APEX MINERALS NL

ABN 22 098 612 974

Annual Report

30 June 2009

Contents

DIRECTORS' REPORT

The Directors present their report on the Company and its subsidiaries ("the Group") for the year ended 30 June 2009.

Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Mark Ashley – Managing Director
FCMA

Mr Mark Ashley is a Fellow of the Chartered Institute of Management Accountants and has over 20 years experience in the resources industry.

In 1992, Mr Ashley joined Forrestania Gold – which was subsequently acquired by LionOre in 1994 and was with the company through its emergence as a growing international nickel producer up until 31 March, 2006. Mr Ashley who was a board Director and CEO of its Australian operations, left LionOre at that time to run Apex Minerals.

Within the prior three years, Mark was a Non-Executive Director for ASX Listed company Tianshan Goldfields Limited (from 11 April 2006 and resigned 7 September 2006) and a Director of Metallica Minerals Limited (from 22 November 2006 and resigned 11 May 2009), also an ASX listed company. Mark was a Member of Council at the Curtin University of Technology and was also a member of the university's Finance Committee (from June 2006 and resigned 12th August 2008). Mark was the founding CEO of Kagara Limited (as a public listed company) and is currently one of its Non-Executive Directors.

Glenn Jardine – Operations Director – resigned 1 August 2009
BEng FAusIMM

Mr Glenn Jardine has over 20 years experience in the mining industry and most recently succeeded Mark Ashley as Managing Director of LionOre Mining International's Australian operations, where he also held roles including Chief Operating Officer and prior to that, General Manager, New Business and Project Manager. During his time with LionOre Australia, Mr Jardine oversaw the successful development of the Emily Ann, Maggie Hays and Waterloo nickel mines, leading teams whose work was subsequently recognised by the achievement of two separate major environmental awards.

Mr Jardine graduated with a BE Mining from the University of Queensland in 1984 and is a member of the Institute of Company Directors and a Fellow of the Aus IMM.

Within the prior three years, Mr Jardine has not been a director for any other public listed company.

Mark Bennett – Geology Director
B.Sc Ph.D MAusIMM FGS

Dr Mark Bennett is a geologist with over 21 years experience, predominantly in gold, nickel and base metal exploration and mining. He holds a B.Sc. in Mining Geology from the University of Leicester, and a Ph.D. from the University of Leeds, is a member of the Australasian Institute of Mining and Metallurgy and an elected Fellow of the Geological Society of London.

Dr Bennett has worked in Europe, West Africa, and Australia, and has spent much of his career working for WMC Resources and LionOre in Australia. Previous positions held include Exploration Manager and Chief Geologist, including periods at WMC's Kambalda Nickel Operations, Gold Fields' St.Ives Gold Mines, Forrestania Gold's Bounty Gold Mine, and WMC's Melbourne head office.

In 2002, Dr Bennett received the Association of Mining and Exploration Companies (AMEC) Prospector of the Year award in recognition of his contribution to the discovery of the Thunderbox gold and the Waterloo nickel deposits.

Dr Bennett has recently been appointed in August 2009 as director of Sirius Resources NL (formerly Croesus Mining NL).

Within the prior three years, Dr Bennett has not been a director of any other public listed company.

Stephen Lowe – Non Executive Director
B Bus (ECU), Grad Dip Adv Tax (UNSW), MTax (UNSW), FTIA, MAICD

Mr Stephen Lowe is a taxation specialist with over 15 years experience consulting to a wide range of corporate and private clients on a broad range of taxation issues including mining and international matters, GST and CGT. Mr Lowe is a director of ASX listed Sirius Resources NL (formerly Croesus Mining NL) and a director of the Perth based specialist taxation firm MKT – Taxation Advisors, Mr Lowe resigned from this position in August 2009 to take on a full-time role with The Creasy Group. His qualifications include a Bachelor of Business, Post-Graduate Diploma in Advanced Taxation and a Master of Taxation from the University of New South Wales. Steve is a Fellow of the Taxation Institute of Australia and a Member of the Australian Institute of Company Directors.

Within the prior three years, Mr Lowe has not been a director of any other public listed company.

Kim Robinson – Non Executive Chairman
B.Sc (Geology)

Mr Kim Robinson is a founding Director of Kagara Limited and its current Executive Chairman. Mr Robinson graduated from the University of Western Australia in 1973 with a degree in Geology and has 36 years experience in the minerals exploration and mining industries, including 10 years as Executive Chairman of Forrestania Gold NL. Mr Robinson is also the Non–Executive Chairman of Carbon Energy Limited.

Within the prior three years, Mr Robinson has not been a director of any other public listed company.

Todd Bennett – Non Executive Director

Mr Todd Bennett is the Managing Director of AMB Holdings, a private investment company associated with the Bennett family. Mr Bennett oversees the management of a broad portfolio of assets, which includes a significant share in the Rhodes Ridge Iron Ore project in the Pilbara, and AMB's strategic relationships with the Rio Tinto Group. Mr Bennett holds an MBA from The University of Western Australia (UWA) and is also an Executive Director of unlisted Finance and Energy Exchange (FEX) a premium provider of energy and financial derivatives with a focus on Asia.

Within the prior three years, Mr Bennett has not been a director of any other public listed company.

Company Secretary

Graham Anderson – resigned 21st April 2009
BBus CA

Mr Graham Anderson is a graduate of Curtin University and has over 20 years commercial experience as a Chartered Accountant. He operates his own specialist accounting and management consultancy practise, providing a range of corporate advisory services to both public and private companies. From 1990 to 1997 he was an audit partner at Duesburys and from 1997 to 1999 he was an audit partner at Howath Perth. He is currently Director and Company Secretary of APA Financial Services Limited, Dynasty Metals Limited and Company Secretary of Catapla Resources Ltd, Iron Road Limited, Westonia Mines Limited and Mamba Minerals Limited.

Mr Anderson resigned as Company Secretary of the Company on 21 April 2009.

Anna Neuling – appointed 21st April 2009
BSc ACA(ICAEW)

Ms Anna Neuling is a Chartered Accountant (UK) and joined Apex in July 2007, having previously gained several years mining company experience in senior financial roles both within industry and in professional practice. Prior to joining the company she held roles with LionOre Australia and prior to that with Deloitte (in London and Perth). Anna has a degree in Mathematics from Newcastle University in the UK and is a member of the Institute of Chartered Accountants of England and Wales.

DIRECTORS' REPORT (continued)

Principal Activities

The principal activity of the Group during the financial year was mining and production of gold and exploration of mineral resources.

Results

The consolidated loss for the year after income tax was $133,595,000 (2008 $60,406,000).

Operating Review

- **Wiluna** commenced development on 1 July 2008 and began open pit and underground mining in October 2008. The plant was commissioned in December 2008 with the ramp up phase following through to the 31 March 2009 and the first gold pour for the Group occurred in December 2008. On 1 April 2009, the Group officially commenced production.

- The **Wiluna Gold Project** is located 1,000 kilometres northeast of Perth, Western Australia and comprises granted mining leases covering approximately 50 square kilometres, as well as miscellaneous licences. The operation includes a 1Mtpa processing facility, a BIOX ® bacterial oxidation plant, along with other established infrastructure owned by the Company and has access to the Goldfields Gas Pipeline. Gold at Wiluna occurs in two main fault structures, the East Lode and West Lode, to a depth of 1,000 metres below surface. It is estimated that only 50% of the known extent of these lodes has been tested by systematic exploration drilling, with much of this carried out at very broad drill spacing. The Directors believe that significant potential exists for the delineation of additional resources resulting in an increase in the life of mine. The Company intends to recommence a vigorous drilling program at Wiluna with the dual aim of infill drilling known resources to the indicated category and drilling around previous known intercepts to delineate additional resources.

- The **Gidgee Project** is located 640 kilometres northeast of Perth and covers 70 kilometres of strike of the Gum Creek greenstone belt. The Project is located close to existing developments and includes a 600,000tpa gold treatment plant (not in operation), a 150-man camp and has significant exploration upside. It is expected that underground mining at the rate of approximately 150,000 tpa, 300,000 tpa at 7g/t from the Wilsons deposit will be trucked to Wiluna. The Company is expecting to develop Wilsons.

- The **Youanmi Project** is located 480 km northeast of Perth, Western Australia and covers 40 kilometres of strike of the Youanmi shear zone. It also has significant potential exploration upside. The Project includes a 600,000tpa process facility (not in operation) which includes a 270,000tpa sulphide flotation plant and a BacTech bacterial oxidation treatment plant capable of treating the gold concentrate. No production from Youanmi is envisaged as part of the current Wiluna mining and processing plan at this time.

- The **Aphrodite Gold Project**, located 65 kilometres north of Kalgoorlie and covering 51 square kilometres of the Bardoc Tectonic Zone, comprising a refractory gold deposit with a JORC compliant Inferred Resource of 1.44 million tonnes @ 6.2 g/t for 287,000 ounces of gold as well as a significant inventory of unclassified gold mineralisation, from Barrick (PD) Australia Limited.

Significant Changes in the State of Affairs

During the financial year Apex entered into a Subscription Agreement with Goldman Sachs JB Were Pty Ltd to issue $58.5 million in a package of Senior Secured Notes (Secured Notes), together with detachable Warrants (Warrants) and detachable Gold Upside Participation Notes (GUP Notes). A further tranche totalling $2 million was issued by the Company to Mr Kim Robinson, the Chairman of the Company, which was approved by the Company's shareholders at an Annual General Meeting on 24 November 2008.

The Group commenced commissioning the Wiluna plant in November 2008 and reached commercial operation in April 2009.

Apex during the financial year has raised $38,283,000 less capital raising costs of $3,024,000 on the issue of 166,042,662 shares.

In June 2009, Apex entered into an agreement with Mark Creasy to spin off WA nickel assets into Sirius Resources NL (formerly Croesus Mining NL) to create a nickel exploration focussed company. The completion of the transaction took place on 31 August 2009.

Other than the above there were no significant changes in the state of affairs of the Company during the financial year, not otherwise disclosed in the attached financial report.

DIRECTORS' REPORT (continued)

Likely Developments

The Group will continue to mine for gold, develop, explore and assess its mineral projects and will also consider new projects that could provide growth for shareholders.

Further information on the likely developments and expected results of operations of the Group have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Dividends

No dividends have been paid during the year and the Directors have not recommended that any dividend be paid.

Events Subsequent to Reporting Date

Sirius Transaction

On 9 June 2009, Apex entered into an arrangement with Mark Creasy to spin off nickel assets into Sirius Resources (formerly Croesus Mining NL) to create a nickel exploration based company. This arrangement was for Apex to transfer its nickel assets to Sirius for a consideration of a cash payment of $1,000,000 with shares of 66,666,667 at $0.085 cents each and 600,000,000 options at a strike price of $0.03 cents each. The sale was approved by a meeting of Croesus shareholders on 17 August 2009 and completion of this transaction occurred on 31 August 2009.

Share Placement

The Company entered into a non-renounceable rights issue on 18 May 2009 for 70,969,369 shares at $0.20 each. Applications closed on 18 June 2009 and 23,521,106 shares were issued with the remaining shares underwritten by Legend Mining Ltd and Azure Capital of 15,000,000 and 32,448,263 (totalling 47,448,263) shares respectively. The 47,448,263 shares were issued on 3 July 2009 and the amount of $9.2 million will be transferred from liabilities to share capital as at that date.

Gold put options

The Company sold all of its gold put options in August and September 2009. The total number of options sold was 113,848 ounces and funds received were $3,190,620. The carrying value of these options as at 30 June 2009 was $3,996,000.

Aphrodite transaction

On 24 September 2009, it was announced that the Group has entered into an agreement to sell its Aphrodite exploration tenements. The consideration is $5 million cash ($0.5 million deposit with the balance to be paid at completion), 11 million shares and 5.5 million options in Aphrodite Gold Ltd (AGL). It is proposed that AGL will be funded by seed capital in November 2009 and listed on the ASX in early 2010.

Funding

On 25 September 2009, it was announced that the Group 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. Approximately $53 million of the proceeds will be used to repay the Company's senior secured notes, representing a full extinguishment of the Notes. The repayment terms represent a 12 per cent discount to their face value. The remaining funds will be available for working capital, mine development and $10 million to repay a short term facility.

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

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. 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.

DIRECTORS' REPORT (continued)

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 in September 2008 with the notes will not be bought back.

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 repaid by Apex at their face value when the rights issue is completed.

Subsequent to the cash receipts, share issues and debt repayment, the Company will have proforma net assets of $90 million as shown in the Prospectus.

Options Issued

On 18 July 2008, the Company issued 1,000,000 options exercisable at $0.70 expiring on 18 July 2013.

On 2 October 2008, the Company issued 50,000 options exercisable at $0.50 expiring on 1 October 2013 pursuant to the Company's Employee Share Option Plan.

On 2 December 2008, the Company issued to a Director of the Company, Todd Bennett, 750,000 unlisted options exercisable at $0.70 expiring on 1 December 2013 pursuant to a resolution of shareholders at general meeting held on 24 November 2008.

On 30 January 2009, the Company issued to a Borrower of the Company, Yandal Investments Pty Ltd, 2,500,000 unlisted options exercisable at $0.30 expiring 29 January 2012 pursuant to a Facility agreement between the Company and Yandal Investments Pty Ltd.

On 10 February 2009, the Company issued 2,480,000 options exercisable at $0.45 expiring on 9 February 2014 pursuant to the Company's Employee Share Option Plan.

On 22 June 2009, the Company issued 3,445,000 options exercisable at $0.30 expiring on 21 June 2014 pursuant to the Company's Employee Share Option Plan.

No options were exercised during the year. No options were granted subsequent to 30 June 2009.

Directors' Interests

The relevant interest of each director in the shares, debentures, interests in registered schemes and rights or options over such instruments issued by the companies within the Group and other related bodies corporate, as notified by the directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

		Apex Minerals NL	
		Fully Paid Shares	**Options**
M Ashley	Direct	2,884,000	-
	Indirect	14,291,000	2,500,000
M Bennett	Direct	-	-
	Indirect	1,497,414	2,850,000
G Jardine	Direct	2,623,668	2,850,000
	Indirect	-	-
K Robinson	Direct	5,250,000	1,300,000
	Indirect	800,000	-
S Lowe	Direct	-	800,000
	Indirect	233,696	-
T Bennett	Direct	402,334	750,000
	Indirect	-	-

DIRECTORS’ REPORT (continued)

Meetings of Directors

The following table sets out the number of meetings of the Company’s Directors held during the year ended 30 June 2009.

There were a total of 8 Directors’ Meetings were held during the year.

Director	Number Eligible to Attend	Number Attended
M Ashley	8	8
M Bennett	8	8
G Jardine	8	8
K Robinson	8	3
S Lowe	8	7
T Bennett	8	8

Audit Committee Meetings

The following table sets out the number of audit committee meetings of the Company’s Directors held during the year ended 30 June 2009.

There was a total of 1 audit committee meeting held during the year.

Director	Number Eligible to Attend	Number Attended
M Ashley	1	1
M Bennett	1	1
G Jardine	1	1
K Robinson	1	-
S Lowe	1	1
T Bennett	1	1

Remuneration Committee Meetings

A remuneration committee has been formed during the financial year ending 30 June 2009 however no meetings were held.

Remuneration Report (Audited)

Details of key management personnel (including the five highest executives of the Company and the Group):

- Mark Ashley – Managing Director
- Mark Bennett – Exploration Director
- Glenn Jardine – Operations Director (resigned 1 August 2009)
- Kim Robinson – Non Executive Director and Chairman
- Stephen Lowe – Non Executive Director
- Todd Bennett – Non Executive Director
- Grant Brock – Chief Operating Officer (resigned 31 July 2009)
- Graham Anderson – Company Secretary (resigned on 21 April 2009)
- Anna Neuling – Chief Financial Officer and Company Secretary (appointed on 21 April 2009 as Company Secretary)
- Rod Jacobs – General Manager (appointed on 8 June 2009)
- Mike Walsh – Chief Engineer
- William Dix – Exploration Manager

Directors' and Executives Emoluments

Remuneration and other terms of employment of executives, including executive directors, are reviewed periodically by the Remuneration Committee having regard to performance, relevant comparative information and, where necessary, independent expert advice. Remuneration packages which can include bonuses are set at levels that are intended to attract and retain executives capable of managing the Company's operations.

Bonuses are paid at the discretion of the Remuneration Committee and currently are not directly linked to any key performance indicators. No bonuses were paid during the 2009 year.

The terms of engagement and remuneration of executive directors is reviewed periodically by the Remuneration Committee, with recommendations being made by the non-executive director. Where the remuneration of a particular executive director is to be considered, the director concerned does not participate in the discussion or decision-making.

The policy of the Company is to pay remuneration of directors and senior executives in cash and options and are in amounts in line with employment market conditions relevant in the mining industry. Minor amounts of employee fringe benefits in the form of employee meals and entertainment are provided as a part of the executives' way of conducting business.
The Company's performance, and hence that of its directors and executives, is measured in terms of:
(i) Company share price growth;
(ii) Cash raised;
(iii) Operational performance including occupational health and safety standards; and
(iv) Exploration carried out.

The remuneration review during the year ended 30 June 2009 took place in December 2008 at which time the Board was responsible for reviewing the remuneration of the executives including executive directors. The Remuneration Committee was formed subsequent to the last review and will be responsible for the periodic review on an ongoing basis.

Fixed compensation

Fixed compensation consists of base compensation (which is calculated on total cost basis and includes any FBT charges related to employee benefits including motor vehicles), as well as employer contributions to superannuation funds.
Compensation levels are reviewed annually by the Remuneration Committee with consideration given to individual and overall Group performance. A senior executive's compensation is also reviewed on promotion.

Performance linked compensation

Performance linked compensation includes both short-term and long-term incentives, and is designed to reward key management personnel for meeting or exceeding financial and personal objectives. The short-term incentive (STI) is a bonus provided in the form of cash while the long-term incentive (LTI) is provided as options.

Short-term incentive bonus

The Remuneration Committee may occasionally offer separate short-term incentives to key management personnel to ensure that key employees remain outcome-oriented. Incentives are set based on defined performance targets, usually on a project-based scenario. Using such targets ensures bonuses are only paid when value has been created for shareholders and when results are consistent with the strategic plans of the Company.

Long-term incentive

The Company provides long-term incentives to directors, executive and employees in the form of share options in the Company. These incentives are designed to align the interests of shareholders, directors, executives and employees. Issues can be made by shareholder resolution or under the Company's Employee Share Options Plan (ESOP). Under the ESOP, executives and other staff may be invited by the Remuneration Committee to subscribe for share options of the Company. Once approved by the Remuneration Committee, the options are issued in the name of the participants but are subject to a restriction on exercise for periods of up to three years (from date of issue) reflecting the period of service to be provided to the Company.

Consequences of performance of shareholders wealth

In thousands AUD	**2009**	**2008**	**2007**	**2006**	**2005**
(Loss) attributable to members of the parent entity	(133,595)	(60,406)	(5,906)	(1,728)	(1,194)
Share price at start of year	0.58	0.89	0.28	0.10	0.17
Share price at end of year	0.16	0.60	0.89	0.28	0.09
Dividends	-	-	-	-	-
Basic earnings/(loss per share) cents	(31.41)	(19.01)	(3.69)	(3.02)	(3.01)
Fully diluted earnings /(loss) per share (cents)	(31.41)	(19.01)	(3.69)	(3.02)	(3.01)

Given the nature of an exploration and producing mining company, the Company has historically not judged performance by financial measures but by operational aims such as safety, environmental and production.

DIRECTORS’ REPORT (continued)

The emoluments of each Director and Key Management Personnel were as follows:

	Short term employee benefits				Post employment benefits		Share based payments (i)			
	Salary and Directors’ Fees	Bonuses	Other Services	Non-Monetary Benefits	Superannuation	Retirement Benefit	Options	Total	Percentage of remuneration by options	Proportion of remuneration performance related %
	$	$	$	$	$	$	$	$	%	%
Director										
M Ashley										
2009	300,000	-	-	-	27,000	-	198,444	525,444	38%	38%
2008	300,000	100,000	-	31,720	36,000	-	400,357	868,077	46%	58%
M Bennett										
2009	350,000	-	-	17,033	31,500	-	284,311	682,844	42%	42%
2008	304,167	100,000	-	34,525	36,375	-	415,178	890,245	47%	58%
G Jardine										
2009	350,000	-	-	-	31,500	-	498,296	879,796	57%	57%
2008	304,167	100,000	-	-	36,375	-	517,059	957,601	54%	64%
K Robinson										
2009	45,000	-	-	-	4,050	-	118,236	167,286	71%	71%
2008	45,628	-	-	-	6,665	-	225,019	277,312	81%	81%
S Lowe										
2009	49,212	-	-	-	-	-	115,286	164,497	70%	70%
2008	36,002	-	-	-	1,620	-	171,032	208,654	82%	82%
T Bennett										
2009	47,756	-	-	-	4,298	-	22,295	74,349	30%	30%
2008	-	-	-	-	-	-	-	-	0%	0%
Total										
2009	1,141,968	-	-	17,033	98,348	-	1,236,868	2,494,216	50%	50%
2008	989,964	300,000	-	66,245	117,035	-	1,728,645	3,201,889	54%	63%
Key Executives										
G Anderson										
2009	-	-	66,000 (ii)	-	-	-	31,332	97,332	32%	32%
2008	-	-	66,000	-	-	-	32,823	98,823	33%	33%
G Brock										
2009	300,000	-	-	-	27,000	-	112,654	439,654	26%	26%
2008	137,820	-	-	-	2,250	-	3,086	143,156	2%	2%
A Neuling										
2009	166,654	-	-	10,088	16,425	-	80,732	273,898	29%	29%
2008	146,154	20,000	-	6,725	14,602	-	66,855	254,337	26%	34%
R Jacobs										
2009	23,077	-	-	-	2,077	-	603	25,757	2%	2%
2008	-	-	-	-	-	-	-	-	0%	0%
M Walsh										
2009	232,436	-	-	-	20,919	-	10,356	263,711	4%	4%
2008	-	-	-	-	-	-	-	-	0%	0%
W Dix										
2009	170,000	-	-	13,549	15,300	-	77,366	276,215	28%	28%
2008	157,500	30,000	-	25,326	16,875	-	173,576	403,277	43%	50%
Total										
2009	892,167	-	66,000	23,637	81,721		313,043	1,376,567	23%	23%
2008	441,474	50,000	66,000	32,051	33,727	-	276,340	899,593	31%	36%

(i) The fair value of the options is calculated at the date of grant using the Black Scholes pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options recognised in this reporting period.

(ii) Graham Anderson’s company secretarial fees for the financial year ending 30 June 2009.

Employment Benefits

The details of the executive employment contracts are as follows:

The Managing Director, Mark Ashley, current employment contract was for an initial 3 year period that commenced on 18 April 2006 and on 17 April 2009. Upon the expiration of the term of the agreement, the Executive's appointment continued on the same terms Under the terms of the present contract:

- Mr Ashley will be paid a minimum remuneration package of $300,000p.a. base salary plus superannuation. The Company will also provide a motor vehicle to the value of $65,000 and will be responsible for costs associated with the maintenance, licensing, running of and repairs to the vehicle together with any fringe benefits tax payable in relation to the vehicle.
- The Company may terminate this agreement by not less than three months' notice in writing if the Executive becomes incapacitated by illness or accident for an accumulated period of three months or the Company is advised by an independent medical officer that the Executive's health has deteriorated to a degree that it is advisable for the Executive to leave the Company. On termination on notice by the Company, the Company is obliged to pay the Executive a six month service fee.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. On termination with cause, the Executive is not entitled to any payment.

The Exploration Director, Mark Bennett, current employment contract was for an initial 3 year period that commenced on 9 May 2006 and ended on 8 May 2009. Upon the expiration of the term of the agreement, the Executive's appointment continued on the same terms. Under the terms of the present contract:

- Mr Bennett will be paid a minimum remuneration package of $350,000p.a. base salary plus superannuation. The Company will also provide a motor vehicle to the value of $65,000 and will be responsible for costs associated with the maintenance, licensing, running of and repairs to the vehicle together with any fringe benefits tax payable in relation to the vehicle.
- The Company may terminate this agreement by not less than three months' notice in writing if the Executive becomes incapacitated by illness or accident for an accumulated period of three months or the Company is advised by an independent medical officer that the Executive's health has deteriorated to a degree that it is advisable for the Executive to leave the Company. On termination on notice by the Company, the Company is obliged to pay the Executive a six month service fee.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. On termination with cause, the Executive is not entitled to any payment.

The Operations Director, Glenn Jardine, employment contract was a contract that commenced on 31 May 2007 and terminated on 1 August 2009 upon resignation. The terms of the contract were:

- Mr Jardine was paid a minimum remuneration package of $350,000p.a. base salary plus superannuation.
- The Company may terminate this agreement by not less than three months' notice in writing if the Executive becomes incapacitated by illness or accident for an accumulated period of three months or the Company is advised by an independent medical officer that the Executive's health has deteriorated to a degree that it is advisable for the Executive to leave the Company. On termination on notice by the Company, the Company is obliged to pay the Executive a six month service fee.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. On termination with cause, the Executive is not entitled to any payment.

The Chief Operating Officer, Grant Brock, commenced with the Company on a Contractor Agreement between the 29 January 2008 and 31 July 2009. Mr Brock's employment contract was a contract that commenced on the 1 June 2008 and terminated on 31 July 2009. The terms of the contract were:

- Mr Brock was paid a minimum remuneration package of $300,000p.a. base salary plus superannuation. Mr Brock was entitled to claim reimbursement of costs associated with running his own vehicle including; fuel, insurance, registration, servicing, parking and other incidentals.
- Either party may terminate this agreement by not less than one months' notice in writing.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. On termination of employment, all property in possession or under control must be returned to the Company immediately.

The Chief Financial Officer and Company Secretary, Anna Neuling, employment contract commenced on the 30 July 2007. Under the terms of the present contract:

- Ms Neuling will be paid a minimum remuneration package of $200,000p.a. base salary plus superannuation.
- Either party may terminate this agreement by not less than three months' notice in writing. In event of a redundancy, the notice period is extended to six months.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. On termination of employment, all property in possession or under control must be returned to the Company immediately.

The General Manager Wiluna, Rod Jacobs, employment contract commenced on 8 June 2009. Under the terms of the present contract:

- Mr Jacobs will be paid a minimum remuneration package of $300,000p.a. base salary plus superannuation.
- Either party may terminate this agreement by not less than one months' notice in writing.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. On termination of employment, all property in possession or under control must be returned to the Company immediately.

The Chief Mining Engineer, Mike Walsh, was previously the Mining Manager from 8 July 2008 and General Manager from 3 November 2008 to 8 June 2009. Under the terms of his present contract are as follows:

- Mr Walsh will be paid a minimum remuneration package of $245,000p.a. base salary plus superannuation.
- The Company may terminate this agreement by not less than one months' notice in writing.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. On termination of employment, all property in possession or under control must be returned to the Company immediately.

The Exploration Manager, William Dix, employment contract commenced on the 7th of May 2006. Under the terms of the present contract:

- Mr Dix will be paid a minimum remuneration package of $175,000p.a. base salary plus superannuation. The Company will also provide a motor vehicle to the value of $65,000 and will be responsible for costs associated with the maintenance, licensing, running of and repairs to the vehicle together with any fringe benefits tax payable in relation to the vehicle.
- The Company may terminate this agreement by not less than three months' notice in writing if the Executive becomes incapacitated by illness or accident for an accumulated period of three months or the Company is advised by an independent medical officer that the Executive's health has deteriorated to a degree that it is advisable for the Executive to leave the Company. On termination on notice by the Company, the Company is obliged to pay the Executive a six month service fee.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. On termination with cause, the Executive is not entitled to any payment.

DIRECTORS' REPORT (continued)

Share based payments

The Group has a share option scheme for executives and employees of the Group. Each employee share option converts into one ordinary share of Apex Minerals NL on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends or voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The following table summarises the value of options granted, exercised or lapsed during the annual reporting period to the identified directors and executives:

2009

	Granted in year	Value of options exercised in year	Lapsed in year
	$	$	$
Directors			
Mark Ashley	-	-	-
Mark Bennett	-	-	-
Glenn Jardine	-	-	-
Kim Robinson	-	-	-
Stephen Lowe	-	-	-
Todd Bennett	105,000	-	-
Key executives			
Graham Anderson	-	-	-
Grant Brock	-	-	-
Anna Neuling	-	-	-
Rod Jacobs	55,000	-	-
Mike Walsh	54,000	-	-
William Dix	-	-	-
	214,000	-	-

2008

	Granted in year	Value of options exercised in year	Lapsed in year
	$	$	$
Directors			
Mark Ashley	382,300	-	-
Mark Bennett	553,800	-	-
Glenn Jardine	936,100	-	-
Kim Robinson	229,380	-	-
Stephen Lowe	229,380	-	-
Key executives			
Graham Anderson	-	-	-
Grant Brock	150,000	-	-
Anna Neuling	161,400	-	-
William Dix	18,000	-	-
	2,660,360	-	-

DIRECTORS' REPORT (continued)

The terms of conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

	Series	Number	Issue Date	Grant Date	Expiry Date	Exercise Price	Fair value at Grant Date	Vested No.	Vested No. %
2009									
Directors									
Todd Bennett	23	750,000	2/12/2008	2/12/2008	1/12/2013	0.70	0.14	-	-
Key executives									
Rod Jacobs	26	500,000	22/06/2009	22/06/2009	21/06/2014	0.30	0.11	-	-
Mike Walsh	25	300,000	10/02/2009	10/02/2009	9/02/2014	0.45	0.18	-	-
2008									
Directors									
Mark Ashley	12	500,000	18/07/2007	18/07/2007	1/06/2012	0.65	0.76	-	-
Mark Bennett	12	500,000	18/07/2007	18/07/2007	1/06/2012	0.65	0.76	-	-
Glenn Jardine	12	1,000,000	18/07/2007	18/07/2007	1/06/2012	0.65	0.76	-	-
Kim Robinson	12	300,000	18/07/2007	18/07/2007	1/06/2012	0.65	0.76	-	-
Stephen Lowe	12	300,000	18/07/2007	18/07/2007	1/06/2012	0.65	0.76	-	-
Mark Bennett	18	350,000	28/04/2008	28/04/2008	27/04/2013	1.30	0.49	-	-
Glenn Jardine	18	350,000	28/04/2008	28/04/2008	27/04/2013	1.30	0.49	-	-
Key executives									
Anna Neuling	13	200,000	31/07/2007	31/07/2007	30/7/2012	1.00	0.72	-	-
Anna Neuling	19	40,000	12/05/2008	12/05/2008	11/05/2013	1.30	0.45	-	-
William Dix	19	40,000	12/05/2008	12/05/2008	11/05/2013	1.30	0.45	-	-
Grant Brock	20	500,000	20/06/2008	20/06/2008	19/06/2013	1.30	0.30	-	-

All of the options above vest two years after the date of issue. The expense is spread over the two year vesting period with $379,656 to be expensed in the year ended 30 June 2010 and $73,603 the year ended 30 June 2011.

None of the options issued in prior years or current year were forfeited in this financial year ended 2009.

DIRECTORS’ REPORT (continued)

Options were priced using a Black Scholes option pricing model using the inputs below.

	Series 12	Series 13	Series 18	Series 19	Series 20	Series 23	Series 25	Series 26
Grant Date Share price ($)	1.06	1.10	0.88	0.83	0.62	0.30	0.29	0.18
Exercise Price ($)	0.65	1.00	1.30	1.30	1.30	0.70	0.45	0.30
Expected volatility	70%	70%	70%	70%	70%	75%	85%	85%
Option life	1/06/2012	30/07/2012	27/04/2013	11/05/2013	19/06/2013	1/12/2013	9/2/2014	21/06/2014
Dividend yield	0%	0%	0%	0%	0%	0%	0%	0%
Interest rate	6.28%	6.27%	7.25%	7.25%	7.25%	4.25%	3.25%	3.25%

- **Directors' Benefits**

Since the date of the last Directors' Report, no director of the Company has received, or become entitled to receive, (other than a remuneration benefit included in Note 30 to the financial statements), a benefit because of a contract that:

(a) The director; or

(b) A firm of which the director is a member; or

(c) an entity in which the director has a substantial financial interest, has made (during the year ended 30 June 2009, or at any other time) with

(i) The Company; or

(ii) an entity that the Company controlled, or a body corporate that was related to the Company, when the contract was made or when the director received, or became entitled to receive, the benefit (if any).

- **Share Options**

Options granted to Directors and officers of the Company

During and subsequent to year ended 30 June 2009 the following options have been issued to directors and executives as part of their remuneration:

	Number of Options issued pre 30 June 2009	Number of Options issued post 30 June 2009	Total
Director			
Mark Ashley	2,500,000	-	2,500,000
Mark Bennett	2,850,000	-	2,850,000
Glenn Jardine	2,850,000	-	2,850,000
Kim Robinson	1,300,000	-	1,300,000
Stephen John Lowe	800,000	-	800,000
Todd Bennett	750,000	-	750,000
Key executives			
Graham Anderson	200,000	-	200,000
Grant Brock	500,000	-	500,000
Anna Neuling	240,000	-	240,000
Rod Jacobs	500,000	-	500,000
Mike Walsh	300,000	-	300,000
William Dix	1,440,000	-	1,440,000

Shares issued on exercise of options

During the year no shares have been issued from the exercise of options.

DIRECTORS' REPORT (continued)

Options outstanding

There are 32,086,000 options outstanding as at the date of this report.

Number of issue	Exercise Price $	Expiry Date
1,500,000	0.20	3 July 2011
7,200,000	0.14	20 July 2011
250,000	0.30	17 August 2011
250,000	0.35	14 September 2011
300,000	0.20	31 May 2009
500,000	0.35	1 November 2011
1,000,000	0.35	1 November 2011
275,000	0.45	30 November 2011
300,000	0.45	30 November 2011
2,825,000	0.65	1 June 2012
2,600,000	0.65	1 June 2012
1,525,000	1.00	30 July 2012
200,000	1.30	15 October 2012
200,000	1.30	30 October 2012
200,000	1.30	11 November 2012
50,000	1.60	10 January 2013
700,000	1.30	27 April 2013
1,556,000	1.30	11 May 2013
550,000	1.30	19 June 2013
1,000,000	0.70	18 July 2013
50,000	0.50	2 October 2013
750,000	0.70	1 December 2013
2,500,000	0.30	29 January 2012
2,360,000	0.45	9 February 2014
3,445,000	0.30	22 June 2014

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any other related body corporate or in the interest issue of any other registered scheme. No options have been exercised during or subsequent to year end.

Environmental Regulation

The Group's operations are subject to significant environmental regulations under both Commonwealth and State legislation in relation to its mineral exploration activities. At the date of this report the Group is not aware of any breach of those environmental requirements.

Directors' Insurance

During the year, the Company has paid a premium in respect of a contract insuring the directors of the Company (as named above) against liabilities incurred as such a director to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company during the financial year has indemnified Anna Neuling as an officer and Todd Bennett as non executive director. The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an auditor of the Company or of any related body corporate against a liability incurred as such an auditor.

DIRECTORS' REPORT (continued)

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the highest principles of corporate governance. The Company's corporate governance statement is contained in the Corporate Governance section on pages 16 to 20.

Auditor's Independence

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 76.

Non-Audit Services

During the year KPMG, the Group's auditor, did not perform any other services in addition to their statutory duties.

Rounding off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of the Directors.

Dated at Perth this 30th day of September 2009.

Mark Ashley
Managing Director

CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for corporate governance of the Company and its controlled entities (‘Group’ and ‘Company’). The Board considers good corporate governance a matter of high importance. In reviewing the corporate governance structure of the Company, the Board has reviewed and considered the Australian Securities Exchange (ASX) Corporate Governance Council’s second edition Corporate Governance Principles and Recommendations (ASX Principles and Recommendations). The Company aspires to follow the ASX Principles and Recommendations for listed companies.

Where the Company’s corporate governance practices do not correlate with the practices recommended by the ASX Corporate Governance Council it is because the Board does not consider it practical or necessary to implement those principles due to the size and nature of its operations.

Set out below are the fundamental corporate governance practices of the Company.

1. The Board Lays Solid Foundations for Management and Oversight

Role of the Board

The Board’s role is to govern the Company. The Board delegates to management the day to day management of the operations of the Company’s business. In governing the Company, the Directors must act in the best interests of the Company as a whole. Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company. In addition, it is the intention that Non-Executive Directors receive formal letters of appointment setting out the key terms, conditions, responsibilities and expectations of their appointment.

Responsibilities of the Board

In general, the Board is ultimately responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company. The Board delegates authority to senior executives to carry out delegated duties in support of the objectives of the Company.

The Board has established the following committees to assist it in discharging its functions:

- Audit & Corporate Governance Committee; and
- Remuneration Committee.

The Board’s key responsibilities are:

- oversight of the operation of the Group including establishing, reviewing and changing corporate strategies;
- ensuring that appropriate internal control, reporting, risk management and compliance frameworks are in place;
- appointing, removing, reviewing and monitoring the performance of the Managing Director to whom the Board have delegated the day to day management of the Group;
- assessing the necessary competencies of the Board, review of Board succession plans, development of a process for evaluation of the Board and the appointment and re-election of Directors;
- approval of the annual report (including the financial statements), the budget and the business plan of the Group;
- regular review (at least monthly) of the Group’s performance against the budget and the business plan;
- approving material contractual arrangements including all major investments and strategic commitments;
- making decisions concerning the Group’s capital structure, the issue of any new securities and the dividend policy;
- establishing and monitoring appropriate committees of the Board;
- reporting to shareholders; and
- ensuring the Company’s compliance with all legal requirements including the ASX Listing Rules.

Board responsibilities are set out in the Company’s Board Charter which is available on the Company’s website under “Corporate Governance”.

The Board holds regular meetings and Directors’ attendance at meetings is set out on page 6 of this Annual Report.

It is the role of senior executives to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

Performance Review/Evaluation

Senior Executive's performance is to be reviewed annually, with performance appraised by the Managing Director, and reviewed in detail by the Remuneration Committee. Performance reviews were undertaken during the financial year pursuant to this process.

2. The Board is Structured to Add Value

At the date of this report, the Board comprises five Directors, two of which are Executive Directors. The Company has a Managing Director, Mark Ashley, who is a shareholder of the Company. Mr Ashley's appointment as Managing Director is based on his strong understanding and experience in the mining industry. His role is strongly supported by the presence of four other Directors' strengths, abilities and knowledge of the Company and mining industry. Mr Mark Bennett is an Executive Director and holds the title, Geology Director. The remaining three Directors, Mr Kim Robinson (Chairman of the Board), Mr Stephen Lowe and Mr Todd Bennett are Non-Executive Directors.

In appointing Directors, the Board must ensure that any candidate has the appropriate range of skills, experience and expertise that will best complement Board effectiveness. The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. It is the approach and attitude of each Non-Executive Director which is critical to determining independence and this must be considered in relation to each Director, while taking into account all other relevant factors including those set out in the Board Charter. The Chairman is a Non-Executive Director and there is a clear division of responsibility between the Chairman and the Managing Director. The Board believes that all give Directors are not independent in consideration of the ASX Principles and Recommendations' guidelines. However, all incumbent Directors bring an independent judgment to bear in Board deliberations and the current representation is considered appropriate for the Company's size and nature of its operations.

The skills and experience of each Director and their term of office as at the date of this Annual Report is set out on pages 1 to 2 of this Annual Report.

The Board assesses the necessary competencies of the Board, reviews Board succession plans, and develops policies and processes for evaluation of the Board and the nomination, appointment and re-election of Directors. These responsibilities, as set out in the Board Charter, are carried out by the Board rather than a separate nomination committee given the Company's size and nature of operations.

Independent Professional Advice and Access to Information

Each Director has the right of access to all the Company's information and to the Company's executives. Further, each Director and the Board collectively has the right to seek independent professional advice from a suitably qualified advisor, at the Company's expense, to assist them to carry out their responsibilities. Where appropriate, a copy of this advice is to be made available to all other members of the Board.

Performance Review/Evaluation

The Board and Committees review their performance after each meeting by informal discussion. In addition, a collective self-assessment of the Board and individual Directors was undertaken during the year. The Board considered that a separate review of the committees was not necessary as there is common membership of the Board and committees.

3. The Board Promotes Ethical and Responsible Decision Making

Code of Conduct

As part of its commitment to recognising its legal obligations and the legitimate interests of stakeholders, the Company has an established Board Code of Conduct to guide compliance with legal, ethical and other obligations to legitimate stakeholders and the practices necessary to maintain the company's integrity. In addition, the Company has a number of internal policies and operating procedures aimed at providing guidance to Directors, senior executives, management and employees on the standards of personal and corporate behaviour required of the Group's personnel. Also, the policies provide guidance to assist dealing with business issues in a manner that is consistent with the Company's responsibilities to legitimate stakeholders and the responsibility and accountability required of the Company's personnel for reporting and investigating unethical practices.

A copy of the Board Code of Conduct is available on the Company's website under "Corporate Governance".

Trading in Apex Shares

The Company has established a Directors and Executives Dealing in Shares Policy for the Directors, senior executives and employees of the Company which is appropriate for a company whose shares are admitted to trading on the ASX.

A copy of the Directors and Executives Dealing in Shares Policy is available on the Company's website under "Corporate Governance".

4. The Board Safeguards Integrity in Financial Reporting

Audit and Corporate Governance Committee

The Board has established an Audit and Corporate Governance Committee to assist the Board. The responsibilities of the Committee are set out in a formal charter approved by the Board. This Charter is available on the Company's website under "Corporate Governance".

The Audit and Corporate Governance Committee consists of the five Directors of the Board and therefore the Committee's composition is not as recommended by the ASX's Corporate Governance Principles and Recommendations. The Committee consists of Executive Directors and the majority of Directors are not independent. However, the composition is considered appropriate given the size and nature of the Company's operations. The Chairman of the Audit and Corporate Governance Committee is Todd Bennett and he is not the Chairman of the Board.

The Committee members are responsible for ensuring:

- the system of internal control, which management has established, safeguards the assets of the economic entity;
- accounting records are properly maintained in accordance with statutory requirements;
- financial information provided to shareholders is accurate and reliable; and
- the external audit function is effective.

The Committee is responsible for the appointment of the external auditor and ensures that the incumbent firm (and the responsible service team) has suitable qualifications and experience to conduct an effective audit. The external audit partner will be required to rotate every five balance dates in accordance with Clerp 9 requirements.

The Committee meets to review the half-year and annual results of the Group, and to review the audit process, and those representations made by management in support of monitoring the Group's commitment to integrity in financial reporting.

Details of the members of the Audit and Corporate Governance Committee and their attendance at Committee meetings are set out in on page 6 of this Annual Report.

5. The Board Makes Timely and Balanced Disclosure

The Company's Continuous Disclosure Policy is that shareholders are informed of all major developments that impact on the Company. The Company treats its continuous disclosure obligations seriously and has a number of internal operating policies (including the Code of Conduct referred to above) that are designed to promote responsible decision-making and timely and balanced disclosure in compliance with ASX Listing Rules. The Board is ultimately responsible and accountable for ensuring compliance by senior executives, management and employees of the Company with the Company's policies and therefore requires that senior executives, management and employees have an up to date understanding of ASX Listing Rule requirements. The Company also ensures that the Directors and senior executives obtain timely and appropriate external advice where necessary.

A summary of the Continuous Disclosure Policy is available on the Company's website under "Corporate Governance".

6. The Board Respects the Rights of Shareholders

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights, by promoting effective communication with shareholders and encouraging shareholder participation at annual general meetings, the Company has established a Shareholder Communications Policy which is available on the Company's website under "Corporate Governance".

CORPORATE GOVERNANCE STATEMENT (continued)

7. The Board Recognises and Manages Risk

The Company is committed to the identification, monitoring and management of material business risks of its activities. The Board reviews the control systems and policies of the Company in relation to risk management on an ongoing basis and maintains a diagrammatic representation of the key operating and control systems of the company. The Board reviews key matters of material business risk management and ensures appropriate measures are in place to protect the assets of the Company including the security of its software, the security of its premises and the appropriate provisioning of insurance policies. In addition, management provides specific advice or recommendations to the Board regarding the existence and status of business risks that the Company faces.

The Audit & Corporate Governance Committee's Charter includes risk management and its responsibilities are set out in the Charter available on the Company's website under "Corporate Governance". Regular monitoring of material business risks and risk management is conducted by this committee and any material business risks are reviewed by the Board.

The Board has in place policies that aim to manage specific risks that have been identified. The Company's personnel are responsible for adhering to these policies as part of the risk management process. Further, the Board is aiming to develop an overall policy for the over seeing the management of material business risks consistent with the Company's present and future stages of development. The Board assumes ultimate responsibility for overseeing management of material business risks and satisfies itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control to manage the Company's material business risks.

The Board requires management to report whether material business risks are being managed effectively. Management provides reports to the Board through the Audit & Corporate Governance Committee. However, except for assurances from the Managing Director and the Chief Financial Officer in relation to financial reporting risks, the Board has not received a report from management on whether the company's material business risks are being managed effectively because the Company is in the process of developing its risk management framework. However, the aim is to implement risk management reporting on a periodic basis, management to ensure that it designs and implements an appropriate risk management system, and then be in a position to report as to the effectiveness of the Company's management of material business risks going forward.

Attestations by the Managing Director and Chief Financial Officer

In accordance with Recommendation 7.3 of the ASX Corporate Governance Principles and Recommendations, the Managing Director and Chief Financial Officer have stated to the Board:

That:

- the statement given in accordance with section 295A of the Corporations Act, is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects in relation to financial reporting risks.

8. The Board Remunerates Fairly and Responsibly

The Board has established a Remuneration Committee to assist the Board. The responsibilities of the Remuneration Committee are set out in a formal Charter approved by the Board and available on the Company's website under "Corporate Governance".

The Remuneration Committee monitors and reviews the performance of the Managing Director, senior executives and management. The Remuneration Committee receives regular updates of the performance of the Group. The Remuneration Committee also has responsibility for ensuring that the Company:

- has coherent remuneration policies and practices to attract and retain executives and Directors who will create value for shareholders;
- observes those remuneration policies and practices; and
- fairly and responsibly reward senior executives having regard to the performance of the Group, the performance of the senior executives and the general remuneration environment.

CORPORATE GOVERNANCE STATEMENT (continued)

The Remuneration Committee consists of the five Directors of the Board. The Chairman of the Remuneration Committee is Mr Kim Robinson, who is also Chairman of the Board, and its composition is not comprised of a majority of independent Directors as recommended in the ASX Principles and Recommendations. However, the composition is considered appropriate to effectively undertake the Remuneration Committee's responsibilities and external assistance and advice, as required, is sought to assist in determining appropriate levels of remuneration for the Directors of the Company.

Directors and senior executives are not permitted to enter into transactions with securities (or any derivative thereof) which limit the economic risk of any unvested entitlements awarded under any equity-based remuneration scheme currently in operation or which will be offered by the Company in the future. However, Directors and senior executives will consult with the Chairman if they are considering, or if they are not sure, as to whether entering into transactions may limit the economic risk of unvested entitlements they may have.

Further details of the remuneration structure of the Executive Directors, Non-executive Directors and senior executives' remuneration are set out in the Remuneration Report on pages 6 to 13 of this Annual Report.

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Balance sheets

As at 30 June 2009

In thousands of AUD	*Note*	Consolidated 2009	Consolidated 2008	Company 2009	Company 2008
Assets					
Cash and cash equivalents	*27a*	10,320	38,909	9,324	38,008
Trade and other receivables	*11*	5,136	2,786	1,634	305
Inventories	*12*	15,852	1,972	-	-
Derivative assets	*15*	1,264	-	1,264	-
Assets available for sale	*13*	308	859	308	494
Assets held for sale	*17*	7,442	-	-	-
Total current assets		40,322	44,526	12,530	38,807
Other receivables	*11*	1,774	667	53,284	51,959
Other financial assets	*14*	-	-	1,038	514
Derivative assets	*15*	2,732	-	2,732	-
Property, plant and equipment	*16*	104,730	76,187	658	350
Exploration and evaluation	*17*	11,753	19,195	-	-
Deferred tax assets	*10*	-	-	1,501	279
Total non-current assets		120,989	96,049	59,213	53,102
Total assets		161,311	140,575	71,743	91,909
Liabilities					
Trade and other payables	*18*	44,925	12,305	17,294	2,281
Loans and borrowings	*19*	6,750	17	-	-
Derivative liabilities	*20*	6,531	-	6,531	-
Provisions	*21*	1,456	471	423	276
Deferred Consideration	*26*	3,000	3,000	-	-
Total current liabilities		62,662	15,793	24,248	2,557
Trade and other payables	*18*	9	21	-	
Loans and borrowings	*19*	46,488	69	27,519	-
Derivatives liabilities	*20*	18,069	-	18,069	-
Provision	*21*	30,033	29,722	-	-
Total non-current liabilities		94,599	29,812	45,588	-
Total liabilities		157,261	45,605	69,836	2,557
Net assets		4,050	94,970	1,907	89,352
Equity					
Share capital	*22*	198,226	162,967	198,226	162,967
Reserves	*22*	11,940	4,524	11,940	4,539
Retained earnings	*24*	(206,116)	(72,521)	(208,259)	(78,154)
Total equity		4,050	94,970	1,907	89,352

The notes on pages 27 to 71 are an integral part of these consolidated financial statements.

Income statements

For the year ended 30 June 2009

In thousands of AUD	*Note*	Consolidated 2009	Consolidated 2008	Company 2009	Company 2008
Sales Revenue		29,891	-	-	-
Cost of sales before depreciation and amortisation		(28,595)	-	-	-
Depreciation and amortisation		(24,560)	-	-	-
Gross loss		(23,264)	-	-	-
Other income/(loss)	7	(359)	837	(448)	836
Marketing expenses		(97)	(96)	(97)	(96)
Occupancy expenses		(716)	(199)	(716)	(193)
Share based payments		(3,023)	(3,456)	(2,499)	(2,942)
Administrative expenses		(5,260)	(4,749)	(5,203)	(4,610)
Exploration expensed		(9,740)	(54,134)	(6)	(185)
Impairment losses		(69,711)	-	(100,548)	(58,833)
Other expenses		(559)	-	(558)	-
Loss from operating activities		(112,729)	(61,797)	(110,075)	(66,023)
Finance income	8	10,719	2,025	10,587	1,834
Finance expenses	8	(31,585)	(634)	(31,839)	-
Net finance expense		(20,866)	1,391	(21,252)	1,834
Loss before income tax		(133,595)	(60,406)	(131,327)	(64,189)
Income tax attributable to operating loss	10	-	-	1,222	279
Loss for the year		(133,595)	(60,406)	(130,105)	(63,910)
Earnings per share:					
Basic and diluted loss per share (AUD) - cents	23	(31.41)	(19.01)		

The notes on pages 27 to 71 are an integral part of these consolidated financial statements.

Statements of changes in equity

For the year ended 30 June 2009

Consolidated
In thousands of AUD

	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Available For Sale Reserve	Warrants Reserve	Total Equity
Balance at 1 July 2007	24,081	(12,115)	1,276	700	-	13,942
Issue of share capital	145,570	-	-	-	-	145,570
Capital raising costs	(6,684)	-	-	-	-	(6,684)
Issue of share based payments	-	-	3,456	-	-	3,456
Revaluation to fair value	-	-	-	(618)	-	(618)
Transfer to income statement on sale of investment	-	-	-	(290)	-	(290)
Loss for the year	-	(60,406)	-	-	-	(60,406)
Balance at 30 June 2008	162,967	(72,521)	4,732	(208)	-	94,970
Total recognised income and expense	-	(60,406)	-	(908)	-	(61,314)
Balance at 1 July 2008	162,967	(72,521)	4,732	(208)	-	94,970
Issue of share capital	38,283	-	-	-	-	38,283
Capital raising costs	(3,024)	-	-	-	-	(3,024)
Issue of share based payments	-	-	3,473	-	-	3,473
Net unrealised gain for the year	-	-	-	-	-	-
Revaluation to fair value	-	-	-	135	-	135
Impairment of available-for-sale investments	-	-	-	284	-	284
Transfer to income statement on sale of investment	-	-	-	(76)	-	(76)
Issue of warrants	-	-	-	-	3,600	3,600
Loss for the year	-	(133,595)	-	-	-	(133,595)
Balance at 30 June 2009	198,226	(206,116)	8,205	135	3,600	4,050
Total recognised income and expense	-	(133,595)	-	343	-	(133,252)

The notes on pages 27 to 71 are an integral part of these consolidated financial statements.

Statements of changes in equity (continued)

For the year ended 30 June 2009

Company

In thousands of AUD

	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Available For Sale Reserve	Warrants Reserve	Total Equity
Balance at 1 July 2007	24,081	(14,244)	1,276	821	-	11,934
Issue of share capital	145,570	-	-	-	-	145,570
Capital raising costs	(6,684)	-	-	-	-	(6,684)
Issue of share based payments	-	-	3,456	-	-	3,456
Revaluation to fair value	-	-	-	(724)	-	(724)
Transfer to income statement on sale of investment	-	-	-	(290)	-	(290)
Loss for the year	-	(63,910)	-	-	-	(63,910)
Balance at 30 June 2008	162,967	(78,154)	4,732	(193)	-	89,352
Total recognised income and expense	-	(63,910)	-	(1,014)	-	(64,924)
Balance at 1 July 2008	162,967	(78,154)	4,732	(193)	-	89,352
Issue of share capital	38,283	-	-	-	-	38,283
Capital raising costs	(3,024)	-	-	-	-	(3,024)
Issue of share based payments	-	-	3,473	-	-	3,473
Exercise of options	-	-	-	-	-	-
Revaluation to fair value	-	-	-	135	-	135
Impairment of available-for-sale investments	-	-	-	193	-	193
Issue of warrants	-	-	-	-	3,600	3,600
Loss for the year	-	(130,105)	-	-	-	(130,105)
Balance at 30 June 2009	198,226	(208,259)	8,205	135	3,600	1,907
Total recognised income and expense	-	(130,105)	-	328	-	(129,777)

The notes on pages 27 to 71 are an integral part of these consolidated financial statements.

Statements of cash flows

For the year ended 30 June 2009

In thousands of AUD	*Note*	Consolidated 2009	Consolidated 2008	Company 2009	Company 2008
Cash flows from operating activities					
Cash receipts from customers		29,891	512	-	-
Cash paid to suppliers and employees		(38,504)	(53,089)	(6,240)	(4,477)
Interest paid		(7,769)	(494)	(7,070)	(3)
Interest received		1,109	1,751	980	1,597
Net cash from (used in) operating activities	*27b*	(15,273)	(51,320)	(12,330)	(2,883)
Cash flows from investing activities					
Proceeds on available for sale financial assets		277	398	-	398
Payments for available for sale financial assets		(850)	(53)	(850)	(53)
Proceeds from sale of fixed assets		2,006	4	57	-
Payments for property, plant and equipment		(56,182)	(1,293)	(505)	(262)
Payments for mine properties		(46,401)	(1,238)	-	-
Payments for hedging instruments		(13,554)	-	(13,554)	-
Proceeds from sale of hedging instruments		942	-	942	-
Payments for acquisitions of gold projects and related costs		-	(30,148)	-	-
Amounts advanced to subsidiaries		-	-	(105,827)	(82,574)
Net cash from (used in) investing activities		(113,762)	(32,330)	(119,737)	(82,491)
Cash flows from financing activities					
Proceeds from issue of share capital		47,485	117,570	47,485	117,570
Payments for capital raising costs		(2,171)	(7,401)	(2,171)	(7,401)
Proceeds from the issue of Notes, GUP Notes and Warrants		60,500	-	60,500	-
Payments for finance transaction costs		(4,190)	-	(4,190)	-
Net payments for cash backed guarantees		(475)	(215)	(357)	(31)
Repayment of Gold Participation Notes		(1,884)	-	(1,884)	-
Repayment of finance lease liabilities		(2,819)	(659)	-	-
Proceeds from borrowings		4,000	-	4,000	-
Net cash from (used in) financing activities		100,446	109,295	103,383	110,138
Net increase (decrease) in cash and cash equivalents		(28,589)	25,645	(28,684)	24,764
Cash and cash equivalents at 1 July		38,909	13,264	38,008	13,244
Cash and cash equivalents at 30 June	*27a*	10,320	38,909	9,324	38,008

The notes on pages 27 to 71 are an integral part of these consolidated financial statements.

Index notes to the financial statements

Notes to the financial statements

1. Reporting entity

Apex Minerals NL (the "Company") is a company domiciled in Australia. The address of the Company's registered office is Level 1, 10 Ord Street, West Perth WA 6005. The consolidated financial statements of the Company as at and for the year ended 30 June 2009 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities. The Group primarily is involved in the exploration and mining of minerals (see note 6).

2. Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the Group and the financial report of the Company comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the Board of Directors on 30 September 2009.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value
- financial instruments at fair value through profit or loss are measured at fair value
- available-for-sale financial assets are measured at fair value

The methods used to measure fair values are discussed further in note 4.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of subsidiaries within the Group.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Units of production method

The Group applied the units of production method of amortisation of its life of mine specific assets, which results in an amortisation charge prorportiation to the depletion of the anticipated remaining life of mine production. These calculations require the use of estimates and assumptions in relation to reserves and resources, metallurgy and the complexity of future capital development requirements; changes to these estimates and assumptions will impact the amortsiation charge in the income statement and asset carrying values.

Impairment of assets

The recoverable amount of each cash generating unit (CGU) is determined as the higher of value-in use and fair value of costs less to sell, in accordance with the Company's accounting policy. These calculations require the use of estimates. Value-in-use is generally determined as the present value of the esimtated future cash flows. Present values are determined using a risk adjusting discount rate appropriate to the risks inherent in the asset.

Notes to the financial statements

2. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

Impairment of assets (continued)

Future cash flow estimates are based on expected production volumes, the short and long term forecasts of the Australian dollar gold price, ore reserves and operating costs. Management is required to make these estimates and assumptions, which are subject to risk and uncertainty. As a result there is a possibility that changes in circumstances will alter these projections, which could impact on the recoverable amount of the assetes. In such circumstances some or all of the carrying value of the assets may be impaired, giving risk to an impairment charge in the income statement.

Rehabilitation and mine closure provisions

As set out in Note 3(n), the value of these provisions represents the discount value of the present obligations to restore, dismantle, and rehabilitate each site. Significant judgement is required in determining the provisions for mine rehabilitiation and closure as there are many transactions and other factors that will affect the ultimate costs necessary to rehabilitate the mine sites. The discounted value reflects a combination of management's best estimate of the cost of performing the work required, the timing of the cash flows and the discount rate.

A change in any, or a combination of, the key assumptions used to determine the provisions could have a material impact on the carrying value of the provisions (Note 21). The provision recognised for each site is reviewed at each reporting date and updated based on the facts and circumstances available at the time. Changes to the esimtated future costs for operating sites are recognised in the balance sheet by adjusting both the restoration and rehabilitation asset and provision.

Determination of mineral reserves and resources

The determination of reserves impacts the accounting for asset carrying values, depreciation and amortisation rates, deferred stripping costs and provisions for decommissioning and restoration. The Group uses the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 ('the JORC code') as a minium standard. The information on mineral resources and ore reserves were prepared by or under the supervision of Comptetent Persons as defined in the JORC code. The amounts presented are based on the mineral resources and ore reserves determined under the JORC code.

There are numerous uncertainties inherenet in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated.

Valuation of derivative instruments

As set out in Note 28, the Group values derivative instruments by an independent third party. The estimation of the fair value of the components of the derivative instruments requires judgement with respect to the appropriate valuation methodologies.

Other key assumptions of the framework that underpin the valuations performed are arbitrage free markets, complete and liquid markets, stationary lognormal share price return distribution, no trading costs or taxes, risk neutral probability framework, short selling is possible, continuous trading and perfectly divisible securities.

Measurement of share based payments

Share based payments are measured by the Group using the Black Scholes option model whereby an estimation is required for the volatility rate.

Leasing classification

The classification of leases to be finance or operating is based on management's review of the lease contracts entered into by the Group and in accordance with the requirements of AASB 117. For each contract, it is determined whether significant risks and rewards of ownership have transferred in a lease transaction.

2. Basis of preparation (continued)

(e) Going concern

The Group has incurred a loss during the year ended 2009 of $133,595,000 (2008:$60,406,000), has a working capital deficit of $22,340,000 (2008:$10,617,000 deficit) and has net assets as at 30 June 2009 of $4,050,000 (2008:$94,970,000). The results for the year and net asset position as at year end have been adversely affected by an impariment charge to the Wiluna assets of $69,711,000. The working capital deficit has been caused by operational issues at Wiluna including geotechnical issues, ramp up delays, higher than expected capital development and related costs.

As a result the Company and its directors have implemented a restructure plan to raise $108.6m in equity which will be used to buy back of the Senior Secured Notes at a 12% discount to face value totalling $53.2 million, with the remainder of the funding to be used for mine development and working capital.

The Company has executed an Underwriting Agreement with Patersons Securities Ltd ("Underwriter") for a fully underwriten 9 for 2 renounceable rights issue at $0.04 per share ("the Rights Issue"). The Right Issue is expected to be completed in early November 2009.

The Underwriter has procured sub-underwriting which is divided into two pools:

- Priority Pool: the priority pool shall receive the first $50 million of any shortfall
- General Sub-underwriting: any shortfall in excess of $50 million shall be subscribed by the general sub-underwriting pool

The shortfall shall be allocated among sub underwriters in each pool pro rata to their commitments. The Senior Secured Noteholders have entered into an agreement to sub-underwrite $25 million of the Priority Pool and $5 million of the General Sub-underwriting.

The Company has executed a Subscription Agreement which will result in the issue of $10 million of new Short Term Notes to provide funds for working capital throughout the Rights Issue period. The existing Senior Secured Noteholders have agreed to allow the Short Term Notes to rank pari passu with the existing Senior Secured Notes Funds and the proceeds are expected to be received subsequent to the lodgement of the Prospectus. The Short Term Notes will be re-purchased by the Company at their face value when the Rights Issue completes. The Short Term Noteholders have also entered into an agreement to sub-underwrite $10 million of the Priority Pool.

The fulfillment of the Underwriting Agreement is conditional upon certain termination events not occuring. The Directors believe these termination events are acceptable and market practice for underwriting agreements. The key termination events beyond the control of the Company are as follows:

- Indices fall - the All Ordinaries Index (XAO.ASX) as published by ASX is for 5 consecutive Business Days at or below 4,120 which is 12.5% lower than its respective level as at the close of business on the date of the Underwriting Agreement of 4,708;
- Gold Price - the AUD price of gold as at 5pm Western Australia time is for 5 consecutive Business Days at or below AUD $1,010.67 which is 12.5% lower than its price at 5pm Western Australia time at the date of the Underwriting Agreement being AUD $1,155.05 per ounce;
- Banking Facilities - the Company's bankers or lenders issue any demand or penalty notice that is not revoked or remedied within 48 hours by the Company in accordance with its terms or require material additional security for any existing facility;
- Exposure period - before midnight on the Exposure Date (being the end of the period referred to in section 727(3) of the Corporations Act) the ASIC notifies the Company of any deficiency of any kind in the Prospectus as lodged on the Lodgement Date or ASIC gives any notice, whether written or oral, to the Company extending (or further extending) the Exposure Date or giving notice of its intention to so extend;
- Litigation - litigation, arbitration, administrative or industrial proceedings are after the date of this Agreement commenced or threatened against any Relevant Company, other than any claims foreshadowed in the Prospectus;
- Event of Insolvency – an event of insolvency occurs in respect to a Group company;
- Adverse change - an event occurs which gives rise to any materially adverse change or development in the affairs of the Company including a prospective adverse change after the date of this Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;

2. Basis of preparation (continued)

(e) Going concern (continued)

- Change in Act or policy - there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- Change in shareholdings - there is a material change in the major or controlling shareholdings of a Relevant Company or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;
- Investigation - any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or a Related Company;
- Market Conditions - a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

The Underwriting Agreement also includes a number of procedural type conditions and termination events including regulatory approvals, which will need to fulfilled.

Not withstanding these conditions, the directors are confident that the Rights Issue will be completed. This will provide the Group with the necessary funding to complete capital development and working capital requirements. In this regard, a cashflow forecast has been prepared demonstrating a positive working capital position for the next 12 months. The cash flow forecast and the ability to recover the carrying value of property, plant and equipment and development assets is dependent upon the Group's ability to achieve its targets from the Wiluna and Wilsons mine particularly gold production, the AUD price of gold and operating costs. The Directors' are confident that Wiluna and Wilsons mine will achieve its production, costs and output forecasts and the funding allowing the Group to recover the carrying value of its assets and to meet its creditor obligations in the normal course of business and at the amounts stated in the financial report. Accordingly, the financial report has been prepared on a going concern basis.

Should the Group not be successful in achieving its forecasts, completing the Rights Issue or securing alternative funding, there may be a material uncertainty which may cast significant doubt as to the ability of the Group to realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

In the Company's financial statements, investments in subsidiaries are carried at cost.

(ii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Gains and losses are recognised when the contributed assets are consumed or sold by the equity accounted investees or, if not consumed or sold by the equity accounted investee, when the Group's interest in such entities is disposed of.

3. Significant accounting policies (continued)

(b) Revenue Recognition

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of the amount of goods and services tax ("GST") payable to the taxation authority. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, and the associated costs and possible return of goods can be estimated reliably there is no continuing management involved with the goods, and the amount of revenue can be measured reliably.

(i) Interest Income

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

(ii) Sale of gold

Revenue from the sale of gold is measured at fair value of the consideration received or receivable. Revenue is recognised when the significant risks and rewards of the ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimately reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

(c) Finance income and expense

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in profit or loss.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss.

(d) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes using the balance sheet method.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilise.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Notes to the financial statements

3. Significant accounting policies (continued)

(d) Income tax (continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax measured across the subsidiaries is under the stand-alone taxpayer approach where each subsidiary measures its deferred tax as if it continued to be a separable taxable entity in its own right. The entity also assesses the recovery of its unused tax losses and credits only in the period in which they arise, and before assumption by the parent entity in accordance with AASB 112 applied in its own circumstances, without regard to the circumstances of the tax-consolidated group. When recognising deferred taxes in the separate financial statements of each entity in the tax-consolidated group under this approach, temporary differences are measured by reference to the carrying amount of assets and liabilities in the entity's balance sheet and their tax bases applying under tax consolidation, as those are the only available tax bases. Therefore, consolidation adjustments to reflect business combinations or other transactions within the group are ignored. As a result, deferred taxes associated with these adjustments are recognised only on consolidation and not in the separate financial statements of an entity in the group under the stand-alone taxpayer approach.

(i) Tax consolidation

The Company and all its wholly owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Apex Minerals NL is the head in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary difference of the members of the tax-consolidated group are recognised in the separate financial statements of the of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

(ii) Nature of tax funding arrangements and tax sharing agreements

Entities within the tax-consolidated group have entered into a tax funding arrangement and tax sharing agreement with the head entity. Under terms of the tax funding arrangements, Apex Minerals NL and each of the entities in the tax consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax consolidated group.

The tax sharing agreement entered into between members of the tax consolidated group provides for the determination of the allocation of income tax liabilities between entities should the head entity default on its tax payment obligations or if an entity should leave the tax consolidated group. The effect of the tax sharing agreement is that each member's liability for tax payable by the tax consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

(iii) Deferred tax allocation

Tax expenses/income, deferred tax assets and deferred tax liabilities from temporary differences are recognised in the separate financial statements of the members of the tax consolidated group and are calculated using the stand-alone taxpayer approach. When recognising deferred taxes in the separate financial statements of each entity in the tax-consolidated group under this approach, temporary differences are measured by reference to the carrying amount of assets and liabilities in the entity's balance sheet and their tax bases applying under tax consolidation, as those are the only available tax bases. Therefore, consolidation adjustments to reflect business combinations or other transactions within the group are ignored. As a result, deferred taxes associated with these adjustments are recognised only on consolidation and not in the separate financial statements of an entity in the group under the stand-alone taxpayer approach.

3. Significant accounting policies (continued)

(e) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(f) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment (including those under finance lease) are measured at cost less accumulated depreciation/amortisation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. In the event of that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

The Group applies the units of production (UOP) method for depreciation of its life of mine specific assets, which results in a depreciation charge proportional to the depletion of the anticapted remaining life of mine production. These calculations require the use of estimates and assumptions in relation to reserves; changes to these estimates and assumptions will impact the amortisation charge in the income statement and asset carrying values.

Leased assets are depreciated over the same method.

3. Significant accounting policies (continued)

(h) Property, plant and equipment (continued)

(iii) Depreciation (continued)

The depreciation rates for the current and comparative periods are as follows:

	Method	2009	2008
Plant and equipment	UOP	12%	-
Mine properties (amortisation)	UOP	12%	-
Office equipment	Diminishing	22.5%	22.5%
Leasehold assets	Diminishing	20%	20%
Computer equipment and software	Diminishing	40%	40%

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(iv) Amortisation

In applying the units of production method for mine properties, amortisation is normally calculated using the quantity of material extracted from the mine in the period as a percentage of the total quantity of material to be extracted in current and future periods based on mineable reserves. The calculation includes consideration of appropriate estimates of the future costs to be incurred in developing the estimated economic reserve. Changes to mineable reserve are applied prospectively.

(v) Mine Properties

Mine properties represents the acquisition cost and/or accumulated exploration, evaluation, and development expenditure in respect of areas of interest in which mining has commenced.

Mine development costs are deferred until commercial production commences until such time that mine development is transferred to mine properties, at which time they are amortised on a unit-of-production basis over mineable reserves.

(vi) Gain and Losses

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within “other income” in profit or loss.

(i) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised on the Group’s balance sheet.

(j) Exploration and Evaluation

Exploration and evaluation costs are written off in the year they are incurred, apart from acquisition costs which are carried forward where right of tenure of the area of interest is current and the expenditure is expected to be recouped through sale or successful development and exploration of the area of interest.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised mine development.

3. Significant accounting policies (continued)

(j) Exploration and Evaluation (continued)

Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment annually in accordance with AASB 6. Where an impairment indicators exist, recoverable amounts of these assets will be estimated based on discounted cash flows from their associated cash generating units. The income statement will recognise expenses arising from excess of the carrying values of exploration and evaluation assets over the recoverable amounts of these assets.

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be reduced of value, accumulated costs carried forward are written off in the period in which that assessment is made. Each area of interest is reviewed at the end of each accounting period and accumulated costs are written off to the extent that they will not be recoverable in the future.

(k) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash generating unit is the smallest identifiable asset group that generate cash flows that largely are independent on other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the great of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value and using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(l) Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of the employee's services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for non-accumulating sick leave are recognised when the leave is taken a are measured at the rates paid or payable.

Notes to the financial statements

3. Significant accounting policies (continued)

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(n) Provision for restoration and rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of exploration, development and production activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of removing facilities , abandoning sites and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date.

The initial estimate of the restoration and rehabilitation provision relating to exploration, development and mining facilities is capitalised into the cost of the related asset and amortised on the same basis as the related asset.

Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the costs of the related asset.

(o) Financial instruments

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, ie., the date that the Group commits itself to purchase or sell the asset.

Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Available-for-sale financial assets

The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are directly recognised directly in a separate component of equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

3. Significant accounting policies (continued)

(o) Financial instruments (continued)

Financial assets at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and make purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

(p) Derivative financial instruments

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in the fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

Separable embedded derivatives

Changes in the fair value of separable embedded derivatives are recognised immediately in profit or loss.

(q) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects. Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

Warrants

Warrants are classified as a financial liability if the exercise price for conversion to ordinary shares can vary based on the associated factors. Warrants are initially recognised at fair value and subsequently recorded at fair value with movements in fair value recognised in the income statement. If the exercise price no longer varies, the balance is reclassifed to equity.

(r) Earnings per share

(i) Basic Earnings per Share

Basic earnings per share is determined by dividing the operating loss after income tax by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of partly paid shares or options outstanding during the financial year.

(s) Share based payment transactions

Equity settled transaction:

The Group provides benefits to employees (including senior executives) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There is currently a Employee Share Option Plan (ESOP), which provides benefits to employees. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date which they are granted.

Notes to the financial statements

3. Significant accounting policies (continued)

(s) Share based payment transactions (continued)

The Group has provided share based payments to facility lenders during the year and the cost of these equity-settled transactions is expensed in line with the period of the facility as a finance cost.

The Group has provides share based payments to consultants during the year and the cost of these equity-settled transactions is expensed in the same way as the ESOP.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Apex Minerals NL (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees come fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had been vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earning per share.

(t) Segment reporting

A segment is distinguishable component of the Group and the Compnay that is engaged either in providing related products or services (business segement), or in providing products and services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments.

The Company operates in the mining and exploration industry in Western Australia.

(u) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2009, but have not been applied preparing this financial report:

- Revised AASB 3 *Business Combinations* (2008) incorporates the following changes that are likely to be relevant to the Group's operations:
  - The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations
  - Contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss
  - Transaction costs, other than share and debt issue costs, will be expensed as incurred
  - Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss
  - Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

  Revised AASB 3, which becomes mandatory for the Group's 30 June 2010 financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Group's 2010 consolidated financial statement.

3. Significant accounting policies (continued)

(u) New standards and interpretations not yet adopted (continued)

- Amended AASB 127 *Consolidated and Separate Financial Statements* (2008) requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to AASB 127, which become mandatory for the Group's 30 June 2010 financial statements, are not expected to have a significant impact on the consolidated financial statements.
- AASB 8 *Operating Segments* introduces the "management approach" to segment reporting. AASB 8, which becomes mandatory for the Group's 30 June 2010 financial statements, will require a change in the presentation on and disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Currently the Company presents segment information in respect of its business and geographical segments (Note 6). The Group does not believe that the effects of the new standard will be significant as it operates in one segment.
- Revised AASB 101 *Presentation of Financial Statements (2007)* introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement) or, in an income statement and a separate statement of comprehensive income. Revised AASB 101, which becomes mandatory for the Group's 30 June 2010 financial statements, is expected to have a significant impact on the presentation of the consolidated financial statements. The Group plans to provide total comprehensive income in a single statement of comprehensive income in a single statement of comprehensive income for its 2010 consolidated financial statements.
- Revised AASB 123 *Borrowing Costs* removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised AASB 123 will become mandatory for the Group's 30 June 2010 financial statements and will constitute a change in accounting policy for the Group. In accordance with the transitional provisions the Group will apply the revised AASB 123 to qualifying assets for which capitalisation of borrowing costs commences on or after the effective date. The Group has not yet determined the potential affect of the revised standard on the Group's disclosures.
- AASB 2008-1 *Amendments to Australian Accounting Standard – Share-based Payment: Vesting Conditions and Cancellations* clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendments to AASB 2 will be mandatory for the Group's 30 June 2010 financial statements, with retrospective application. The Group has not yet determined the potential effect of the amendment.
- AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Process and 2008-6 Further Amendments to Australian Accounting Standards arising from The Annual Improvements Process affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Group's 30 June 2010 financial statements, are not expected to have any impact on the financial statements.
- AASB 2009-2 *Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments* comprise editorial changes resulting from the amendments to AASB 7 which require enhanced disclosures about fair value measurements and liquidity risk. The Group has not yet determined the potential affect of the revised standard on the Company's disclosures.
- AASB 2009-3 *Amendments to Australian Accounting Standards – Embedded Derivatives* require an entity to assess whether an embedded derivative is required to be separated from a host contract when the entity reclassifies a hybrid (combined) financial asset out of the fair value through profit or loss category; the assessment to be made on the basis of the circumstances that existed on the later date of:
  - (i) when the entity first because a party to the contract; and
  - (ii) a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract; and
  - (iii) if the fair value of an embedded derivative that would have to be separated cannot be reliably measured, the entire hybrid financial instrument must remain in the fair value through profit or loss category.

  The Group has not yet determined the potential affect of the revised standard on the Group's disclosures.

Notes to the financial statements

3. Significant accounting policies (continued)

(u) New standards and interpretations not yet adopted (continued)

- AASB 2009-4 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* affects AASB 2 – Share based Payment, AASB 138 – Intangible Assets, AASB Interpretation 9 – Reassessment of Embedded Derivatives and AASB Interpretation 16 – Hedges of Net Investment in Foreign Operations. The amendments, which become mandatory for the Group's 30 June 2010 financial statements, are not expected to have any impact on the financial statements.
- AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Group's 30 June 2010 financial statements, are not expected to have any impact on the financial statements.
- AASB 2009-6 *Amendments to Australian Accounting Standards* makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard makes additional amendments as a consequence of the issuance in September 2007 of a revised AASB 101. These amendments were omitted from or incorrectly stated in AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101. These amendments have no major impact on the requirements of the amended pronouncements.
- 2009-7 *Amendments to Australian Accounting Standards* affects amendments to AASB 5, AASB 7, AASB 139 and Interpretation 17 correct errors that occurred in AASB 2008-12 Amendments to Australian Accounting Standards – Reclassification of Financial Assets – Effective Date and Transition, AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners and Interpretation 17 itself. The other amendments reflect changes made by the IASB to its pronouncements. These editorial amendments have no major impact on the requirements of the amended pronouncements.

4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(ii) Derivatives

The fair value of derivative options, including the gold put options and the Gold Upside Participation options, are based on independent valuation reports using modelling with market data inputs. Fair values are determined by comparing the contracted rate to the current market rate for a contract with the same remaining period to maturity.

(iii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

(iv) Share-based payment transactions

The fair value of employee share options is measured using the Black and Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(v) Investments in equity securities

The fair value of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets is determined by reference to their quoted closing bid price at the reporting date.

5. Financial risk management

Overview

The Company and Group have exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk.

This note presents information about the Company's and Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Company and Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's and Group's activities.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Company's and Group's exposure to credit risk from it's financial assets on the balance sheet are generally at carrying value less any provisions for doubtful debts. There is little influence of demographics on the credit risk of the Company and Group including default risk of the industry and country.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows. Refer also to Note 2(e) of the financial statements.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group has minimal foreign currency risk as the Group's transactions are in Australian dollars including gold sales revenue.

Interest rate risk

The Group and Company are not materially exposed to interest rate risk. The Group's borrowing uses fixed interest rates.

Gold price

The Group is subject to Australian Dollar gold price risk in relation to payment on Gold Upside Participation Notes ("GUP") that were entered into as part of a financing arrangement. The GUPs require a payment to be made where the gold price exceeds the gold price exercise price of A$1,110 per ounce.

The downside exposure is managed by forwards and put options. The Group has implemented a hedging strategy as required by the senior debt financing, of adopting an Australian dollar gold price hedging program. The program includes a combination of forward sales (with a fixed commitment to deliver) and put options (where the Group has the right and not the obligation to deliver in the options).

The gold put options oustanding as at 30 June 2009 are 113,848 ounces through to June 2011. The gold put options give the company the right to sell its gold at prices ranging A$875 per ounce to A$1,050 per ounce. The Company has entered into forward contracts to deliver 43,982 ounces of gold through to December 2009 at a net average price of A$1,148.11 per ounce. These gold forward contracts do not meet the criteria of financial instruments for accounting purposes on the basis that it meets the normal sale/purchase exemption because physical gold is delivered into the contract. The fair value of the forward contracts as at 30 June 2009 was ($1,001,759).

Notes to the financial statements

5. Financial risk management (continued)

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern whilst maximising the return to stakeholders through the optimisation of the debt and equity balance. There are no external capital requirements placed on the Group. Refer also to Note 2(e) to the financial statements.

6. Segment reporting

The group operates predominantly in the mining and exploration of gold in Australia.

7. Other income

	Consolidated		Company	
In thousands of AUD	**2009**	**2008**	**2009**	**2008**
Other income	-	785	-	785
Reversal of gain/(loss) from equity on disposal of investments classified as available-for-sale	-	290	-	290
(Loss)/Profit from sale of investments classified as available for sale	(359)	(239)	(448)	(239)
(Loss)/Profit from sale of fixed assets	-	1	-	-
	(359)	837	(448)	836

8. Finance income and expense

Recognised in profit or loss

	Consolidated		Company	
In thousands of AUD	**2009**	**2008**	**2009**	**2008**
Finance income				
Interest revenue	873	2,025	741	1,834
Change in fair value of Warrants	9,846	-	9,846	-
	10,719	2,025	10,587	1,834
Finance expense				
Interest on guarantees	(910)	(473)	(210)	-
Interest on obligations under finance leases	(1,718)	(2)	-	-
Interest on Senior Secured Noted – effective interest method	(11,360)	-	(11,360)	-
Interest on working capital facility loan	(865)	-	(865)	-
Change in fair value of gold put options	(8,112)	-	(8,112)	-
Unwinding discount rate of rehabilitation provision	(1,514)	(159)	-	-
Change in fair value of GUP Notes	(317)	-	(317)	-
Payment of GUP Notes	(2,636)	-	(2,636)	-
Transaction costs in relation to financing	(2,598)	-	(2,598)	-
Impairment loss on available-for-sale assets	(1,555)	-	(1,364)	-
Hedging loss	-	-	(4,377)	-
	(31,585)	(634)	(31,839)	-
Net finance income and expense	(20,866)	1,391	(21,252)	1,834

9. Operating Loss

In thousands of AUD	Consolidated 2009	Consolidated 2008	Company 2009	Company 2008
Operating loss before income tax has been arrived at after charging the following items:				
Depreciation and amortisation of non-current assets	24,771	235	205	139
Impairment of non-current assets	69,711	131	-	131
Exploration expensed	9,740	54,134	6	185
Provision for non-recovery of loans to controlled entities	-	-	100,548	58,833

Cost of sales of $28,595,000 (2008:nil) includes non cash items such as stock pile impairments, provisions and prepayments and therefore does not represent cash costs.

10. Income tax

Recognised in the income statement

In thousands of AUD	Consolidated 2009	Consolidated 2008	Company 2009	Company 2008
Current tax				
Current year	-	-	-	-
Under/(Over) Provision for Prior Year	-	-	-	-
Deferred tax				
Origination and reversal of temporary differences	(2,735)	239	(1,245)	(147)
Under/(Over) Provision for Prior Year	2,735	(239)	23	(132)
Total income tax expense per income statement	-	-	(1,222)	(279)
Numerical reconciliation between tax expense and pre-tax net loss				
Net profit/(loss) before tax	(133,595)	(60,406)	(131,327)	(64,189)
Income tax expense/(benefit) on above at 30%	(40,079)	(18,122)	(39,398)	(19,257)
Increase in income tax due to tax effect of:				
Non-deductible expenses	1,178	1,170	1,003	1,011
Under/(Over) Provision for Prior Year	2,736	(239)	23	(132)
Loan impairment in subsidiaries	-	-	30,164	17,650
Exploration on acquisition of subsidiary	-	1,491	-	-
Movement in unrecognised temporary differences	14,303	1,602	-	-
Derecognition of previously recognised losses	-	320	-	320
Current year capital losses not recognised	31	56	-	56
Current year tax losses not recognised	22,377	14,628	7,536	822
Revaluations and transfers of investments from equity	92	(262)	88	(293)
Temporary differences in acquired subsidiaries	-	(188)	-	-
Deductible equity raising costs	(638)	(456)	(638)	(456)
Income tax expense attributable to entity	-	-	(1,222)	(279)

Notes to the financial statements

10. Income tax (continued)

	Consolidated		Company	
In thousands of AUD	**2009**	**2008**	**2009**	**2008**
Recognised deferred tax assets & liabilities				
Deferred tax assets & liabilities are attributable to the following:				
Assets				
Accruals & Provisions	3,074	850	515	327
Investments	294	-	294	-
Provision for Rehabilitation	8,938	8,917	-	-
Mine Development	343	451	-	-
Property, Plant & Equipment	-	39	-	39
Previously expensed borrowing costs	676	-	676	-
Previously expensed blackhole costs	18	13	18	13
Other	48	-	-	-
Deferred Tax Assets	13,391	10,270	1,503	379
Liabilities				
Prepayments	-	(1)	-	-
Investments	-	(24)	-	(27)
Exploration	(5,758)	(1,490)	-	-
Rehabilitation Assets	(7,630)	(8,681)	-	-
Unearned Income	(3)	(74)	(2)	(73)
Deferred Tax Liabilities	(13,391)	(10,270)	(2)	(100)
Net Deferred Tax Assets/ (Liabilities)	-	-	1,501	279
Deferred tax assets have not been recognised in respect of the following:				
Deductible temporary differences	16,330	3,360	2,027	1,758
Tax revenue losses	46,522	17,233	46,522	17,233
Tax capital losses	87	56	87	56
	62,939	20,649	48,636	19,047

Notes to the financial statements

10. Income tax (continued)

Movement in recognised temporary differences during the year

	Consolidated					
In thousands of AUD	**Balance at 1 July 2008**	**Under/Over**	**Recognised in income**	**Recognised in equity**	**Other**	**Balance at 30 June 2009**
Deferred Tax Assets						
Accruals & Provisions	850	1,601	623	-	-	3,074
Investments	-	-	294	-	-	294
Provision for Rehabilitation	8,917	236	(215)	-	-	8,938
Mine Development	451	(47)	(61)	-	-	343
Property, Plant & Equipment	39	(39)	-	-	-	-
Previously expensed borrowing costs	-		676	-	-	676
Previously expensed blackhole costs	13	17	(12)	-	-	18
Other	-	-	48	-	-	48
Net Deferred Tax Assets	10,270	1,768	1,353	-	-	13,391
Deferred Tax Liabilities						
Prepayments	1	-	(1)	-	-	-
Investments	24	-	(24)	-	-	-
Exploration	1,490	4,268	-	-	-	5,758
Rehabilitation Assets	8,681	236	(1,287)	-	-	7,630
Unearned Income	74	-	(71)	-	-	3
Net Deferred Tax Liability	10,270	4,504	(1,383)	-	-	13,391

Notes to the financial statements

10. Income tax (continued)

Movement in recognised temporary differences during the year

	Consolidated					
In thousands of AUD	**Balance at 1 July 2007**	**Under/Over**	**Recognised in income**	**Recognised in equity**	**Other**	**Balance at 30 June 2008**
Deferred Tax Assets						
Accruals & Provisions	(4)	49	805	-	-	850
Investments	-	-	-	-	-	-
Provision for Rehabilitation	-	-	760	-	8,157	8,917
Mine Development	(105)	176	7,651	-	(7,271)	451
Property, Plant & Equipment	-	-	39	-	-	39
Previously expensed blackhole costs	-	20	(7)	-	-	13
Capital Raising Costs reflected in Equity	-	-	-	-	-	-
Tax losses	319	-	(319)	-	-	-
Net Deferred Tax Assets	210	245	8,929	-	886	10,270
Deferred Tax Liabilities						
Prepayments	-	-	1	-	-	1
Investments	210	4	(190)	-	-	24
Exploration	-	-	8,762	-	(7,272)	1,490
Rehabilitation Assets	-	-	524	-	8,157	8,681
Unearned Income	-	2	72	-	-	74
Net Deferred Tax Liability	210	6	9,169	-	885	10,270

Notes to the financial statements

10. Income tax (continued)

Movement in recognised temporary differences during the year

			Company			
In thousands of AUD	**Balance at 1 July 2008**	**Under/Over**	**Recognised in income**	**Recognised in equity**	**Other**	**Balance at 30 June 2009**
Deferred Tax Assets						
Accruals & Provisions	327	-	188	-	-	515
Investments	-	-	294	-	-	294
Property, Plant & Equipment	39	(39)	-	-	-	-
Previously expensed borrowing costs	-	-	676	-	-	676
Previously expensed blackhole costs	13	17	(12)	-	-	18
Net Deferred Tax Assets	379	(22)	1,146	-	-	1,503
Deferred Tax Liabilities						
Prepayments	-	1	(1)	-	-	-
Investments	28	-	(28)	-	-	-
Unearned Income	72	-	(70)	-	-	2
Net Deferred Tax Liability	100	1	(99)	-	-	2

Notes to the financial statements

10. Income tax (continued)

Movement in recognised temporary differences during the year

	Company					
In thousands of AUD	**Balance at 1 July 2007**	**Under/Over**	**Recognised in income**	**Recognised in equity**	**Other**	**Balance at 30 June 2008**
Deferred Tax Assets						
Accruals & Provisions	(5)	48	284	-	-	327
Property, Plant & Equipment	-	-	39	-	-	39
Previously expensed blackhole costs	-	20	(7)	-	-	13
Revenue Losses	251	69	(320)	-	-	-
Net Deferred Tax Assets	246	137	(4)	-	-	379
Deferred Tax Liabilities						
Investments	246	4	(222)	-	-	28
Unearned Income	-	1	71	-	-	72
Net Deferred Tax Liability	246	5	(151)	-	-	100

11. Trade and other receivables

In thousands of AUD	*Notes*	Consolidated 2009	Consolidated 2008	Company 2009	Company 2008
Current					
Trade and other receivables		505	226	24	-
Accrued interest receivable		10	247	5	243
GST receivable		938	976	20	39
Prepayments		2,971	363	1,585	21
Diesel Fuel Rebate		151	-	-	-
Bank guarantees	(i)	-	512	-	-
Other		561	462	-	2
		5,136	2,786	1,634	305
Non current					
Bank guarantees	(i)	1,774	667	538	181
Loans to controlled entities		-	-	216,348	114,832
Provision for non-recovery		-	-	(163,602)	(63,054)
		1,774	667	53,284	51,959

(i) Bank guarantees are bonds/deposits in relation to the office premises of $430,000, credit card facility of $108,000 gas contract of $471,000, account bonds of $15,000 and finance lease facility of $750,000.

12. Inventories

In thousands of AUD	Consolidated 2009	Consolidated 2008	Company 2009	Company 2008
Ore stocks – at net realisable value	-	-	-	-
Gold in circuit – at net realisable value	9,233	-	-	-
Gold doré – at net realisable value	2,760	-	-	-
Stores and consumables – at cost	3,859	1,972	-	-
	15,852	1,972	-	-

During the year the Group has recorded write downs of product inventory totalling $16.9 million.

13. Assets available for sale

In thousands of AUD	Consolidated 2009	Consolidated 2008	Company 2009	Company 2008
Current assets				
Investment in other entity – available for sale	308	859	308	494
	308	859	308	494

14. Other financial assets

In thousands of AUD	Consolidated 2009	Consolidated 2008	Company 2009	Company 2008
Controlled entities – unlisted	-	-	1,765	1,241
Less provision for diminution value	-	-	(727)	(727)
	-	-	1,038	514

All investments in subsidiaries as at 30 June 2009 have been written down to net assets.

15. Derivative assets

In thousands of AUD	Consolidated 2009	Consolidated 2008	Company 2009	Company 2008
Gold Put Options				
Current	1,264	-	1,264	-
Non current	2,732	-	2,732	-
	3,996	-	3,996	-

Gold put options are fair valued based on independent valuation reports. Refer to Note 28.

16. Property, plant and equipment

In thousands of AUD	Consolidated 2009	Consolidated 2008	Company 2009	Company 2008
Plant and equipment				
Cost	102,977	19,225	10	12
Depreciation	(11,614)	(55)	(2)	(2)
Impairment	-	-	-	-
	91,363	19,170	8	10
Mine properties				
Cost	84,599	28,935	-	-
Amortisation	(12,866)	-	-	-
Impairment	(59,282)	-	-	-
	12,451	28,935	-	-
Mine development				
Cost	-	27,737	-	-
Amortisation	-	-	-	-
	-	27,737	-	-
Leasehold improvements				
Cost	432	191	432	191
Depreciation	(65)	(191)	(65)	(191)
	367	-	367	-
Office and computer equipment				
Cost	775	593	421	447
Depreciation	(226)	(248)	(138)	(107)
	549	345	283	340
Total property, plant and equipment	104,730	76,187	658	350

The Company has determined that the date of commissioning for when the Wiluna gold processing facility was ready and installed for use was April 2009. Proceeds from the sale of gold up to this date have been offset against the capitalised mine properties totalling $18.3 million.

Notes to the financial statements

16. Property, plant and equipment (continued)

Reconciliations

Reconciliation of the carrying amounts for each class of property, plant and equipment are set out below:

In thousands of AUD	Consolidated		Company	
	2009	**2008**	**2009**	**2008**
Plant and equipment				
Carrying amount at beginning of period	19,170	11	10	8
Additions	80,309	1,169	-	4
Acquisitions through gold projects	-	18,003	-	-
Transferred from development phase	3,498	-	-	-
Disposals	-	(3)	-	-
Depreciation	(11,614)	(10)	(2)	(2)
Carrying amount at end of period	91,363	19,170	8	10
Mine properties				
Carrying amount at beginning of period	28,935	-	-	-
Additions	43,057	-	-	-
Acquisitions through gold projects	-	960	-	-
Transferred from development phase	13,810	-	-	-
Rehabilitiation	(1,203)	27,975	-	
Amortisation	(12,866)	-	-	-
Impairment (i)	(59,282)	-	-	-
Carrying amount at end of period	12,451	28,935	-	-
Mine development				
Carrying amount at beginning of period	27,737	-	-	-
Additions	-	3,498	-	-
Transferred into plant and equipment	(3,498)	-	-	-
Transferred into/from exploration	(10,429)	24,239	-	-
Transferred into mine properties	(13,810)	-	-	-
Carrying amount at end of period	-	27,737	-	-
Leasehold improvements				
Carrying amount at beginning of period	-	152	-	152
Additions	432	10	432	10
Depreciation	(65)	(30)	(65)	(30)
Impairment due to cessation of lease	-	(132)	-	(132)
Carrying amount at end of period	367	-	367	-
Office and computer equipment				
Carrying amount at beginning of period	345	195	340	197
Additions	430	144	81	250
Acquisitions through gold projects	-	201	-	-
Depreciation	(226)	(195)	(138)	(107)
Carrying amount at end of period	549	345	283	340
Total property, plant and equipment	104,730	76,187	658	350

(i) During the year ended 30 June 2009, the Company has under taken a review of impairment indicators that affect the cash generating units of the Group. For the same reasons set out in Note 2 (e), the Company has formed the view that impairment indicators exist as at 30 June 2009 and therefore the Group's cash generating unit, Wiluna (including Wilsons), has been tested for impairment. The recoverable amount of Wiluna has been determined with reference to its value in use. As a result of performing this impairment test the Group has recognised an impairment loss of $69,711,000 for the year ended 30 June 2009.

Value in use was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions:

- Physicals - gold production was based on life of mine plan to 5 years which include reserves and conversion of reserves to resources.
- Operating and capital costs - have been determined with reference to historical actuals and expected future costs based on a detailed budget process.
- Gold Price – the life of mine gold price assumption is AUD $1,160.
- Gold recovery – based on historical and expected gold recoveries.
- Discount Rate - a risk adjusted discount rate has been calculated to be 11.7% (real post tax rate) using the Capital Asset Pricing Model A pre-tax discount rate was applied equivalent to post-tax discount rates.

16. Property, plant and equipment (continued)

The value in use is most sensitive to assumptions noted above. The following sensitivities demonstrate the increase in the impairment assuming the following adverse movements in those assumptions:

% change	Increase in impairment
- 5% gold production	14,144,000
- 5% gold grade	25,555,000
- 5% gold recovery	22,543,000
- 5% gold price	23,097,000
+10% operating costs	37,615,000
+ 1% discount rate	3,054,000

The Australian Federal Government has proposed introducing a Carbon Pollution Reduction Scheme (CPRS) by 2011. The introduction of the CPRS has the potential to significantly impact the assumptions used to determine the future cash flows generated from the continuing use of the group's assets for the purpose of value-in-use calculations in impairment testing. The Group has not yet incorporated the impact of CPRS into their assumptions at 30 June 2009 as insufficient market information existed. Uncertainties exist around the following areas: the level of emissions the group is expected to emit, abatement opportunities, the price or range of prices of emission permits, the number of permits required to be purchased, the impact on costs charged by suppliers, the ability to pass on the cost of the permits and government assistance.
The Directors believe the impairment is based on reasonable assumptions and is appropriate.

17. Exploration and evaluation

In thousands of AUD	Consolidated		Company	
	2009	**2008**	**2009**	**2008**
Costs carried forward in respect of areas of interest in:				
Exploration and evaluation phase	11,753	19,195	-	-
	11,753	19,195	-	
Exploration and evaluation phase				
Carrying amount at beginning of period	19,195	-	-	-
Expenditure incurred during the year	9,740	54,134	6	185
Exploration expenditure relating to acquisitions	-	43,434	-	-
Exploration expenditure written off	(9,740)	(54,134)	(6)	(185)
Transferred to assets held for sale (i)	(7,442)	-	-	-
Transferred from/(to) development phase	10,429	(24,239)	-	-
Impairment loss (refer note 16)	(10,429)	-	-	-
Balance at end of year	11,753	19,195	-	-
Exploration assets held for sale				
Transferred from exploration and evaluation phase	7,442	-	-	-
Balance at end of year	7,442	-	-	-

(i) The exploration assets held for sale are the Aphrodite tenements. The gain loss on disposal will be calculated at completion. See subsequents even Note 34 for further details.

The ultimate recovery of exploration and evaluation phase expenditure is primarily dependent upon the successful development and commercial exploitation, or alternatively, sale of the areas of interest.

18. Trade and other payables

In thousands of AUD	**Note**	Consolidated **2009**	**2008**	Company **2009**	**2008**
Current					
Trade payables and accrued expenses		29,953	12,209	3,033	1,867
Short term facility	*(i)*	4,000	-	4,000	-
GUP payable		752	-	752	-
Underwritten shares	*(ii)*	9,202		9,202	
Other trade payables		1,018	96	(107)	-
Loan payable		-	-	414	414
		44,925	12,305	17,294	2,281
Non Current					
Other payables	*(iii)*	9	21	-	-
		9	21	-	-

18. Trade and other payables (continued)

(i) Relates to the unsecured Facility agreement with Yandal Investments Pty Ltd for a short term loan payable on the 15th of July 2009. The terms of the Facility limit was $5,000,000 available in 3 tranches of which $4,000,000 was drawn down at 30 June 2009 with interest payable at 14% per annum. The loan was repaid subsequent to 30 June 2009.

(ii) Shares to be issued to underwriters of rights issue as part of the rights issue announced on 23 June 2009 for 32,448,263 shares at $0.20 each. At the end of the financial year $9,202,255 was received in cash with the remainder of $287,397 received in July 2009 and these shares were issued on 3 July 2009. Subsequent to 30 June 2009 this amount has been transferred to share capital.

(iii) Relates to non interest bearing repayment loan for fuel bowsers.

The Group's exposure to liquidity risk related to trade and other payables is disclosed in Note 28.

19. Loans and borrowings

	Consolidated		Company	
In thousands of AUD	**2009**	**2008**	**2009**	**2008**
Currrent				
Finance leases	6,750	17	-	-
	6,750	17	-	-
Non current				
Finance leases	18,969	69	-	-
Senior Secured Notes (refer to Note 28)	27,519	-	27,519	-
	46,488	69	27,519	-

Finance leases relate to plant and equipment purchased for the term of 5 years. The Group has options to purchase the equipment for a nominal amount at the conclusion of the lease agreements. The Group's obligation under finance leases are secured by the lessor's title to the leased assets.

20. Derivative liabilities

		Consolidated		Company	
In thousands of AUD		**2009**	**2008**	**2009**	**2008**
Currrent					
Gold Upside Participation Notes	*(i)*	6,531	-	6.531	-
Non current					
Gold Upside Participation Notes		18,069	-	18,069	-
		24,600	-	24,600	-

(i) Refer to Note 28 for fair value of the GUP instrument.

21. Provisions

Employee benefits	Consolidated		Company	
In thousands of AUD	**2009**	**2008**	**2009**	**2008**
Current				
Provision for annual leave	1,456	471	423	276
	1,456	471	423	276

Rehabilitation provision				
In thousands of AUD	**2009**	**2008**	**2009**	**2008**
Balance at beginning of year	29,722	-	-	
Provision at acquisition	-	1,589	-	-
Additional provision recognised	-	27,974	-	-
Reassessment of provision	(1,203)	-	-	-
Unwinding of discount and effect of changes in discount rate	1,514	159	-	-
Balance at end of year	30,033	29,722	-	-

The provision for the restoration and rehabilitation of the mine sites operated by the Group represents the present value of the best estimate of the future sacrifice of economic benefits that will be required.

22. Capital and reserves

In thousands of shares	Consolidated 2009	Consolidated 2008	Company 2009	Company 2008
Issued capital				
Fully paid ordinary shares	555,791	389,749	555,791	389,749
Partly paid shares to 0.00001 cents each	19,125	19,730	19,125	19,730

Share capital

The Group has also issued share options (see Note 31).

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Partly Paid Shares

(1) No calls may be made by the Company for the partly paid shares currently on issue to be fully paid up, for 5 years from the date of the general meeting held on 22 June 2006.

(2) After the first anniversary date of this General Meeting, the holder of partly paid shares may request that a call be made by the Company to pay up the uncalled capital on no more than half of the partly paid shares held by that shareholder.

(3) After the second anniversary of the date of this General Meeting, the holder of partly paid share may request that call be made by the Company to pay up the uncalled capital on all of the remaining partly paid shares held by that shareholder or from time to time a proportion thereof.

Reconciliation of movement in capital and reserves attributable to equity holders

	Number of Shares 2009	Number of Shares 2008	2009 $'000	2008 $'000
Balance at beginning of the year:	389,748,712	182,119,755	162,967	24,081
Issues				
Placement at 52 cents per share for cash	-	39,000,000	-	20,280
Acquisition of Youanmi at $0.35 per share	-	14,285,714	-	5,000
Payment of outstanding balance on partly paid shares of $0.19999 per share for cash	-	618,750	-	124
Acquisition of Aphrodite at $0.98 per share for cash	-	2,051,272	-	2,000
Placement at $1 per share for cash	-	30,000,000	-	30,000
Acquisition of Gidgee at $0.32 per share for cash	-	34,000,000	-	11,000
Placement at $1 per share for cash	-	5,000,000	-	5,000
Placement at $1.10 per share for cash	-	1	-	-
Wiluna Acquisition at $1.05 per share for cash	-	9,536,526	-	10,000
Placement at $0.85 per share for cash	-	47,491,802	-	40,368
Placement at $0.85 per share for cash	-	25,644,892	-	21,798
Payment of outstanding balance on partly paid shares of $0.19999 per share for cash	605,000	-	121	-
Placement at $0.27 per share for cash	72,490,000	-	19,572	-
Placement at $0.20 per share for cash	69,426,556	-	13,885	-
Rights issue at $0.20 per share for cash	23,521,106	-	4,705	-
Cost of issues	-	-	(3,024)	(6,684)
Balance at year end	555,791,374	389,748,712	198,226	162,967

22. Capital and reserves (continued)

Available for sale asset reserve

In thousands of AUD	Consolidated		Company	
	2009	**2008**	**2009**	**2008**
Balance at beginnning of year	(208)	700	(193)	821
Revaluation	135	(618)	135	(724)
Impairment losses	284	-	193	-
Transfer to income statement on part sale of investment	(76)	(290)	-	(290)
Balance at year end	135	(208)	135	(193)

The asset revaluation reserve is in relation to the available for sale assets held within the Company. Where a revalued financial asset is sold, that portion of that reserve which relates to that financial asset, and is effectively realised, is recognised in profit or loss. Where a revalued financial asset is impaired, that portion of the reserve which relates to that financial asset is recognised in profit or loss.

Share based payments reserve

In thousands of AUD	Consolidated		Company	
	2009	**2008**	**2009**	**2008**
Balance at beginnning of year	4,732	1,276	4,732	1,276
Options issued to facility lender	450	-	450	-
Options issued to employees	3,023	3,456	2,499	2,942
Option issued to subsidiaries' employees	-	-	524	514
Balance at year end	8,205	4,732	8,205	4,732

The share based payment reserve is used to recognise the fair value of share based payments issued to employees, consultants and financiers.

Warrants reserve

Warrants entitle the holders to subscribe for a total of 44.99 million ordinary shares. The exercise price is calculated according to a specified formula based on the time of exercise. The exercise price may not in any circumstance be less than 70% ($0.2345) nor more than 100% of the initial exercise price of $0.335.

These Warrants were initially recognised as a financial liability with an embedded derivative, as on exercise of the Warrants, the Company has an obligation to issue a fixed number of shares. The exercise price may vary depending on movements in the Company's share price 180 and 270 days subsequent to issue date. The Warrants are recognised at fair value and subsequently recorded at fair value with movements in the fair value recognised in the income statement.

Following expiry of 270 days from issue date, the exercise price of the Warrants becomes fixed and from this date, the Warrants meet the definition of an equity instrument as the Company is required to issue a fixed number of shares for a fixed amount of cash. Accordingly, at 270 days from issue date, the Warrant will be reclassified from financial liabilities to equity at their fair value at the date of transfer. This date occurred on 26 June 2009 with the final per share exercise price being set to $0.2345.

The fair vair value assumptions of the Warrants made during the year ended 30 June 2009 are as follows:

	As at 29 September 2008 (date of issue)	As at 26 June 2009 (final reset date)
Apex share price	$0.415	$0.155
Apex share price volatility	80%	80%
Risk free rate	5.19%	5.04%
Dividend Yield	0%	0%
Fair value per warrant – 121 warrants	$111,126	$29,752
Total amount ($'000)	$13,446	$3,600

23. Earnings/(loss) per share

Basic earnings/(loss) per share

The calculation of basic loss per share at 30 June 2009 was based on the loss attributable to ordinary shareholders of $133,595,000 (2008: $60,406,000) and a weighted average number of ordinary shares outstanding of 425,271,425 (2008: 317,737,672), calculated as follows:

23. Earnings/(loss) per share (continued)

Profit attributable to ordinary shareholders

In thousands of AUD	Consolidated 2009 Total	2008 Total
Net loss for the period	(133,595)	(60,406)

Weighted average number of ordinary shares

	Consolidated 2009	2008
Weighted average number of ordinary shares at 30 June	425,271,429	317,737,672

Diluted earnings per share is the same as basic loss per loss as it does not result in an inferior position.

24. Accumulated losses

In thousands of AUD	Consolidated		Company	
	2009	2008	2009	2008
Accumulated losses at beginnning of year	(72,521)	(12,115)	(78,154)	(14,244)
Net loss attributable	(133,595)	(60,406)	(130,105)	(63,910)
Accumulated losses at end of year	(206,116)	(72,521)	(208,259)	(78,154)

25. Capital and other commitments

(i) Exploration Commitments

The Company must meet the following tenement expenditure commitments to maintain them in good standing until they are joint ventured, sold, reduced, relinquished, exemptions from expenditure are applied or are otherwise disposed of. These commitments, net of farm outs, are not provided for in the financial statements and are:

	Consolidated		Company	
In thousands of AUD	2009	2008	2009	2008
Not later than one year	5,039	5,358	-	285
After one year but less than two years	4,039	5,358	-	-
After two years but less than five years	12,118	17,040	-	-
After five years	3,680	4,850	-	-
	24,876	32,606	-	285

(ii) Operating leases

Operating leases relate to head office premises and various items of office equipment. There are 2 leases for the head office premises and the lease terms are 1 June 2006 to 31 May 2012 and 1 September 2008 to 31 August 2013. The lease terms for the various items of office equipment vary between 2009 to 2011.

Non-cancellable operating lease rentals are payable as follows:

	Consolidated		Company	
In thousands of AUD	2009	2008	2009	2008
Less than one year	634	133	620	121
Between one and five years	1,657	404	1,643	354
More than five years	-	-	-	-
	2,291	537	2,263	475

Notes to the financial statements

25. Capital and other commitments (continued)

(iii) Gold Forward contracts

Gold ounces	Maturity Date	Hedge Price ($)
6,615	31 July 2009	1,140
6,672	31 August 2009	1,143
6,818	30 September 2009	1,146
7,295	31 October 2009	1,149
8,132	30 November 2009	1,153
8,450	31 December 2009	1,156

These forward contracts are not recognised as a derivative instrument because the gold forward contracts are settled by physical delivery of gold.

26. Contingent Liabilities

In October 2007 the Group completed the acquisition of the Wiluna Gold Mine, Processing Plant and associated tenements (Wiluna Mine) from a subsidiary of Oz Minerals Limited (OZ Minerals) (formerly Oxiana Limited). During the course of its refurbishment of the Wiluna Mine in 2008/09, the Group became aware of a number of serious defects in the overall state and compliance of the electrical systems and a range of other facilities at the Wiluna Mine. The Group believes the defects constituted a breach of certain representations and warranties made by Oz Minerals at the time of sale of the Wiluna Mine. As a consequence the Group has set off the costs of rectifying these defects against the $3 million deferred consideration otherwise payable to Oz Minerals by the Group.

27a. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	Consolidated		Company	
In thousands of AUD	**2009**	**2008**	**2009**	**2008**
Bank balances	10,320	38,909	9,324	38,008
Cash and cash equivalents	10,320	38,909	9,324	38,008

27b. Reconciliation of cash flows from operating activities

	Consolidated		Company	
In thousands of AUD	**2009**	**2008**	**2009**	**2008**
Cash flows from operating activities				
Profit/(loss) for the period	(133,595)	(60,406)	(130,105)	(63,910)
Adjustments for:				
Depreciation	24,771	366	206	270
Employee entitlements	985	354	147	160
Share based payments	3,023	3,456	2,499	2,942
Profit on sale of investments	(415)	(837)	(504)	(836)
Provision for non recovery of loan	-	-	100,548	58,833
Impairment of non current assets	69,711	-	-	-
(Reversal of) impairment losses on property, plant & equipment	(10)	-	(10)	-
Impairment losses on assets classified as held for sale	1,555	-	1,364	-
Non cash net interest finance expense	14,506	-	17,373	-
Gain/(loss) on sale of property, plant and equipment	56	-	56	-
Income tax expense	-	-	(1,222)	(279)
Operating profit/(loss) before changes in working capital and provisions	(19,413)	(57,067)	(9,648)	(2,820)

27b. Reconciliation of cash flows from operating activities (continued)

In thousands of AUD	Consolidated 2009	Consolidated 2008	Company 2009	Company 2008
(Increase)/Decrease in receivables	(3,456)	(2,205)	(4,113)	66
(Increase)/Decrease in other assets and liabilities	(13,880)	(1,946)	-	-
Increase/(Decrease) in payables	21,476	9,898	1,431	(129)
Net cash from operating activities	(15,273)	(51,320)	(12,330)	(2,883)

27c. Financing facilities

In thousands of AUD	Consolidated 2009	Consolidated 2008	Company 2009	Company 2008
Unsecured guarantee facility (i)				
Amount used	6,002	6,002	6,002	6,002
Amount unused	2,055	2,055	2,055	2,055
Total facility	8,057	8,057	8,057	8,057
Senior Secured Notes (ii)	27,519	-	27,519	-

(i) Government environmental bonds are guaranteed over assets owned by a third party. An agreement which ends in November 2009 with Mark Creasy enables the Company to use third party assets to guarantee the bonds for an interest payment of 9.75% up to $2,057,000 and 10.25% from $2,057,000 to $8,057,000.

(ii) refer to Note 28.

27d. Non-cash financing and investing activities

During the current financial year, the Group acquired $26,758,000 for equipment under a finance lease. This acquisition will be reflected in the cash flow statement over the term of the finance lease via lease repayments.

28. Financial instruments

Senior Secured Notes and Gold Upside Participation ("GUP") Notes

During the year ended 30 June 2009 the Group entered into a Subscription Agreement with Goldman Sachs JB Were Pty Ltd to issue $58.5 million in a package of Senior Secured Notes (Secured Notes), together with detachable Warrants (Warrants) (refer note 22) and detachable Gold Upside Participation Notes (GUP Notes). A further tranche totalling $2 million was issued by the Company to Mr Kim Robinson, the Chairman of the Company, which was approved by the Company's shareholders at an Annual General Meeting on 24 November 2008.

In thousands of AUD	Tranche 1 Fair value at issue	Tranche 2 Fair value at issue	Principle amount 30 June 2009	Carrying value 30 June 2009	Carrying value 30 June 2008
Secured Notes (i) – amortised cost	22,500	271	60,500	27,519	-
- Less costs	(1,581)	(11)	-	-	-
GUP Notes (ii)	23,000	1,283	-	24,600	-
Total Financial instruments			60,500	52,119	-

(i) Secured Notes carry a coupon of 11.25%, paid semi-annually in arrears with the first coupon payable on 29 March 2009. The Notes mature 29 September 2011 for $60.5 million but may be redeemed by the Company at any time after 29 September 2009 by payment of an amount calculated in accordance with the terms and conditions of the Secured Notes.

The Secured Notes have been initially recognised as a financial liability at fair value. Subsequent re-measurement is as a financial liability at amortised cost using the effective interest method at a fixed rate of 41.92%

28. Financial instruments (continued)

Senior Secured Notes and Gold Upside Participation ("GUP") Notes (continued)

(ii) The GUP Notes entitle the holders to be paid quarterly cash coupons (which may be zero) calculated by reference to a specified formula which allows the holder to participate in any increase in the average AUD gold price in a period over a specified floor price. The holders, as a group, are paid 30% (the participation rate) of the amount by which the average AUD gold price in a period exceeds a floor price, multiplied by a notional amount that varies over the life of the GUP Notes. The aggregate of the notional principal amounts is 500,000 units. The GUP Notes are expected to mature on 7 August 2012. The floor price was set at the London PM fixed gold price (in Australian dollars) on 29 September 2008.

The GUP Notes are accounted for as derivatives. They have been initially recognised at fair value and subsequently remeasured at fair value each reporting date with movements recognised in profit and loss.

The fair vair value assumptions of the GUP Notes made are as follows:

	As at 29 September 2008	As at 30 June 2009
Gold spot price (AUD)	$1,125	$1,159
AUD/USD spot price	0.8045 USD/AUD	0.8064 USD/AUD
Volatility of gold	20%	25%
Risk free interest rate	5.07% to 5.46 %	3.06% to 4.66%
Gold lease rate	2.9%	0.63%

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Exposure to credit risk

The Group's maximum exposure to credit risk at the reporting date was:

	Note	**Carrying amount**	
In thousands of AUD		**2009**	**2008**
Cash and cash equivalents	*27a*	10,320	38,909
Trade and other receivables	*11*	6,910	3,453
Derivative assets	*15*	3,996	-
Available-for-sale financial assets	*13*	308	859
		21,534	43,221

The Company's maximum exposure to credit risk at the reporting date was $9,324,000 (2008:$38,008,000) for cash and cash equivalents, $308,000 (2008:$494,000) for available-for-sale financial assets, derivative assets $3,996,000 (2008:nil), $54,918,000 (2008:$52,264,000) for trade and other receivables, totalling $68,546,000 (2008:$90,766,000). The trade and other receivables includes the Company's loans and receivables as detailed below:

Impairment losses

The Company's loans and receivables with its subsidiaries are carried at:

	2009	**2008**
Gross	216,348	114,832
Impairment	(163,602)	(63,054)
	52,746	51,778

The impairment loss on loans owing from subsidiaries has been determined by reference to the net assets of the underlying subsidiaries.

Notes to the financial statements

28. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Consolidated	2009							2008						
In thousands of AUD	**Carrying amount**	**Contractual cash flows**	**6 months or less**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**	**Carrying amount**	**Contractual cash flows**	**6 months or less**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities														
Senior Secured Notes	27,519	(77,515)	(3,403)	(3,403)	(6,806)	(63,903)	-	-	-	-	-	-	-	-
Finance leases	25,719	(30,293)	(4,651)	(4,651)	(17,681)	(3,310)	-	86	(87)	-	(17)	(70)	-	-
Short term facility	4,000	(4,162)	(4,162)	-	-	-	-	-	-	-	-	-	-	-
Deferred Consideration	3,000	(3,000)	-	(3,000)	-	-	-	3,000	(3,000)	-	(3,000)	-	-	-
Trade and other payables	40,934	(40,934)	(40,911)	(14)	(9)	-	-	12,326	(12,326)	(12,326)	-	-	-	-
	101,172	(155,904)	(53,127)	(11,068)	(24,496)	(67,213)	-	15,412	(15,413)	(12,326)	(3,017)	(70)	-	-
Derivative financial liabilities														
GUP Notes	24,600	(24,600)	(2,939)	(3,701)	(8,926)	(9,034)	-	-	-	-	-	-	-	-
Total	125,772	(180,504)	(56,066)	(14,769)	(33,422)	(76,247)	-	15,412	(15,413)	(12,326)	(3,017)	(70)	-	-
Company														
In thousands of AUD	**Carrying amount**	**Contractual cash flows**	**6 months or less**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**	**Carrying amount**	**Contractual cash flows**	**6 months or less**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities														
Senior Secured Notes	27,519	(77,515)	(3,403)	(3,403)	(6,806)	(63,903)	-	-	-	-	-	-	-	-
Short term facility	4,000	(4,162)	(4,162)	-	-	-	-	-	-	-	-	-	-	-
Trade and other payables	13,294	(13,294)	(13,294)	-	-	-	-	2,281	(2,281)	(2,281)	-	-	-	-
	44,813	(94,971)	(20,859)	(3,403)	(6,806)	(63,903)	-	2,281	(2,281)	(2,281)	-	-	-	-
Derivative financial liabilities														
GUP Notes	24,600	(24,600)	(2,939)	(3,701)	(8,926)	(9,034)	-	-	-	-	-	-	-	-
Total	69,413	(119,571)	(23,798)	(7,104)	(15,732)	(72,937)	-	2,281	(2,281)	(2,281)	-	-	-	-

Notes to the financial statements

28. Financial instruments (continued)

Interest rate risk

The Group's exposure to interest rate risk for each class of financial assets and financial liabilities is set out below:

Consolidated	**2009**				**2008**			
In thousands of AUD	**Floating interest rate**	**Fixed interest rate**	**Non-interest bearing**	**Total**	**Floating interest rate**	**Fixed interest rate**	**Non-interest bearing**	**Total**
Financial Assets								
Cash and cash equivalents	10,320	-	-	10,320	8,909	30,000	-	38,909
Trade and other receivables	-	1,769	5,141	6,910	-	1,179	2,274	3,453
Derivative assets	-	-	3,996	3,996	-	-	-	-
Assets available for sale	-	-	308	308	-	-	859	859
Assets held for sale	-	-	7,442	7,442				
	10,320	1,769	16,887	28,976	8,909	31,179	3,133	43,221
Financial Liabilities								
Trade and other payables	-	4,000	40,934	44,934	-	-	12,326	12,326
Loan and borrowings	-	53,238	-	53,238	-	86	-	86
Derivative liabilities	-	-	24,600	24,600	-	-	-	-
Deferred consideration	-	-	3,000	3,000	-	-	3,000	3,000
	-	57,238	68,534	125,772	-	86	15,326	15,412
Net Financial Assets/(Liabilities)	10,320	(55,469)	(51,647)	(96,796)	8,909	31,093	(12,193)	27,809

Notes to the financial statements

28. Financial instruments (continued)

Interest rate risk

The Company's exposure to interest rate risk for each class of financial assets and financial liabilities is set out below:

Company	**2009**				**2008**			
In thousands of AUD	**Floating interest rate**	**Fixed interest rate**	**Non-interest bearing**	**Total**	**Floating interest rate**	**Fixed interest rate**	**Non-interest bearing**	**Total**
Financial Assets								
Cash and Cash equivalents	9,324	-	-	9,324	8,008	30,000	-	38,008
Trade and other receivables	-	538	54,380	54,918	-	181	52,083	52,264
Derivative assets	-	-	3,996	3,996	-	-	-	-
Assets available for sale	-	-	308	308	-	-	494	494
	9,324	538	58,684	68,546	8,008	30,181	52,577	90,766
Financial Liabilities								
Trade and other payables	-	4,000	13,294	17,294	-	-	2,281	2,281
Loan and borrowings	-	27,519	-	27,519	-	-	-	-
Derivative liabilities	-	-	24,600	24,600	-	-	-	-
Deferred consideration	-	-	-	-	-	-	-	-
	-	31,519	37,894	69,413	-	-	2,281	2,281
Net Financial Assets/(Liabilities)	9,324	(30,981)	20,790	(867)	8,008	30,181	50,296	88,485

Notes to the financial statements

28. Financial instruments (continued)

Interest rate risk (continued)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Fair value sensitivity analyis for variable rate instruments

Neither the Group or the Company is materially exposed to variable rate instruments as at 30 June 2009.

Cash flow sensitivity analysis for variable rate instruments

Neither the Group or the Company is materially exposed to variable rate instruments as at 30 June 2009.

Other market price risk

Gold price sensitivity analysis for valuation of derivative instruments

A change of 5% in gold price volatility and 10% of the gold price at the reporting date would have increased/(decreased) the GUP liability and gold put options in profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

GUP Notes - derivative

Sensitivity	Value ($'000)	Change in value ($'000)
10% increase in gold price	35,900	11,300
10% decrease in gold price	15,000	(9,100)
5% increase in gold price volatility	28,000	3,400
5% decrease in gold price volatility	21,300	(3,300)

Gold put options – derivative

Sensitivity	Value ($'000)	Change in value ($'000)
10% increase in gold price	2,253	(1,743)
10% decrease in gold price	7,001	3,005

Neither the Group or the Company is materially exposed to a 5% change in gold price volatility as at 30 June 2009.

Fair values

The fair values of the financial assets and liabilities at balance date of the Group and the Company approximate the carrying amounts in the financial statements except for the Senior Secured Notes for which the fair value is $53,240,000 being the settlement figure for payment agreed with the Noteholders subsequent to financial year end.

29. Auditors' remuneration

	Consolidated		Company	
In AUD	**2009**	**2008**	**2009**	**2008**
Audit services				
Auditors of the Company				
KPMG Australia:				
Audit and review of financial reports	120,531	-	120,531	-
Stantons International				
Audit and review of financial reports	-	101,745	-	101,745
	120,531	101,745	120,531	101,745

Notes to the financial statements

30. Related party disclosures

(a) Details of Directors and Key Executive

(i) Directors		*(ii) Key Executives*	
Mark Ashley	Managing Director	Graham Anderson	Company Secretary
Mark Bennett	Geology Director	Anna Neuling	Chief Financial Officer and Company Secretary
Glenn Jardine	Operations Director	Grant Brock	Chief Operating Officer
Kim Robinson	Chairman/Director (non executive)	Rod Jacobs	General Manager
Stephen John Lowe	Director (non executive)	Mike Walsh	Chief Mining Engineer
Todd Bennett	Director (non executive)	William Dix	Exploration Manager

Key management personnel compensation
The key management personnel compensation is as follows:

In thousands of AUD	Consolidated		Company	
	2009	**2008**	**2009**	**2008**
Short-term employee benefits	2,141	1,946	1,885	2,062
Post-employment benefits	180	151	156	34
Share based payments	1,550	2,005	1,539	2,005
	3,871	4,102	3,580	4,101

(b) Remuneration options: Granted and vested during the year

Directors and key executives were granted options during the year.

Refer to note 31 granted and vested during the year ended 30 June 2009.

(c) Shareholdings of Directors and Key Executives

Fully paid ordinary shares	**Held at 1 July 2008**	**Purchases**	**Sales**	**Held at 30 June 2009**
(i) Directors				
Mark Ashley	16,800,000	375,000	-	17,175,000
Mark Bennett	1,472,414	25,000	-	1,497,414
Glenn Jardine	2,315,000	308,668	-	2,623,668
Kim Robinson	5,800,000	250,000	-	6,050,000
Stephen John Lowe	171,201	62,495	-	233,696
Todd Bennett	-	402,334	-	402,334
(ii) Key Executives				
Graham Anderson	135,001	-	-	135,001
Grant Brock	60,000	-	-	60,000
Anna Neuling	5,000	-	-	5,000
Rod Jacobs	-	-	-	-
Mike Walsh	-	-	-	-
William Dix	840,000	-	-	840,000
Options	**Held at 1 July 2008**	**Granted**	**Exercised**	**Held at 30 June 2009**
(i) Directors				
Mark Ashley	2,500,000	-	-	2,500,000
Mark Bennett	2,850,000	-	-	2,850,000
Glenn Jardine	2,850,000	-	-	2,850,000
Kim Robinson	1,300,000	-	-	1,300,000
Stephen John Lowe	800,000	-	-	800,000
Todd Bennett	-	750,000	-	750,000

30. Related party disclosures (continued)

(c) Shareholdings of Directors and Key Executives

(ii) Key Executives				
Graham Anderson	200,000	-	-	200,000
Grant Brock	500,000	-	-	500,000
Anna Neuling	240,000	-	-	240,000
Rod Jacobs	-	500,000	-	500,000
Mike Walsh	-	300,000	-	300,000
William Dix	1,440,000	-	-	1,440,000

Fully paid ordinary shares	Held at 1 July 2007	Purchases	Sales	Held at 30 June 2008
(i) Directors				
Mark Ashley	16,250,000	550,000	-	16,800,000
Mark Bennett	1,450,000	22,414	-	1,472,414
Glenn Jardine	2,215,000	100,000	-	2,315,000
Kim Robinson	5,000,000	800,000	-	5,800,000
Stephen John Lowe	171,201	-	-	171,201
(ii) Key Executives				
Graham Anderson (i)	85,001	50,000	-	135,001
Grant Brock	-	60,000	-	60,000
Anna Neuling	-	5,000	-	5,000
William Dix	840,000	-	-	840,000

Options	Held at 1 July 2007	Granted	Exercised	Held at 30 June 2008
(i) Directors				
Mark Ashley	2,000,000	500,000	-	2,500,000
Mark Bennett	2,000,000	850,000	-	2,850,000
Glenn Jardine	1,500,000	1,350,000	-	2,850,000
Kim Robinson	1,000,000	300,000	-	1,300,000
Stephen John Lowe	500,000	300,000	-	800,000
(ii) Key Executives				
Graham Anderson (i)	200,000	-	-	200,000
Grant Brock	-	500,000	-	500,000
Anna Neuling	-	240,000	-	240,000
William Dix	1,400,000	40,000	-	1,440,000

30. Related Party Disclosures (continued)

(d) Other transactions with Directors and Director-related entities

During the year the Company paid taxation and business consulting fees of $55,149 (2008: $34,000) excluding GST to MKT at normal professional rates an accounting firm of which Mr Stephen J Lowe is non-executive director.

The Company has also provided business analyst services of $23,237 (2008: nil) for Kagara Zinc Ltd whom Kim Robinson is an executive director.

Aggregate amounts of each of the above types of transactions with Directors and their Director-related entities are included in Directors' remuneration disclosed above.

(e) Intercompany loans

The Company provides working capital to its controlled entities. Transactions between the Company and other controlled entities in the wholly owned Group during the year ended 30 June 2009 consisted of:

(i) Working capital advanced by Apex Minerals NL;

(ii) Provision of management and other services by Apex Minerals NL;

(iii) Expenses paid by Apex Minerals NL on behalf of its controlled entities; and

(iv) Cash received by Apex Minerals NL on behalf of its subsidiaries with no bank accounts.

The above transactions were made interest free with no fixed terms for the repayment of principal on the working capital advanced. At balance date amounts receivable from controlled entities totalled $216,347,982 (2008: $114,831,721) and the amounts payable to controlled entities was $413,182 (2008 $413,394).

Notes to the financial statements

31. Share-based payments

Each share option converts into one ordinary share of Apex Minerals NL on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends or voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The following share-based payments arrangements existed at the end of the current period:

Options series	Number	Grant date	Expiry date	Exercise Price $	Fair value at Grant date
(1) Issued 3 July 2006	1,500,000	3/07/2006	3/07/2011	0.20	0.22
(2) Issued 20 July 2006	5,500,000	22/06/2006	20/07/2011	0.14	0.23
(3) Issued 20 July 2006	350,000	24/04/2006	20/07/2011	0.14	0.24
(4) Issued 20 July 2006	1,000,000	7/05/2006	20/07/2011	0.14	0.23
(5) Issued 20 July 2006	350,000	29/05/2006	20/07/2011	0.14	0.22
(6) Issued 18 August 2006	250,000	18/08/2006	17/08/2011	0.30	0.10
(7) Issued 15 September 2006	250,000	4/09/2006	14/09/2011	0.35	0.26
(8) Issued 1 June 2006	300,000	25/05/2006	31/05/2009	0.20	0.17
(9) Issued 1 November 2006	1,500,000	13/10/2006	1/11/2011	0.35	0.23
(10) Issued 15 November 2006	275,000	20/11/2006	30/11/2011	0.45	0.14
(11) Issued 15 November 2006	300,000	1/09/2006	30/11/2011	0.45	0.14
(13) Issued 1 June 2007	2,825,000	1/06/2007	1/06/2012	0.65	0.34
(14) Issued 18 July 2007	2,600,000	18/07/2008	1/06/2012	0.65	0.76
(15) Issued 31 July 2007	1,525,000	31/07/2007	30/07/2012	1.00	0.72
(16) Issued 16 October 2007	200,000	16/10/2007	15/10/2012	1.30	0.85
(17) Issued 31 October 2007	200,000	31/10/2007	30/10/2017	1.30	0.83
(18) Issued 12 November 2007	200,000	12/11/2007	11/11/0212	1.30	0.78
(19) Issued 11 January 2008	50,000	11/01/2008	10/01/2013	1.60	0.84
(20) Issued 28 April 2008	700,000	28/04/2008	27/04/2013	1.30	0.49
(21) Issued 12 May 2008	1,556,000	12/05/2008	11/05/2013	1.30	0.45
(22) Issued 20 June 2008	550,000	20/06/2008	19/06/2013	1.30	0.30
(23) Issued 18 July 2008	1,000,000	18/07/2008	18/07/2013	0.70	0.44
(24) Issued 2 October 2008	50,000	2/10/2008	1/10/2013	0.50	0.29
(25) Issued 2 December 2008	750,000	2/12/2008	1/12/2013	0.70	0.14
(26) Issued 30 January 2009	2,500,000	30/01/2009	29/01/2012	0.30	0.18
(27) Issued 10 February 2009	2,480,000	10/2/2009	9/02/2014	0.45	0.18
(28) Issued 22 June 2009	3,445,000	22/6/2009	21/06/2014	0.30	0.11

The following share-based payments arrangements were cancelled during the current period but were in existence in the comparative reporting periods:

Options series	Number	Grant date	Expiry date	Exercise Price $	Fair value at Grant date
(13) Issued 1 June 2007	50,000	1/06/2007	1/06/2012	0.65	0.34
(15) Issued 31 July 2007	450,000	31/07/2007	30/07/2012	1.00	0.72
(16) Issued 16 October 2007	150,000	16/10/2007	15/10/2012	1.30	0.85
(18) Issued 12 November 2007	150,000	12/11/2007	11/11/0212	1.30	0.78
(21) Issued 12 May 2008	355,000	12/05/2008	11/05/2013	1.30	0.45

31. Share-based payments (continued)

All of the options above vest two years after the date of issue with exception of 2,500,000 options (issued to the financier) in Series 26 which vested immediately. The options are expensed over the two year vesting period being $1,382,461 to be expensed in the year ended 30 June 2010, and $358,943 in the year ended 30 June 2011. The 2,500,000 options in series 26 which vested immediately were issued to Yandal Investments Pty Ltd as part of the Facility Agreement were valued at $450,000.

The weighted average exercise prices of share options granted during the financial year is $0.44 (2008: $1.04).

Options were valued using a Black Scholes option pricing model using the inputs below:

	Series 1	**Series 2**	**Series 3**	**Series 4**	**Series 5**	**Series 6**	**Series 7**	**Series 8**	**Series 9**	**Series 10**
Grant Date Share price	0.31	0.30	0.30	0.31	0.30	0.27	0.40	0.28	0.36	0.36
Exercise Price	0.20	0.14	0.14	0.14	0.14	0.30	0.35	0.20	0.35	0.45
Expected volatility	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%
Option life	3/07/2011	20/07/2011	20/07/2011	20/07/2011	20/07/2011	17/08/2011	14/09/2011	31/05/2009	1/11/2011	30/11/2011
Dividend yield	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Interest rate	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
	Series 11	**Series 12**	**Series 13**	**Series 14**	**Series 15**	**Series 16**	**Series 17**	**Series 18**	**Series 19**	**Series 20**
Grant Date Share price	0.35	0.32	0.56	1.06	1.10	1.33	1.30	1.24	1.38	0.88
Exercise Price	0.45	0.40	0.65	0.65	1.00	1.30	1.30	1.30	1.60	1.30
Expected volatility	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%
Option life	30/11/2011	12/01/2012	1/06/2012	1/06/2012	30/07/2012	15/10/2012	30/10/2012	11/11/2012	10/01/2013	27/04/2013
Dividend yield	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Interest rate	6.50%	6.50%	6.50%	6.28%	6.27%	6.50%	6.50%	6.50%	6.75%	7.25%
	Series 21	**Series 22**	**Series 23**	**Series 24**	**Series 25**	**Series 26**	**Series 27**	**Series 28**		
Grant Date Share price	0.83	0.62	0.68	0.45	0.30	0.31	0.29	0.18		
Exercise Price	1.30	1.30	0.70	0.50	0.70	0.30	0.45	0.30		
Expected volatility	70%	70%	70%	75%	75%	85%	85%	85%		
Option life	11/05/2013	19/06/2013	18/07/2013	1/10/2013	1/12/2013	29/01/2012	9/2/2014	21/06/2014		
Dividend yield	0%	0%	0%	0%	0%	0%	0%	0%		
Interest rate	7.25%	7.25%	7.25%	6.00%	4.25%	4.25%	3.25%	3.25%		

31. Share-based payments (continued)

The following reconciles the outstanding share options granted at the beginning and the end of the financial year:

	2009		2008	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Balance at the beginning of the financial year	23,136,000	0.57	14,470,000	0.29
Granted during the financial year	10,225,000	0.41	8,761,000	1.04
Exercised during the financial year (i)	-	-	-	-
Cancelled during the financial year (ii)	(1,275,000)	1.09	(95,000)	0.87
Expired during the financial year	-	-	-	-
Balance at the end of the financial year	32,086,000	0.54	23,136,000	0.57
Exercisable at end of the financial year	18,570,000	0.34	900,000	0.25

(i) Exercised during the year

No options were exercised during the year.

(ii) Cancelled during the year

For the year ending, 1,275,000 options were cancelled due to employee resignations and terminations.

32. Interest in joint ventures

The Company has entered into unincorporated joint ventures where the joint venturer may earn its interest in mining and exploration tenements held by the Company, as set out in the various agreements. The joint ventures agreements are listed as follows:

		Percentage of Interest % 2009	2008
Apex Minerals NL – Abra Mining Farm-In and Joint Venture Agreement	(i)	10	15
Apex Gold Pty Ltd - Dalrymple Resources, Ajava Farm in and Joint Venture Agreement	(ii)	76.25	75.30
Apex Nickel Pty Ltd - Forsayth NL - Plutonic Operations, Lawlers Joint Venture Agreement (I)	(iii)	Nil	Nil
Apex Nickel Pty Ltd - Forsayth NL - Plutonic Operations, Lawlers Joint Venture Agreement (II)	(iv)	Nil	Nil
Goldcrest Mines Ltd - Snowpeak Nominees, Agreement for sale and Joint Venture for the Snowpeak Tenements W.A.	(v)	80	80

(i) During the year Apex converted its 15% participating interest in the Jillawarra Joint Venture to a 10% interest, free carried to the completion of a Bankable Feasibility Study.

(ii) Dalrymple Resources is currently diluting.

(iii) Apex Nickel Pty Ltd currently earning up to 56% of the nickel rights under the terms and conditions of the Lawlers 1 Joint Venture Agreement dated December 2006 by spending $1.5 Million over 3 years.

(iv) Apex Nickel Pty Ltd currently earning up to 56% of the nickel rights under the terms and conditions of the Lawlers 2 Joint Venture Agreement dated July 2008 by spending $1.5 Million over 3 years.

(v) Goldcrest Mines has an 80% interest in these tenements with Snowpeak Nominees holding a 20% interest free carried to the completion of a Bankable Feasibility Study.

Carrying values of all of the joint ventures listed above are nil.

33. Group entities

Parent and ultimate controlling party

Parent entity	*Note*	Equity Holding		Cost of Parent Entity's Investment	
		2009	**2008**	**2009**	**2008**
		%	**%**	**$'000**	**$'000**
Apex Minerals NL	(i)	-	-	-	-
Controlled Entities					
Apex Xinjiang NL	(ii)	100	100	-	727
Apex Nickel Australia Pty Ltd	(ii)	100	100	-	-
Apex Gold Pty Ltd	(ii)(iii)	100	100	1,038	514
Sonax Investments Pty Ltd	(ii)	100	100	-	-
Apex Greenstone Mountain Pty Ltd	(ii)	100	100	-	-
Subsidiairies of Apex Xinjiang					
Apex Copper Mountain Pty Ltd	(ii)	100	100	-	-
Subsidiaries of Apex Gold Pty Ltd					
Goldcrest Mines Pty Ltd	(ii)	100	100	-	-
Subsidiaries of Goldcrest Mines Pty					
Youanmi Mines Pty Ltd	(ii)	100	1000	-	-

(i) Apex Minerals NL is the head entity within the tax consolidated group.
(ii) These companies are members of the tax consolidated group.
(iii) The change in the year is due to the options issued by Apex Minerals NL to Apex Gold Pty Ltd employees.
All investments in subsidiaries as at 30 June 2009 have been written down to net assets.

34. Subsequent events

Sirius Transaction

On 9 June 2009, Apex entered into an arrangement with Mark Creasy to spin off nickel assets into Sirius Resources (formerly Croesus Mining NL) to create a nickel exploration based company. This arrangement was for Apex to transfer its nickel assets to Sirius for a consideration of a cash payment of $1,000,000 with shares of 66,666,667 at $0.085 cents each and 600,000,000 options at a strike price of $0.03 cents each. The sale was approved by a meeting of Croesus shareholders on 17 August 2009 and completion of this transaction occurred on 31 August 2009.

Share Placement

The Company entered into a non-renounceable rights issue on 18 May 2009 for 70,969,369 shares at $0.20 each. Applications closed on 18 June 2009 and 23,521,106 shares were issued with the remaining shares underwritten by Legend Mining Ltd and Azure Capital of 15,000,000 and 32,448,263 (totalling 47,448,263) shares respectively. The 47,448,263 shares were issued on 3 July 2009 and the amount of $9.2 million will be transferred from liabilities to share capital as at that date.

Gold put options

The Company sold all of its gold put options in August and September 2009. The total number of options sold was 113,848 ounces and funds received were $3,190,620. The carrying value of these options as at 30 June 2009 was $3,996,000.

34. Subsequent events (continued)

Aphrodite transaction

On 24 September 2009, it was announced that the Group has entered into an agreement to sell its Aphrodite exploration tenements. The consideration is $5 million cash ($0.5 million deposit with the balance to be paid at completion), 11 million shares and 5.5 million options in Aphrodite Gold Ltd (AGL). It is proposed that AGL will be funded by seed capital in November 2009 and listed on the ASX in early 2010.

Funding

On 25 September 2009, it was announced that the Group 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. Approximately $53 million of the proceeds will be used to repay the Company's senior secured notes, representing a full extinguishment of the Notes. The repayment terms represent a 12 per cent discount to their face value. The remaining funds will be available for working capital, mine development and $10 million to repay a short term facility.

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

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. 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.

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 in September 2008 with the notes will not be bought back.

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 repaid by Apex at their face value when the rights issue is completed.

Directors’ declaration

1. In the opinion of the directors of Apex Minerals NL (‘the Company’):

   (a) the financial statements and notes, and the Remuneration report in the Directors' report set out on pages 6 to 13, are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Company’s and the Group’s financial position as at 30 June 2009 and of their performance, for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

   (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a);

   (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2009.

Signed in accordance with a resolution of the directors:

Dated at Perth this 30th day of September 2009.

Mark Ashley

Managing Director

KPMG

Independent auditor's report to the members of Apex Minerals NL

Report on the financial report

We have audited the accompanying financial report of Apex Minerals NL (the company), which comprises the balance sheets as at 30 June 2009, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 34 and the directors' declaration set out on page 72 of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of Apex Minerals NL is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Material uncertainty regarding continuation as a going concern

Without qualification to the opinion provided above, we draw attention to note 2(e) of the financial report regarding the ability of the Company and the Group to continue as a going concern. The ability of the Company and the Group to continue as a going concern is dependent on the successful completion of the Rights Issue, achievement of cashflow forecasts and/or securing alternative funding. Due to the matters set out in note 2(e), a material uncertainty exists which may cast significant doubt about the ability of the Company and the Group to continue as a going concern and whether the Company and the Group being able to realise their assets and extinguish their liabilities at the amounts recorded in the financial report.

Report on the remuneration report

We have audited the Remuneration Report included in pages 6 to 13 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Apex Minerals NL for the year ended 30 June 2009, complies with Section 300A of the *Corporations Act 2001*.

KPMG

R Gambitta
Partner

Perth

30 September 2009

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Apex Minerals NL

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2009 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

R Gambitta
Partner

Perth

30 September 2009