



**Apex Minerals N.L.**

Quarterly Report  
30<sup>th</sup> September 2010

**Highlights**

- Operating cost and productivity initiatives continued during the quarter which are positively impacting results
- Gold production for the September quarter at 19,300 ounces up 19% compared to the June quarter (16,300 ounces).
- Metallurgical recoveries up to over 85% for the quarter (previous quarter 83%)
- Significant cost savings achieved with Apex performing underground fleet maintenance contract
- Cash operating costs were approximately A\$1,250 per ounce for the September quarter (down 9% from the June quarter) with the month of September recording around A\$1,100 per ounce
- Gas Genset #2 which has been out of action since November 2009 came back into service in early October and will result in significantly lower power costs of ~A\$400,000 per month (as a result of diesel savings)
- Allan King joined Apex as Chief Operating Officer and Ross Glossop as CFO

**WILUNA**

**Mining**

Mine production for the quarter was sourced from the Burgundy, Calais, Henry 5, Henry 5 North and Golden Age (accessed from the Bulletin decline) and East Lode North (ELN), accessed from the East Lode Decline.

The ELN decline recommenced after being stopped awaiting dewatering of old voids by an in-stope pumping system.

Stopeing commenced in Burgundy at the end of August 2010.

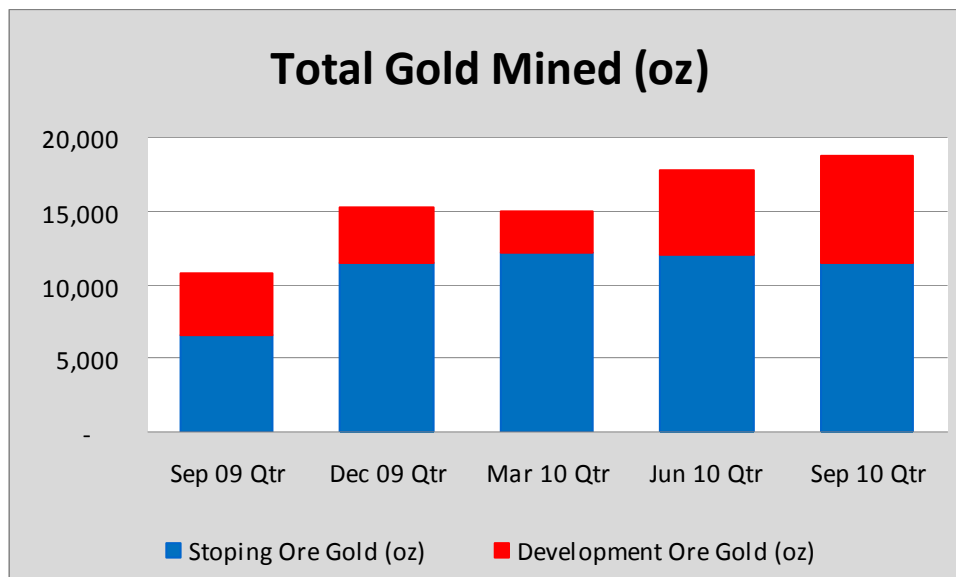
**Mine Production**

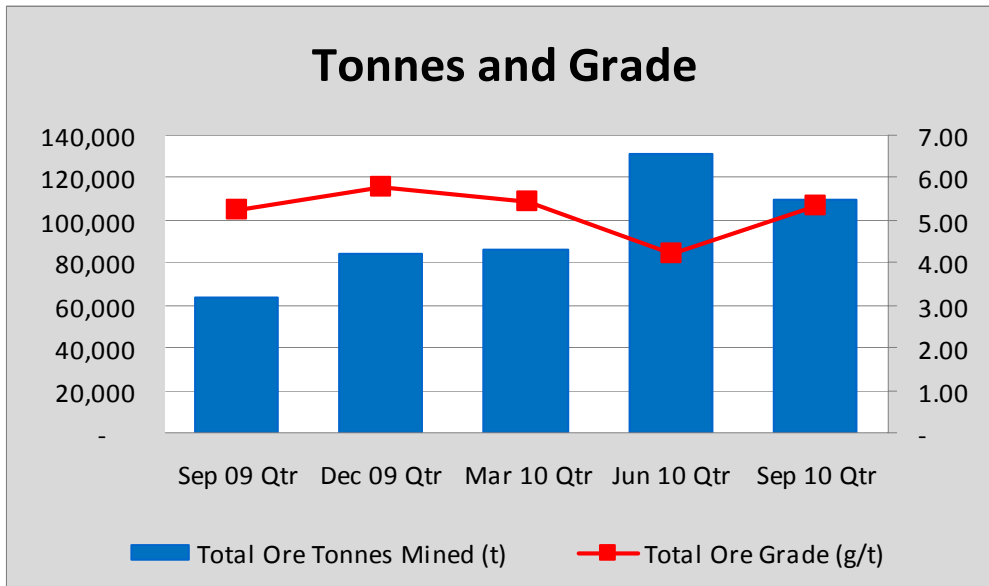
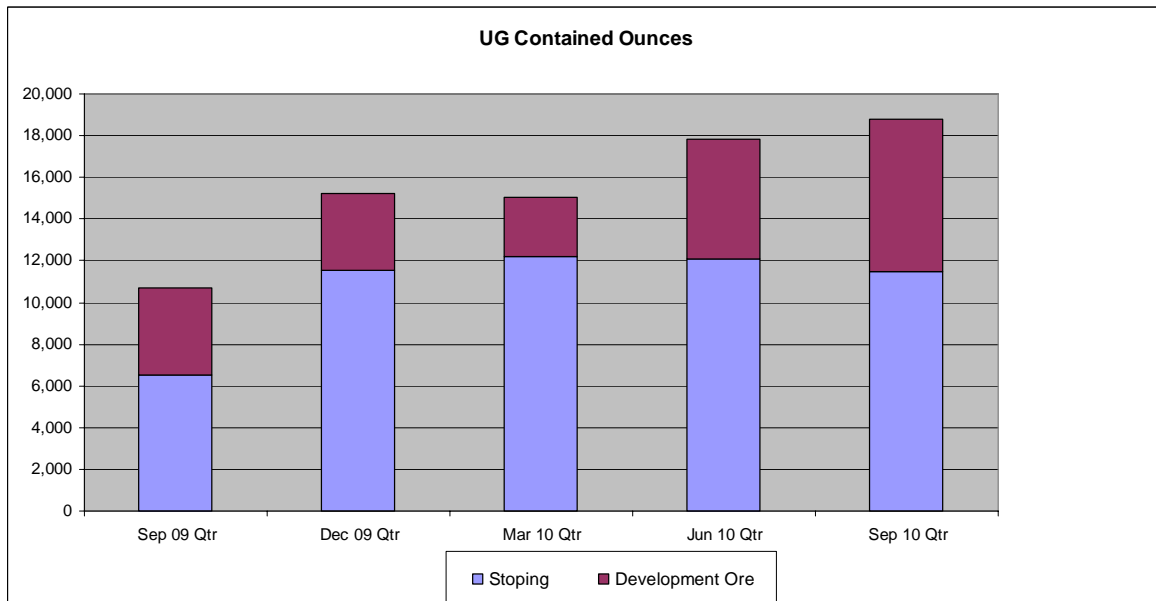
Contained gold mined increased by 5% over the previous quarter and followed the continuing positive trend over the past year, as shown in the table below.

**Table 1 – Underground Ore Mining**

	2009/10 FY	Sep-09 QTR	Dec-09 QTR	Mar-10 QTR	Jun-10 QTR	Sep-10 QTR
Stope Tonnes	240,476	34,824	57,127	63,835	84,690	60,085
Development Tonnes	124,860	28,840	27,141	21,930	46,949	49,456
Total Tonnes	365,336	63,664	84,268	85,765	131,639	109,541
Stope Grade g/t	5.48	5.84	6.27	5.96	4.43	5.95
Development g/t	4.10	4.51	4.24	3.95	3.83	4.58
Average g/t	5.00	5.24	5.62	5.44	4.21	5.33
<b>Contained ounces mined</b>	<b>58,791</b>	<b>10,728</b>	<b>15,215</b>	<b>15,014</b>	<b>17,833</b>	<b>18,772</b>

This production profile is shown graphically in the graphs below and highlights continued improvement in contained gold mined from underground.

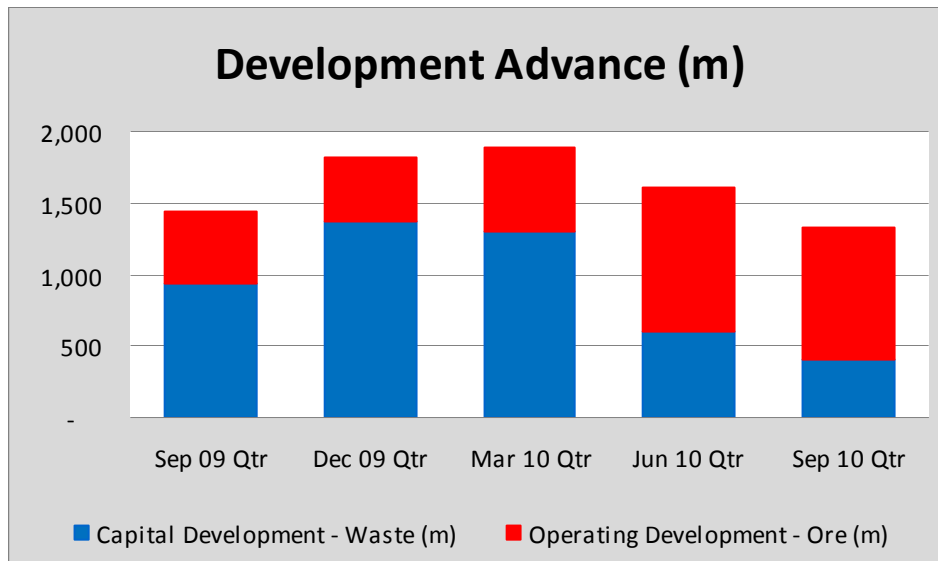
**GRAPH 1**


**GRAPH 2**

**GRAPH 3**


## Development

Operational improvements continued during the quarter allowing the number of operational Jumbo rigs reduced from three to two for the majority of the quarter. During most of 2009/10 4 rigs were operating. Total development was 1,325 metres comprising 405 metres of capital advance and 920 metres of operating advance.

**GRAPH 4**



## ROM and Developed Ore Stocks

**Table 2 – Ore Stocks**

	Sep-09 QTR	Dec-09 QTR	Mar-10 QTR	Jun-10 QTR	Sep-10 QTR
TONNES					
Ore available for stoping (t)	105,000	125,000	203,000	165,000	210,500
Broken ore awaiting haulage	-	4,000	13,200	2,300	3,500
Total underground stocks	105,000	129,000	216,200	167,300	214,000
Grade (g/t)	6.74	4.90	5.10	6.67	5.93
Contained Gold (ounces)	22,756	20,325	35,454	35,881	40,822
ROM Stocks (tonnes)	28,404	40,200	13,499	7,457	5,772
Grade (g/t)	3.01	1.90	4.50	3.99	4.0
Contained Gold (ounces)	2,745	2,456	1,953	957	738

*Broken and developed stocks represents the stoping material that will make up the majority of the future (near-term) mine production. This will be supplemented by concurrent ore development. The surface stocks represent the blending material that is likely to be processed in conjunction with the broken and developed stocks, depending upon milling capacity at the time.*

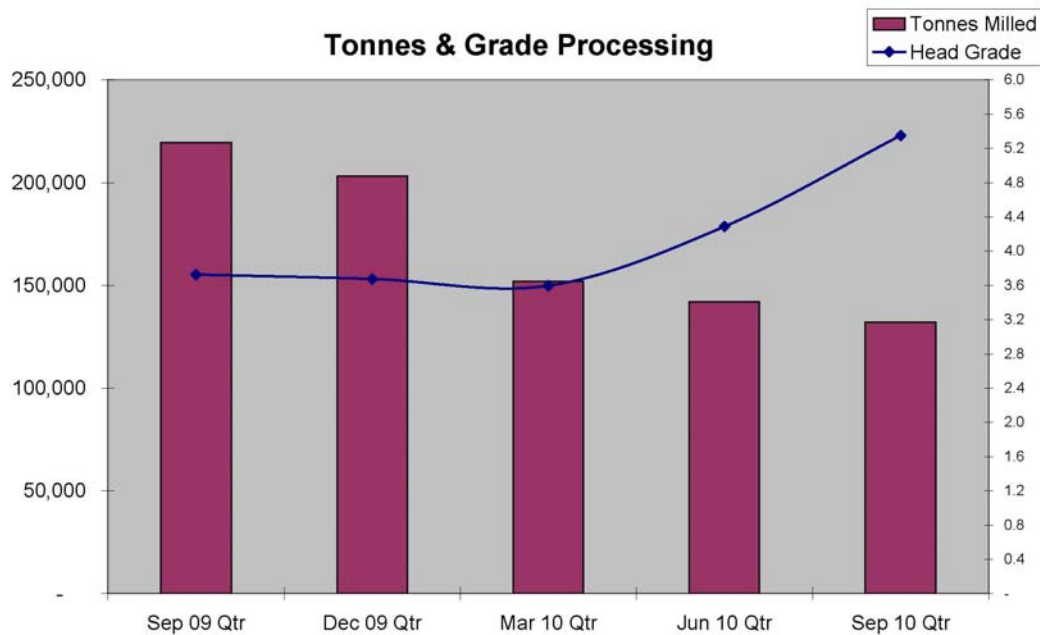
## Processing

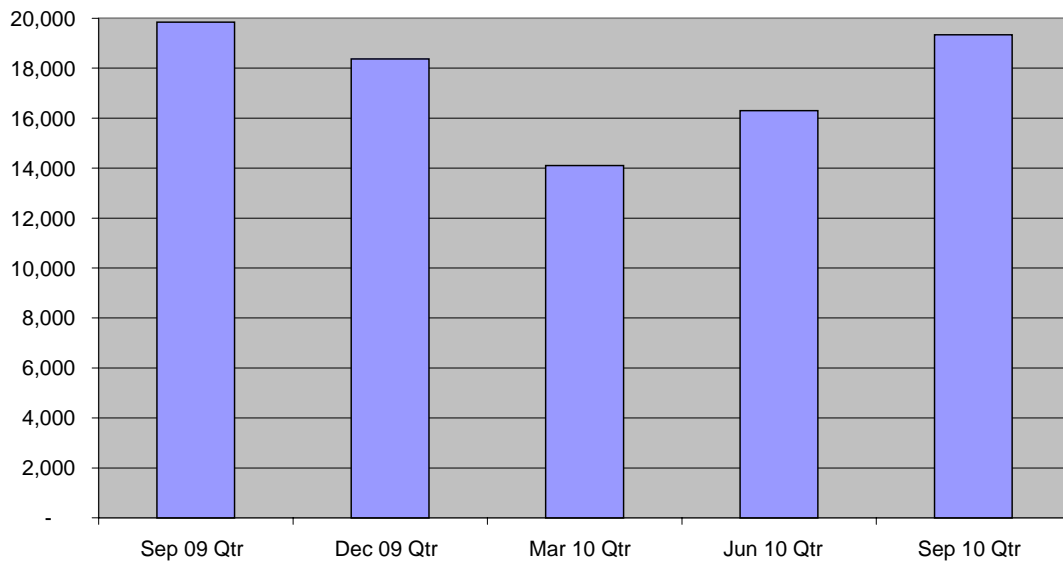
The total tonnes milled during the September quarter were 132,188 at a grade of 5.4 g/t. The low tonnage milled was offset by a higher grade which in the end increased the net fine gold shipped figure (Graph 5). Gold shipped from site totalled 19,337 ounces which was an increase of over 15% when compared to the previous quarter.

Overall plant recovery increased to an average of 85% for the September quarter.

	2009/2010 FY QTR	Dec-09 QTR	Mar-10 QTR	Jun-10 QTR	Sep-10 QTR	2010/2011 FY QTR
Tonnes Milled	716,830	203,258	151,918	142,051	132,188	132,188
Average Grade	3.79	3.67	3.60	4.29	5.35	5.35
Metallurgical recovery	79%	74%	80%	83%	85%	85%
Ounces recovered	68,629	18,369	14,109	16,307	19,337	19,337
Cash Costs (\$/oz)	1276	1,089	1,485	1,374	1,250	1,250

**GRAPH 5**



**GRAPH 6**
**Quarterly Au Produced (oz) - Shipped from Site**


Power supply was improved when Cat Genset # 2 (gas generator) was successfully re-started after its alternator was rebuilt. This event rationalised the utilisation of gas gensets instead of diesel powered units and should provide a substantial cost saving.

The TSF (Tailings Storage Facility) was further scrutinised during the quarter and it was identified that the development of TSF J will be the next facility to provide at least 18 months capacity (stage 1). TSF J needs engineering design and removal of calcine material which was successfully sold to a third party. Final design and approvals will be dealt with in the 2010-11 quarter 2.

**Production**

Gold sold during the quarter was 20,062 ounces at A\$1,358 per oz for a revenue of \$27.2 million. All production was sold into the spot market. Apex remains unhedged. Cash operating cost per ounce for the quarter was \$1,250 per oz, 9% down on the previous quarter of \$1,374 per oz.

**Corporate**

Apex assumed the maintenance activities previously undertaken by Atlas Copco Australia Pty Ltd (Atlas Copco) at Wiluna in July 2010. This has resulted in significant cost savings for Apex.

On 5 August 2010 the Group sold its holding of 600,000,000 Sirius options for \$450,000 to Yandal Investments Pty Ltd. The consideration payable for the Sirius

options was offset against the guarantee fees owed by the Company under the current Guarantee Arrangement for rehabilitation bonds with the Creasy Group. The sale of the Sirius options realised a book loss on disposal of \$4,795,000.

On 6 August 2010 the Company raised \$5 million through the placement of 250 million new shares to institutional and sophisticated investors, at 2 cents a share representing an 8 per cent discount to the 5 and 10 day VWAP (variable weighted average share price) immediately prior to the 4 August 2010 trading halt.

During the quarter Allan King commenced as the Chief Operating Officer and Ross Glossop was appointed as Chief Financial Officer of Apex. Ross is a qualified accountant (CPA with a B. Comm. MBA and a Masters of Accounting) with over 20 years experience in the mining industry. He has held senior positions in the mining industry including 13 years as CFO for Barrick Australia/Africa (1993 – 2006), and more recently as CFO of OceanaGold Corporation and Paladin Energy Ltd. Ross has already commenced with Apex.

Yours Sincerely,



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

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

**APEX MINERALS NL**

ABN

22 098 612 974

Quarter ended ("current quarter")

30 September 2010

### Consolidated statement of cash flows

Cash flows related to operating activities		Curent quarter	Year to date
		\$A'000	\$A'000
1.1	Receipts from product sales and related debtors	26,304	26,304
1.2	Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(680) (3,661) (22,651) (1,092)	(680) (3,661) (22,651) (1,092)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	88	88
1.5	Interest and other costs of finance paid	(67)	(67)
1.6	Income taxes paid	-	-
1.7	Other	-	-
	<b>Net Operating Cash Flows</b>	<b>(1,759)</b>	<b>(1,759)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - (730)	- - (730)
1.9	Proceeds from sale of: (a) prospects (b) available for sale investments (c) other fixed assets (d) other-hedging instruments	- - - -	- - - -
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other – costs of sale of prospects	-	-
	<b>Net investing cash flows</b>	<b>(730)</b>	<b>(730)</b>
1.13	Total operating and investing cash flows (carried forward)	(2,489)	(2,489)



1.13	Total operating and investing cash flows (brought forward)	(2,489)	(2,489)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	5,000	5,000
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	401	401
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – capital raising costs	(250)	(250)
	Other – finance lease liability	(3,396)	(3,396)
	Other–net payments for cash backed guarantees	-	-
	<b>Net financing cash flows</b>	<b>1,755</b>	<b>1,755</b>
	<b>Net increase (decrease) in cash held</b>	<b>(735)</b>	<b>(735)</b>
1.20	Cash at beginning of quarter/year to date	914	914
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>179</b>	<b>179</b>

*\* This excludes cash of \$5 million that is held in guarantees and environmental bonds and gold bullion of \$2 million*

**Payments to directors of the entity and associates of the directors  
Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	161
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	All payments to directors and associates are on normal commercial terms.	

**Non-cash financing and investing activities**

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

During the quarter share options held in Sirius resources were sold to the Creasy Group for as an offset of liabilities owed. The share options were valued at \$450,000.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

## Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	
4.2 Development	
4.3 Production	
4.4 Administration	
<b>Total</b>	

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	179	914
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>179</b>	<b>914</b>

## Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Nil			
6.2 Interests in mining tenements acquired or increased				

**Issued and quoted securities at end of current quarter**

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference *securities</b>				
7.2 Changes during quarter				
7.3 <b>+Ordinary securities</b>	3,567,819,909 19,125,000	3,567,819,909	N/A 20 cents	N/A 0.001 cents
7.4 Changes during quarter (a) Increases through issues  (b) Decreases through returns of capital, buy-backs	250,000,000	250,000,000	2 cents	2 cents
7.5 <b>Warrants</b>	121	-	1 cent	1 cent
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b>	Number of Options	Exercise Price	Expiry Date	
	<b>Quoted</b>			
	678,643,029	\$0.06	11-Nov-12	
	<b>Unquoted</b>			
	1,500,000	\$0.20	3-Jul-11	
	4,700,000	\$0.14	20-Jul-11	
	475,000	\$0.45	30-Nov-11	
	2,500,000	\$0.30	29-Jan-12	
	2,675,000	\$0.65	1-Jun-12	
	625,000	\$1.00	30-Jul-12	
	100,000	\$1.30	11-Nov-12	
	51,600,000	\$0.045	9-Apr-13	
	571,000	\$1.30	11-May-13	
	1,000,000	\$0.70	18-Jul-13	
	50,000	\$0.50	1-Oct-13	
	695,000	\$0.45	9-Feb-14	
	1,225,000	\$0.30	21-Jun-14	
7.8 Issued during quarter	Number of Options	Exercise Price	Expiry Date	
	-	-	-	
7.9 Exercised during quarter				

7.10 Expired/cancelled during quarter	Number of Options	Exercise Price	Expiry Date
	2,500,000	\$0.14	20-Jul-11
	250,000	\$0.30	17-Aug-11
	250,000	\$0.35	14-Sep-11
	1,500,000	\$0.35	01-Nov-11
	100,000	\$0.45	30-Nov-11
	2,750,000	\$0.65	01-Jun-12
	550,000	\$1.00	30-Jul-12
	75,000	\$1.30	15-Oct-12
	200,000	\$1.30	30-Oct-12
	50,000	\$1.30	11-Nov-12
	50,000	\$1.60	10-Jan-13
	700,000	\$1.30	27-Apr-13
	810,000	\$1.30	11-May-13
	550,000	\$1.30	19-Jun-13
	750,000	\$0.70	01-Dec-13
	1,345,000	\$0.45	09-Feb-14
	2,220,000	\$0.30	21-Jun-14
	22,200,000	\$0.045	9-Apr-13
7.11 <b>Debentures</b> <i>(totals only)</i>			
7.12 <b>Unsecured notes</b> <i>(totals only)</i>			

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+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: .....  
(Director/~~Company secretary~~)

Date: 29 October, 2010

Print name: Mark Ashley

### Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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