



ASX ANNOUNCEMENT

17 September 2012

Wiluna Gold Operations Update

- **Wiluna production performance continues to improve, with the operations expected to become cash flow positive next month.**
 - **Underground mine production schedules for the next 16 months to 31 December 2013 have been completed, with extensions to mid-2014 nearing completion.**
 - **Processing of a trial parcel of material from a large Dump Leach Stockpile of 3 million tonnes at an estimated grade of 1.0 – 1.2 g/t gold through the oxide circuit has commenced with potential to substantially improve site economics.**
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Apex Minerals NL (ASX: **AXM**) (**Apex** or the **Company**) provides the following update to its shareholders on the operational progress being made at its Wiluna Gold Operation (**Wiluna**) in Western Australia.

Apex continues to focus on re-establishing Wiluna as an efficient, profitable and sustainable operation and is pleased to report an increasing production profile with operations expected to be cash flow positive from October 2012 onwards.

Underground Operations

- Gold production in the September Quarter is forecast to increase to 12,000-13,000 ounces¹ compared to 9,139 ounces produced in the June Quarter.
- Underground mine production is steadily improving as the East Lode operations are brought into full production with the aim of the East Lode ultimately providing 60% of Wiluna's total underground production. Total underground mine production during the September Quarter 2012 is now expected to be in the range of 125,000-135,000 tonnes¹ @ 3.9 grams per tonne (g/t) gold.
- Gold and mine production have been adversely impacted by key equipment breakdowns due to poor past maintenance practices. Plans to rebuild the Atlas Copco underground trucks, jumbos and production drills to near new condition have been prepared. Completion of this work is expected to have a positive impact on future equipment availability. Discussions with interested parties to debt finance these rebuilds at an estimated cost of \$4 million are in progress. This represents a significant saving on the cost of replacement with new equipment.
- Production guidance for the December Quarter 2012 is 17,000-19,000 ounces at a cash cost of \$1,200-\$1,300 per ounce². Sustaining mine development costs are estimated to be \$190-\$220 per ounce² for total operating costs \$1,390-\$1,550 per ounce². The improved underground production will be the result of a forecast 140,000-150,000 tonnes @ 4.0 g/t gold of ore production in the December Quarter 2012².

¹ Current estimates with final figures to be released in the September 2012 Quarterly Report.

² Forecast only. Actual results may vary from these figures.

- Detailed underground mine production schedules completed through to 31 December 2013 forecast production to increase to 170,000-180,000 tonnes @ 4.2 g/t gold by the September Quarter 2013². This equates to an annualised rate of 680,000-720,000 tonnes per annum compared with the current rate of 500,000-550,000 tonnes per annum.
- Further development and production schedules to support underground production through to mid-2014 are nearing completion and will continue to be developed going forward for longer term production.
- Updated Mineral Resources and Reserves estimates will be reported in the September 2012 Quarterly Report.

Dump Leach Stockpile

- A Dump Leach Stockpile (**stockpile**) of ore at Wiluna exists adjacent to the ROM area of the processing plant. A trial of a 10,000 tonne parcel of stockpile ore has been processed utilising the Mill 1-Oxide Plant circuit of the processing plant. The Mill 1-Oxide Plant with a production capacity of up to 1 million tonnes per annum has been on care and maintenance with underground ore being processed exclusively through the 700,000 tonne per annum capacity BIOX® bacterial oxidation plant.
- The stockpile has a surveyed volume of 1.6 million cubic metres and is estimated to contain 2.9 million tonnes at an insitu density of 1.8t/m³. The grade of the stockpile is estimated at between 1.0g/t and 1.2g/t, based on composited assay results of material parcels sampled from the mill feed stream, weighted by tonnage of the parcels milled for the initial trial. Further trial processing and drilling of the stockpile is planned to establish greater confidence of the average grade of the stockpile and assess the potential of determining a Mineral Resource from this information. The stockpile is largely derived from low grade oxide material produced during mining of the various open pits at Wiluna between 1987 and 1996.
- The results of this initial trial parcel and future planned batches will be used to determine the optimum materials handling and processing routes for the stockpile. Subject to the success of the trial processing Apex believes it could be processing stockpiled material at a rate of 600,000 tonnes per annum by the December quarter. Assuming a metallurgical recovery of 60% (based on past and recent metallurgical test work) and a grade of between 1.0 and 1.2 g/t, this could yield an additional 2,800 - 3,200 ounces of production a quarter.
- Based on analysis to date, the cost to process material from the stockpile is estimated at \$16.50 per tonne with a total cash operating cost of \$700-\$800 per ounce. Existing infrastructure including power and water will support this increase in throughput and significantly decrease the fixed cost component per tonne of processing the ore.
- The risks associated with the stockpile relate to the grade estimate and the metallurgical recovery. However, the Mill 1-Oxide Plant circuit could have an increased processing capacity of up to 1 million tonnes per annum after minor upgrades are undertaken.
- The potential combination of processing 700,000 tonnes of underground mine production and 600,000 tonnes of stockpile material on an annual basis will be of considerable benefit to the overall cost profile and output of the Wiluna operations. This has the potential to support future mine development capital and exploration.

Apex Minerals NL

Level 1, 10 Ord Street, West Perth, Western Australia 6005

PO Box 682 West Perth, Western Australia 6872

Tel: 61 8 6311 5555 Fax: 61 8 6311 5556 admin@apexminerals.com.au

ASX Code: AXM www.apexminerals.com.au ABN 22 098 612 974

Additional Funding Requirements

- The Company today entered into a trading halt in order to undertake a proposed capital raising. The net proceeds raised will be used to strengthen the Company's balance sheet, repay creditors and provide additional working capital to assist the Company in meeting its production guidance. Full details on the capital raising initiatives will be released to the ASX at the conclusion of the trading halt later this week.

-ENDS-

Enquiries should be directed:

Investors

Eduard Eshuys
Executive Chairman
Apex Minerals NL
+61 8 6311 5555

Media

Michael Vaughan
Vice President
FTI Consulting
+61 422 602 720

The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mark Savage, who is a member of the Australian Institute of Mining and Metallurgy. Mark Savage is a full time employee of Apex Minerals NL. Mark Savage has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mark Savage consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

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Level 1, 10 Ord Street, West Perth, Western Australia 6005
PO Box 682 West Perth, Western Australia 6872
Tel: 61 8 6311 5555 Fax: 61 8 6311 5556 admin@apexminerals.com.au
ASX Code: AXM www.apexminerals.com.au ABN 22 098 612 974