



## REPORT ON ACTIVITIES FOR THE QUARTER ENDED 30<sup>th</sup> SEPTEMBER 2004

### SUMMARY

#### China

##### **Noranda Porphyry Copper Alliance**

- Apex formed an alliance to hunt for giant porphyry copper-gold deposits in Xinjiang province, western China with Canadian mining house Noranda Inc which also subscribed for 700,000 new shares at a price of 20 cents each to raise \$140,000.
- Two recent field trips have left Apex very impressed with Noranda's targeting expertise. A third field expedition in November will examine existing and new targets in more detail and applications for licences will be submitted where warranted.

##### **Copper Mountain Joint Venture**

- Infill TEM geophysics has confirmed the presence of two anomalies in the western area of the joint venture.

##### **Greenstone Mountain Joint Venture**

- Apex withdrew from the project but maintains its equity in the capital of the Sino-foreign cooperative joint venture holding company pending the injection of a new project.

#### Western Australia

##### **WMC Limited – Narndee Nickel Joint Venture**

- A field verification programme is planned to assess areas of interest generated by WMC's recent regional surface soil geochemistry programme and ground gravity survey.

#### Corporate

- The Company has 38,908,755 fully paid shares on issue and working capital of \$598,000 as at 30<sup>th</sup> September 2004.
- Apex will raise \$500,000 through an unsecured three-year convertible note conditional upon shareholders approval at the AGM on 30<sup>th</sup> November 2004.

Apex Minerals NL

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## China

### Noranda – Porphyry Copper

Apex Minerals NL ('Apex') announced to ASX on 13<sup>th</sup> September 2004 that it had formed an alliance to hunt for giant porphyry copper-gold deposits in Xinjiang province, western China with Canadian mining house Noranda Inc ('Noranda').

Using its proprietary targeting expertise, Noranda will generate and feed to Apex a succession of targets that Apex, leveraging off its China infrastructure, will evaluate and secure as warranted.

Two recent field trips have left Apex very impressed with Noranda's targeting methodology. A third field expedition in November will examine existing and new targets in more detail and applications will be made where warranted.

### Agreement Terms

Pursuant to a Preliminary Exploration Agreement, interests in acquired targets will be held 100% by Apex which will fund and manage all early evaluation programmes.

Noranda will have a once-only, five-year back-in right to earn a 50% interest in individual targets that requires it to spend three times the prior expenditure of Apex on that target. It can then elect to increase its interest to 65% by funding the next US\$25,000,000 of expenditure and a pre feasibility study.

### Noranda increases Apex shareholding to 5.7%

Noranda has also subscribed for 700,000 new Apex shares at a price of 20 cents each for a consideration of A\$140,000. This has increased its holding in Apex to 5.7% inclusive of the current 4.0% interest held through majority owned Falconbridge (Australia) Pty Ltd.

The two companies intend to work closely in regards to the future funding through Apex of alliance activities.

### Alliance Brings Several Benefits

Apex's strategy in entering the alliance is that a positive result on any single anomaly could rapidly appreciate the value of its China business and the market capitalisation of Apex.

It will be supported by the solid financial and technical resources of Noranda enabling it to access and deploy some of the most sophisticated exploration technologies in the world.

Prior to Noranda exercising its back-in right Apex may with the consent of Noranda also opt to bring in a third party with Noranda assisting in identifying suitable partners.

The Beijing and Xinjiang governments actively encourage foreign company exploration for copper in the Province which is being increasingly recognised for its potential to host world-class porphyry copper-gold systems.

## **Copper Mountain Joint Venture**

Infill TEM geophysics has been completed in the western area of the Copper Mountain copper project and confirmed the presence of two moderate to strong, albeit limited extent anomalies. These anomalies are much better than those that provided targets for recent drilling completed in the eastern area of the joint venture ground. This drilling proved that the mineralised system in the area does extend for several kilometres east of massive sulphide mineralisation at a mine excised from the centre of the joint venture area. However, copper intersections were generally modest to disappointing.

A decision to drill these two new western anomalies is contingent upon a continuing technical evaluation and the resolution of tenure issues. The latter requires the completion of the transfer of the Copper Mountain licence currently held in the name of Apex's China partner, CNNC, to the Copper Mountain Sino-foreign cooperative joint venture company and the clarification of a recently arisen ground ownership issue in the area of the western anomalies.

## **Greenstone Mountain Joint Venture**

Apex announced to ASX on 29<sup>th</sup> September that it had completed its technical review of the Greenstone Mountain nickel project and has decided to withdraw from the project.

Recent drilling at the project failed to intersect any sulphide mineralisation and generally downgraded the target size and region overall for nickel sulphides.

Apex has been funding Greenstone Mountain through a wholly owned subsidiary of 79% owned Apex Xinjiang NL. This funding has earned Apex Xinjiang NL an approximate 20% interest in the capital of Tuoau Joint Venture Mining Company Limited ('Tuoau'), a Sino-foreign cooperative joint venture company that was created to hold the project.

Apex will retain its equity in Tuoau on the basis that it is hoped that in conjunction with its Chinese partner, the National 305 Group, it will be able to identify an alternative project.

## **Western Australia**

### **WMC Limited – Narndee Nickel Joint Venture**

The Narndee Nickel Joint Venture between WMC Resources Ltd (WMC) and Apex is exploring five exploration licences for nickel sulphides in the vicinity of the Narndee layered intrusion.

WMC has recently completed a ground gravity survey and a regional 500m x 200m surface soil geochemical programme over a broad area of the licences. These results are being evaluated in conjunction with other datasets. Field verification of any areas of interest is planned for early in the New Year.

## Jillawarra Iron-Oxide Copper-Gold Project

A joint venture partner is being sought and other options are being considered to facilitate the drill testing of targets generated by Apex for iron-oxide associated copper-gold mineralisation.

## Corporate

Apex had cash reserves of \$598,000 at 30<sup>th</sup> September and following the recent share issue to Noranda Inc, it now has on issue 38,908,755 fully paid shares plus 20,348,750 performance linked 20 cent shares part-paid to 0.001 cents each.

## Convertible Note

On 26<sup>th</sup> October Apex announced to ASX that it is to raise \$500,000 through an unsecured three-year convertible note provided by Yandal Investments Pty Ltd, a company associated with Apex 34.5% shareholder Mark Creasy.

The Note is conditional upon and subject to the approval of shareholders at the Annual General Meeting to be held on 30<sup>th</sup> November 2004.



**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.*