



# Apex Minerals N.L.

Quarterly Report  
31 December 2011

## Highlights

- Tonnes and grade from Mining for the quarter was down due to the continued cessation of mining from high grade Calais and Burgundy stopes as previously reported, although the Company completed an upgrade of the geotechnical modelling.
- Approval to recommence mining activities in these areas was obtained mid December with rehabilitation work now complete.
- Lower grade ore has been mined during the quarter to feed to the mill.
- Stopping from the high grade Calais (~ 6 g/t) is expected to recommence early February.
- Tonnes and grade processed were lower than the previous quarter as a result of restrictions on mining (as above).
- Focus on costs continued during the quarter with further significant improvements.
- Average gold price achieved for the quarter was \$1,667 per ounce with cash operating costs coming in at \$1,696 per ounce.

## WILUNA

### Mining

Mining from the high grade Calais, Henry V and Burgundy zones of the mine temporarily ceased during the June 2011 quarter as a result of the need to undertake an upgrade of the seismic monitoring system and geotechnical modelling. Significant effort in this area resulted in this being completed by the end of November 2011 with formal approval to re-commence mining activities by mid December 2011. Since then, focus has been to prepare for stopping including rehabilitation work which has now been completed. A new slot rise was completed in Calais 550 level during January with drilling of the first production rings currently nearing completion. Stopping in Calais is expected to recommence in the first half of February.

Whilst access to these high grade areas has been curtailed, mining of medium grade and later lower grade ore was necessary to provide feed to the plant. As a result, the average grade of ore mined has steadily fallen from around 5 g/t during the March 2011 quarter to 3.8 g/t in the December quarter. With mining activities resuming in Calais, the average grade mined is now expected to increase significantly with an appropriate positive flow through to gold production.

### Mine Production

Total tonnes mined and grade were lower than the previous quarter for the reasons set out above. The production profile for the past four quarters is provided in the table below.

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

	<b>Mar-11 QTR</b>	<b>Jun-11 QTR</b>	<b>Sep-11 QTR</b>	<b>Dec-11 QTR</b>
Stope tonnes	78,202	113,919	85,833	75,836
Development tonnes	32,833	17,310	24,888	22,582
Total tonnes	111,035	131,229	110,721	98,418
Stope grade	5.37	4.59	4.66	3.76
Development grade	3.08	3.48	2.69	2.87
Average grade	4.69	4.44	4.22	3.56
Contained gold mined (ounces)	16,755	18,734	15,017	11,263

**Processing**

As previously reported, the September production was influenced by unlocking excess gold in circuit trapped mainly in the Biox section of the plant. Production for the current quarter at just under 10,000 ounces is the result of lower tonnes and grade mined from underground from limited economic sources, whilst preparing for mining to recommence in the higher grade zones (Calais, Burgundy and Henry 5).

Gold sold for the quarter was 9,200 ounces at a gold price achieved of \$1,667 per ounce whilst cash costs came in at \$1,696 per ounce.

**Table 3 Milling Statistics**

	<b>Mar-11 QTR</b>	<b>Jun-11 QTR</b>	<b>Sep-11 QTR</b>	<b>Dec-11 QTR</b>
Underground tonnes	120,266	112,428	28,900	96,667
Other tonnes	-	-	-	-
Total tonnes processed	120,266	112,428	28,900	96,667
Grade (g/t)	4.31	3.80	4.40	3.80
Contained gold (ounces)	16,654	13,742	18,251	11,804
Metallurgical recoveries	91%	91%	78%	82%
Gold production	15,099	12,464	14,800	9,726
Gold sold	13,621	12,138	15,057	9,200
Gold price achieved	1,371	1,414	1,600	1,667
Cash operating costs \$/oz sold	1,459	1,470	1,470	1,696

**Costs**

Costs have continued to remain a significant focus during the quarter with actual costs (including capital development etc) reducing from a total of \$23 million in the September quarter to \$15 million during the December quarter (both on an accrued basis)

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

**APEX MINERALS NL**

ABN	Quarter ended ("current quarter")
22 098 612 974	31 December 2011

### Consolidated statement of cash flows

Cash flows related to operating activities		Curent quarter	Year to date
		\$A'000	\$A'000
1.1	Receipts from product sales and related debtors	15,302	39,399
1.2	Payments for (a) exploration and evaluation (b) development (c) production # (d) administration	(136) (657) (11,630) (1,931)	(396) (3,201) (30,136) (2,907)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	40	84
1.5	Interest and other costs of finance paid	(12)	(90)
1.6	Income taxes paid	-	-
1.7	Other	-	-
	<b>Net Operating Cash Flows</b>	<b>976</b>	<b>2,753</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.9	Proceeds from sale of: (a) prospects (b) available for sale investments (c) other fixed assets (d) other-hedging instruments	97 - - -	234 - - -
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other – costs of sale of prospects	-	-
	<b>Net investing cash flows</b>	<b>97</b>	<b>234</b>
1.13	Total operating and investing cash flows (carried forward)	1,073	2,987

1.13	Total operating and investing cash flows (brought forward)	1,073	2,987
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings (see note)	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – capital raising costs	-	-
	Other – finance lease liability	(724)	(2,624)
	Other – net payments for cash backed guarantees	-	-
	Other – repayment of GUP notes	-	-
	<b>Net financing cash flows</b>	(724)	(2,624)
	<b>Net increase (decrease) in cash held</b>	349	363
1.20	Cash at beginning of quarter/year to date	16	2
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter (see note)</b>	365	365

**NOTES**

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	34
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	All payments to directors and associates are on normal commercial terms.	

**Non-cash financing and investing activities**

2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows
2.2	Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

## Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

## Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	
4.2	Development	
4.3	Production	15,000
4.4	Administration	
	<b>Total</b>	<b>15,000</b>

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	365	16
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	<b>Total: cash at end of quarter (item 1.22)</b>	<b>365</b>	<b>16</b>

### Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Nil			
6.2	Interests in mining tenements acquired or increased	Nil			

### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference *securities</b>				
7.2	<i>Changes during quarter</i>				
7.3	<b>+Ordinary securities</b>	5,550,243,713 19,125,000	5,550,243,713	N/A 20 cents	N/A 0.001 cents
7.4	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.5	<b>Warrants</b>	180,000,000	-	3.5 cents	3.5 cents
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	5,950,413 121	- -	3.5 cents 1 cents	3.5 cents 1 cents

7.7	<b>Options</b>	Number of Options	Exercise Price	Expiry Date
		<b>Quoted</b>		
		678,641,833	\$0.06	11-Nov-12
		<b>Unquoted</b>		
		15,000,000	\$0.02	Subject to the terms of a deed of settlement, whereby expiry occurs when the company makes the final payment under the deed.
		2,500,000	\$0.30	29-Jan-12
		925,000	\$0.65	1-Jun-12
		525,000	\$1.00	30-Jul-12
		100,000	\$1.30	11-Nov-12
		21,250,000	\$0.045	9-Apr-13
		370,000	\$1.30	11-May-13
		1,000,000	\$0.70	18-Jul-13
		7,550,000	\$0.045	27-Oct-13
		2,000,000	\$0.04	28-Oct-13
		3,200,000	\$0.045	4-Dec-13
		440,000	\$0.45	9-Feb-14
		340,000	\$0.30	21-Jun-14
7.8	Issued during quarter	Number of Options	Exercise Price	Expiry Date
		15,000,000	\$0.02	Subject to the terms of a deed of settlement, whereby expiry occurs when the company makes the final payment under the deed
7.9	Exercised during quarter	Nil		
7.10	Expired/cancelled during quarter	Number of Options	Exercise Price	Expiry Date
		75,000	\$0.45	30-Nov-11
		4,000,000	\$0.045	9-Apr-13
		2,000,000	\$0.045	27-Oct-13
		10,000,000	\$0.04	28-Oct-13
		600,000	\$0.045	4-Dec-13
		60,000	\$0.45	9-Feb-14
		60,000	\$0.30	21-Jun-14
7.11	Debentures ( <i>totals only</i> )			
7.12	Unsecured notes ( <i>totals only</i> )			

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:

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(Director/Company secretary)

Date: 31 January 2012

Print name: Mark Ashley

### Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.**  
The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.