



ASX Code: AXM

## Report On Activities For The Quarter Ended 31<sup>st</sup> December 2005

### Assays Confirm Copper-Gold Mineralisation At Kalatage

Apex is an active exploration company providing investors with highly leveraged exposure to early stage, fast-track exploration for major mineral deposits in Western China and Western Australia.

#### China

- Assay results have confirmed the presence of anomalous copper and gold in all four holes in a 1,119 metre diamond drilling programme completed at the Kalatage project, 130 kilometres southwest of Hami in eastern Xinjiang, China.
- The mineralisation is hosted by an extensive, sulphidic, highly altered, intrusion related system that appears to be zoned both laterally and vertically.
- Results include:
  - 2.0 metres grading 3.47 percent copper and 0.56 grammes per tonne gold from 192 metres depth; and
  - 29 metres grading 0.34 grammes per tonne gold and 0.25 percent copper from 87 metres depth, including 2.74 metres grading 1.34 grammes per tonne gold and 0.16 percent copper from 93.0 metres depth.
- The possibility of discovering ore grade copper - gold mineralisation on the 70 square kilometre Kalatage exploration licence and within the north western China region of the highly prospective Altaid – Tianshan orogenic belt, is greatly increased.
- The confirmation by Apex's first drill programme in the region of a major sulphidic system provides early and considerable encouragement for the Apex - Falconbridge Limited exploration alliance.
- Follow up programmes are being planned at Kalatage and at the recently acquired sister projects, Yiwu and Qiongheba.

#### Corporate

58,619,755 fully paid shares on issue and available working capital of approximately \$1.5 million.

Apex Minerals NL

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## **Report On Activities For The Quarter Ended 31<sup>st</sup> December 2005**

### **China**

#### **Kalatage**

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The confirmation by Apex's first drill programme in the region of a major sulphidic system that also contains some mineralisation provides early and considerable encouragement for the Apex - Falconbridge Limited exploration alliance.

#### **Background**

A year ago, the Apex Kalatage licence area contained 5 of over 130 Landsat derived colour anomalies yet to be evaluated in the sparsely populated desert region of eastern Xinjiang. This is where the alliance is exploring a 350,000 square kilometre area for multi-million tonne copper – gold bearing porphyries and large scale, volcanic hosted, epithermal systems with gold potential.

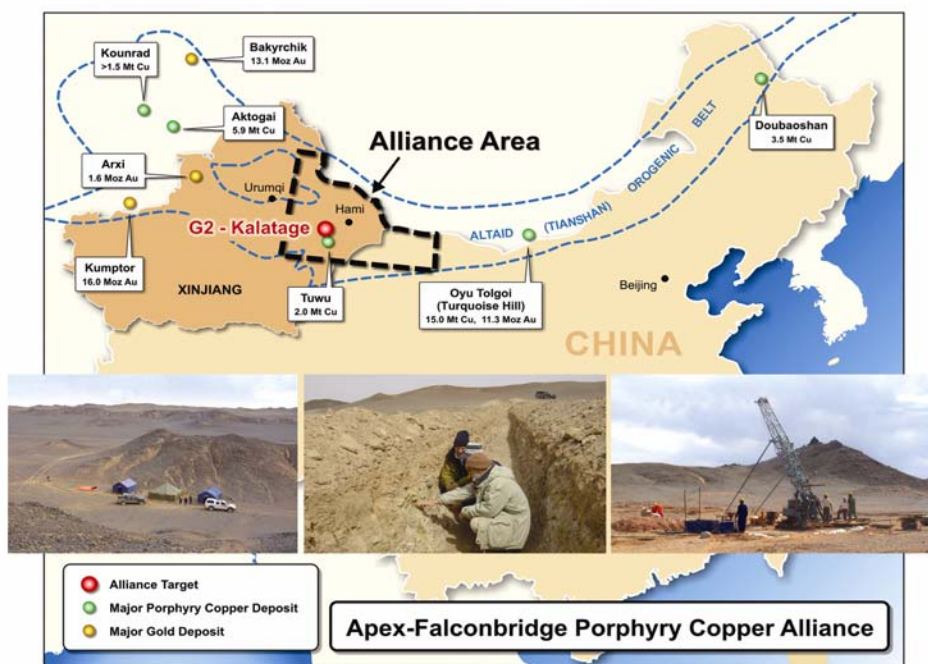
The Altaid – Tianshan belt hosts several major gold and copper deposits along its 5,000 kilometre length including Kumptor, Muruntau and Oyu Tolgoi. It is one of the world's best endowed gold provinces outside of South Africa's Witwatersrand yet, within China, it remains relatively under explored.

#### **Results**

The drilling was designed to investigate the nature of the 2.0 x 1.5 kilometre 'G2' alteration zone that was first identified as a Landsat colour anomaly and which dominates the Kalatage licence.

Field work confirmed that G2 is the largest of a regional cluster of several similar and probably structurally controlled, intrusion related alteration anomalies. Four others are also situated on the Apex licence.

Three inclined holes (G2-01, G2-02 and G2-03) were drilled for a total of 918.8 metres to test geophysical targets (dipole-dipole IP and gradient array IP) beneath base metal and gold rock chip anomalies within the exposed portion of the G2 alteration zone.



A fourth hole, G2-04, was drilled to 200.0 metres depth to test one of the four other anomalies.

All holes intersected lengthy zones of weak to intense, pyrite dominated, sulphide mineralisation that appears to be both laterally and vertically zoned with copper to gold ratios increasing with depth.

Two of the holes, G2-02 and G2-03, were drilled through shallow cover that exhibited little to no surface geochemical anomalism suggesting geochemical depletion of pathfinder elements at surface. This implies that systematic wide-spaced geochemical sampling utilised by Chinese exploration brigades as a ‘first pass’ primary exploration tool may have unnecessarily screened out a number of worthwhile targets.

Samples from all holes were assayed at a western accredited laboratory using a fire assay – AAS finish method. This followed some initial concerns regarding gold assay reproducibility at a provincial laboratory (using an aqua regia digest – AAS finish).

**G2-01 (EOH 374.00m)**

The best intersection in this hole was 16.0 metres grading 0.31 grammes per tonne gold from 190.0 metres depth within a strongly pyritic, stockwork-breccia zone with chalcopyrite aggregates.

**G2-02 (EOH 351.73m)**

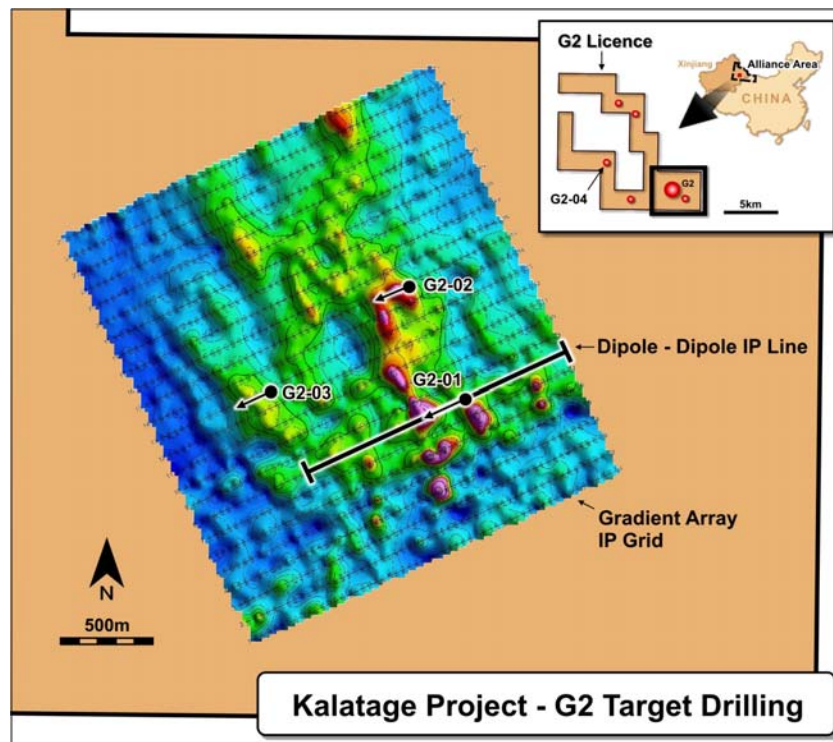
This hole returned several 1.0 to 2.0 metre intersections of low-order gold and copper peaking at 0.28 grammes per tonne gold and 0.77 percent copper.

*G2-03 (EOH 193.10m)*

This hole intersected several anomalous gold zones (>0.1 grammes per tonne gold) commencing close to surface and distributed along its full length. They included 29 metres of stockwork pyrite - chalcopyrite and associated zones of strong alteration grading 0.34 grammes per tonne gold and 0.25 percent copper from 87.0 metres depth. This intersection included 2.74 metres grading 1.34 grammes per tonne gold and 0.16 percent copper from 93.0 metres depth.

*G2-04 (EOH 200.00m)*

This hole was the one most anomalous in copper with several narrow stockwork pyrite - chalcopyrite intervals grading above 1.00 percent copper including 2.0 metres grading 3.47 percent copper and 0.56 grammes per tonne gold from 192.0 metres depth.



Overall, the drilling has indicated that copper-gold mineralisation at Kalatage is both lithologically and structurally controlled providing a real possibility for ore grade mineralisation within local and regional structures.

Developing a structural model at Kalatage so as to better target these areas will be a key element of future work along with the drill testing of the other alteration anomalies.

**Pipeline of projects**

Kalatage is just one of a pipeline of similar projects that Apex has been busily establishing in Xinjiang.



Apex has acquired interests in two other licences at Yiwu and Qiongheba and fully expects to acquire additional attractive targets in the region during 2006. Evaluation of Yiwu and Qiongheba will begin in the first half of 2006.

It is also one of the most active of the many junior and major company explorers now operating in or evaluating Xinjiang. This has gained it local and national credibility as a serious explorer and as a result, a steady flow of project offers.

It has an established office in the fast growing provincial capital of Urumqi manned by local administrative and technical staff. It also has a cooperation agreement with a local government exploration brigade that provides it with essential local guidance, logistical and technical services.

Apex recently formed Xinjiang Tuoau Mining Company Limited, a wholly owned foreign enterprise, whose special status will enable it to apply directly for exploration licences.

*The Kalatage licence is held in trust for Apex by a privately owned third party with whom Apex has a Cooperation Agreement. It provides for the transfer of G2 to an Apex nominated entity at the direction of Apex.*

*The eastern Xinjiang porphyry copper exploration alliance is being undertaken in conjunction with the worldwide copper exploration team of Toronto based mining house, Falconbridge Limited, which has back in rights.*

## **Western Australia**

### **Windimurra and Narndee - Joint Ventured to Maximus Resources Limited**

In the period since listing on ASX in October 2005, Maximus has completed a small soil sampling programme and prepared programmes for some 6,000 metres of RAB drilling. This is directed at three areas prospective for gold within the northern Windimurra mafic complex and in greenstone environments marginal to the southern Narndee and Windimurra complexes.

The first of these RAB drill target zones is the newly recognised 25 kilometre long Kiabye Greenstone belt, which is located on the western boundary to the Narndee complex, where previously indicated gold-in-soil anomalies peak at 48 parts per billion.

The second target zone is the covered portion of the Wyemadoo Shear zone located on the northeast margin of the Windimurra complex where historic gold mining such as that at Windsor suggests along strike potential.

A review of structural dislocations in aeromagnetic data with respect to previously detected soil anomalies within the Windimurra mafic complex lead to an additional 126 soil samples being collected and analysed for gold and base metals. The results indicate low-order gold and silver anomalies which will be followed up with RAB drill testing.

In regards to uranium, completion of a previously commissioned regolith and palaeochannel study is anticipated during the March quarter. Results from these studies are expected to lead to additional surface sampling programmes and, subject to the

granting of specific tenements and heritage clearances, shallow drilling to test palaeochannel environments for uranium.

Historical drilling of two known paleochannels at Wondinong and Windimurra returned intersections including 3.1 metres grading 0.26 kilogrammes per tonne U<sub>3</sub>O<sub>8</sub> and 2.1 metres grading 0.43 kilogrammes per tonne U<sub>3</sub>O<sub>8</sub> from the latter.

All drilling programmes are subject to the completion of Aboriginal Heritage clearances.

*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.*

### **Jillawarra Project - Joint Ventured to Perilya Limited**

Perilya did not undertake any exploration work during the Quarter.

*Perilya Limited, through wholly owned subsidiary Freehold Mining Pty Ltd, may earn in stages up to a 70 percent interest in the 1,400 square kilometre Jillawarra base metals project that lies immediately west of the Abra polymetallic discovery, 150 kilometres northwest of Meekatharra. It is required to spend \$63,000 in year one, \$500,000 within four years to earn 51 percent and \$1,350,000 within six years to earn 70 percent.*

### **Corporate**

As at the date of this report Apex has on issue 58,619,755 fully paid ordinary shares and 20,348,750 20 cent shares partly-paid to 0.001 cents each that may only be paid up on the achievement of significant share price and discovery hurdles.

Apex has available approximately \$1,500,000 in working capital inclusive of funds held in its China accounts.

Apex's shareholders include successful prospector and resources investor Mark Creasy (44 percent), Falconbridge Limited (4 percent) and Macquarie Bank (4 percent).



**Stephen Stone**  
**Executive Chairman**  
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*Unless otherwise indicated, technical information contained in this report is based on information compiled by a competent person who is a corporate member of the Australasian Institute of Mining and Metallurgy. The competent person is Mr Stephen Stone who is Executive Chairman. Whilst the expectations expressed in any forward looking statements in this report are based on reasonable expectations, investors are cautioned that such statements are not guarantees of future performance and actual results or developments may for several reasons differ materially from those stated.*