



## REPORT ON ACTIVITIES FOR THE QUARTER ENDED 31<sup>ST</sup> MARCH 2004

### SUMMARY

## China

Several important and positive developments have recently occurred at the Copper Mountain and Greenstone Mountain projects (Figure 1) ahead of two diamond drilling programmes that Apex is pleased to announce are scheduled to commence shortly. These developments include:

- The obtaining of a series of regulatory approvals culminating in the securing of Business Licences for both of its sino-foreign co-operative joint venture companies.
- Advances in the process for the transfer of project leases to these new companies.
- Confirmation from an underground visit to a small mine excised from the centre of the Copper Mountain lease that massive sulphide copper mineralisation extends to at least 300 metres depth in the area (Figure 2).
- Strong encouragement that similar mineralisation may be present on Apex's lease given that distinct zones of oxidised massive sulphides and broad surface anomalism associated with the mine mineralisation extend east and west onto the joint venture's surrounding property (Figure 3).
- The completion of orientation geophysics at Copper Mountain and the commencement of a full TEM programme to optimise diamond drill hole collar positions for up to six, 150 – 250 metre holes scheduled to commence this May.
- The recent delineation of two geophysical anomalies at Greenstone Mountain (dipole-dipole IP) that will provide immediate targets for a diamond drilling programme comprising up to four, 250 – 300 metre holes also scheduled to commence this May.
- The appointment of an Exploration Manager to Apex's China operating company, Apex Xinjiang NL, the appointment of Chinese technical and administrative staff and the establishment of a modest operating base in the city of Urumqi, Xinjiang.

There is no reliable drilling at Copper Mountain. The underground visit was therefore important in lifting confidence as to the presence and the lateral and depth continuity of the massive sulphide copper mineralisation being targeted on Apex's surrounding joint venture property.

Given that this was confirmed, it is therefore very encouraging that surface mapping and costeaming by Apex's partner, CNNC, has delineated above the mine mineralisation multiple horizons of oxidised, sulphidic mineralisation that extend east and west for several kilometres onto Apex's surrounding project area (Figure 4).

Apex Minerals NL

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Apex's objective at Greenstone Mountain is to identify mineralisation similar to, but more extensive than, cobalt-copper-nickel-zinc sulphide mineralisation intersected by 1950s diamond drilling close to its lease boundary on an adjacent property. Geological interpretations and the two new dipole-dipole anomalies identified by Apex in the past week increase confidence in this being achieved.

Suitable rigs for both programmes have been identified and Apex is in the process of confirming their availability for May commencements.

## Western Australia

There have also been some interesting developments at the Windimurra Superproject in Western Australia where:

- Five exploration licences in the centre of the 5,000 square kilometre project were joint ventured to WMC Resources Limited ('WMC') which is to explore them for nickel sulphide mineralisation.
- Following a one year minimum \$150,000 evaluation, WMC may earn an initial 70% for a minimum expenditure of \$3,000,000 and completion of a pre-feasibility study. Apex and existing partners Mark Creasy / Windimurra Resources Pty Ltd can then individually elect to contribute pro-rata to their respective 15% interests, dilute or convert to a gross production royalty.
- WMC has advised that it is about to commence geophysical and geochemical sampling programmes.
- Apex is nearing completion of a review of the remainder of the project area for its nickel sulphide prospectivity with the objective of farming out any targets generated.
- A joint venture partner is being sought for the Jillawarra iron-oxide copper-gold project.

*Releases to ASX dated 18<sup>th</sup> March and 5<sup>th</sup> April 2004 provide more detail on the above.*

## Outlook for the next Quarter

During the next quarter, Apex shareholders can therefore look forward to at least two confirmatory drilling programmes and to several other commercial and technical developments at its China and Western Australia projects.

Apex had cash reserves of \$1,175,000 at 31<sup>st</sup> March 2004. It has 38,208,755 fully paid issued shares of which 22,350,421 are quoted plus 20,348,750 performance linked 20 cent shares partly-paid to 0.001 cents each.

A handwritten signature in black ink, appearing to read "Stephen Stone".

**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.*



**Figure 2: Inspecting massive sulphide copper mineralisation 240 metres below surface at the small Cai Hua Gou mine (excised from the centre of the Copper Mountain project area).**

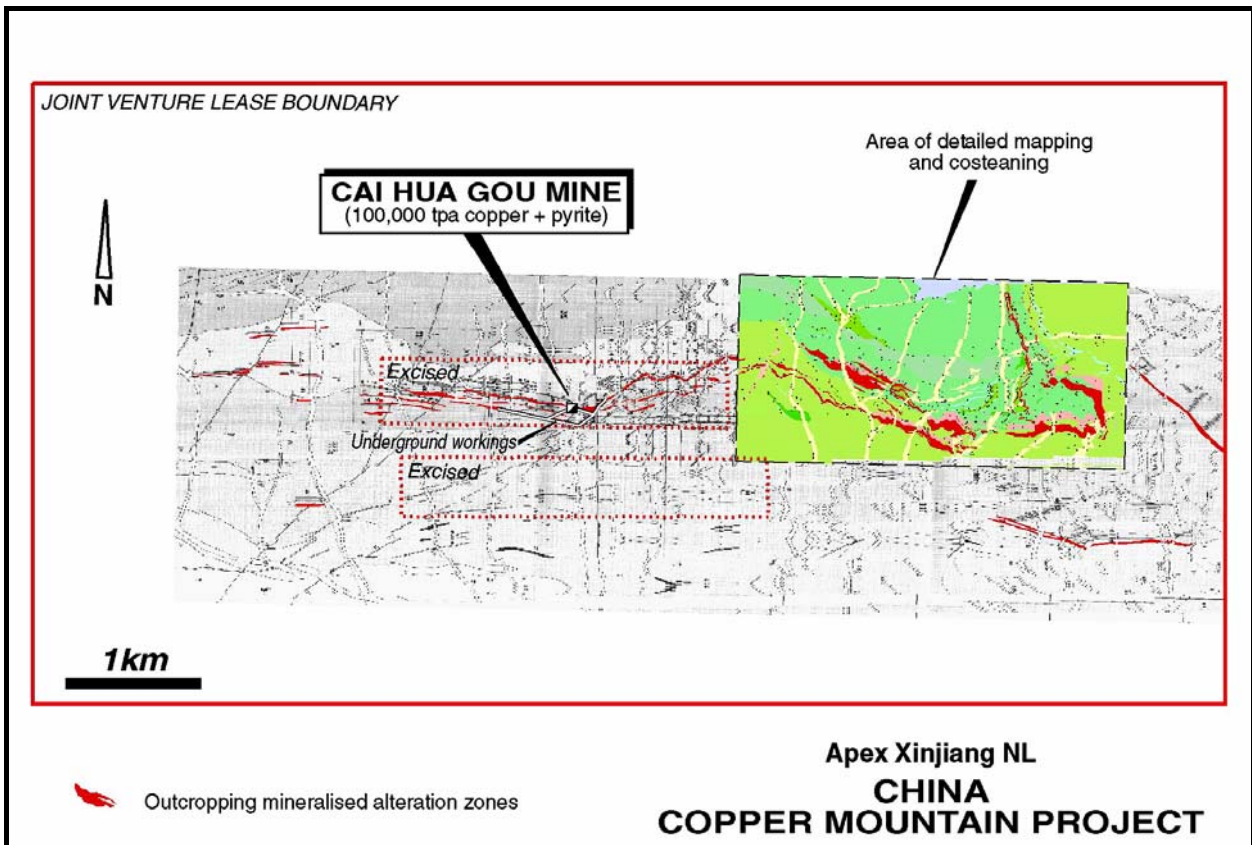


Figure 3: Mapping and costeaming confirms that multiple horizons of oxidised, massive sulphide mineralisation extend east and west on to Apex's ground.



Figure 4: Multiple horizons of oxidised, massive sulphide mineralisation carrying anomalous copper clearly visible on Apex's ground.