ASX ANNOUNCEMENT **23 October 2012**

Quarterly Gold production improves by 22.7% and mineral resources increase to 2.85 million ounces of gold

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- **Gold production of 11,218 ounces in September 2012 Quarter represents a 22.7% increase on the prior quarter and 73% improvement on the March Quarter**
- **Underground mine production in September 2012 Quarter totalled 119,624 tonnes, an improvement of 40.6% compared to the prior quarter total of 90,622 tonnes and a 52.7% improvement on the March Quarter total of 78,347 tonnes**
- **Processing of ore in September 2012 Quarter increased to 122,370 tonnes at 3.7 g/t, an increase in tonnes processed of 35.0% and 67.6% relative to the June 2012 and March 2012 quarters respectively**
- **Indicated and Inferred Mineral Resource estimate increased by 28.4% to 16.71M tonnes at 5.3 g/t for 2.85M ounces (see Appendix 1 for details of the Mineral Resource)**
- **Successful trial processing of 10,500 tonne parcel of the dump leach stockpile material confirms grade of 1.0 g/t in line with expectations**
- **Detailed underground production schedule has been developed to 30 June 2014, lengthening the planning horizon and now under rigorous review by management and the Board**
- **Cost reduction initiatives have been implemented and others identified**

Apex Minerals NL (ASX: **AXM**) (**Apex** or the **Company**) provides the following update to its shareholders on the ongoing operational progress being made at its Wiluna Gold Operation (**Wiluna**) in Western Australia.

Gold Production

Gold production in the September Quarter 2012 increased to 11,218 ounces, a 22.7% increase on the June Quarter production of 9,139 ounces (see Table 1).

Although this continues the recent trend of increased quarterly production from Wiluna under the new Board and Management, the September 2012 Quarter figure did not meet initial forecasts of 12,000 – 13,000 ounces.

Underground mine production of 119,624 tonnes in the September Quarter was a strong improvement on the prior quarter (see Table 2).

A shortfall in production of high grade ore tonnes and dilution compared to forecast occurred at Burgundy zone, accessed by the Bulletin Decline. Mining at the Burgundy zone is occurring at depths greater than 800 metres in difficult ground conditions. Poor mine design, development and operating practices established in the later part of 2011 have resulted in the production shortfall and dilution issues being experienced.

Lower grades have also been encountered at the East Lode and West Lode zones due to dilution and isolated grade reconciliation issues respectively. As a consequence of the lower grades, a gold production shortfall of 2,600 ounces during the month of September 2012, tempered with better than forecast results for the other months, adversely impacted the overall production forecast for the September 2012 Quarter.

Production and operational measures have been taken to reduce dilution and improve the grade of the underground production with particular focus on design and execution of production drilling.

Underground mine production will continue to focus on the shallower East and West Lodes zones with the objective of reducing dependence on the high cost and deeper Calais zone, Burgundy zone and Henry 5 zone ore bodies of the Bulletin Decline.

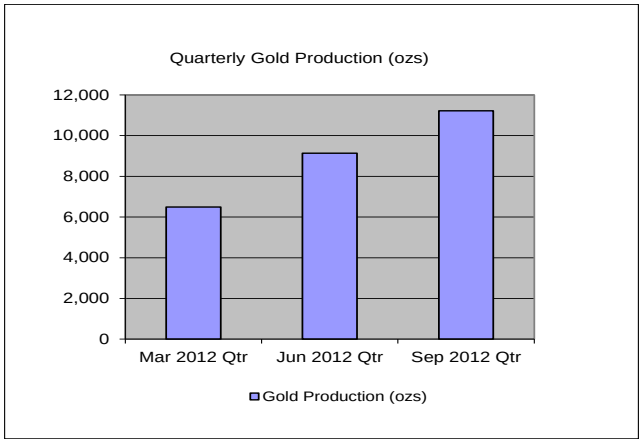

Table 1

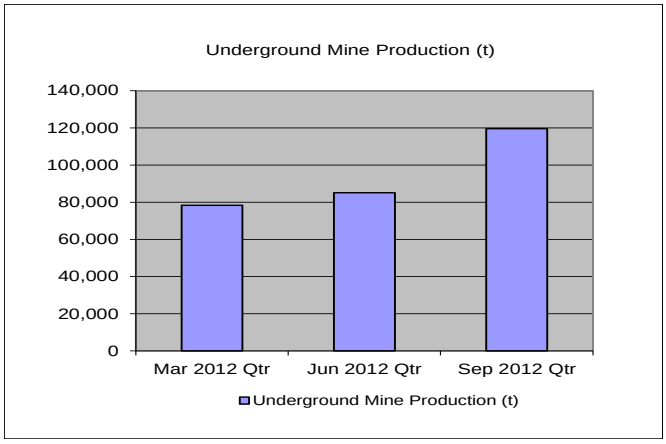

Table 2

Processing

A 35% increase in plant throughput during the September 2012 Quarter from the June 2012 Quarter (see Table 3) occurred while improving metallurgical recoveries to 79.5%. Improvements to increase recoveries to 85% have been identified and are being implemented.

Plans to begin processing the previously identified dump leach stockpile are continuing to be progressed. Processing this material is an important strategic development to utilise the spare capacity of the existing processing plant and associated infrastructure (particularly, power and water). The crushing capacity of the Wiluna operation is such that the processing of the dump leach material through the oxide circuit can occur in parallel with the processing of the underground sulphide ore through the BIOX circuit. The crusher has capacity to process up to 1.1 million tonnes per annum with underground mining of sulphide ore currently occurring at a rate of approximately 500,000 tonnes per annum.

A 10,500 tonne parcel of material from the stockpile was processed through the oxide circuit during September 2012. The results of this trial processing confirmed the material had a grade of 1.0 g/t which is in line with expectations. The stockpile has a surveyed volume of 1.6 million cubic metres and is estimated to contain 2.9 million tonnes at an insitu density of 1.8t/m^3.[1]

1. This estimate is conceptual in nature, and there has been insufficient consideration of the stockpile to define a Mineral Resource or if further consideration will result in the determination of a Mineral Resource.

Further trial processing and drilling of the stockpile is planned to establish greater confidence of the average grade of the stockpile and assess the potential of determining a Mineral Resource from this information.

Dump leach material will initially be processed at approximately 750 tonnes per day or 20,000 tonnes per month. Increasing the dump leach throughput is a high priority as it will have a material impact on reducing the unit cash costs at Wiluna.

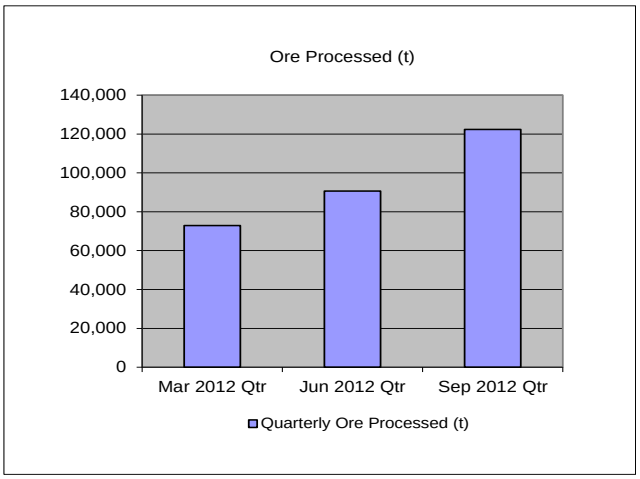

Table 3

Operating Costs

The lower than anticipated grades and associated adverse impact on gold production have resulted in unacceptably high unit cash costs for the September 2012 Quarter of $1,729 per ounce.

While gold sales of 2,363 ounces in first half of October 2012 has boosted short term cashflow, Management has placed a renewed short-term focus on reducing operating costs which continues to be an ongoing focus for the Company.

Areas identified for improvement include mining equipment and power. The hire of non-core mining equipment has been terminated including two trucks and one loader and associated operators. Initial analysis of current power and associated gas supply arrangements indicates reductions in costs can be achieved through the rearrangement of contracts and operational efficiencies.

As discussed earlier, work continues to be undertaken on processing material from the dump leach stockpile using existing infrastructure. Preliminary analysis indicates this material can produce gold at a total estimated operating cost of $700 - $800 per ounce which will have a strong positive impact on the Company's overall unit cash costs.

Management and Board are currently reviewing the detailed underground production schedule for Wiluna which has been completed through to 30 June 2014. Identifying areas for cost reductions and efficiency gains is a major area of focus.

Exploration and Other Activities

Golden Age Free Gold Quartz Reef at Wiluna

- Mining has recommenced at the Golden Age free gold quartz reef from existing development. Recent geological structural studies have identified the potential for parallel Golden Age Reefs. The Golden Age Reef is oblique to the main north to northeast structures on which the main Wiluna mineralisation occurs. Past drilling at Wiluna focussing on the main structures is essentially parallel to the Golden Age Reef structure orientation, which may explain why parallel structures to the Golden Age Reef have not been intersected.

  Exploration for parallel Golden Age Reef structures will occur, when cashflow or capital is available.

Open Pit Mining at Wiluna

- Work to obtain a 500 tonne bulk sample of oxide ore at an average grade of 3.4 g/t from the Wiluna Queen deposit has been completed. The Indicated and Inferred Mineral Resources at Wiluna Queen total 194,000 tonnes at 3.6 g/t for 22,000 ounces and are at a shallow depth (see Appendix 1).Subject to the success of the processing of the bulk sample, regulatory approval to establish open pit mining will be sought.

- Re-evaluation of a number of open pit oxide opportunities which are not currently in the Company's mineral resource inventory has commenced with a number of opportunities identified.

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Appendix 1 – Mineral Resource Table as at 30th June 2012 - WILUNA

Apex Minerals NL
Wiluna Gold Deposits
Summary Resource Grade Tonnage Report as of 30th June 2012
Ordinary Kriging Grade Estimation
Reported at a Lower Cut-off Grade of 2.0g/t Au

Resource Category	Indicated			Inferred			Total			
Lode	Tonnes (Kt)	Gold Grade (g/t)	Contained Metal (Koz)	Tonnes (Kt)	Gold Grade (g/t)	Contained Metal (Koz)	Tonnes (Kt)	Gold Grade (g/t)	Contained Metal (Koz)	Note
Henry 5	266	7.6	65	58	4.4	8	324	7.0	73	1
Baldric	183	5.7	33	153	5.9	29	336	5.8	62	1
Henry 5 North	200	5.3	34	123	3.9	15	324	4.8	50	1
Woodley 200	318	5.5	56	19	5.9	4	336	5.5	60	1
Scroop	-	-	-	185	3.1	19	185	3.1	19	1
Bulletin	1110	5.8	206	216	5.2	36	1326	5.7	242	1
Lennon	47	6.4	10	8	4.5	1	55	6.1	11	1
Henry 5 - Woodley - Bulletin Total	**2124**	**5.9**	**404**	**762**	**4.6**	**112**	**2887**	**5.6**	**516**	
Burgundy	487	6.5	102	128	6.2	26	615	6.5	128	1
Calais 50/50H	321	6.3	66	73	7.6	18	394	6.6	83	1
Calais 100/90	427	5.4	74	117	4.0	15	544	5.1	89	1
Calais 150	57	4.6	8	-	-	-	57	4.6	8	1
Burgandy - Calais Total	**1292**	**6.0**	**250**	**318**	**5.7**	**58**	**1610**	**6.0**	**309**	
ELN	452	5.6	81	649	5.0	104	1101	5.2	185	1
East Lode South	125	7.0	28	384	5.3	66	509	5.7	94	1
East Lode Main	642	5.0	104	1555	5.7	284	2197	5.5	388	1
East Lode Total	**1220**	**5.4**	**213**	**2587**	**5.5**	**453**	**3807**	**5.4**	**667**	
West Lode Main	566	4.8	87	1698	5.0	275	2264	5.0	363	1
West Lode 1	429	4.8	67	332	5.4	58	762	5.1	125	1
Calvert	168	8.1	44	225	6.9	50	394	7.4	94	1
West Lode - Calvert Total	**1164**	**5.3**	**198**	**2256**	**5.3**	**383**	**3420**	**5.3**	**581**	
Happy Jack	322	5.3	54	36	5.3	6	358	5.3	61	1
Creek Shear	846	6.2	170	403	4.5	58	1249	5.7	228	1
Creek Shear Deeps	345	5.9	65	900	4.9	141	1245	5.1	206	1
HappyJack - CreekShear Total	**1513**	**5.9**	**289**	**1339**	**4.8**	**205**	**2853**	**5.4**	**494**	
Essex	139	7.6	34	9	3.7	1	148	7.4	35	1
Lone Hand	73	5.6	13	169	7.7	42	242	7.1	55	2
North Pit	272	3.2	28	224	2.3	17	496	2.8	45	2
Wiluna Queen	69	3.8	9	125	3.4	14	194	3.6	22	2
Squib Deeps	114	3.0	11	373	5.7	68	487	5.0	79	2
Brothers Reef	35	6.9	8	13	3.3	1	48	6.0	9	1
Golden Age North	140	1.6	7	379	2.4	29	519	2.1	36	2
Total Other	**843**	**4.0**	**109**	**1291**	**4.1**	**172**	**2134**	**4.1**	**281**	
Wiluna Total	**8155**	**5.6**	**1465**	**8554**	**5.0**	**1384**	**16710**	**5.3**	**2848**	

Notes

1 - 2g/t bottom cut off used for reporting

2 - 0.5g/t bottom cut used for reporting indicated and inferred oxide material;
2g/t bottom cut off used for reporting indicated transition and fresh material
- For the sake of clarification there are no Measured Resources

Competent Person's Statement for Exploration Results and Mineral Resources Estimates

Additional information

1. Resource estimated June 2012 by Mark Savage at a 2.0g/t Au lower cut off.

2. Resource estimated June 2012 by Mark Savage at a 0.5g/t Au lower cut off. Appropriate rounding has been applied and subtotals may therefore not add up to totals. All Apex Mineral resources are inclusive of Ore Reserves.

The information in this report that relates to Exploration Results and the Mineral Resources at Wiluna is based on information compiled by Mr. Mark Savage.

Mr Savage is a Member of the Australasian Institute of Mining and Metallurgy. Mr Savage is a full time employee of Apex Minerals NL. Mr Savage has sufficient experience of relevance to the styles of mineralization and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2004 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Savage consents to the inclusion in this announcement of the matters based on information in the form and context in which it appears.

Reverse circulation (RC) drill samples are obtained by collecting meter samples via a three stage riffle or cone splitter, and diamond drill hole results are obtained from half NQ core or quarter HQ core sampled to geological boundaries where appropriate. Assay results are obtained from Intertek (formerly known as Genalysis) and ALS Chemex Laboratories in Perth. Samples are prepared using single stage pulverization of the entire sample. Gold assays are obtained using a 30g or 50g lead collection fire assay digest and atomic absorption spectrometry (AAS) analysis techniques. Multi-element analyses (arsenic, sulphur, iron, lead, zinc, bismuth, antimony and tellurium) are obtained using a four acid total digest and inductively coupled plasma optical emission spectrometry (ICP OES) analysis techniques. Full analytical quality assurance and quality control (QAQC) is achieved using a suite of certified standards, laboratory standards, field duplicates, laboratory duplicates, repeats, blanks and grind size analysis. Assays quoted in announcements may be of a preliminary nature. Assays used in resource estimates have undergone full QAQC. The spatial location of samples from surface holes is derived using a combination of surveyed grid co-ordinates and 3D differential GPS collar survey pickups, and Reflex single shot and gyroscopic down hole surveys. The spatial location of samples from underground holes is derived using surveyed rig setups and Reflex multi-shot down hole surveys. True widths are calculated using the mean dip and strike of the mineralization from 3D wireframe models and down hole surveys. Quoted drill intersections are based on situation specific criteria, which include using a lower cut-off of 1g/t or 2g/t gold and acceptable levels of internal dilution.

Mineral Resources have been estimated using standard accepted industry practices. All Resources have been estimated via Block Ordinary Kriging using 1m composite samples. Top cuts have been applied to the composites and are considered appropriate for the nature and style of mineralization in all cases. Directional grade variography was modelled for all zones based on 1m composites.

Geological and mineralization modelling has been achieved by 3D modelling of footwall and hanging wall structures. Block models have been developed for all deposits incorporating a suitable parent and sub block dimension to allow adequate volume resolution of modelled geology and mineralization. Grade interpolation (via Block Ordinary Kriging) was then undertaken using a multiple estimation pass strategy. Mineral Resources are quoted on the basis of situation specific lower cut-offs (LCOG) for underground resources and open pit resources. Where quoted, Mineral Resource and Ore Reserve tonnes and ounces are rounded to appropriate levels of precision, causing minor computational errors. Mineral Resources are classified on the basis of drill hole spacing, geological continuity and predictability, geo-statistical analysis of grade variability, sampling, analytical, spatial and density QAQC criteria and demonstrated amenability of mineralization style to proposed processing methods.