



Apex Minerals NL
ABN 22 098 612 974

Interim Financial Report

CORPORATE DIRECTORY

DIRECTORS

Mark Ashley – Managing Director
Kim Robinson – Non Executive Chairman
Robin Lee Sing Leung – Non Executive Director

COMPANY SECRETARY

Adrian Di Carlo

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Apex Minerals NL

Directors' report

The directors present their report together with the consolidated financial report comprising Apex Minerals NL ("the Company") and its controlled entities ("the Group") for the six months ended 31 December 2009 and the review report thereon.

Directors

The directors of the Company at any time during or since the end of the interim period are:

Name	Period of directorship
Non-executive	
Kim Robinson – Chairperson	Chairperson since September 2006
Stephen Lowe – Non Executive Director	Resigned 17 February 2010
Todd Bennett – Non Executive Director	Resigned 17 February 2010
Robin Lee Sing Leung – Non Executive Director	Appointed 17 February 2010
Executive	
Mark Ashley - Managing Director	Director since 2006
Mark Bennett - Geology Director	Resigned 24 November 2009
Glenn Jardine - Operations Director	Resigned 1 August 2009

Review of operations

The Group continued mining and gold production in Wiluna during the six months ended 31 December 2009. The summary of results are as follows.

Mining

The majority of mine production during the six months ended 31 December 2009 was sourced from development and stoping of the Calais and Henry 5 North zones, both accessed from the Bulletin Decline.

Toward the end of December, the East Lode North deposit, a third geographically separate production area, provided initial development ore, whilst the fourth area, the Burgandy zone had intersected the lode at half year end with ore from development commenced in January 2010. Stopping from East Lode is expected to commence in April 2010 with Burgandy following between April and June as previously reported.

Mine seismicity was experienced during the half year which affected production. A mine micro-seismicity monitoring system has now been installed for several months and is providing useful data enabling pro-active planning decisions that minimise production disruptions.

Total ore mined for the six months ended 31 December 2009 was 147,931 tonnes at 5.2g/t containing 24,617 ounces. Mine development was 3,175 metres with 1,451 metres relating to capital and 1,724 metres relating to operating. Total developed ore stocks ready for stoping were 125,000 tonnes at 4.9 g/t containing 22,000 ounces.

Processing

Total ore treated during the six months ended 31 December 2009 was 422,860 tonnes at 3.7g/t with a recovery rate of 76%. The total gold ounces sold was 40,815 at an average gold price of \$1,153.62 per ounce generating revenue of \$47,086,000. The Group has now delivered into all gold forwards and is hedge free.

Directors' report (continued)

Review of operations (continued)

Exploration

A revitalised exploration program was initiated focusing on near term opportunities and has identified an extension of the high grade Golden Age mineralisation to the east of the F4 fault which has not been previously drilled.

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

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

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

Corporate

As mentioned in the June 2009 annual report, a \$108.6 million fully underwritten renounceable rights issue was completed in November 2009. Transaction detail of this rights issue is detailed more in the financials below.

The Group to date incurred a loss of \$76,420,000 for the six months ending 31 December 2009. The loss for 2009 includes financing costs of \$29,321,000 in relation to interest on the Senior Secured Notes which have been repaid and an impairment loss on the carrying value of the Wiluna assets totalling \$4,840,000. Detail of these transactions are outlined in the financials below.

Auditor's independence declaration

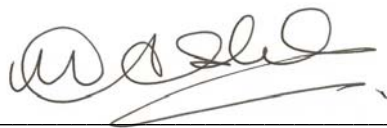
The auditor's independence declaration is set out on page 3 and forms part of the directors' report for the six months ended 31 December 2009.

Rounding off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Dated at Perth this 16th day of March 2010.

Signed in accordance with a resolution of the directors:



Mark Ashley
Director



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Apex Minerals NL

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2009 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

A handwritten signature in blue ink, appearing to read 'R Gambitta'.

R Gambitta
Partner

Perth

16 March 2010



Condensed consolidated statement of comprehensive income
For the half year ended 31 December 2009

	Note	31 Dec 2009 \$'000	31 Dec 2008 \$'000
Revenue		47,118	-
Cost of sales before depreciation and amortisation		(46,086)	-
Depreciation and amortisation		(32,420)	-
Gross loss		(31,388)	-
Other income/(loss)	7	4,924	-
Share based payments		(691)	(1,723)
Administrative expenses		(2,797)	(2,374)
Exploration expensed		(2,814)	(4,491)
Impairment loss	10	(4,840)	-
Other expenses		-	(945)
Loss from operating activities		(37,606)	(9,533)
Finance income	8	234	774
Finance expenses	8	(39,048)	(26,320)
Net finance expense		(38,814)	(25,546)
Loss before income tax		(76,420)	(35,079)
Income tax expense		-	-
Loss for the period		(76,420)	(35,079)
Other comprehensive income			
Net change in fair value of available-for-sale financial assets		302	-
Impairment of available-for-sale financial assets transferred to profit or loss		-	208
Total comprehensive loss for the period		(76,118)	(34,871)
Earnings per share:			
Basic and diluted loss per share – cents		3.98	8.64*

Notes to the condensed consolidated financial statements are included on pages 8 to 14.

*Restated for adjustments to EPS (refer to note 19).



Condensed consolidated statement of financial position
As at 31 December 2009

	Note	31 Dec 2009 \$'000	30 June 2009 \$'000
Assets			
Cash and cash equivalents		18,157	10,320
Trade and other receivables		2,754	5,136
Inventories	9	12,413	15,852
Derivative assets		-	1,264
Assets available for sale		2,014	308
Assets held for sale		-	7,442
Total current assets		35,338	40,322
Other receivables		5,975	1,774
Derivative assets		2,516	2,732
Property, plant and equipment	10	87,094	104,730
Exploration expenditure and evaluation		11,753	11,753
Total non-current assets		107,388	120,989
Total assets		142,676	161,311
Liabilities			
Trade and other payables		16,459	44,925
Loans and borrowings	11	7,112	6,750
Derivative liabilities		9,721	6,531
Provisions		2,139	1,456
Deferred Consideration	15	3,000	3,000
Total current liabilities		38,431	62,662
Trade and other payables		4	9
Loans and borrowings	11	15,303	46,488
Derivatives liabilities		16,779	18,069
Provisions		30,796	30,033
Total non-current liabilities		62,882	94,599
Total liabilities		101,313	157,261
Net assets		41,363	4,050
Equity			
Share capital	12	295,357	198,226
Reserves		28,542	11,940
Retained earnings		(282,536)	(206,116)
Total equity		41,363	4,050

Notes to the condensed consolidated financial statements are included on pages 8 to 14.



Condensed consolidated statement of changes in equity
For the half year ended 31 December 2009

	Issued Capital \$'000	Accumulated Losses \$'000	Share Based Payments Reserve \$'000	Quoted Options Reserve \$'000	Available For Sale Reserve \$'000	Warrants Reserve \$'000	Total Equity \$'000
Balance at 1 July 2008	162,967	(72,521)	4,732	-	(208)	-	94,970
Loss for the period	-	(35,079)	-	-	-	-	(35,079)
Other comprehensive income							
Impairment of available-for-sale assets transferred to profit or loss	-	-	-	-	208	-	208
Total comprehensive income for the period	-	(35,079)	-	-	208	-	(34,871)
Transactions with owners, recorded directly in equity							
<i>Contributions by and distributions to owners</i>							
Issue of ordinary shares	121	-	-	-	-	-	121
Share-based payment transactions	-	-	1,723	-	-	-	1,723
Total contributions by and distributions to owners	121	-	1,723	-	-	-	1,844
Balance at 31 December 2008	163,088	(107,600)	6,455	-	-	-	61,943
Balance at 1 July 2009	198,226	(206,116)	8,205	-	135	3,600	4,050
Loss for the period	-	(76,420)	-	-	-	-	(76,420)
Other comprehensive income							
Net change in fair value of available-for-sale assets	-	-	-	-	302	-	302
Total comprehensive income for the period	-	(76,420)	-	-	302	-	(76,118)
Transactions with owners, recorded directly in equity							
<i>Contributions by and distributions to owners</i>							
Issue of ordinary shares	111,829	-	-	-	-	-	111,829
Costs of issuing capital	(14,698)	-	-	-	-	-	(14,698)
Share-based payment transactions	-	-	691	-	-	-	691
Issue of options	-	-	-	15,609	-	-	15,609
Total contributions by and distributions to owners	97,131	-	691	15,609	-	-	113,431
Balance at 31 December 2009	295,357	(282,536)	8,896	15,609	437	3,600	41,363

Notes to the condensed consolidated financial statements are included on pages 8 to 14.



Condensed consolidated statement of cash flows
For the half year ended 31 December 2009

<i>Note</i>	31 Dec 2009	31 Dec 2008
	\$'000	\$'000
Cash flows from operating activities		
Cash receipts from customers	47,118	-
Cash paid to suppliers and employees	(57,714)	(21,969)
Interest received	228	1,010
Interest paid	(2,169)	(7,111)
Net cash from (used in) operating activities	(12,537)	(28,070)
Cash flows from investing activities		
Proceeds from sale of exploration assets	5,846	-
Payments for property, plant and equipment	(576)	(49,997)
Payments for mine properties	(18,976)	-
Payments for hedging instruments	-	(13,554)
Payment for investments	-	(850)
Net cash from (used in) investing activities	(13,706)	(64,401)
Cash flows from financing activities		
Proceeds from issue of share capital	68,790	121
Payments for capital raising costs	(8,140)	-
Proceeds from borrowings	10,000	-
Proceeds from the issue of Notes, GUP Notes and Warrants	-	60,500
Net payments for cash backed guarantees	(4,201)	235
Repayment of Senior Secured Notes	(28,156)	-
Repayment of borrowings	(4,000)	-
Repayment of finance lease liabilities	(3,304)	(253)
Proceeds from sale of gold put options	3,091	-
Payment of transaction costs	-	(4,189)
Net cash from (used in) financing activities	34,080	56,414
Net increase (decrease) in cash and cash equivalents	7,837	(36,057)
Cash and cash equivalents at 1 July	10,320	38,909
Cash and cash equivalents at 31 December	18,157	2,852

Notes to the condensed consolidated financial statements are included on pages 8 to 14.

Condensed notes to the consolidated interim financial statements

1. Reporting entity

Apex Minerals NL (the "Company") is a company domiciled in Australia. The condensed consolidated interim financial report of the Company as at and for the six months ended 31 December 2009 comprises the Company and its subsidiaries (together referred to as the "Group").

The consolidated annual financial report of the Group as at and for the year ended 30 June 2009 is available upon request from the Company's registered office at Level 1, 10 Ord Street, West Perth, WA 6005 or at www.apexminerals.com.au

(a) Going concern

The Group has incurred a loss of \$76,420,000 for the six months ended 31 December 2009. The loss for 2009 includes financing costs of \$29,321,000 in relation to interest on the Senior Secured Notes which have been repaid and an impairment loss on the carrying value of the Wiluna assets totalling \$4,840,000. As at 31 December 2009 the Group had a working capital deficit of \$3,093,000.

Since re-commissioning Wiluna at the end of 2008, mining activities have focused predominantly on developing access to the various new underground deposits delineated by Apex during 2008. Various issues have resulted in delays in being able to access these other deposits in Wiluna. Mining is forecast to occur from four independent underground sources to provide greater production diversity compared to providing from one source (as was the case until recently) which will achieve economies of scale and improve cost per ounce. The sources of production will include:

- Initial production continuing from mining the Calais ore body;
- Stoping has recently commenced at Henry V North deposit;
- Access to the East Lode North deposit was achieved early in 2010 with stoping expected to commence in April 2010.
- Capital development has recently intersected the Burgundy deposit with development of ore having commenced during March with stoping expected during the June quarter.

The recently discovered Golden Age deposit and the decision to commence operations, will provide an important fifth independent underground production source at Wiluna. Resource delineation is currently underway for part of the Golden Age area, however, the directors have a reasonable expectation of conversion.

The financial report has been prepared on a going concern basis. The directors believe this is appropriate as the cash flow forecast for the Group anticipates a net cash flow surplus sufficient to recover the carrying value of property, plant and equipment and development assets and settlement of liabilities in the normal course of business. The cash flow forecast and the ability to recover the carrying value of property, plant and equipment and development assets is dependent upon the ability of the Group to achieve its targets from the Wiluna mine, particularly gold production and AUD price of gold. The forecast gold production assumes output from different sources of ore production within the Wiluna mine as noted above. It is also dependent on achieving operating costs in line with this forecast. The Directors are confident that the Wiluna mine will achieve its revenue, production and costs forecasts allowing the Group to recover the carrying value of its assets and to meet its obligations in the normal course of business and at the amounts stated in the financial report.

Should the Group not be successful in establishing profitable operations in line with its forecasts or secure alternative equity or debt funding, or secure proceeds from the sale of non-core assets, it may not be able to realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in this financial report.

Condensed notes to the consolidated interim financial statements

2. Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with AASB 134 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 June 2009.

This consolidated interim financial report was approved by the Board of Directors on 16 March 2010.

3. Significant accounting policies

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2009.

(a) Change in accounting policies

(i) Determination and presentation of operating segments

As of 1 July 2009 the Group determines and presents operating segments based on the information that internally is provided to the Managing Director, who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of AASB 8 *Operating Segments*. Previously operating segments were determined and presented in accordance with AASB 14 *Segment Reporting*. The new accounting policy in respect of segment operating disclosures is presented as follows.

Comparative segment information has been re-presented in conformity with the transitional requirements of AASB 8. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed on the basis of internal reports that are regularly provided to by the Company's chief operating decision maker.

Segment results that are reporting to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

(ii) Presentation of Financial Statements

The Group applies revised AASB 101 *Presentation of Financial Statements (2007)*, which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of change in equity all owner changes in equity, whereas all the non-owner changes in equity are presented in the consolidated statement of comprehensive income. This presentation has been applied in these condensed consolidated interim financial statements as of and for the six months period ended on 31 December 2009.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

Condensed notes to the consolidated interim financial statements

4. Estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2009.

5. Financial risk management

Aspects of the Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2009.

6. Operating segments

The Group operates in one operating segment, being mining and exploration of gold in Western Australia.

7. Other income/(loss)

In thousands of AUD	31 Dec 2009	31 Dec 2008
Loss on sale of Aphrodite (i)	(1,550)	-
Profit from sale of Apex Nickel Australia tenements (ii)	7,378	-
Loss on sale of gold put options (iii)	(905)	-
Profit on sale of fixed assets	1	-
	<u>4,924</u>	<u>-</u>

(i) The completion of the sale of the Aphrodite tenements to Aphrodite Gold Limited ("AGL") was finalised on 17 November 2009. The consideration was \$5,000,000 cash, 11 million shares and 5.5 million options to subscribe for ordinary fully paid shares in AGL at \$0.20 per share at any time until 31 December 2013 valued at \$242,000 and \$804,000 respectively. The cost of the sale includes the original purchase price of the Aphrodite tenements of \$7,442,000 and selling costs of \$154,000.

(ii) The completion of the sale of tenements to Sirius Resources NL was finalised on 31 August 2009. The consideration was \$1,000,000 in cash, 66,666,667 shares and 600,000,000 unlisted options exercisable at \$0.03 each expiring on 31 August 2014. The value of the shares of \$1,133,000 has been accounted for by using the market price as at the date of completion which was \$0.017 per share. The value of the unlisted options of \$5,245,000 has been determined by using the Black Scholes option pricing model, discounted by 25% for lack of transferability, and a volatility of 100%.

(iii) In August and September 2009, the Group sold its remaining 113,848 ounces of gold put options for \$3,091,000. These were carried at a fair value of \$3,996,000 resulting in a loss of \$905,000.

Condensed notes to the consolidated interim financial statements

8. Net finance income/(costs)	31 Dec 2009	31 Dec 2008
	\$000's	\$000's
Interest on creditor accounts	(687)	-
Interest on guarantees	(497)	(482)
Interest on short term loan	(19)	-
Interest on obligations under finance leases	(1,120)	(562)
Interest on Senior Secured Notes and early repayment (i)	(29,321)	(3,565)
Change in fair value of gold put options	-	(2,089)
Change in fair value of derivative options	(2,971)	-
Unwinding of the discount rate of rehabilitation provision	(694)	(972)
Change in fair value of GUP Notes	(1,900)	(14,571)
Payment of GUP Notes	(1,307)	-
Transaction costs in relation to financing	-	(2,598)
Impairment loss on available-for-sale assets	(532)	(1,481)
Interest revenue	234	774
	<u>(38,814)</u>	<u>(25,546)</u>

(i) On 10 November 2009 the Group completed the repurchase of the 121 Notes issued in September 2008 at \$440,000 per note, representing a discount of 12% from face value, totalling \$53,240,000. The noteholders received \$28,156,951 cash, 627,076,219 shares at \$0.04 per share and 62,707,622 free attaching options at an exercise price of \$0.06 expiring 11 November 2012. The noteholders also received 45,000,000 options at an exercise price of \$0.06 expiring 11 November 2012 as a fee for sub underwriting part of the rights issue disclosed in Note 12.

The Group also received short term notes of \$10,000,000 in October 2009 which were repaid in November 2009. The repayment consisted of 250,000,000 shares at \$0.04 per share and free attaching options of 25,000,000 at an exercise price of \$0.06 expiring 11 November 2012. The lender also received 40,000,000 options at an exercise price of \$0.06 expiring 11 November 2012 as a fee for the underwriting portion of the short term funding.

All of the above options have been accounted for at \$0.023 per option which was the market value at the date of issue.

9. Write-down of inventory

During the six months ended 31 December 2009 the Group recognised a write-down of product inventory including ore stocks and gold in circuit of \$15,422,000 (2008: \$nil).

10. Property, plant and equipment

Acquisitions and disposals

During the six months ended 31 December 2009 the Group acquired assets with a cost of \$19,624,000 (six months ended 31 December 2008 : \$93,350,000), including refurbishment costs capitalised of \$227,000 for the Wiluna mine, capitalisation of development costs of \$18,977,000, property, plant and equipment of \$351,000 and increase in the rehabilitation asset of \$69,000.

Impairment

During the year ended 31 December 2009, the Company has under taken a review of impairment indicators that affect the cash generating units of the Group. For the same reasons set out in Note 1 (a), the Company has formed the view that impairment indicators exist as at 31 December 2009 and therefore the Group's cash generating unit, Wiluna (including Wilsons), has been tested for impairment. The recoverable amount of Wiluna has been determined with reference to its value in use. As a result of performing this impairment test the Group has recognised an impairment loss of \$4,840,000 for the year ended 31 December 2009.

Condensed notes to the consolidated interim financial statements

10. Property, plant and equipment (continued)

Value in use was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions:

- Physicals - gold production was based on life of mine plan to 5 years which include reserves and conversion of reserves to resources.
- Operating and capital costs - have been determined with reference to historical actuals and expected future costs based on a detailed budget process.
- Gold Price – the life of mine gold price assumption is AUD \$1,160.
- Gold recovery – based on historical and expected gold recoveries.
- Discount Rate - a risk adjusted discount rate has been calculated to be 11.7% (real post tax rate) using the Capital Asset Pricing Model. A pre-tax discount rate was applied equivalent to post-tax discount rates.

The value in use is most sensitive to assumptions noted above. The following sensitivities demonstrate the increase in the impairment assuming the following adverse movements in those assumptions:

% change	Increase in impairment
	\$
- 5% gold production	13,790,000
- 5% gold grade	21,450,000
- 5% gold recovery	19,750,000
- 5% gold price	16,220,000
+10% operating costs	22,520,000
+ 1% discount rate	2,450,000

11. Loans and borrowings

The following loans and borrowings (current and non-current) were repaid during the six months ended 31 December 2009:

	Currency AUD	Interest rate		Carrying amount \$000's	Year of maturity
		nominal	effective		
Balance at 1 July 2009					
Finance lease liabilities		8.99%	8.99%	25,719	2014
Senior Secured Notes		11.25%	41.60%	27,519	2011
Repayments					
Finance lease liabilities	AUD	8.99%	8.99%	(3,304)	2014
Senior Secured Notes	AUD	11.25%	41.60%	(27,519)	-
Balance at 31 December 2009				<u>22,415</u>	

12. Share capital

Reconciliation of movement in capital attributable to equity holders:

	No. of shares	\$
Balance at 1 July 2009	555,791,373	198,226,351
Rights issue @ \$0.20 per share	47,448,263	9,489,653
Rights issue @ \$0.04 per share (i)	2,714,578,367	102,339,594
Shares issued on options exercised @ \$0.06 per share (ii)	1,905	158
Cost of issues	-	(14,699,063)
Balance at 31 December 2009	<u>3,317,819,908</u>	<u>295,356,693</u>

Condensed notes to the consolidated interim financial statements

12. Share capital (continued)

(i) On 10 November 2009, 271,458,280 free attaching options (1 for 10 shares subscribed) at an exercise price of \$0.06 expiring 11 November 2012 were issued to shareholders who participated in the Rights issue. The value of these options have been accounted for at \$0.023 per option which is the market value on date of issue. Therefore, the proceeds of rights issue shares at \$0.04 per share totalling \$108,583,135 less the ascribed value of options represents the value ascribed to share capital totalling \$102,339,594.

(ii) On 10 November 2009, 1,905 options that were issued as free attaching options of the Rights issue were exercised at \$0.06 per share.

13. Share-based payments reserve

The terms and conditions of the share option programme are disclosed in the consolidated financial report as at and for the year ended 30 June 2009.

No employee share options were issued to employees or directors of the Company during the six months ended 31 December 2009.

14. Quoted options reserve

The following reserve represents the value attributable to options pursuant to capital raisings conducted by the Company less the exercise of those options.

Option holder	No. of options	Value of options (\$)
<i>Underwriting fee options</i>		
Noteholders	85,000,000	1,955,000
Priority and general sub underwriters (i)	322,186,654	7,410,293
<i>Free attaching options</i>		
General shareholders	271,458,280	6,243,540
Less options exercised	(1,905)	(44)
Total	678,643,029	15,608,789

(i) Accounted for as a cost of issue (refer Note 12)

15. Contingencies

In October 2007 the Group completed the acquisition of the Wiluna Gold Mine, Processing Plant and associated tenements (Wiluna Mine) from a subsidiary of Oz Minerals Limited (OZ Minerals) (formerly Oxiana Limited). During the course of its refurbishment of the Wiluna Mine in 2008/09, the Group became aware of a number of serious defects in the overall state and compliance of the electrical systems and a range of other facilities at the Wiluna Mine. The Group believes the defects constituted a breach of certain representations and warranties made by Oz Minerals at the time of sale of the Wiluna Mine. As a consequence the Group has set off the costs of rectifying these defects against the \$3 million deferred consideration otherwise payable to Oz Minerals by the Group. The Group is currently considering its options regarding next steps.

16. Related parties

Arrangements with related parties continue to be in place on the same basis as at 30 June 2009. For details on these arrangements, refer to the 30 June 2009 annual financial report.

Condensed notes to the consolidated interim financial statements

17. Subsequent events

There are no other matters or circumstances that have arisen since 31 December 2009 which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent reporting periods.

18. Other non-cash investing and financing activities

During the six months trade creditors of the Group participated in the underwritten rights issue as settlement of amounts owing totalling \$4,550,000.

In October 2009, the Group entered into an agreement with Baker Steel to receive \$10,000,000 cash as a short term loan and was repaid in shares as part of the underwritten rights issue.

19. Earnings per share

The basic diluted loss at 31 December 2008 reduced from 9 cents per share to 8.64 cents per share as a result of the bonus element of the rights issue completed on 10 November 2009.

Apex Minerals NL

Directors' declaration

In the opinion of the directors of Apex Minerals NL ("the Company"):

1. the financial statements and notes set out on pages 4 to 14, are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the Group's financial position as at 31 December 2009 and of its performance for the six month period ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated Perth this 16th day of March 2010.

Signed in accordance with a resolution of the directors:



Mark Ashley
Director



Independent auditor's review report to the members of Apex Minerals NL

Report on the financial report

We have reviewed the accompanying interim financial report of Apex Minerals NL, which comprises the condensed consolidated statement of financial position as at 31 December 2009, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies and other explanatory notes and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the interim 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 interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports 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 interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As 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 an interim 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim 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 Group's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material uncertainty regarding continuation as a going concern

Without qualification to the conclusion provided above, we draw attention to note 1 of the financial report regarding the ability of the Group to continue as a going concern. As a result of the matters set out in note 1, a material uncertainty exists which may cast significant doubt about the ability of the Group to continue as a going concern and whether the Group is able to realise its assets and extinguish its liabilities at the amounts recorded in the financial report.

KPMG

KPMG

R Gambitta
Partner

Perth

16 March 2010