



## **CHAIRMAN'S ADDRESS TO ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**To be read at 3.30pm, Monday 24th November 2003**

### **Ladies and Gentlemen**

Before we attend to the formal business of the meeting I wish to bring you right up to date on what is happening at Apex.

As you know, Apex is a relatively new company and was admitted to ASX in June 2002 where it raised \$4.0M.

The funds were required to explore its regional scale Windimurra and Jillawarra projects and to acquire interests in other resource projects.

Since listing Apex's focus has been on these two projects where it has been working hard to generate, screen and drill targets. This year five drilling programmes have been completed on our properties, two by our joint venture partners.

This exploration has been detailed in the recent Annual Report, in occasional special market releases and in our Quarterly Reports that are posted to all shareholders.

### **Drilling to Commence At Windimurra**

Our next drilling campaign will be at Windimurra where a 20 hole, 1500 metre RC programme will test platinum and nickel targets that we have developed at the Corner Well and Muleryon Hill prospects and at a new prospect called Canegrass.

Rig delays and very recent heavy rains have meant that we have had to defer this drilling twice but we hope access will be available in about 10 days.

### **Canegrass Prospect**

Subject to us obtaining a Native Title heritage survey clearance in time, the drilling at Canegrass will test three zones.

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Of particular interest is a north-south trending 350 metre by 40 metre wide ferruginous quartz veined zone that we have found.

A single 5.5ppb reconnaissance maglag soil value led us to this area and subsequent rock chip sampling returned values of up to 0.36 g/t gold.

At a second zone, follow-up rock chip sampling in the vicinity of anomalous reconnaissance maglag samples confirmed a combined copper, cobalt, nickel and gold anomaly associated with quartz veining within a sheared gabbro.

To the east of this, a combined copper, cobalt and nickel anomaly associated with a vanadium rich magnetite unit has been obtained.

## **Narndee Drilling Results**

Our partners at Narndee, Falconbridge and Implats, have informed us that they have now received all remaining results from their recently completed 20 hole, 4,912 metre drilling programme. This tested for platinum group elements a number of geochemical anomalies that are coincident with three, north-south trending, sub-parallel IP anomalies.

As you are aware, the first nine holes encountered anomalous but generally low-levels of platinum, palladium and nickel mineralisation.

I am now able to confirm that this is also the case with the preliminary results from the remaining holes.

The highest result obtained from these and for the entire programme for a 4 metre composite sample was 491 ppb palladium and 86 ppb platinum, that is 0.58 g/t combined platinum and palladium, from 240 metres depth within a serpentinite unit.

Our partner's strategy has understandably been to identify a large tonnage relatively high grade orebody with considerable continuity like the PGE mineralisation of South Africa's Bushveld complex or at Sudbury. Thus, no holes were drilled nearer than 100 metres north or south of the 'Wedgetail' hole in the Milgoos area where in 2001 an intersection of 1.0 metre grading 5.16 g/t palladium and 0.18 g/t platinum from 113 metres depth was obtained.

However, most of the 20 holes did intersect favourable lithologies within the Narndee layered stratigraphy and in particular along strike from the Wedgetail hole. Most holes also intersected low levels of sulphide mineralisation.

So, it is possible that other more disseminated or perhaps structurally controlled styles of PGE mineralisation may be present at Narndee.

It should also be noted that our partners have focused entirely on platinum group elements and that no holes in this programme were designed to test other, particularly lower parts of the layered system at Narndee for nickel.

Our partners have made a serious commitment to Narndee and have taken a very systematic and diligent approach to their work which has seen them spend in excess of \$1.1 million on the project. We shall now wait for them to fully evaluate these latest results and to decide if they wish to continue their exploration there.

## **Jillawarra**

At Jillawarra we have confirmed two very large and mineralised alteration systems at the Manganese Range and Woodlands prospects. This has increased our confidence in our exploration model and reinforced our expectations that this project can host multi-million tonne, iron-oxide copper-gold orebodies like Olympic Dam, Ernest Henry and Prominent Hill.

Our recent drilling plus our knowledge of these other orebodies enables us to project at Jillawarra where the higher grade, copper-gold feeder zones into the broader, mushroom shaped upper mineralised zones are most likely to be.

Testing these hypothesis and the many other targets that we have generated but have yet to evaluate in the region will take time and require a series of drill programmes whilst still incurring considerable exploration risk. Therefore, as recently flagged, Apex has decided to seek a joint venture partner for Jillawarra.

## **New Projects**

An increasing effort is now being directed by Apex toward the acquisition of a more advanced resource project where at the minimum, and unlike Windimurra and Jillawarra, the primary discovery has already been made.

Projects in and out of Australia are being evaluated.

In regards to overseas projects we have recently been given the opportunity to evaluate some very interesting base metal projects in the prospective Eastern Tianshan metallogenic belt of Xinjiang province, western China.

We are doing this in conjunction with a Chinese partner which we consider a pre-requisite to doing business in that country.

We have visited China twice to inspect the offerings and to discuss our possible participation in them with their Chinese owners.

China and particularly Xinjiang represent a new frontier in world exploration. Systematic regional geochemistry throughout Xinjiang has resulted in many relatively recent discoveries which have been well mapped and prospected but which have received only limited drilling, if any. Infrastructure is generally good and is quick to be upgraded or established where warranted.

We are particularly keen on base metals in China as the country has considerable under utilised smelting capacity, especially for copper. Its current insatiable appetite for copper and other metals is best met from locally derived deposits.

This is recognised and encouraged through recent mining act and other legal reforms, tax and import duty concessions and repatriation of profits provisions. Special concessions for companies working in base metals especially in Western China have created opportunities for both small and large foreign explorers. In Xinjiang, a small number of Australian and Canadian companies are already active and making good progress there.

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A non-binding Memorandum of Understanding has been entered into in respect of one possible acquisition, a copper project. The MOU is being moved through a process of review and approval by the Provincial authorities whilst Apex evaluates the available data on the project.

The next stage will be to negotiate the detailed terms for the establishment of a foreign co-operative joint venture. This process and other formalities are expected to be completed early in the 2004. Our costs so far have been minimal.

Any China activities would be undertaken through a subsidiary company. This will allow us the flexibility to independently fund or to list the subsidiary on ASX or another recognised exchange with the intention of a priority entitlement being offered to our shareholders.

We wish to emphasise that our interest in China is contingent upon several matters not least Apex being able to negotiate a suitable commercial arrangement with our Chinese partner and being able to secure a position in the projects on favourable terms.

So far we like what we see but are understandably taking things very carefully before we make any major commitments.

### **Conclusion**

So, to conclude, we are well aware that Apex has yet to kick that big goal. It is pushing forward on several fronts to achieve this and making good progress on each of these.

Apex has a low cost infrastructure and some \$1,600,000 remaining working capital that is more than adequate to fund its planned work at Windimurra and its search for new opportunities within Australia or overseas.

It also retains a relatively tight capital structure providing a high leverage to any success.

You can rest assured that your Board and management are entirely focused on delivering significant capital gains on your investment in the company.

I thank you for your support and patience during Apex's formative months.



**STEPHEN STONE**  
**Executive Chairman**  
**Monday 24<sup>th</sup> November 2003**