



REPORT ON ACTIVITIES FOR THE QUARTER ENDED 31st DECEMBER 2003

SUMMARY

China

- Apex Minerals NL has through China focused subsidiary, Apex Xinjiang NL, entered into two joint venture agreements.
- It can earn up to an 80% interest in the Copper Mountain and Greenstone Mountain base metal projects located in the prospective East Tianshan metallogenic belt of Xinjiang Province, northwest China.
- The target at Copper Mountain is large tonnage, sediment hosted copper-zinc-gold mineralisation.
- Encouragement that anomalous surface mineralisation over several kilometres on Apex's lease reflects sulphide mineralisation at depth is gained from a small privately owned copper mine excised from the centre of the project area. It selectively mines a series of massive sulphide horizons with ore said to be grading an average 10% copper equivalent to 400 metres depth.
- An Apex grab sample of ore from the mine loading area graded 22.4% copper. A rock chip sample taken from a 200 metre lense of magnetite on Apex's lease graded 1.5% gold.
- The target at Greenstone Mountain is massive and disseminated copper-cobalt-nickel mineralisation associated with several ultramafic intrusions.
- Anomalous oxidised mineralisation at surface and a summary report of drilling undertaken for cobalt in the late 1950s increase confidence that there is massive sulphide mineralisation at depth.
- The establishment of the Greenstone Mountain Joint Venture with National 305 Group has now received approval from Xinjiang authorities and similar approval for the Copper Mountain Joint Venture is expected shortly. Transfer of the project leases to the two incorporated Chinese joint venture operating companies is expected to be completed in late February.
- Geophysical and geological programmes will commence in February with the objective of optimising hole positions for confirmatory drilling programmes that are being planned for May.

Windimurra – *Platinum and Nickel*

- An 18 hole, 1,206 metre reverse circulation drilling programme at the Corner Well and Muleryon Hill prospects of Apex's Windimurra platinum – nickel project, 100 kilometres southeast of Mt Magnet, Western Australia, encountered increasing amounts of sulphides and anomalous nickel, platinum and palladium mineralisation.
- No 'ore-grade' intersections were obtained but successive exploration programmes at the extensive, largely soil covered Windimurra project continue to reinforce Apex's exploration models and to provide encouragement.

Apex Minerals NL

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Narndee Joint Venture – *Platinum and Nickel*

- The Falconbridge (Australia) Pty Ltd – Impala Platinum Holdings Limited joint venture at Narndee has notified Apex that it is withdrawing from the project.

Corporate

- Cash reserves of \$1,501,000 at 31st December 2003.
- The Falconbridge-Implats joint venture spent approximately \$392,000 during the Quarter and \$1,475,000 in total at Narndee.
- 38,208,755 fully paid shares on issue of which 22,350,421 are quoted.





China

Apex Secures Two Base Metal Exploration Projects

On 13th January 2004, Apex advised ASX that it had materially advanced its interest in 'New Frontier' exploration in China with the signing of two joint venture agreements enabling it to earn up to an 80% interest in the **Copper Mountain** and **Greenstone Mountain** projects located in the prospective but relatively underexplored East Tianshan metallogenic belt of Xinjiang Province, northwest China.

The execution of these joint ventures follows the review of a number of opportunities in Xinjiang, site visits by Apex and several months of negotiations.

Base metals and particularly copper and nickel have been specifically targeted in China in recognition of the nation's current high demand for these commodities. In the case of copper, there is a rapidly increasing demand whilst only half of the country's smelting capacity is being utilised. Foreign participation in exploration and development of resources, especially in Western China, is being actively encouraged.

Farm-In and Joint Venture Terms

Apex can earn an initial 51% in the Copper Mountain and Greenstone Mountain projects by spending US\$1,000,000 and US\$600,000 respectively. It can purchase an additional 10% for US\$200,000 and US\$120,000 cash respectively and can increase its interest to a total 80% by spending a further US\$2,000,000 and US\$1,200,000 respectively.

	Copper Mountain (USD)	Greenstone Mountain (USD)
Expenditure <51%	1,000,000	600,000
Purchase 10%	200,000	120,000
Expenditure <19%	2,000,000	1,200,000
Total 80%	3,200,000	1,920,000
A\$:US\$ 0.75	4,266,667	2,560,000

Apex Xinjiang NL

The interests will be earned via Apex Xinjiang NL in which Apex will hold an initial 50% interest for an input of A\$150,000. This can be increased to 70% for a total input of A\$1,350,000 towards exploration expenditure and to approximately 90% through a level of expenditure that would effectively meet all of the farm-in obligations for the two projects.

Apex's partner in Apex Xinjiang NL, Dr Fu Minlu, is a Chinese Perth based geologist who was formerly Xinjiang province exploration manager for WMC Resources Ltd. Dr Fu will be appointed an executive general manager of Apex Xinjiang NL.



Dr Fu was instrumental in the acquisition last year of the Gold Mountain gold project in Xinjiang by Mineral Securities Limited. This project was subsequently dealt on to County Diamonds Limited (recently renamed Tianshan Goldfields Limited).

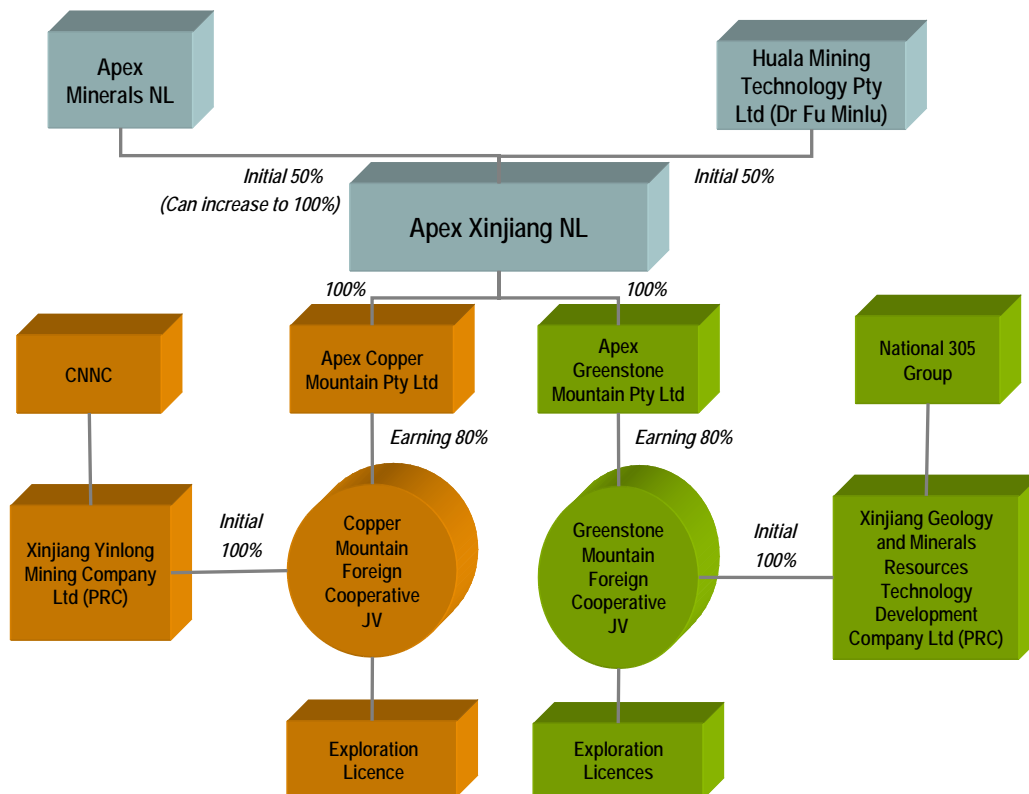
Apex Minerals NL may purchase at anytime prior to a possible IPO the equity interest of Dr Fu in Apex Xinjiang NL for either a one for one exchange of shares in Apex Minerals NL or a maximum of A\$1,400,000 payable in cash or Apex shares. Following an IPO, Dr Fu's interest may be purchased at market value and via a pre-emptive right. Any acquisition may be subject to all requisite approvals being obtained, including those required by the Corporations Act and the ASX Listing Rules.

Chinese Partners

Apex Xinjiang NL has incorporated wholly owned Australian subsidiary companies for each project. These will fund project expenditures via the purchase of capital in two incorporated Chinese foreign co-operative joint venture companies.

Apex's partner in the Copper Mountain project is Xinjiang Yinlong Mining Company Limited, a subsidiary of China Non-Ferrous Metals Corporation of Xinjiang. Apex's partner in the Greenstone Mountain project is Xinjiang Geology and Mineral Resources Technology Development Company Limited, a division of the National 305 Group.

Apex's initial experience in China is that, whilst there are a number of authorisations and permits required to operate, this process is well defined and not too dissimilar to what would be required for a foreign company wanting to explore in Australia.



Project Location and Logistics

The projects are located within 12 kilometres of each other, 500 kilometres southeast of Xinjiang province capital, Urumqi. They lie within the Eastern Tianshan mountain tectonic belt, considered one of the most prospective mineral provinces in the world. It contains the well known Muruntau, Kumtor and Arxi gold projects and the world class Huangshan and Kalatongk nickel-copper deposits but still remains relatively under-explored.

The international airport at Urumqi can be reached by scheduled flights within 24 hours of departing Perth. Copper Mountain and Greenstone Mountain are easily accessed along a major freeway and then by local roads and tracks. Infrastructure is good and developing rapidly. They are situated on the edge of the Gobi desert and there is little to no soil cover, fauna or flora or winter snow. Exploration can be undertaken during a majority of the year.

Copper Mountain

The Copper Mountain project comprises a 40.5 square kilometre rectangular license hosting some 8.0 kilometres strike of highly metamorphosed, anticlinally folded sediments.

Surface mineralisation over several kilometres was discovered in the mid-1990s during a regional stream sediment sampling programme. Detailed mapping over a 4.5 square kilometre area within the east of the lease area and sampling along a series of 200 metre spaced costeans defined two to three sub-parallel mineralised horizons within a broader 5.0 to 40.0 metre wide zone that extends locally for approximately 2.0 kilometres around the nose of the anticline. Individual horizons grade at surface in the range 0.27% to 2.56% copper with a maximum of 8.52% copper over 2.12 metres (sampling and assays by Chinese partners).

The surface mineralisation comprises malachite and/or a distinctive yellow native sulphur ochre and is most likely derived from the oxidation and leaching of sulphides.

There has been no drilling of this surface mineralisation on Apex's lease but a privately owned, 100,000 tonnes per annum copper mine operating on a small lease excised from the centre of the project lease provides considerable encouragement that massive sulphide mineralisation may extend east and west and to depth on Apex's tenement.

The three-year-old Chaihuagou Mine operation originally commenced as a pyrite mine but encountered massive copper mineralisation at approximately 60 metres depth. Mining now extends east - west for 500 metres towards the boundaries with Apex's tenement and to a depth of 400 metres. Two to three massive sulphide horizons are selectively mined within a 10 to 50 metre wide envelope of lower grade disseminated sulphide mineralisation. This correlates with the distribution of surface mineralisation in Apex's detailed mapped area.

Apex has been advised by its Chinese partner that mined grades at Chaihuagou are in the order of 10% copper equivalent represented by 5.0% copper and the balance as 5.0% zinc, 1.0 to 2.0% lead and 100 to 150 g/t silver. No gold or cobalt assays are available. Ore is trucked 150 kilometres to a small concentrator and a 25% copper concentrate sold at the gate. A specimen of chalcopyrite ore collected by Apex from the mine loading area graded 22.4% copper, 2.78% zinc, 0.17% lead, 0.32% barium and 21.5g/t silver.

Running sub-parallel to the copper mineralisation in Apex's lease area are a series of 100 metre to 200 metre long and 10 metre to 50 metre wide horizons of magnetite and iron-oxides. A rock chip sample collected by Apex returned 1.5 g/t gold.

Apex's immediate objective at Copper Mountain is to confirm the extension of mine ore-grade mineralisation east and west onto its lease, the presence and tenor of potentially economic widths of massive copper sulphides below the level of oxidisation and the continuity of the gold mineralisation. A programme of



geophysics, mapping and resampling of the costeans is planned to commence in February in order to optimise drill hole locations for a drilling programme being planned for May.

Greenstone Mountain

The target at Greenstone Mountain is copper-nickel-cobalt sulphide mineralisation associated with a series of ultramafic intrusions proximal to the junction of the Tianshan continental plate suture and a 1,000 kilometre northwest regional fault.

The Tianshan belt is well known for its nickel prospectivity and contains the world-class Huangshan and Kalatongk nickel-copper projects.

Greenstone Mountain comprises three separate tenements for a combined 120.3 square kilometres. These encompass the majority of the immediate region's prospective ultramafic intrusives. It was originally identified and investigated in 1959 by geologists who were targeting, and generally only assayed for, cobalt. A regional geochemical soil sampling programme in the 1990s 'rediscovered' the project defining several extensive copper-nickel anomalies in the region with values of up to 1,000ppm nickel.

There are four immediate target areas of which one, Tonguashan No. 2, has been drilled. Other than a brief summary report, no detailed logs or assay values are available for this drilling which was undertaken for cobalt in the late 1950s. However, the report does mention that several near surface to moderate depth intersections of copper-cobalt-nickel and zinc mineralisation within a broader disseminated envelope were made to depths of over 200 metres by a series of holes on a number of sections drilled along a 500 metre long ultramafic body. The original data is being sought.

Zones of oxidised mineralisation at surface comprising predominantly copper with minor nickel, cobalt and zinc again provide encouragement that there is primary mineralisation below.

The immediate task at Greenstone Mountain is to confirm with drilling the presence, continuity and grade of sulphide mineralisation. A preliminary programme of geophysics, mapping and costeaning will commence in February with drilling scheduled for May.

Approvals Gained

The Greenstone Mountain Joint Venture has been approved by the Bureau of Foreign Trading and Economy and Copper Mountain approval is expected shortly.

Full transfer of mineral leases to the two incorporated foreign cooperative joint venture operating companies is expected by mid-February.

Strategy and Funding Options

China generally and Xinjiang in particular offer a new frontier for modern day exploration with many 'discoveries' yet to be fully tested.

Apex's operations in Xinjiang provide it with a relatively early mover advantage and the opportunity to secure a number of quality projects.

These projects enable Apex to broaden its exploration interests and to shift its exploration risk profile towards more advanced targets.

Its partnership through Apex Xinjiang NL with a Chinese geologist with a good track record of project delivery and the flexible corporate operating structure that has been established will ensure that maximum value can be realised from its activities as quickly as possible.



Apex has cash reserves of approximately \$1.5 million which is sufficient to meet the initial funding obligations required to establish and initiate the activities of the two foreign co-operative joint venture companies and to undertake the immediate exploration programmes. Strategies in regard to medium and longer term funding are being appraised.

Windimurra Superproject

80% interest. Apex sole funding Windimurra and Narndee layered intrusion exploration.

The Windimurra Superproject encompasses the Windimurra and Narndee layered intrusions. These are being explored for platinum group elements (PGE), nickel and gold mineralisation. The targets being sought at Windimurra and Narndee are relatively narrow, are unlikely to have a strong geophysical or geochemical signature and are obscured beneath a pervasive soil cover

Apex has consolidated over 5,000 km² of tenements encompassing both intrusions. Using new soil sampling and highly sensitive assaying techniques for PGE and indicator elements coupled with revised structural and geological interpretations, Apex has defined several areas of interest. Mapping, rock chip sampling and detailed soil sampling have delineated anomalies within these areas.

On 21st January 2004, Apex advised ASX that an 18 hole, 1,206 metre reverse circulation drilling programme at the Corner Well and Muleryon Hill prospects of Apex's Windimurra platinum – nickel project, 100 kilometres southeast of Mt Magnet, Western Australia, encountered increasing amounts of sulphides and anomalous nickel, platinum and palladium mineralisation.

Whilst no potentially 'ore-grade' intersections were obtained, successive exploration programmes at the extensive, largely soil covered Windimurra project continue to reinforce Apex's exploration models and to provide encouragement.

Apex also advised ASX on 21st January 2004 that the Falconbridge (Australia) Pty Ltd – Impala Platinum Holdings Limited joint venture was withdrawing from the Narndee Joint Venture.

The Falconbridge – Implats Joint Venture spent approximately \$392,000 during the Quarter and \$1,475,000 in total at Narndee.

Jillawarra

80% interest. Apex sole funding.

Multi-million tonne iron-oxide copper-gold (IOCG) Olympic Dam - Ernest Henry style mineral deposits are being sought at the 1,470 square kilometre Jillawarra project, 150 kilometres north-west of Meekatharra.

A multi-disciplinary exploration programme has defined a number of drill targets. A preliminary reverse circulation drill programme in the September 2003 quarter confirmed two extensive, highly altered, hydrothermal iron-oxide related and potentially mineralised systems in the Manganese Range and Woodlands structural corridors.

Apex has prepared a programme and budget that will target those areas that the recent drilling has inferred may host the high-grade copper-gold feeders into broader upper zones of mineralisation.

Apex is seeking a joint venture partner to fund this next phase of work at Jillawarra.

Corporate

Apex held cash reserves of \$1,501,000 at 31st December.

Apex has on issue 38,208,755 fully paid shares of which 22,350,421 are quoted. It also has on issue 20,348,750 performance linked 20 cent shares part-paid to 0.001 cents each.



Stephen Stone
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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.