



Apex Minerals N.L.
Quarterly Report for the period ending
30th September 2006

Highlights

- Significant drill results from first Apex drilling program at Apollo Hill including **10 metres @ 6.51g/t** gold (including **5.05 metres @ 11.09g/t gold**) lead to new understanding of the mineralisation.
- Appointment of Glenn Jardine as a full time consultant strengthens Apex management.
- Kim Robinson appointed as non-executive Chairman following the resignation of Stephen Stone.
- A number of corporate opportunities and projects continue to be advanced.

Corporate Activities

Corporate activities during the quarter involved the recruitment of key personnel, including the appointment of Glen Jardine as a full time consultant. Glenn comes to Apex after recently holding the position of Managing Director at LionOre Australia, a major nickel and gold producer. He brings with him a wealth of expertise in project assessment and development. The projects he has been instrumental in developing and operating include Henty, Thunderbox, Emily Ann, Waterloo, Black Swan and Maggie Hays. Glenn's appointment adds to the depth of expertise, knowledge and experience available to Apex Minerals.

Stephen Stone resigned as Non-executive Chairman and was replaced by Kim Robinson who was previously a Non-executive director. Apex wishes to thank Mr. Stone for his commitment during his tenure as the Chairman of Apex since its inception in 2002. Stephen remains a loyal supporter of Apex's growth strategy.

The company's cash and investment position at the end of the quarter stood at \$5.35m. This takes into account the repayment of the \$500,000 convertible note and accrued interest held by Mark Creasy. The remaining 91,210,000 of the 100,000,000 shares issued as part of the equity raising that took place last quarter began trading during the quarter. A total of 9,700,000 unlisted options were issued as part of the capital raising and as part of the company's ESOP

(Employee Share Option Plan) during the quarter at various strike prices between \$0.14 and \$0.35

Throughout the quarter, a number of corporate opportunities and projects continued to be advanced.

Exploration Activities

During the quarter, exploration continued on Apex's Australian properties, with the highlight being the discovery of significant gold mineralisation in the maiden drilling program at Apex's new Apollo Hill Joint Venture. This is a very encouraging start to the first new exploration venture realised by the new management team.

Apollo Hill JV

Apex is earning a 51% interest in the Apollo Hill project by expending \$3 million within three years. At this point, at Hampton's election, Apex can earn a further 9% by free carrying Hampton for a further \$2 million within five years of commencement. Hampton can contribute or reduce its interest to 20% in exchange for being free carried to a Decision to Mine. At the Decision to Mine point, should it have elected to reduce to 20%, it can elect to have its share of mine capital costs loaned to it by Apex to be repaid with accrued interest out of 80% of its share of mine proceeds.

The first drilling program, comprising 1,833.1 metres of reverse circulation (RC) and diamond drilling, was highly successful in identifying extensions to the known mineralisation at Apollo Hill. Better intersections are summarised below:

- 6 metres @ 4.38g/t gold from 124 metres in AAHC9 – some 80 metres down dip of previous drilling in the Western Zone
- 11.97 metres @ 4.48g/t gold (including 5 metres @ 7.74g/t gold) from 186 metres in AAHD2 – some 60 metres down dip of previous drilling in the Main Zone
- 10 metres @ 6.51g/t gold (including 5.05 metres @ 11.09g/t gold) from 256 metres in AAHD10 – some 160 metres down dip of previous drilling and 70 metres north along strike from AAHD2 on the northernmost line of drilling at the Main Zone (see Figure 1).

This drilling program has confirmed Apex's new geological interpretation, and has highlighted the potential for relatively high grade mineralisation occurring as visible gold bearing quartz vein arrays within a planar alteration envelope at depth and along strike to the north of previous drilling. Consequently, a second planned drilling program has been brought forward to commence in early November, with the aim of delineating further extensions, clarifying the

degree of internal continuity of the mineralisation, and determining the optimal drilling, sampling and analytical protocols for ongoing exploration.

Jillawarra JV (Abra Mining)

The Jillawarra JV is managed by Abra Mining, who can earn a 51% interest by the expenditure of \$500,000 by April 2008, and a 70% interest by the expenditure of an additional \$850,000 by April 2010. The project is situated in the Bangemal Basin along strike from Abra's namesake lead-zinc deposit, which is estimated to contain 50Mt @ 5.5% lead.

At the Copper Chert Prospect, previous geochemical, geophysical and drilling surveys have identified a significant zone of anomalous copper mineralisation. Previously reported intersections include 10m @ 0.48% Cu (JLWA-96-19 from 166m) and 6m @ 0.37% Cu from 228m (CCDD001) within a zone of pyrrhotite-chalcopyrite vein alteration.

Evaluation of historic exploration data shows that a significant lead-copper soil sampling anomaly with up to 940ppm lead and 1,050ppm copper has not been tested by drilling or by IP surveying (see Figure 2). The anomaly occurs on the same stratigraphic contact as the Abra Deposit between the Irregularly and Kiangi Creek Formations. This represents a high priority target for Abra-style mineralisation, with four RC drillholes planned to test the Copper Chert prospect before year-end.

Narndee JV (Maximus Resources)

The Narndee JV (aka Windimurra) is managed by Maximus Resources, who can earn a 51% interest by the expenditure of \$1,500,000 within three years, and a 70% interest by the expenditure of an additional \$1,500,000 within a further three years. The project covers approximately 3,000 square kilometers of the Windimurra and Narndee layered mafic-ultramafic complexes near Mt.Magnet and has potential for magmatic Ni-Cu-PGE mineralisation as well as stratiform vanadium mineralisation of the style present in the adjoining Precious Metals Australia project.

During the reporting period Maximus completed 40 holes for 456 metres of aircore drilling along widely spaced traverses across the Wondinong palaeochannel. Silcrete layers in the abundant calcrete along this channel caused drilling difficulties. The overall program was curtailed until a more versatile drill rig can be secured and the results for drill samples submitted for analyses have been received.

Follow up gold results for one metre sample splits from the reconnaissance drill traverses completed last Quarter over the Kiabye Greenstone Belt indicated anomalous values of up to 0.5 ppm Au (hole MNRB122). Soil sampling to follow up the anomalous areas along strike has been undertaken and results for this work are pending.

Delays in receiving grant of tenure over the Windimurra palaeochannel has prompted Maximus to secure permission to access a number of water bores previously drilled into the more radiometrically anomalous areas of the channel. A contractor with down hole radiometric probing facilities has been secured and probing of these water bores has commenced. This probe work will enable Maximus to obtain some new information on the distribution of uranium within the Windimurra palaeochannel prior to receiving grant of the specific exploration licence on which Maximus is proposing to drill.

China

Apex, through its wholly owned Chinese subsidiary Apex Xinjiang NL and in alliance with Xstrata, has been exploring for porphyry copper-gold systems in the Tianshan Belt of northwestern China. The terms of the alliance allow Apex to peg exploration licences over targets identified by Xstrata, and enable Xstrata to claw back a 50% interest in each Apex project by paying Apex three times its expenditure to date, and a 65% interest in each project area by sole funding the next US\$25 million of expenditure.

Other than routine ground follow up of Landsat generated targets, no substantive exploration was undertaken during the quarter.

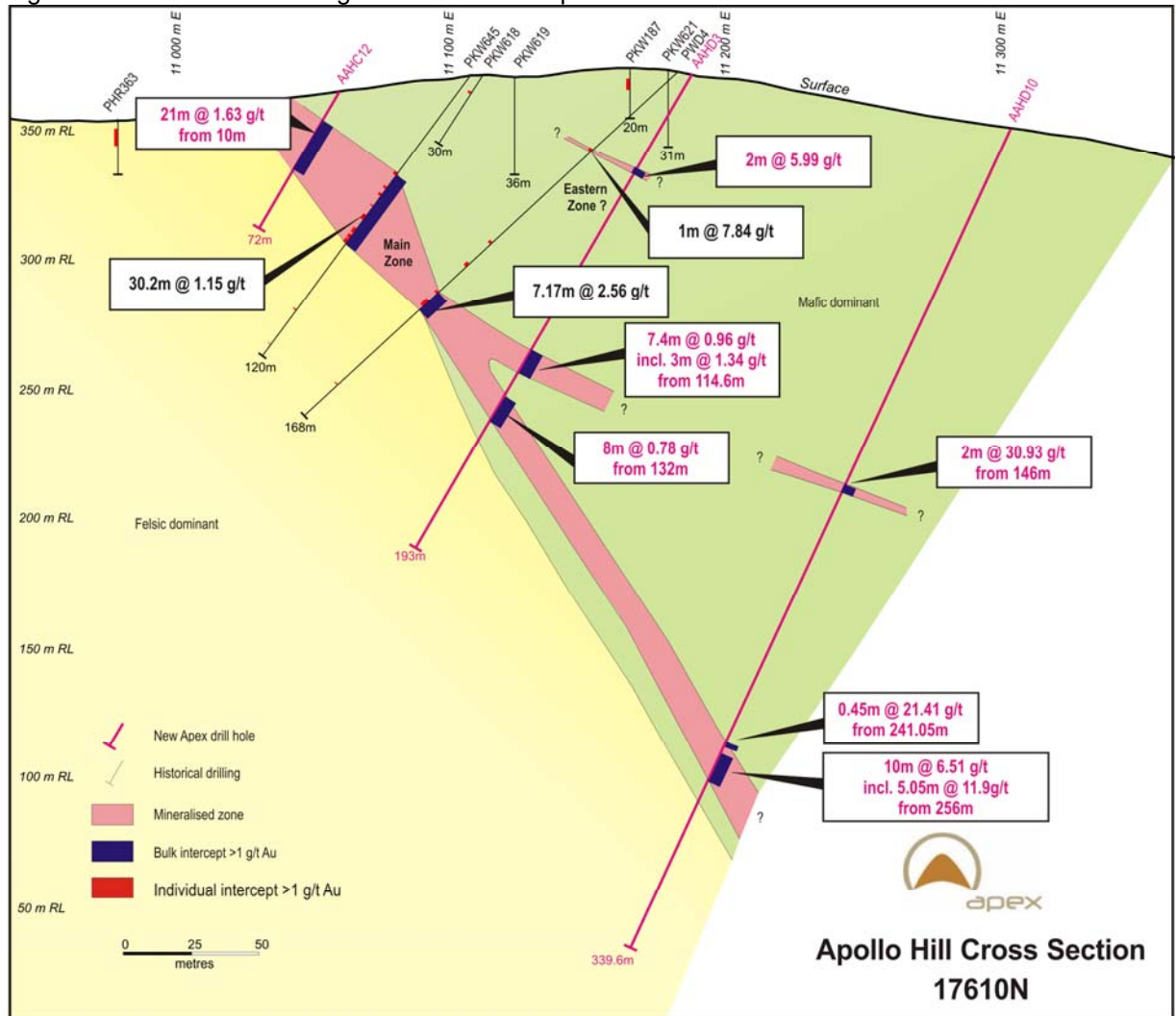
Yours Sincerely,



Mark Ashley
Managing Director

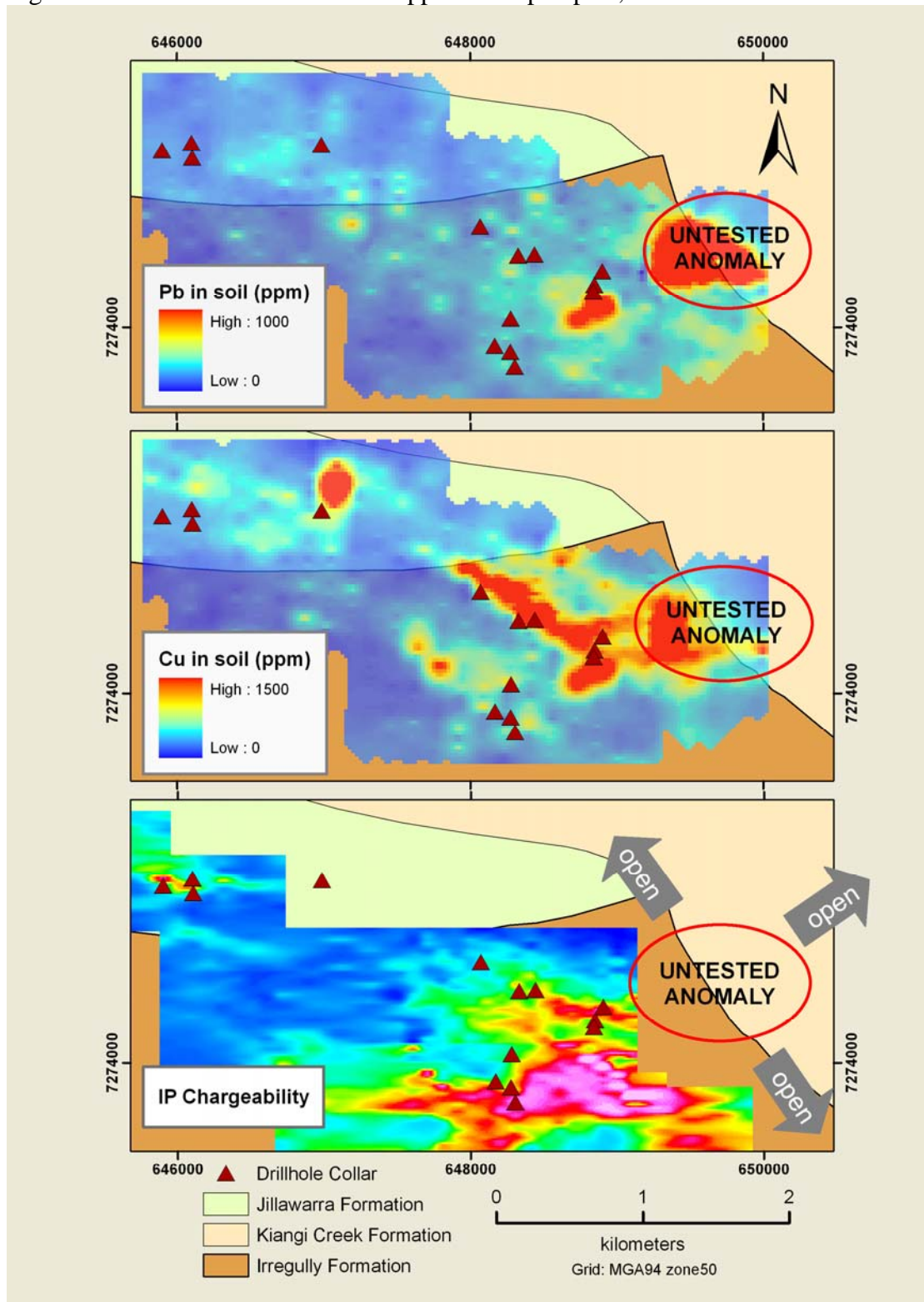
The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Dr. Mark Bennett, who is a Director of the company. Dr. Bennett is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience of relevance to 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. Dr. Bennett consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

Figure 1: Northernmost drilling cross section at Apollo Hill.



APM_06035

Figure 2: Soil and IP anomalies at Copper Chert prospect, Jillawarra.



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")

30 September 2006

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation	(666)	(666)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(221)	(221)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	56	56
1.5	Interest and other costs of finance paid	(37)	(37)
1.6	Income taxes paid	-	-
1.7	Other (GST paid to be recouped)	-	-
Net Operating Cash Flows		(867)	(867)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	(1,192)	(1,192)
	(c) other fixed assets	(300)	(300)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		(1,492)	(1,492)
1.13	Total operating and investing cash flows (carried forward)	(2,359)	(2,359)

1.13	Total operating and investing cash flows (brought forward)	(2,359)	(2,359)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(550)	(550)
1.18	Dividends paid	-	-
1.19	Other – capital raising costs	(175)	(175)
	Net financing cash flows	(725)	(725)
	Net increase (decrease) in cash held	(3,084)	(3,084)
1.20	Cash at beginning of quarter/year to date	7,241	7,241
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	4,157	4,157

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	406
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payment includes a termination fee paid to West One Management for the termination on Stephen Stone's consultancy agreement.
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

Nil

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	300
4.2 Development	-
Total	300

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	3,643	3,643
5.2 Deposits at call	514	514
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	4,157	4,157

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	Nil		
6.2	Interests in mining tenements acquired or increased	Nil		

Issued and quoted securities at end of current quarter

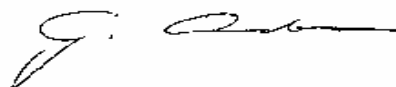
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	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	158,619,755 20,348,750	158,619,755	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	91,210,000	91,210,000		
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	<p>On 30 November 2004 the shareholders approved a 3 year \$500,000 Convertible Note as follows:</p> <p>Issued to: Yandal Investments Pty Ltd Issue Price: \$500,000 Interest Rate: 10% p.a payable initially on outstanding balance after 12 months, then six months in arrears. The current balance of the note is \$550,000.</p> <p>Payment in full including interest has been made to Yandal Investments Pty Ltd on the 9th August 2006.</p>			
7.7 Options <i>(description and conversion factor)</i>	1,500,000 7,700,000 250,000 250,000	1,500,000 7,700,000 250,000 250,000	<i>Exercise price</i> 20 cents 14 cents 30 cents 35 cents	<i>Expiry date</i> 3 July 2011 20 July 2011 17 August 2011 14 September 2011
7.8 Issued during quarter	1,500,000 7,700,000 250,000 250,000	1,500,000 7,700,000 250,000 250,000	20 cents 14 cents 30 cents 35 cents	<i>Issued date</i> 17 July 2006 20 July 2006 18 August 2006 15 September 2006
7.9 Exercised during quarter				

7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

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:
(Director/Company secretary)

Date: 27th October 2006

Print name: GRAHAM ANDERSON.

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.

== == == == ==