



ASX ANNOUNCEMENT

18 July 2012

Operations and Corporate Update

- **New operational initiatives and key appointments at Wiluna have significantly enhanced the production profile**
 - **Gold production in June quarter was 9,139 ounces (31% higher than March quarter) with cash costs falling to between \$1,400 - \$1,600 an ounce (47% - 53% lower than March quarter)**
 - **Continued improvement being experienced at Wiluna with actual gold production in excess of 2,000 ounces in the two weeks up to 14 July 2012**
 - **Trend of higher production of 15,000 to 17,000 ounces and lower cash costs of \$1,200 - \$1,300 an ounce forecasted for the September quarter**
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Apex Minerals NL (**ASX: AXM**) (**Apex** or the **Company**) wishes to provide the following update to its shareholders about progress being made at its Wiluna Gold Operation (**Wiluna**).

New Operational Initiatives

New directors and senior management were appointed by Apex on 19 April 2012 following completion of an entitlements issue to raise \$22.2 million (before expenses).

The sale of the Wilsons underground deposit at Gidgee, Western Australia, for \$8 million was also subsequently concluded and the sale process of another non-core asset, the Youanmi Gold Mine, is progressing.

The Company's main focus has been re-establishing Wiluna as an efficient, profitable and sustainable operation. Activities and improvements that have occurred at Wiluna since the appointment of the new directors and senior management team include:

- The appointment of a new power station management contractor and installation of additional diesel generators which has established sufficient and reliable power to the entire operation and avoided the need to power share between the mine and the mill.
- An experienced team of planning and scheduling mining engineers were appointed and have subsequently established rigorous day by day and longer term mine production schedules. Experienced supervisors and operators have been added to the underground operations to deliver on the production forecasts.
- Re-establishment of the underground dewatering system and other infrastructure services at the East Lode Mine in preparation for full mine production. The East Lode Mine is now the main production focus due to its shallow depth, favourable ground conditions and closer proximity to the Wiluna milling facility than the Bulletin decline.

- Higher maintenance standards on mining and mobile equipment to increase the reliability and availability of this equipment have been implemented, the benefits of which are evident from improved production performance.
- Engagement of a new senior metallurgist and mill operations manager to establish improved gold recoveries and process plant availability. The increase in mine production will result in better utilisation of the capacity of the milling facility.
- Appointment of an experienced General Manager Commercial to provide commercial and contractual guidance to the operations including cash flow and contract management. Cash flows, budgets and disciplined reporting protocols on a daily, monthly and quarterly basis have been established.

Wiluna Production Update

As a consequence of the above initiatives significant progress has been made in terms of increasing production and lowering unit cash costs at Wiluna.

Underground mine production has increased from 21,000 tonnes in the month of April 2012 to 38,000 tonnes in the month of June and is scheduled to reach 50,000 tonnes per month during the September quarter. This increase in mine production saw mill throughput increase from 26,000 tonnes in April to 34,000 tonnes in June.

Preliminary figures for June quarter production from Wiluna demonstrate a substantial improvement from the March quarter. Production in the June quarter was 9,139 ounces, representing an increase of approximately 31% from the March quarter. Similarly, cash costs for the June quarter are expected to be within a range of \$1400 - \$1600 an ounce, representing a fall of approximately 47% – 53% from the March quarter.

Apex expects to see further improvement at Wiluna during the September quarter. Gold production is forecast to be within a range of 15,000 – 17,000 ounces at cash costs of \$1200 – \$1300 an ounce.

Details of the June and September quarter guidance are contained in the following table:

	Mar-12 Qtr	Jun-12 Qtr ¹	Sep-12 Qtr ²
Underground mine production (t)	78,347	87,348	130,000 – 140,000
Grade (g/t)	3.6	4.5	4.5
Production (oz)	7,001	9,139	15,000 – 17,000
Cash cost (\$/oz)	3,025	1,400 – 1,600	1,200 – 1,300

Final figures for the June quarter will be contained in Apex's June quarter report which will be released later this month.

Additional Funding Requirements

The Company today announced details of a share placement to raise approximately \$2.74 million (**Placement**) to provide additional working capital to assist the Company in meeting its production guidance for the September quarter. Further details regarding the Placement are included in a separate ASX announcement released today entitled "Placement to raise \$2.74m".

¹Current estimates with final figures to be released in June quarter report later this month

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

The board and senior management team of Apex is encouraged by the operational improvement that has been achieved in Wiluna since mid-April and expects this to continue during the September quarter. The Board will continue to update shareholders on the Company's progress.

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