



ASX Code: AXM

Report On Activities For The Quarter Ended 31st March 2006

Corporate

- Implemented key board and management changes and initiated a two stage \$7,000,000 capital raising as part of change in strategic direction.
- Appointed Mr Mark Ashley, former LionOre Australia CEO and MD, Chief Executive Officer and Managing Director. Mr Ashley to subscribe for and acquire 10% of expanded issued capital.
- Appointed Mr Kim Robinson, Executive Chairman of Kagara Zinc Ltd, a Non-Executive Director and Dr Mark Bennett to be appointed Exploration Director in mid-May 2006. Other appointments in due course.

China

- Commenced drilling at Qiongheba porphyry copper project.
- Commenced field expedition to evaluate additional porphyry copper and epithermal gold targets. More ground acquisitions likely.
- Settled Copper Mountain dispute.

Western Australia

- Agreed assumption by Abra Mining Limited ('Abra' – ASX Code: All) of the farm-in rights and obligations of Perilya Limited ('Perilya') to Apex's Jillawarra project, immediately west of the Abra lead-zinc-copper-gold project.
- Abra agreed to reduce by one year the timeframes for it to earn in stages up to a 70% interest in the project.

Apex Minerals NL

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Report On Activities For The Quarter Ended 31st March 2006

Corporate

On 13th April Apex announced a new strategic direction for the Company in the Australian minerals industry. This includes a number of key Board and management changes and a share placement of 100,000,000 fully paid ordinary shares at an issue price of \$0.07 per share to raise a total of \$7 million. The placement is being undertaken in two stages.

The first stage was an issue of 8,790,000 fully paid ordinary shares (representing the 15% available to be issued without shareholder approval) to raise \$615,300 to former LionOre Australia CEO and MD, Mr Mark Ashley. Subsequent to that issue, Mr Ashley agreed to join the Company as Chief Executive Officer and Managing Director with immediate effect.

Subject to any necessary regulatory and shareholder approvals, the Company proposes to issue the second stage of 91,210,000 fully paid ordinary shares representing the balance of the placement. Sydney-based stockbroking firm Southern Cross Equities has provided a firm commitment to the Company to undertake the second stage of the placement to its clients.

Mr Ashley will subscribe for a total of 16,000,000 shares in both stages, representing a total investment in the Company of \$1.12 million. Following completion of the placement, Mr Ashley will hold approximately 10% of the expanded issued capital of Apex.

The Company's largest shareholder, Mr Mark Creasy, who currently has a stake of 44% and will remain Apex's largest shareholder with an expected diluted holding of approximately 16%, has indicated that he will be supporting the transaction.

The issue price of \$0.07 per share under the placement has been based on the volume weighted average share price over the period of 30 trading days preceding the announcement of just over \$0.08 per share.

It is anticipated that a meeting of shareholders to approve the various transactions will occur in May 2006. A Notice of Meeting and Explanatory Memorandum will be sent to shareholders shortly.

On completion of the placement, Apex will actively pursue additional Australian based projects and evaluate opportunities that it believes will enable it to move to production status as quickly as possible.

Other Board Appointments

Mr Ashley is joined on the Board by Mr Kim Robinson as a Non-Executive Director, who is Executive Chairman of Kagara Zinc Ltd. In addition, Dr Mark Bennett has agreed to join the Company as Exploration Director and is expected to assume this role in mid-May 2006.



Dr Bennett and Mr Robinson are both highly respected and recognised professionals in the resources industry. Dr Bennett's participation in the discovery of the Thunderbox gold and Waterloo nickel deposits earned him the AMEC Prospector of the Year Award in 2002. A number of other key appointments will be made in the near future.

Mr Stephen Stone has become Non-Executive Chairman and will continue to manage the Company's China operations. Mr Steve Lowe remains a Non-Executive Director and Mr Philip Pullinger has stepped down from the Board.

Profiles of Mr Mark Ashley, Dr Mark Bennett and Mr Kim Robinson are contained in the ASX release which also provides details of a proposal to implement a number of option incentive schemes to directors, executives and key employees. A summary of the intended application of the funds raised is also provided.

China

Apex remains committed to continuing the contracted drilling and geophysical programmes at its Qiongheba and Yiwu projects in eastern Xinjiang and thereafter to evaluating ways to maximise and realise value from its China assets and investments.

Drilling Commences At Qiongheba

As foreshadowed in its Activities Update to ASX on 7th April 2006, a 1,000 metre diamond drilling programme has just commenced at the Company's Qiongheba project that is being explored for porphyry copper - gold mineralisation.

Four to five, 200 metre to 250 metre deep vertical holes are planned to investigate a broad zone of intense surface alteration covering an area of over five square kilometres.

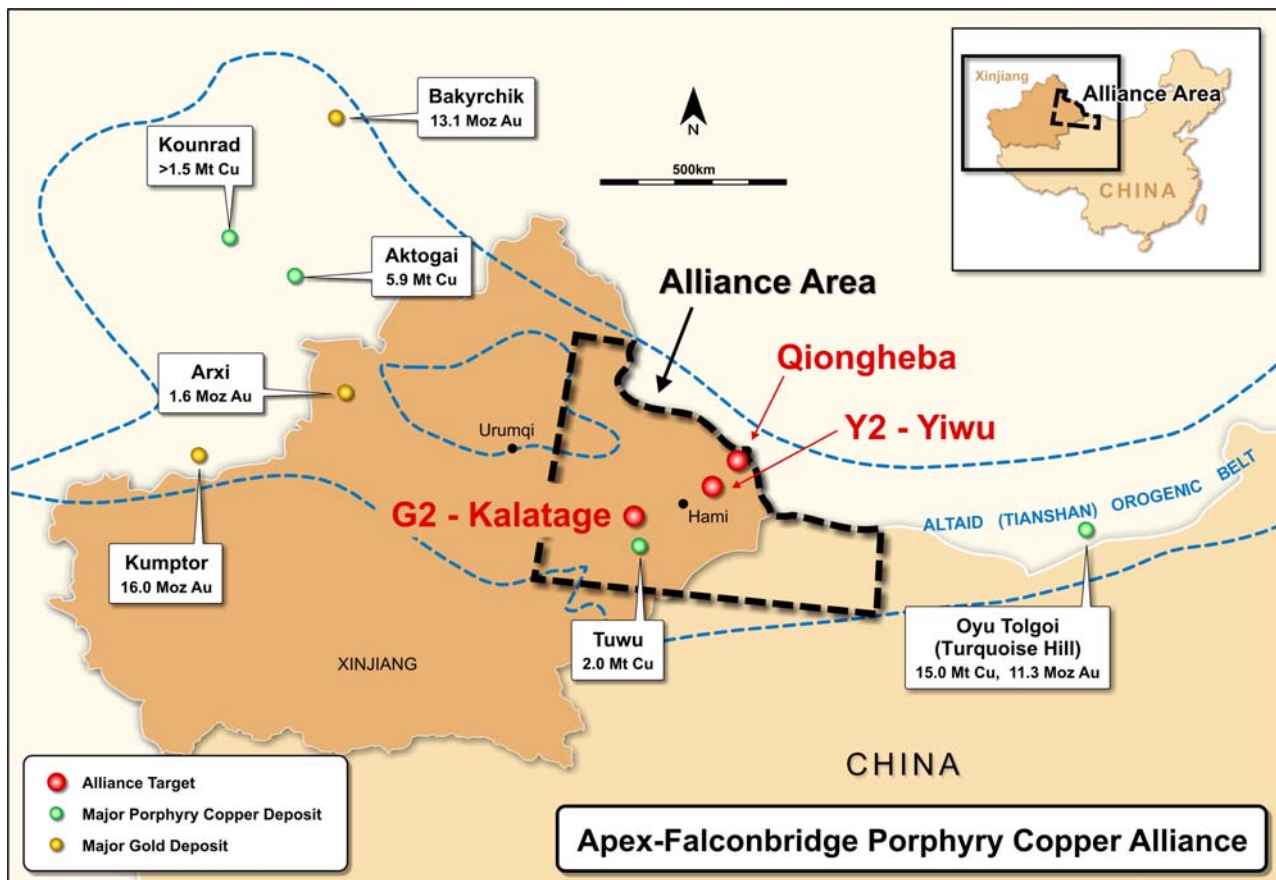
Dipole – dipole IP and ground magnetics geophysical programmes are also underway on the property to optimise the location of two holes that are intended to test an extension to the alteration that appears to dip below shallow cover.

The geophysical crew will then move to the nearby Yiwu epithermal gold target. Drilling at Yiwu is contingent on the results of the magnetic and IP geophysical work planned for the property.

New Target Field Reviews Underway

Qiongheba and Yiwu are two projects in a pipeline of similar projects that Apex in alliance with the worldwide copper exploration team of Toronto based mining house, Falconbridge Limited, is evaluating for their potential to contain multi-million tonne copper – gold bearing porphyry intrusions and gold bearing, volcanic hosted epithermal systems.

Some 130 Landsat derived alteration anomalies generated by Falconbridge's copper discovery team within a sparsely populated, 350,000 square kilometre desert area of interest are being systematically inspected by Apex and Falconbridge geologists. Falconbridge has project back-in rights.



The area of interest lies within the Alttaid – Tianshan belt that hosts several major gold and copper deposits along its 5,000 kilometre length including Kumptor, Muruntau and Oyu Tolgoi. It is one of the world's best endowed gold provinces outside of South Africa's Witwatersrand yet, within China, it remains relatively under explored.

A field expedition now underway has already visited a number of virgin targets that upon first inspection appear to be prospective for epithermal gold mineralisation. These are being broadly mapped and surface sampled and, subject to results, interests in them will be sought or licences applied for by Apex's wholly owned foreign enterprise subsidiary, Xinjiang Tuoau Mining Company Limited.

This most recent work continues to reaffirm the prospectivity of the region and the integrity of the adopted exploration strategy.

Kalatage G2 Licence

Last Quarter, Apex reported the presence of anomalous copper and gold in all four holes in a 1,119 metre diamond drilling programme completed at the project, 130 kilometres southwest of Hami in eastern Xinjiang.

This first drill programme by Apex in the region provided early encouragement for the Apex - Falconbridge Limited exploration alliance and the impetus to continue work at Qiongheba, Yiwu and other targets.



Following resolution of the Copper Mountain dispute between Apex and Dr Fu Minlu (ASX release dated 13th April 2006), the parties are now discussing the resolution of the dispute concerning the transfer of the Kalatage – G2 target licence that was applied for and held on trust by Dr Fu for Apex.

Western Australia

Jillawarra Project - Joint Ventured to Abra Mining Limited

On 20th April 2006 Apex informed ASX that Abra Mining Limited ('Abra' – ASX Code: All) has assumed the farm-in rights and obligations of Perilya Limited ('Perilya') to Apex's Jillawarra project, immediately west of the Abra lead-zinc-copper-gold project.

In addition, Abra has agreed to reduce by one year the timeframes previously agreed with Perilya for it to earn in stages up to a 70% interest in the project.

This is a very positive development for the project as Abra is highly focused on this region and has the financial and technical resources to move the project forward.

Further details can be obtained by referring to the ASX release.

Windimurra and Narndee Project - Joint Ventured to Maximus Resources Limited

Maximus has advised that it has successfully completed Aboriginal heritage clearance surveys for several prospects ahead of a 6,000 metre RAB drilling programme commencing in mid May on the 3,000 square kilometre Windimurra – Narndee project.

These include targets prospective for gold at the newly recognised 25 kilometre long Kiabye Greenstone belt on the western boundary of the Narndee intrusive complex, a portion of the Wyemandoo Shear Zone at Windsor on the northeast margin of the Windimurra intrusive complex and additional areas to test recently delineated gold-in-soil anomalies.

Plans to drill in two uranium bearing calcrete paleochannels are contingent on the grant of exploration licences which is expected to occur soon.

Maximus may earn in stages up to a 70 percent interest in 13 granted exploration licences within the 5,000 square kilometre Windimurra – Narndee project that it is exploring for nickel sulphides, platinum, gold and uranium.

Apex holds 2,000,000 fully paid shares and 1,000,000 5 year 20 cent unlisted options in Maximus.

Issued and Working Capital

As at the date of this report Apex has on issue 67,409,755 fully paid ordinary shares (inclusive of the recent issue to Mark Ashley) and 20,348,750 20 cent shares partly-paid to 0.001 cents each.

Apex has available approximately \$1,500,000 in working capital.



Mark Ashley
Chief Executive Officer and Managing Director

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Stephen Stone, who is a Member of the Australian Institute of Mining and Metallurgy. Mr Stone is employed by West One Management Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Stone consents to the inclusion in the report of the matters based on his information in the form and context which it appears.