



ASX Code: AXM

Report On Activities For The Quarter Ended 30th June 2005

Summary

Apex is a China focused exploration company that provides investors with a highly leveraged exposure to early stage, fast-track exploration for major mineral deposits in Western China.

Apex – Noranda Western China Porphyry Copper Alliance

- Mapping, sampling and geophysics delineate drill targets at the G2 porphyry copper project.
- 1,000 metre diamond drilling programme to commence shortly.
- Licence application submitted over new porphyry target area.

Western Australia

Jillawarra Joint Venture

- Perilya Limited commences evaluation of Jillawarra project for base and precious metals.

Windimurra - Narndee

- Farm-in partner Maximus Resources Limited advances towards ASX listing and exploration of project for nickel, platinum and gold.
- Uranium in two paleochannels at Wondinong and Windimurra including 3.1m @ 0.26 kg/t U₃O₈ and 2.1m @ 0.43 kg/t U₃O₈ to be followed-up.

Corporate

- 5,825,000 fully paid ordinary shares at 10 cents placed to UK and Australia based investors to raise \$582,500.
- Apex's major shareholders include Mark Creasy (33%), Noranda Inc (5%) and Macquarie Bank (5%).
- 44,733,755 fully paid ordinary shares on issue. Working capital of \$686,000 at 30th June 2005.

Apex Minerals NL

PO Box 682 West Perth, Western Australia 6872 Tel: 61 8 9486 8000 Fax: 61 8 9486 8044 admin@apexminerals.com
ASX Code: AXM www.apexminerals.com ABN 22 098 612 974

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China

Noranda Porphyry Copper Alliance

The Apex and Noranda Inc. alliance is exploring for major porphyry copper deposits in western China's Xinjiang province.

Noranda's Toronto based specialist copper discovery unit generates targets for and provides technical support to Apex which evaluates these targets in the field.

Noranda has a once only right to elect to earn an initial 50% of any interest acquired in a target by spending three times the expenditure of Apex. Noranda may increase this interest to 65% by spending a minimum US\$25 million and completing a pre-feasibility study.

The alliance's 350,000 square kilometre area of interest encompasses a major part of the arcuate Altai porphyry copper-belt that runs east-west from northern China into Mongolia, into western China and into Kazakhstan. This belt hosts some of the world's major epithermal and porphyry copper and gold deposits at Kumtor, Maruntau and Oyu Tolgoi. It is now regarded to be one of the world's most prospective but still relatively under-explored regions for these styles of deposit.

Some 50 Landsat derived colour anomaly based targets have been visited and assessed in the field by Apex during the past nine months. Licences encompassing the 'G2' and 'G7' targets were applied for and were granted earlier in the year.

An application over a third area containing two other anomalies has just been lodged.

G2 Licence

The G2 licence encompasses a distinct 2.0 x 1.5 kilometre Landsat colour anomaly that is the largest of a regional cluster of several similar alteration anomalies in an area known as Kalatage, 130 kilometres southwest of the regional city of Hami.

It is encouraging that trenching and drilling by Chinese geological brigades at two of the adjacent anomalies is known to have confirmed broad zones of copper mineralisation.

During the Quarter Apex completed at G2:

- detailed mapping of geology and alteration zones;
- a 265 sample rock chip programme;
- a 25 x 2.2 kilometre gradient array induced polarisation survey (GAIP);
- a ground magnetics survey on the same grid;
- a single line dipole-dipole induced polarisation (IP) survey; and
- mineralogical studies.



This work confirmed that the G2 anomaly comprises a suite of highly altered, intrusive volcanic rocks that exhibit many indicators of the mineralised systems being sought.

The rock chip sampling identified a broad zone of copper and zinc surface anomalism above coincident IP (GAIP and Dipole-Dipole) geophysical anomalies. These are proximal to a northwest trending magnetic high believed to be associated with a structural control on the intrusions of the region.

A 1,000 metre diamond drilling programme has been planned to test these anomalies.

A rig capable of drilling inclined holes has been contracted and drilling is expected to commence shortly.

G7 Licence

Preliminary mapping and rock chip sampling over the main area of alteration on the G7 licence returned low-order copper and gold values. Due to the emphasis on G2, no further work is planned at G7 this field season.

Evaluation of Other Porphyry Targets

The fast-track programme to evaluate many other Landsat derived anomalies is continuing in order to establish a pipeline of targets for more detailed evaluation and to ultimately build-up a portfolio of drill ready projects. The Apex field crew is currently operating in the north of the alliance area.

It is expected that further targets will be acquired either through direct application over open territory or via farm-ins and joint ventures.

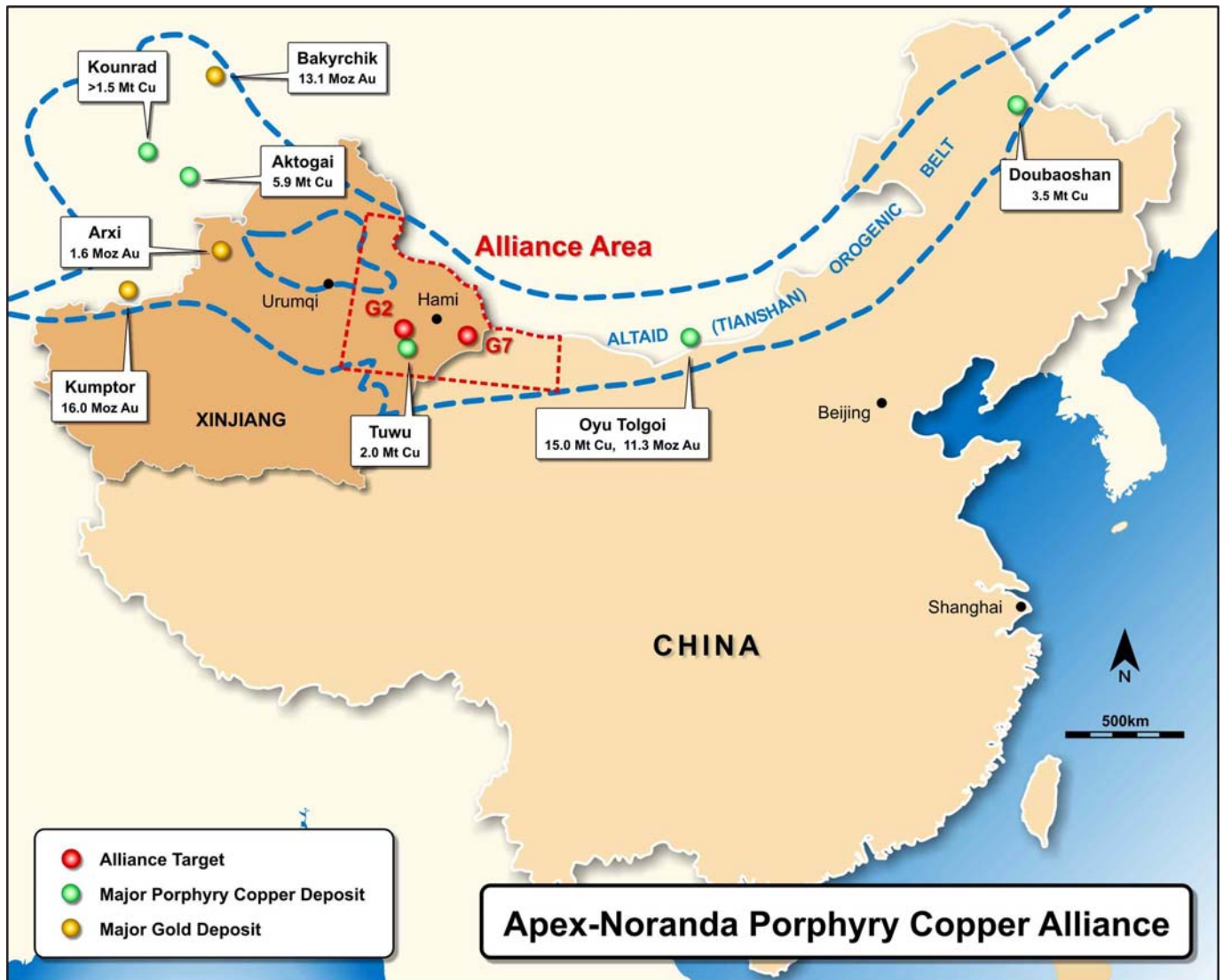
New China Projects

A steady flow of new opportunities in Xinjiang and other China provinces is being generated by and presented to Apex using its established and widening China networks. These projects are being assessed against Apex's rigorous criteria for participation.

Copper Mountain and Greenstone Mountain Joint Ventures

Apex suspended work last year on the **Copper Mountain** project primarily because of the issue by the provincial government to a third party of a licence that overlapped the prospective western area of the project where Apex had generated several drill targets. A formal objection lodged by the Copper Mountain joint venture is proceeding through the regulatory process. Apex is optimistic that this matter will be resolved to its advantage.

Apex withdrew from the **Greenstone Mountain** nickel project late last year but still retains an interest in the sino-foreign joint venture company that held the project. Apex's partner, The National 305 Group ('305'), has agreed that Apex can convert this company to a wholly owned foreign enterprise (WFOE) that will enable Apex to apply for and hold ground in its own right. Apex and 305 will continue their close project generation and technical services association through a formal cooperation agreement.



Western Australia

Jillawarra Project - Joint Ventured to Perilya Limited

Perilya Limited may earn in stages up to a 70% interest in the 1,400 square kilometre Jillawarra base metals project that lies immediately west of the Abra polymetallic discovery, 150 northwest of Meekatharra.

During the Quarter Perilya undertook field reconnaissance, sampling and data evaluation exercises with a view to confirming specific targets for more detailed work.

Windimurra and Narndee - Joint Ventured to Maximus Resources Limited

Maximus Resources Limited may earn in stages up to a 70% interest in 13 granted exploration licences within the 5,000 square kilometre Windimurra – Narndee project.

Maximus will explore for nickel sulphides, platinum and gold. It will also pursue uranium at two known paleochannels at Wondinong and Windimurra. Historical drilling at the latter returned intersections including 3.1 metres grading 0.26 kilogrammes per tonne U₃O₈ and 2.1 metres grading 0.43 kilogrammes per tonne U₃O₈.

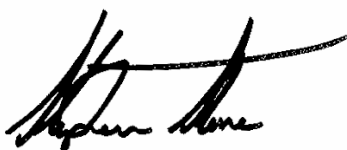
The farm-in is conditional upon Maximus listing on ASX and Maximus has advised that it is well advanced towards issuing a prospectus for this purpose. Maximus has already issued to Apex 1,000,000 5 year 20 cent unlisted options and on listing on ASX will issue to Apex a further 1,000,000 fully paid shares and assume the significant rental, rates and expenditure obligations associated with the project.

Corporate

During the Quarter, Apex placed a total of 5,825,000 fully paid ordinary shares at 10 cents each to United Kingdom and Australia based investors to raise \$582,500.

Apex's major shareholders now include successful prospector and resources investor Mark Creasy (33%), Noranda Inc (5%) and Macquarie Bank (5%).

At 30th June 2005 Apex had on issue 44,733,755 fully paid ordinary shares; 20,348,750 20 cent shares partly-paid to 0.001 cents each (that are only able to be paid up on the achievement of significant share price and discovery hurdles); and working capital of \$686,000.



Stephen Stone
Executive Chairman
Mobile 0418 804 564

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.