sericite-pyrite alteration with associated chalcopyrite mineralization occurs within zones of shearing, faulting and fractures that trend northeast and northwest. A tight, northeast trending anticlinal fold axis may cut through the area of the pocket glacier, forming some local controls on the shearing. The crosscutting east-west structures found on the northern portion of the Jack property suggest a late normal displacement (Blann, 1990).

The areas found to date containing the most consistent copper and gold values are within the Blue and Cirqueback Zones; the zones may be structurally connected, as their continuity appears broken only by the presence of the pocket glacier. These strongly chlorite-epidote altered zones appear to occur at the confluence of the two major fracturing directions. Copper values in the order of 0.1-0.5% and gold in the order of 0.002-0.010 oz/t commonly occur within the altered areas. Higher values have been obtained from selected samples.

Mineralization of the sediments east of the pocket glacier also appears structurally controlled, however information on this zone is limited.

The mineralization, alteration, and their structural controls resemble those of an upper level volcanic hosted porphyry copper-gold system, similar to the adjacent JW property to the north.

CONCLUSIONS

The Jack property contains structures, alteration and associated mineralization resembling an upper level copper-gold porphyry system developed within andesitic volcanic rocks of the Stuhini Group. Anomalous copper and gold values are found within strong fracture controlled chlorite-epidote altered volcanic zones that dominantly trend northwest and northeast; the two main zones outlined to date are the Blue and Cirqueback Zones, and may be structurally connected.

High gold values found in float samples are associated with quartz-pyrite-pyrrhotite-chalcopyrite vein mineralization.

Sandstone and quartz pebble conglomerate have been found to contain anomalous gold and copper values associated with limonitic and pyritic disseminations.

RECOMMENDATIONS

The Jack property has several zones of mineralization from which anomalous copper and gold values have been obtained, and further work should include detailed geological mapping, sampling, and where necessary, trenching, to outline their extent and grade.

Prospecting should focus on locating the source of the quartz-sulphide vein float that returned high gold values, and further sampling of the gold bearing altered sediments is recommended. The proposed program and its estimated cost follows:

ESTIMATED COST OF PROGRAM

The cost of the program assumes a camp with complete facilities would be available at Scud River or Galore Creek.

Personnel: Geologist: 30 days @ \$300/day	\$9,000.00
Assistant geologist 30 days @ \$225/day	\$6,750.00
Mob/Demob	\$2,250.00
Room/Board: 60 man-days @ \$145.00/man-day	\$8,700.00
Helicopter: 25 hours @ \$700/hr	\$17,500.00
Assays: 350 @ \$13.75 + 100 @ \$22.00	\$7,012.50
Consumables + Freight	\$2,500.00
Project Preparation	\$2,000.00
Report/ Drafting	\$2,500.00
	<u>\$58,212.50</u>
Weather @ Misc. Contingencies @ 10%	<u>\$ 5,821.25</u>
	\$64,033.75
Management Fee @ 12.5%	\$ 8,004.22
	<u><u>\$72,037.97</u></u>
Approximate total cost----- allow	\$72,000.00

PHASE 2 - CONTINGENT ON RESULTS OF PHASE 1

Diamond Drilling: 1000 metres @ \$150.00/Metre (Includes all support services, assays, wages, mob/demob)	\$150,000.00
Report with recommendations	<u>\$3,000.00</u>
Estimated total cost of Phase 2	\$153,000.00

REFERENCES

Allen, D.G., A. Panteleyev, A.T. Armstrong, 1976, Galore Creek, CIM Special Volume 15, pp.402-414.

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Logan, J.M. and V.M. Koyanagi, 1989, Geology and Mineral Deposits of the Galore Creek Area, Northwestern B.C. (104G/3,4), B.C. Ministry of Energy, Mines and Petroleum Resources, Geological Fieldwork, Paper 1989-1, pp. 269-284.

Souther, J.G., Geological Survey of Canada, 1971, Map 11-1971, 1:250,000 geology map, Telegraph Creek, British Columbia, pages 71-44.

STATEMENT OF QUALIFICATIONS

I, David E. Blann, of 83233 View Place, Squamish, in the Province of British Columbia, DO HEREBY CERTIFY:

- 1.) THAT I am a member of the Association of Professional Engineers of the Province of British Columbia.
- 2.) THAT I am a graduate of the British Columbia Institute of Technology in Mining Engineering Technology, and the Montana College of Mineral Science and Technology, Butte, Montana, in Geological Engineering (1986).
- 3.) THAT I was employed by Coast Mountain Geological Ltd. to work on the Jack property for one day during the month of August, 1990.
- 4.) THAT this report is based on fieldwork conducted by Coast Mountain Geological Ltd. and Quest Canada Exploration Ltd. on the Jack property between June 16 and September 16, 1990, previous assessment reports, and government publications and reports filed with the Government of British Columbia.
- 5.) THAT I have no direct or indirect interest in Apex Energy Corp., or the Jack Property, nor do I expect to receive any.
- 6.) THAT I consent to the use by Apex Energy Corp. of this report in the Statement of Material Facts, or any other document that may be required by the Vancouver Stock Exchange or the office of the Superintendent of Brokers for British Columbia.

DATED at Vancouver, British Columbia, this 11th day of March, 1991.



David Ellis Blann, P.Eng.

