



ASX ANNOUNCEMENT

7th March, 2012

Apex to raise capital and strengthen board and management team to deliver sustainable production

Highlights

- Renounceable two-for-one rights issue at 0.2 cents per share to raise A\$22.2 million, conditionally underwritten by Azure Capital Limited
- Proposed appointment of an experienced new corporate and operational management team to be led by Mr Eduard Eshuys as Executive Chairman
- Experienced operational and corporate managers have been identified to strengthen the current management team and support the Board
- Funds to be applied towards underground development, development and exploration drilling, termination payments, corporate and operational expenses and payment of transaction costs, reduction in liabilities and general working capital
- Aim to establish Apex as an Australian gold producer with sustainable production
- 100 for 1 share consolidation to occur post completion of rights issue

Apex Minerals NL (**ASX: AXM**) (**Apex** or the **Company**) is undertaking a fully underwritten two-for-one (2:1) renounceable rights issue to raise A\$22.2 million at an offer price of 0.2 cents per share (**Rights Issue**) as part of a transaction which includes the proposed appointment of a new corporate and operational management team to help establish Apex as a sustainable Australian gold producer.

The new corporate and operational management team is to be led by the proposed appointment of experienced mining industry executive Mr Eduard Eshuys as Executive

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Chairman (together **Proposed Management Team**). Mr Eshuys' experience includes key involvement in the teams that discovered, developed and operated the Bronzewing and Jundee gold mines as well as being the former managing director of ASX listed gold producer St Barbara Limited.

Approximately A\$10.0 million of the proceeds raised pursuant to the Rights Issue will be used by the Proposed Management Team to fund underground development as well as development and exploration drilling to help form part of the platform required to establish Apex as a sustainable gold producer. To this end, the Proposed Management Team have identified the areas of mine planning, mine production, power supply and equipment reliability as the key areas of focus in working towards establishing Apex as a reliable and profitable gold producer.

The remaining proceeds from the Rights Issue will be used to reduce current liabilities (approximately A\$4.8 million), pay transaction costs (approximately A\$1.53 million), termination payment (A\$0.72 million – refer below for further details), payment to Drummond Gold Limited (A\$0.35 million) leaving approximately A\$4.8 million to be applied towards general corporate, operational and working capital purposes.

SUMMARY OF THE RIGHTS ISSUE

The Rights Issue comprises two (2) new shares for every one (1) existing share held at 0.2 cents per share. As the Rights Issue is renounceable, the rights can be transferred or sold. Up to 11.1 billion fully paid ordinary shares in the capital of the Company will be issued pursuant to the Rights Issue.

The Rights Issue is underwritten, subject to certain terms and conditions, by Azure Capital Limited who is also acting as Lead Manager to the Rights Issue.

Approximately the first A\$12 million of any shortfall will be allocated to a group of priority sub-underwriters. Strong support has been shown by a number of key Apex stakeholders, including existing shareholders and creditors through their participation in sub-underwriting such a large portion of the rights issue via this priority pool.

Further details of the Rights Issue, including details of the timetable, underwriting arrangement and key risks of the Rights Issue, will be set out in a prospectus which is expected to be released to the ASX and available on the Apex website later today. Outlined below is a timetable of relevant events and dates relating to the Rights Issue. These dates are indicative only and subject to change.

Event	Proposed Date
Prospectus and Appendix 3B lodged with ASX Notification sent to option holders	7 March 2012
Notice of Rights Issue sent to security holders	9 March 2012
Existing shares quoted on an 'ex' basis Rights start trading	13 March 2012
Record date	19 March 2012
Despatch of Rights Issue Documents to Eligible Shareholders Offer Period Opens	22 March 2012
Rights stop trading	2 April 2012
Shareholder Meeting	11 April 2012
Offer Period Closes	11 April 2012
Shortfall Notice Deadline Date (notice of the Shortfall Securities and Certificate)	16 April 2012

Notification of under-subscriptions to ASX (if any)	16 April 2012
Shortfall Settlement date	18 April 2012
Shares Issued	19 April 2012
Holding statements despatched	

BOARD AND MANAGEMENT CHANGES

The proposed changes to the Apex Board include the appointment of Mr Eduard Eshuys as Executive Chairman and Mr Ross Hutton and Mr Brice Mutton as Non-Executive Directors (**Proposed Directors**).

Mr Eshuys is a geologist with several decades of exploration experience in Australia. His successes as Joseph Gutnick's exploration director are well known. In the late 1980s and early 1990s he led the teams that discovered the Plutonic gold deposits and discovered, developed and operated the Bronzewing and Jundee gold mines, and the Cawse nickel prospect. He has also had involvement in the Maggie Hays and Mariners nickel discoveries in the 1970's. More recently he was the Managing Director and CEO of St Barbara Limited from July 2004 to March 2009. During this time St Barbara Limited grew substantially as a gold producer.

Mr Mutton is a geologist with over 30 years' experience in the resources industry ranging from exploration to mining and corporate management. Mr Mutton gained 20 years' experience in a range of positions with various MIM group companies including time as chief geologist at Hilton and Mt Isa Mines.

Mr Hutton has over 40 years' experience in the minerals industry ranging from mining to project management in technical and executive management roles. He has worked in corporate and consultative roles managing activities from feasibility studies to operations both in Australia and internationally.

Mr Eshuys has entered into a conditional executive services contract with the Company. Under this conditional agreement, Mr Eshuys will be entitled to base salary of \$450,000 per annum (exclusive of superannuation). In addition, subject to shareholder approval, it is proposed that Mr Eshuys will be issued with the following share and performance options in Apex:

Share Options

- 150 million options (exercisable over 150 million shares) exercisable at 0.3 cents per share expiring at 5.00pm (WST) on the date that is 3 years from the date of issue;
- 150 million options (exercisable over 150 million shares) exercisable at 0.45 cents per share expiring at 5.00pm (WST) on the date that is 3 years from the date of issue; and
- 75 million options (exercisable over 75 million shares) exercisable at 0.6 cents per share expiring at 5.00pm (WST) on the date that is 3 years from the date of issue.

Performance Options

- 225 million performance options (exercisable over 225 million shares) exercisable at 0.8 cents per share expiring at 5.00pm (WST) on the date that is 5 years from the date of issue. The performance options will only vest if Apex produces at least 100,000 ounces of gold at a cash cost (as reported in the Company's Annual Financial Report) of less than A\$1,100 per ounce in FY 2013 – 14.

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Additional industry experienced managers have been identified by the Proposed Directors to strengthen the current management and operational team. The management appointments are expected to include a general manager of operations, a resident manager, commercial manager and metallurgical consultants.

In addition, the Board and management team will be supported by the experienced Drummond Gold Limited (**ASX: DGO**) (**Drummond**) commercial and exploration team. Each of the Proposed Directors are also directors of Drummond. This support will include the appointment of Michael Ilett as Company Secretary and provision of consulting services from Drummond for their exploration team.

In return for Drummond's role in facilitating the Board and management changes, upon appointment of the Proposed Directors and subject to shareholder approval, Drummond will be issued with the following share and performance options in Apex:

Share Options

- 225 million options (exercisable over 225 million shares) exercisable at 0.3 cents per share expiring at 5.00pm (WST) on the date that is 3 years from the date of issue;
- 200 million options (exercisable over 200 million shares) exercisable at 0.45 cents per share expiring at 5.00pm (WST) on the date that is 3 years from the date of issue; and
- 200 million options (exercisable over 200 million shares) exercisable at 0.6 cents per share expiring at 5.00pm (WST) on the date that is 3 years from the date of issue.

Performance Options

- 375 million performance options (exercisable over 375 million shares) exercisable at 0.8 cents per share expiring at 5.00pm (WST) on the date that is 5 years from the date of issue. The performance options will only vest if Apex produces at least 100,000 ounces of gold at a cash cost (as reported in the Company's Annual Financial Report) of less than A\$1,100 per ounce in FY 2013 – 14.

In addition, Apex will pay Drummond an arrangement fee of A\$350,000 within 7 days following the raising of any funds received under the Rights Issue. This amount will be refundable in the event that the conditions for the appointment of the Proposed Directors to Apex's Board are not satisfied.

The appointment of each of the members of the Proposed Management Team (including the Proposed Directors) is subject to the satisfaction of the following conditions:

- resolutions 1, 2 and 3 to be put to Apex shareholders (set out in Apex's Notice of Meeting and accompanying Explanatory Memorandum released to ASX today) at Apex's upcoming shareholder meeting being passed (see details below); and
- Apex closing the Rights Issue and raising a minimum of A\$20,000,000 under the Rights Issue.

In the event the conditions outlined above are satisfied and the appointment of the Proposed Directors becomes effective, Mr Robin Sing Leung and Mr Mark Ashley will resign from the Apex board. Mr Kim Robinson will step down as Chairman but remain as a Non-Executive Director. In connection with his resignation from the Board, Mr Ashley will be paid an eligible termination payment of A\$720,000 (before tax) upon his resignation. In addition Mr Ashley

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will also be paid additional amounts for accrued annual leave, time in lieu and unpaid salary, further details of which will be set out in the Rights Issue prospectus.

SHAREHOLDER MEETING

To approve the proposed issue of share and performance options to both Mr Eshuys and Drummond, Apex will convene a shareholder meeting which is expected to be held in April 2012. Shareholder approval is not required to be sought in relation to the proposed issue of shares under the Rights Issue.

In addition, given that subsequent to the Rights Issue Apex will have approximately 16.6 billion shares on issue, shareholders will also be asked to consider resolving to allow a 100 for 1 share consolidation.

Further details on each of the resolutions to be put to shareholders and consolidation are set out in the Notice of Meeting and accompanying Explanatory Memorandum also released to the ASX today.

Enquiries

Any enquiries should be directed to:

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