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June 23, 1975

LETTER of CERTIFICATION

I, Richard E. Mieritz of 1634 W. Hazelwood Street, #2, Phoenix, Maricopa County, Arizona, do hereby certify that:

(1) I am a mining engineer, graduated from the University of Wisconsin with the degree of Bachelor of Science in 1939.

(2) I have practised my profession continuously since then, receiving my Arizona State Registration as a Mining Engineer in 1956 and my Arizona State Registration as a Geologist in 1970, being a member in good standing.

(3) The report to which this letter is attached and part of, has been prepared on the basis of personal observations on and of the property, on the writer's general knowledge of the area and the review and study of available factual data.

(4) I have no direct nor indirect interest in the property.

(5) I have no direct nor indirect interest, nor do I expect to receive any interest, direct or indirect, in the properties or the securities of Apex Gold Mining & Exploration Co., Inc., Phoenix, Arizona, or its affiliates.

(6) That the contents of this report may be utilized by and made public by Apex Gold Mining & Exploration Co., Inc.

Respectfully submitted,

R. E. Mieritz
Mining Consultant
Phoenix, Arizona

REM/cm

A

GEOLOGICAL EVALUATION

and

EXPLORATION

REPORT

on the

APACHE CLAIMS

Gila County, Arizona

by

Richard E. Mierits
Mining Consultant
Phoenix, Arizona

June 23, 1975

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Map No. 2 - General Geology Map
Map No. 3 - Claim Map
Map No. 4 - Surface Map - Underground Workings

INTRODUCTION:

At the request of and authorization by Mr. R. Willfong, the writer, accompanied by Messrs. Willfong and D. Utt, on June 10, 1975, examined the Apache group of claims for the Apex Gold Mining and Exploration Co., Inc. This group of claims is mostly located in unsurveyed Section 25, T. 4 N., R. 11 E., Gila County, Arizona.

The report has been prepared on the basis of the writer's field examination of the property, on the geological observations, the taking of three samples and the writer's geologic and mineralogic knowledge of the area in general, as well as factual data provided the writer by Apex Gold Mining and Exploration Co.

PROPERTY LOCATION and ACCESSIBILITY:

The property consists of 16 unpatented lode mining claims located in May 1975, in unsurveyed territory, but by projection, would be mostly in Section 25, T. 4 N., R. 11 E., G. & S. R. B. & M., Gila County, Arizona, north of the Salt River and approximately one mile west of Roosevelt Dam on the Salt River and forming Roosevelt Lake. (See Maps No. 1 and No. 2.)

Known as Apache Nos. 1 through 16, these claims are, in part, relocations of two claims, Christmas and Good Luck, which were surveyed for patent at the request of William Passey in 1962, but never reached the final act of patent. (See Map No. 3.)

The property can be reached by traveling State Route 88 north from Apache Junction to the Apache Lake Marina, a distance of about 33 miles. Boat travel up the Lake and Gila River towards Roosevelt Dam to a small cove on the north bank of the river is necessary. This trip is about 20 minutes and would cover about 8 to 9 miles on the water. From this point on the river, a trail, about one-half mile in length, leads to an adit, lowest in elevation of four adits on the property. Airline distance-wise, this adit is but a third of a mile from the river bank, but is 400 feet higher in elevation, consequently the longer length trail. The closest vehicle road (Jeep trail) leads to the radio tower shown on Map No. 3. The elevation at the tower is 3300 feet.

The property covers part of the steep southwest slope of Vineyard Mountain, the elevation of which is 3458 feet.

FACILITIES:

There are no facilities on the property. Limited quantities of water could be available from the river. A power transmission line from Roosevelt Dam passes on the south side of the river and about two-thirds of a mile south-southeast of the property.

HISTORY, DEVELOPMENT and PRODUCTION:

The property was first located in 1898 and is reported to have produced high grade gold ore at the onset valued at $30,000.- at the "then" price of gold.

The property was idle until 1938 when Packard and Passey, Mesa, Arizona, commenced operations by shipping small tonnages to the International Smelter at Miami, Arizona. A small 50 ton per month mill (Gibson type) was also installed. The operation lasted about one year, producing about an $11,000.- revenue.

Packard and Passey installed a cable tram across the Gila River to transport ore to the south bank and supplies to the north side. Remnants of old truck vehicles are in evidence near the tram line - indicating that the vehicles were dismantled, trammed and re-assembled on the mine side of the river. There is a short vehicle road from the lower Adit portal to the tram head at the south point of the topographic ridge extending from the area of the Adit towards the river.

The present development consists of four adits at various levels of elevation and aggregating some 750 feet. Some interior stoping was done as well as some surface underhand stoping.

Production-wise there appear to be no figures as to tons mined or gold-silver content - only the gross figures previously mentioned.

GEOLOGY and MINERALIZATION:

Except for a small area of Carboniferous-Devonian and Cambrian sediments to the east of the property, the claims lie totally within a wide, large expanse of Precambrian granite. Locally, however, at the property, there are exposures of schist and sandstone-quartzite. Neither of these two rock types are prevalent, or really in mass. The sandstone-quartzite appears as thin beds or layers. The schist has dike like characteristics but appears to be a remnant of long and narrow dimensions brought into juxtaposition by faulting in the area.

This tongue or dike of schist which strikes about N. 40° E. is about 50 to 75 feet wide, has steep N.W. and S.E. dips and in general promotes the impression of being vertical. Visible strike length of the schist zone, as seen by the writer during the brief examination, is approximately 1000 feet.

The schist structure hosts gold-silver and some copper mineralization, along with accompanying accessory minerals as quartz and iron limonite of various colors. The zone also has several smooth, slick bedding or schistic faces exhibiting some gouge indicating possible fault planes and/or thin alteration zones within the schist.

Gold-silver values appear to favor a specific horizon of 3-5 foot widths within the schist zone. Time did not permit the writer to map in detail the geology of the three adits, the portals of which are on

Apache No. 2 and No. 3 claims; however, it appears that the gold-silver mineralization occupies the favorable horizon for short strike lengths following short strike length intervals of rather weak mineralization then back into a zone of stronger mineralization. Dip length of the mineralized portion of the schist zone appears to be at least twice the strike length - perhaps more, a typical geologic mineral occurrence here in Arizona.

Results of three samples taken by the writer during the examination strongly support this type and mode of mineralization.

Iron limonites of the usual yellow, brown, red and black varieites are quite common in the mineralized "shoots" and would consistently "hide" gold-silver mineralization, consequently, sampling and assaying for gold-silver values would be necessary. Copper occurs as the oxide malachite, some chrysocolla and an azurite, but does not appear to be of a consistent occurrence. There is now some leaching in progress as indicated by the presence of chalcanthite-copper sulfate.

Mineralization is in evidence in the three adits, particularly the upper two, where some stoping and raising were done. (See Map No. 4.)

SAMPLING:

The writer took three samples during the examination. Purpose of the samples was merely to indicate the type and mode of the mineralization present. The sample descriptions and their results are as follows:

Sample Number	Description	Ounces per ton Gold	Silver
1289	3 foot chip of mineralized zone (structure) in back below stope of left cross-cut and drift of Adit No. 2. Heavy FeOx, some quartz. N. 10° E., 80° W. cross fracture present.	0.740	0.60
1290	2½ foot chip of zone (structure) in N.E. face of short drift from second left cross-cut (same structure as #1289) in Adit No. 2. Moderate FeOx, fair to moderate CuOx. Copper content 1.45%.	0.045	0.64
1291	1⅔ foot chip across structure in back of Adit No. 3, 20 feet west of raise to surface. Structure is N. 45° E., 80° S. dip on the hanging wall. Strong FeOx and some CuOx.	0.02	0.42

The dollar value of each sample is:

Sample Number	Gold	Silver	Total
1289	$111.00	$2.40	$113.40
1290	6.75	2.48	9.23
1291	3.00	1.68	4.68

A conservative market value of $150.00 per ounce for gold and $4.00 per ounce for silver has been used to determine the above values.

Several samples were taken by your corporation but details as to exact sample locations and widths are lacking, consequently the results of these samples cannot be used by the writer except to state that the values ranged from 0.10 to 1.31 ounces per ton for gold and 0.10 to 1.20 ounces per ton for silver.

POSSIBLE POTENTIALS and EXPLORATION:

The schist zone, previously described geologically, is strong and consistent both strike-wise and dip-wise. Gold-silver mineralization is present in the schist zone as indicated by past development work, shipments and the writer's limited sampling during the examination.

Strike-wise, over and above what has been explored - the schist "tongue, dike or remnant" continues in a northeast and southwest direction beyond the faces of the adits and thus a potential host rock for additional mineral potentials. Dip-wise, the writer believes also that such potentials should exist.

For the most part, the adits are not actually driven on the strongly mineralized portions of the schist. An example of this is the stoped area in Adit #2. (See Map No. 4.) Consequently, considerable geological mapping, trenching and sampling would be required in the initial stages of exploration. Thereafter, the possible mineralized zones should be explored by underground methods of drifting, cross-cutting, raising and sinking.

Based on the observed in situ geologic conditions, it is reasonable to assume that additional moderate strength mineralized zones, such as represented by the writer's sample #1289, are present and could be developed by exploratory means as previously mentioned.

ANTICIPATED EXPLORATION COSTS:

As indicated previously, substantial prerequisite groundwork should be first completed before true physical exploration work is started. Such groundwork, geological mapping (surface and underground), surface hand trenching, and sampling (surface and underground), is considered as a first phase program, while the second phase program constitutes the physical underground work.

An approximate cost estimate for the above suggested programs should

be:

Geological Mapping (Consultant)	$ 5,000.-
Surface Trenching, Surface and underground sampling and Assaying and Consultant	27,000.-
100 feet shaft sinking	27,500.-
500 feet raising	12,500.-
1500 feet drifting and cross-cutting	60,000.-
Purchase or rent hoisting and mining equipment	31,000.-
Metallurgical testing	7,500.-
Exploration Supervision (Consultant)	23,000.-
Sub Total	$193,500.-
Contingencies, underestimates, over-runs, etc.	50,000.-
TOTAL	$243,500.-
Say:	$245,000.-

This program should provide lateral exploration to the northeast and southwest of the area of the adits, further exploration of the adit area and some depth-wise exploration in the adit area.

CONCLUSIONS:

Based on the writer's field examination, the results of the samples taken, the observance of geologic conditions present, the mode and strength of structures and the mode and strength of gold-silver mineralization, the writer opines that an exploration program to develop the property is a just, worthy and an attractive cause which could, when completed, indicate a substantial "mineral in place" value and cause same to be feasible as a mine-mill operation.

Respectfully submitted,

R. E. Mieritz
Mining Consultant
Phoenix, Arizona

June 23, 1975

IRON KING ASSAY OFFICE

ASSAY CERTIFICATE

BOX 14 — PHONE 632-7410
HUMBOLDT, ARIZONA 86329

REGISTERED ASSAYER CERTIFICATE NO. 2078 WALTER G. BAER Signed 6-13-75 ARIZONA, U.S.A.

ASSAY MADE FOR

RICHARD MIERITZ
1634 W. Hazelwood St.
Phoenix, Ariz. 85015

June 13, 1975

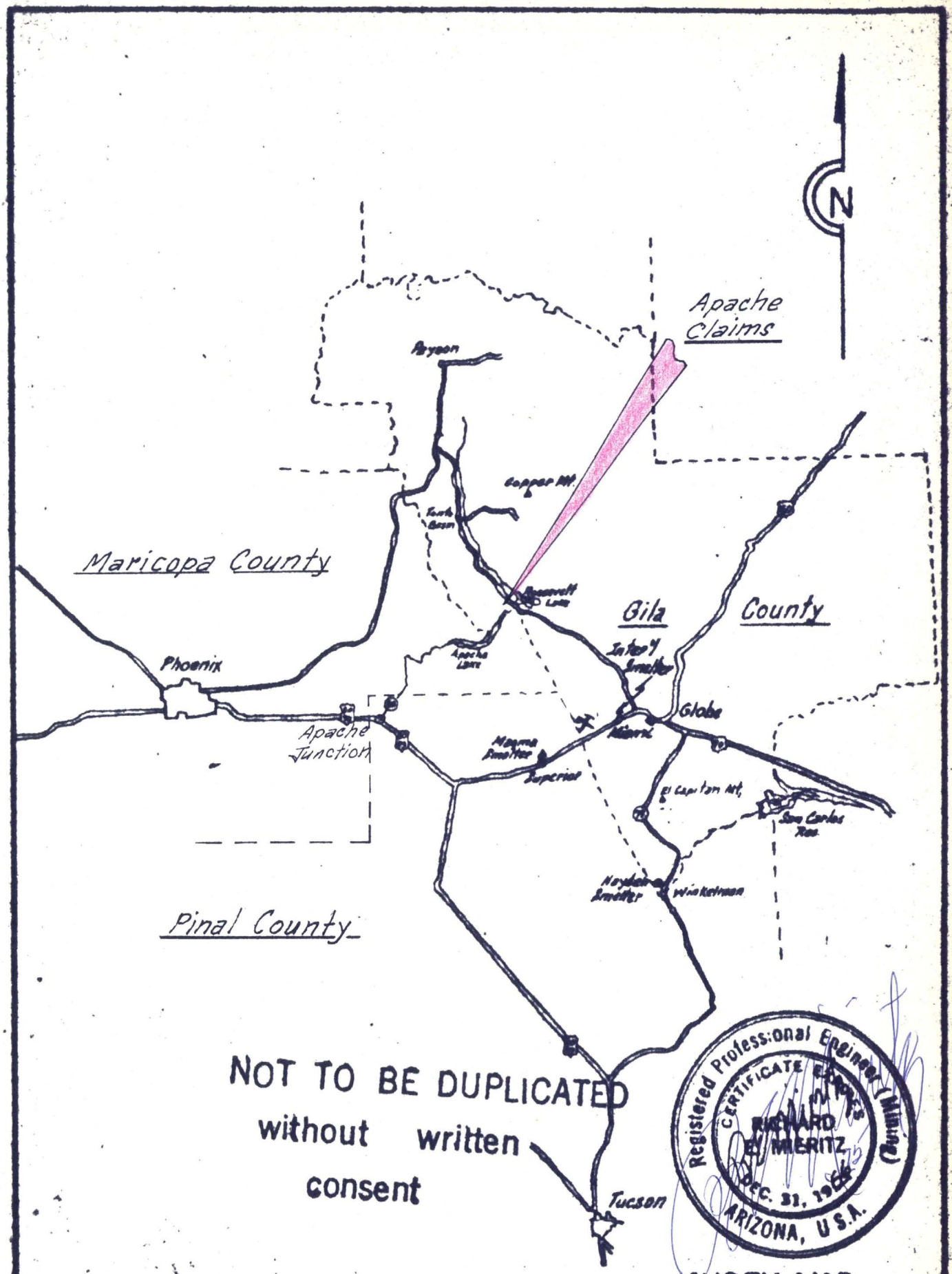
DESCRIPTION	oz/ton Au	oz/ton Ag		% Fe	% Pb	% Zn	% Cu
# 1289	.740	0.60					
# 1290	.045	0.64					1.45
# 1291	.020	0.42					

OK # 75-193

Apache

CHARGES $14.75
SC 1.00 $15.75

ASSAYER Walter



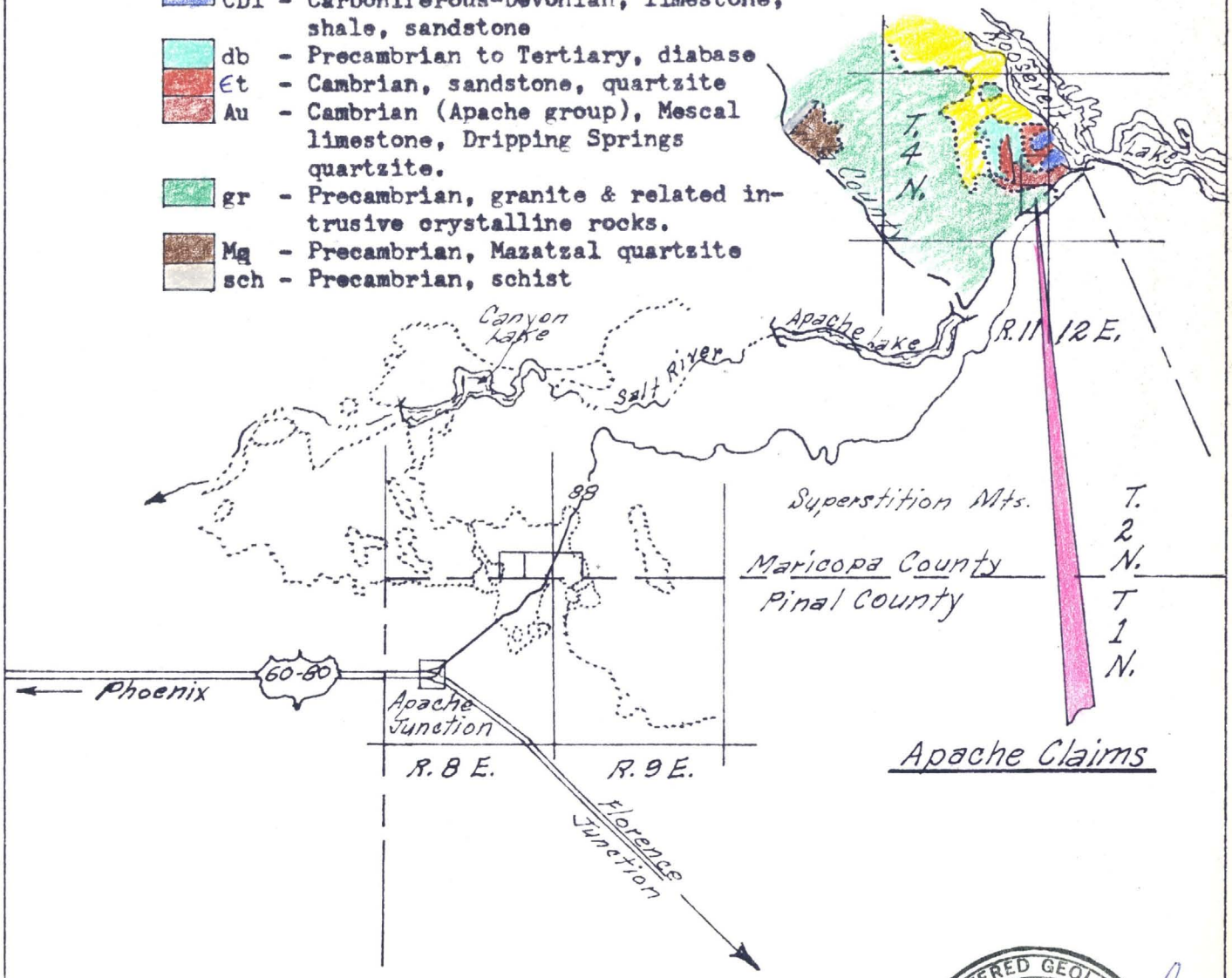
INDEX MAP
PORTION of ARIZONA
SCALE
1 INCH = ± 21 MI.

MARCH, 1965 R.E.MERITZ

MAP No. 2

LEGEND

- QTs - Quaternary-Tertiary, sand, gravel & conglomerate.
- QTb - Quaternary-Tertiary, basalt
- Ts - Tertiary, sand, gravel & conglomerate
- Ta - Tertiary, andesite
- Td - Tertiary, dacite
- Lgr - Laramide, granite & related crystalline rocks.
- CDI - Carboniferous-Devonian, limestone, shale, sandstone
- db - Precambrian to Tertiary, diabase
- ϵt - Cambrian, sandstone, quartzite
- Au - Cambrian (Apache group), Mescal limestone, Dripping Springs quartzite.
- gr - Precambrian, granite & related intrusive crystalline rocks.
- Mq - Precambrian, Mazatzal quartzite
- sch - Precambrian, schist

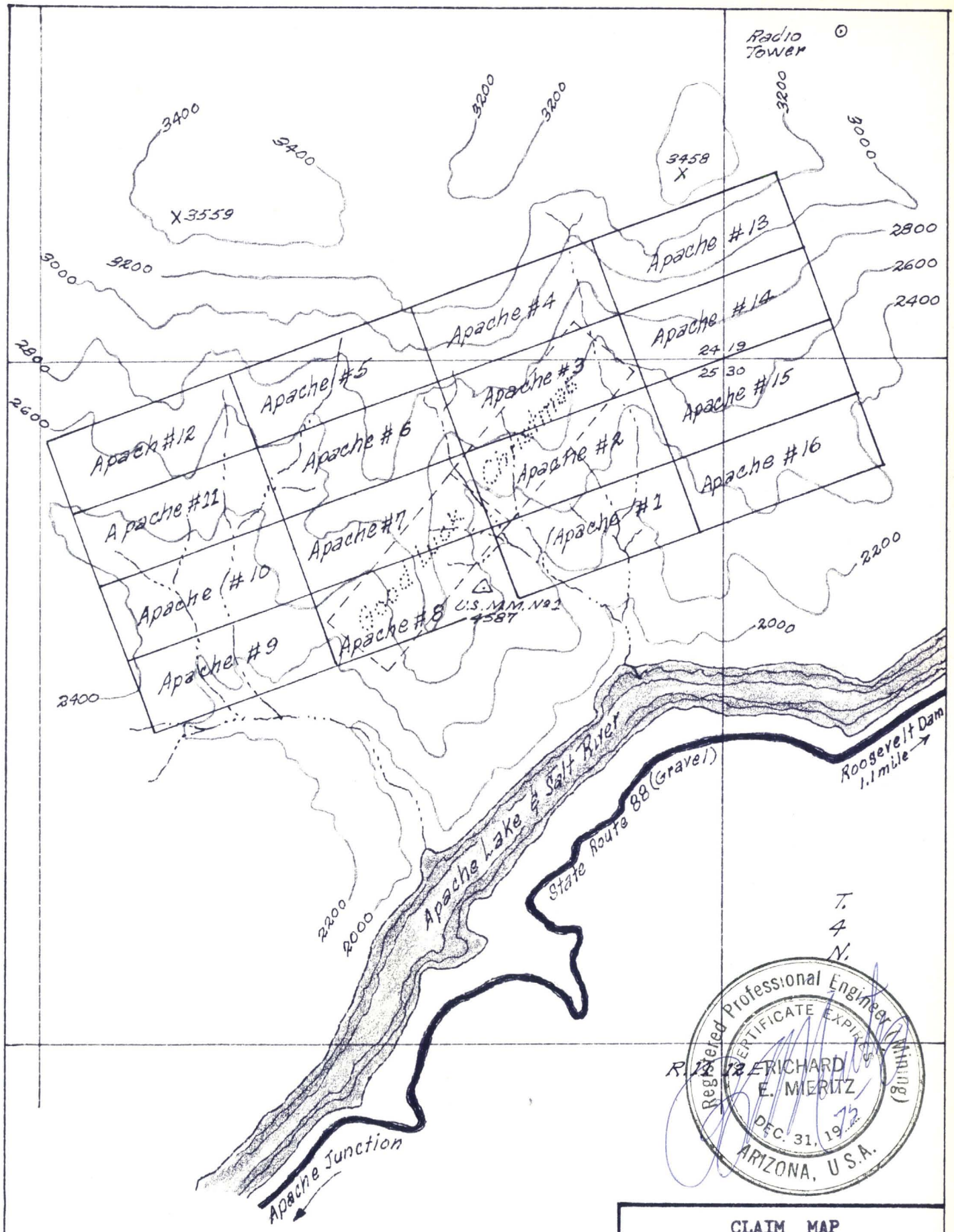


REGISTERED GEOLOGIST
CERTIFICATE NO.
7784
RICHARD E. MIERITZ
Date Signed 6-23-75
ARIZONA, U.S.A.

GENERAL GEOLOGY MAP
Portion of
Maricopa County, Arizona
SCALE: 1"= 6 Miles

June, 1975 R. E. Mieritz

MAP Nº 2



CLAIM MAP

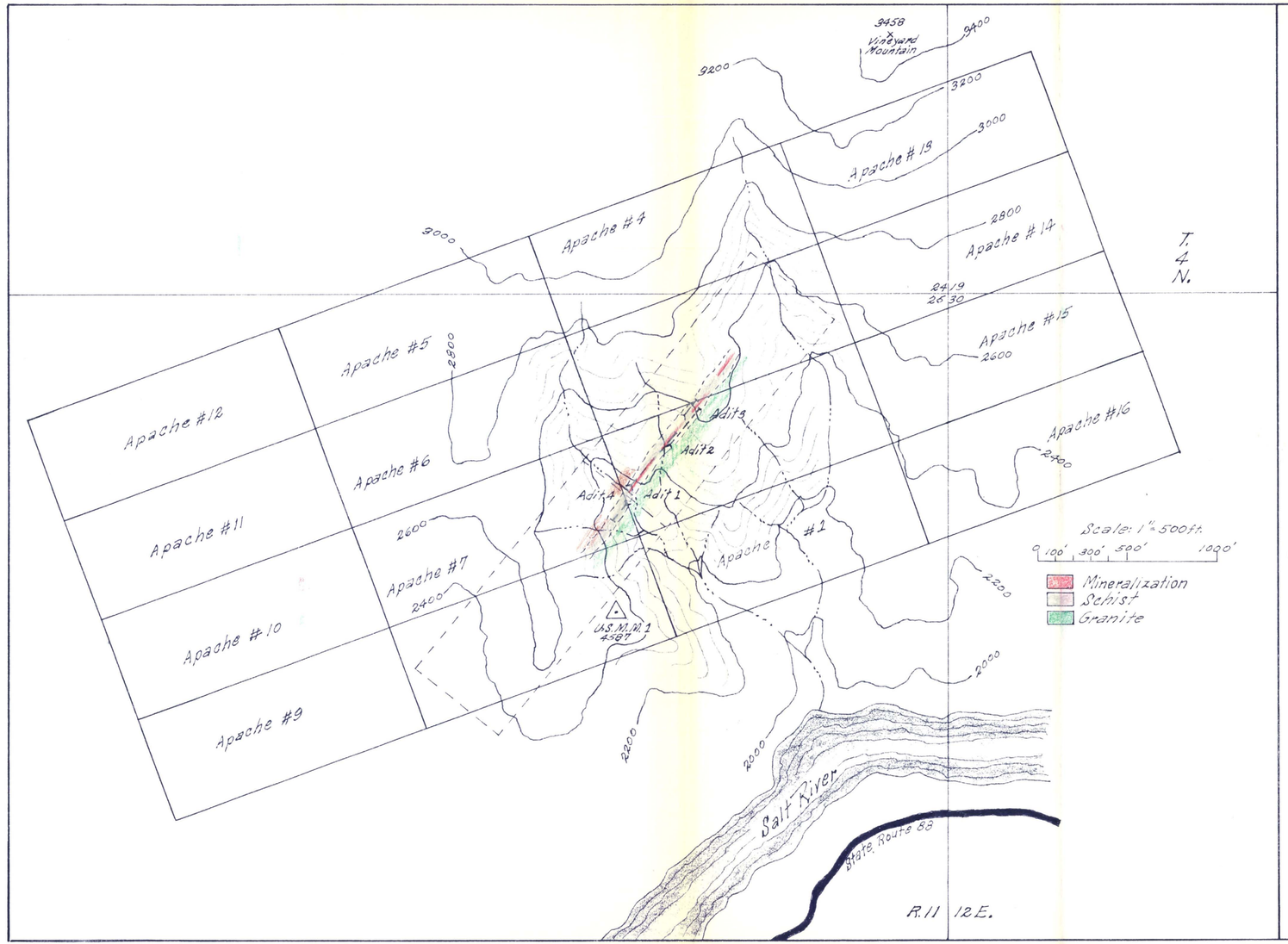
APACHE CLAIMS

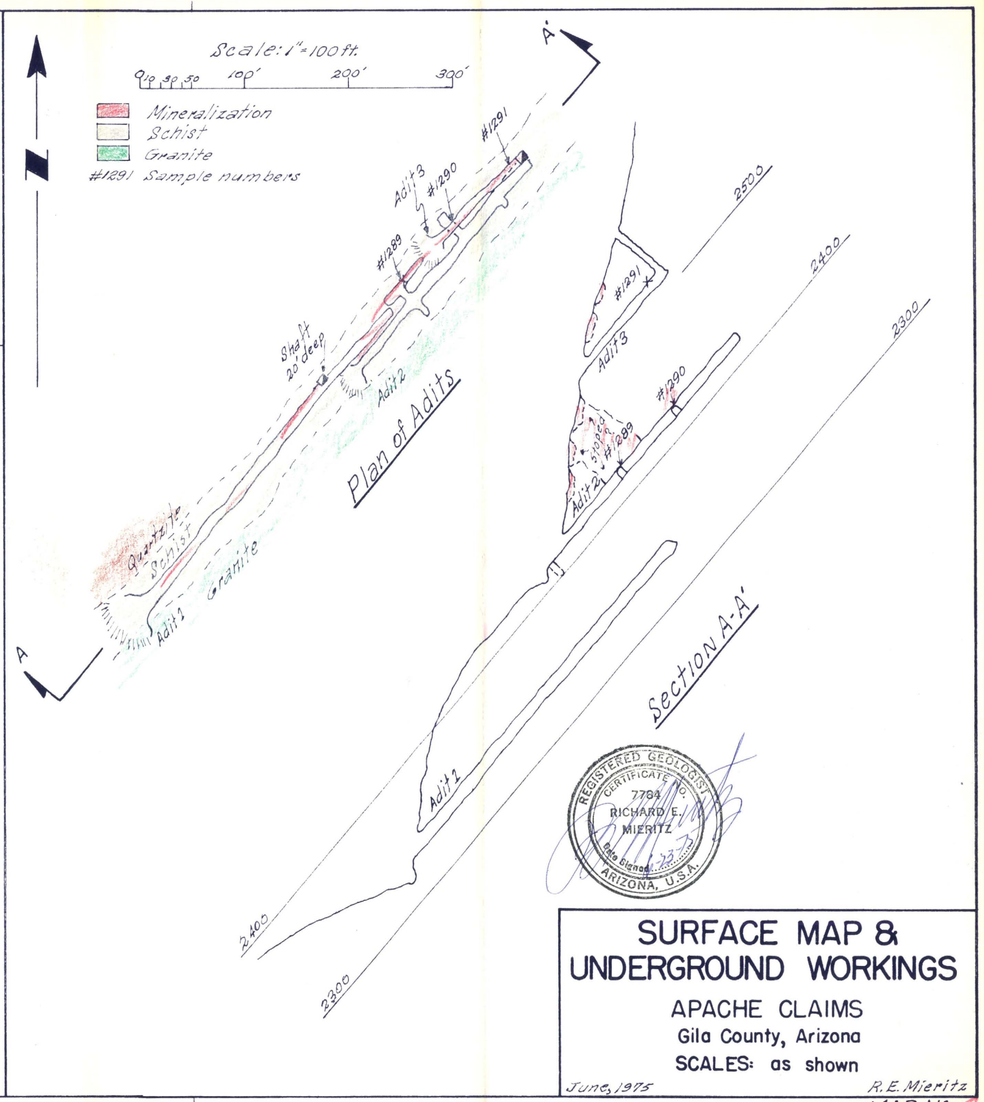
Gila County, Arizona

Scale: 1"= 1000 Ft.

June, 1975 R. E. Mieritz

MAP No 3





SURFACE MAP & UNDERGROUND WORKINGS

APACHE CLAIMS

Gila County, Arizona

SCALES: as shown

June, 1975

R.E. Mieritz

MAP Nº 4