



Apex Minerals N.L.

Quarterly Report
30 September 2011

Highlights

- **Mining for the quarter was down on previous quarter due to temporary cessation of mining from high grade Calais and Burgundy stopes whilst a geotechnical assessment was undertaken.**
- **This has enabled stoping to resume at Burgundy subsequent to the end of the quarter, with Calais expected to resume full scale mining in November.**
- **Tonnes processed were higher than the previous quarter as a result of treating the large Run Of Mine stocks at the end of June.**
- **Gold production at over 15,000 ounces is up 20% on previous quarter.**
- **Average gold price achieved for the quarter was \$1,600 per ounce with cash operating costs coming in at \$1,225 per ounce both significantly better than the previous quarter**

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Mining

Mine Production

Underground mining for the quarter was undertaken in the Henry 5 and Henry 5 North ore bodies and at the East and West Lodes. Mining at Burgundy was only undertaken for part of the quarter. No mining was carried out at Calais this quarter although it is expected that this will resume in the December quarter.

Development of ore on the 1306 level of the West Lode Calvert deposit (via the ELN decline) was initiated during the quarter with stoping commencing in August. The temporary suspension of mining in the high grade Calais and Burgundy zones, in order to complete a comprehensive geotechnical review, had an adverse affect on the mine schedule. However the identification and mining of new economic ore zones at Woodley and Lennon close to existing development helped to reduce the impact to production as a result of lower tonnes from Calais and Burgundy. Mining in Burgundy resumed during October whilst mining in Calais is expected to resume to full capacity in November following the geotechnical review and the introduction of improved monitoring and ground support systems.

Various dewatering options have been assessed for the ELN decline during the quarter and a phase 1 upgrade utilising two 90kw pumps underground (without the need to upgrade the power requirements to the mine at this time), has been initiated. This is expected to enable the East Lode decline to be extended in the coming months to access additional ore in this part of the mine.

Mine Production

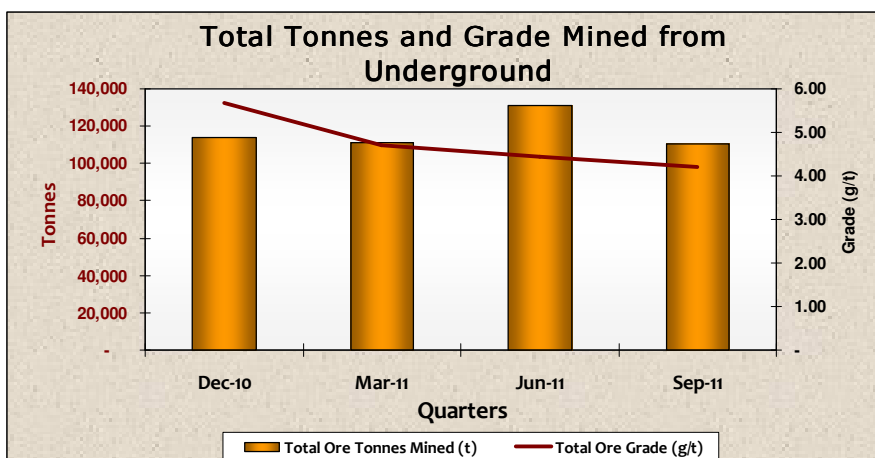
Total tonnes mined were lower than the previous quarter for the reasons set out above, although it was in line with the December and March quarters. Grade was lower as a result of supplementing production with lower grade zones recently identified at Lennon and Woodley, which have become profitable largely helped by the higher spot gold price. The production profile for the past 4 quarters is provided in the table below.

Table 1 – Underground Ore Mining Quarterly results (past 12 months)

	Dec-10 QTR	Mar-11 QTR	Jun-11 QTR	Sep-11 QTR
Stope tonnes	79,900	78,202	113,919	85,833
Development tonnes	33,709	32,833	17,310	24,888
Total tonnes	113,609	111,035	131,229	110,721
Stope grade	6.11	5.37	4.59	4.66
Development grade	4.64	3.08	3.48	2.69
Average grade	5.67	4.69	4.44	4.22
Contained gold mined (ounces)	20,727	16,755	18,734	15,017

This production profile is shown graphically below.

GRAPH 1



GRAPH 2



ROM and Developed Ore Stocks

Table 2 –Underground Ore Stocks

Run of Mine stocks had built up to 25,000 tonnes at the end of June (as a result of the previously reported plant cleanup during which throughput was curtailed). The plant stepped up throughput during the September quarter and was able to reduce the ROM stocks to less than 7,000 tonnes by the end of September.

	Dec-10	Mar-11	Jun-11	Sep-11
Ore available for stoping	250,201	206,236	175,127	146,988
Broken ore awaiting haulage	14,814	41,860	14,050	15,600
Total underground stocks (t)	265,015	248,096	189,177	162,588
Grade (g/t)	5.49	5.57	5.11	4.79
Contained gold (ounces)	46,782	44,434	31,083	25,047
ROM Stocks (t)	9,376	5,340	24,904	6,768
Grade (g/t)	3.85	3.10	4.13	2.89
Contained gold (ounces)	1,162	533	3,307	628

Processing

As previously reported, the process facility was subjected to a comprehensive review, identification and subsequent unlocking of excess gold in circuit trapped mainly in the BIOX section of the plant during the June quarter. Following this review, the plant has increased its throughput and treated 14% more tonnes and produced 20% more gold during the quarter (at 15,000 ounces) compared to June quarter.

Gold sold for the quarter was just over 15,000 ounces - up 19% on the previous quarter. Average gold price achieved during the quarter was \$1,600 per ounce (up 13%) whilst cash costs came in at \$1,225 per ounce (down 17%).

Table 3 Milling Statistics

	Dec-10 QTR	Mar-11 QTR	Jun-11 QTR	Sep-11 QTR
Underground tonnes	106,195	120,266	112,428	127,921
Other tonnes	8,570	-	-	-
Total tonnes processed	114,765	120,266	112,428	127,921
Grade (g/t)	6.00	4.31	3.80	4.26
Contained gold (ounces)	22,159	16,654	13,742	17,514
Metallurgical recoveries	88%	91%	91%	86%
Gold production	19,513	15,099	12,464	15,062
Gold sold	18,879	13,621	12,138	15,057
Gold price achieved	1,386	1,371	1,414	1,600
Cash operating costs \$/oz sold	962	1,459	1,470	1,225

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	Quarter ended ("current quarter")
22 098 612 974	30 September 2011

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	24,097	24,097
1.2	Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(260) (2,543) (18,506) (976)	(260) (2,543) (18,506) (976)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	44	44
1.5	Interest and other costs of finance paid	(79)	(79)
1.6	Income taxes paid	-	-
1.7	Other	-	-
	Net Operating Cash Flows	1,777	1,777
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.9	Proceeds from sale of: (a) prospects (b) available for sale investments (c) other fixed assets (d) other-hedging instruments	138 - - -	138 - - -
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other – costs of sale of prospects	-	-
	Net investing cash flows	138	138
1.13	Total operating and investing cash flows (carried forward)	1,914	1,914

1.13	Total operating and investing cash flows (brought forward)	1,914	1,914
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings (see note)	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – capital raising costs	-	-
	Other – finance lease liability	(1,901)	(1,901)
	Other – net payments for cash backed guarantees	-	-
	Other – repayment of GUP notes	-	-
	Net financing cash flows	(1,901)	(1,901)
	Net increase (decrease) in cash held	14	14
1.20	Cash at beginning of quarter/year to date	2	2
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter (see note)	16	16

NOTES

1.22 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	34
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
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

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	0
4.2	Development	3,600
4.3	Production	18,500
4.4	Administration	1,000
	Total	23,100

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	16	2
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	16	2

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	Nil			

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	Preference *securities				
7.2	<i>Changes during quarter</i>				
7.3	*Ordinary securities	5,550,243,713 19,125,000	5,550,243,713	N/A 20 cents	N/A 0.001 cents
7.4	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil			
7.5	Warrants	121 174,049,587	- -	1 cent 3.5 cents	1 cent 3.5 cents
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil			

7.7	Options	Number of Options	Exercise Price	Expiry Date
		Quoted		
		678,641,833	\$0.06	11-Nov-12
		Unquoted		
		75,000	\$0.45	30-Nov-11
		2,500,000	\$0.30	29-Jan-12
		925,000	\$0.65	1-Jun-12
		525,000	\$1.00	30-Jul-12
		100,000	\$1.30	11-Nov-12
		25,250,000	\$0.045	9-Apr-13
		370,000	\$1.30	11-May-13
		1,000,000	\$0.70	18-Jul-13
		9,550,000	\$0.045	27-Oct-13
		12,000,000	\$0.04	28-Oct-13
		3,800,000	\$0.045	4-Dec-13
		500,000	\$0.45	9-Feb-14
		400,000	\$0.30	21-Jun-14
7.8	Issued during quarter	Number of Options Nil	Exercise Price	Expiry Date
7.9	Exercised during quarter	Nil		
7.10	Expired/cancelled during quarter	Number of Options	Exercise Price	Expiry Date
		1,500,000	\$0.20	3-Jul-11
		3,350,000	\$0.14	20-Jul-11
		50,000	\$0.50	1-Oct-13
		20,000	\$0.45	9-Feb-14
		80,000	\$0.30	21-Jun-14
		4,050,000	\$0.045	9-Apr-13
		2,500,000	\$0.045	27-Oct-13
		8,000,000	\$0.04	28-Oct-13
		800,000	\$0.045	4-Dec-13
7.11	Debentures (<i>totals only</i>)			
7.12	Unsecured notes (<i>totals only</i>)			

+ 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:



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(Director/~~Company secretary~~)

Date: 31st October 2011

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.