



10<sup>th</sup> February, 2011

The Manager  
Company Announcements Office  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

**LODGEMENT OF RIGHTS ISSUE PROSPECTUS**

Apex Minerals NL (ASX:AXM) ("Company") advises that it has lodged with ASIC today the Rights Issue Prospectus as advised by the Company in its announcement made to the ASX on 2 February 2011.

**Adrian Di Carlo**  
**Company Secretary**

**APEX MINERALS NL**  
**ACN 098 612 974**

**PROSPECTUS**

**FOR**

**For an underwritten renounceable pro-rata offer to Eligible Shareholders on the basis of 1 Share for every 2.4 Shares held at an issue price of \$0.01 as at the Record Date**

**THIS OFFER CLOSSES AT 5.00PM WST ON 15 MARCH 2011**

**VALID ACCEPTANCES MUST BE RECEIVED BEFORE THAT TIME.**

**Please read the instructions in this Prospectus and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement under the Offer.**

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY.**

**IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER WITHOUT DELAY.**

**THE SHARES OFFERED BY THIS PROSPECTUS ARE OF A SPECULATIVE NATURE.**

## IMPORTANT INFORMATION

This Prospectus is dated 10 February 2011 and was lodged with the ASIC on that date with the consent of all Directors. Neither ASIC nor ASX nor their respective officers take any responsibility for the contents of this Prospectus.

No Shares will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

A copy of this Prospectus is available for inspection at the registered office of the Company at First Floor, 10 Ord Street, West Perth, during normal business hours. The Company will provide a copy of this Prospectus to any person on request. The Company will also provide copies of other documents on request (see Section 5.9).

The Company will apply to ASX within 7 days of the date of this Prospectus for Official Quotation by ASX of the Shares offered pursuant to this Prospectus.

The Shares offered by this Prospectus should be considered speculative. Please refer to Section 4 for details relating to investment risks.

Revenues and expenditures disclosed in this Prospectus are recognised exclusive of the amount of goods and services tax, unless otherwise disclosed.

The Prospectus will be made available in electronic form. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus and the Entitlement and Acceptance Form (free of charge) from the Company's principal place of business any time before the Closing Date by contacting the Company. The Offer contemplated by this Prospectus is only available in electronic form to persons receiving an electronic version of this Prospectus and Entitlement and Acceptance Form within Australia.

The Entitlement and Acceptance Form accompanying this Prospectus is important. Please refer to instructions in Section 1.7 regarding the acceptance of your Entitlement. Acceptances of Shares can only be submitted on an original Entitlement and Acceptance Form sent with a copy of this Prospectus by the Company. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Offer.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

This Offer is not being extended to any Shareholders whose address is outside Australia or New Zealand.

No action has been taken to permit the offer of Shares under this Prospectus in any jurisdiction other than Australia and New Zealand.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

This document is important and should be read in its entirety before deciding to participate in the Offer. This does not take into account the investment objectives, financial or taxation or particular needs of any Applicant. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to his/her particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Applicant should consult his/her stockbroker, solicitor, accountant or other professional adviser without delay. Some of the risk factors that should be considered by potential investors are outlined in Section 4.

By returning an Entitlement and Acceptance Form, you acknowledge that you have received and read this Prospectus and you have acted in accordance with the terms of the Offer detailed in this Prospectus.

Definitions of certain terms used in this Prospectus are contained in Section 7. All references to currency are to Australian dollars and all references to time are to WST, unless otherwise indicated.

Eligible Shareholders with registered addresses in Australia and New Zealand only can obtain a copy of this Prospectus during the period of the Offer on the Company's website, [www.apexminerals.com.au](http://www.apexminerals.com.au). The electronic version of this Prospectus does not include the Entitlement and Acceptance Form which accompanies the printed copy of this Prospectus to be mailed to Eligible Shareholders with registered addresses in Australia and New Zealand on or around 24 February 2011.

# CORPORATE DIRECTORY

## **Current Directors**

Kim Robinson Non-Executive Chairman

Mark Ashley Managing Director and CEO

Robin Lee Non-Executive Director

## **Company Secretary**

Adrian Di Carlo

## **Registered Office**

First Floor, 10 Ord Street  
West Perth 6005  
Western Australia

**ASX Code:** AXM

**Website:** [www.apexminerals.com.au](http://www.apexminerals.com.au)

## **Auditor \***

KPMG  
235 St George's Terrace  
PERTH WA 6000

## **Share Registry**

Link Market Services Limited  
Ground Floor, 178 St Georges Terrace  
PERTH WA 6000  
1300 554 474

## **Corporate Adviser, Lead Manager and Underwriter**

Azure Capital Limited  
Level 34, Exchange Plaza  
2 The Esplanade  
PERTH WA 6000

## **Solicitors to the Company**

Hardy Bowen Lawyers  
Level 1, 28 Ord Street  
WEST PERTH WA 6005

## **Nominee for foreign Shareholders**

Morgan Stanley Smith Barney Australia Pty Ltd  
Level 11, Exchange Plaza  
2 The Esplanade  
PERTH WA 6000  
+61 (0)8 9288 8644

\* This entity has not been involved in the preparation of this Prospectus and has not consented to being named in the Prospectus. Its name is included for information purposes only.

## PROPOSED TIMETABLE

Event	Date
Lodgement of Prospectus with ASIC and provision of copies to ASX	10 February 2011
Company sends letter to Shareholders containing information required by Appendix 3B	11 February 2011
Rights trading commences Existing Shares quoted on an "ex" basis	15 February 2011
Record date for determining Entitlements	21 February 2011
Prospectus and Entitlement and Acceptance Form despatched to Eligible Shareholders	24 February 2011
Rights trading ends	7 March 2011
New Shares quoted on a deferred settlement basis	8 March 2011
Closing Date	15 March 2011
Notification of Shortfall	17 March 2011
Anticipated date for allotment of New Shares	23 March 2011
Anticipated date for despatch of holder statements (and last day for the Company to confirm to ASX all information required by Appendix 3B)	23 March 2011
Anticipated date for commencement of trading of New Shares	24 March 2011

This timetable is indicative only and subject to change. Subject to the Listing Rules, the Directors reserve the right to vary these dates, including the Closing Date for the Offer, without prior notice. Any extension of the Closing Date will have a consequential effect on the anticipated date for allotment and issue of the Shares. The Directors also reserve the right not to proceed with the whole or part of the Offer at any time prior to allotment. In that event, the relevant Application Monies will be returned without interest.



Dear Shareholder

The Directors of Apex Minerals NL (**Company**) are pleased to offer you the opportunity to subscribe for new Shares in the Company on the basis of 1 new Share for every 2.4 Shares held at the Record Date. The subscription price for each new Share is 1 cent. The number of new Shares to which you are entitled to subscribe is set out in the Entitlement and Acceptance Form enclosed with this Prospectus.

As announced on 2 February 2011, the Company is seeking to give Shareholders full exposure to the current high gold price and to strengthen its balance sheet by:

- (a) redeeming its outstanding Gold Upside Participation Notes; and
- (b) entering into an agreement to sell its Gidgee Exploration Project excluding the Wilsons Deposit.

Redemption of the GUP Notes will be funded via:

- (a) the proceeds raised from the Offer under this Prospectus;
- (b) the recently completed Placement to sophisticated and professional investors; and
- (c) from the sale of the Gidgee Exploration Project.

Remaining proceeds will be used to reduce current liabilities, lodge replacement environmental bonds, and for general working capital.

The Offer is renounceable and is underwritten by Azure Capital Limited. As the Offer is renounceable, Shareholders will be able to trade their Entitlements on ASX and Shareholders may dispose of their Entitlements to other parties (refer to Section 1.5). Further details of the Offer are contained in Section 1 of this Prospectus. You should also carefully consider the risk factors of the Offer contained in Section 4 of this Prospectus.

Further information about the Company and its operations is also contained in publicly available documents lodged by the Company with the ASIC and the ASX. This Prospectus should be read in conjunction with this material.

It is important that you take prompt action if you wish to accept your Entitlement, and you should consult your financial or other adviser before doing so. Any part of your Entitlement, which is not accepted, will lapse at the close of the Offer and the new Shares to which you would otherwise have been entitled, will revert to the Underwriter to place (in consultation with the Company).

**The offer closes at 5.00 pm WST on 15 March 2011.**

If you have any queries concerning the Offer, or the action you are required to take to subscribe for new Shares, please contact your financial adviser or the Company on (08) 6311 5555.

Yours sincerely

Mark Ashley  
Managing Director and CEO

## TABLE OF CONTENTS

Section	Page No
1. Details of the Offer .....	7
2. Effect of the Offer.....	13
3. Action Required by Shareholders .....	17
4. Risk Factors .....	20
5. Additional Information.....	27
6. Directors' Statement and Consent .....	37
7. Glossary of Terms .....	38



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## 1. Details of the Offer

### 1.1 The Offer

The Offer under this Prospectus is a renounceable pro-rata offer to Eligible Shareholders on the basis of 1 Share for every 2.4 Shares held on the Record Date at an issue price of \$0.01 per Share (**Offer**).

At the date of this Prospectus the Company has on issue:

- (a) 3,917,819,915 Shares;
- (b) 678,643,023 Listed Options;
- (c) 103,446,000 Unlisted Options;
- (d) 19,125,000 \$0.20 partly paid shares to \$0.00001; and
- (e) 121 Existing Warrants which are convertible into 44,992,640 Shares.

The holders of partly paid Shares will not be entitled to participate in the Offer without first paying any unpaid amount on their Shares.

The holders of Options will not be entitled to participate in the Offer without first exercising their Options.

The Existing Warrants are not capable of being exercised prior to the Record Date and are to be cancelled pursuant to the GUP Note Agreement (refer to Section 1.2(b)). Accordingly, the holders of the Existing Warrants will not participate in the Offer

On the basis that no partly paid Shares are paid in full, and that no Options or Existing Warrants are exercised prior to the Record Date, the Offer is for 1,632,424,965 Shares.

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a Share, such fraction will be rounded down to the nearest whole Share.

Refer to Section 5.1 for a summary of the terms and conditions attaching to the Shares.

### 1.2 Placement, Redemption of GUP Notes and Gidgee Sale

The Offer is part of a number of initiatives presently being undertaken by the Company to significantly strengthen its balance sheet and to assist the prospects of the Company going forward as follows:

#### (a) Placement

The Company has recently undertaken a placement of Shares to sophisticated and professional investors (as defined in sections 708(8) and 708(11) of the Corporations Act respectively) (**Placement**).

The Placement comprised the issue of 350,000,000 Shares at an issue price of \$0.018 per Share to raise up to approximately \$6,300,000 (before costs). The Placement was completed on 3 February 2011.

The Shares issued pursuant to the Placement were issued within the Company's 15% limit permitted under Listing Rule 7.1 without the need for Shareholder approval.

The Placement was undertaken prior to the Record Date. Therefore, participants in the Placement will be eligible to participate in the Offer.

(b) Redemption of GUP Notes

As announced on 2 February 2011, the Company has entered into an agreement (**GUP Note Agreement**) with the holders of the GUP Notes to redeem all outstanding fully secured GUP Notes for \$18,000,000, payable in two tranches. The Company will also issue to the GUP Note holders 180,000,000 Proposed Warrants with an expiry date 3 years after issue exercisable at 3.5 cents per Share.

The 121 Existing Warrants, exercisable into 44,992,640 Shares, currently held by the GUP Note holders will be cancelled for no additional consideration.

For further details of the terms of the redemption of the GUP Notes refer to Section 5.5.

The Listing Rules require Shareholder approval of the cancellation of the Existing Warrants and the issue of 5,950,413 Proposed Warrants to Mr Kim Robinson as consideration for the redemption of his GUP Notes. This will be sought in due course. In addition, Mr Robinson will purchase 19,338,843 Proposed Warrants from another GUP Note holder but will sell 9,669,421 of those Proposed Warrants to a third party.

(c) Sale of the Gidgee Project

The Company has recently entered into an agreement to sell its Gidgee Project to Panoramic Gold Pty Ltd for \$15,500,000. Further details of the sale of the Gidgee Project are in Section 5.4.

### 1.3 Purpose of the Offer and Placement

Completion of the Offer will result in an increase in cash in hand of up to approximately \$16,300,000 (before the payment of costs associated with the Offer), assuming that no Options or Existing Warrants are exercised and no partly paid Shares become fully paid, prior to the Record Date.

The main purpose of the Offer and Placement is to raise funds to:

- (a) redeem the GUP Notes (as detailed in Section 1.2(b) above);
- (b) reduce current liabilities;
- (c) lodge environmental bonds; and
- (d) fund general working capital.

The combined funds raised under the Offer, Placement and from the Gidgee Sale are proposed to be expended as follows:

Description of Cash Outflows	Total
Redemption of GUP Notes	\$18,000,000
Reduction in current liabilities <sup>(1)</sup>	\$9,500,000
Environmental Bonds <sup>(2)</sup>	\$1,500,000
General Working Capital	\$6,600,000
Transaction costs and costs of the Offer and Placement <sup>(3)</sup>	\$2,500,000
<b>Total funds raised under the Offer, Placement and the Gidgee Sale</b>	<b>\$38,100,000</b>

<sup>(1)</sup> Includes overdue statutory taxation obligations (including PAYG and Payroll Tax) of approximately \$7,100,000 (see Note 2e of the Company's Annual Report 2010) and reduction in overall creditors.

<sup>(2)</sup> Replacing environmental bonds previously provided by Mr Mark Creasy – see Note 35 of the Company's Annual Report. \$2,000,000 being provided by Panoramic Gold Pty Ltd in respect of the Gidgee Tenements and \$1,500,000 cash backing.

<sup>(3)</sup> The Company had appointed Azure Capital as the corporate adviser and lead manager of the Placement and will pay Azure Capital a placement fee of \$378,000 (exclusive of GST) (being an amount equal to 6% of the funds raised under the Placement). Refer to Section 5.16 for further details of the costs of the Offer of approximately \$1,035,268.

## **1.4 Opening and Closing Dates**

The Company will accept Entitlement and Acceptance Forms from the Record Date for determining Eligible Shareholders' Entitlements under the Offer until 5pm WST on the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules.

## **1.5 Rights Trading**

The Entitlements under the Offer are renounceable. Accordingly, there will be trading of Entitlements on ASX and you may dispose of your Entitlements to another party. If you do not take up your Entitlement or dispose of your Entitlement by the Closing Date, the Offer to you will lapse.

## **1.6 Risks of the Offer**

An investment in securities should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are set out in Section 4.

## **1.7 Entitlement and Acceptance Forms and BPAY® Payments**

Acceptance of a completed Entitlement and Acceptance Form, or alternatively, a BPAY® payment, by the Company creates a legally binding contract between the Applicant and the Company for the number of Shares accepted by the Company. The Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of Shares.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

## **1.8 Underwriting the Offer**

The Offer is underwritten by Azure Capital. Azure Capital will be paid an underwriting fee of 6% of the total amount raised pursuant to the Offer.

The Company and Azure Capital have entered into the Underwriting Agreement further details of which are in Section 5.6.

As the Offer is underwritten, subject to the paragraph below, Shareholders will not be offered the opportunity to apply for any Shortfall Shares.

In the event that the Underwriting Agreement is terminated and not all Eligible Shareholders accept their full entitlement:

- (a) the Company may proceed to allot Shares irrespective of the amount raised under the Offer; and
- (b) the Directors reserve the right, subject to any restrictions imposed by the Corporations Act and the Listing Rules, to issue the Shortfall Shares at their sole discretion. Refer to Section 5.15 for further details of the Shortfall Offer.

## **1.9 Issue and dispatch**

Shares under the Offer are expected to be issued, and security holder statements dispatched, on or before the date in the Proposed Timetable in this Prospectus.

In the event that:

- (a) the Underwriting Agreement is terminated; or
- (b) the Directors form the opinion that the sale of the Gidgee Project is not capable of being completed; or
- (c) the Directors form the opinion that the GUP Note Agreement is not capable of being completed,

the Directors may elect, in their absolute discretion:

- (a) to proceed to allot the Acceptances that have been received; or
- (b) not to proceed with the Offer and return all Application Monies (without interest) in accordance with Section 1.10.

It is the responsibility of Applicants to determine their allocation prior to trading in the Shares. Applicants who sell Shares before they receive their holding statements do so at their own risk.

## **1.10 Application Monies held on trust**

All Application Monies received for the Shares will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the Shares are issued. All Application Monies will be returned (without interest) if the Shares are not issued.

## **1.11 ASX quotation**

Application will be made to ASX no later than 7 days after the date of this Prospectus of Official Quotation of the Shares offered under this Prospectus. If permission is not granted by ASX for Official Quotation of the Shares offered by this Prospectus within 3 months after the date of this Prospectus (or such period as the ASX allows), the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

## **1.12 CHESS**

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. ASTC, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the Securities Clearing House Business Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of Shares.

If you are broker sponsored, ASTC will send you a CHESS statement.

The CHESS statement will set out the number of Shares issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Shares.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by the Share Registry and will contain the number of Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time; however, a charge may be made for additional statements.

### 1.13 Residents Outside Australia and New Zealand

The Offer is not being extended to any Shareholders whose registered address is outside Australia or New Zealand. The Company is of the view that it is unreasonable to make the Offer to Shareholders outside Australia and New Zealand, having regard to:

- (a) the number of those Shareholders;
- (b) the number and value of Shares to be offered to those persons; and
- (c) the cost of complying with overseas legal requirements.

The Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer other than for Shareholders in Australia and New Zealand. The Company is not required to make offers under the Prospectus to Shareholders other than in Australia and New Zealand. Where the Prospectus has been dispatched to Shareholders domiciled outside Australia or New Zealand and where the country's securities code or legislation prohibits or restricts in any way the making of the offers contemplated by the Prospectus, the Prospectus is provided for information purposes only.

However, pursuant to ASX Listing Rule 7.7, the Company has applied to ASIC to appoint a nominee, Morgan Stanley Smith Barney Australia Pty Ltd, to sell the Entitlements to which non-qualifying foreign Shareholders are entitled. The nominee will have the absolute and sole discretion to determine the timing and price at which the Entitlements may be sold and the manner of any such sale.

Any interest earned on the proceeds of the sale of these Entitlements will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to the relevant non-qualifying foreign Shareholder as described below.

The net proceeds of the sale of these Entitlements will then be forwarded by the Company as soon as practicable to the non-qualifying foreign Shareholders, in proportion to their share of such Entitlements (after deducting brokerage commission and other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Notwithstanding that the nominee may sell Entitlements, non-qualifying foreign Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds.

Neither the Company nor the nominee will be subject to any liability for failure to sell the Entitlements or to sell them at a particular price. If, in the reasonable opinion of the nominee, there is no viable market for the Entitlements of the non-qualifying foreign Shareholders, or a surplus over the expenses of the sale cannot be obtained the Entitlements that would have been offered to the non-qualifying foreign Shareholders, then those Entitlements will be allowed to lapse. The Shares not taken up will form part of the Shares to be taken up by Azure Capital pursuant to the underwriting agreement.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

### 1.14 Taxation implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for Shares under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with subscribing for Shares under this Prospectus.

## **1.15 Major activities and financial information**

A summary of the major activities and financial information relating to the Company for the financial year ended 30 June 2010 is in the Annual Report which was lodged with ASX on 2 November 2010 and is available on the Company's website at [www.apexminerals.com.au](http://www.apexminerals.com.au).

A summary of activities relating to the Company for the quarter ending 31 December 2010, is in the quarterly activities report, lodged with ASX on 21 January 2011. The Company's continuous disclosure notices (i.e. ASX announcements) since 2 November 2010 are listed in Section 5.9.

Copies of these documents are available free of charge from the Company. Directors strongly recommend that Shareholders review these, and all other announcements, prior to deciding whether or not to participate in the Offer.

## **1.16 Privacy**

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Acceptance and, if the Acceptance is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Acceptance.

An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

## **1.17 Enquiries concerning Prospectus**

Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on +61 (08) 6311 5555.

## 2. Effect of the Offer

### 2.1 Capital structure on completion of the Offer and redemption of the GUP Notes

	Number of Shares	Number of Listed Options	Number of Partly Paid Shares <sup>(6)</sup>	Number of Unlisted Options	Number of Existing Warrants	Number of Proposed Warrants
Balance at the date of this Prospectus	3,917,819,915 <sup>(1)</sup>	678,643,023	19,125,000	103,446,000 <sup>(2)</sup>	121 <sup>(3)</sup>	-
To be issued under the Offer <sup>(4)</sup>	1,632,424,965	-	-	-	-	-
To be issued under the payout of the GUP Notes	-	-	-	-	-	180,000,000 <sup>(5)</sup>
<b>Balance after the Offer and redemption of the GUP Notes</b>	<b>5,550,244,880</b>	<b>678,643,023</b>	<b>19,125,000</b>	<b>103,446,000</b>	<b>0</b>	<b>180,000,000</b>

(1) Includes 350,000,000 Shares issued pursuant to the Placement.

(2) The terms of the 103,446,000 unlisted Options (as at 31 January) are as follows:  
 1,500,000 Options with an exercise price of \$0.20 and expiry date of 3 July 2011;  
 3,700,000 Options with an exercise price of \$0.14 and expiry date of 20 July 2011;  
 75,000 Options with an exercise price of \$0.45 and expiry date of 30 November 2011;  
 2,500,000 Options with an exercise price of \$0.30 and expiry date of 29 January 2012;  
 1,525,000 Options with an exercise price of \$0.65 and expiry date of 1 June 2012;  
 525,000 Options with an exercise price of \$1.00 and expiry date of 30 July 2012;  
 100,000 Options with an exercise price of \$1.30 and expiry date of 11 November 2012;  
 44,550,000 Options with an exercise price of \$0.045 and expiry date of 9 April 2013;  
 451,000 Options with an exercise price of \$1.30 and expiry date of 11 May 2013;  
 1,000,000 Options with an exercise price of \$0.70 and expiry date of 18 July 2013;  
 50,000 Options with an exercise price of \$0.50 and expiry date of 1 October 2013;  
 18,750,000 Options with an exercise price of \$0.045 and expiry date of 27 October 2013;  
 20,000,000 Options with an exercise price of \$0.04 and expiry date of 28 October 2013;  
 7,250,000 Options with an exercise price of \$0.045 and expiry date of 4 December 2013;  
 580,000 Options with an exercise price of \$0.45 and expiry date of 9 February 2014;  
 890,000 Options with an exercise price of \$0.30 and expiry date of 21 June 2014.

(3) The 121 Existing Warrants will be cancelled pursuant to the redemption of the GUP Notes.

(4) The number of Shares to be issued under the Offer assumes that no Options or Existing Warrants are exercised, and no partly paid Shares are fully paid, before the Record Date and that subscribers to the Placement take up their full Entitlement.

(5) Kim Robinson, a Director, will hold 15,619,834 Proposed Warrants following settlement of the redemption of the GUP Notes which will occur before 31 March 2011. Mr Robinson will be issued 5,950,413 Proposed Warrants, subject to Shareholder approval, as part of the redemption of the GUP Notes. In addition, Mr Robinson will purchase 19,338,843 Proposed Warrants from another GUP Note Holder on settlement but will sell 9,669,421 of those Proposed Warrants to a third party.

(6) No calls may be made by the Company for the partly paid Shares to be fully paid up, for 5 years from the date of the general meeting held on 22 June 2006 (**General Meeting**). After the first anniversary date of the General Meeting, a holder of partly paid Shares may request that a call be made by the Company to pay up the uncalled capital on no more than half of the partly paid Shares held by that shareholder. After the second

anniversary date of the General Meeting, a holder of partly paid Shares may request that a call be made by the Company to pay up the uncalled capital on all the remaining partly paid shares held by that shareholder or from time to time a proportion thereof.

## 2.2 Pro forma statement of financial position

### Basis of Preparation

The below pro forma statement of financial position has been prepared in accordance with the draft ASIC Guide to Disclosing Pro Forma Financial Information (issued July 2005).

The pro forma balance sheets have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The pro forma statement of financial position is based on the statement of financial position as at 31 December 2010 that has then been adjusted to reflect the material transactions in the notes below.

		<b>Unaudited 31 December 2010</b>	<b>Adjustments</b>	<b>Pro-forma statement of financial position</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Current Assets</b>				
Cash and cash equivalents	Note 1	1,007,700	6,600,000	7,607,700
Trade and other receivables		3,795,380	-	3,795,380
Inventories		14,827,032	-	14,827,032
Derivative assets		160,050	-	160,050
Assets available for sale		740,000	-	740,000
Assets held for sale	Note 2	16,341,101	(713,604)	15,627,497
<b>Total Current Assets</b>		<b>36,871,263</b>	<b>5,886,396</b>	<b>42,757,659</b>
<b>Non-Current Assets</b>				
Property, plant and equipment		75,774,149	-	75,744,149
Other receivables		4,500,580	1,500,000	6,000,580
<b>Total Non-Current Assets</b>		<b>80,274,729</b>	<b>1,500,000</b>	<b>81,774,729</b>
<b>TOTAL ASSETS</b>		<b>117,145,992</b>	<b>7,386,396</b>	<b>124,532,388</b>
<b>Current Liabilities</b>				
Trade and other payables	Note 3	30,073,389	(15,595,002)	14,478,387
Liabilities held for sale	Note 4	15,620,095	(11,224,836)	4,395,260
Loans and borrowings	Note 9	9,392,328	-	9,392,328
Derivative liabilities	Note 5	22,100,000	(22,100,000)	-
Provisions		2,123,443	-	2,123,443
<b>Total Current Liabilities</b>		<b>79,309,256</b>	<b>(48,919,838)</b>	<b>30,389,418</b>
<b>Non-Current Liabilities</b>				
Other payables		-	-	-
Loans and borrowings	Note 9	6,886,725	-	6,886,725
Derivative liabilities		-	-	-
Provisions		18,344,548	-	18,344,548
<b>Total Non-Current Liabilities</b>		<b>25,231,273</b>	<b>-</b>	<b>25,231,273</b>
<b>TOTAL LIABILITIES</b>		<b>104,540,529</b>	<b>(48,919,838)</b>	<b>55,620,691</b>



		Unaudited 31 December 2010	Adjustments	Pro-forma statement of financial position
		\$	\$	\$
<b>NET ASSETS</b>		<b>12,605,463</b>	<b>56,306,234</b>	<b>68,911,697</b>
<b>EQUITY</b>				
Share capital	Note 6	300,109,278	20,100,000	320,209,278
Reserves	Note 7	30,410,603	1,686,655	32,097,258
Accumulated Losses	Note 8	(317,914,418)	34,519,579	(283,394,839)
<b>TOTAL EQUITY</b>		<b>12,605,464</b>	<b>56,306,234</b>	<b>68,911,897</b>

#### Pro-forma adjustments

		\$
Note 1	<b>Cash and Cash Equivalents</b>	
	Increase in General Working Capital*	6,600,000
Note 2	<b>Assets Held For Sale</b>	
	Sale of Gidgee Plant and Equipment at WDV	713,604
Note 3	<b>Trade and Other Payables</b>	
	GUP Payout	
	Cash*	18,000,000
	Warrants (Black and Scholes Valuation)	1,686,655
	Gain on GUP Redemption	8,508,347
	Reclassify the GUP derivative to payables	(22,100,000)
	Reduction in liabilities*	9,500,000
		15,595,002
Note 4	<b>Liabilities Held for Sale</b>	
	Elimination of Gidgee Environmental Liability	11,224,836
Note 5	<b>Derivatives</b>	
	Reclassify the GUP derivative to payable	(22,100,000)
Note 6	<b>Share Capital</b>	
	Placement	6,300,000
	Offer	16,300,000
	Estimated Cost of Offer, the Placement and the sale of the Gidgee Project*	(2,500,000)
		20,100,000
Note 7	<b>Reserves</b>	
	Warrant Valuation	1,686,655
Note 8	<b>Accumulated Losses</b>	
	Gain on Sale of Gidgee Project	26,011,231
	Gain on GUP Redemption	8,508,347
		34,519,578
Note 9	<b>Loans and Borrowings comprise</b>	
	(a) Finance leases for mining equipment; and	
	(b) Premium funding for the insurance programme	

\* Refer to section 1.3.

There have been no other material changes as a result of the normal operations of the Company and its subsidiaries.

#### **Effect of the Offer and the Placement**

- (a) The issue of 1,632,424,965 Shares pursuant to the Offer to raise approximately \$16,300,000 before estimated costs of \$1,035,268 (refer to section 5.16); and
- (b) The issue of 350,000,000 Shares pursuant to the Placement to raise \$6,300,000 before estimated costs of \$378,000.

### **2.3 Market price of Shares**

The highest and lowest market sale prices of the Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest: \$0.03 per Share on 30 December 2010 and 7 January 2011.

Lowest: \$0.017 per Share on 2 and 3 February 2011.

The latest available market sale price of the Shares on ASX prior to the date of lodgement of this Prospectus with the ASIC was \$0.019 per Share on 9 February 2011.

### **2.4 Dividend Policy**

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

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### 3. Action Required by Shareholders

#### 3.1 Acceptance of Shares under this Prospectus

Your Entitlement to participate in the Offer will be determined on the Record Date. The Entitlement of Eligible Shareholders receiving this Prospectus is shown on the Entitlement and Acceptance Form sent to Eligible Shareholders with this Prospectus.

Should you wish to accept all of your Entitlement, then applications for Shares under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus or by completing a BPAY® payment, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided and attach a cheque for the Application Monies indicated on the Entitlement and Acceptance Form.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "Apex Minerals NL – Subscription Account" and lodged and received at any time after the issue of this Prospectus and on or before the Closing Date at the Company's Share Registry (by delivery or by post) at:

By delivery	Link Market Services Limited Ground Floor 178 St Georges Terrace PERTH WA 6000	or	Link Market Services Limited Level 12 680 George Street SYDNEY NSW 2000
By Post	Apex Minerals NL C/- Link Market Services Limited Reply Paid 3560 SYDNEY NSW 2000		

If you wish to pay via BPAY® you must follow the personalised instructions in your Entitlement and Acceptance Form. Make sure that you use the specific Biller Code and unique Customer Reference Number (**CRN**) on your personalised Entitlement and Acceptance Form. You do not need to return a completed Entitlement and Acceptance Form but are taken to have made the declarations in the Entitlement and Acceptance Form and the representations outlined below in Section 3.4.

If you have more than one shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those Shareholdings only use the CRN specific to that Shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same CRN for more than one of your Shareholdings. This can result in your Application Monies being applied to your Entitlement in respect of only one of your Shareholdings (with the result that any application in respect of your remaining Shareholdings will not be valid).

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY® are received by 3pm (WST) on the Closing Date.

The Company shall not be responsible for any postal or delivery delays or delay in the receipt of the BPAY® payment.

#### 3.2 If you wish to take up part of your Entitlement only

Should you wish to only take up part of your Entitlement, then applications for Shares under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus or by completing a BPAY® payment in respect of the portion of your Entitlement you wish to take up, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided, including the number of Shares you wish to accept and the Application Monies (calculated at \$0.01 per Share accepted), and attach a cheque for the appropriate Application Monies.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "Apex Minerals NL – Subscription Account" and lodged and received at any time after the issue of this Prospectus and on or before the Closing Date at the Company's share registry (by delivery or by post) at:

By delivery	Link Market Services Limited Ground Floor 178 St Georges Terrace PERTH WA 6000	or	Link Market Services Limited Level 12 680 George Street SYDNEY NSW 2000
By Post	Apex Minerals NL C/- Link Market Services Limited Reply Paid 3560 SYDNEY NSW 2000		

If you wish to pay via BPAY® you must follow the personalised instructions in your Entitlement and Acceptance Form. Make sure that you use the specific Biller Code and unique Customer Reference Number (**CRN**) on your personalised Entitlement and Acceptance Form. You do not need to return a completed Entitlement and Acceptance Form but are taken to have made the declarations in the Entitlement and Acceptance Form and the representations outlined below in Section 3.4.

If you have more than one shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those Shareholdings only use the CRN specific to that Shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same CRN for more than one of your Shareholdings. This can result in your Application Monies being applied to your Entitlement in respect of only one of your Shareholdings (with the result that any application in respect of your remaining Shareholdings will not be valid).

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY® are received by 3pm (WST) on the Closing Date. The Company shall not be responsible for any postal or delivery delays or delay in the receipt of the BPAY® payment.

### **3.3 Entitlements not taken up**

If you do not wish to accept any part of your Entitlement, you are not obliged to do anything.

The number of Shares you currently hold and the rights attaching to those Shares will not be affected should you choose not to accept any part of your Entitlement.

### **3.4 Implications of an Acceptance**

Returning a completed Entitlement and Acceptance Form or paying any Application Monies by BPAY® will be taken to constitute a representation by you that:

- (a) you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety;
- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any Application Monies, the application may not be varied or withdrawn except as required by law.

### **3.5 Enquiries concerning your Entitlement**

If you have any queries concerning your Entitlement please contact the Apex Minerals NL shareholder information line on 1300 554 474.

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## 4. Risk Factors

Activities in the Company and its controlled entities, as in any business, are subject to risks, which may impact on the Company's future performance. The Company and its controlled entities have implemented appropriate strategies, actions, systems and safeguards for known risks, however, some are outside its control.

The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors which Shareholders need to be aware of in evaluating the Company's business and risks of increasing your investment in the Company. Shareholders should carefully consider the following factors in addition to the other information presented in this Prospectus.

The principal risks include, but are not limited to, the following:

### 4.1 Company Specific Risks

#### (a) Operation Costs

Operating costs are estimated based on the interpretation of geological data, feasibility studies, anticipated climatic conditions and other factors. Any of the following events, among the other events and uncertainties described in this Prospectus, could affect the ultimate accuracy of such estimates and result in an increase in actual operating costs incurred:

- (i) unanticipated changes in grade and tonnage of ore to be mined and processed;
- (ii) incorrect data on which engineering assumptions are made;
- (iii) equipment delays;
- (iv) labour negotiations;
- (v) changes in government regulation (including regulations regarding prices, costs of consumables, royalties, duties, taxes, permitting and restrictions on production quotas on exploration of minerals); and
- (vi) title claims.

The Company's Wiluna Project is currently a high cost operation and any material increase in the operating cost of the operation or reduction in the gold price (refer to Section 4.1(b) below) may adversely impact the cash flows of the Company.

#### (b) Decreases in the Price of Gold

The price of gold will affect the profitability of the Company. The price of gold fluctuates and is affected by numerous factors beyond the control of the Company such as industrial and retail supply and demand, exchange rates, inflation rate fluctuation, changes in global economies, confidence in the global monetary system, forward sales of precious metals by producers and speculators as well as other global or regional political, social or economic events. The supply of precious metals consists of a combination of new mine production and existing stocks held by governments, producers, speculators and consumers.

Future production from the Company's mining properties, is dependent upon the price of gold being adequate to make it economic.

Future price declines in the market price of gold could cause commercial production from the Company's projects to be rendered uneconomic. Declining precious metal prices will also adversely affect the Company's ability to obtain financing both now and in the long term.

(c) Future funding

There may be a need for funds in the future even if the Offer and the sale of the Gidgee Project proceed, as a result of the risks factors in this Section 4 which are out of the control of the Company, its directors, employees and advisors. The ability of the Company to meet this future requirement, should it arise, will be dependent on the Company's continued access to credit markets, funding sources and financing facilities.

Recent developments in global financial markets have adversely affected the liquidity of global credit markets, which has resulted in an increase in the cost of funding and in certain cases a reduction in the availability of funding sources throughout global markets. Access to credit markets on less favourable terms will impact the Company's access to financing facilities should the need arise, and may have a material adverse effect on the Company's future financial performance and position.

(d) Claims Liability and Litigation

The Company is currently involved in legal proceedings in respect of the two statutory demands issued by Atlas Copco Australia Pty Ltd in May and June 2010 totalling \$4,400,000. The Company has applied to the Supreme Court of Western Australia for the statutory demands to be set aside. In the event that the Company's application is unsuccessful, then the Company may seek leave to appeal the decision and as part of this apply for a stay of the decision made by the Court including an extension of the time to comply with the statutory demands. In the event that the application is unsuccessful, the Company will either have to pay any amount held to be due and owing or enter into an arrangement with Atlas Copco for repayment of any amount held to be due and owing or, if no arrangement can be made, Atlas Copco may seek to have the Company wound up by appointing a liquidator. Either outcome will have an adverse effect on the Company's future financial performance and position. An adverse decision in respect of Atlas Copco's statutory demands may also impact on the underwriting of the Offer (refer to section 5.6).

The Company may have disputes with counterparties in respect of major contracts, or may be exposed to customer or environmental, occupational health and safety or other claims. The Company may incur costs in defending or making payments to settle any such claims, which may not be adequately covered by insurance, or at all. Such payments may have an adverse impact on the Company's profitability and/or financial position.

(e) Execution Risk

There are a number of conditions that must be satisfied in order for certain key events including the sale of the Gidgee Project and the payout of the GUP Notes to be completed. These conditions are outlined in Sections 5.4 and 5.5.

There is a risk that if some conditions are not met and the sale of the Gidgee Project or payout of the GUP Notes does not complete, then Azure Capital may terminate the Underwriting Agreement which may result in the Offer raising less than the full amount intended or the Directors determining not to proceed with the Offer.

(f) Termination of the Underwriting Agreement

The Underwriting Agreement includes various termination events upon the occurrence of which Azure Capital may elect, in its discretion, to terminate the underwriting arrangements.

In the event that the Underwriting Agreement is terminated:

- (i) the Offer will not be underwritten and may not raise the full amount intended;
- (ii) the Directors may determine not to proceed with the Offer (refer to Section 5.15); and/or
- (iii) the Company may have insufficient funds to complete all the expenditure set out in Section 1.3(a) to 1.3(d).

For further details of the Underwriting Agreement refer to Section 5.6.

(g) Geotechnical Risk

In the first half of 2009, the Company experienced a seismic event that curtailed gold production at its operations. Although the Company has had independent geotechnical advice and undertaken a number of measures to mitigate this risk, including diversifying ore feed sources by opening up new deposits and implementing various geotechnical operating procedures, the Company can not guarantee that this will not affect future production and performance.

(h) Production Estimates

The Company may not achieve its production estimates. The failure of the Company to achieve its production estimates could have a material adverse effect on any or all of its future cash flows, profitability, results of operations and financial conditions. The realization of production estimates is dependent on, among other things, the accuracy of mineral reserve and resource estimates, the accuracy of assumptions regarding ore grades and recovery rates, ground conditions (including hydrology), the physical characteristics of ores, the presence or absence of particular metallurgical characteristics, and the accuracy of the estimated rates and costs of mining, ore haulage and processing.

Actual production may vary from estimates for a variety of reasons, including: the availability of certain types of ores; the actual ore mined varying from estimates of grade or tonnage; dilution and metallurgical and other characteristics (whether based on representative samples of ore or not); short-term operating factors such as the need for sequential development of ore bodies and the processing of new or adjacent ore grades from those planned; mine failures, slope failures or equipment failures; industrial accidents; natural phenomena such as inclement weather conditions, floods, droughts, rock slides and earthquakes; encountering unusual or unexpected geological conditions; changes in power costs and potential power shortages; shortages of principal supplies needed for mining operations, including explosives, fuels, chemical reagents, water, equipment parts and lubricants; plant and equipment failure; the inability to process certain types of ores; labour shortages or strikes; lack of required labour; civil disobedience and protests; and restrictions or regulations imposed by government agencies or other changes in the regulatory environment.

Such occurrences could also result in damage to mineral properties or mines, interruptions in production, injury or death to persons, damage to property of the Company or others, monetary losses and legal liabilities in addition to adversely affecting mineral production. These factors may cause a mineral deposit that has been mined profitably in the past to become unprofitable forcing the Company to cease production.

(i) Exploration, development, mining and processing risks

The business of mineral exploration, project development and mining by its nature contains elements of significant risk. Ultimate and continuous success of these activities is dependent on many factors such as the discovery and/or acquisition of mineral resources, the degree of conversion to economically recoverable ore reserves, changes to mineral resource and ore reserve estimates as a result of the identification of new resources and reserves, the reclassification of resources and reserves, the depletion of resources and reserves by mining, increases and decreases to ore reserves as a result of changing costs and revenues, successful conclusions to feasibility studies, access to adequate capital for project development, design and construction of efficient mining and processing facilities within capital expenditure budgets, metallurgical recoveries, performance of BIOX® bacteria, securing and maintaining title to tenements, obtaining consents and approvals necessary for the conduct of exploration and mining, and access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Whether or not income will result from the development of tenements depends on the successful establishment of mining operations. Factors including costs, actual mineralisation consistency and reliability of ore grades and commodity prices affect successful project development and mining operations.

(j) Reliance on key personnel



The Company's success depends to a significant extent upon its key management personnel, as well as other management and technical personnel including those employed on a contractual basis. The loss of the services of such personnel could have an adverse effect on the Company.

There are currently no service agreements between the Company and any Director, which require a Director to remain as a Director of the Company for any period of time.

(k) Mineral Resource and Ore Estimation Risk

The Company's mineral resources and ore reserves are estimates only and no assurance can be given that any particular recovery level of gold ore will in fact be realised. The Company's estimates comply with the JORC Code, 2004. However, mineral resources and ore reserves are expressions of judgement based on knowledge, experience and industry practice, and may require revision based on actual production experience. Estimates which are valid when made may change significantly when new information becomes available.

(l) Insurance

The Company currently maintains insurance coverage as determined appropriate by the Board and management, but no assurance can be given that the Company will continue to be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover all claims.

## 4.2 Mineral Industry Risks

(a) Operational Risks

The operations of the Company may be affected by various factors, including operational and technical difficulties encountered in production, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, adverse weather conditions, industrial and environmental accidents, industrial disputes, fluctuations in commodity prices, and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

(b) Environmental risks

The Company's projects are subject to Western Australian and Federal Australian Government regulations regarding environmental matters. The Governments and other authorities that administer and enforce environmental laws determine these requirements. As with all exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly through its mining operations. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws.

Environmental regulations are likely to evolve in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, and more stringent environmental assessments of proposed projects. Environmental regulations could impact upon the viability of the Company's projects. The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potentially economically viable mineral deposits.

Although the Company believes that it is in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spills, leakages or other unforeseen circumstances, which could subject the Company to extensive liability against which it has not insured or cannot insure, including those in respect of past mining or other activities for which it was not responsible.

Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities and could lead to forfeiture of its tenements. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or

regulations would materially increase the Company's cost of doing business or affect its operations in any area.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.

(c) Metallurgy

Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

- (i) identifying a metallurgical process through test work to produce a saleable metal and/or concentrate;
- (ii) developing an economic process route to produce a metal and/or concentrate; and
- (iii) changes in mineralogy in the ore deposit can result in inconsistent metal recovery, affecting the economic viability of the project.

(d) Title risk

Under mining and exploration tenements and certain other contractual agreements to which the Company is or may in the future become party, the Company is or may become subject to payment and other obligations. Tenement holders are required to meet prescribed expenditure conditions. Failure to meet these expenditure commitments will render tenements liable to be forfeited unless a total or partial exemption is granted in accordance with relevant legislation.

Even if the Company is entitled to seek an exemption from the requirements to meet expenditure requirements, it may nevertheless be the subject of an attempt by a third party to claim a failure to satisfy expenditure conditions which may need to be resolved through litigation.

Further, there is no guarantee that current or future applications, extensions or renewals of the tenements in which the Company has an interest will be granted.

(e) Regulatory Risk

The Company's operations are subject to various federal, state and local laws and plans including those relating to mining, prospecting, development permit and licence requirements, industrial relations, environment, land use, royalties, water, native title and cultural heritage, mine safety and occupational health.

Approvals, licences and permits required to comply with such rules are subject to the discretion of the applicable government officials. No assurance can be given that the Company will be successful in obtaining any or all of the various approvals, licences and permits or maintaining such authorisations in full force and effect without modification or revocation. To the extent such approvals are required and not retained or obtained in a timely manner or at all, the Company may be curtailed or prohibited from continuing or proceeding with production and exploration.

(f) Native title and access risks

Exploration and mining activities can be affected by land claim compensation and environmental considerations. The Company is subject to the Native Title Act 1993 (Cth) which recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is significant uncertainty associated with native title in Australia and this may impact on the Company's operations and future plans.

It is possible that Aboriginal sacred sites found within mining tenements held by the Company may preclude exploration and mining activities and the Company may also experience delays with respect to obtaining permission from the traditional owners to explore and extract resources.

The Company must also comply with Aboriginal heritage legislation requirements and access agreements which require heritage survey work to be undertaken ahead of the commencement of mining operations.

(g) Joint Venture parties, contractors and agents

The Directors of the Company are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

### 4.3 General Risks

(a) Commodity Price and General Economic conditions

Substantially all of the Company's cash flows and revenues are derived from the sale of gold, and as such, the Company is exposed to gold price fluctuations. These fluctuations may be influenced by numerous factors beyond the control of the Company. These factors include world demand for base and other metals, forward selling by producers, and costs of production of other gold producers.

Moreover, commodity prices are also affected by macroeconomic factors such as inflationary expectations, monetary and fiscal policy (which, for example, may impact interest rates), currency exchange rates as well as general global political trends. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(b) Foreign Exchange Risk

The Company is an Australian business that reports in Australian dollars. The Company's revenue is in US dollars derived from the sale of gold. However, as the Company's costs are mainly in Australian dollars, movements in the USD/AUD exchange rate may adversely or beneficially affect the Company's results of operations and cash flows.

(c) Rising Energy and Commodity Costs

The Company has significant commodity (diesel) and energy (gas and electricity) requirements and it relies on being able to fulfil those requirements at a cost which does not negatively impact on its cash flows. A number of factors (particularly the strength of the US dollar) may lead to an increase in commodity and energy costs, which may materially adversely affect the earnings of the Company.

(d) General Equity Market Risk

The value of the Company's Shares, including new Shares to be issued under the Offer may fluctuate. In recent times, the extent of the volatility in the price of the Company's Shares and the wider market has been significant.

Investments in equity markets are generally speculative in nature and potential investors should carefully consider this risk before making any investment in Shares.

There is no guarantee that the Shares will trade at or above the price pursuant to the Offer. Potential investors should also note that past performance of the Shares on ASX provides no guidance as to the future performance of these Shares on ASX.

Many factors will affect the price of Securities including local and international stock markets, movements in interest rates, economic conditions and investor sentiment generally. In addition, the commencement of, or escalation in, any war, armed conflict, hostilities between nations, civil unrest or terrorist activities may affect the price of Securities.

(e) Economic factors

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption in Australia, the rate of growth of Australia's gross domestic product, interest rates and the rate of inflation.

(f) Security holders' Margin Lending arrangements

Security holders may, from time to time, enter into margin lending arrangements for the purchase of Securities in the Company on terms and conditions not known to the Company.

The Directors are unable to predict the risk of financial failure or default by a Security holder who has entered into such an arrangement or insolvency or other managerial failure by any party who may have provided such an arrangement to the Security holder. Such an event may lead to parcels of Securities being made available for sale which may impact negatively on the price of the Company's Securities.

#### **4.4 Investment speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may, in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus. Therefore, the Shares offered pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional adviser before deciding whether to apply for Shares pursuant to this Prospectus.

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## 5. Additional Information

### 5.1 Rights attaching to Shares

The rights attaching to Shares are set out in the Constitution and in certain circumstances, are regulated by the Corporations Act, the Listing Rules and general law. The Constitution may be inspected free of charge during normal business hours at the principal place of business of the Company at First Floor, 10 Ord Street, West Perth.

The following is a summary of the principal rights of the holders of Shares. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the Company's members.

(a) Meetings and Notices

Each Shareholder is entitled to receive notices of meetings. The failure of a Shareholder to receive a notice of meeting does not invalidate the proceedings, or any resolution passed at, any such meeting. No business may be transacted at any meeting of Shareholders unless a quorum of Shareholders is present. Shareholders may attend a general meeting at which the Shareholder is entitled to be present in person, by proxy, by attorney or, in the case of a Shareholder which is a body corporate, by a corporate representative.

(b) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares whether by the terms of their issue, the Constitution, the Corporations Act or the Listing Rules, at a general meeting of the Company every Shareholder present in person or by a representative or attorney has one vote on a show of hands and every such Shareholder present in person or by a representative, proxy or attorney has one vote per fully paid Share on a poll.

Where there are two or more joint holders of the Shares and more than one of them is present at a meeting and tenders a vote in respect of the Share (whether in person or by proxy or attorney), the Company will count only the vote cast by the member whose name appears before the other(s) in the Company's register of Shareholders.

(c) Dividend Rights

Subject to any rights or restrictions attaching to a class of shares, the Company may pay dividends as the Directors resolve. The Directors may fix the time for payment and the method of distribution.

(d) Transfer of Shares

Subject to the Constitution, a member may transfer one or more Shares the Member holds by:

- (i) a proper ASTC transfer;
- (ii) an instrument of transfer in compliance with the Constitution; or
- (iii) any other method permitted by the Corporations Act, the Listing Rules or the ASTC Operating Rules.

The Company may decline to register a transfer of Shares where permitted to do so under the provisions of the Constitution, the Corporations Act and the Listing Rules. If the Directors decline to register a transfer, the Company must, within 5 Business Days after the transfer is delivered to the Company, give the party lodging the transfer written notice of the refusal and the reason for refusal. The Directors must decline to register a transfer of shares when required by the Corporations Act, by the Listing Rules or by the ASTC Operating Rules.

(e) Future Issues

Subject to the Constitution, the applicable law and the Listing Rules, the Directors may allot, issue or grant options over, or otherwise deal with the unissued shares in the Company at the times and on the terms and conditions that the Directors think proper and a share may be issued with preferential, deferred, qualified or special rights, privileges or conditions or restrictions including, but not limited to, restrictions in regard to dividends, voting or return of capital as the Directors from time to time determine.

(f) Alteration of Constitution

The Constitution can only be amended by a special resolution (that is, a resolution that has been passed by at least three-quarters of the votes cast by shareholders entitled to vote on the resolution). While the Company is listed, at least 21 days written notice of the special resolution must be given.

(g) Variation of Rights

The Company may only modify or vary the rights attaching to any Shares with the prior approval by a special resolution passed at a separate meeting of the holders of shares of that class or with the written consent of the holders of at least three-quarters of the issued Shares of the affected class.

(h) Directors

The minimum number of Directors is three and the maximum is ten. Currently there are three Directors. Directors must retire on rotational basis so that one-third of Directors must retire at each annual general meeting. Any other Director who has been in office for three or more years must also retire. The Directors may appoint a director either in addition to existing Directors or to fill a casual vacancy, who then holds office until the next annual general meeting.

(i) Officers' Indemnity

To the extent permitted by the law, the Company must indemnify each officer (including a Director, Auditor and agent of the Company) against any liability which that officer may incur by reason of being an officer or in carrying out the business or exercising the powers of the Company.

## 5.2 Rights attaching to Existing Warrants

(a) Entitlement to Shares

Subject to adjustment in accordance with the terms of the Existing Warrants, each Existing Warrant entitles the holder to subscribe for 371,480 Shares upon exercise of each Existing Warrant.

(b) Exercise Price

The Existing Warrants have an exercise price of \$0.224.

(c) Expiry Date

The expiry date of the Existing Warrants is 29 September 2013.

(d) Voting Rights

Holders of Existing Warrants will not have any right to vote at any general meetings of the Company by reason only of being a holder of Existing Warrants.

- (e) Shares issued on exercise

Shares issued on exercise of the Existing Warrants rank equally with the then Shares of the Company.

- (f) Quotation of Existing Warrants

The Company will not apply for quotation of the Existing Warrants on the Official List of ASX.

- (g) Quotation of Shares on exercise

Application will be made by the Company to ASX for Official Quotation of the Shares issued upon the exercise of the Existing Warrants.

- (h) Adjustments for reorganisation

The number and price of Shares to be issued on exercise of the Existing Warrants will be subject to customary adjustments for bonus issues and pro rata rights issues as permitted by the Listing Rules.

A holder of Existing Warrants is not entitled to participate in any new issue of Shares to existing Shareholders unless they have exercised the Existing Warrants prior to the record date for determining entitlements and may participate as a result of holding Shares.

### **5.3 Rights attaching to Proposed Warrants**

- (a) Entitlement to Shares

Each Proposed Warrant entitles the holder to subscribe for one Share upon exercise of each Warrant.

- (b) Exercise Price

The Proposed Warrants have an exercise price of \$0.035.

- (c) Exercise Period

The Proposed Warrants will have a three year exercise period.

- (d) Rights of participation

Holders of Proposed Warrants will not have any right to participate in distributions or dividends paid by the Company prior to exercise of the Proposed Warrants.

- (e) Shares issued on exercise

Shares issued on exercise of the Proposed Warrants rank equally with the then Shares of the Company.

- (f) Quotation of Proposed Warrants

The Company will not apply for quotation of the Proposed Warrants on the Official List of ASX.

- (g) Quotation of Shares on exercise

Application will be made by the Company to ASX for Official Quotation of the Shares issued upon the exercise of the Existing Warrants.

- (h) Adjustments for reorganisation

In the event of any reorganisation of capital of the Company, all rights of the holder of Proposed Warrants will be modified to the extent necessary to comply with the Listing Rules applying to a reorganisation of the capital of the Company.

## 5.4 Sale and Purchase Agreement – Gidgee Project

Under the terms of a sale and purchase agreement between the Company and Apex Gold Pty Ltd (together the **Sellers**), Panoramic Gold Pty Ltd (**Buyer**) and Panoramic Resources Limited (**Holding Company**) dated 28 January 2011 (**Gidgee Agreement**) the Buyer has agreed to purchase and the Sellers have agreed to sell the Gidgee Project.

The consideration for the sale of the Gidgee Project is \$15,500,000 (subject to a possible reduction of up to \$1,000,000 in accordance with the terms of the Gidgee Agreement). The Holding Company has covenanted with the Sellers that it will pay the purchase price if the Buyer does not.

Completion of the Gidgee Agreement is conditional on:

- (a) Ministerial approval of the transfer of the Gidgee Tenements which are mining leases;
- (b) the Sellers obtaining all approvals, waivers and consents required for the assignment of the Gidgee Tenement that are subject to permitted encumbrances; and
- (c) the Sellers obtaining a discharge of all the assets from charges, namely the security held by the holders of GUP Notes which will be released concurrently with the completion of the sale of the Gidgee Project.

Panoramic will assume approximately \$2 million in environmental bonds. From the date of the Gidgee Agreement and pending its completion, the Sellers will provide the Buyer and its representatives with free access to the Gidgee Tenements in order to carry out exploration activities. The Buyer will be responsible for all costs and expenses incurred by the Buyer in relation to such activities and will indemnify the Sellers against all claims that may arise as a result of that access.

The parties have agreed post completion matters including that they will negotiate in good faith to share infrastructure to enable resources or reserves from the Wilsons deposit to be developed by the Sellers and, at the Buyer's request, the Sellers will toll treat ore from the Gidgee Tenements at the Company's Wiluna Project.

The Sellers have provided customary warranties for an asset sale and purchase including in relation to ownership, encumbrances and good standing of the Gidgee Tenements and the Buyer has provided warranties as to incorporation, no lawsuits pending and due authorisation.

## 5.5 GUP Note Agreement

The GUP Note Agreement is dated 28 January 2011 and was entered into by the Company, its subsidiaries, Apex Gold Pty Limited, Youanmi Mines Pty Ltd and Goldcrest Mines Pty Ltd, and the holders of the GUP Notes issued by the Company in September 2008. The GUP Note holders (or their related entities) also hold the 121 Existing Warrants.

The GUP Note holders include two of the largest Shareholders of the Company and the Company's Chairman, Kim Robinson.

Pursuant to the GUP Note Agreement the parties have agreed to:

- (a) redemption and cancellation of all of the GUP Notes and all of the Existing Warrants in exchange for a one-off payment of \$18,000,000 by the Company to the GUP Note holders and the issue of 180,000,000 Proposed Warrants to the GUP Note holders;
- (b) cancellation of all of the Existing Warrants, subject to Shareholder approval;



- (c) discharge of all registered charges and mining mortgages held by the GUP Note holders over the assets of the Company or its subsidiaries, Apex Gold Pty Limited, Youanmi Mines Pty Ltd and Goldcrest Mines Pty Ltd; and
- (d) discharge of all guarantees in favour of the GUP Note holders as given by Apex Gold Pty Limited, Youanmi Mines Pty Ltd and Goldcrest Mines Pty Ltd.

The redemption and cancellation includes full and final satisfaction of all existing and future obligations under the GUP Note transaction documents entered into in September 2008. The GUP Note Agreement also provides that no further GUP Notes or Existing Warrants can be issued and that holders of:

- (a) issued GUP Notes cannot transfer, deal with, encumber or surrender any GUP Notes; and
- (b) the Existing Warrants cannot exercise or transfer their Existing Warrants.

On 7 February 2011 the Company paid \$5,000,000 as the first instalment of the \$18,000,000 redemption consideration. The \$5,000,000 was paid to an escrow agent appointed by the GUP Note holders. The GUP Note holders are obliged to deliver to the escrow agent by 14 February 2011 various documents that have the effect of terminating the transaction and security documents that were entered into when the GUP Notes were issued in September 2008. Upon delivery into escrow of those documents the \$5,000,000 will be released to the GUP Note holders.

The \$13,000,000 balance of the redemption consideration will be paid to the GUP Note holders on completion of the Offer. The Proposed Warrants will be issued to the GUP Note holders at the same time. It is intended that the proceeds from the sale of the Gidgee Project and/or the Offer will fund the \$13,000,000 obligation.

The final date for payment of the \$13,000,000 is 31 March 2011 (or any later date if the parties agree to extend that date). On making of that payment the documents held by the escrow agent will be released to the Company. This will enable the Company to discharge all registered charges and mining mortgages held by the GUP Note holders (as referred to above).

The issue of Proposed Warrants to Kim Robinson is subject to Shareholder approval. If Shareholder approval is not obtained by 31 December 2011, the Company must pay to Mr Robinson a cash sum that is equal to the fair value of the Proposed Warrants to be issued to Mr Robinson as at the Settlement Price Date (as that term is defined in the GUP Note Agreement).

A GUP Note holder has reached an agreement with Kim Robinson, to sell all of the Proposed Warrants that it will be issued to Mr Robinson on arms length terms. It is intended that that sale will occur at the time the Proposed Warrants are issued.

## **5.6 Underwriting Agreement**

The Company has entered into the Underwriting Agreement with Azure Capital pursuant to which Azure Capital will underwrite the Offer. Under the terms of the Underwriting Agreement, Azure Capital will be paid a fee of 6% of the total amount raised under the Offer and the Company must reimburse Azure Capital for costs incidental to the Offer.

Azure Capital may appoint sub-underwriters at its own cost.

Azure Capital's underwriting obligations under the Underwriting Agreement are conditional upon a number of matters including that the Gidgee Agreement and the GUP Note Agreement are completed or, in Azure Capital's opinion, are capable of being completed.

The Underwriting Agreement contains customary representations, warranties and indemnities in favour of Azure Capital. It also contains customary rights of termination by Azure Capital. In addition, Azure Capital may terminate the Underwriting Agreement if:

- (a) the Company's applications to set aside statutory demands issued by Atlas Copco are dismissed and an amount equal to or greater than \$2,000,000 is held to be due and payable to Atlas Copco (refer to Section 4.1(d) for further details);

- (b) the Gidgee Agreement is terminated, materially amended, or amended with the effect that the consideration to be received by the Company is reduced by more than \$1,000,000; and
- (c) the GUP Note Agreement is amended or terminated.

## 5.7 Directors' interests in Company Securities

Set out in the table below are details of the Directors' direct or indirect interest in Company Securities at the date of this Prospectus.

Director	No. of Shares	No. of Unlisted Options	No. of Listed Options
Kim Robinson <sup>(1)</sup>	72,154,220	1,300,000	8,895,679
Mark Ashley	17,175,000	2,500,000	Nil
Robin Lee	Nil	Nil	Nil

<sup>(1)</sup> Kim Robinson will hold 15,619,834 Proposed Warrants following settlement of the redemption of the GUP Notes which will occur before 31 March 2011. Mr Robinson will be issued 5,950,413 Proposed Warrants, subject to Shareholder approval, as part of the redemption of the GUP Notes. In addition, Mr Robinson will purchase 19,338,843 Proposed Warrants from another GUP Note Holder on settlement but will sell 9,669,421 of those Proposed Warrants to a third party.

## 5.8 Company is a disclosing entity

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the securities market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions), to notify ASX once it is, or becomes aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Securities.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit review or report.

Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see Section 5.9 below).

## 5.9 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the period of the Offer, a copy of:

- (a) the Annual Report of the Company for the year ended 30 June 2010 being the last financial year for which an annual financial report was lodged with the ASIC in relation to the Company before the issue of this Prospectus;
- (b) the following continuous disclosure notices given by the Company to notify ASX of information relating to the Company since the Company lodged its Annual Report for the year ended 30 June 2010 and before the date of issue of this Prospectus are as follows:

Date Lodged	Subject of Announcement
19/11/2010	Appendix 3B
26/11/2010	Annual General Meeting Presentation
26/11/2010	Results of 2010 Annual General Meeting

06/12/2010	Appendix 3B
08/12/2010	Change in substantial holding
10/12/2010	Ceasing to be a substantial holder
14/12/2010	Ceasing to be a substantial holder for AQQ
17/12/2010	November Operational Highlights
22/12/2010	Securities Trading Policy
23/12/2010	Increasing in Gold Resources at Wiluna
21/01/2011	December 2010 Quarterly Report
27/01/2011	Trading Halt
31/01/2011	Suspension from Official Quotation
31/01/2011	Apex sells Gidgee Exploration Project for \$15.5 million
31/01/2011	PAN: Gidgee Gold Project Purchase
31/01/2011	PAN: Gidgee Gold Project Purchase - Clearer copy
02/02/2011	GUP Elimination and Capital Raising
02/02/2011	Reinstatement to Official Quotation
02/02/2011	Investor Presentation
02/02/2011	Appendix 3B
04/02/2011	Notice under section 708A(5)(e) of the Corporations Act
07/02/2011	FORM 604 CHANGE OF INTERESTS OF SUB HOLDER
09/02/2011	Change in substantial holding
10/02/2011	Appendix 3Y

The following documents are available for inspection throughout the period of the Offer during normal business hours at the registered office of the Company at First Floor, 10 Ord Street, West Perth, Western Australia:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 5.17 and the consents provided by the Directors to the issue of this Prospectus.

## 5.10 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be set out in this Prospectus.

## 5.11 Determination by the ASIC

The ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Shares under this Prospectus.

## 5.12 Directors' interests

Except as disclosed in this Prospectus, no Director or proposed director, and no firm in which a Director or proposed director is a partner has, or in the last two years has had, any interests in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation, or promotion, or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid to any Director (in cash or Securities or otherwise) to induce him to become or to qualify as a Director or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Offer.

### 5.13 Directors' remuneration

Shareholders have approved an aggregate amount of up to \$300,000 to be paid as Directors' fees. The following table shows the total remuneration, including Directors' remuneration paid to both executive and non-executive Directors from 1 July 2008 to 31 December 2010.

Directors	Year	Remuneration \$
Kim Robinson <i>Chairman</i>	2010/2011 <sup>(1)</sup>	24,525
	2009/2010	49,050
	2008/2009	167,286 <sup>(2)</sup>
Mark Ashley <i>Managing Director, CEO</i>	2010/2011 <sup>(1)</sup>	354,250
	2009/2010	584,437
	2008/2009	525,444 <sup>(3)</sup>
Robin Lee <i>Non-Executive Director</i>	2010/2011 <sup>(1)</sup>	32,500
	2009/2010	23,833
	2008/2009	-

(1) Paid to 31 December 2010.

(2) Includes Options based payment of \$118,236.

(3) Includes Options based payment of \$198,444.

### 5.14 Interests of other persons

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus has, or in the last two years has had, any interests in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Securities or otherwise) and no other benefit has been given or agreed to be given to any of those persons for services provided by those persons in connection with the formation or promotion of the Company or the Offer.

Hardy Bowen will be paid fees of approximately \$15,000 (plus GST) in relation to the preparation of this Prospectus.

Link Market Services Limited has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of Acceptances received pursuant to this Prospectus, and will be paid for these services on standard industry terms and conditions.

Azure Capital has been appointed as lead manager, corporate adviser and underwriter to the Offer and will be paid for these services on the terms and conditions in Section 5.6.

The Company has applied to appoint Morgan Stanley Smith Barney Australia Pty Ltd pursuant to section 615 of the Corporations Act as the nominee for foreign Shareholders. Morgan Stanley Smith Barney Australia Pty Ltd will be paid for this service on standard industry terms and conditions.

## 5.15 Shortfall Offer

If the Directors exercise their sole discretion to issue the Shortfall Shares (refer to Section 1.8) then pursuant to this Prospectus, the Company will offer the Shortfall Shares (**Shortfall Offer**) as a separate offer. The parties to whom Shortfall Offers are made will be determined by the Directors.

Shortfall Shares will be offered at an issue price of \$0.01 each which is the issue price at which the Offer has been made to Eligible Shareholders.

Applications for Shortfall Shares can only be made by completing and returning the Shortfall Application Form which will be sent with this Prospectus to the parties to whom the Company makes Shortfall Offers.

In the event that a Shortfall Offer is undertaken, the opening date for the Shortfall Offer is 17 March 2011. The Company will accept Shortfall Application Forms until 5.00pm WST on 25 March 2011. The opening and closing dates of the Shortfall Offer may, subject to the requirements of the Listing Rules, be extended to such other dates as the Directors in their absolute discretion shall determine.

In relation to the Shortfall Offer the Company reserves the right to issue to an applicant a lesser number of Shares than the number applied for in a Shortfall Application Form, reject an application or not proceed with the issuing of the Shortfall Shares or part thereof. If the number of Shares issued is less than the number applied for in a Shortfall Application Form, surplus Application Monies will be refunded in full. Interest will not be paid on Application Monies refunded.

## 5.16 Expenses of Offer

The estimated expenses of the Offer are as follows:

	Offer
	\$
ASIC Lodgement fee	2,068
Underwriting fees and lead manager fees	978,000
Legal fees	15,000
ASX quotation fee	26,400
Printing, mailing and other expenses	<u>13,800</u>
<b>Total</b>	<u>1,035,268</u>

## 5.17 Consents

The following consents have been given in accordance with the Corporations Act and have not been withdrawn as at the date of lodgement of this Prospectus with the ASIC:

- (a) Hardy Bowen have given, and have not withdrawn, their written consent to being named in this Prospectus as solicitors to the Company. Hardy Bowen have had no involvement in the preparation of any part of this Prospectus other than being named as solicitors of the Company. Hardy Bowen have not authorised or caused the issue of this Prospectus or the making of the Offer. Hardy Bowen make no representation regarding, and to the extent permitted by law excludes any responsibility for, any statements in or omissions from any part of this Prospectus.
- (b) Link Market Services Limited has given and, as at the date hereof, has not withdrawn, its written consent to be named as the Company's share registry. Link Market Services Limited has had no involvement in the preparation of any part of this Prospectus other than being named as the share registry of the Company. Link Market Services Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

- (c) Azure Capital has given, and at the time of lodgement of this Prospectus, has not withdrawn its consent to be named as lead manager, corporate adviser and underwriter to the offer of securities under this Prospectus, in the form and context in which it is named. Azure Capital has had no involvement in the preparation of any part of this Prospectus other than being named lead manager, corporate adviser and underwriter to the offer of securities under this Prospectus. Azure Capital has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Prospectus.
- (d) Morgan Stanley Smith Barney Australia Pty Ltd has given and, as at the date hereof, has not withdrawn, its written consent to be named as the nominee for foreign Shareholders. Morgan Stanley Smith Barney Australia Pty Ltd has had no involvement in the preparation of any part of this Prospectus other than being named as the nominee for foreign Shareholders. Morgan Stanley Smith Barney Australia Pty Ltd has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Prospectus

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## 6. Directors' Statement and Consent

This Prospectus is authorised by each of the Directors of the Company.

This Prospectus is signed for and on behalf of the Company by:

A handwritten signature in dark ink, appearing to read 'Mark Ashley', with a long horizontal flourish extending to the right.

**Mark Ashley**  
**Director**

Dated: 10 February 2011

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## 7. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

**\$** means Australian dollars.

**Acceptance** means a valid acceptance of Shares made pursuant to this Prospectus on an Entitlement and Acceptance Form or through a BPAY® payment.

**Annual Report** means the financial report lodged by the Company with ASIC in respect to the year ended 30 June 2010 and includes the corporate directory, chairman's report, review of activities, Shareholder information, financial report of the Company and its controlled entities for the year ended 30 June 2010, together with a Directors' report in relation to that financial year and the auditor's report for the period to 30 June 2010.

**Applicant** means a person who submits an Entitlement and Acceptance Form or makes a BPAY® payment.

**Application Monies** means application monies for Shares received by the Company from an Applicant.

**ASIC** means the Australian Securities and Investments Commission.

**ASTC** means ASX Settlement and Transfer Corporation Pty Ltd (ACN 008 504 532).

**ASX** means ASX Limited ABN 98 008 624 691 and where the context permits, the Australian Securities Exchange operated by ASX Limited.

**Atlas Copco** means Atlas Copco Australia Pty Ltd (ACN 000 086 706).

**Azure Capital** means Azure Capital Limited (ACN 107 416 106).

**Board** means the Directors meeting as a board.

**Business Day** means Monday to Friday inclusive, other than a day that ASX declares is not a business day.

**CHESS** means ASX Clearing House Electronic Subregistry System.

**Closing Date** means the date identified as such in the Proposed Timetable.

**Company or Apex** means Apex Minerals NL (ACN 098 612 974).

**Constitution** means the constitution of the Company as at the date of this Prospectus.

**Corporations Act** means the Corporations Act (Cth) 2001.

**Directors** mean the directors of the Company at the date of this Prospectus.

**Eligible Shareholder** means a person registered as the holder of Shares on the Record Date whose registered address is in Australia and New Zealand.

**Entitlement** means the entitlement to Shares under the Offer.

**Entitlement and Acceptance Form** means the entitlement and acceptance form sent with this Prospectus that sets out the Entitlement of Shareholders to subscribe for Shares pursuant to the Offer.

**Existing Warrant** means a warrant exercisable for Shares on the terms in Section 5.1(c).



**Gidgee Agreement** has the meaning in Section 5.4.

**Gidgee Project** means the project of such name located approximately 640 kilometres northeast of Perth and includes:

- (a) the Gidgee Tenements;
- (b) the mining information in relation to the Gidgee Tenements; and
- (c) the camp and processing facility situated at the Gidgee Project.

**Gidgee Tenements** means the tenements comprising the project known as the gidgee project but excluding the tenement comprising the Wilsons deposit (Mining Lease 53/153).

**Gidgee Sale** means the sale of the Gidgee Project pursuant to the Gidgee Agreement.

**GUP Note Agreement** means the agreement referred to in Section 1.2(b).

**GUP Notes** means gold upside participation notes.

**Issuer Sponsored** means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

**Listed Option** means a listed Option exercisable at \$0.06 on or before 9 November 2012.

**Listing Rules** means the Listing Rules of ASX.

**Offer** means the Offer as defined in Section 1.1.

**Official Quotation** means quotation of Shares on the Official List of ASX.

**Option** means the right to acquire one Share in the capital of the Company.

**Placement** means the Placement as defined in Section 1.2.

**Proposed Timetable** means the proposed timetable on page 4 of this Prospectus.

**Proposed Warrant** means a warrant exercisable for Shares on the terms in Section 5.3.

**Prospectus** means this prospectus dated in Section 6.

**Record Date** means 5pm (WST) on the date identified in the Proposed Timetable.

**Section** means a section of this Prospectus.

**Securities** mean a Share, Listed Option, Unlisted Option, Existing Warrant or Proposed Warrant.

**Share** means a fully paid ordinary share in the capital of the Company.

**Share Registry** means Link Market Services Limited ACN 083 214 537.

**Shortfall Application Form** means the application form attached to this Prospectus to subscribe for Shortfall Shares.

**Shortfall Shares** means that number of Shares for which Acceptances are not received.

**Underwriting Agreement** means the underwriting agreement between the Company and Azure Capital dated 1 February 2011.

**Unlisted Option** means an unlisted Option on the terms and conditions described in Section 2.1

**WST** means Western Standard Time, being the time in Perth, Western Australia.