



ASX ANNOUNCEMENT

25 SEPTEMBER, 2009

## **Apex to undertake \$109 million rights issue to eliminate debt and fund growth strategy**

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### **Highlights**

- **Renounceable nine-for-two rights issue at 4 cents per share, fully underwritten by Patersons Securities**
  - **One new quoted, 3 year option for every 10 new shares subscribed, exercisable at 6 cents**
  - **Raising will leave Apex debt-free with approximately \$40m cash to fund mine development plan and working capital**
  - **New diversified mine plan will see Apex producing from four independent underground zones by early 2010 rather than having to rely on just the one**
  - **From August, Apex has been producing from two zones with a third, independent zone, expected to be in production by the end of 2009**
  - **Production to rise to over 140,000 ounces a year**
  - **Buy back of all Senior Secured Notes at a 12% discount to face value**
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Apex Minerals NL (**ASX: AXM**) is undertaking a fully underwritten nine-for-two (9:2) renounceable rights issue to raise \$108.6 million at an offer price of 4 cents per share as part of a transaction which will leave the Company debt-free and on track to become a substantial mid-tier gold producer with annual production of over 140,000 ounces.

Approximately \$53 million of the proceeds will be used to repay Apex's senior secured notes, which represent all of the Company's senior secured debt. The repayment terms represent a 12 per cent discount to their face value.

A further \$23 million will be spent on mine development as part of a revised operating plan that will see Apex mining at four independent underground zones over the next six months, providing far greater production diversity than having just one zone in production as was the case until recently.

Approximately \$16 million will be available for working capital and \$10 million to repay a short term facility (see "Short Term Facility" section below). Apex's Managing Director Mark Ashley said the

rights issue and debt elimination would put Apex in a robust financial position and enable it to undertake the mine development which would underpin an increase in production to over 140,000 ounces a year.

“We have recruited some highly experienced technical personnel and resolved the operational issues which arose in the middle of the year,” Mr Ashley said. “The restructure will enable us to reap the benefits of this work by growing production and taking full advantage of the Company’s significant gold inventory.”

## **SUMMARY OF THE RIGHTS ISSUE**

The renounceable rights issue comprises nine (9) new shares for every two (2) existing shares held at 4 cents per share. For every 10 new shares subscribed for, investors will also receive 1 new option. The options shall have an exercise price of 6 cents per share and an expiry date of 3 years from their issue date. Apex will apply to list the options on the ASX. As the rights issue is renounceable, the rights can be transferred or sold.

The offer price of 4 cents per New Share represents a 59% discount to Apex’s closing price on 21 September 2009 prior to entering the trading halt.

The Offer is fully underwritten, subject to customary terms and conditions, by Patersons Securities Limited, which is acting as Lead Manager and Underwriter.

Apex is advised by Azure Capital as Corporate Adviser and Napier Legal as Legal Adviser.

Subsequent to the rights issue Apex will have approximately 3,318 million ordinary shares on issue (before the exercise of any options/warrants/partly paid shares).

Further details of the rights issue and the effects of the restructure on Apex, including key risks of the rights issue, are contained in an investor presentation posted on the Apex website and released to the ASX. Outlined below is a timetable of relevant events and dates relating to the rights issue. These dates are indicative only.

<b>Event</b>	<b>Proposed Date</b>
Prospectus and Appendix 3B lodged with ASX Notification sent to option holders	Wednesday, 30 September
Notice of Rights Issue sent to security holders	Friday, 2 October
Existing shares quoted on an ‘ex’ basis Rights start trading	Tuesday, 6 October
Record date	Monday, 12 October
Despatch of Rights Issue Documents to Eligible Shareholders Offer Period Opens	Friday, 16 October
Rights stop trading	Friday, 23 October
Offer Period Closes	Friday, 30 October
Shortfall Notice Deadline Date (notice of the Shortfall Securities and Certificate)	Wednesday, 4 November
Notification of under-subscriptions to ASX (if any)	Thursday, 5 November
Shortfall settlement date	Monday, 9 November
Shares issued Holding statements despatched Updated Appendix 3B lodged with ASX	Tuesday, 10 November
Commencement of trading of New Shares	Wednesday, 11 November

## **SUB-UNDERWRITING ARRANGEMENTS**

The rights issue is fully underwritten and the underwriter has agreed that the first \$50 million of any shortfall will be allocated to a group of priority sub-underwriters.

Strong support has been shown by key Apex stakeholders through their participation in sub-underwriting such a large portion of the rights issue via this priority pool.

The Senior Secured Noteholders have entered into an agreement to sub-underwrite half (\$25 million) of this priority pool and the balance is being sub-underwritten by other key stakeholders including Apex's Chairman.

The Senior Secured Noteholders have also agreed to sub-underwrite a further \$5 million of the remaining underwritten amount under the general sub-underwriting pool.

## **BUY BACK OF SENIOR SECURED NOTES**

Apex shall buy back from the Noteholders all 121 existing notes at a 12% discount to face value or A\$440,000 per Note for a total of A\$53.24 million and will issue the Noteholders 45 million Options (with the same terms as the options issued under the Rights Issue).

The warrants and gold upside participation notes that were issued with the notes will not be bought back.

## **SHORT TERM FINANCING**

Apex will, subject to the satisfaction of certain conditions, issue \$10 million of new Senior Secured Notes on a short term basis to fund working capital throughout the Rights Issue period. These notes will be bought back by Apex at their face value when the rights issue is completed.



**Mark Ashley**  
**Managing Director**

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