



Apex Minerals N.L.

Quarterly Report
31st December 2009

Highlights

- **Underground mining provided 84,000 tonnes of ore at 5.3g/t for the quarter, up 36% from the previous quarter**
- **Development of 1,824 metres for the quarter, up 35% from the September quarter**
- **Development ore from East Lode North commenced at the end of the quarter**
- **Development to the fourth zone (Burgundy) enabled initial ore from development in January**
- **Exploration expanded with initial focus on near term production opportunities**
- **Early exploration success having identified extension of the high grade Golden Age deposit.**

WILUNA

Mining

The majority of mine production for the December quarter was sourced from development and stoping of the Calais and Henry 5 North zones, both accessed from the Bulletin Decline.

Toward the end of the quarter the East Lode North deposit, a third geographically separate production area, provided initial development ore, whilst the fourth area, the Burgundy zone had intersected the lode at quarter end with ore from development commenced in January 2010. Stopping from East Lode is expected to commence late in the current quarter with Burgundy following in the June quarter as previously reported.

Mine seismicity experienced in the September quarter has been substantially reduced in the December quarter. One moderate event which occurred early in October resulted in only minor damage to a peripheral mining location and as a result one stoping panel was rescheduled for mining at a later date. A mine micro-seismicity monitoring system has now been installed for five months and is providing useful data enabling pro-active planning decisions that minimise production disruptions.

Mine Production

Total underground mine production rose 36% over the previous quarter. Ore mined from underground for the current quarter was 84,268 tonnes at 5.2g/t containing

14,182 ounces (*September quarter – 63,663 tonnes at 5.1g/t containing 10,435 ounces*). Further production data is shown in the table below:

	Ore Tonnes	Grade g/t	Contained ounces
Underground			
High grade development	12,785	6.2	2,561
Stoping	57,127	6.3	11,514
Sub-total	69,912	5.7	12,794
Low grade development	14,356	3.3	1,537
Total incl. low grade	84,268	5.2	14,182

Development

With the previous extensive mine rehabilitation now completed, the development efficiency improvements that have been continually been implemented since mid-year resulted in the monthly development rate achieving record month-on-month improvements. Total development was 1,824 metres, an increase of 35% compared to the previous quarter. Of this total 1,367 metres related to capital development (75% of the total) and 457 metres related to operating development (25% of the total). The increase in Capital development was largely due to accessing the East Lode North and Burgundy mining areas.

ROM and Developed Ore Stocks

Broken and developed stocks represent the stoping material that will make up the majority of the future (near-term) mine production. This will be supplemented by ore development occurring at that time. The surface stocks represent the blending material that will be processed in conjunction with the broken and developed stocks.

The underground (broken and developed) stocks tonnage has increased 36% over the previous quarter. The average grade has reduced by a similar amount with the result being the contained ounces of those stocks are similar to the September quarter. The increase in tonnage is a reflection of the much improved development rates seen this quarter, even though the development focus has been on capital access to open up separate mining areas to improve overall productivity. The goal remains to incrementally increase the developed stocks to approximately six months future production, to facilitate orderly mine planning and scheduling.

Ore Stocks	Tonnes	Grade g/t	Contained ounces
Underground – developed ore			
Developed ore (not yet stoped)	124,659	4.9	22,150
Broken awaiting hauling	4,000	5.0	637
Total	143,251	4.9	22,787
Run of Mine Stocks			
High grade	1,256	6.4	260
Medium grade	4,409	2.9	418
Low grade	31,143	1.5	1,462
crushed	3,396	3.4	369
Total	40,204	1.9	2,509

Total Run of Mine stocks have fallen compared to the previous quarter as the remnant surface open pit low and medium grade stockpiles have been incrementally processed.

The open pit material mined and stockpiled in 2008 - 2009 has been used since then as an increment to the underground feed. The higher grade underground ore was treated preferentially to any low grade stocks, whilst the lower grade feed has been used to take advantage of available processing capacity. When the existing stocks are depleted in the January quarter, the processing plant operation will be rearranged to campaign high grade sulphide ore concentrate production whilst operating the BIOX and sulphide leach sections continuously.

During the January quarter the processing plant will be reconfigured into separate refractory (BIOX) and free milling circuits. Whilst the refractory sulphide circuit will stay dedicated to the high grade underground ore, the lower operating cost free milling circuit will be used for alternative feed sources including:

- Oxide low grade stockpiles (not included in the Run of Mine stocks tabled elsewhere in this report),
- Material from the existing 2.5Mt oxide heap leach where sampling has returned assays that show economic potential,
- Near term underground free milling resources such as those currently being targeted by the Golden Age quartz reef exploration program

It is expected that underground high grade production will rise modestly from in the March quarter as development ore is sourced from the East Lode North and Burgundy areas prior to increase production from these zones once stoping commencing. As indicated in the 18th December ASX release, the supply of the satellite Wilsons deposit ore is likely to be seen at Wiluna in June 2010 due to road haulage permitting delays. Alternative trucking options such as utilising smaller trucks that are unlikely to require road upgrades, are being pursued.

Processing

Ore treated for the quarter totalled 203,258 tonnes at 3.7g/t with a mill recovery of 76% to recover 18,369 fine ounces. Ore feed to the processing plant is shown in more detail in the table below:

	December		September	
	Tonnes	Grade g/t	Tonnes	Grade g/t
Source				
Underground production	68,080	6.3	46,605	5.7
Underground low grade	15,992	3.1	14,454	3.1
sub total	84,072	5.7	61,059	5.1
Surface stocks – medium grade	15,253	3.2	152,066	3.2
Surface stocks – low grade	103,933	2.1	6,477	2.5
sub total	119,186	2.2	158,543	2.5
Total	203,258	3.7	219,602	3.7

	December	September
Contained Gold (ozs)	24,017	26,100
Metallurgical recoveries	76%	76%
Gold production (ozs)	18,369	19,855
Cash costs of production (A\$/oz)	1,089	1,220*

*September quarter reported cash costs per oz of gold sold of \$1,078 as opposed to gold produced

Total processing throughput in the December quarter was 7.5% lower than the September quarter due mainly to mechanical problems associated with the tertiary crusher as reported to the ASX in December.

During the quarter an alternator failure on one of the three Caterpillar 3MW gas power station generating sets has required the running of the backup diesel power station. The consequences of the loss of the gas set was overall reduced station capacity which at times affected the milling circuit, with a reduced throughput of the lower grade stockpile material. The overall effect on gold production has been minimal. A replacement alternator has been sourced from New Zealand which has now arrived in Australia. It is expected that the gas station capacity will be fully restored in early February 2010.

Gold sold was 18,083 ounces at A\$1,166 per ounce for a revenue of \$21.1 million. A total of 14,904 ounces were delivered into forward contracts during the quarter and 3,179 ounces was sold on the spot market where the average price received was A\$1,247 per ounce.

At the end of December, there were 5,700ozs of gold forwards at A\$1,155 per oz remaining. All of these have now been delivered into and therefore Apex is now hedge free.

Corporate & Finance

The \$108.6 million fully underwritten renounceable rights issue was completed in November and the Aphrodite Gold project was sold netting a further A\$4.5m. After elimination of short and long term note holders, investment in capital development, cash backing of environmental bonds, finance lease repayments the company was left with a net operating cash outflow of A\$0.2m for the quarter and a net increase in cash held of A\$16.1m for the quarter.

A reconciliation of these funds is as follows

	A\$M
Rights issue	108.6
Equity issued to Noteholders	(25.5)
Equity issued to Creditors	(4.6)
Net cash pre rights issue costs	78.5
Costs of rights issue	(6.9)
Cash backing environmental bonds and guarantees	(4.1)
Repayment of senior notes	(27.7)
Finance lease repayments	(1.7)
Mine capital development	(10.9)
Aphrodite sale proceeds	4.5
Decrease in creditors for operations, exploration and corporate	(12.4)
Corporate / Exploration expenditure	(2.6)
Net cash flow from operations	(0.2)
Interest and costs of disposal of Aphrodite	(0.4)
Net Increase in cash held	16.1

Exploration

A revitalised exploration program initially focused on near term opportunities has identified an extension of the high grade Golden Age mineralisation to the east of the F5 fault which has not been previously drilled. The first 4 holes drilled into this target have returned extremely encouraging results with the reef being intersected in all holes and 2 of the holes containing numerous specs of visible gold within the reef interval. Assay results from these holes are pending and will be released to the market once they are available.

Additional drilling capacity has provided the operation with the flexibility to have a dual infill and expansionary approach with one rig focussed on grade control and conversion of inferred to indicated resources with the second rig investigating additional near term mining opportunities close to planned development but outside the current mining plan.

Drilling at East Lode North has been completed and assay results have been returned. Preliminary mining studies show that there is economic mineralisation below the current development and outside the current reserve which will be able to be accessed on subsequent mining levels.

Infill drilling into Calvert has also commenced with the first hole returning an intersection of 13.15m from 386m with an estimated true width of 5m. The mineralisation is hosted on the footwall side of the Calvert structure with strong sulphide mineralisation in the broad zone of alteration. Assay results are pending.

Significant results from the quarter include:

HoleID	From	To	DH*	TW*	g/t	grams x metres	Prospect / Resource Area
AWD0179	198.5	205.4	6.9	2.7	11.06	29.86	East Lode North
AWD0181	200.8	204.8	4.0	2.3	9.89	22.65	East Lode North
AWD0256	141.28	143.84	2.6	2.1	35.02	73.54	Woodley 160
AWD0257	88.0	97.9	9.9	8.1	3.7	29.97	Woodley 80
AWD0257	124.6	128.3	3.7	2.8	11.2	31.36	Woodley 160
AWD0258	93.8	102.2	13.4	10.3	4.3	44.29	Woodley 80
AWD0263	116.3	125.8	9.5	6.9	3.55	24.5	Woodley 80
AWD0264	132.2	138.3	6.6	5.4	3.8	20.52	Woodley 130
AWD0272	147.5	152.2	4.8	4.0	6.86	27.44	Henry 5 North - 100 Lens
AWD0330	157.1	163.2	6.1	5.0	7.33	36.65	Woodley 80
AWD0337	216.5	220.2	3.7	2.8	7.42	21.00	Burgundy 50
AWD0341	206.8	212.2	5.4	2.3	11.35	26.11	Burgundy 50
AWD0342	197.5	202.0	4.6	3.5	5.76	20.10	Burgundy 50
AWD0345	175.0	177.0	2.0	1.5	19.9	30.45	Burgundy 50
AWD0346	185.6	200.8	15.2	5.1	5.56	28.36	Burgundy 50
AWD0354	86.7	93.8	7.1	5.0	17.94	89.70	East Lode North
AWD0358	54.4	72.8	18.3	4.7	9.16	43.05	East Lode North

*KEY: DW = Downhole width, TW = estimated true width

Yours Sincerely,



Mark Ashley
Managing Director

Competent persons statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr. Andrew Thompson who is an employee of the company. Mr. Thompson is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience of relevance to the styles of mineralisation 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. Thompson consents to the inclusion in this report 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.

Samples are assayed at Genalysis' laboratory. Samples are prepared using single stage pulverization of the entire sample. Gold assays are obtained using a 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 - quality control (QAQC) is achieved using a suite of certified standards, laboratory standards, field duplicates, laboratory duplicates, repeats, blanks and grind size analysis.

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 downhole surveys. The spatial location of samples from underground holes is derived using surveyed rig setups and Reflex multi-shot downhole surveys. True widths are calculated using the mean dip and strike of the mineralization from 3D wireframe models and downhole surveys.

Drillhole intersections from Wiluna are calculated using grade gold cutoffs deemed appropriate for each situation.

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 drillhole spacing, geological continuity and predictability, geostatistical analysis of grade variability, sampling, analytical, spatial and density QAQC criteria and demonstrated amenability of mineralization style to proposed processing methods. Ore Reserve estimate has been compiled in accordance with the guidelines defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ~ The JORC Code ~ 2004 Edition" (2004 JORC Code).

The cost information contained in this report is unaudited and is potentially subject to audit adjustments from the financial year end audit process.

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

22 098 612 974

Quarter ended ("current quarter")

31st December 2009

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date \$A'000
1.1	Receipts from product sales and related debtors(i)	21,129	47,118
1.2	Payments for (a) exploration and evaluation	(987)	(3,084)
	(b) development	-	-
	(c) production (ii)	(31,732)	(52,042)
	(d) administration	(3,589)	(3,895)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	196	228
1.5	Interest and other costs of finance paid	(378)	(1,606)
1.6	Income taxes paid	-	-
1.7	Other	-	-
Net Operating Cash Flows		(15,361)	(13,281)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects/equity investments	-	-
	(b) available for sale investments	-	-
	(c) other fixed assets	(10,989)	(19,554)
	(d) other	-	-
1.9	Proceeds from sale of: (a) prospects/equity investments	4,500	4,500
	(b) available for sale investments	-	1,500
	(c) other fixed assets	-	-
	(d) other - hedging instruments	-	3,091
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other – costs of sale of prospects	(154)	(154)
Net investing cash flows		(6,643)	(10,617)
1.13	Total operating and investing cash flows (carried forward)	(22,004)	(23,898)

(i) 1,152ozs were held at AGR awaiting refining at the end of December and were therefore not recognised as revenue received in the quarter.

(ii) \$8.9m of the cash outflow relates to production is due to a reduction in creditors in the quarter.

1.13	Total operating and investing cash flows (brought forward)	(22,004)	(23,898)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	78,500	78,790
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(27,707)	(31,707)
1.18	Dividends paid	-	-
1.19	Other – capital raising costs	(6,901)	(7,778)
	Other – finance lease liability	(1,719)	(3,367)
	Other – net payments for cash backed guarantees	(4,076)	(4,201)
	Net financing cash flows	38,097	31,737
	Net increase (decrease) in cash held	16,093	7,839
1.20	Cash at beginning of quarter/year to date	2,066	10,320
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	18,159	18,159

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	374
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

The Company completed a Rights issue during the quarter for \$108.6 million gross. Actual cash received from this issue was \$78.5 million with net off repayments to senior secured noteholders of \$25.5 million and payments to creditors of \$4.6 million which were netted off against shares issued as part of the Rights Issue.

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

Nil

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	1,000
4.2 Development	-
Total	1,000

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	18,158	2,066
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	18,158	2,066

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	M24/720* M24/662* M24/779* M24/681* M24/649* P24/3130*		100% 100% 100% 100% 100% 76.25%	Nil Nil Nil Nil Nil Nil
	* The Aphrodite Project was sold in the quarter			
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	Preference securities (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	3,317,819,909 19,125,000	3,317,819,909	N/A 20 cents	N/A 0.001 cents
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	2,714,578,367 1,905	2,714,578,367 1,905	4 cents 6 cents	4 cents 6 cents
7.5	+Warrants	121	-	\$0.01	\$0.01
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

7.7	Options (description and conversion factor)	Number of Options	Exercise Price	Expiry Date
		Quoted		
		678,643,029	\$0.06	11-Nov-12
		Unquoted		
		1,500,000	\$0.20	3-Jul-11
		7,200,000	\$0.14	20-Jul-11
		250,000	\$0.30	17-Aug-11
		250,000	\$0.35	14-Sep-11
		300,000	\$0.20	31-May-09
		500,000	\$0.35	1-Nov-11
		1,000,000	\$0.35	1-Nov-11
		275,000	\$0.45	30-Nov-11
		300,000	\$0.45	30-Nov-11
		2,825,000	\$0.65	1-Jun-12
		2,600,000	\$0.65	1-Jun-12
		1,525,000	\$1.00	30-Jul-12
		200,000	\$1.30	15-Oct-12
		200,000	\$1.30	30-Oct-12
		200,000	\$1.30	11-Nov-12
		50,000	\$1.60	10-Jan-13
		700,000	\$1.30	27-Apr-13
		1,556,000	\$1.30	11-May-13
		550,000	\$1.30	19-Jun-13
		1,000,000	\$0.70	18-Jul-13
		50,000	\$0.50	1-Oct-13
		750,000	\$0.70	1-Dec-13
		2,500,000	\$0.30	29-Jan-12
		2,360,000	\$0.45	9-Feb-14
		3,445,000	\$0.30	21-Jun-14
7.8	Issued during quarter			
7.9	Exercised during quarter			
7.10	Expired /Cancelled during quarter			
7.11	Debentures (totals only)			
7.12	Unsecured notes (totals only)			

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: Date: 29 January 2010
(Director/Company secretary)

Print name: Anna Neuling

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.