



Apex Restructure to set up future

Highlights

- **A\$109 million Rights Issue nearing completion**
- **Adverse underground conditions leads to lower production during the quarter.**
- **Modified mining practices and procedures introduced leading to increasing mining rates.**
- **Companywide changes lead to continual efficiency improvements**

OVERVIEW

As previously contemplated in rights issue documentation and the Investor Presentation, gold production for the quarter was lower than that of the previous quarter at 19,900 ounces. This was attributable to a higher portion of mill feed coming from lower grade open pit stockpiles due to limitations on underground mining. This resulted in a head grade of 3.70g/t for the quarter while maintaining a throughput rate equivalent to around 900,000 tonnes per annum.

Underground production was significantly impacted during the quarter as a result of two geotechnical events in the lower parts of the Calais mine as further discussed below. These events resulted in a comprehensive review which has led to certain changes to the mining practices, procedures and mine sequencing to ensure a long term safe and profitable operation.

As a result of these events, a significant amount of fleet availability was dedicated to remedial work, primarily improving ground support in the affected areas of the mine, limiting their availability for ore production.

The lower underground production together with the cost of the remedial work has led cash operating costs for the quarter being A\$1,078/oz. As underground mine production returns to planned levels and associated gold production increases, cash costs are expected to fall as previously forecast

RIGHTS ISSUE

A \$109 million fully underwritten renounceable rights issue was initiated during the quarter and is expected to be completed on schedule in early November. Approximately \$53 million of the proceeds will be used to repay Apex's senior secured notes representing a 12 per cent discount. \$23 million is allocated for mine development as part of a revised operating plan that will see Apex mining at four independent underground zones over the next six months, providing for greater production diversity than having a single zone in production (as was the case until recently). Approximately \$16 million of the proceeds will be available for working capital and \$10 million will be applied to repay a short term facility.

WILUNA

Mining

All mine production for the quarter came from the Calais and Henry 5 North zones both accessed via the Bulletin decline. The decline development to access the East Lode North ore body continued during the quarter. In addition development to access the Burgundy zone commenced in Spetember. Both East Lode North and Burgundy will reach ore toward the end of the December quarter.

As previously mentioned, underground mining was significantly impacted by two geotechnical events during the quarter causing some damage to the infrastructure in the Calais area. A comprehensive review of underground practices and procedures in particular with regard to geotechnical aspects was completed during the quarter, resulting in a better understanding of mine planning and ground support requirements. All affected areas have been rehabilitated with dynamic ground support designed for seismic loadings.

It is expected that geotechnical events will continue to be present when operating within the lower parts of the Bulletin mining areas, but improved lode access geometry, stope sequencing, three dimensional stress modelling, seismic data collection and analysis will enable mining to continue safely and economically. With the rehabilitation effectivity completed, mine production is expected to build up over the current quarter in accordance with the revised sequencing and mine plans

Mine production totalled 50,937 tonnes at 5.60g/t during the quarter. In addition 12,727 tonnes at 3.08g/t was mined from lower grade development ore, giving a total underground contribution to mill feed of 63,663 tonnes at 5.10g/t for 10,435 contained ounces. Further production data detail is shown in the table below:

Underground Ore Production	Tonnes	Grade (g/t)	Ounces
High Grade Development	16,112	5.44	2,817
Stoping	34,824	5.68	6,358
Sub Total	50,937	5.60	9,175
Low grade Development	12,727	3.08	1,260
Total from underground	63,663	5.10	10,435

Mine development comprised 467 metres of operating and 884 metres of capital for a total 1,351 metres for the quarter.

Development productivity improvements were noted throughout the quarter as geographic separation of the work areas was enhanced with three distinct areas of activity; namely Calais, Henry 5 North and East Lode North. Full appreciation of the productivity improvements was masked by utilising jumbo resources to undertake the rehabilitation program as well undertake some stoping duties. A fourth operating area will commence development in the December quarter with the Burgundy zone. This will allow further improvement in productivity.

ROM and Developed Ore Stocks

ROM stocks at the end of September were 151,346 tonnes at 2.13g/t for 10,388 contained ounces and ore in stopes, or already developed, was 105,426 tonnes at 6.74g/t for 22,839 contained ounces. The total of ROM and Developed Ore Stocks at the close of the period was approximately 257,000 tonnes at 4.0g/t for 33,000 contained ounces as shown in more detail in the table below.

ROM and Developed Ore Stocks	Tonnes	Grade (g/t)	Ounces
Developed ore	105,426	6.74	22,839
Run Of Mine stocks			
High grade	1,336	4.30	185
Medium grade	22,599	2.93	2,129
Low grade	122,960	1.93	7,643
Crushed	4,469	3.00	431
Total	151,364	2.13	10,388

Processing

Ore treated for the quarter totalled 219,602 tonnes at 3.70g/t for 26,100 ounces of contained gold as detailed below:

Processing Statistics	Tonnes	Grade (g/t)
Underground production	46,605	5.74
Underground low grade	14,454	3.06
Sub total	61,059	5.11
Surface stocks – medium grade	152,066	3.19
Surface stocks – low grade	6,477	2.48
Total	219,602	3.70

An annualised processing rate of approximately 900,000 tonnes was maintained from the previous quarter. BIOX throughput was a constraining factor during the quarter with the early failure of several agitator blades due to poor epoxy sealing of connecting bolts. As a consequence, at various times throughout the quarter two and briefly three BIOX reactors from a total of nine were offline, resulting in less than complete oxidation and/or reduced throughput. The poorer oxidation negatively impacted gold recovery whilst the restricted throughput reduced total gold production. The issue has now been resolved with rubber lining of all blade installations and improved BIOX and overall mill recovery performance is expected during the December quarter.

A test size Knelson concentrator was trialled at various locations with the milling and flotation circuit to assess the feasibility of capturing the coarser gold that is at times apparent in the feed before reporting to the flotation area. The trials were inconclusive mainly due to unsuitable feed at the time.

Gold produced in the September quarter was 19,855 ounces with an overall plant recovery of 76% and average cash costs of A\$1,078/oz. Gold poured for the quarter was 21,830 ounces. Lower recoveries reflect the lower head grade to the plant as well as the lower oxidation.

Gold sold was 22,732 ounces at an average price of A\$1,143 per ounce compared to the average spot price for the quarter of A\$1,152 per ounce.

Exploration and Resource Definition

During the quarter, drilling focused on detailed grade control of the Henry 5 North orebody ahead of development and conversion of inferred resources at the northern end of current development on the 712m RL. Significant results are detailed in the table below.

In late September drilling was started from the H5N 740 stockpile developed on the Darling Lode targeting lower levels of Henry 5 North. Four drill-holes collared from here have hit significant visible gold within the first 5 metres hosted in brecciated quartz lode dragged into

the Darling structure. Although the core axis is at a low angle to the structure at this drill site previous intersections indicate true width of between 1 and 2 metres. Assays are pending and the potential for narrow vein airleg mining of this area is currently being considered,

HoleID	From	To	DH*	TW*	g/t	grams x metres	Prospect / Resource Area
AWD0176	229.9	233.8	3.95	1.7	6.6	11.2	East Lode North
AWD0177	196.6	202.6	6	3.4	5.0	17.0	East Lode North
AWD0178	225.1	231.5	6.4	3.2	8.8	28.0	East Lode North
AWD0183	135.1	141.82	6.7	4.9	5.0	24.4	Henry 5 North - 100 Lens
AWD0184	115.43	120.74	5.3	4.5	8.5	38.5	Henry 5 North - 100 Lens
AWD0200	104.45	107.4	2.95	1.9	17.9	34.1	Henry 5 North - 100 Lens
AWD0203	69.34	74	4.66	4.2	8.3	34.7	Henry 5 North - 100 FW Lens
AWD0203	79.55	87	7.45	6.4	4.1	26.0	Henry 5 North - 100 Lens
AWD0204	72.98	76.3	3.32	3.0	8.2	24.7	Henry 5 North - 100 FW Lens
AWD0204	82.3	86.3	4	3.6	13.9	50.1	Henry 5 North - 100 Lens
AWD0206	104.16	108	3.84	2.5	22.3	55.6	Henry 5 North - 100 Lens
AWD0212	175.1	178	2.9	1.7	6.6	11.2	Henry 5 North - Cross Link
AWD0212	257	260.9	3.9	3.2	4.9	15.7	Henry 5 North - 100 FW Lens
AWD0218	121.17	123.1	1.93	1.5	8.2	12.3	Henry 5 North - 100 FW Lens
AWD0229	139.2	141.34	2.14	1.5	6.8	10.2	Henry 5 North - 100 FW Lens
AWD0238	79.68	80.47	0.79	0.7	40.3	28.2	Henry 5 North - 100 FW Lens
AWD0241	194.37	197.9	3.53	1.8	5.9	10.7	Henry 5 North - 100 Lens
AWD0245	176	180.7	4.7	3.0	11.4	34.2	Henry 5 North - 100 FW Lens
AWD0250	188.1	191	2.9	2.8	9.6	26.9	Henry 5 North - 100 HW Lens
AWD0254	139.31	144.2	4.89	3.8	10.9	41.3	Henry 5 North - 100 Lens
AWD0266	69.86	73.4	3.54	3.3	13.4	44.1	Henry 5 North - 100 FW Lens
AWD0266	77.5	80.9	3.4	3.2	10.8	34.5	Henry 5 North - 100 Lens
AWD0268	83.8	90.8	7	4.0	7.1	28.4	Henry 5 North - 100 FW Lens
AWD0214	62.7	67.65	4.95	4.8	2.7	13.0	Woodley - 80 Lens

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

GIDGEE (Wilsons)

A review of the feasibility study completed during 2008 is currently underway with a target to commence production from the Wilson's deposit in 2010 as Apex's fourth independent high grade underground production heading, with ore being trucked 150kms to Wiluna for processing.

YOUANMI

No major activities were undertaken with regard to Youanmi during the quarter.

APHRODITE

As announced during the quarter the Aphrodite gold project was sold to unlisted Aphrodite Gold Limited (AGL) for approximately A\$7.5 million in a combination of cash (\$5 million) and shares with Completion expected in November. AGL is expected to list on ASX via an Initial Public Offering during 2010.

Yours Sincerely,



Mark Ashley
Managing Director

Competent persons statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr. Andrew Thompson who is an employee of the company. Mr. Thompson is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2004 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Thompson consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

Reverse circulation (RC) drill samples are obtained by collecting meter samples via a three stage riffle or cone splitter, and diamond drill hole results are obtained from half NQ core or quarter HQ core sampled to geological boundaries where appropriate.

Samples are assayed at Genalysis' laboratory. Samples are prepared using single stage pulverization of the entire sample. Gold assays are obtained using a 50g lead collection fire assay digest and atomic absorption spectrometry (AAS) analysis techniques. Multi-element analyses (arsenic, sulphur, iron, lead, zinc, bismuth, antimony and tellurium) are obtained using a four acid total digest and inductively coupled plasma optical emission spectrometry (ICP OES) analysis techniques. Full analytical quality assurance - quality control (QAQC) is achieved using a suite of certified standards, laboratory standards, field duplicates, laboratory duplicates, repeats, blanks and grind size analysis.

The spatial location of samples from surface holes is derived using a combination of surveyed grid co-ordinates and 3D differential GPS collar survey pickups, and Reflex single shot and gyroscopic downhole surveys. The spatial location of samples from underground holes is derived using surveyed rig setups and Reflex multi-shot downhole surveys. True widths are calculated using the mean dip and strike of the mineralization from 3D wireframe models and downhole surveys.

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

Where quoted, Mineral Resource and Ore Reserve tonnes and ounces are rounded to appropriate levels of precision, causing minor computational errors.

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

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

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

APEX MINERALS NL

ABN

22 098 612 974

Quarter ended ("current quarter")

30th September 2009

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	25,989	25,989
1.2	Payments for (a) exploration and evaluation	(2,907)	(2,907)
	(b) development	-	-
	(c) production	(20,310)	(20,310)
	(d) administration	(306)	(306)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	32	32
1.5	Interest and other costs of finance paid	(1,228)	(1,228)
1.6	Income taxes paid	-	-
1.7	Other	-	-
Net Operating Cash Flows		2,080	2,080
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects/equity investments	-	-
	(b) available for sale investments	-	-
	(c) other fixed assets	(8,565)	(8,565)
	(d) other	-	-
1.9	Proceeds from sale of: (a) prospects/equity investments	-	-
	(b) available for sale investments	1,500	1,500
	(c) other fixed assets	-	-
	(d) other - hedging instruments	3,091	3,091
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other	-	-
Net investing cash flows		(3,974)	(3,974)
1.13	Total operating and investing cash flows (carried forward)	(1,894)	(1,894)

1.13	Total operating and investing cash flows (brought forward)	(1,894)	(1,894)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	290	290
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(4,000)	(4,000)
1.18	Dividends paid	-	-
1.19	Other – capital raising costs	(877)	(877)
	Other – finance lease liability	(1,648)	(1,648)
	Other – net payments for cash backed guarantees	(125)	(125)
	Net financing cash flows	(6,360)	(6,360)
	Net increase (decrease) in cash held	(8,253)	(8,253)
1.20	Cash at beginning of quarter/year to date	10,320	10,320
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,066	2,066

**Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	274
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

All payments to directors and associates are on normal commercial terms.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

During the December 2008 quarter, Apex Minerals NL entered into forward contracts in Australian dollar gold.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,650
4.2 Development	-
Total	1,650

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	2,066	10,316
5.2 Deposits at call	-	4
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,066	10,320

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	M 36/273 M36/274 M36/275 M36/276 M36/391 M36/408 M36/443 M36/576 M36/577 M36/578 M36/579 M36/622 M36/623 M36/366 M36/624 M36/171 M36/172 M36/277 M36/174 M36/314 M36/369 M36/577 M36/381 M36/382 M36/384 M36/411 M36/442 M36/635 M36/636 M36/495 M36/380 M36/496 P36/1545	Earning up to 56%	Nil	Nil
6.2 Interests in mining tenements acquired or increased	P57/1050 P57/1051 P57/1052 E53/1396 M24/681 M24/649	Granted Granted Granted Granted Granted Granted	Nil Nil Nil Nil Nil Nil	100% 100% 100% 100% 100% 100%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	603,239,637 19,125,000	603,239,637	N/A 20 cents	N/A 0.001 cents
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	47,448,263	47,448,263	20 cents	20 cents
7.5 +Warrants	121	-	\$0.01	\$0.01
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

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

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 30 October 2009
(Director/Company secretary)

Print name: Mark Ashley

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.