



APEX MINERALS NL
ACN 098 612 974

FINANCIAL REPORT
FOR THE HALF-YEAR
ENDED 31 DECEMBER 2006

Company Directory

DIRECTORS

Kim Robinson
(Non-Executive Chairman)

Mark Ashley
(Managing Director and CEO)

Mark Bennett
(Exploration Director)

Stephen Lowe
(Non-Executive Director)

COMPANY SECRETARY

Graham Anderson

PRINCIPAL OFFICE

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REGISTERED OFFICE

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SHARE REGISTRY

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SOLICITORS

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ASX CODE

AXM

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Directors' Report

The Directors of Apex Minerals NL submit herewith the financial report for the half-year ended 31 December 2006. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

The following persons were directors of the company during the half-year and hold office as directors of the company at the date of this report.

Mr Kim Robinson	(Non-Executive Chairman)
Mr Mark Ashley	(Managing Director and CEO)
Mr Mark Bennett	(Exploration Director)
Mr Stephen Lowe	(Non Executive Director)

Mr Stephen Stone resigned as a Director on the 25th September 2006.

PRINCIPAL ACTIVITY

The principal activities of the consolidated entity during the financial half year were in the exploration for mineral resources.

REVIEW OF OPERATIONS

During the period, the Company expanded its exploration activities in Australia and continued its activities in China.

RESULTS OF OPERATIONS

The consolidated entity incurred an after tax operating loss for the half-year ended 31 December 2006 of \$2,663,006 (2005:\$471,950).

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 16.

Signed in accordance with a resolution of the directors



Mark Ashley
Managing Director and CEO

Perth, Western Australia
23rd February 2007



Consolidated Income Statement

**CONDENSED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

	Note	31 December 2006 \$	31 December 2005 \$
Revenue	2	130,036	307,119
Occupancy expenses		(40,583)	(8,711)
Administrative expenses		(792,539)	(176,275)
Share based payments		(633,481)	-
Exploration expenses		(1,383,456)	(523,717)
Increase/(Decrease) in value of financial assets	2	72,500	(43,000)
Interest expense		(6,486)	(25,597)
Marketing expenses		(8,997)	(1,769)
(Loss) before income tax		<u>(2,663,006)</u>	<u>(471,950)</u>
Income tax expense		<u>-</u>	<u>-</u>
Net (loss) attributable to members of Apex Minerals NL		<u><u>(2,663,006)</u></u>	<u><u>(471,950)</u></u>
Basic loss per share (cents)		<u><u>(1.678)</u></u>	<u><u>(0.913)</u></u>

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



Consolidated Balance Sheet

**CONDENSED BALANCE SHEET
AS AT 31 DECEMBER 2006**

	Note	December 2006 \$	June 2006 \$
Current Assets			
Cash and cash equivalents		2,516,149	7,240,790
Trade and other receivables		69,131	16,536
Other		46,712	35,777
Total Current Assets		<u>2,631,992</u>	<u>7,293,103</u>
Non Current Assets			
Property, plant and equipment		378,272	74,878
Other financial assets		2,783,887	377,389
Total Non Current Assets		<u>3,162,159</u>	<u>452,267</u>
Total Assets		<u>5,794,151</u>	<u>7,745,370</u>
Current Liabilities			
Trade and other payables		312,861	623,678
Provisions		35,153	11,796
Interest bearing liabilities		-	550,000
Total Current Liabilities		<u>348,014</u>	<u>1,185,474</u>
Total Liabilities		<u>348,014</u>	<u>1,185,474</u>
Net Assets		<u>5,446,137</u>	<u>6,559,896</u>
Equity			
Contributed equity	3	12,837,610	12,768,810
Options reserve	5	633,481	-
Net unrealised gain reserve		846,966	-
Accumulated losses		(8,871,920)	(6,208,914)
Total Equity		<u>5,446,137</u>	<u>6,559,896</u>

The above Balance Sheet should be read in conjunction with the accompanying notes.



Consolidated Cash Flow Statement

**CONDENSED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

	December 2006 \$	December 2005 \$
Cash flows from operating activities		
Payments to suppliers and employees	(880,510)	(193,545)
Interest received	98,834	15,971
Other income	19,639	-
Net cash flows used in operating activities	<u>(762,037)</u>	<u>(177,574)</u>
Cash flows from investing activities		
Payments for equity investments	(1,501,324)	-
Payments for mining expenditure	(1,452,400)	(502,135)
Payments for plant and equipment	(352,803)	(10,998)
Net cash flows used in investing activities	<u>(3,306,527)</u>	<u>(513,133)</u>
Cash flows from financing activities		
Proceeds from share issues	70,000	1,388,600
Cost of share issue	(176,077)	(27,500)
Repayment of loans	(550,000)	-
Net cash flows from financing activities	<u>(656,077)</u>	<u>1,361,100</u>
Net (decrease)/increase in cash and cash equivalents	(4,724,641)	670,393
Cash and cash equivalents at beginning of the half year	<u>7,240,790</u>	<u>688,279</u>
Cash and cash equivalents at end of the half year	<u><u>2,516,149</u></u>	<u><u>1,358,672</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes.



Consolidated Statement of Changes in Equity

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

	Issued Capital	Accumulated Losses	Option Reserve	Net Unrealised Gain Reserve	Total
	\$	\$	\$		\$
At 1 July 2005	4,612,587	(4,480,583)	-	-	132,004
Loss for the period	-	(471,950)	-	-	(471,950)
Issue of share capital	1,388,600	-	-	-	1,388,600
Costs of share issue	(27,500)	-	-	-	(27,500)
At 31 December 2005	<u>5,973,687</u>	<u>4,952,533</u>	<u>-</u>	<u>-</u>	<u>1,021,154</u>
At 1 July 2006	12,768,810	(6,208,914)	-	-	6,559,896
Loss for the period	-	(2,663,006)	-	-	(2,663,006)
Issue of share capital	70,000	-	-	-	70,000
Costs of share issue	(1,200)	-	-	-	(1,200)
Option Reserve	-	-	633,481	-	633,481
Net unrealised gain reserve	-	-	-	846,966	846,966
At 31 December 2006	<u>12,837,610</u>	<u>(8,871,920)</u>	<u>633,481</u>	<u>846,966</u>	<u>5,446,137</u>



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

NOTE 1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Apex Minerals NL as at 30 June 2006.

It is also recommended that the half-year financial report be considered together with any public announcements made by Apex Minerals NL during the half year ended 31 December 2006 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis, except for financial assets that have been measured at fair value. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Summary of significant accounting policies

(i) Interest in joint venture operations

The Company's interest in joint venture operations is accounted for by recognising the Company's assets and liabilities from the joint venture, as well as expenses incurred by the Company and the Company's share of income earned from the joint venture, in the financial statements.



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

NOTE 1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (Continued)

(b) Summary of significant accounting policies (Continued)

(ii) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Plant and equipment is depreciated on the diminishing value method at the rate of 22.5% and computer equipment at 40% on the diminishing value method.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

(iii) Exploration and Evaluation Expenditure

The Company has adopted the policy of expensing all exploration and evaluation expenditure in relation to its mineral tenements as incurred.



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

NOTE 1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (Continued)

(b) Summary of significant accounting policies (Continued)

(iv) Recoverable amount of assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired.

Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount.

Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(v) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the income statement.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

NOTE 1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (Continued)

(b) Summary of significant accounting policies (Continued)

(vi) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(vii) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(viii) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

(ix) Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability. Lease payments received reduce the liability.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

NOTE 1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (Continued)

(b) Summary of significant accounting policies (Continued)

(x) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest Income

Interest income is recognised as it accrues.

(xi) Income Tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

NOTE 1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (Continued)

(b) Summary of significant accounting policies (Continued)

and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

(xii) Consolidation

The consolidated financial statements are those of the consolidated entity, comprising Apex Minerals NL (the parent company) and all entities that Apex Minerals NL controlled from time to time during the year and at reporting date.

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent company has control.

Subsidiary acquisitions are accounted for using the purchase method of accounting.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	December 2006 \$	December 2005 \$
NOTE 2. REVENUE		
Interest revenue	102,436	27,119
Fair value of financial asset received from joint venture farminee as part of joint venture agreement	19,639	280,000
Increase/(Decrease) in value of financial assets	72,500	(43,000)
Profit from sales of investments	7,961	-
TOTAL REVENUE	<u>202,536</u>	<u>264,119</u>
EXPENSES		
Depreciation	<u>49,409</u>	<u>3,907</u>

NOTE 3. ISSUED CAPITAL

<i>Ordinary Shares</i>		
Issued and fully paid	<u>159,119,755</u>	<u>5,973,687</u>
<i>Movements in ordinary shares on issue</i>		
	No	\$
At 1 July 2006	158,619,755	12,768,810
Options conversion	500,000	70,000
Costs of share issue		(1,200)
	<u>159,119,755</u>	<u>12,837,610</u>

	Cents	Cents
NOTE 4. EARNINGS PER SHARE		

Basic (loss) per share	(1.678)	(0.913)
Weighted average number of ordinary shares used in calculation of basic earnings per share is 158,744,755.		



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

NOTE 5. OPTIONS RESERVE

12,075,000 share options were issued to senior executives, employees and consultants during the half year. The fair value of the options granted is estimated as at the date of grant using a black scholes calculation, taking into accounts the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the half-year ended 31 December 2006.

Expected volatility (%)	70
Risk-free interest rate (%)	6.5

NOTE 6. SEGMENT INFORMATION

The group operates in the mining industry in the geographical segments of Australia and China. All assets and revenue of the group are located in the geographical segment of Australia. Exploration costs written off during the half year of \$306,909 relates to the China segment and forms part of the loss for the six months ended 31 December 2006.

NOTE 7. SUBSEQUENT EVENTS

There are no matters or circumstances have arisen since the end of the half year which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity subsequent to the half year ended 31 December 2006.

NOTE 8. CONTINGENT ASSETS AND LIABILITIES

The Directors are of the opinion that there are no contingent liabilities as at 31 December 2006

NOTE 9. DIVIDENDS

There were no dividends paid or provided for at half year ending 31 December 2006.



Stantons International

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23 February 2007

Board of Directors
Apex Minerals NL
Ground Floor
31 Ventnor Avenue
WEST PERTH WA 6872

Dear Sirs

RE: APEX MINERALS NL

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Apex Minerals NL.

As Audit Director for the review of the financial statements of Apex Minerals NL for the period ended 31 December 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

STANTONS INTERNATIONAL
(Authorised Audit Company)

John Van Dieren
Director



Stantons International

ABN 41 103 088 697

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF APEX MINERALS NL

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Apex Minerals NL, which comprises the condensed balance sheet as at 31 December 2006, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2006 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Apex Minerals NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Apex Minerals NL on 23 February 2007.

Conclusion

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

- (a) giving a true and fair view of the Company's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

STANTONS INTERNATIONAL

The logo for Stantons International is written in a cursive script. Below it is a handwritten signature in black ink.

J P Van Dieren
Director

West Perth, Western Australia
23 February 2007

Directors' Declaration

In accordance with a resolution of the directors of Apex Minerals NL, I state that:

In the opinion of the directors:

a) the financial statements and notes of the entity are in accordance with the *Corporations Act 2001*, including:

- (i) give a true and fair view of the financial position as at 31 December 2006 and the performance for the half-year ended on that date of the entity; and
- (ii) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporation Regulations 2001; and

b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Mark Ashley
Managing Director and CEO

Perth, Western Australia
23rd February 2007