



# Apex Minerals N.L.

Quarterly Report  
31<sup>st</sup> March 2011

## Highlights

- Gold production for the March quarter came in at 15,100 ounces at a cash operating cost of \$1,044 per ounce of gold sold
- Financing restructuring completed with the raising of \$22M (before costs), enabling the buy out of the GUP's at a significant discount. Accordingly Apex will now benefit 100% from the current high gold price
- Gidgee exploration tenements (excluding the Wilsons deposits) sold to Panorama for \$15.5m cash plus the assumption of \$2m of environmental bonds
- Underground production steady but below planned in terms of ore tonnage extracted. Further improvements under way.
- Production affected by, rain, power outages and mechanical availability of fleet toward the end of the month which resulted in 41,000 tonnes of stoped ore broken and not able to be hauled to the surface due to lack of truck and loader availability
- Ore grade lower than the previous quarter, but in line with plan due to change in mining strategy mainly with regard to HVN and Burgundy, where significantly more economic ore will be mined than previous expected
- Development of 958 metres for the quarter, with further capital and operating development commenced and capital development optimisation under way, mainly at East Load North
- Mining from 7 independent underground sources, providing operating flexibility.
- Development of the Lennon ore body completed during the quarter with stoping expected to commence in the next quarter.
- Stopping of Ore from Burgundy, Calais, Henry Five, Henry Five North, East Lode North and Golden Age was undertaken during the quarter with all areas performing in accordance with expectations.
- Tests underway to assess methods of extracting potential free gold being caught up (and undetected) in BIOX tanks.

## **WILUNA**

### **Mining**

Mine production activities for the quarter were undertaken in the Burgundy, Calais, Henry 5, Henry 5 North and Golden Age ore bodies (accessed from the Bulletin decline) and East Lode North (ELN), accessed from the East Lode Decline.

Development of the Lennon ore body was completed during the quarter.

Toward the end of the quarter, the majority of the stoping was completed in the second block of the free milling Golden Age deposit.

The ELN decline progressed during the quarter. The next stage is the dewatering of old voids by an in-stope pumping system. The planned power reticulation upgrade for ELN was finalised in the quarter. Development also progressed in the Baldrick Decline during the quarter to access lower levels from the Calais and Henry V

Equipment performance deteriorated towards the end of the quarter, with above industrial expected downtime in the trucking fleet. Loader availability was also lower. Hire machines brought in during the previous quarter continued to assist in minimising impact on production levels.

A magnitude 3.0 seismic event occurred during the quarter. The event occurred adjacent to old completed stoping areas in the Calais Orebody. This event caused minor damage and required some rehabilitation and additional ground support installation in areas of the decline adjacent to the event as well as the relocation of an escape-way rise. This resulted in minimal production losses.

A number of power outages were experienced during the quarter as a result of the gas supply interruption (a force majeure event previously reported), excessive rain (causing some power transmission faults) and general maintenance issues. These outages contributed to lower underground production during the second half of the quarter. The rain also impacted on the ability to haul ore, both from underground and to the mill due to wet and slippery roads over several weeks.

### **Mine Production**

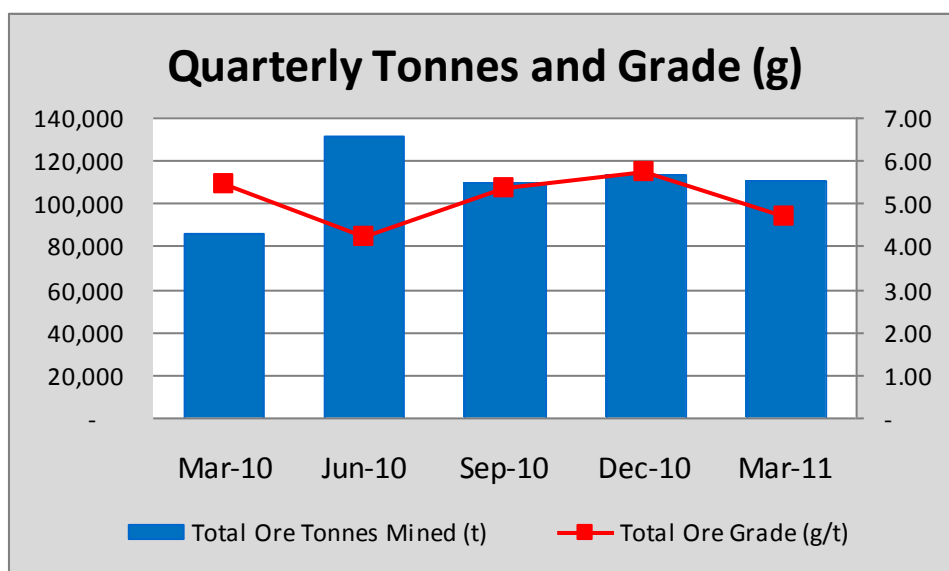
Total tonnes mined were in line with previous quarter, but below expectations due to interruptions caused by the events described above. Grade was lower than the previous quarter but in line with expectations. The delays in production resulted in a higher proportion of lower grade material being delivered due to the sequence requiring these to be mined first. The production numbers for March quarter masks the fact that an additional 41,000 tonnes of stoped ore was drilled and blasted but could not hauled to the surface for treatment during the period as previously discussed. This underground stockpile is excessive and has been substantially reduced. Also see Table 1 below.

**Table 1 – Underground Ore Mining Quarterly results**

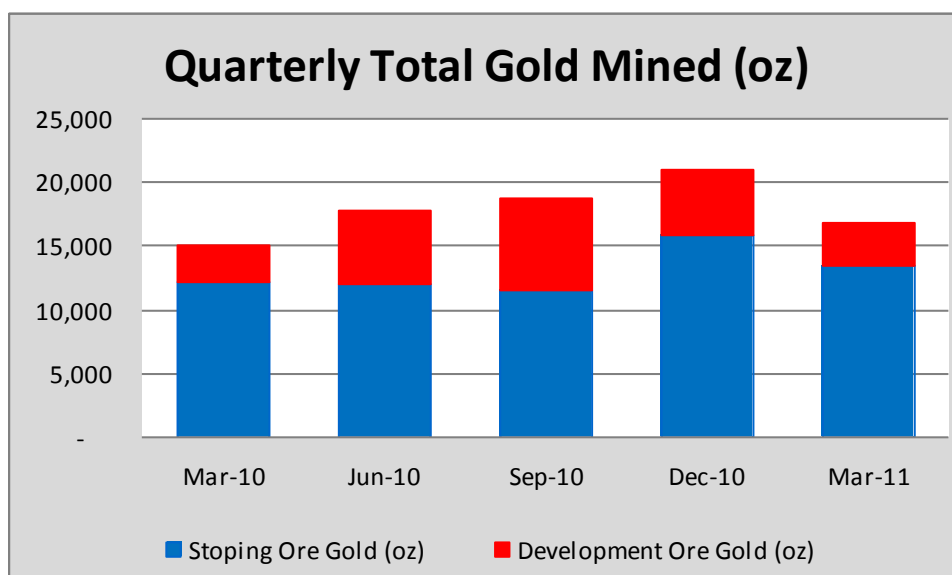
	Mar 10	Jun 10	Sep 10	Dec 10	Mar 11	FYTD 2011
Stope Tonnes	63,835	84,690	60,085	79,900	78,202	218,187
Development Tonnes	21,930	46,949	49,457	33,709	32,833	115,998
Total Tonnes	85,765	131,639	109,541	113,609	111,035	334,185
Stope Grade	5.96	4.43	5.95	6.11	5.37	4.17
Development Grade	3.95	3.83	4.58	4.64	3.08	5.83
Average Grade	5.45	4.22	5.33	5.67	4.69	5.26
Contained Ounces Mined	15,014	17,833	18,772	20,724	16,759	56,486

This production profile is shown graphically below.

**GRAPH 1**



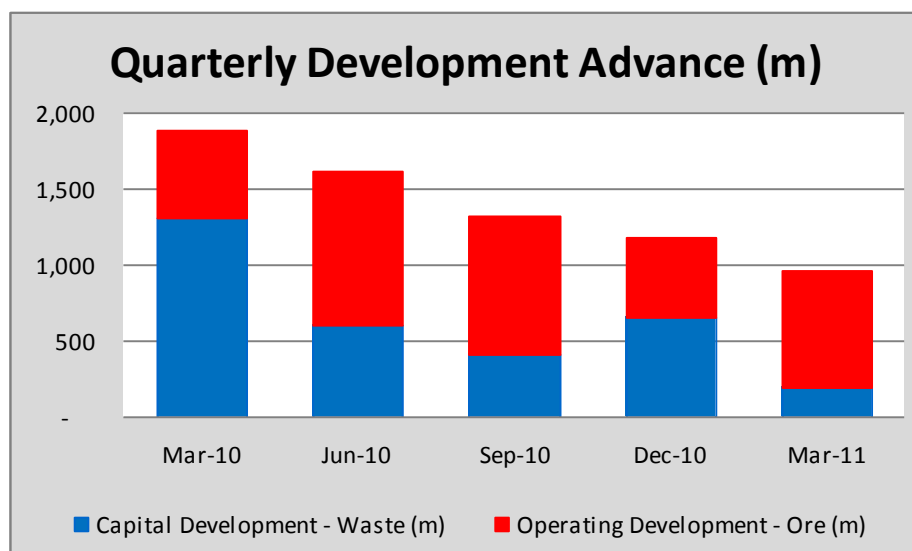
**GRAPH 2**



## Development

Total development was 958 metres, comprised 196 metres of capital advance and 762 metres of operating advance, mainly within the ELN, Baldrick, and Burgundy declines as well as the Lennon ore body.

**GRAPH 3**



## ROM and Developed Ore Stocks

**Table 2 –Underground Ore Stocks**

	Mar-10 QTR	Jun-10 QTR	Sep-10 QTR	Dec-10 QTR	Mar-11 QTR
Ore available for stoping	203,000	165,000	210,500	250,201	206,236
Broken ore awaiting haulage	13,200	2,300	3,500	14,814	41,860
Total underground stocks	216,200	167,300	214,000	265,015	248,096
Grade	5.10	6.67	5.93	5.49	5.57
Contained Gold	35,454	35,881	40,822	48,339	44,449
ROM Stocks	13,499	7,457	5,772	9,376	5,340
Grade	4.50	3.99	4.00	3.85	3.11
Contained Gold	1,953	957	738	1,162	533

*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 for the March 2011 quarter was 120,000, a 5% increase compared to the previous quarter. The head grade and recovery were 4.5 g/t and 87% respectively with fine ounces produced totalling 15,100 ounces as shown in table 3 below:

**Table 3 Milling Statistics**

	Jun-10	Sep-10	Dec-10	Mar-11
Underground tonnes	136,690	110,586	106,195	120,266
Other tonnes	5,361	21,603	8,570	-
Total tonnes processed	142,051	132,188	114,765	120,266
Grade	4.3	5.4	6.0	4.5
Contained ounces	19,629	22,735	22,159	17,387
Metallurgical recoveries	83%	85%	88%	87%
Gold production	16,307	19,337	19,513	15,099
Gold sold	15,987	20,062	18,879	13,621
Cash operating costs \$/oz sold	1,201	1,256	890	1,044

The crushing, milling, and flotation circuits performed well during the quarter. An external contractor performed a review of the metallurgical reporting and operation of the plant to identify any potential of build up of Gold in Circuit (report expected in the June quarter). Following that, there was a test work program developed to assist in the identification of the potential build up areas. This program will be conducted early in the next quarter. A Knelson Gravity circuit is being refurbished which will assist in recovering free gold that may be becoming trapped in the circuit.

Power supply was mainly from the gas powered generators with diesel generators only used when required to either stabilise the units or when there were communication (or PLC) issues within the system. Power system communication problems were encountered in the quarter and were identified to be the engine control units in the gas power station. Costs for replacing those units is low (~\$40,000) compared to the significant benefit of aiding further stability to the power system at Wiluna. Load shedding between the gas and diesel units is subject to a technical feasibility with the costs to complete the actual upgrade (~\$60,000) modest compared to the potential benefits resulting from power stability. Both these issues are being given significant priority and is the result of significant internal review over the past few months.

### **June 2011 QUARTER PRODUCTION**

With higher tonnes and grades expected from underground (power and fleet availability an obvious caveat) production expectations for the June quarter is scheduled to return to the 18,000 to 20,000 ounce level, with a resultant fall in cash costs.

### **ATLAS COPCO**

As announced on March 10, 2011, the two Statutory Demands lodged against Apex by Atlas Copco with regard to the Maintenance Contract (amongst other things) were set aside by Judge Prichard. Discussions have commenced between Apex and Atlas with the aim of identifying a commercial acceptable settlement to ensure that our working relationship returns to the "partnership" status.

# 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		31 March 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	18,674	72,920
1.2	Payments for (a) exploration and evaluation	(709)	(2,872)
	(b) development	(1,655)	(11,295)
	(c) production #	(24,798)	(66,014)
	(d) administration	(1,601)	(3,771)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	41	245
1.5	Interest and other costs of finance paid	(61)	(216)
1.6	Income taxes paid	-	-
1.7	Other	-	-
	<b>Net Operating Cash Flows #</b>	<b>(10,109)</b>	<b>(11,002)</b>
	<b># includes payments made in respect overdue accounts relating to costs incurred in earlier periods as outlined in the Rights Issue documentation</b>		
	<b>Cash flows related to investing activities</b>		
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	(1,160)
1.9	Proceeds from sale of: (a) prospects	15,500	15,500
	(b) available for sale investments	570	1,570
	(c) other fixed assets	116	116
	(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>16,186</b>	<b>16,026</b>
1.13	Total operating and investing cash flows (carried forward)	6,077	5,024

1.13	Total operating and investing cash flows (brought forward)	6,077	5,024
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	22,624	27,624
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings (see note)	-	2,710
1.17	Repayment of borrowings	(1,448)	(2,477)
1.18	Dividends paid	-	-
1.19	Other – capital raising costs	(2,489)	(2,739)
	Other – finance lease liability	(1,906)	(7,260)
	Other – net payments for cash backed guarantees	-	70
	Other – repayment of GUP notes	(18,000)	(18,000)
	<b>Net financing cash flows</b>	<b>(1,219)</b>	<b>(72)</b>
	<b>Net increase (decrease) in cash held</b>	<b>4,858</b>	<b>4,952</b>
1.20	Cash at beginning of quarter/year to date	1,008	914
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter (see note)</b>	<b>5,866</b>	<b>5,866</b>

**NOTES**

**1.16 is funding for annual insurance premiums**

**1.22 excludes cash of \$5 million that is held in guarantees and environmental bonds and gold bullion of \$3 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	138
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	7,300
4.3	Production	14,000
4.4	Administration	1,600
	<b>Total</b>	<b>22,900</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	5,866	1,008
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>5,866</b>	<b>1,008</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	E51/1144	Owned	100%	0%
		E51/1145	Owned	100%	0%
		E53/1215	Owned	100%	0%
		E53/1216	Owned	100%	0%
		E53/1217	Owned	100%	0%
		E53/1270	Owned	100%	0%
		E53/1273	Owned	100%	0%
		E53/1396	Owned	100%	0%
		E57/633	Owned	100%	0%
		E57/636	Owned	100%	0%
		E57/676	Owned	100%	0%
		E57/678	Owned	100%	0%
		E57/705	Owned	100%	0%
		E57/755	Owned	100%	0%
		L53/0046	Owned	100%	0%
		L53/0047	Owned	100%	0%
		L53/0095	Owned	100%	0%
		L53/0096	Owned	100%	0%
		L53/0116	Owned	100%	0%
		L57/0011	Owned	100%	0%
		L57/0012	Owned	100%	0%
		L57/0020	Owned	100%	0%
		M51/104	Owned	100%	0%
		M51/105	Owned	100%	0%
		M51/157	Owned	100%	0%
		M51/185	Owned	100%	0%
		M51/186	Owned	100%	0%
		M51/290	Owned	100%	0%
		M51/410	Owned	100%	0%
		M51/458	Owned	100%	0%
		M53/10	Owned	100%	0%
		M53/105	Owned	100%	0%
		M53/11	Owned	100%	0%
		M53/251	Owned	100%	0%
		M53/252	Owned	100%	0%
		M53/500	Owned	100%	0%
		M53/716	Owned	100%	0%
		M53/904	Owned	100%	0%
		M53/988	Owned	100%	0%
		M57/143	Owned	100%	0%
		M57/144	Owned	100%	0%
		M57/145	Owned	100%	0%
		M57/146	Owned	100%	0%
M57/19	Owned	100%	0%		
M57/210	Owned	100%	0%		
M57/231	Owned	100%	0%		
M57/236	Owned	100%	0%		
M57/241	Owned	100%	0%		
M57/242	Owned	100%	0%		
M57/250	Owned	100%	0%		
M57/251	Owned	100%	0%		
M57/26	Owned	100%	0%		
M57/291	Owned	100%	0%		
M57/292	Owned	100%	0%		
M57/33	Owned	100%	0%		
M57/349	Owned	100%	0%		

6.1	Interests in mining tenements relinquished, reduced or lapsed (continued)	M57/375	Owned	100%	0%
		M57/69	Owned	100%	0%
		M57/70	Owned	100%	0%
		M57/71	Owned	100%	0%
		M57/72	Owned	100%	0%
		M57/73	Owned	100%	0%
		M57/74	Owned	100%	0%
		P53/1269	Owned	100%	0%
		P53/1285	Owned	100%	0%
		P53/1296	Owned	100%	0%
		P53/1297	Owned	100%	0%
		P53/1302	Owned	100%	0%
		P57/1050	Owned	100%	0%
		P57/1051	Owned	100%	0%
		P57/1052	Owned	100%	0%
		P57/1059	Owned	100%	0%
		P57/1060	Owned	100%	0%
		P57/1061	Owned	100%	0%
		P57/1062	Owned	100%	0%
		P57/1063	Owned	100%	0%
		P57/1080	Owned	100%	0%
		P57/1081	Owned	100%	0%
		P57/1083	Owned	100%	0%
		P57/1084	Owned	100%	0%
		P57/1087	Owned	100%	0%
		P57/1088	Owned	100%	0%
		P57/1093	Owned	100%	0%
		P57/1094	Owned	100%	0%
		P57/1105	Owned	100%	0%
		P57/1106	Owned	100%	0%
		P57/1123	Owned	100%	0%
		P57/1124	Owned	100%	0%
P57/1125	Owned	100%	0%		
P57/1213	Owned	100%	0%		
P57/1241	Owned	100%	0%		
P57/1242	Owned	100%	0%		
P57/1243	Owned	100%	0%		
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	<b>Preference *securities</b>				
7.2	<i>Changes during quarter</i>				
7.3	<b>*Ordinary securities</b>	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	1,632,422,608	1,632,422,608	1 cent	1 cent
	(a) Increases through issues	350,000,000 1,190	350,000,000 1,190	1.8 cents 6 cents	1.8 cents 6 cents
	(b) Decreases through securities matured, converted	nil			

7.5	<b>Warrants</b>	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	174,049,587 nil		3.5 cents	3.5 cents
7.7	<b>Options</b>	Number of Options	Exercise Price	Expiry Date	
		<b>Quoted</b>			
		678,641,833	\$0.06	11-Nov-12	
		<b>Unquoted</b>			
		1,500,000	\$0.20	3-Jul-11	
		3,700,000	\$0.14	20-Jul-11	
		75,000	\$0.45	30-Nov-11	
		2,500,000	\$0.30	29-Jan-12	
		1,425,000	\$0.65	1-Jun-12	
		525,000	\$1.00	30-Jul-12	
		100,000	\$1.30	11-Nov-12	
		37,450,000	\$0.045	9-Apr-13	
		406,000	\$1.30	11-May-13	
		1,000,000	\$0.70	18-Jul-13	
		50,000	\$0.50	1-Oct-13	
		15,050,000	\$0.045	27-Oct-13	
		20,000,000	\$0.04	28-Oct-13	
		6,250,000	\$0.045	4-Dec-13	
		560,000	\$0.45	9-Feb-14	
		620,000	\$0.30	21-Jun-14	
7.8	Issued during quarter	Number of Options Nil	Exercise Price	Expiry Date	
7.9	Exercised during quarter	Quoted 1,190	\$0.06	9-Nov-12	
7.10	Expired/cancelled during quarter	Number of Options	Exercise Price	Expiry Date	
		100,000	\$0.65	01-Jun-12	
		100,000	\$1.00	30-Jul-12	
		7,900,000	\$0.045	9-Apr-13	
		85,000	\$1.30	11-May-13	
		3,700,000	\$0.045	27-Oct-13	
		1,300,000	\$0.045	4-Dec-13	
		60,000	\$0.45	9-Feb-14	
		350,000	\$0.30	21-Jun-14	
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:   
.....  
(Director/Company secretary)

Date: 29th April 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.