

APEX MINERALS NL
ACN 098 612 974

2004/2005 HALF YEAR FINANCIAL REPORT

Your directors present their report with the financial statements of Apex Minerals NL and the entities it controlled for the half-year ended 31 December 2004.

DIRECTORS

The directors of the Company during and since the end of the half-year are:

Stephen Stone	(Executive Chairman)
Phillip Pullinger	(Non Executive Director)
Stephen John Lowe	(Non Executive Director)

RESULTS

The loss for the half-year after income tax was \$605,272.

REVIEW OF OPERATIONS

During the period the company continued its exploration activities in China.

On 30 November 2004 the shareholders approved a \$500,000 Convertible Note as follows:

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.

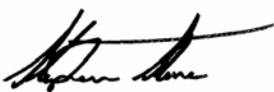
Repayment options:

- 1) Full repayment of note within 12 months at Apex discretion by issue of 1,000,000 two-year options at exercise price of 21 cents each into Apex ordinary shares.
- 2) After 12 months Yandal may require full repayment of note in cash or in Apex listed shares. Shares will be determined at lower of:
 - 23 cents each
 - 90% of Apex share price at time repayment is requested by Yandal

AUDITOR'S 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 10.

Signed in accordance with a resolution of directors.



Stephen Stone

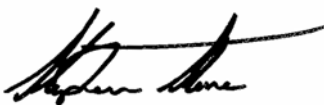
Director

Dated the 16th day of March 2005.

The directors of Apex Minerals NL declare that:

- 1 the financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2004 and of its performance for the half-year ended on that date; and
 - (b) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001: and
- 2 there are reasonable grounds to believe that the economic entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Stephen Stone
Director

Dated the 16th day of March 2005.

**APEX MINERALS NL AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF YEAR ENDED 31 DECEMBER 2004**

	Note	31 December 2004 \$	31 December 2003 \$
Other revenues from ordinary activities		51,261	53,250
Marketing expenses		(5,421)	(5,430)
Occupancy expenses		(6,089)	(13,567)
Administrative expenses		(297,378)	(149,032)
Exploration expenditure written off		<u>(347,645)</u>	<u>(10,046)</u>
(Loss) from ordinary activities before related income tax expense		(605,272)	(124,825)
Income tax attributable to operating loss		<u>-</u>	<u>-</u>
Net (Loss) attributable to members of Apex Minerals NL		(605,272)	(124,825)
Total changes in equity from non-owner related transactions		<u>(605,272)</u>	<u>(124,825)</u>
Basic loss per share (cents)	3	<u>(1.568)</u>	<u>(0.327)</u>

Diluted loss per share does not represent an inferior view of the economic entity's performance and is not disclosed for this reason.

The accompanying notes form part of these financial statements

**APEX MINERALS NL AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2004**

	Note	31 December 2004 \$	30 June 2004 \$
Current Assets			
Cash assets		629,642	629,380
Receivables		3,834	9,965
Total Current Assets		<u>633,476</u>	<u>639,345</u>
Non Current Assets			
Plant and equipment		21,400	24,627
Total Non Current Assets		<u>21,400</u>	<u>24,627</u>
Total Assets		<u>654,876</u>	<u>663,972</u>
Current Liabilities			
Payables		16,110	59,914
Interest bearing liabilities	7	500,000	-
Total Current Liabilities		<u>516,110</u>	<u>59,914</u>
Total Liabilities		<u>516,110</u>	<u>59,914</u>
Net Assets		<u>138,766</u>	<u>604,058</u>
Equity			
Contributed equity	8	4,030,077	3,890,096
Accumulated losses		(3,891,311)	(3,286,038)
Total Equity		<u>138,766</u>	<u>604,058</u>

The accompanying notes form part of these financial statements

**APEX MINERALS NL AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2004**

	Note	31 December 2004 \$	31 December 2003 \$
Cash flows from operating activities			
Payments to suppliers and employees		(203,902)	(188,974)
Interest received		11,409	40,347
Other income		17,171	-
Net cash flows (used in) operating activities		<u>(175,322)</u>	<u>(148,627)</u>
Cash flows from investing activities			
Payments for mining expenditure		(463,493)	(466,731)
Payments for plant and equipment		(904)	(6,454)
Net cash flows (used in) investing activities		<u>(464,397)</u>	<u>(473,185)</u>
Cash flows from financing activities			
Proceeds from share issues		140,000	-
Cost of share issue		(19)	-
Proceeds from loans		500,000	-
Net cash flows provided by financing activities		<u>639,981</u>	<u>-</u>
Net increase/(decrease) in cash held		262	(621,812)
Cash at beginning of the half year		<u>629,380</u>	<u>2,122,501</u>
Cash at end of the half year		<u><u>629,642</u></u>	<u><u>1,500,689</u></u>

The accompanying notes form part of these financial statements

**APEX MINERALS NL AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2004**

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

The half-year consolidated financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 1029 Interim Financial Reporting, and Urgent Issues Group consensus views. This half-year consolidated financial report is to be read in conjunction with the 30 June 2004 Annual Financial Report and any public announcements by Apex Minerals NL during the half-year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

The ability of the consolidated entity to continue as a going concern is contingent upon the entity raising additional capital or deriving revenue from its existing operations. If additional capital is not derived or revenue received the entity may have to realise its assets and extinguish its liabilities other than in the ordinary course of business and at amounts different than those stated in the financial report.

It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or current valuations of non-current assets.

These accounting policies have been consistently applied and are consistent with those applied in the 30 June 2004 Annual Financial Report.

The half-year report does not include full note disclosures of the type normally included in an annual financial report.

	31 December 2004 \$	31 December 2003 \$
NOTE 2. OPERATING LOSS		
(a) Operating loss before income tax has been arrived at after including:		
Interest revenue	12,773	40,347
Depreciation and amortisation	4,130	5,272
	cents	cents
NOTE 3. LOSS PER SHARE		
Basic loss per share	(1.568)	(0.327)
Weighted average number of shares used to calculate basic loss per share	38,596,798	38,208,755

NOTE 4. 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 year of \$236,009 relates to the China segment and forms part of the loss for the six months ended 31 December 2004. For the period ended 31 December 2003 the company operated wholly within the geographical segment of Australia.

NOTE 5. SUBSEQUENT EVENTS

There has not arisen in the interval between 31 December 2004 and the date of this Report any matter, item, transaction or event of a material or unusual nature likely that, in the opinion of the directors of the Company, would significantly affect the operations of the Economic Entity, the results of those operations or the state of affairs of the Economic Entity in subsequent financial years.

NOTE 6. CONTINGENT LIABILITIES

In the opinion of the directors, there have been no contingent liabilities as at 31 December 2004 and in the interval between 31 December 2004 and the date of this report.

**APEX MINERALS NL AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2004**

NOTE 7. INTEREST BEARING LIABILITIES

Convertible Note

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Repayment options:

1) Full repayment of note within 12 months at Apex discretion by issue of 1,000,000 two-year options at exercise price of 21 cents each into Apex ordinary shares.

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- 23 Cents
- 90% of Apex share price at time repayment is requested by Yandal

NOTE 8. ISSUE TO NORANDA INC

During the period Noranda Inc subscribed for 700,000 shares for a price of 20 cents each for a consideration of \$140,000.

NOTE 9. ACQUISITION OF SUBSIDIARY

On 17 September 2004 Apex increased its interest in Apex Xinjiang NL from 50% to 79% by conversion of its loan to equity. The amount of the loan to Apex Xinjiang NL at the time of conversion was \$416,471, and this amount had been fully provided against by Apex.



STANTON PARTNERS

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INDEPENDENT REVIEW REPORT TO THE MEMBERS OF APEX MINERALS NL

Scope

We have reviewed the financial report comprising the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements and the directors' declaration of Apex Minerals NL (the Company) for the half-year ended 31 December 2004 as set out on pages 2 to 7. The financial report includes the consolidated financial statements of the consolidated entity comprising the disclosing entity and the entities it controlled at the end of the half year or from time to time during the half year. The disclosing entity's directors are responsible for preparing a financial report that gives a true and fair view of the statement of financial position and performance, and that complies with Accounting Standard AASB 1029 "Interim Financial Reporting", in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review Approach

We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing and Assurance Standards applicable to review engagements. A review is limited primarily to inquiries of the disclosing entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the Company, and have met the independence requirements of Australian ethical pronouncements and the Corporations Act 2001. We have given the directors of the Company a written Auditor's Independence Declaration.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Apex Minerals NL is not in accordance with:

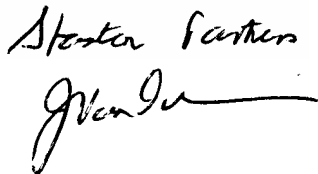
- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2004 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

Inherent Risk Regarding Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matters:

As referred to in note 1 to the financial statements, the financial statements have been prepared on a going concern basis. The consolidated entity incurred losses from ordinary activities of \$605,272 for the half year ended 31 December 2004 and had working capital of \$117,366 as at 31 December 2004. The ability of the consolidated entity to continue as a going concern and to meet planned and committed expenditure requirements is subject to the Company and its subsidiaries successfully exploiting the investments and mining projects owned by the Company and its subsidiaries, the raising of further equity and/or loan capital and/or the conversion of the convertible note into share equity.

STANTON PARTNERS



J P Van Dieren
Partner

West Perth, Western Australia
16 March 2005



STANTON PARTNERS

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16 March 2005

Board of Directors
Apex Minerals NL
Level 2
668 Murray Street
WEST PERTH WA 6005

Dear Directors

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 Partner for the review of the financial statements of Apex Minerals NL for the half year ended 31 December 2004, 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
STANTON PARTNERS

John Van Dieren
Partner