



APEX MINERALS NL

JUNE 2006 ACTIVITIES REPORT

Highlights

- Stage 2 of \$7 million capital raising completed with approval from shareholders at EGM on 22 June 2006 for the placement of 91,210,000 fully paid ordinary shares to clients of Southern Cross Equities Limited
- Company restructure now complete with Apex well placed to pursue its vision of building a substantial new Australian mining house
- Cash reserves of \$7.4 million (30 June 2006)
- Strong long-term strategic investor and shareholder base

Corporate

At a General Meeting held on 22 June 2006 approval was received from shareholders of Apex Minerals for all Resolutions, successfully completing the Company's Board and Senior Management restructure and two stage capital raising. Apex Minerals is now well placed to pursue opportunities in line with its vision to build a substantial new mining house, bringing together a board and management team with an outstanding record of success.

At 30 June 2006, the Company had \$7.4 million in cash reserves and strong long-term investor and shareholder base.

In addition to reviewing its current projects in China and Australia, Apex is assessing a broad range of opportunities predominantly in gold and base metals in Australia, ranging from grass roots to production and including joint ventures, acquisitions and divestments. The first of these is a small exploration joint-venture with Hampton Hill Mining NL at the Apollo Hill Project near Leonora, which was recently signed, details of which are provided below. The assessment of more advanced or production opportunities are a more lengthy process and Apex will continue to analyse these on a systematic basis.

The comprehensive review of existing projects being carried by Apex out will examine the most appropriate structure to enable the Company to realise value from these assets.

Projects

During the quarter exploration continued on Apex's Australian and Chinese properties, with Maximus Resources commencing drilling on the Narndee Joint Venture (aka the Windimurra project) and drilling being undertaken in China. Abra Mining also assumed Perilya's earn-in rights and obligations on the Jillawarra property, adjacent to the Abra lead-zinc deposit.

Narndee JV (Maximus Resources)

The Narndee JV is managed by Maximus Resources, which can earn a 51% interest by the expenditure of \$1,500,000 within three years, and a 70% interest by the expenditure of an additional \$1,500,000 within a further three years. The project covers approximately 3,000 square kilometers of the Windimurra and Narndee layered mafic-ultramafic complexes near Mt.Magnet and has potential for magmatic Ni-Cu-PGE mineralisation as well as stratiform vanadium mineralisation of the style present in the adjoining Precious Metals Australia project.

During the reporting period Maximus has completed a 7366 metre RAB/Aircore drilling program to test gold-in-soil anomalies detected in a previously reported soil sampling survey within the Windimurra complex and initial reconnaissance of gold-prospective zones at Kiabye and Windsor. Two single traverses were also completed across granted portions of the uranium bearing Windimurra and Wondinong palaeochannels.

Preliminary gold results for these wide spaced reconnaissance drill traverses over both the Kiabye and Windsor zones have been received. Anomalous gold results of up to 8 metres from 4 metres depth averaging 300ppb (hole MNRB122 at Kiabye) warrant follow up during the forthcoming quarter. The drilling of single traverses across the palaeochannels has also intersected calcrete carrying anomalous uranium to 36ppm U (0.04 Kg/t U_3O_8).

Several exploration licence applications covering the Wondinong palaeochannel have been granted and the grant of tenure over the Windimurra palaeochannel is imminent. Native title heritage clearances have been completed and an aircore drill program of some 2000 metres along the Wondinong palaeochannel has been scheduled to commence in August.

Jillawarra JV (Abra Mining)

The Jillawarra JV is managed by Abra Mining, which can earn a 51% interest by the expenditure of \$500,000 by April 2008, and a 70% interest by the expenditure of an additional \$850,000 by April 2010. The project is situated in the Bangemal Basin along strike from Abra's namesake lead-zinc deposit. Abra Mining has assumed the rights and responsibilities of previous managers, Perilya Mines, and has recently commenced preliminary reconnaissance exploration, focussed on the Copper Chert Prospect, where previous geochemical, geophysical and drilling surveys had identified a zone of anomalous copper mineralisation. Evaluation of historic exploration data shows that a significant lead-copper anomaly with up to 940ppm lead and 1,050ppm copper has not been tested by drilling or by IP surveying (see Figure 1).

The anomaly occurs on the same stratigraphic contact, between the Irregully and Kiangi Creek Formations, as the Abra Deposit and represents a high priority target for Abra-style mineralisation. A program of regolith mapping is scheduled prior to ground geophysical surveying, with the aim of drilling in the second half of 2006.

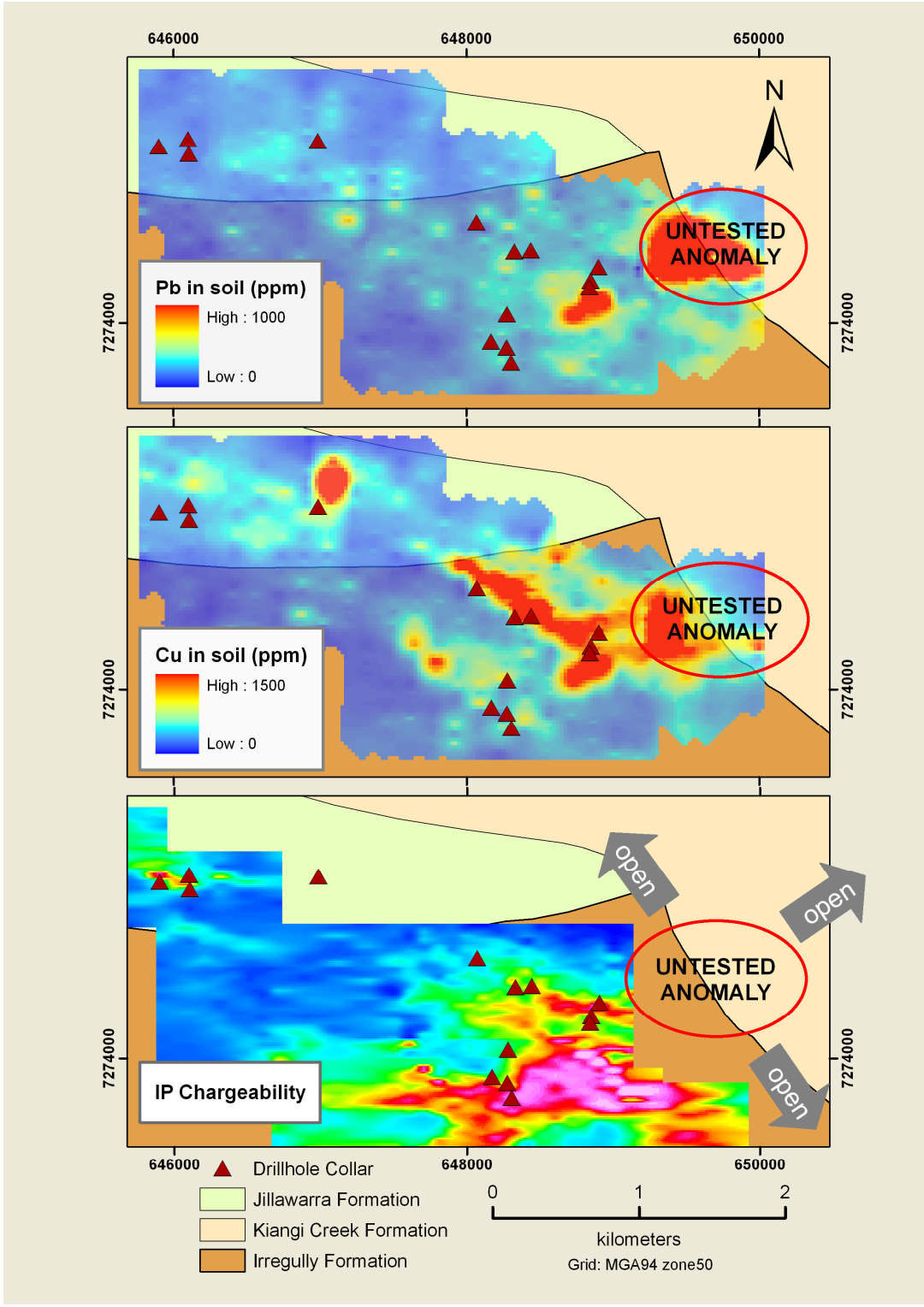


Figure 1.

China

Apex, through its wholly owned Chinese subsidiary Apex Xinjiang NL and in alliance with Falconbridge-Noranda, has been exploring for porphyry copper-gold systems in the Tianshan Belt of northwestern China. The terms of the alliance allow Apex to peg exploration licences over targets identified by Falconbridge-Noranda, and enable Falconbridge-Noranda to claw back a 50% interest in each Apex project by paying Apex three times its expenditure to date, and a 65% interest in each project area by sole funding the next US\$25 million of expenditure.

Exploration undertaken during the quarter to follow up previously identified alteration systems has identified annular induced polarisation (IP) geophysical anomalies at the Qionghaba target.

Apollo Hill JV

This new project is situated approximately 40 kilometres southeast of the township of Leonora astride the Keith-Kilkenny shear zone, which is considered a major regional focus for gold mineralisation.

After quarter's end Apex entered into a joint venture agreement with Hampton Hill Mining NL. Under the terms of this agreement, Apex can earn a 51% interest in the project by expending \$3 million within three years. Subject to the terms of this agreement, Apex can increase its stake to a 60% interest for the expenditure of a further \$2 million within five years of commencement. Apex's minimum expenditure is \$500,000, at which point it can choose to withdraw from the joint venture.

Exploration will initially focus on the main Apollo Hill target zone and drilling is scheduled to commence in September.

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Dr. Mark Bennett, who is a Director of the company. Dr. Bennett is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2004 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr. Bennett consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

1.13	Total operating and investing cash flows (brought forward)	(856)	(1,680)
	Cash flows related to financing activities		
1.14	Proceeds from shares /shares to be issued	7,000	8,389
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (Cost of Capital Raising/Prospectus)	-	(27)
	Net financing cash flows	7,000	8,362
	Net increase (decrease) in cash held	6,144	6,682
1.20	Cash at beginning of quarter/year to date	1,226	688
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	7,370	7,370

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	172
1.24	Aggregate amount of loans to the parties included in item 1.10	NIL

1.25 Explanation necessary for an understanding of the transactions

All transactions involving Directors and associates were on normal commercial terms

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NIL

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	NIL	NIL
3.2 Credit standby arrangements	NIL	NIL

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	300
4.2 Development	NIL
Total	300

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	6,728	116
5.2 Deposits at call	642	1,110
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	7,370	1,226

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	NIL		
6.2	Interests in mining tenements acquired or increased	NIL		

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

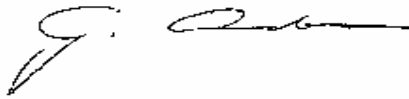
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	67,409,755 20,348,750	67,409,755	N/A 20 cents	N/A 0.001 cents
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	8,790,000	8,790,000		
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	<p>On 30 November 2004 the shareholders approved a 3 year \$500,000 Convertible Note as follows:</p> <p>Issued to: Yandal Investments Pty Ltd Issue Price: \$500,000 Interest Rate: 10% p.a payable initially on outstanding balance after 12 months, then six months in arrears. The current balance of the note is \$550,000.</p> <p>The Company has at general meeting held in June 2006 agreed with Yandal Investments Pty Ltd to repay the Convertible Note. This payment will be made in the subsequent quarter.</p>			
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

Note: A further 91,210,000 ordinary securities were issued after the end of the quarter on the 3rd July for which cash was received during the June quarter and included in the cash balance.

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does ~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.



Sign here: Date: 26 July 2006
(~~Director~~/Company secretary)

Print name: GRAHAM DOUGLAS ANDERSON.....

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==