

# **APEX MINERALS NL**

## **ACN 098 612 974**

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### **ENTITLEMENT ISSUE PROSPECTUS**

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For a non-renounceable entitlement issue of one Share for every two Shares held by those Shareholders registered at the Record Date at an issue price of \$0.08 per Share, to raise up to approximately \$8,866,544 (before costs).

The Offer is conditionally partially underwritten by Azure Capital (AFSL 276569) for the amount of \$6,000,000. Refer to section 10.3 for details of the terms of the Underwriting Agreement.

#### **IMPORTANT NOTICE**

**This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Shares being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.**

**The Shares offered under this Prospectus should be considered speculative.**

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## 1. SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES

### Key Offer Information

<b>Offer price per new Share under the Offer</b>	\$0.08
<b>Eligible Shareholder's Entitlement</b>	One new Share for every two existing Shares held on the Record Date
<b>Approximate minimum Offer proceeds and Minimum Subscription Amount</b>	\$6,000,000 (before costs)
<b>Approximate maximum Offer proceeds</b>	\$8,866,544 (before costs)
<b>Approximate number of new Shares to be issued in respect of the maximum Offer proceeds</b>	110,831,795
<b>Approximate maximum number of Shares on issue upon completion of the Offer, Placement and other anticipated issues of Shares prior to the Closing Date</b>	332,495,384

### Important Notes

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisers. The Shares the subject of this Prospectus should be considered highly speculative.

This Prospectus is dated 25 September 2012 (**Prospectus**) and a copy of this Prospectus was lodged with the ASIC on that date.

The ASIC and ASX take no responsibility for the content of this Prospectus.

The expiry date of the Prospectus is 13 months after the date the Prospectus was lodged with the ASIC. No Shares will be allotted or issued on the basis of this Prospectus after the expiry date.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form which accompanies this Prospectus or a Shortfall Application Form.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions constitutes a violation of those laws. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making

representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

### **Underwriting Agreement**

The Offer is partially underwritten by Azure Capital for the amount of \$6,000,000. Azure Capital's underwriting obligations under the Underwriting Agreement are conditional upon a number of matters. One condition is that the Underwriter receives binding sub-underwriting commitments in respect of at least \$6,000,000 worth of Shares under the Offer prior to 5:00pm on the Closing Date. If the conditions are not satisfied or waived by Azure Capital by their respective deadlines, Azure Capital may elect, in its discretion, to terminate the Underwriting Agreement.

The Underwriting Agreement also includes various other termination events upon the occurrence of which Azure Capital may elect, in its discretion, to terminate the underwriting arrangements. Azure Capital may elect to terminate the Underwriting Agreement if any of the sub-underwriters do not comply with their respective obligations under sub-underwriting agreements. The rationale for this termination event is that the Underwriter is not willing to accept counterparty risk in relation to sub-underwriters that are introduced to the Underwriter by third parties.

### **Risk Factors**

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which they can effectively manage them is limited.

Set out below are specific risks that the Company is exposed to. Further risks associated with an investment in the Company are outlined in section 9.

- **Going concern risk and creditor risk:** The Directors believe that the Company will require additional funding in the short term to adequately meet the Company's existing commitments to creditors and short term working capital requirements, even if the Offer is completed successfully. Further funding will be required for exploration to expand resources and reserves, making debt repayments, capital expenditure and for working capital requirements to improve production and operating costs and other working capital needs of the Company. In the event that the further funding is not obtained successfully in the short term and even if the Offer is completed successfully, the Company may not be able to continue as a going concern.

The Company has negotiated with some creditors to enter alternative arrangements for the repayment of amounts owing and to extend the dates on which amounts are due and payable. The Company is also due to make repayments to creditors of approximately \$10.5 million prior to the anticipated date of receipt of funds under the Offer. However, this amount includes a total of approximately \$5.8 million which is sought to be paid to AMNL Financing Pty Ltd and other creditors with the

proceeds of the Offer and the Company is currently in discussions with AMNL Financing Pty Ltd and various other creditors to extend these dates. There is a risk that if the Company cannot extend the dates on which amounts are due and payable to creditors who are due to be repaid prior to the anticipated date of receipt of funds under the Offer and/or if the Company cannot raise additional alternative funds during the period of Offer to satisfy these creditors or if the Offer does not proceed, the Company will not be able to satisfy its outstanding creditor liabilities and the Company may not be able to continue as a going concern.

- **Termination of the Underwriting Agreement:** The Offer is partially underwritten by Azure Capital for the amount of \$6,000,000. Azure Capital's underwriting obligations under the Underwriting Agreement are conditional upon a number of matters. One condition is that the Underwriter receives binding sub-underwriting commitments in respect of at least \$6,000,000 worth of Shares under the Offer prior to 5:00pm on the Closing Date. If the conditions are not satisfied or waived by Azure Capital by their respective deadlines, Azure Capital may elect, in its discretion, to terminate the Underwriting Agreement. The Underwriting Agreement also includes various other termination events upon the occurrence of which Azure Capital may elect, in its discretion, to terminate the underwriting arrangements. Azure Capital may elect to terminate the Underwriting Agreement if any of the sub-underwriters do not comply with their respective obligations under sub-underwriting agreements. In the event that the Underwriting Agreement is terminated, the Company may not receive the minimum level of subscriptions, in which event the Offer will not proceed and the Company will need to consider other funding options and whether it can continue as a going concern. For further details of the Underwriting Agreement refer to section 10.3 of this Prospectus.
- **Claims, liability and litigation:** The Company has received a creditor's statutory demand from former Managing Director and CEO, Mark Ashley, for the amount of \$497,592. The Company has made an application to the Supreme Court of Western Australia for an order setting aside the creditor's statutory demand. On 21 September 2012, the Company also received a creditor's statutory demand from a former employee, for the amount of \$26,181.60.
- **Geotechnical risk:** In the first half of 2009, the Company experienced a seismic event that curtailed gold production at its operations. During the June 2011 quarter, mining from the high grade Calais, Henry V and Burgundy zones of the Wiluna mine temporarily ceased as a result of the need to undertake an upgrade of the seismic monitoring system and geotechnical modelling. Although the Company has had independent geotechnical advice completed, an upgrade of the geotechnical modelling and undertaken a number of measures to mitigate this risk.

The Company's production focus is now on the East and West Lodes where ground conditions are more favourable and where mining is relatively shallow (at 200-350 metres below surface), to reduce dependence on production from deep mining areas.

- **Title risk:** A number of tenements held by the Company are not considered to be in good standing for reasons including the failure to lodge annual expenditure reports, the outstanding submission of operations reports on expenditure, the failure to meet minimum

expenditure commitments, the failure to make penalty payments imposed in relation to annual rental payments, the failure to lodge environmental reports and comply with all environmental regulatory requirements, undetermined applications for exemption from expenditure commitments and undetermined applications against forfeiture. If the outstanding matters relating to these tenements are not resolved so as to put these tenements in good standing, these tenements may be liable to forfeiture. Some of the Company's tenements have expired or have been forfeited on the basis of exemption applications having been refused. Whilst a number of its tenements are currently listed as not being in good standing, the Company does not consider these tenements to be material to its operations. The Company's material tenements, being those tenements on which its mining activities and operations are conducted, are currently in good standing.

If the Offer does not proceed, the Company is of the view that it may not have sufficient funds to meet the minimum expenditure commitments in respect of some of its tenements. Unless the Company obtains exemptions in relation to this expenditure, or raises additional funding by other means, the Company may be required to relinquish or forfeit some or part of these tenements.

- **Future funding risk:** There will be a need for funds by the Company in the future even if the Offer proceeds.

In addition to undertaking the Offer, as announced on 21 September 2012, the Company is undertaking a placement of 28,000,000 Shares at \$0.09 per Share to raise approximately \$2,520,000. The Shares proposed to be issued under the placement are intended to be issued on 26 September 2012.

The Company anticipates that it will need to raise funds additional to that proposed to be raised under the Offer and Placement to meet short and medium term funding needs of the Company required for exploration to expand resources and reserves, making debt repayments, capital expenditure and for working capital requirements to improve production and operating costs and other working capital needs of the Company. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of exploration, development or production on the Company's properties or even loss of a property interest and may adversely affect the Company's ability to generate revenue from its operations, the sale of its operations and its ability to meet anticipated or forecasted productions and recoveries.

Following completion of the Offer and Placement, the Company's preference and intention is to raise any further additional funds it requires in the short and medium term through debt financing, rather than equity financing. However, the Company may also seek to raise further funds through equity financing, joint ventures, production sharing arrangements or other means. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

Further, the Company, in the ordinary course of its operations and developments, is required to issue financial assurances, particularly

insurances and bond/bank guarantee instruments to secure statutory and environmental performance undertakings and commercial arrangements. The Company's ability to provide such assurances is subject to external financial and credit market assessments, and its own financial position.

Loan agreements and other financing rearrangements such as debt facilities, convertible note issues and finance leases (and any related guarantee and security) that may be entered into by the Company may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Company would be able to repay such loans in the event of an acceleration. Enforcement of any security granted by the Company, including that granted by the Company in favour of AMNL Financing Pty Ltd, or default under a finance lease could also result in the loss of assets.

The Company is exposed to risks associated with its financial instruments (consisting of cash, receivables, accounts payable and accrued liabilities due to third parties from time to time). This includes the risk that a third party to a financial instrument fails to meet its contractual obligations; the risk that the Company will not be able to meet its financial obligations as they fall due; and the risk that market prices may vary which will affect the Company's income.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company and you should refer to the additional risk factors in section 9 of this Prospectus before deciding whether to apply for Shares pursuant to this Prospectus.

## **ELECTRONIC PROSPECTUS**

A copy of this Prospectus can be downloaded from the website of the Company at <http://www.apexminerals.com.au>. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Entitlement and Acceptance Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

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## 2. TIMETABLE

<b>Event</b>	<b>Date</b>
Trading halt	17 September 2012
Announcement of Placement and Rights Issue and lodgement of Appendix 3B Shares recommence trading	21 September 2012
Prospectus lodged with ASX and ASIC and notice sent to holders of options	25 September 2012
Placement Shares issued and holding statements dispatched	26 September 2012
Notice sent to security holders	27 September 2012
'Ex' date	28 September 2012
Record Date	7:00pm (AEST) on 5 October 2012
Prospectus dispatched to Eligible Shareholders and Offer opens	10 October 2012
Offer closes	5:00pm (AEDT) on 24 October 2012
Deferred settlement trading commences	25 October 2012
Notification of under subscriptions to ASX (if any)	29 October 2012
Shares issued and holding statements despatched	1 November 2012
Commencement of trading of new Shares	2 November 2012

\* This timetable is indicative only and subject to change. Subject to the ASX Listing Rules, Corporations Act and other applicable laws, the Directors reserve the right to vary these dates, including the Closing Date, without prior notice.



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### 3. CHAIRMAN'S LETTER

25 September 2012

Dear Shareholder,

On behalf of Apex Minerals NL, I am pleased to invite you to participate in a one for two non-renounceable entitlement offer of new ordinary shares in the capital of Apex, at an offer price of \$0.08 per new Share, to raise approximately \$8,866,544 (before costs). The Offer is conditionally partially underwritten by Azure Capital Limited for the amount of \$6,000,000. It is a condition of the Offer that Apex receives minimum subscriptions equal to the amount of \$6,000,000 in respect of the Offer.

New directors and senior management were appointed by Apex on 19 April 2012. Since that time, the Company's main focus has been to re-establish its Wiluna mine as an efficient, profitable and sustainable operation. As advised in the Company's ASX announcement of 17 September 2012, Wiluna production performance continues to improve, with the operations expected to become cash flow positive next month. Underground mine production schedules for the next 15 months to 31 December 2013 have been completed, with extensions to mid-2014 nearing completion. 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 tonnes @ 3.9 grams per tonne (g/t) gold.

Further analysis of the level of expenditure required to return Wiluna to a sustainable production profile has shown additional near-term funding is necessary. The primary purpose for undertaking the Offer, in conjunction with seeking further debt funding facilities for which discussions have commenced, is to adequately capitalise the Company and its operations. Repayment of the Company's financing facility with AMNL Financing Pty Ltd of approximately \$4,000,000, its debt to Atlas Copco of approximately \$6,000,000 (each of which relate to debts incurred by previous management) and the estimated cost of rebuilding the Company's mining equipment are the major items for which equity and debt funding is required in the short to medium term. Further details of the intended use of funds raised pursuant to the Offer are set out in section 6.1 of the Prospectus.

As advised in the Company's ASX announcement of 17 September 2012, the Company has developed detailed mine production schedules incorporating the processing of a large 3 million tonne stockpile adjacent to the Wiluna processing plant and a comprehensive financial model. Apex's Board believes that this facilitates the Company to be well positioned to pursue opportunities to raise debt finance to refinance existing debt and operational improvements.

The Offer is non-renounceable, which means that entitlements to take up new Shares are non-transferable and will not be tradeable on ASX. Shareholders who do not take up all or any part of their Entitlement will not receive any payment or value in respect of the Entitlement not taken up and their equity interest in Apex will be diluted.

In the event that the Company does not receive the minimum level of subscriptions and the Underwriting Agreement is terminated, the Offer will not proceed. If the Offer does not proceed, the Company will need to consider

other alternatives to satisfy its obligations to creditors and whether it may continue operating as a going concern.

This Prospectus contains important information about the Offer. With this Prospectus, you will also find a personalised Entitlement and Acceptance Form that contains details of your Entitlement. Details of how to accept the Offer are provided on the form and in section 5 of this Prospectus.

The Offer closes at 5:00pm (AEDT) on 24 October 2012. To participate, you need to ensure that you have completed and returned the Entitlement and Acceptance Form and paid all monies before this time and date, or alternatively, that you have paid all monies via BPAY® by that date.

You should carefully read this Prospectus in its entirety. If you have any doubts or questions, you should consult your stockbroker, accountant, solicitor or other independent professional advisor to evaluate whether or not to participate. If you have any queries concerning the Offer, or the action you are required to take to subscribe for new Shares, please contact your financial adviser or Apex on (08) 6311 5555.

Yours sincerely

A handwritten signature in black ink, appearing to read 'E. Eshuys', with a long horizontal stroke extending to the right.

Eduard Eshuys  
Executive Chairman

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#### 4. CORPORATE DIRECTORY

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##### Directors

**Eduard Eshuys**

Executive Chairman

**Brice Mutton**

Non-executive Director

**Ross Hutton**

Non-executive Director

**Kim Robinson**

Non-executive Director

**Matthew Sheldrick**

Non-executive Director

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##### Company Secretary

Michael Ilett

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##### Registered Office

First Floor  
10 Ord Street  
WEST PERTH WA 6005

Telephone: + 61 8 6311 5555  
Facsimile: +61 8 6311 5556

Email:  
admin@apexminerals.com.au  
Website:  
<http://www.apexminerals.com.au>

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##### Share Registry

Link Market Services Limited  
Ground Floor, 178 St Georges  
Terrace  
PERTH WA 6000  
Telephone: 1300 554 474

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##### Solicitors

Steinepreis Paganin  
Level 4, The Read Buildings  
16 Milligan Street  
PERTH WA 6000

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##### Investigating Accountant and Auditor

Crowe Horwarth  
Level 6, 256 St Georges Terrace  
PERTH WA 6000

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##### Lead Manager and Underwriter

Azure Capital Limited  
Level 34, Exchange Plaza  
2 The Esplanade  
PERTH WA 6000  
AFSL 276569

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##### ASX Code

Shares: AXM  
Listed Options: AXMO

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## **5. DETAILS OF THE OFFER**

### **5.1 Offer**

The Offer is being made as a non-renounceable entitlement issue of one Share for every two Shares held by Shareholders registered at the Record Date, at an issue price of \$0.08 per Share.

Based on the capital structure of the Company as at the date of this Prospectus, and assuming all Entitlements are accepted, no Options are exercised prior to the Record Date, a maximum of 110,831,795 Shares will be issued pursuant to the Offer to raise up to approximately \$8,866,544 (before costs).

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to section 8 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the intended use of funds raised are set out in section 6 of this Prospectus.

### **5.2 Effect of Offer on the Company's existing securities**

At the date of this Prospectus the Company has on issue the following securities:

- (a) 192,418,135 Shares;
- (b) 191,250 partly paid shares;
- (c) 6,786,903 listed Options;
- (d) 339,850 unlisted Options; and
- (e) 1,800,000 warrants.

In addition to the above, a further 28,000,000 Shares are intended to be issued on 26 September 2012 under the Placement. The Company also intends to issue a further 1,245,454 Shares which were approved at a general meeting of the Company on 31 August 2012.

The holders of existing Options will not be entitled to participate in the Offer without first exercising their Options. Please refer to section 6.4 for further details regarding existing Options.

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a Share, such fraction will be rounded down to the nearest whole Share.

### **5.3 What Eligible Shareholders may do**

Eligible Shareholders may do any of the following:

- (a) take up their full Entitlement under the Offer and apply for Shortfall Shares in excess of their Entitlement (please see section 5.4 below);
- (b) take up their full Entitlement under the Offer but not apply for Shortfall Shares in excess of their Entitlement (please also see section 5.4 below);
- (c) partially take up their Entitlement (please also see section 5.4 below); or

- (d) decline to take up their Entitlement by taking no action (please see section 5.5 below).

The Offer is a pro rata offer to Eligible Shareholders. Eligible Shareholders who do not take up their Entitlements in full will not receive any amounts in respect of the Entitlements that they do not take up, and will have a reduced (i.e. diluted) percentage shareholding in Apex after implementation of the Offer.

Entitlements cannot be traded on ASX or any other exchange, nor can they otherwise be transferred. If you do nothing, then a number of new Shares equal to the number of new Shares not taken up under your Entitlement will be made available to Eligible Shareholders who apply for Shortfall Shares in excess of their Entitlement. If there is not sufficient demand from Eligible Shareholders who applied for Shortfall Shares in excess of their Entitlement then the Underwriter will subscribe, or procure subscribers, for the new Shares which are the subject of your Entitlement up to the amount of \$6,000,000.

#### **5.4 If you are an Eligible Shareholder and wish to take up your Entitlement in full or in part, and how to apply for Shortfall Shares in excess of your Entitlement**

##### **What you need to do**

If you are an Eligible Shareholder and you wish to take up all or part of your Entitlement, or wish to take up all of your Entitlement and also apply for Shortfall Shares in excess of your Entitlement, you have the following two options.

**OPTION 1:** Submit your completed personalised Entitlement and Acceptance Form together with a cheque, bank draft or money order.

To follow this OPTION 1, you should:

- (a) complete the personalised Entitlement and Acceptance Form accompanying this Prospectus in accordance with the instructions set out on that form, and indicate the number of Shares you wish to subscribe for; and
- (b) return the Entitlement and Acceptance Form to the Share Registry (the address is below) together with a cheque, bank draft or money order which must be:
  - (i) in respect of the full Application Monies (being \$0.08 per Share multiplied by the number of Shares you wish to subscribe for – if you are not taking up all of your Entitlement or you are applying for Shortfall Shares you will need to calculate this amount yourself);
  - (ii) in Australian currency drawn on an Australian branch of a financial institution; and
  - (iii) made payable to 'Apex Minerals NL' and crossed 'Not Negotiable'.

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of Shares you have applied for in your Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole Shares as your cleared Application Monies will pay for (and to have

specified that number of Shares on your Entitlement and Acceptance Form). Alternatively, at the discretion of Apex, your Application will be rejected.

Cash payments will not be accepted. Receipts for payment will not be issued.

You need to ensure that your completed Entitlement and Acceptance Form and cheque, bank draft or money order is received at the Share Registry at the following address by no later than 5.00pm (AEDT) on 24 October 2012 (subject to variation):

By post to: Apex Minerals NL  
C/- Link Market Services Limited  
Reply Paid 3560  
SYDNEY NSW 2001

Hand delivery: Apex Minerals NL  
C/- Link Market Services Limited  
1A Homebush Bay Drive  
Rhodes NSW 2138

For the convenience of Eligible Shareholders, a reply paid envelope addressed to the Share Registry has been enclosed with this Prospectus. If mailed in Australia, no postage stamp is required.

Entitlement and Acceptance Forms (and payments for Application Monies) may be accepted if received after the Closing Date at the absolute discretion of Apex.

Entitlement and Acceptance Forms (and payments for Application Monies) will not be accepted at Apex's registered or corporate offices.

Details of how to apply for Shortfall Shares under the Shortfall Offer are set out in section 5.10.

#### **OPTION 2:** Pay via BPAY® payment

To follow this OPTION 2, you should pay the full Application Monies via BPAY® payment in accordance with the instructions set out on the personalised Entitlement and Acceptance Form, which includes the biller code and your unique reference number. The Application Monies are \$0.08 per Share multiplied by the number of Shares you wish to subscribe for. If you have multiple holdings, you will also have multiple customer reference numbers. You must use the reference number shown on each Entitlement and Acceptance Form to pay for each holding separately. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution.

Please note that should you choose to pay by BPAY® payment:

- (a) you do not need to submit the personalised Entitlement and Acceptance Form but are taken to make the statements on that form; and
- (b) you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Application Monies (the amount of your payment received will be divided by the Offer Price) which will be deemed to be the total number of Shares you are applying for.

You need to ensure that your BPAY® payment is received by the Share Registry by no later than 5.00pm (AEDT) on 24 October 2012 (subject to variation).

Applicants should be aware that their own financial institution may implement earlier cut-off times with regards to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the Applicant to ensure that funds submitted through BPAY® are received by 5.00pm (AEDT) on 24 October 2012 (subject to variation).

In case of either OPTION 1 or OPTION 2, by taking up all or part of your Entitlement you will be deemed to have represented that you are in compliance with all relevant selling restrictions and otherwise agreed to all the terms and conditions of the Offer as set out in this Prospectus.

Details of how to apply for Shortfall Shares under the Shortfall Offer are set out in section 5.10

## **5.5 If you are an Eligible Shareholder and do not wish to take up your Entitlement**

If you are an Eligible Shareholder and you do not wish to take up your Entitlement, do nothing. If you do nothing, then new Shares representing your Entitlement will be made available to Eligible Shareholders who apply for Shortfall Shares in excess of their Entitlement, or will otherwise be subscribed for by, or by persons nominated by the Underwriter and Apex up to the amount of \$6,000,000.

You should also note that, if you do not take up your Entitlement, then – although you will continue to own the same number of Shares and may acquire Shares – your percentage shareholding in Apex will be reduced.

## **5.6 Who is eligible to participate in the Offer**

### **(a) Eligible Shareholders**

The Offer is only open to Eligible Shareholders. Eligible Shareholders are those persons who at 7.00pm (AEST) on the Record Date:

- (i) have a registered address in Australia or New Zealand;
- (ii) are not in the United States and not a US Person or acting for the account or benefit of a US Person;
- (iii) are eligible under all applicable securities laws to receive an offer under the Offer; and
- (iv) is not an Ineligible Shareholder. Apex is of the view that it is not reasonable or practicable to extend the Offer to Ineligible Shareholders, having regard to:
  - (A) the number of Ineligible Shareholders;
  - (B) the number and value of the Shares which would be offered to Ineligible Shareholders if they were Eligible Shareholders; and
  - (C) the cost of complying with the legal requirements, and requirements of the regulatory authorities, in the respective overseas jurisdictions.

Accordingly, the Offer is not being extended to any Shareholder with a registered address outside Australia or New Zealand (subject to section 5.6 below).

Apex will notify Ineligible Shareholders of the Offer, provide them with details of the Offer and advise them that Apex is not extending the Offer to Ineligible Shareholders.

Apex, in its absolute discretion, reserves the right to determine whether a Shareholder is an Eligible Shareholder and, therefore, able to participate in the Offer, or an Ineligible Shareholder and, therefore, unable to participate in the Offer. Apex disclaims all liability to the maximum extent permitted by law in respect of the determination as to whether a Shareholder is an Eligible Shareholder or an Ineligible Shareholder.

(b) **Foreign Shareholders**

The offer of Shares under this Prospectus does not constitute a public offer in any jurisdiction outside Australia and New Zealand. This Prospectus does not, and is not intended to, constitute an offer or invitation to subscribe in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia and New Zealand. The Shares have not been, and will not be, registered under the US Securities Act and may not be offered or sold in the US or to, or for the account or benefit of, US Persons except in accordance with the applicable exemption from the registration requirements of the US Securities Act pursuant to Regulation D and Rule 144, if applicable, and applicable US state securities laws.

New Shares are not being offered or sold to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of new Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under Securities Act 1978 (New Zealand). This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law required to contain.

It is the responsibility of Shareholders outside Australia and New Zealand to whom offers under the Offer are made to obtain all necessary approvals for the issue of Shares under this Offer.

(c) **Nominees, trusts and custodians**

Nominees, trusts and custodians must not apply on behalf of any beneficial holder that would not itself be an Eligible Shareholder.

Accordingly, any Application made on the respective personalised Entitlement and Acceptance Forms by a nominee, trust or custodian on behalf of a beneficiary, must be in accordance with the terms of the offer contained in this Prospectus. Among others, this requires that:



- (i) the nominee has a registered address in Australia or New Zealand;
- (ii) the nominee is not holding on behalf of a beneficiary who is an Ineligible Shareholder;
- (iii) the beneficiary is not an Ineligible Shareholder;
- (iv) the beneficiary is not in the United States and is not a US Person and is not acting for the account or benefit of a US Person; and
- (v) the beneficiary is eligible under all applicable securities laws to receive an offer under the Offer.

A nominee must not send any materials relating to the Offer into the United States and must not submit an Application or otherwise accept the Offer on behalf of a person in the United States or who is, or is acting for the account or benefit of, a US Person.

Shareholders who are nominees, trustees or custodians are, therefore, advised to seek independent advice as to how they should proceed. Shareholders who hold Shares on behalf of persons whose registered address is not in Australia are responsible for ensuring that accepting the Offer does not breach securities laws in the relevant overseas jurisdictions.

(d) **No trading in Entitlements**

Entitlements cannot be traded on ASX or any other securities exchange or privately transferred.

## **5.7 Implications of an Acceptance**

Returning a completed Entitlement and Acceptance Form or paying any Application Monies by BPAY® will be taken to constitute a representation by you that:

- (a) you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety;
- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any Application Monies, the application may not be varied or withdrawn except as required by law.

## **5.8 Minimum Subscription**

The minimum subscription in respect of the Offer is \$6,000,000.

No Shares will be allotted or issued until the minimum subscription has been received. If the minimum subscription is not received within 4 months after the date of issue of this Prospectus, the Company will either repay the Application Monies to the Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their Application Monies.

## 5.9 Underwriting

The Offer is conditionally underwritten by Azure Capital up to the amount of \$6,000,000. The Underwriter will be paid an underwriting fee of up to 5% of the total amount proposed to be raised pursuant to the Offer of \$8,866,544 (being an amount of \$443,327.18). If only the Minimum Subscription Amount is raised pursuant to the Offer, the underwriting fee will be 5% of the Minimum Subscription Amount of \$6,000,000 (being an amount of \$300,000). The Underwriters' underwriting obligations are conditional upon a number of matters including that the Underwriter receive binding sub-underwriting commitments in respect of at least \$6,000,000 worth of Shares under the Offer prior to 5:00pm on the Closing Date. Azure Capital may elect to terminate the Underwriting Agreement if any of the sub-underwriters do not comply with their respective obligations under sub-underwriting agreements. The Company and the Underwriter have entered into the Underwriting Agreement, further details of which are in section 10.3 of this Prospectus.

In the event that the Underwriting Agreement is terminated and not all Eligible Shareholders accept their full Entitlement, the Shortfall procedure set out in section 5.10 below will apply.

## 5.10 Shortfall Offer

The offer of the Shortfall is a separate offer pursuant to this Prospectus. Shares not taken up by Eligible Shareholders will form part of the Shortfall Offer. The issue price of any Shares offered pursuant to the Shortfall Offer will be \$0.08 each, which is the issue price at which the Offer has been made to Eligible Shareholders.

### (a) Eligible Shareholders

Eligible Shareholders may, in addition to their Entitlement, apply under the Shortfall Offer, regardless of the size of their present holding.

Eligible Shareholders who wish to apply for Shortfall Shares above their Entitlement can complete the appropriate boxes on the Entitlement and Acceptance Form accompanying this Prospectus and return it to the Share Registry and effect payment by cheque, bank draft, money order or BPAY® in the manner set out in section 5.4 for the value of those Shortfall Shares (at \$0.08 per Shortfall Share).

### (b) Other investors

Other investors identified by the Underwriter can apply for Shortfall Shares by completing the Shortfall Application Form attached to this Prospectus and returning it together with a cheque for the value of those Shortfall Shares (at \$0.08 per Shortfall Share) to the Share Registry.

Shortfall Shares will only be issued if the Offer is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions. The Directors reserve the right to reject any application for Shortfall Shares or to allot a lesser number of Shortfall Shares than applied for or not proceed with the issuing of the Shortfall Shares or part thereof. If the number of Shares issued is less than the number applied for in an Entitlement and Acceptance Form or Shortfall Application Form, surplus Application Monies will be refunded in full as soon as practicable after the closing date of the Shortfall Offer. Interest will not be paid on Application Monies refunded.

The Directors reserve the right to place the Shortfall at their discretion within 3 months after the close of the Offer subject to the Listing Rules and any restrictions under any applicable law. The Company reserves the right to allot to an Applicant a lesser number of Shortfall Shares than the number for which the Applicant applies, or to reject an Application, or to not proceed with the Shortfall Offer or issue of any Shortfall Shares.

A Shareholder or non-shareholder will not be allocated any Shortfall Shares if the allotment and issue of those Shortfall Shares will result in their voting power in the Company exceeding 19.99%.

#### **5.11 ASX listing**

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

#### **5.12 Allotment**

Shares issued pursuant to the Offer will be allotted in accordance with the ASX Listing Rules and timetable set out in this Prospectus.

Pending the allotment and issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Shares issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Shares issued under the Shortfall Offer as soon as practicable after their issue.

#### **5.13 Withdrawal of the Offer**

Apex reserves the right to withdraw the Offer at any time, in which case Apex will refund Application Monies in accordance with the Corporations Act and will do so without interest.

#### **5.14 Enquiries**

Any questions concerning the Offer should be directed to the Company Secretary, Mr Michael Ilett, on +61 8 6311 5555.

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## 6. PURPOSE AND EFFECT OF THE OFFER

### 6.1 Purpose of the Offer

The purpose of the Offer is to raise a minimum of \$6,000,000 (before costs).

In the event that the maximum Offer proceeds of \$8,866,544 is raised under this Prospectus, the funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Funds Raised (\$)	%
1	Repayment of financing facility with AMNL Financing Pty Ltd	4,000,000	45
2	Payment of creditors	3,302,589	37
3	Working capital	980,000	11
4	Expenses of Offer	583,955	7
<b>Total</b>		<b>8,866,544</b>	<b>100</b>

In the event that only \$6,000,000 (the Minimum Subscription Amount) is raised under this Prospectus, the proceeds of the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Funds Raised (\$)	%
1	Repayment of financing facility with AMNL Financing Pty Ltd	4,000,000	66
2	Payment of creditors	1,560,000	26
3	Expenses of Offer	440,000	8
<b>Total</b>		<b>6,000,000</b>	<b>100</b>

In the event the Company is able to refinance the financing facility with AMNL Financing Pty Ltd, the proceeds allocated to repayment of this facility will be applied towards payment of creditors and working capital.

The above tables are statements of the Board's current intention as at the date of this Prospectus. However, Shareholders should note that, as with any budget, the allocation of funds set out in the above tables may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

As announced on 21 September 2012, the Company is undertaking a placement of 28,000,000 Shares at \$0.09 per Share to raise approximately \$2,520,000. The Placement Shares are intended to be issued on 26 September 2012. Therefore Placement participants will carry entitlements to participate in the Rights Issue. Proceeds from the Placement will be used to repay short term debt and creditors.

## 6.2 Effect of the Offer

The principal effect of the Offer, assuming successful completion and no existing Options are exercised, will be to:

- (a) increase the cash reserves by \$8,866,544 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Shares on issue from 192,418,135 Shares as at the date of this Prospectus to 303,249,930 Shares.

Given the exercise price of existing Options, it is unlikely these will be exercised prior to the Record Date.

## 6.3 Pro-forma balance sheet

The auditor reviewed statement of financial position as at 31 December 2011 and the unaudited pro-forma consolidated historical statement of financial position of the Company as at 31 May 2012, prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company, are set out in section 7 of this Prospectus.

## 6.4 Effect of the Offer on capital structure

The effect of the Offer on the Company's capital structure is set out below.

<b>Shares</b>	<b>Number</b>
Shares currently on issue	192,418,135
Shares to be issued under the Placement	28,000,000
Shares offered under this Prospectus	110,831,795 <sup>1</sup>
<b>Total Shares on issue on completion of the Offer and Placement</b>	<b>331,249,930<sup>2,3</sup></b>
<b>Partly Paid Shares</b>	<b>Number</b>
Partly Paid Shares currently on issue	191,250 <sup>4</sup>
Partly Paid Shares offered under this Prospectus	Nil
<b>Unlisted Options</b>	
Unlisted Options exercisable at \$0.30 on or before 24 July 2015 currently on issue	114,172,900
Unlisted Options exercisable at \$0.30 on or before 18 April 2015 currently on issue	3,750,000
Unlisted Options exercisable at \$0.45 on or before 18 April 2015 currently on issue	3,500,000
Unlisted Options exercisable at \$0.60 on or before 18 April 2015 currently on issue	2,750,000
Unlisted Options exercisable at \$0.80 on or before 18 April 2017 currently on issue	6,000,000
Unlisted Options exercisable at \$0.4375 on or before 18 April 2015 currently on issue	1,000,000

Unlisted Options exercisable at \$2.00 on or before 13 September 2012 currently on issue	150,000
Unlisted Options exercisable at \$0.25 on or before 26 March 2015 currently on issue	5,500,000
Unlisted Options offered under this Prospectus	Nil
<b>Listed Options</b>	<b>Number</b>
Listed Options exercisable at \$6.00 on or before 9 November 2012 currently on issue	6,786,903 <sup>5</sup>
<b>Unlisted Options held by Atlas Copco Australia Pty Ltd</b>	<b>Number</b>
Unlisted Options held by Atlas Copco Australia Pty Ltd currently on issue	150,000 <sup>6</sup>
Unlisted Options held by Atlas Copco Australia Pty Ltd offered under this Prospectus	Nil
<b>Unlisted Options issued pursuant to the Company's employee share option plan</b>	<b>Number</b>
Unlisted Options issued pursuant to the Company's employee share option plan currently on issue	189,850 <sup>7</sup>
Unlisted Options issued pursuant to the Company's employee share option plan offered under this Prospectus	Nil
<b>Warrants</b>	<b>Number</b>
Warrants currently on issue	1,800,000 <sup>8</sup>
Warrants offered under this Prospectus	Nil

**Notes:**

1. The Company proposes to issue 110,831,795 Shares at an issue price of \$0.08 per Share prior to the Closing Date, to raise \$8,866,544 (before costs).
2. Assumes the Offer is fully subscribed and no Options are exercised. The Company also proposes to issue a further 1,245,454 Shares, which were approved at a general meeting of the Company on 31 August 2012.
3. Assumes no existing Options are exercised.
4. \$0.10 of \$20 has been paid in respect of the partly paid shares.
5. Expiry date of 9 November 2012 and an exercise price of \$6.00.
6. Expires in accordance with deed of settlement with Atlas Copco Australia Pty Ltd with an exercise price of \$2.00
7. The terms of the 189,850 unlisted Options issued pursuant to the Company's employee share option plan (as at last practical date prior to lodgement of this Prospectus) are as follows:
  - (i) 1,000 Options with an expiry date of 11 November 2012 and an exercise price of or \$130.00;
  - (ii) 140,500 Options with an expiry date of 8 April 2013 and an exercise price of \$5.00;
  - (iii) 3,350 Options with an expiry date of 11 May 2013 and an exercise price of \$ \$130.00;
  - (iv) 36,000 Options with an expiry date of 27 October 2013 and an exercise price of \$4.50;
  - (v) 4,000 Options with an expiry date of 4 December 2013 and an exercise price \$4.50;
  - (vi) 2,800 Options with an expiry date of 9 February 2014 and an exercise price of \$45.00; and
  - (vii) 2,200 Options with an expiry date of 21 June 2014 and an exercise price of \$30.00.
8. Expiry date of 18 February 2014 and an exercise price of \$3.50.

## **6.5 Effect on control of the Company and potential dilution to Shareholders**

At the date of this Prospectus, the Underwriter is a shareholder of the Company. Details of the Underwriter's holdings of Shares and Options are set out in section

10.6. The Underwriter is not a related party of the Company for the purposes of the Corporations Act. The Underwriter will not subscribe for any additional Shares pursuant to the Offer or Shortfall Offer on the basis that it is a condition of the Underwriting Agreement that binding sub-underwriting commitments in respect of the Minimum Subscription Amount be received by 5:00pm on the Closing Date and that the Underwriting Agreement will be terminated if this condition is not satisfied. The Underwriter's voting power in the Company will not exceed 5% following completion of the Offer.

In addition, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 33% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders are set out in the table below:

Holder	Holding as at Record date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer
Shareholder 1	10,000,000	2%	5,000,000	10,000,000	1.3%
Shareholder 2	5,000,000	1%	2,500,000	5,000,000	0.67%
Shareholder 3	1,500,000	0.3%	750,000	1,500,000	0.2%
Shareholder 4	400,000	0.08%	200,000	400,000	0.06%
Shareholder 5	50,000	0.01%	25,000	50,000	0.007%

Notes:

1. Assumes that no Options are exercised prior to the date of this Prospectus.
2. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

## 6.6 Details of substantial holders

Based on information available to the Company as at 24 September 2012, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
J P Morgan Nominees Australia Limited	38,229,613	19.87
UOB Kay Hian Private Limited	23,897,993	12.42
National Nominees Limited	12,325,003	6.41

In the event all Entitlements are accepted, there will be no change to the substantial holders on completion of the Offer. However, if the parties set out above do not participate in the Offer, their interest in the Company will be diluted.

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## 7. FINANCIAL INFORMATION

Set out in section 7.3 is an unaudited pro-forma consolidated historical statement of financial position of the Company as at 31 May 2012 (the **Pro-Forma Historical Statement of Financial Position**) which has been prepared by the management of the Company for illustrative purposes only to show the effect of the Offer on the Company's financial position. The Pro-Forma Historical Statement of Financial Position has not been audited or reviewed by an auditor.

All financial information contained in the Pro-Forma Historical Statement of Financial Position has been prepared in accordance with the measurement and recognition principles under the Australian equivalents to International Financial Reporting Standards (**AIFRS**) (unless otherwise noted) although it is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by AIFRS applicable to annual financial reports prepared in accordance with the Corporations Act.

The Pro-Forma Historical Statement of Financial Position is provided for illustrative purposes only and is not represented as being indicative of the Company's view of the future financial position of the Company and will not necessarily reflect the actual position and balances as at the date on which Shares are issued under the Offer.

### 7.1 Basis of preparation

The basis on which the unaudited pro-forma consolidated statement of financial position has been compiled is set out below:

- (a) All financial information contained in the Pro-Forma Historical Statement of Financial Position has been prepared in accordance with the measurement and recognition principles under the Australian equivalents to International Financial Reporting Standards (**AIFRS**) (unless otherwise noted) although it is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by AIFRS applicable to annual financial reports prepared in accordance with the Corporations Act. The Pro-Forma Historical Statement of Financial Position has not been audited or reviewed by an auditor.
- (b) The Pro-Forma Historical Statement of Financial Position is presented in section 7.3 to illustrate the scenario where it is assumed that Shareholders and the Underwriter will subscribe for Shares up to a minimum amount of \$6,000,000 (before costs) and separately a scenario where it is assumed that Shareholders will subscribe for Shares up to a maximum amount of \$8,867,000 (before costs).
- (c) The Pro-Forma Historical Statement of Financial Position is not intended to be indicative of the financial position that would actually have occurred, or the financial position expected in future periods, had events reflected herein occurred on the dates indicated. The Company is required to account for the Offer based on values at the time the Offer is completed. Therefore actual amounts recorded by the Company upon completion of the transaction will differ from those recorded in the Pro-Forma Historical Statement of Financial Position.
- (d) The Pro-Forma Historical Statement of Financial Position should be read in conjunction with the half year financial report of the Company as at 31 December 2011, released to the ASX on 16 March 2012 and the 30



## 7.2 Assumptions

The following assumptions have been made by the Company in the preparation of the Pro-Forma Historical Statement of Financial Position:

- (a) The Pro-Forma Historical Statement of Financial Position set out below has been prepared on the basis and assumption that there will be no material movements in the assets and liabilities of the consolidated entity between 31 May 2012 and the date of this Prospectus that should have been reflected in the unaudited historical statement of financial position at 31 May 2012;
- (b) The Shares issued by the Company pursuant to a prospectus dated 17 July 2012 and the Options issued following Shareholder approval obtained by the Company at a General Meeting on 24 July 2012 are specifically excluded from inclusion in the Pro Forma Historical Statement of Financial Position;
- (c) The Company will undertake and complete the Offer, being a non-renounceable entitlement issue of one Share for every two Shares held by those Shareholders registered at the Record Date at an issue price of \$0.08 per Share to raise a maximum of \$8,866,544 (before costs) and a minimum of \$6,000,000 (before costs);
- (d) On 27 August 2012, the Company signed a debenture agreement with Azure Capital (as trustee for the Azure Capital Trust) (**ACT**) whereby ACT agreed to advance Apex the sum of \$500,000.05, to be repaid on or before 31 November 2012 or an earlier date mutually agreed by both parties (**Repayment Date**). The amount advanced is unsecured and accrues interest at 10% per annum which is payable at the Repayment Date. Interest commences being accrued from the date the funds were advanced by ACT to Apex, being 28 August 2012 and ceases at the Repayment Date. This transaction has not been recognised in the unaudited pro-forma consolidated statement of financial position of Apex at 31 May 2012.
- (e) Total costs expected to be incurred in relation to the Offer of \$440,628 (at the minimum) and \$583,955 (at the maximum) are recognised directly against equity; and
- (f) The Pro Forma Historical Statement of Financial Position reflects the derecognition of an amount of \$1,400,000 plus interest, that would not be repayable to Atlas Copco Australia Pty Ltd if the repayment schedule contained within the Deed of Settlement (between the Company and Atlas Copco Australia Pty Ltd) was adhered to. Under Accounting Standard AAB 139 – Financial Instruments: Recognition and Measurement, “...an entity shall remove a financial liability (or part of a financial liability) from its statement of financial position when, and only when, it is extinguished – that is, when the obligation specified in the contract is discharged or cancelled or expires.” Under the terms of the abovementioned Deed of Settlement, a credit note will be issued to the Company when the final payment is made to Atlas Copco Australia Pty Ltd. Accordingly, the \$1,400,000 plus interest should still be recognised as a financial liability until such time as the Company makes the final

payment. This has therefore been reflected in the Pro Forma Historical Statement of Financial Position.

- (g) The Company is in the process of finalising the Placement, which will be settled on the same day that this Prospectus is lodged with ASIC. The Placement is to indicatively raise \$2,520,000. It should be noted that the \$500,000.05 debenture identified in (d) above, will be converted into shares under the Placement. This transaction has not been recognised in the Pro Forma Historical Statement of Financial Position.

### 7.3 Pro-Forma Historical Statement of Financial Position

The Pro Forma Historical Statement of Financial Position is set out below.

	Notes	Reviewed Historical Financial Information 31 December 2011 \$000's	Unaudited and Unreviewed Historical Financial Information 31 May 2012 \$000's	Unaudited and Unreviewed Pro-Forma Financial Information 31 May 2012 \$000's (Minimum)	Unaudited and Unreviewed Pro-Forma Financial Information 31 May 2012 \$000's (Maximum)
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	1	365	6,646	12,205	14,929
Trade and other receivables		3,260	960	960	960
Inventories		13,356	8,553	8,553	8,553
Derivative assets		97	50	50	50
Assets available for sale		20	10	10	10
<b>TOTAL CURRENT ASSETS</b>		<b>17,098</b>	<b>16,219</b>	<b>21,778</b>	<b>24,502</b>
<b>NON-CURRENT ASSETS</b>					
Trade and other receivables		4,630	4,679	4,679	4,679
Property, plant and equipment		48,955	45,890	45,890	45,890
Mine properties		5,434	3,281	3,281	3,281
Assets held for sale		12,097	12,094	12,094	12,094
<b>TOTAL NON-CURRENT ASSETS</b>		<b>71,116</b>	<b>65,944</b>	<b>65,944</b>	<b>65,944</b>
<b>TOTAL ASSETS</b>		<b>88,214</b>	<b>82,163</b>	<b>87,722</b>	<b>90,446</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	2	19,816	14,306	15,956	15,956

Loans and borrowings		8,013	8,964	8,964	8,964
Provisions		1,680	1,738	1,738	1,738
<b>TOTAL CURRENT LIABILITIES</b>		<b>29,509</b>	<b>25,008</b>	<b>26,658</b>	<b>26,658</b>
<b>NON-CURRENT LIABILITIES</b>					
Loans and borrowings		2,083	-	-	-
Liabilities held for sale		4,547	4,512	4,512	4,512
Provisions		18,695	18,943	18,943	18,943
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>25,325</b>	<b>23,455</b>	<b>23,455</b>	<b>23,455</b>
<b>TOTAL LIABILITIES</b>		<b>54,834</b>	<b>48,463</b>	<b>50,113</b>	<b>50,113</b>
<b>NET ASSETS</b>		<b>33,380</b>	<b>33,700</b>	<b>37,609</b>	<b>40,333</b>
<b>EQUITY</b>					
Share capital	3	321,375	341,607	347,166	349,890
Reserves		26,885	29,653	29,653	29,653
Accumulated losses	4	(314,880)	(337,560)	(339,210)	(339,210)
<b>TOTAL EQUITY</b>		<b>33,380</b>	<b>33,700</b>	<b>37,609</b>	<b>40,333</b>

## 1. CASH AND CASH EQUIVALENTS

	<b>Unaudited and Unreviewed Pro-Forma Financial Information 31 May 2012 \$000's (Minimum)</b>	<b>Unaudited and Unreviewed Pro-Forma Financial Information 31 May 2012 \$000's (Maximum)</b>
Adjustments arising in the preparation for the pro-forma balance are summarised as follows:		
Balance as at 31 May 2012	6,646	6,646
Proceeds from issue of Shares pursuant to this Prospectus	6,000	8,867
Estimated costs of the Offer	(441)	(584)
<b>Pro-forma balance as at 31 May 2012</b>	<b>12,205</b>	<b>14,929</b>

<b>2. Trade and other payables</b>	<b>Unaudited and Unreviewed Pro-Forma Financial Information 31 May 2012 \$000's (Minimum)</b>	<b>Unaudited and Unreviewed Pro-Forma Financial Information 31 May 2012 \$000's (Maximum)</b>
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Adjustments arising in the preparation for the pro-forma balance are summarised as follows:

Balance as at 31 May 2012	14,306	14,306
Reversal of previous derecognition of amounts owing to Atlas Copco	1,650	1,650
<b>Pro-forma balance as at 31 May 2012</b>	<b>15,956</b>	<b>15,956</b>

<b>3. SHARE CAPITAL</b>	<b>Unaudited and Unreviewed Pro-Forma Financial Information 31 May 2012 \$000's (Minimum)</b>	<b>Unaudited and Unreviewed Pro-Forma Financial Information 31 May 2012 \$000's (Maximum)</b>
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Adjustments arising in the preparation for the pro-forma balance are summarised as follows:

Balance as at 31 May 2012	341,607	341,607
Proceeds from issue of Shares pursuant to this Prospectus	6,000	8,867
Estimated costs of the Offer	(441)	(584)
<b>Pro-forma balance as at 31 May 2012</b>	<b>347,166</b>	<b>349,890</b>

<b>4. ACCUMULATED LOSSES</b>	<b>Unaudited and Unreviewed Pro-Forma Financial Information 31 May 2012 \$000's (Minimum)</b>	<b>Unaudited and Unreviewed Pro-Forma Financial Information 31 May 2012 \$000's (Maximum)</b>
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Adjustments arising in the preparation for the pro-forma balance are summarised as follows:

Balance as at 31 May 2012	(337,560)	(337,560)
Reversal of previous derecognition of amounts owing to Atlas Copco	(1,650)	(1,650)
<b>Pro-forma balance as at 31 May 2012</b>	<b>(339,210)</b>	<b>(339,210)</b>

## **7.4 Financial forecasts**

The Company has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast information. The Company has concluded that, as at the date of this Prospectus, a reasonable basis does not exist for providing financial forecasts that would be sufficiently meaningful and reliable as required by the law, policy and market practice.

The financial performance of the Company in any period will be influenced by various factors that are outside the control of the Directors and that cannot, at this time, be predicted with a high level of confidence. In particular, the financial performance of the Company may be materially affected by world gold prices, grades of ore processed and recovered and exchange rates.

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## 8. RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a summary of the more significant rights and liabilities attaching to Shares to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

Shares issued under the Offer will be issued as fully paid ordinary shares in the capital of Apex and will rank equally with existing Shares from the date of allotment.

The rights, privileges and restrictions attaching to Shares can be summarised as follows:

(a) **Meetings and Notices**

Each Shareholder is entitled to receive notices of meetings. The failure of a Shareholder to receive a notice of meeting does not invalidate the proceedings, or any resolution passed at, any such meeting. No business may be transacted at any meeting of Shareholders unless a quorum of Shareholders is present. Shareholders may attend a general meeting at which the Shareholder is entitled to be present in person, by proxy, by attorney or, in the case of a Shareholder which is a body corporate, by a corporate representative.

(b) **Voting Rights**

Subject to any rights or restrictions for the time being attached to any class or classes of Shares whether by the terms of their issue, the Constitution, the Corporations Act or the ASX Listing Rules, at a general meeting of the Company every Shareholder present in person or by a representative or attorney has one vote on a show of hands and every such Shareholder present in person or by a representative, proxy or attorney has one vote per fully paid Share on a poll.

Where there are two or more joint holders of the Shares and more than one of them is present at a meeting and tenders a vote in respect of the Share (whether in person or by proxy or attorney), the Company will count only the vote cast by the member whose name appears before the other(s) in the Company's register of Shareholders.

(c) **Dividend Rights**

Subject to any rights or restrictions attaching to a class of shares, the Company may pay dividends as the Directors resolve. The Directors may fix the time for payment and the method of distribution.

(d) **Transfer of Shares**

Subject to the Constitution, a member may transfer one or more Shares they hold by:

- (i) a proper ASTC transfer;

- (ii) an instrument of transfer in compliance with the Constitution; or
- (iii) any other method permitted by the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules.

The Company may decline to register a transfer of Shares where permitted to do so under the provisions of the Constitution, the Corporations Act and the ASX Listing Rules. If the Directors decline to register a transfer, the Company must, within 5 Business Days after the transfer is delivered to the Company, give the party lodging the transfer written notice of the refusal and the reason for refusal. The Directors must decline to register a transfer of shares when required by the Corporations Act, by the ASX Listing Rules or by the ASX Settlement Operating Rules.

(e) **Future Issues**

Subject to the Constitution, the applicable law and the ASX Listing Rules, the Directors may allot, issue or grant options over, or otherwise deal with the unissued shares in the Company at the times and on the terms and conditions that the Directors think proper and a share may be issued with preferential, deferred, qualified or special rights, privileges or conditions or restrictions.

(f) **Alteration of Constitution**

The Constitution can only be amended by a special resolution (that is, a resolution that has been passed by at least three-quarters of the votes cast by shareholders entitled to vote on the resolution). While the Company is listed, at least 28 days written notice of the special resolution must be given.

(g) **Variation of Rights**

The Company may only modify or vary the rights attaching to any Shares with the prior approval by a special resolution passed at a separate meeting of the holders of shares of that class or with the written consent of the holders of at least three-quarters of the issued Shares of the affected class.

(h) **Directors**

The minimum number of Directors is three and the maximum is ten. Currently there are five Directors. Directors must retire on rotational basis so that one-third of Directors must retire at each annual general meeting. Any other Director who has been in office for three or more years must also retire. The Directors may appoint a director either in addition to existing Directors or to fill a casual vacancy, who then holds office until the next annual general meeting.

(i) **Officers' Indemnity**

To the extent permitted by the law, the Company must indemnify each officer (including a Director, auditor and agent of the Company) against any liability which that officer may incur by reason of being an officer or in carrying out the business or exercising the powers of the Company.

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## 9. RISK FACTORS

### 9.1 Introduction

The Shares offered under this Prospectus should be considered speculative.

Potential Applicants should consider the specific and general risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares. Potential Applicants should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### 9.2 Company Specific Risks

(a) **Going concern risk and creditor risk:**

The Directors believe that the Company will require additional funding in the short term to adequately meet the Company's existing commitments to creditors and short term working capital requirements, even if the Offer is completed successfully. Further funding will be required for exploration to expand resources and reserves, making debt repayments, capital expenditure and for working capital requirements to improve production and operating costs and other working capital needs of the Company. In the event that the further funding is not obtained successfully in the short term and even if the Offer is completed successfully, the Company may not be able to continue as a going concern.

The Company has negotiated with some creditors to enter alternative arrangements for the repayment of amounts owing and to extend the dates on which amounts are due and payable. The Company is also due to make repayments to creditors of approximately \$10.5 million prior to the anticipated date of receipt of funds under the Offer. However, this amount includes a total of approximately \$5.8 million which is sought to be paid to AMNL Financing Pty Ltd and other creditors with the proceeds of the Offer and the Company is currently in discussions with AMNL Financing Pty Ltd and various other creditors to extend these dates. There is a risk that if the Company cannot extend the dates on which amounts are due and payable to creditors who are due to be repaid prior to the anticipated date of receipt of funds under the Offer and/or if the Company cannot raise additional alternative funds during the period of Offer to satisfy these creditors or if the Offer does not proceed, the Company will not be able to satisfy its outstanding creditor liabilities and the Company may not be able to continue as a going concern.

(b) **Termination of the Underwriting Agreement:**

The Offer is partially underwritten by Azure Capital for the amount of \$6,000,000. Azure Capital's underwriting obligations under the Underwriting Agreement are conditional upon a number of matters. One condition is that the Underwriter receive binding sub-underwriting commitments in respect of at least \$6,000,000 worth of Shares under the Offer prior to 5:00pm on the Closing Date. If the conditions are not satisfied or waived by Azure Capital by their respective deadlines, Azure



Capital may elect, in its discretion, to terminate the Underwriting Agreement. The Underwriting Agreement also includes various other termination events upon the occurrence of which Azure Capital may elect, in its discretion, to terminate the underwriting arrangements. Azure Capital may elect to terminate the Underwriting Agreement if any of the sub-underwriters do not comply with their respective obligations under sub-underwriting agreements. In the event that the Underwriting Agreement is terminated, the Company may not receive the minimum level of subscriptions, in which event the Offer will not proceed and the Company will need to consider other funding options and whether it can continue as a going concern. For further details of the Underwriting Agreement refer to section 10.3 of this Prospectus.

(c) **Claims, liability and litigation:**

The Company has received a creditor's statutory demand from former Managing Director and CEO, Mark Ashley, for the amount of \$497,592. The Company has made an application to the Supreme Court of Western Australia for an order setting aside the creditor's statutory demand. On 21 September 2012, the Company also received a creditor's statutory demand from a former employee, for the amount of \$26,181.60.

(d) **Geotechnical risk:**

In the first half of 2009, the Company experienced a seismic event that curtailed gold production at its operations. During the June 2011 quarter, mining from the high grade Calais, Henry V and Burgundy zones of the Wiluna mine temporarily ceased as a result of the need to undertake an upgrade of the seismic monitoring system and geotechnical modelling. Although the Company has had independent geotechnical advice completed, an upgrade of the geotechnical modelling and undertaken a number of measures to mitigate this risk.

The Company's production focus is now on the East and West Lodes where ground conditions are more favourable and where mining is relatively shallow (at 200-350 metres below surface), to reduce dependence on production from deep mining areas.

(e) **Title risk:**

A number of tenements held by the Company are not considered to be in good standing for reasons including the failure to lodge annual expenditure reports, the outstanding submission of operations reports on expenditure, the failure to meet minimum expenditure commitments, the failure to make penalty payments imposed in relation to annual rental payments, the failure to lodge environmental reports and comply with all environmental regulatory requirements, undetermined applications for exemption from expenditure commitments and undetermined applications against forfeiture. If the outstanding matters relating to these tenements are not resolved so as to put these tenements in good standing, these tenements may be liable to forfeiture. Some of the Company's tenements have expired or have been forfeited on the basis of exemption applications having been refused. Whilst a number of its tenements are currently listed as not being in good standing, the Company does not consider these tenements to be material to its operations. The Company's material

tenements, being those tenements on which its mining activities and operations are conducted, are currently in good standing.

If the Offer does not proceed, the Company is of the view that it may not have sufficient funds to meet the minimum expenditure commitments in respect of some of its tenements. Unless the Company obtains exemptions in relation to this expenditure, or raises additional funding by other means, the Company may be required to relinquish or forfeit some or part of these tenements.

(f) **Future funding risk**

There will be a need for funds by the Company in the future even if the Offer proceeds.

In addition to undertaking the Offer, as announced on 21 September 2012, the Company is undertaking a placement of 28,000,000 Shares at \$0.09 per Share (to raise approximately \$2,520,000). The Shares proposed to be issued under the placement are intended to be issued on 26 September 2012.

The Company anticipates that it will need to raise funds additional to that proposed to be raised under the Offer and Placement to meet short and medium term funding needs of the Company required for exploration to expand resources and reserves, making debt repayments, capital expenditure and for working capital requirements to improve production and operating costs and other working capital needs of the Company. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of exploration, development or production on the Company's properties or even loss of a property interest and may adversely affect the Company's ability to generate revenue from its operations, the sale of its operations and its ability to meet anticipated or forecasted productions and recoveries.

Following completion of the Offer and Placement, the Company's preference and intention is to raise any further additional funds it requires in the short and medium term through debt financing, rather than equity financing. However, the Company may also seek to raise further funds through equity financing, joint ventures, production sharing arrangements or other means. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

Further, the Company, in the ordinary course of its operations and developments, is required to issue financial assurances, particularly insurances and bond/bank guarantee instruments to secure statutory and environmental performance undertakings and commercial arrangements. The Company's ability to provide such assurances is subject to external financial and credit market assessments, and its own financial position.

Loan agreements and other financing rearrangements such as debt facilities, convertible note issues and finance leases (and any related guarantee and security) that may be entered into by the Company may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of loans and

there is no assurance that the Company would be able to repay such loans in the event of an acceleration. Enforcement of any security granted by the Company, including that granted by the Company in favour of AMNL Financing Pty Ltd, or default under a finance lease could also result in the loss of assets.

The Company is exposed to risks associated with its financial instruments (consisting of cash, receivables, accounts payable and accrued liabilities due to third parties from time to time). This includes the risk that a third party to a financial instrument fails to meet its contractual obligations; the risk that the Company will not be able to meet its financial obligations as they fall due; and the risk that market prices may vary which will affect the Company's income.

(g) **Operating costs**

Operating costs are estimated based on the interpretation of geological data, feasibility studies, anticipated climatic conditions and other factors. Any of the following events, among the other events and uncertainties described in this Prospectus, could affect the ultimate accuracy of such estimates and result in an increase in actual operating costs incurred:

- (i) unanticipated changes in grade and tonnage of ore to be mined and processed;
- (ii) incorrect data on which engineering assumptions are made;
- (iii) equipment delays;
- (iv) labour negotiations;
- (v) changes in government regulation (including regulations regarding prices, costs of consumables, royalties, duties, taxes, permitting and restrictions on production quotas on exploration of minerals); and
- (vi) title claims.

The Company's Wiluna Project is currently a high cost operation and any material increase in the operating cost of the operation or reduction in the gold price may adversely impact the cash flows of the Company.

(h) **Fluctuations in the price of gold**

Changes in the market price of gold will affect the profitability of the Company's operations and its financial condition. The Company's revenues, profitability and viability depend on the market price of gold produced from the Company's mines. The market price of gold is set in the world market and is affected by numerous industry factors beyond the Company's control including the demand for precious metals, expectations with respect to the rate of inflation, interest rates, currency exchange rates, the demand for jewellery and industrial products containing metals, gold production levels, inventories, cost of substitutes, changes in global or regional investment or consumption patterns, and sales by central banks and other holders, speculators and producers of gold and other metals in response to any of the above factors, and global and regional political and economic factors.

A decline in the market price of gold below the Company's production costs for any sustained period would have a material adverse impact on the profit, cash flow and results of operations of the Company's projects and anticipated future operations. Such a decline also could have a material adverse impact on the ability of the Company to finance the exploration and development of its existing and future mineral projects. A decline in the market price of gold may also require the Company to write-down its material reserves which would have a material adverse effect on the value of the Company's securities. Further, if revenue from gold sales declines, the Company may experience liquidity difficulties. The Company will also have to assess the economic impact of any sustained lower gold prices on recoverability and therefore, on cut-off grades and the level of its mineral reserves and resources.

(i) **Production estimates**

The Company may not achieve its production estimates. The failure of the Company to achieve its production estimates could have a material adverse effect on any or all of its future cash flows, profitability, results of operations and financial conditions. The realisation of production estimates is dependent on, among other things, the accuracy of mineral reserve and resource estimates, the accuracy of assumptions regarding ore grades and recovery rates, ground conditions (including hydrology), the physical characteristics of ores, the presence or absence of particular metallurgical characteristics, and the accuracy of the estimated rates and costs of mining, ore haulage and processing.

Actual production may vary from estimates for a variety of reasons, including: the availability of certain types of ores; the actual ore mined varying from estimates of grade or tonnage; dilution and metallurgical and other characteristics (whether based on representative samples of ore or not); short-term operating factors such as the need for sequential development of ore bodies and the processing of new or adjacent ore grades from those planned; mine failures, stope failures or equipment failures; industrial accidents; natural phenomena such as inclement weather conditions, floods, droughts, rock slides and earthquakes; encountering unusual or unexpected geological conditions; changes in power costs and potential power shortages; shortages of principal supplies needed for mining operations, including explosives, fuels, chemical reagents, water, equipment parts and lubricants; plant and equipment failure; the inability to process certain types of ores; labour shortages or strikes; lack of required labour; civil disobedience and protests; and restrictions or regulations imposed by government agencies or other changes in the regulatory environment.

Such occurrences could also result in damage to mineral properties or mines, interruptions in production, injury or death to persons, damage to property of the Company or others, monetary losses and legal liabilities in addition to adversely affecting mineral production. These factors may cause a mineral deposit that has been mined profitably in the past to become unprofitable forcing the Company to cease production.

(j) **Exploration, development, mining and processing risks**

The mineral tenements of the Company are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of these tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its tenements and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the tenements, a reduction in the base reserves of the Company and possible relinquishment of the tenements.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(k) **Development risk**

Possible future development of a mining operation at any of the Company's projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

If the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes and shortages, unusual or unexpected rock formations, flooding and extended interruptions due to inclement of hazardous weather conditions and fires, explosions or accidents. No assurance can be given that the Company will achieve commercial viability through the development or mining of its projects and treatment of ore.

(l) **Reliance on key personnel**

The Company has engaged and has entered into agreements with key personnel and directors. The Company's success will depend to a significant extent upon those key management personnel. The loss of the services of such personnel could have an adverse effect on the Company.

(m) **Mineral resource and ore estimation risk**

The Company's mineral resources and ore reserves are estimates only and no assurance can be given that any particular recovery level of gold ore will in fact be realised. The Company's estimates comply with the JORC Code, 2004.

An estimate is an expression of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

(n) **Insurance risk**

The Company currently maintains insurance coverage as determined appropriate by the Board and management, but no assurance can be given that the Company will continue to be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover all claims.

### **9.3 Mineral Industry Risks**

(a) **Operational risks**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, lack of availability of equipment and potential for equipment suppliers to remove equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

The operations may also be adversely affected by human resource issues including industrial and labour disputes, labour shortages, work stoppages and workplace and health and safety issues and accidents that may adversely affect the performance of the Company.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of

its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(b) **Environmental risks**

The Company's projects are subject to Western Australian and Federal Australian Government regulations regarding environmental matters. The Governments and other authorities that administer and enforce environmental laws determine these requirements. As with all exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly through its mining operations. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws.

Environmental regulations are likely to evolve in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, and more stringent environmental assessments of proposed projects. Environmental regulations could impact upon the viability of the Company's projects. The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potentially economically viable mineral deposits.

There are certain risks inherent to the Company's activities, such as accidental spills, leakages or other unforeseen circumstances, which could subject the Company to extensive liability against which it has not insured or cannot insure, including those in respect of past mining or other activities for which it was not responsible.

Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities and could lead to forfeiture of its tenements. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.

Changes to legislative requirements including changes to income tax law introduced to reduce emissions caused by greenhouse gases may have an adverse affect on current exploration and mining operations in the future. The introduction of a carbon tax may increase the cost structure of the Company.

(c) **Metallurgy**

Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

- (i) identifying a metallurgical process through test work to produce a saleable metal and/or concentrate;
- (ii) developing an economic process route to produce a metal and/or concentrate; and
- (iii) changes in mineralogy in the ore deposit can result in inconsistent metal recovery, affecting the economic viability of the project.

(d) **Regulatory risk**

The Company's exploration and development activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.

Obtaining necessary permits can be a time consuming process and there is a risk that Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the tenements.

(e) **Native title and access risks**

Exploration and mining activities can be affected by land claim compensation and environmental considerations. The Company is subject to the *Native Title Act 1993* (Cth) which recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is significant uncertainty associated with native title in Australia and this may impact on the Company's operations and future plans.

It is possible that Aboriginal sacred sites found within mining tenements held by the Company may preclude exploration and mining activities and the Company may also experience delays with respect to obtaining permission from the traditional owners to explore and extract resources.

Further to this, it is possible that an Indigenous Land Use Agreement (**ILUA**) may be registered against one or more of the tenements in which the Company has an interest. The terms and conditions of any such ILUA may be unfavourable for, or restrictive against, the Company.

The Company must also comply with Aboriginal heritage legislation requirements and access agreements which require heritage survey



work to be undertaken ahead of the commencement of mining operations.

The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

(f) **Joint Venture parties, contractors and agents**

The Directors of the Company are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

## 9.4 General risks

In addition to the specific risks outlined above, there are general risks associated with the Company's existing and proposed business operations and risks associated with the Offer.

The value of the Company's securities is affected by a number of general factors which are beyond the Company's or the Board's control.

Factors such as inflation, currency fluctuation, interest rates, supply and demand and industrial disruption have an impact on operating costs, local and international economic conditions and general investor sentiment.

(a) **Dilution**

The Offer will result in the issue of up to approximately 110,831,795 new Shares. If you do not participate in the Offer or you do not take up your full Entitlement, your percentage holding in Apex (held at the Record Date) will be reduced.

(b) **Commodity price and exchange rate fluctuations**

The revenue the Company derives through the sale of gold exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(c) **Rising energy and commodity costs**

The Company has significant commodity (diesel) and energy (gas and electricity) requirements and it relies on being able to fulfil those requirements at a cost which does not negatively impact on its cash flows. A number of factors (particularly the strength of the US dollar)

may lead to an increase in commodity and energy costs, which may materially adversely affect the earnings of the Company.

(d) **Competition risk**

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(e) **General equity market risk**

The value of the Shares to be issued under the Offer may fluctuate. In recent times, the extent of the volatility in the price of Shares and the wider market has been significant.

Investments in equity markets are generally speculative in nature and potential investors should carefully consider this risk before making any investment in Shares.

There is no guarantee that the Shares will trade at or above the price pursuant to the Offer. Potential investors should also note that past performance of the Shares on ASX provides no guidance as to the future performance of these Shares on ASX.

Many factors will affect the price of Shares including local and international stock markets, movements in interest rates, economic conditions and investor sentiment generally. In addition, the commencement of, or escalation in, any war, armed conflict, hostilities between nations, civil unrest or terrorist activities may affect the price of Shares.

(f) **Economic factors**

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption in Australia, the rate of growth of Australia's gross domestic product, interest rates and the rate of inflation.

(g) **Security holders' margin lending arrangements**

Security holders may, from time to time, enter into margin lending arrangements for the purchase of Shares in the Company on terms and conditions not known to the Company.

The Directors are unable to predict the risk of financial failure or default by a Security holder who has entered into such an arrangement or insolvency or other managerial failure by any party who may have provided such an arrangement to the Security holder. Such an event may lead to parcels of securities being made available for sale which may impact negatively on the price of the Company's securities.

## **9.5 Investment speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of Shares offered under this Prospectus. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Shareholders should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

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## **10. ADDITIONAL INFORMATION**

### **10.1 Company update**

On 17 September 2012, the Company released an announcement to ASX providing an update to Shareholders on the operational progress made at its Wiluna Gold Operation.

The Company advises that it is in ongoing discussions with interested parties regarding the sale of its Youanmi Project.

### **10.2 Continuous disclosure obligations**

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:

- (i) the annual financial report most recently lodged by the Company with the ASIC;
- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company or an ASIC office during normal office hours, free of charge.

The Company has lodged the following announcements with ASX since the lodgement of the 2011 Annual Report:

<b>Date</b>	<b>Description of Announcement</b>
21/09/2012	Appendix 3B
21/09/2012	Placement and Rights Issue
21/09/2012	Reinstatement to Official Quotation
19/09/2012	Suspension from Official Quotation
17/09/2012	Wiluna Gold Operations Update
17/09/2012	Trading Halt
31/08/2012	Results of General Meeting
15/08/2012	Ceasing to be a substantial holder
31/07/2012	June 2012 Quarterly Report
30/07/2012	Notice of General Meeting
26/07/2012	Change of Director's Interest Notice
26/07/2012	Change of Director's Interest Notice
26/07/2012	Change of Director's Interest Notice
26/07/2012	Change of Director's Interest Notice
26/07/2012	Change of Director's Interest Notice
25/07/2012	Form 604 Notice of Change of Substantial Holder
24/07/2012	Appendix 3B *
24/07/2012	Results of General Meeting
23/07/2012	Change in substantial holding
18/07/2012	Cleansing Prospectus

<b>Date</b>	<b>Description of Announcement</b>
18/07/2012	Placement
18/07/2012	Operations and Corporate Update
16/07/2012	Trading Halt
14/06/2012	Notice of General Meeting/Proxy Form
01/06/2012	Apex completes sale of Wilsons Deposit for \$8 million
01/06/2012	PAN: Wilsons Gold Project - Completion of Purchase
23/05/2012	Wilsons deposit sold for \$8 million
23/05/2012	PAN: Acquisition of Wilsons Gold Project
22/05/2012	Change in substantial holding
07/05/2012	Completion of Share Consolidation
01/05/2012	Resignation of Joint Company Secretary
30/04/2012	March 2012 Quarterly and Cashflow Reports
27/04/2012	Appendix 3Z
26/04/2012	Appendix 3Z
26/04/2012	Change in substantial holding
26/04/2012	Appendix 3Y
26/04/2012	Ceasing to be a substantial holder
24/04/2012	DGO: Drummond to participate further in Apex Minerals NL
24/04/2012	Andrew Forrest backs new Apex Management Team
24/04/2012	Update on Share Consolidation
20/04/2012	Appendix 3B
20/04/2012	Change in substantial holding
19/04/2012	Appendix 3X
19/04/2012	Appendix 3X
19/04/2012	Appendix 3X
19/04/2012	Completion of Rights Issue and Appointment of new Management
19/04/2012	Form 604 change of interests of sub holder
16/04/2012	Rights Issue - Shortfall Notice
11/04/2012	Results of General Meeting
05/04/2012	Renounceable Rights Issue
02/04/2012	Appendix 3B
28/03/2012	Supplementary Prospectus

<b>Date</b>	<b>Description of Announcement</b>
26/03/2012	Short Term Debt Facility
22/03/2012	Despatch of Prospectus Completed
21/03/2012	Form 605
16/03/2012	Half Year Report 31 December 2011
09/03/2012	Correction - Letter to Shareholders
09/03/2012	Letter to Shareholders
07/03/2012	Letter to Optionholders
07/03/2012	Entitlement Issue Prospectus
07/03/2012	DGO: Participation in Apex Minerals NL Turnaround
07/03/2012	Reinstatement to Official Quotation
07/03/2012	Appendix 3B
07/03/2012	Notice of General Meeting
07/03/2012	Apex Capital Raising
28/02/2012	Update on Proposed Capital Raising
17/02/2012	Update on Proposed Capital Raising
13/02/2012	Update on Proposed Capital Raising
02/02/2012	Request for Voluntary Suspension
02/02/2012	Suspension from Official Quotation
01/02/2012	December 2011 Quarterly Reports
31/01/2012	Trading Halt
09/01/2012	Change of Director`s Interest Notice
05/01/2012	Appendix 3B
30/11/2011	Results of 2011 Annual General meeting
30/11/2011	2011 Annual General Meeting Presentation
23/11/2011	BLK: Acquisition of Matilda Gold Project Finalised
18/11/2011	BLK: Blackham Agreement with Apex Minerals NL
08/11/2011	Appendix 3B
01/11/2011	September 2011 Quarterly Reports
27/10/2011	Notice of Annual General Meeting/Proxy Form

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

## 10.3 Material contracts

### (a) Lead Manager Mandate with Azure Capital

The Company has entered into a mandate with Azure Capital pursuant to which Azure Capital has agreed to be the Lead Manager and Underwriter to the Offer for the amount of \$6,000,000. In consideration for the services to be provided by Azure Capital, the Company has agreed to pay Azure Capital an underwriting fee of up to 5% of the total amount proposed to be raised under the Offer of \$8,866,455, being an amount of \$443,327.18. If only the Minimum Subscription Amount is raised pursuant to the Offer, the underwriting fee will be 5% of the Minimum Subscription Amount of \$6,000,000 (being an amount of \$300,000).

### (b) Underwriting Agreement

On 21 September 2012, the Company entered into an underwriting agreement with Azure Capital pursuant to which Azure Capital has agreed to conditionally partially underwrite the Offer for the amount of \$6,000,000 (**Underwriting Agreement**). The following are the material terms of the Underwriting Agreement:

- (i) (**Conditions Precedent**): Azure Capital's obligation to underwrite the Offer are conditional upon a number of matters including that Azure Capital obtains binding sub-underwriting commitments in respect of the Minimum Subscription Amount by 5.00pm on the Closing Date (or such later date agreed in writing by Azure Capital).

If any of the conditions precedent are not satisfied or waived by Azure Capital by their respective deadlines (or such later date as agreed by Azure Capital and the Company), Azure Capital may (in its absolute and unfettered discretion) terminate the Underwriting Agreement.

- (ii) (**Underwriting Fee**): Azure Capital will be paid a fee of up to 5% of the total amount proposed be raised under the Offer of \$8,866,544, being an amount of \$443,327.18. If only the Minimum Subscription Amount is raised pursuant to the Offer, the underwriting fee will be 5% of the Minimum Subscription Amount of \$6,000,000 (being an amount of \$300,000). The Company must reimburse Azure Capital for the reasonable costs of and incidental to the Offer.
- (iii) (**Sub-underwriting**): Azure Capital may appoint, at its own cost, sub-underwriters to sub-underwrite the Offer and nominate and determine the allottees of all or any shortfall. In the event that the Underwriting Agreement is terminated and not all Eligible Shareholders accept their full Entitlement, the Shortfall procedure set out in paragraph 5.10 will apply.
- (iv) (**Termination**): The obligation of Azure Capital to underwrite the Offer is subject to certain events of termination. Azure Capital may terminate its obligations under the Underwriting Agreement if any of the conditions precedent are not satisfied or waived by their respective deadlines, or if any one or more



the a number of events occurring prior to 4:00pm on 31 October 2012, including (but not limited to):

- (A) **(Sub-Underwriters)** any of the sub-underwriters do not comply with their respective obligations under the sub-underwriting agreements;
- (B) **(Offer Materials)** A statement contained in this Prospectus or any ASX announcement or correspondence with Shareholders regarding the Offer **(Offer Materials)** is or becomes misleading or deceptive or likely to mislead or deceive or the Offer Materials omit any information they are required to contain or any forecast, expression of opinion, intention or expectation expressed in the Offer Materials is not, in all material respects, fair and honest and based on reasonable assumptions, when taken as a whole, or any person other than Azure Capital who consented to being named in the Offer Materials withdraws that consent;
- (C) **(Timetable)** Any event specified in the timetable set out in the Underwriting Agreement is delayed for more than 5 Business Days without the prior written approval of Azure Capital;
- (D) **(New circumstance)** In the reasonable opinion of Azure Capital, at any time on or after the Opening Date a new circumstance arises which would have been required by the Corporations Act to be included in the ASX Materials (or otherwise to have been included in material previously disclosed to ASX) had the new circumstance arisen before the ASX Materials were given to ASX;
- (E) **(Insolvency)** A member of the Apex group of Companies is insolvent or there is an act or omission which is likely to result in a member of the Apex group of Companies becoming insolvent;
- (F) **(Debt facilities):**
  - (I) the Company breaches, or defaults under, any provision, undertaking covenant or ratio of a material debt or financing arrangement or any related documentation to which that entity is a party which has a material adverse effect on the Company;
  - (II) An event of default, potential event of default, review event which gives a lender or financier the right to accelerate or require repayment of the debt or financing or other similar event occurs under or in respect to any such debt or financing arrangement or related documentation; or

- (III) The Company suspends payment of its debts generally.
- (G) **(Calamity)** The occurrence of any calamity or crisis or any change in financial, political or economic conditions or currency exchange rates or controls in Australia or any restriction or limitation on the nature/basis of trading of equities on ASX;
- (H) **(ASX All Ordinaries market fall)** The ASX All Ordinaries of ASX is for 5 consecutive Business Days at any time prior to 4.00pm on the settlement date at a level which is greater than or equal to 10% below 4,419.80 points.
- (I) **(Gold Price)** the AUD price of gold as at 5.00pm is for 5 consecutive Business Days at any time prior to the settlement date less than \$1,500 per ounce.
- (J) **(Litigation)** litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against any member of the Company or a related body corporate which may have a material adverse effect in relation to the Offer, other than any claims foreshadowed in the Prospectus or in any ASX Materials; or
- (K) **(Misrepresentation)** A representation or warranty made under the Underwriting Agreement, to have been made or given by the Company under the Underwriting Agreement proves to be, or has been, or becomes, untrue or incorrect and has a material adverse effect in relation to the Offer.
- (v) **(Representations, Warranties and Indemnities):** The Underwriting Agreement contains a number of representations, warranties and indemnities from the Company to the Underwriter that is considered customary and usual for an agreement of this type, such as power to enter into the Underwriting Agreement, corporate authority and Apex's compliance with the Corporations Act and ASX Listing Rules in relation to the Offer.

Apex gives a number of further representations and warranties to the Underwriter, including that this Prospectus and related public documents and information do not contain any statements that are misleading or deceptive and that none of the information supplied to the Underwriter is misleading or deceptive, together with warranties regarding due diligence, the new Shares, solvency, litigation and other matters concerning the Offer and the affairs of Apex.

Apex indemnifies the Underwriter and persons associated with the Underwriter (**Indemnified Parties**) in respect of certain loss that may be suffered in connection with the Offer. The indemnity does not apply to the extent that any loss suffered by an Indemnified Party has resulted from various matters including:

- (A) any penalty or fine which the Indemnified Party is required to pay for any contravention by it of the Corporations Act; or
- (B) the wilful default, negligence or fraud of the Indemnified Party.

#### 10.4 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer pursuant to this Prospectus; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner or director, either to induce them to become, or to qualify them as, a Director or otherwise for services rendered by them or by the firm in connection with the formation or promotion of the Company or the Offer.

The Directors' relevant interests in the Company's securities as at the date of this Prospectus and remuneration information for the current and the last two financial years is set out below:

Name	Shares	Options	Warrants	Remuneration FY 11	Remuneration FY 12	Current financial year
Eduard Eshuys <sup>1</sup>	Nil	15,160,000 <sup>2</sup>	Nil	Nil	\$88,846	\$450,000 <sup>5</sup>
Brice Mutton <sup>1</sup>	Nil	2,000,000	Nil	Nil	\$13,361	\$65,000 <sup>5</sup>
Ross Hutton <sup>1</sup>	Nil	2,000,000	Nil	Nil	\$13,361	\$65,000 <sup>5</sup>
Kim Robinson <sup>5</sup>	1,022,187	2,088,957 <sup>3</sup>	252,893 <sup>4</sup>	\$45,000	\$48,969	\$65,000
Matthew Sheldrick <sup>6</sup>	Nil	2,000,000	Nil	\$9,916	\$65,000	\$65,000

#### Notes.

1. Each of Mr Eduard Eshuys, Brice Mutton and Ross Hutton is a director of Drummond. Shareholders approved the issue of 10,000,000 Options to be Drummond on the terms set out in Schedule 4 to the notice of meeting announced by the Company on 7 March 2012.

Brice Mutton (or his nominees, Brice Mutton and Gai Mutton as trustees for the Brice Mutton Superannuation Fund) was issued 2,000,000 unlisted Options exercisable at 30 cents each on or before 24 July 2015; and

Ross Hutton (or his nominees, Ross Hutton and Jean Hutton as trustees for the R&M Superannuation Fund) was issued 2,000,000 unlisted Options exercisable at 30 cents each on or before 24 July 2015.

A company controlled by Mr Brice Mutton, Brice Mutton and Associates Pty Ltd, has also received \$5,950 (excluding GST) from the Company for consulting services provided to the Company from 19 April 2012 until 30 June 2012 in relation to tenement related matters.

EEN Nominees Pty Ltd, a company controlled by Mr Eduard Eshuys son, Mr Grant Eshuys, holds 1,670,000 Shares.

2. 15,160,000 unlisted Options issued to Mr Eduard Eshuys are held by his nominee Resource Surveys Pty Ltd as trustee for the Eshuys Family Trust. The Options comprise of 1,500,000 unlisted Options exercisable at 30 cents each on or before 18 April 2015, 1,500,000 unlisted Options exercisable at 45 cents each on or before 18 April 2015, 750,000 unlisted Options exercisable at 60 cents each on or before 18 April 2015, 2,250,000 unlisted Options exercisable at 80 cents each on or before 18 April 2015.2015 and 9,160,000 unlisted Options exercisable at 30 cents each on or before 24 July 2015
3. Kim Robinson's Options comprise of 88,957 listed Options exercisable at \$6 each on or before 9 November 2012 and 2,000,000 unlisted Options exercisable at 30 cents each on or before 24 July 2015.
4. Expiry date of 18 February 2014 and an exercise price of \$3.50.
5. Each of these Directors were appointed with effect from 19 April 2012. Mr Kim Robson received an increase in directors' fees to \$65,000 with effect from 19 April 2012.
6. Matthew Sheldrick's Options comprise of 2,000,000 unlisted Options exercisable at 30 cents each on or before 24 July 2015. Matthew Sheldrick intends to subscribe for up to 306,950 Shares under the Shortfall Offer in lieu of unpaid Directors fees of \$24,556 for the period up until 19 April 2012.

The Constitution of the Company provides that the Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting. The current amount has been set at an amount not to exceed \$300,000 per annum.

The remuneration and emoluments from the Company paid to the Directors for the previous financial year and the agreed remuneration and emoluments contracted to be payable over the current financial year (in each case excluding 9% superannuation) is set out below:

<b>Director</b>	<b>Current Financial Year</b>	<b>Remuneration FY 12</b>
Mr Eduard Eshuys <sup>1</sup>	\$450,000	\$88,846
Ross Hutton <sup>1</sup>	\$65,000	\$13,361
Brice Mutton <sup>1</sup>	\$65,000	\$13,361
Kim Robinson <sup>2</sup>	\$65,000	\$28,000
Matthew Sheldrick	\$65,000	\$40,444

1. Each of these Directors were appointed with effect from 19 April 2012.
2. Mr Kim Robinson is owed \$20,969 in directors' fees relating to the financial year ending 30 June 2012, at the date of this Prospectus.
3. Mr Matthew Sheldrick is owed \$24,556 in directors' fees relating to the financial year ending 30 June 2012, at the date of this Prospectus.

Directors, companies associated with the directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

#### **10.5 Regulatory matters – ASX waivers and ASIC relief**

Apex has confirmed that no waivers from the ASX Listing Rules are required in relation to the Offer.

Apex is not relying on any specific ASIC relief in order to conduct the Offer.

#### **10.6 Interests of experts and advisers**

Other than as set out below or elsewhere in this Prospectus, no expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner, nor any company with which any of those persons is or was associated, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, or to any firm in which any of those persons is or was a partner, or to any company with which any of those persons is or was associated, for services rendered by that person, or by the firm or the company, in connection with the formation or promotion of the Company or the Offer.

Azure Capital has been appointed as lead manager and underwriter to the Offer and will be paid for these services on the terms and conditions in section 10.3. During the 24 months preceding lodgement of this Prospectus with the ASIC, Azure Capital has been paid net fees of approximately \$1,802,592,93 (excluding GST) for services provided to the Company. Azure Capital or its controlled entities also hold 1,000,000 Options exercisable at \$0.4375 and which expire on 18 April 2015. As at 24 September 2012, the last practical date prior to the lodgement of this Prospectus, Azure Capital or its controlled entities also hold 3,205,281 Shares, with an additional 6,093,670 Shares to be issued to it on or about the date of lodgement of this Prospectus with ASIC.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer and associated due diligence process. The Company estimates it will pay Steinepreis Paganin \$50,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid approximately \$425,000 (excluding GST) for legal services provided to the Company.

Crowe Horwath has acted as investigating accountant in relation to the Offer. The Company estimates it will pay Crowe Horwath \$15,000 (excluding GST and disbursements) for these services. The Company will not pay Crowe Horwath any fees in connection with the Offer. During the 24 months preceding lodgement of this Prospectus with the ASIC, Crowe Horwath has been paid fees of approximately \$127,930 (excluding GST) for services provided to the Company.

Link Market Services Limited has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of acceptances received pursuant to this Prospectus, and will be paid for these services on standard industry terms and conditions.

## **10.7 Consents**

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Azure Capital has given and has not withdrawn its consent to be named as the lead manager and underwriter to the Offer in this Prospectus, in the form and context in which it is named. Azure Capital has not caused or authorised the issue in this Prospectus, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

Steinepreis Paganin has given and has not withdrawn its consent to be named as the solicitors to the Company in this Prospectus, in the form and context in which it is named. Steinepreis Paganin has not caused or authorised the issue of this Prospectus, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

Crowe Horwath has given and has not withdrawn its consent to be named as Investigating Accountant in this Prospectus, in the form and context in which it is named. Crowe Horwath has not caused or authorised the issue of this Prospectus, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

Link Market Services Limited has given and has not withdrawn its consent to be named as the Company's share registry in this Prospectus, in the form and context in which it is named. Link Market Services Limited has not caused or authorised the issue of this Prospectus, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

## **10.8 Litigation**

On 27 June 2012, the Company received a creditor's statutory demand from former Managing Director and CEO Mark Ashley, for the amount of \$497,592. The Company has made an application to the Supreme Court of Western Australia for an order setting aside the creditor's statutory demand. On 21 September 2012, the Company also received a creditor's statutory demand from a former employee, for the amount of \$26,181.60.

As at the date of this Prospectus, the Company is not involved in any other legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

## 10.9 Estimated expenses of Offer

The total expenses of the Offer are estimated to be approximately \$583,955.18 (excluding GST) as follows:

<b>Expense</b>	<b>(\$)</b>
ASIC fees	2,171.00
ASX fees	17,457.00
Underwriting fees	443,327.18 <sup>1</sup>
Advisory fees	65,000.00
Printing and distribution	31,000.00
Marketing and miscellaneous expenses	25,000.00
<b>Total</b>	<b>583,955.18</b>

Notes:

1. This fee will be payable assuming that the total amount proposed to be raised pursuant to the Offer of \$8,866,544 is raised. If only the Minimum Subscription Amount is raised, the underwriting fees payable will be \$360,000.

## 10.10 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market sale prices of the Company's Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest: \$0.145 on 25 June 2012  
 Lowest: \$0.085 on 5 September 2012

The latest available closing sale price of the Company's Shares on ASX prior to the lodgement of this Prospectus with the ASIC was \$0.099 on 24 September 2012.

## 10.11 Electronic Prospectus

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Entitlement and Acceptance Form. If you have not, please phone the Company on + 61 8

6311 5555 and the Company will send you, at no cost, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an Entitlement and Acceptance Form from a person if it has reason to believe that when that person was given access to the electronic Entitlement and Acceptance Form, it was not provided together with the electronic Prospectus and any relevant supplementary or Prospectus or any of those documents were incomplete or altered.

## **10.12 Australian taxation implications**

Set out below is a summary of the Australian tax implications of the Offer for Eligible Shareholders who are residents of Australia for tax purposes and who hold their Shares as capital assets.

The summary below does not deal with the tax implications for Eligible Shareholders who hold their Shares as revenue assets or trading stock such as banks, insurance companies and taxpayers carrying on a business of share trading or whose Shares were acquired under an employee plan.

The summary below does not take account of any individual circumstances of any particular Eligible Shareholder. Eligible Shareholders should seek specific advice applicable to their own particular circumstances from their own financial or tax advisers.

The summary below is based on the law in effect as at the date of this booklet.

### **Issue of Entitlements**

The issue of the Entitlements will not itself result in any amount being included in the assessable income of an Eligible Shareholder.

### **Sale or expiration of Entitlements**

The Entitlements are non-renounceable and will not be able to be traded on ASX or privately transferred. No tax consequences will arise for an Eligible Shareholder who does not exercise an Entitlement and lets it lapse.

### **Exercise of Entitlements**

Eligible Shareholders who exercise their Entitlements and subscribe for new Shares (including additional new shares in excess of their Entitlement) acquire those new Shares with a cost base for CGT purposes equal to the offer price payable by them for those new Shares plus certain non-deductible incidental costs they incur in acquiring them.

Eligible Shareholders will not make any capital gain or loss, or assessable income, from exercising the Entitlements or subscribing for the new Shares.

### **New Shares**

Eligible Shareholders who exercise their Entitlements will acquire new Shares (including, on application but in Apex's absolute discretion, additional new Shares in excess of their Entitlement). Any future dividends or other distributions made in respect of those new Shares will be subject to the same taxation treatment as dividends or other distributions made on Shares held in the same circumstances.



On any future disposal of new Shares (including additional new shares in excess of their Entitlement), Eligible Shareholders may make a capital gain or capital loss, depending on whether the capital proceeds of that disposal are more than the cost base or less than the reduced cost base of the new Shares. The cost base of these Shares is described above (plus certain incidental costs of disposal).

New Shares (other than additional new Shares in excess of their Entitlement) will be treated for the purposes of the CGT discount as having been acquired when the Eligible Shareholder exercised the Entitlement to subscribe for them. Additional new Shares will be treated for the purposes of the CGT discount as having been acquired when Apex issues or allots those additional new Shares in excess of their Entitlement. In order to benefit from the CGT discount in respect of a disposal of new Shares (including additional new Shares in excess of their Entitlement), they must have been acquired at least 12 months before the disposal occurs.

### **Other Australian taxes**

No Australian Goods and Services Tax (**GST**) or Western Australian transfer duty is payable in respect of the grant or exercise of the Entitlements or the acquisition of new Shares.

### **10.13 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship**

The Company will not be issuing share or option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

### **10.14 Governing law**

The Prospectus and the contracts that arise from acceptance of the Applications are governed by the laws applicable in Western Australia and each Applicant submits to the non-exclusive jurisdiction of the courts of Western Australia.

### **10.15 Privacy Act**

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a securityholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that the Company holds about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

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**11. DIRECTORS' AUTHORISATION**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Dated the 25<sup>th</sup> day of September 2012.

Signed for and on behalf of:

**APEX MINERALS NL**



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**Eduard Eshuys**  
**Executive Chairman**

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## 12. DEFINITIONS

**\$** means the lawful currency of the Commonwealth of Australia.

**AEDT** means Australian Eastern Daylight Time as observed in Sydney, Australia.

**AEST** means Australian Eastern Standard Time as observed in Sydney, Australia.

**Apex** or **Company** means Apex Minerals NL (ACN 098 612 974).

**Applicant** means a Shareholder who applies for Shares pursuant to the Offer or a Shareholder or other party who applies for Shortfall Shares pursuant to the Shortfall Offer.

**Application** means an application to subscribe for Shares under this Prospectus.

**Application Monies** means money submitted by Applicants in respect of Applications.

**ASIC** means the Australian Securities and Investments Commission.

**Associate** has the meaning given in section 9 of the Corporations Act.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires.

**ASX Listing Rules** means the listing rules of ASX.

**ASX Materials** means any announcement or material accompanying it given to ASX by the Company in respect of the Offer.

**ASX Settlement Operating Rules** means the settlement rules of the securities clearing house which operates CHES.

**Azure Capital** means Azure Capital Limited (ACN 107 416 106).

**Board** means the board of Directors unless the context indicates otherwise.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

**Closing Date** means the Offer closing date specified in the timetable set out in section 2 of this Prospectus (unless extended).

**Constitution** means the constitution of the Company as at the date of this Prospectus.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the directors of the Company as at the date of this Prospectus.

**Eligible Shareholders** has the meaning given in section 5.6.

**Entitlement** means the entitlement of a Shareholder who is eligible to participate in the Offer to subscribe for new Shares under this Prospectus.

**Entitlement and Acceptance Form** means the entitlement and acceptance form either attached to or accompanying this Prospectus.

**Ineligible Shareholder** means a Shareholder who is not an Eligible Shareholder.

**Minimum Subscription Amount** means the minimum amount required to be raised by the Company under the Offer, being \$6,000,000.

**Offer or Rights Issue** means the non-renounceable entitlement issue of one Share for every two Shares held by Shareholders registered at 7:00pm (AEST) on the Record Date at an issue price of \$0.08 per Share, to raise up to approximately \$8,866,544 (before costs).

**Official Quotation** means official quotation on ASX.

**Opening Date** means the opening date of the Offer as specified in the timetable set out in section 2 of this Prospectus (unless extended).

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Placement** means the placement announced on 21 September 2012 being undertaken by the Company of 28,000,000 Shares at \$0.09 per Share to raise approximately \$2,520,000.

**Placement Shares** means those Shares proposed to be issued under the Placement.

**Prospectus** means this prospectus.

**Record Date** means the record date specified in the timetable set out in section 2 of this Prospectus.

**Securities** means Shares, Options or partly paid Shares that the Company has on issue.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a shareholder of the Company.

**Share Registry** means Link Market Services Limited (ACN 083 214 537).

**Shortfall** means the Shares not applied for under the Offer (if any).

**Shortfall Application Form** means the shortfall application form either attached to or accompanying this Prospectus, or which can be provided upon request.

**Shortfall Offer** means the offer of the Shortfall on the terms and conditions set out in section 5.10 of this Prospectus.

**Shortfall Shares** means those Shares issued pursuant to the Shortfall.

**Underwriter** means Azure Capital.

**Underwriting Agreement** means the underwriting Agreement dated 21 September 2012 between Company and Azure Capital Limited, details of which are set out in section 10.3 of this Prospectus.