

Apex Minerals NL

ACN 098 612 974

March 2013 Quarterly Report



Corporate Details

As at 30 April 2013

ASX codes:

Apex Shares: AXM
Apex Options: AXMO

Securities on issue:

346,963,356	Fully paid ordinary shares
6,786,903	Listed options
191,250	Partly paid shares
137,070,950	Unlisted options

Registered Office:

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Directors:

Mr Eduard Eshuys
Executive Chairman

Mr Brice Mutton
Non-Executive Director

Mr Kim Robinson
Non-Executive Director

Mr Jeremy Robinson
Company Secretary

For further details contact:

Investors

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Media

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Summary

- Apex initiated a comprehensive Strategic Review of the Company and its assets during the Quarter seeking to enhance shareholder value, including exploring the availability of a potential restructure or change of ownership transaction.
- The Strategic Review process culminated in:
 - Signing of an MOU to sell the Youanmi Gold Project for \$15M.
 - Signing of an MOU to sell the Wiluna Gold Operations for \$50M.
 - Both MOU parties agreed to exclusive due diligence periods, and each paid \$0.5M.
 - Youanmi Gold Project sale and purchase agreement expected by end of April with completion shortly thereafter.
 - Wiluna Gold Operations exclusive due diligence period continues to mid May.
- Underground mine production totaled 112,353 tonnes with an increased focus on improving the grade. Mine grade in March 2013 was 3.9 g/t gold compared to 3.1g/t for the December 2012 Quarter. Mine production was impacted by poor equipment availability.
- Processing of ore during the quarter totalled 106,968 tonnes which was adversely impacted by the previously announced Mill 2 girth gear failure and as a consequence the requirement to reconfigure the milling operation.
- Gold production during the quarter totalled 7,436 ounces with gold sales of 7,971 ounces at an average price of \$1,571 per ounce. Whilst initiatives have been taken to facilitate a reduction in costs overall, cash costs for the quarter were \$2,188 per ounce with costs in the month of March at \$1,542 per ounce.

Eduard Eshuys
Executive Chairman



Wiluna Gold Operational Overview

Gold production in the March Quarter 2013 was 7,436 ounces.

Underground mine production of 112,353 tonnes in the March Quarter was primarily sourced from the East and West Lode zones where low equipment availability affected fleet productivity and mined tonnes resulting in decreased production compared to the prior quarter. A limited amount of ore sourced from the Golden Age Orebody from remnant areas contributes about 4,000 tonnes per month at around 6g/t gold.

June Quarter production will continue to be largely sourced from the East and West Lode zones with a focus to increase the grade produced from those zones. Higher grade mining will continue in Golden Age and has also commenced in parts of Bulletin where initial production has confirmed historic grades of approximately 8g/t gold.

Processing

The decrease in plant throughput during the March 2013 Quarter compared with previous quarters was due both to the decrease in available tonnes from underground and as announced previously the girth gear failure in Mill 2 during the quarter. As a result of this failure, the plant had to be re-configured to operate on Mill 1 and Mill 3 which has facilitated to some extent achieving satisfactory throughput. Repair of Mill 2 is likely to take up to two months.

Recoveries for the quarter were a poor 71.9% and a recent review has identified the flotation circuit as an area for improvement with new rotor blades on order to improve the flotation recoveries. Management remains confident that the identified improvements to increase recoveries, together with the anticipated life of mine head grade of 4.0 g/t gold can result in recoveries increasing to 85%.

Operating Costs

The lower than anticipated grades and reduced tonnes have had an adverse impact on gold production and resulted in unsatisfactory unit cash costs for the March 2013 Quarter of \$2,193 per ounce. The cash operating costs for the month of March 2013 were an improved \$1,542 per ounce. Total mine operating costs for March totaled \$4.4M, a substantial improvement compared with monthly costs during the September 2012 Quarter of \$6.4M.

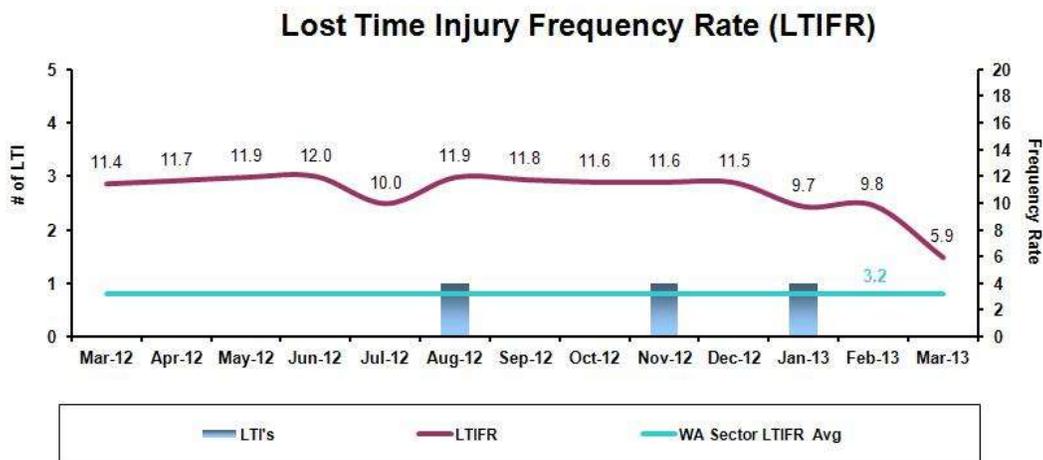
Management is currently reviewing the detailed underground production schedule for Wiluna which has been completed through to 30 June 2016 to continue to identify areas for cost reductions and efficiency gains.

Health and Safety

Improving the Company’s safety profile has been a continuing focus for management during the quarter. There was one lost time injury (re-classified) and one medically treated injury case during the March Quarter (see Chart 1).

Chart 1

Wiluna 12-month rolling



Corporate

Strategic Review

Apex initiated a comprehensive Strategic Review of the Company and its assets during the Quarter seeking to enhance shareholder value, including exploring the availability of a potential restructure or change of ownership transaction. The Strategic Review has culminated in the potential sale of the Youanmi Gold Project and the Wiluna Gold Operations.

- *Sale of Youanmi Gold Project*

During the Quarter Apex signed a binding Memorandum of Understanding (MOU) with Infinity Fame Pty Ltd (“Infinity Fame”) for the proposed sale of the Youanmi Gold Project. As part of the MOU, Apex issued 8,333,333 shares to Infinity Fame at \$0.06 per share for a 60 day non-refundable exclusivity payment of \$500,000 relating to the proposed sale.

Apex expects to sign a Sale and Purchase Agreement with Infinity Fame by the end of April with completion shortly thereafter.



- *Sale of Wiluna Gold Operations*

During the Quarter Apex signed a binding MOU with Everprosperity Investment Co Ltd (“Everprosperity”) for the proposed sale of the Wiluna Gold Operations for \$50 million. In accordance with the MOU, Apex provided an exclusive 60 day due diligence period, whereby Everprosperity subscribed for 8,333,333 Apex shares at \$0.06 per share for a total subscription of \$500,000.

Apex remains in discussion with Everprosperity and expects to further update the market with regard to this transaction at the end of the Exclusivity Period in mid May.

- *Bogada Bore*

During the Quarter Apex signed an agreement with Mark Creasy’s Bogada Gold Pty Ltd to investigate the possibility of processing ore from the Bogada Bore gold deposit through the Wiluna Mill. While the investigations indicated that the proposal was technically and economically possible, the two parties were unable to reach a commercial arrangement and negotiations have ceased in light of the interest received in a sale of the Wiluna Gold Operations.

Funding Arrangements

Early in the March Quarter, Apex announced it had reached agreement with AR Management Co Pty Ltd (“AR Management”) to refinance an existing \$4 million short term debt facility.

Post the end of the quarter Apex undertook a placement to new and existing shareholders for \$1 million and secured an additional \$1 million facility from AR Management. Funds from these latest two initiatives are being used to support the Wiluna Gold Operations until the proposed asset sales are completed.

Litigation

As noted in the Half Year Report, Apex had litigation commenced against the Company by an unsecured creditor during the quarter. Subsequent to the end of the quarter, the matter was resolved with the creditor and the litigation was concluded. Satisfactory agreement was also reached with Atlas Copco on a payment schedule for both the Settlement Deed and Hire Purchase Agreements for which default notices were issued and which were referred to in the Half Year accounts.

Apex has no other current litigation matters on hand, other than the ongoing dispute with former Managing Director Mark Ashley.

Enquiries should be directed:

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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			Note
	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)	
Lode										
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.