



Apex Minerals NL
ABN 22 098 612 974

Interim Report for the Half Year ended

31 December 2011

The information set out in this Interim Report should be read in conjunction with the Annual report for the year ended 30 June 2011



CORPORATE DIRECTORY

DIRECTORS	Mark Ashley – Managing Director Kim Robinson – Non Executive Chairman Robin Lee Sing Leung – Non Executive Director Matthew Sheldrick – Non Executive Director
COMPANY SECRETARY	Michael Andruszkiw
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SHARE REGISTRY	Link Market Services Ground Floor 178 St Georges Terrace Perth WA 6000 1300 554 474
AUDITORS	Crowe Horwath Level 6, 256 St Georges Terrace Perth WA 6000
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APEX MINERALS NL

Director's report

The directors present their report together with the consolidated financial report comprising Apex Minerals NL ("Apex" or "the Company") and its controlled entities ("the Group") for the half year ended 31 December 2011.

Directors

The directors of the Company at any time during or since the end of the interim period are:

Name	Period of directorship
Non-executive	
Kim Robinson – Chairman	Chairman since September 2006
Robin Lee Sing Leung – Non Executive Director	Appointed 17 February 2010
Matthew Sheldrick – Non Executive Director	Appointed 6 May 2011
Executive	
Mark Ashley – Managing Director	Director since April 2006

Review of operations

The Group continued mining and gold production at Wiluna during the six months ended 31 December 2011. 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 recommence mining activities by mid December 2011. Since then, focus has been to prepare for stoping 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 completed.

Whilst access to these high grade areas has been curtailed, mining of 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 expected to increase significantly with increased gold production and recoveries.

Total ore treated during the half year ended 31 December 2011 was 125,567 tonnes at 3.94 g/t with a recovery rate of 81%. The total gold ounces sold was 24,257 at an average gold price of \$1,625 per ounce.

Auditor's independence declaration

A copy of the auditor's independence declaration are required under Section 307c of the Corporations Act 2001 is set out on page 3.

Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

This report is made in accordance with a resolution of directors.



Mark Ashley
Director

Perth
15 March 2012



AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Apex Minerals NL for the half-year ended 31 December 2011, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink that reads "Crowe Horwath Perth".

CROWE HORWATH PERTH

A handwritten signature in blue ink that reads "Cyrus Patell".

CYRUS PATELL
Partner

Signed at Perth, 15 March 2012

Consolidated Statement of Comprehensive Income
For the half year ended 31 December 2011

		Half year	
	<i>Note</i>	2011 \$'000	2010 \$'000
Revenue		39,456	53,439
Cost of sales		(38,103)	(41,927)
Depreciation and amortisation		(13,796)	(13,022)
Gross loss		<u>(12,443)</u>	<u>(1,510)</u>
Other income	5	880	196
Share based payments		-	(488)
Administrative expenses		(2,117)	(3,328)
Exploration expensed		(249)	(1,908)
Impairment loss		(2,343)	-
Loss from operating activities		<u>(16,272)</u>	<u>(7,038)</u>
Finance income		92	18,982
Finance expenses		(579)	(7,793)
Net finance income / (expense)		<u>(487)</u>	<u>11,189</u>
Profit / (Loss) before income tax		<u>(16,759)</u>	<u>4,151</u>
Income tax expense		-	-
Profit / (Loss) for the half year		<u>(16,759)</u>	<u>4,151</u>
Other comprehensive income			
Net change in fair value of available-for-sale financial assets		-	(256)
Total comprehensive profit/(loss) for the half year		<u>(16,759)</u>	<u>3,895</u>
Earnings per share:			
Basic and diluted earnings/(loss) per share (cents)		(0.30)	0.12

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet
As at 31 December 2011

	<i>Note</i>	31 December 2011 \$'000	30 June 2011 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents		365	3
Trade and other receivables		3,260	1,120
Inventories		13,356	18,215
Derivative assets		97	97
Assets available for sale		20	20
Asset held for sale		-	14,271
Total current assets		17,098	33,726
Non Current Assets			
Other receivables		4,630	4,626
Property, plant and equipment		54,389	64,984
Assets held for sale	4	12,097	-
Total non-current assets		71,116	69,610
Total assets		88,214	103,336
LIABILITIES			
Current Liabilities			
Trade and other payables		19,816	18,552
Liabilities held for sale	4	-	4,271
Loans and borrowings		8,013	6,901
Provisions		1,680	1,822
Total current liabilities		29,509	31,546
Non Current Liabilities			
Loans and borrowings		2,083	3,179
Liability –held for sale		4,547	-
Provisions		18,695	18,396
Total non-current liabilities		25,325	21,575
Total liabilities		54,834	53,121
Net assets		33,380	50,215
EQUITY			
Share capital		321,375	321,375
Reserves		26,885	26,885
Accumulated losses		(314,880)	(298,045)
Total equity		33,380	50,215

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity For the half year ended 31 December 2011

	Issued Capital \$'000	Accumulated Losses \$'000	Share Based Payments Reserve \$'000	Quoted Options Reserve \$'000	Available For Sale Reserve \$'000	Warrants Reserve \$'000	Total Equity \$'000
Balance as at 1 July 2010	295,359	(321,892)	9,951	15,608	823	3,600	3,450
Profit for the period	-	4,151	-	-	-	-	4,151
Other comprehensive income							
Transfer to comprehensive income statement on sale of investment	-	-	-	-	(765)	-	(765)
Net change in fair value of available-for-sale assets	-	-	-	-	509	-	509
Total comprehensive income for the period	-	4,151	-	-	(256)	-	3,895
Transactions with owners, recorded directly in equity							
Issue of ordinary shares	5,000	-	-	-	-	-	5,000
Costs of issuing capital	(250)	-	-	-	-	-	(250)
Share-based payment transactions	-	-	488	-	-	-	487
Total contributions by and distributions to owners	4,750	-	488	-	-	-	5,237
Balance at 31 December 2010	300,109	(317,741)	10,439	15,608	567	3,600	12,582
Balance at 1 July 2011	321,375	(298,045)	10,168	15,608	(76)	1,185	50,215
Loss for the period	-	(16,759)	-	-	-	-	(16,759)
Prior Period adjustment	-	(76)	-	-	-	-	(76)
Other comprehensive income							
Total comprehensive income for the period	-	(16,835)	-	-	-	-	(16,835)
Transactions with owners, recorded directly in equity							
Balance at 31 December 2011	321,375	(314,880)	10,168	15,608	(76)	1,185	(33,380)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flow
 for the half year ended 31 December 2011

	Half year	
	2011 \$'000	2010 \$'000
Cash flows from operating activities		
Cash receipts in the course of operations	39,399	54,235
Cash payments in the course of operations	(33,618)	(43,630)
Interest received	84	204
Interest paid	(90)	(839)
Net cash from (used in) operating activities	<u>5,775</u>	<u>9,970</u>
Cash flows from investing activities		
Proceeds for investments	234	1,000
Payments for property, plant and equipment	-	(1,160)
Payments for mine properties	(3,022)	(9,639)
Net cash inflow (outflow) from investing activities	<u>(2,788)</u>	<u>(9,799)</u>
Cash flows from financing activities		
Proceeds from issue of share capital	-	5,000
Payments for capital raising costs	-	(250)
Proceeds from cash backed guarantees	-	868
Repayment of borrowings	-	(1,029)
Repayment of finance lease liabilities	(2,624)	(4,666)
Net cash used in financing activities	<u>(2,624)</u>	<u>(77)</u>
Net increase in cash and cash equivalents	363	94
Cash and cash equivalents at the beginning of the half year	2	914
Cash and cash equivalents at end of the half year	<u>365</u>	<u>1,008</u>

The above consolidated statement of cashflows should be read in conjunction with the accompanying notes

Notes to the Financial Statement for the half year ended 31 December 2011

1. Reporting Entity

Apex Minerals NL (the “company”) is a company domiciled in Australia. The consolidated interim financial statement of the Company as at and for the six months ended 31 December 2011 comprises the Company and its subsidiaries (together referred to as the “Group”).

The consolidated annual financial report of the Group as at and for the year ended 30 June 2011 is available upon request from the Company’s registered office at Level 1, 10 Ord Street, West Perth, WA 6005 or at www.apexminerals.com.au

Basis of preparation

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporation Act 2001 and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in the annual report and should be read in conjunction with the most recent annual financial report and any public announcements made during the half year.

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors’ report and the half year financial report estimates to the nearest thousand dollars, unless otherwise indicated.

The significant accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the company’s 2011 annual financial report for the financial year ended 30 June 2011. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Company’s accounting policies and has no effect on the amounts reported for the current or prior periods.

2. Material Uncertainty in relation to Going concern

The Group has generated a loss of \$16,759,000 in the six months ended 31 December, 2011 (2010 profit \$4,151,000). The group has working capital deficit of \$12,410,000 at 31 December 2011.

The consolidated balance sheet at 31 December 2011 has been prepared on a going concern basis which contemplates the realisation of assets and extinguishment of liabilities in the ordinary course of business. The Group’s ability to continue as a going concern is reliant upon cash flows from a future capital raising.

If the Group is not able to secure funding through its planned future capital raising the going concern basis may not be appropriate, and as a result the Group may have to realise its assets and extinguish its

Notes to the Financial Statement for the half year ended 31 December 2011

liabilities other than in the ordinary course of business. No allowance for such circumstances has been made in this financial report.

3. Operating segments

Identification of reportable segments

The Group has identified its operating segment (Wiluna operations) on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

	Wiluna Operations \$'000	Reconciliation to financial statements \$'000	Total \$'000
(i) Segment Performance			
31 December 2011			
Revenue	39,456	-	39,456
Segment result	(13,641)	(3118)	(16,759)
31 December 2010			
Revenue	53,439	-	53,439
Segment result	(4,156)	8,307	4,151
(ii) Segment assets			
31 December 2011			
Segment assets	75,126	13,088	88,214
30 June 2011			
Segment assets	88,052	15,284	103,336

Notes to the Financial Statement
 for the half year ended 31 December 2011

4. Assets and liabilities held for sale

At 31 December 2011 the Group was in the process of selling its Youanmi Projects including its assets and related liabilities.

	31-Dec-11	30-June-11
	\$'000	\$'000
	Youanmi	Youanmi
Current Assets		
Mine Properties	3,630	3,630
Environmental bonds	1,498	1,498
Exploration	6,969	9,143
	<u>12,097</u>	<u>14,271</u>
Current Liabilities		
Trade Payables	130	130
Provisions	4,417	4,141
	<u>4,547</u>	<u>4,271</u>
Total net assets held for sale	7,550	10,000

5. Other Income

	31-Dec-11	31-Dec-10
	\$'000	\$'000
Insurance Income	569	-
Scrap sales	76	-
Sale of Tenement	100	196
Others	135	-
	<u>880</u>	<u>196</u>

6. Related parties

Arrangements with related parties continue to be in place on the same basis as at 30 June 2011. The details of these arrangements are disclosed in the consolidated financial report as at and for the year ended 30 June 2011.

7. Contingent Liabilities

There has been no change in contingent liabilities since the last annual reporting date.

8. Events occurring after the reporting period

On the 7th March 2012 Apex Minerals announced a renounceable two-for-one rights issue at 0.2 cents per share to raise \$22.2 million. The rights issue has been conditionally underwritten by Azure Capital. Upon completion of the rights issue a share consolidation of 100 for 1 will occur, subject to shareholder approval.

The funds from the rights issue are to be applied towards underground development, development and exploration drilling, termination payments, corporate and operational expenses and payment of transaction costs, reduction in liabilities and general working capital.

Notes to the Financial Statement
for the half year ended 31 December 2011

Part of the recapitalisation of Apex Minerals will be a strengthening of the board and the management team led by the appointment of Mr Eduard Eshuys as Executive Chairman and Mr Ross Hutton and Mr Brice Mutton as Non-executive Directors.

Director's declaration

In the directors' opinion:

1. the financial statements and notes set out on pages 4 to 11, are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the Group's financial position as at 31 December 2011 and of its performance for the half year period ended on that date; and
 - (b) complying with Australian Accounting Standard, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a Resolution of Directors.



Mark Ashley
Director
Perth
15 March 2012

INDEPENDENT AUDITOR'S REVIEW REPORT

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Apex Minerals NL and its controlled entities (the consolidated entity) which comprises the consolidated statement of financial position as at 31 December 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, statement of accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of Apex Minerals NL (the company) are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of Apex Minerals NL and its controlled entities' financial position as at 31 December 2011 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of Apex Minerals NL and its controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Apex Minerals NL and its controlled entities is in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.



Emphasis of Matter

We draw attention to Note 1 of the financial statements which describes the uncertainty related to the use of the going concern assumption. Our conclusion is not qualified in this respect.

Crowe Horwath Perth

CROWE HORWATH PERTH

A handwritten signature in blue ink, appearing to read "Cyrus Patel".

CYRUS PATELL
Partner

Signed at Perth, 15 March 2012