APEX MINERALS NL
ACN 098 612 974

ENTITLEMENT ISSUE PROSPECTUS

For a renounceable entitlement issue of two (2) Shares for every one (1) Share held by those Shareholders registered at the Record Date at an issue price of 0.2 cents per Share to raise up to approximately $22,200,000 (**Offer**).

The Offer is conditionally underwritten by Azure Capital (AFSL 276569). Refer to Section 8.7 for details of the terms of the Underwriting Agreement.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered as speculative.

CONTENTS

CORPORATE DIRECTORY

Directors

Kim Robinson – Non-executive Chairman

Mark Ashley – Managing Director and CEO
(*resigning following completion of the Offer*)

Robin Lee Sing Leung – Non-executive Director
(*resigning following completion of the Offer*)

Matthew Sheldrick - Non-executive Director

Company Secretary

Michael Andruszkiw
(*resigning following completion of the Offer*)

Proposed Directors

Eduard Eshuys – Executive Chairman

Brice Mutton – Non-executive Director

Ross Hutton – Non-executive Director

Proposed Company Secretary

Michael Ilett

Share Registry

Link Market Services Limited
Ground Floor, 178 St Georges Terrace
PERTH WA 6000
Telephone: 1300 554 474

Investigating Accountant

Crowe Horwath
Level 6, 256 St Georges Terrace
Perth WA 6000

Registered Office

First Floor
10 Ord Street
WEST PERTH WA 6005

Telephone: + 61 8 6311 5555
Facsimile: +61 8 6311 5556

Email:
admin@apexminerals.com.au

Website:
http://www.apexminerals.com.au

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Lead Manager and Underwriter

Azure Capital Limited
Level 34, Exchange Plaza
2 The Esplanade
PERTH WA 6000
AFSL 276569

TIMETABLE

Event	Date
Announcement of Entitlement Offer and Consolidation and lodgement of Appendix 3B	7 March 2012
Entitlement Offer prospectus lodged with ASX	7 March 2012
Notice sent to security holders	9 March 2012
"Ex" date Rights trading commences	13 March 2012
Entitlement Offer record date	19 March 2012
Despatch of Entitlement Offer prospectus to eligible Shareholders	22 March 2012
Rights trading ends	2 April 2012
General Meeting to approve Consolidation	11 April 2012
Entitlement Offer acceptances close	5.00pm (AEDT) 11 April 2012
Notification of under subscriptions to ASX (if any)	16 April 2012
Shortfall settlement date	18 April 2012
Shares issued, holding statements despatched	19 April 2012
Last day for trading in pre-Consolidated securities	23 April 2012
Commencement of deferred settlement trading in post-Consolidation securities	24 April 2012
Last date to register transfers on a pre-Consolidated basis	1 May 2012
Despatch of holding statements for Consolidated securities and announce to ASX	4 May 2012
Normal trading resumes	7 May 2012
First settlement of on-market trades conducted on a deferred settlement basis	10 May 2012

* This timetable is indicative only and subject to change. Subject to the ASX Listing Rules, the Directors reserve the right to vary these dates, including the Closing Date, without prior notice.

IMPORTANT NOTES

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

This Prospectus is dated 7 March 2012 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

RISK FACTORS

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks, including (but not limited to):

- **Going concern risk:** The Directors believe that upon the successful completion of the Offer, the Company will have sufficient funds to adequately meet the Company's commitments to creditors and short term working capital requirements. However, it is possible that further funding may be required to meet the medium to long term working capital costs of the Company. In the event that the Offer is not completed successfully, there is uncertainty as to whether the Company can continue as a going concern, which is likely to have a material adverse effect on the Company's activities

- **Conditional Appointment of Proposed Directors:** Appointment of the Proposed Directors, together with the supporting Drummond employees, is subject to the satisfaction of the Conditions (details of which are set out in Section 2.3 of this Prospectus), which include the Company closing the Offer and raising a minimum of $20,000,000 under the Offer and each of the Resolutions being passed by Shareholders at the General Meeting. In the event that the Conditions are not satisfied, the Proposed Directors and supporting Drummond employees will not be appointed and the Board will remain unchanged.

- **Termination of the Underwriting Agreement:** Azure Capital's underwriting obligations under the Underwriting Agreement are conditional upon a number of matters. If the conditions are not satisfied or waived by Azure Capital by their respective deadlines, Azure Capital may elect, in its discretion, to terminate the Underwriting Agreement. The Underwriting Agreement also includes various other termination events upon the occurrence of which Azure Capital may elect, in its discretion, to terminate the underwriting arrangements. In the event that the Underwriting Agreement is terminated, the Company may not receive the minimum level of subscriptions, in which event the Offer will not proceed and the Company will need to consider other funding options whether it can continue operating as a going concern. For further details of the Underwriting Agreement, refer to Section 8.7 of this Prospectus.

- **Creditor risk:** The Company has defaulted on several arrangements requiring payment to third parties. The Company has negotiated with several creditors to enter alternative arrangements for the repayment of amounts owed to creditors and to extend the dates on which amounts owed are due and payable. The Company intends to repay creditors in the amount of $4,800,000 in cash from the proceeds raised under the Offer. There is a risk that if the Offer does not proceed, the Company will not be able satisfy its outstanding creditor liabilities and the Company will need to consider whether it can continue operating as a going concern. For further details regarding the Company's liabilities, please refer to the Financial Information in Section 7 of this Prospectus.

- **Supplier Risk**: As set out above, the Company has failed to make payments when fallen due on several arrangements requiring payment to third parties, including with respect to the repayment of outstanding liabilities owed to a material supplier to the Company's Wiluna Gold Project operations. However, the Company and the material supplier have entered into alternative arrangements for the repayment of the amounts owed and the extension of dates on which amounts owed are due and payable have been agreed. The amount outstanding under the relevant supply agreement is approximately $2,000,000. Default under agreements with key suppliers may lead to the loss of supply, which may result in the Company being unable to find alternative sources of supply within required timeframes. The loss of key suppliers is likely to have a material adverse effect on the Company's activities and operations.

- **Claims Liability and Litigation:** Atlas Copco previously issued two statutory demands on the Company in May and June 2010 totalling $4,400,000 demanding the payment of a proportion of monies (approximately $7,400,000) that they believed were owed by the Company. The Company had the statutory demands set aside for the financial year end 30 June 2011 and has negotiated with Atlas Copco a reduced payment amount and payment plan. Pursuant to the negotiated payment plan, the Company will make regular payments to Atlas Copco over the period up to 30 June 2013 totalling $3,800,000 plus interest payments of $300,000. Of the total payment amount, $600,000 is due prior to 30 June 2012. In the event that the the Company defaults under this agreement (after appropriate notice is given to the Company), the amount owing to Atlas Copco will increase to $5,500,000 plus interest.

  Several creditors have commenced proceedings against the Company with respect to the repayment of outstanding amounts owed by the Company (totalling approximately $163,000). The Company has reached negotiated settlements with all material creditors who have commenced legal proceedings pursuant to which alternative arrangements for the repayment of the amounts owed and the extension the dates on which amounts owed are due and payable have been agreed.

- **Geotechnical risk:** In the first half of 2009, the Company experienced a seismic event that curtailed gold production at its operations. During the June 2011 quarter, mining from the high grade Calais, Henry V and Burgundy zones of the Wiluna mine temporarily ceased as a result of the need to undertake an upgrade of the seismic monitoring system and geotechnical modelling. Although the

Company has had independent geotechnical advice, completed an upgrade of the geotechnical modelling and undertaken a number of measures to mitigate this risk, including diversifying ore feed sources by opening up new deposits and implementing various geotechnical operating procedures, the Company cannot guarantee that this will not affect future production and performance.

- **Title risk:** A number of tenements held by the Company are not considered to be in good standing for reasons including the failure to lodge annual expenditure reports, the outstanding submission of operations reports on expenditure, the failure to meet minimum expenditure commitments, the failure to make penalty payments imposed in relation to annual rental payments, undetermined applications for exemption from expenditure commitments and undetermined applications against forfeiture. If the outstanding matters relating to these tenements are not resolved so as to put these tenements in good standing, these tenements may be liable to forfeiture. Some of the Company's tenements have expired or have been forfeited on the basis of exemption applications having been refused. Whilst a number of its tenements are currently listed as not being in good standing, the Company does not consider these tenements to be material to its operations. The Company's material tenements, being those tenements on which it's mining activities and operations are conducted, are currently in good standing.

  If the Offer does not proceed, the Company is of the view that it may not have sufficient funds to meet the minimum expenditure commitments in respect of some of its tenements. Unless the Company obtains exemptions in relation to this expenditure, or raises additional funding by other means, the Company may be required to relinquish or forfeit some or part of these tenements.

- **Future funding risk**: There may be a need for funds in the future even if the Offer proceeds, as a result of factors which are out of the control of the Company, its directors, employees and advisors. The Company may seek to raise further funds through equity or debt financing, joint ventures, production sharing arrangements or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of exploration, development or production on the Company's properties or even loss of a property interest. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

- **Operating Costs:** Operating costs are estimated based on the interpretation of geological data, feasibility studies, anticipated climatic conditions and other factors. Any number of events could affect the ultimate accuracy of such estimates and result in an increase in actual operating costs incurred.

- **Fluctuations in the price of gold:** Changes in the market price of gold will affect the profitability of the Company's operations and its financial condition. The Company's revenues, profitability and viability depend on the market price of gold produced from the Company's mines. A decline in the market price of gold below the Company's production costs for any sustained period would have a material adverse impact on the profit, cash flow and results of operations of the Company's projects and anticipated future operations.

- **Production estimates:** The Company may not achieve its production estimates. The failure of the Company to achieve its production estimates could have a material adverse effect on any or all of its future cash flows, profitability, results of operations and financial conditions. The realisation of production estimates is dependent on, among other things, the accuracy of mineral reserve and resource estimates, the accuracy of assumptions regarding ore grades and recovery rates, ground conditions (including hydrology), the physical characteristics of ores, the presence or absence of particular metallurgical characteristics, and the accuracy of the estimated rates and costs of mining, ore haulage and processing.

- **Exploration, development, mining and processing risks:** The mineral tenements of the Company are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration of these tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

- **Development risk:** Possible future development of a mining operation at any of the Company's projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

- **Reliance on key personnel:** Following the appointment of the Proposed Directors and the experienced Drummond commercial and exploration team, the Company's success will depend to a significant extent upon those key management personnel. The loss of the services of such personnel could have an adverse effect on the Company.

- **Mineral resource and ore estimation risk:** The Company's mineral resources and ore reserves are estimates only and no assurance can be given that any particular recovery level of gold ore will in fact be realised.

Further details of these risks and other risks are set out in Section 5 of this Prospectus and investors are urged to consider those risks carefully (and, if necessary, consult their professional adviser) before deciding whether to invest in the Company. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

ELECTRONIC PROSPECTUS

A copy of this Prospectus can be downloaded from the website of the Company at http://www.apexminerals.com.au. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

CONSOLIDATION

Unless stated otherwise, all references to securities of the Company as set out in this Prospectus are on the basis that the Consolidation (for which approval is being sought at the General Meeting to be held on 11 April 2012) has not occurred.

1. CHAIRMAN'S LETTER

Dear Shareholder

As announced on 7 March 2012, Apex Minerals NL (**Apex** or the **Company**) is undertaking a renounceable rights issue (**Rights Issue** or **Offer**), underwritten by Azure Capital Limited (**Azure Capital** or the **Underwriter**), 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.

Proposed New Management Team

The new corporate and operational management team, whose appointment is conditional upon successful completion of the Rights Issue, is to be led by the proposed appointment of experienced mining industry executive Mr Eduard Eshuys as Executive Chairman. 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.

It is proposed that Mr Eshuys will also be joined on the Board of Apex by Mr Brice Mutton and Mr Ross Hutton, both of whom will be non-executive Directors. Mr Mutton is a geologist with over 30 years' experience in the resources industry ranging from exploration to mining and corporate management and Mr Hutton has over 40 years' experience in the minerals industry ranging from mining to project management in technical and executive management roles.

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

The appointment of each of the members of the proposed management team (including the Proposed Directors) is subject to the satisfaction of a number of conditions (the **Conditions**), the details of which are set out in Section 2.3 of this Prospectus.

In the event that the Conditions are satisfied and the appointment of the Proposed Directors becomes effective, Mr Mark Ashley and Mr Robin Lee Sing Leung will resign from the Apex Board. Mr Kim Robinson will step down as Chairman but will remain as a non-executive Director, together with Mr Matthew Sheldrick.

Use of Funds

Approximately $10 million of the proceeds raised pursuant to the Rights Issue will be used 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 Directors 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 sustainable gold producer.

Approximately $4,800,000 of the funds raised pursuant to the Rights issue will be used to repay the Company's existing creditors.

Further details of the intended use of funds raised pursuant to the Rights Issue are set out in Section 3.1 of this Prospectus.

The Rights Issue

The Directors of Apex are pleased to offer you the opportunity to participate in the Offer by subscribing for new Shares in Apex on the basis of two (2) new Shares for every one (1) Share held at the Record Date. The number of new Shares to which you are entitled to subscribe is set out in the Entitlement and Acceptance Form enclosed with this Prospectus. The Offer is renounceable and is underwritten for the amount of $22,200,000 by Azure Capital. Shareholders will be able to trade their Entitlements on ASX and Shareholders may dispose of their Entitlements to other parties. It is a condition of the Offer that Apex receives minimum subscriptions equal to the amount of $20,000,000 in respect of the Offer.

In the event that the Company does not receive the minimum level of subscriptions and the Underwriting Agreement is terminated, the Offer will not proceed. If the Offer does not proceed, the Company will need to consider other alternatives to satisfy its obligations to creditors and to continue operating as a going concern. Further details of the Offer are set out in Section 2 of this Prospectus.

General Meeting

In order for Shareholders to consider and approve the Resolutions, Apex will convene a general meeting of Shareholders on 11 April 2012 (**General Meeting**).

In addition, given that following the Rights Issue the Company will have approximately 16 billion Shares on issue, Shareholders will also be asked to consider a resolution that the issued capital of the Company be consolidated on the basis that every one hundred (100) shares be consolidated into one (1) share with effect on 1 May 2012 (**Consolidation**).

Further details on each of the resolutions to be put to Shareholders will be set out in the Notice of Meeting and accompanying Explanatory Memorandum expected to be despatched to Shareholders on 8 March 2012.

You should carefully consider the risk factors of the Offer contained in Section 5 of this Prospectus.

Further information about the Company and its operations is also contained in publicly available documents lodged by the Company with ASIC and ASX. This Prospectus should be read in conjunction with this material.

It is important that you take prompt action if you wish to accept your Entitlement, and you should consult your financial or other advisers before doing so. Any part of your Entitlement, which is not accepted, will lapse at the close of the Offer and the new Shares to which you would otherwise have been entitled, will revert to the Underwriter to place (in consultation with the Company).

Operational Update

In the December quarterly report, Apex advised that mining was expected to resume in the higher grade areas of the Wiluna Gold mine that ceased since June 2011 (namely Calais, Burgundy and Henry 5) following the need to undertake an upgrade of the seismic and geotechnical modelling. The first stope in Calais (since May 2011) was successfully fired during the first week of February. To date over 8,000 tonnes at an average grade of 7.50g/t from Calais has been delivered to the process plant. As a result, concentrate production has increased significantly and, notwithstanding the long residence time associated with the BIOX process, increased gold pours have started to reflect this.

The offer closes at 5.00 pm AEDT on 11 April 2012.

If you have any queries concerning the Rights Issue, or the action you are required to take to subscribe for new Shares, please contact your financial adviser or Apex on (08) 6311 5555.

Yours sincerely

Kim Robinson
Non-executive Chairman

2. DETAILS OF THE OFFER

2.1 Offer

The Offer is being made as a renounceable entitlement issue of two (2) Shares for every one (1) Share held by Shareholders registered at the Record Date at an issue price of 0.2 cents per Share.

Based on the capital structure of the Company as at the date of this Prospectus, and assuming all Entitlements are accepted, no partly paid shares are paid in full and no Options or Warrants are exercised prior to the Record Date, a maximum of 11,100,487,426 Shares (pre-Consolidation) or 111,004,874 Shares (post-Consolidation) will be issued pursuant to the Offer to raise up to approximately $22,200,000.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 4 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the intended use of funds raised are set out in Section 3 of this Prospectus.

2.2 Effect of Offer on the Company's existing securities

At the date of this Prospectus the Company has on issue the following Securities (on a pre-Consolidation basis):

(a) 5,550,243,713 Shares;

(b) 19,125,000 partly paid shares;

(c) 678,641,833 Listed Options;

(d) 15,000,000 Unlisted Options held by Atlas Copco;

(e) 34,030,000 Unlisted Options issued pursuant to the Company's employee share option plan; and

(f) 180,000,000 Warrants.

The holders of partly paid shares will not be entitled to participate in the Offer without first paying in full any unpaid amount on their shares. The holders of Options and Warrants will not be entitled to participate in the Offer without first exercising their Options or Warrants.

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a Share, such fraction will be rounded down to the nearest whole Share.

2.3 Conditional Appointment of New Management Team

The appointment of the Proposed Directors to the Board, together with the appointment of the supporting Drummond employees, is subject to and conditional upon the following:

(a) the Company obtaining Shareholder approval at the General Meeting of the following resolutions:

(i) the issue of 600,000,000 Options (pre-Consolidation) to Mr Eduard Eshuys (or his nominee) on the terms set out in Section 8.1 of this Prospectus (**Eduard Eshuys Options**);

(ii) the issue of 100,000,000 Options (pre-Consolidation) to Azure Capital Investments Pty Ltd (as nominee of Azure Capital), with an exercise price of 0.4375 cents and an expiry date of three years from the date of issue, in consideration for services provided by Azure Capital as lead manager to the Offer;

(iii) the issue of 1,000,000,000 Options (pre-Consolidation) to Drummond in consideration for Drummond's role in the facilitation of the proposed new Board and management appointments on the terms set out in Section 8.2 of this Prospectus (**Drummond Options**),

(together, the **Resolutions**); and

(b) the Company closing the Offer and raising a minimum subscription of $20,000,000 pursuant to the Offer.

(together, the **Conditions**).

If any of the Conditions are not satisfied or waived by 15 May 2012, the Proposed Directors' appointment to the Board, together with the appointment of the supporting Drummond employees, will not become effective and the Board will remain unchanged.

Mr Eshuys has entered into a conditional executive services agreement with the Company, the material terms of which are summarised in Section 8.7 of this Prospectus.

The Company will also pay Drummond an arrangement fee of $350,000 within 7 days following the raising of any funds under the Offer. This arrangement fee will be refundable in the event that the Conditions are not satisfied.

2.4 Related Party Transaction

The grant of the Eduard Eshuys Options to Mr Eshuys (or his nominee) will constitute giving a financial benefit and Mr Eduard Eshuys is a related party of the Company by virtue of being a Proposed Director.

For a public company to give a financial benefit to a related party of the public company, the public company must:

(a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Directors that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply to the grant of the Eduard Eshuys Options to Mr Eshuys (or his nominee). Accordingly, Shareholder approval for the purposes of section 208 of the Corporations Act and ASX Listing Rule 10.11 will be sought at the General Meeting to allot and issue the Eduard Eshuys Options to Mr Eshuys (or his nominee).

The Company lodged a copy of the Notice of Meeting with ASIC on 23 February 2012. The Notice of Meeting is taken to be included in the Prospectus pursuant to section 712 of the Corporations Act. The Company will provide a copy of the Notice of Meeting to any person who requests it during the period over which the Offer is open, free of charge. Further, an electronic version of the Notice of Meeting can be downloaded from the Company's website at http://www.apexminerals.com.au.

In relation to the Notice of Meeting, the Company notes that Section 1 of the Explanatory Statement contains background information on the proposed related party transaction, Schedule 1 contains the terms and conditions of the Eduard Eshuys Options and Schedule 2 contains a valuation of the Eduard Eshuys Options and pricing methodology.

2.5 What Eligible Shareholders may do

The number of Shares to which Eligible Shareholders are entitled is shown on the accompanying personalised Entitlement and Acceptance Form. Eligible Shareholders may:

(a) take up all of their Entitlement (refer to Section 2.6);

(b) sell all of their Entitlement on ASX (refer to Section 2.7);

(c) take up a proportion of their Entitlement and sell the balance on ASX (refer to Section 2.8);

(d) take up a proportion of their Entitlement and allow the balance to lapse (refer to Section 2.9);

(e) sell all or a proportion of their Entitlement other than on ASX (refer to Section 2.10); or

(f) allow all or part of their Entitlement lapse (refer to Section 2.11).

2.6 Taking up all of your Entitlement

Should you wish to accept all of your Entitlement, then applications for Shares under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus or by completing a BPAY® payment, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided and attach a cheque for the Application Monies indicated on the Entitlement and Acceptance Form.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "Apex Minerals NL — Subscription Account" and lodged and received at any time after the issue of this Prospectus and on or before the Closing Date at the Company's Share Registry (by delivery or by post) at:

By delivery	Apex Minerals NL C/- Link Market Services Limited 1A Homebush Bay Drive RHODES NSW 2138
By Post	Apex Minerals NL C/- Link Market Services Limited Locked Bag A14 SYDNEY NSW 1235

If you wish to pay via BPAY® you must follow the personalised instructions in your Entitlement and Acceptance Form. Make sure that you use the specific Biller Code and unique Customer Reference Number (CRN) on your personalised Entitlement and Acceptance Form. You do not need to return a completed Entitlement and Acceptance Form but are taken to have made the declarations in the Entitlement and Acceptance Form and the representations outlined below in Section 2.12. If you have more than one shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those Shareholdings only use the CRN specific to that Shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same CRN for more than one of your Shareholdings. This can result in your Application Monies being applied to your Entitlement in respect of only one of your Shareholdings (with the result that any application in respect of your remaining Shareholdings will not be valid).

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY® are received by 5pm (AEDT) on the Closing Date.

The Company shall not be responsible for any postal or delivery delays or delay in the receipt of the BPAY® payment.

2.7 Selling all your Entitlement on ASX

The Entitlements under the Offer are renounceable which means that all or part of an Eligible Shareholder's rights to subscribe for Shares under the Offer may be traded on ASX. If you wish to sell all of your Entitlement on ASX, provide instructions to your stockbroker regarding the Entitlement you wish to sell on ASX. Trading of Entitlements will commence on ASX on 13 March 2012 and will cease on 2 April 2012.

There is no guarantee that an Eligible Shareholder will be able to sell all or any part of their Entitlement on ASX or that any particular price will be paid for the Entitlements sold on ASX.

2.8 Taking up a proportion of your Entitlement and selling the balance on ASX

If you wish to take up only part of your Entitlement, complete the accompanying personalised Entitlement and Acceptance Form for the number of Shares you wish to take up and follow the steps in section 2.6, or make a payment by BPAY in accordance with section 2.6.

Subsequently, provide instructions to your stockbroker regarding the proportion of your Entitlement you wish to sell on ASX.

2.9 Taking up a proportion of your Entitlement and allowing the balance to lapse

If you wish to take up only part of your Entitlement and allow the balance to lapse, complete the accompanying personalised Entitlement and Acceptance Form for the number of Shares you wish to take up and follow the steps in section 2.6. If you take no further action, the balance of your Entitlement will lapse and you will have forfeited any potential benefit to be gained from taking up or selling that part of your Entitlement.

2.10 Selling all or a proportion of your Entitlement other than on ASX

You may elect to transfer all or a proportion of your Entitlement to another person other than on ASX. If the purchaser of your Entitlement is an Ineligible Shareholder or a person that would be an Ineligible Shareholder if they were a registered holder of Shares, that purchaser will not be able to take up the Entitlement they have purchased.

If you are a shareholder on the issuer sponsored subregister and you wish to transfer all or a proportion of your Entitlement to another person other than on ASX, forward a completed standard renunciation and transfer form (obtainable from the Share Registry) and the applicable transferee's cheque for the Shares they wish to subscribe for payable to "Apex Minerals NL - Subscription Account" and crossed "Not Negotiable" to the Share Registry (by delivery or by post at any time after the issue of this Prospectus and on or before the Closing Date) at the following address:

By delivery	Apex Minerals NL C/- Link Market Services Limited 1A Homebush Bay Drive RHODES NSW 2138
By Post	Apex Minerals NL C/- Link Market Services Limited Locked Bag A14 SYDNEY NSW 1235

If you wish to transfer all or a proportion of your Entitlement to or from another person on the CHESS subregister you must engage your CHESS controlling participant (usually your stockbroker). If the transferee wants to exercise some or all of the Entitlement, you should follow your stockbroker's instructions as to the most appropriate way to take up the Entitlement on their behalf. The Application Monies for Shares the transferee of the Entitlement wants to acquire must be received by Share Registry in accordance with Section 2.6.

2.11 Allow all or part of your Entitlement to lapse

Shareholders should be aware that their Entitlement may have value. Entitlement are renounceable, which enable Eligible Shareholders who do not wish to take up part or all of their Entitlement to seek to sell or trade all or some of their Entitlement on ASX.

If you do not wish to accept or trade any part of your Entitlement, you are not obliged to do anything. If you do not take up your Entitlement or dispose of your Entitlement by the Closing Date, the Offer to you will lapse.

2.12 Implications of an Acceptance

Returning a completed Entitlement and Acceptance Form or paying any Application Monies by BPAY® will be taken to constitute a representation by you that:

(a) you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety;

(b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any Application Monies, the application may not be varied or withdrawn except as required by law.

2.13 Minimum Subscription

The minimum subscription in respect of the Offer is $20,000,000.

No Shares will be allotted or issued until the minimum subscription has been received. If the minimum subscription is not received within 4 months after the date of issue of this Prospectus, the Company will either repay the Application Monies to the Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their Application Monies.

2.14 Underwriting

The Offer is conditionally underwritten for the amount of $22,200,000 by Azure Capital. Azure Capital will be paid an underwriting fee of 6% of the total amount proposed to be raised pursuant to the Offer (being an amount of $1,332,000). The Company and Azure Capital have entered into the Underwriting Agreement further details of which are in Section 8.7 of this Prospectus.

Azure Capital's underwriting obligations under the Underwriting Agreement are conditional upon a number of matters including:

(a) Azure Capital obtaining binding sub-underwriting commitments in respect of the entire Offer by 5.00pm (AEDT) on the Closing Date (or such later date agreed in writing by Azure Capital). This condition has been satisfied; and

(b) each of the Resolutions being passed by Shareholders at the General Meeting.

In the event that the Underwriting Agreement is terminated and not all Eligible Shareholders accept their full Entitlement, the Shortfall procedure set out in paragraph 2.15 below will apply.

2.15 Shortfall

The offer of the Shortfall is a separate offer pursuant to this Prospectus. The parties to whom Shortfall Offers are made will be determined by the Directors. The issue price of any Shares offered pursuant to the Shortfall Offer will be 0.2 cents each, which is the issue price at which the Offer has been made to Eligible Shareholders.

Shortfall Shares will only be issued if the Offer is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions. The Directors reserve the right, in their absolute discretion, to reject any application for Shortfall Shares or to allot a lesser number of Shortfall Shares than applied for or not proceed with the issuing of the Shortfall Shares or part thereof. If the number of Shares issued is less than the number applied for in a Shortfall Application Form, surplus Application Monies will be refunded in full. Interest will not be paid on Application Monies refunded.

Applications for Shortfall Shares can only be made by completing and returning the Shortfall Application Form which will be sent with this Prospectus to the parties to whom the Company makes Shortfall Offers.

The Directors reserve the right to place the Shortfall at their discretion within 3 months after the close of the Offer.

A Shareholder or non-shareholder will not be allocated any Shortfall Shares if the allotment and issue of those Shortfall Shares will result in their voting power in the Company exceeding 19.99%.

2.16 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

2.17 Allotment

Shares issued pursuant to the Offer will be allotted in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Shares issued pursuant to the Shortfall Offer will be allotted on a progressive basis. Where the number of Shares issued is less than the number applied for, or where no allotment is made surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the allotment and issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Shares issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Shares issued under the Shortfall Offer as soon as practicable after their issue.

2.18 Overseas Shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

The Offer is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2002.

However, pursuant to ASX Listing Rule 7.7, the Company has appointed a nominee, Morgan Stanley Smith Barney Australia Pty Ltd, to sell the Entitlements to which non-qualifying foreign Shareholders are entitled. The nominee will have the absolute and sole discretion to determine the timing and price at which the Entitlements may be sold and the manner of any such sale.

Any interest earned on the proceeds of the sale of these Entitlements will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to the relevant non-qualifying foreign Shareholder as described below.

The net proceeds of the sale of these Entitlements will then be forwarded by the Company as soon as practicable to the non-qualifying foreign Shareholders, in proportion to their share of such Entitlements (after deducting brokerage commission and other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Notwithstanding that the nominee may sell Entitlements, non-qualifying foreign Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds.

Neither the Company nor the nominee will be subject to any liability for failure to sell the Entitlements or to sell them at a particular price. If, in the reasonable opinion of the nominee, there is no viable market for the Entitlements of the non-qualifying foreign Shareholders, or a surplus over the expenses of the sale cannot be obtained the Entitlements that would have been offered to the non-qualifying foreign Shareholders, then those Entitlements will be allowed to lapse. The Shares not taken up will form part of the Shares to be taken up by Azure Capital pursuant to the Underwriting Agreement.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

2.19 Enquiries

Any questions concerning the Offer should be directed to Michael Andruszkiw, Company Secretary, on +61 8 9286 2828.

3. PURPOSE AND EFFECT OF THE OFFER

3.1 Purpose of the Offer

The purpose of the Offer is to raise a minimum of $20,000,000 and to satisfy a condition precedent to the appointment of a new corporate and operational management team to the Company. For further details of the proposed new management team and the conditions that must be satisfied prior to their appointment, please refer to Sections 1 and 2 of this Prospectus.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	$
1	Underground development	5,000,000
2	Development drilling	3,000,000
3	Exploration drilling	2,000,000
4	Corporate and operations	2,000,000
5	Reduction of Creditors	4,800,000
6	Director's termination payments[1]	720,000
7	Payment to Drummond	350,000
8	Working Capital	2,801,033
9	Expenses of the Offer[2]	1,528,967
	Total	**22,200,000**

Notes:

1. Director's termination payments relates to the eligible termination payment to be made to Mr Mark Ashley upon resignation from the Board. Additional payments will also be made to Mr Ashley for accrued annual leave and unpaid salary. The total gross (before tax) payments to be made to Mr Ashley are as follows:

Item	$
Eligible termination payment	720,000
Accrued annual leave payable in accordance with Mr Ashley's Executive Services Contract	79,000
Additional annual leave payable for time in lieu as agreed by the Board	233,000
Unpaid salary for the period from 1 December through to close of the Offer (estimated)	240,000
Total	**1,272,000**

Refer to Section 8.7 for details of the Deed of Settlement entered into between the Company and Mr Ashley.

2. Refer to Section 8.12 of this Prospectus for further details relating to the estimated expenses of the Offer.

3. In the event that the minimum subscription of $20,000,000, but less than the full subscription amount of $22,200,000, is raised, the proceeds of the Offer will be reduced from item 8.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

3.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted, no partly paid shares are paid in full and no Options or Warrants are exercised prior to the Record Date, will be to:

(a) increase the cash reserves by $20,671,033 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer; and

(b) increase the number of Shares on issue from 5,550,243,713 Shares (pre-Consolidation) or 55,502,437 Shares (post-Consolidation) as at the date of this Prospectus to 16,650,731,139 Shares (pre-Consolidation) or 166,507,311 Shares (post-Consolidation).

3.3 Pro-forma balance sheet

The audited balance sheet as at 30 June 2011 and the unaudited pro-forma balance sheet as at 30 June 2011, prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company, are set out in Section 7 of this Prospectus.

3.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted, no partly paid shares are paid in full and no Options or Warrants are exercised prior to the Record Date, on both a pre-Consolidation and a post-Consolidation basis is set out below.

Shares	**Pre-Consolidation (as at 22 January 2012)**	**Post-Consolidation**
Current	5,550,243,713	55,502,437
Entitlement Offer	11,100,487,426	111,004,874
TOTAL SHARES	16,650,731,139	166,507,311
Partly paid shares	**Pre-Consolidation (as at 22 January 2012)**	**Post-Consolidation**
Current	19,125,000 (19.99 cents unpaid per share)	191,250 ($19.99 unpaid per share)
TOTAL PARTLY PAID SHARES	19,125,000	191,250

Options	Pre-Consolidation (as at 22 January 2012)	Post-Consolidation
Listed Options[1]	678,641,833	6,786,418
Unlisted Options[2]	15,000,000	150,000
Unlisted Options (issued pursuant to employee share option plan)[3]	34,030,000	340,300
Placement to Mr Eduard Eshuys (or his nominee, Resource Surveys Pty Ltd as trustee for the Eshuys Family Trust)	600,000,000	6,000,000
Placement to Azure Capital Investments Pty Ltd	100,000,000	1,000,000
Placement to Drummond Gold Limited	1,000,000,000	10,000,000
TOTAL OPTIONS	**2,427,671,833**	**24,276,718**
Warrants	**Pre-Consolidation (as at 22 January 2012)**	**Post-Consolidation**
Current[4]	180,000,000	1,800,000
TOTAL WARRANTS	180,000,000	1,800,000

Notes:

1. Expiry date of 9 November 2012 and an exercise price of $0.06 (pre-Consolidation) or $6.00 (post-Consolidation).

2. Expires in accordance with deed of settlement with Atlas Copco Australia Pty Ltd with an exercise price of $0.02 (pre-Consolidation) or $2.00 (post-Consolidation).

3. The terms of the 34,030,000 unlisted Options (as at 13 January 2012) are as follows:

   (i) 925,000 Options with an expiry date of 1 June 2012 and an exercise price of $0.65 (pre-Consolidation) or $65.00 (post-Consolidation);

   (ii) 525,000 Options with an expiry date of 30 July 2012 and an exercise price of $1.00 (pre-Consolidation) or $100.00 (post-Consolidation);

   (iii) 100,000 Options with an expiry date of 11 November 2012 and an exercise price of $1.30 (pre-Consolidation) or $130.00 (post-Consolidation);

   (iv) 20,150,000 Options with an expiry date of 9 April 2013 and an exercise price of $0.045 (pre-Consolidation) or $4.50 (post-Consolidation);

   (v) 370,000 Options with an expiry date of 11 May 2013 and an exercise price of $1.30 (pre-Consolidation) or $130.00 (post-Consolidation);

   (vi) 1,000,000 Options with an expiry date of 18 July 2013 and an exercise price of $0.70 (pre-Consolidation) or $70.00 (post-Consolidation);

   (vii) 5,550,000 Options with an expiry date of 27 October 2013 and an exercise price of $0.045 (pre-Consolidation) or $4.50 (post-Consolidation);

   (viii) 2,000,000 Options with an expiry date of 28 October 2013 and an exercise price of $0.05 (pre-Consolidation) or $5.00 (post-Consolidation);

   (ix) 2,700,000 Options with an expiry date of 4 December 2013 and an exercise price of $0.045 (pre-Consolidation) or $4.50 (post-Consolidation);

(x) 420,000 Options with an expiry date of 9 February 2014 and an exercise price of $0.45 (pre-Consolidation) or $45.00 (post-Consolidation); and

(xi) 340,000 Options with an expiry date of 21 June 2014 and an exercise price of $0.30 (pre-Consolidation) or $30.00 (post-Consolidation).

4. Expiry date of 18 February 2014 and an exercise price of $0.035 (pre-Consolidation) or $3.50 (post-Consolidation).

The capital structure as at the date of this Prospectus is 5,550,243,713 Shares (pre-Consolidation) or 55,502,437 Shares (post-Consolidation) and on completion of the Offer (assuming all Entitlements are accepted, no partly paid shares are paid in full and no Options or Warrants are exercised prior to the Record Date) would be 16,650,731,139 Shares (pre-Consolidation) or 166,507,311 Shares (post-Consolidation).

The capital structure on a fully diluted basis as at the date of this Prospectus, assuming all partly paid shares are paid in full and all Options and Warrants are exercised prior to the Record Date, is 8,177,040,546 (pre-Consolidation) or 81,770,405 Shares (post-Consolidation) and on completion of the Offer (assuming all Entitlements are accepted) would be 19,277,527,972 Shares (pre-Consolidation) or 192,775,280 Shares (post-Consolidation).

No Shares or Options on issue are subject to escrow restrictions, either voluntary or ASX imposed.

3.5 Details of substantial holders

Based on publicly available information as at 10 October 2011, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	**Shares**	**%**
Baker Steel Capital Managers LLP	782,903,074	14.11
The Goldman Sachs Group Inc	734,180,147	13.23
M&G Investment Management Limited	624,120,369	11.24
AU Mining Limited	290,678,132	5,24
SG Hiscock & Company Limited	285,803,242	5.15

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

4. RIGHTS AND LIABILITIES ATTACHING TO SHARES

The rights attaching to Shares are set out in the Constitution and in certain circumstances, are regulated by the Corporations Act, the Listing Rules and general law. The Constitution may be inspected free of charge during normal business hours at the principal place of business of the Company at First Floor, 10 Ord Street, West Perth.

The following is a summary of the principal rights of the holders of Shares. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the Company's members.

(a) ***Meetings and Notices***

Each Shareholder is entitled to receive notices of meetings. The failure of a Shareholder to receive a notice of meeting does not invalidate the proceedings, or any resolution passed at, any such meeting. No business may be transacted at any meeting of Shareholders unless a quorum of Shareholders is present. Shareholders may attend a general meeting at which the Shareholder is entitled to be present in person, by proxy, by attorney or, in the case of a Shareholder which is a body corporate, by a corporate representative.

(b) ***Voting Rights***

Subject to any rights or restrictions for the time being attached to any class or classes of Shares whether by the terms of their issue, the Constitution, the Corporations Act or the Listing Rules, at a general meeting of the Company every Shareholder present in person or by a representative or attorney has one vote on a show of hands and every such Shareholder present in person or by a representative, proxy or attorney has one vote per fully paid Share on a poll.

Where there are two or more joint holders of the Shares and more than one of them is present at a meeting and tenders a vote in respect of the Share (whether in person or by proxy or attorney), the Company will count only the vote cast by the member whose name appears before the other(s) in the Company's register of Shareholders.

(c) ***Dividend Rights***

Subject to any rights or restrictions attaching to a class of shares, the Company may pay dividends as the Directors resolve. The Directors may fix the time for payment and the method of distribution.

(d) ***Transfer of Shares***

Subject to the Constitution, a member may transfer one or more Shares the Member holds by:

(iv) a proper ASTC transfer;

(v) an instrument of transfer in compliance with the Constitution; or

(vi) any other method permitted by the Corporations Act, the Listing Rules or the ASTC Operating Rules.

The Company may decline to register a transfer of Shares were permitted to do so under the provisions of the Constitution, the Corporations Act and the Listing Rules. If the Directors decline to register a transfer, the Company must, within 5 Business Days after the transfer is delivered to the Company, give the party lodging the transfer written notice of the refusal and the reason for refusal. The Directors must decline to register a transfer of shares when required by the Corporations Act, by the Listing Rules or by the ASTC Operating Rules.

(e) ***Future Issues***

Subject to the Constitution, the applicable law and the Listing Rules, the Directors may allot, issue or grant options over, or otherwise deal with the unissued shares in the Company at the times and on the terms and conditions that the Directors think proper and a share may be issued with preferential, deferred, qualified or special rights, privileges or conditions or restrictions.

(f) ***Alteration of Constitution***

The Constitution can only be amended by a special resolution (that is, a resolution that has been passed by at least three-quarters of the votes cast by shareholders entitled to vote on the resolution). While the Company is listed, at least 28 days written notice of the special resolution must be given.

(g) ***Variation of Rights***

The Company may only modify or vary the rights attaching to any Shares with the prior approval by a special resolution passed at a separate meeting of the holders of shares of that class or with the written consent of the holders of at least three-quarters of the issued Shares of the affected class.

(h) ***Directors***

The minimum number of Directors is three and the maximum is ten. Currently there are three Directors. Directors must retire on rotational basis so that one-third of Directors must retire at each annual general meeting. Any other Director who has been in office for three or more years must also retire. The Directors may appoint a director either in addition to existing Directors or to fill a casual vacancy, who then holds office until the next annual general meeting.

(i) ***Officers' Indemnity***

To the extent permitted by the law, the Company must indentify each officer (including a Director, Auditor and agent of the Company) against any liability which that officer may incur by reason of being an officer or in carrying out the business or exercising the powers of the Company.

5. RISK FACTORS

Activities in the Company and its controlled entities, as in any business, are subject to risks, which may impact on the Company's future performance. The Company and its controlled entities have implemented appropriate strategies, actions, systems and safeguards for known risks, however, some are outside its control.

The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors which Shareholders need to be aware of in evaluating the Company's business and risks of increasing your investment in the Company. Shareholders should carefully consider the following factors in addition to the other information presented in this Prospectus.

The principal risks include, but are not limited to, the following:

5.1 Company Specific Risks

(a) ***Going concern risk***

The Directors believe that upon the successful completion of the Offer, the Company will have sufficient funds to adequately meet the Company’s commitments to creditors and short term working capital requirements. However, it is possible that further funding may be required to meet the medium to long term working capital costs of the Company. In the event that the Offer is not completed successfully, there is uncertainty as to whether the Company can continue as a going concern, which is likely to have a material adverse effect on the Company’s activities.

(b) ***Conditional Appointment of Proposed Directors***

Appointment of the Proposed Directors, together with the supporting Drummond employees, is subject to the satisfaction of the Conditions (details of which are set out in Section 2.3 of this Prospectus), which include the Company closing the Offer and raising a minimum of $20,000,000 under the Offer and each of the Resolutions being passed by Shareholders at the General Meeting. In the event that the Conditions are not satisfied, the Proposed Directors and supporting Drummond employees will not be appointed and the Board will remain unchanged.

(c) ***Termination of the Underwriting Agreement***

Azure Capital's underwriting obligations under the Underwriting Agreement are conditional upon a number of matters. If the conditions are not satisfied or waived by Azure Capital by their respective deadlines, Azure Capital may elect, in its discretion, to terminate the Underwriting Agreement. The Underwriting Agreement also includes various other termination events upon the occurrence of which Azure Capital may elect, in its discretion, to terminate the underwriting arrangements. In the event that the Underwriting Agreement is terminated, the Company may not receive the minimum level of subscriptions, in which event the Offer will not proceed and the Company will need to consider other funding options and whether it can continue operating as a going concern. For further details of the Underwriting Agreement refer to Section 8.7 of this Prospectus.

(d) ***Creditor risk***

The Company has defaulted on several arrangements requiring payment to third parties. The Company has negotiated with several creditors to enter alternative arrangements for the repayment of amounts owed to creditors and to extend the dates on which amounts owed are due and payable. The Company intends to repay creditors in the amount of $4,800,000 in cash from the proceeds raised under the Offer. There is a risk that if the Offer does not proceed, the Company will not be able satisfy its outstanding creditor liabilities and the Company will need to consider whether it can continue operating as a going concern. For further details regarding the Company's liabilities, please refer to the Financial Information in Section 7 of this Prospectus.

(e) ***Supplier Risk***

As set out above, the Company has failed to make payments when fallen due on several arrangements requiring payment to third parties, including with respect to the repayment of outstanding liabilities owed to a material supplier to the Company's Wiluna Gold Project operations. However, the Company and the material supplier have entered into alternative arrangements for the repayment of the amounts owed and the extension of dates on which amounts owed are due and payable have been agreed. The amount outstanding under the relevant supply agreement is approximately $2,000,000. Default under agreements with key suppliers may lead to the loss of supply, which may result in the Company being unable to find alternative sources of supply within required timeframes. The loss of key suppliers is likely to have a material adverse effect on the Company's activities and operations.

(f) ***Claims Liability and Litigation***

Atlas Copco previously issued two statutory demands on the Company in May and June 2010 totalling $4,400,000 demanding the payment of a proportion of monies (approximately $7,400,000) that they believed were owed by the Company. The Company had the statutory demands set aside for the financial year end 30 June 2011 and has negotiated with Atlas Copco a reduced payment amount and payment plan. Pursuant to the negotiated payment plan, the Company will make regular payments to Atlas Copco over the period up to 30 June 2013 totalling $3,800,000 plus interest payments of $300,000. Of the total payment amount, $600,000 is due prior to 30 June 2012. In the event that the Company defaults under this agreement (after appropriate notice is given to the Company) the amount owing to Atlas Copco will increase to $5,500,000 plus interest.

Several creditors have commenced proceedings against the Company with respect to the repayment of outstanding amounts owed by the Company (totalling approximately $163,000). The Company has reached negotiated settlements with all material creditors who have commenced legal proceedings pursuant to which alternative arrangements for the repayment of the amounts owed and the extension the dates on which amounts owed are due and payable have been agreed.

(g) ***Geotechnical risk***

In the first half of 2009, the Company experienced a seismic event that curtailed gold production at its operations. During the June 2011 quarter, mining from the high grade Calais, Henry V and Burgundy zones of the Wiluna mine temporarily ceased as a result of the need to undertake an upgrade of the seismic monitoring system and geotechnical modelling. Although the Company has had independent geotechnical advice, completed an upgrade of the geotechnical modelling and undertaken a number of measures to mitigate this risk, including diversifying ore feed sources by opening up new deposits and implementing various geotechnical operating procedures, the Company cannot guarantee that this will not affect future production and performance.

(h) ***Title risk***

A number of tenements held by the Company are not considered to be in good standing for reasons including the failure to lodge annual expenditure reports, the outstanding submission of operations reports on expenditure, the failure to meet minimum expenditure commitments, the failure to make penalty payments imposed in relation to annual rental payments, undetermined applications for exemption from expenditure commitments and undetermined applications against forfeiture. If the outstanding matters relating to these tenements are not resolved so as to put these tenements in good standing, these tenements may be liable to forfeiture. Some of the Company's tenements have expired or have been forfeited on the basis of exemption applications having been refused. Whilst a number of its tenements are currently listed as not being in good standing, the Company does not consider these tenements to be material to its operations. The Company's material tenements, being those tenements on which it's mining activities and operations are conducted, are currently in good standing.

If the Offer does not proceed, the Company is of the view that it may not have sufficient funds to meet the minimum expenditure commitments in respect of some of its tenements. Unless the Company obtains exemptions in relation to this expenditure, or raises additional funding by other means, the Company may be required to relinquish or forfeit some or part of these tenements.

(i) ***Future funding risk***

There may be a need for funds in the future even if the Offer proceeds, as a result of the risks factors in this Section 5 which are out of the control of the Company, its directors, employees and advisors. The Company may seek to raise further funds through equity or debt financing, joint ventures, production sharing arrangements or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of exploration, development or production on the Company's properties or even loss of a property interest. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

Further, the Company, in the ordinary course of its operations and developments, is required to issue financial assurances, particularly insurances and bond/bank guarantee instruments to secure statutory and environmental performance undertakings and commercial arrangements. The Company's ability to provide such assurances is subject to external financial and credit market assessments, and its own financial position.

Loan agreements and other financing rearrangements such as debt facilities, convertible note issue and finance leases (and any related guarantee and security) that may be entered into by the Company may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Company would be able to repay such loans in the event of an acceleration. Enforcement of any security granted by the Company or default under a finance lease could also result in the loss of assets.

The Company is exposed to risks associated with its financial instruments (consisting of cash, receivables, accounts payable and accrued liabilities due to third parties from time to time). This includes the risk that a third party to a financial instrument fails to meet its contractual obligations; the risk that the Company will not be able to meet its financial obligations as they fall due; and the risk that market prices may vary which will affect the Company's income.

(j) ***Operating Costs***

Operating costs are estimated based on the interpretation of geological data, feasibility studies, anticipated climatic conditions and other factors. Any of the following events, among the other events and uncertainties described in this Prospectus, could affect the ultimate accuracy of such estimates and result in an increase in actual operating costs incurred:

(i) unanticipated changes in grade and tonnage of ore to be mined and processed;

(ii) incorrect data on which engineering assumptions are made;

(iii) equipment delays;

(iv) labour negotiations;

(v) changes in government regulation (including regulations regarding prices, cots of consumables, royalties, duties, taxes, permitting and restrictions on production quotas on exploration of minerals); and

(vi) title claims.

The Company's Wiluna Project is currently a high cost operation and any material increase in the operating cost of the operation or reduction in the gold price may adversely impact the cash flows of the Company.

(k) ***Fluctuations in the price of gold***

Changes in the market price of gold will affect the profitability of the Company's operations and its financial condition. The Company's revenues, profitability and viability depend on the market price of gold produced from the Company's mines. The market price of gold is set in the world market and is affected by numerous industry factors beyond the Company's control including the demand for precious metals, expectations with respect to the rate of inflation, interest rates, currency exchange rates, the demand for jewellery and industrial products containing metals, gold production levels, inventories, cost of substitutes, changes in global or regional investment or consumption patterns, and sales by central banks and other holders, speculators and procedures of gold and other metals in response to any of the above factors, and global and regional political and economic factors.

A decline in the market price of gold below the Company's production costs for any sustained period would have a material adverse impact on the profit, cash flow and results of operations of the Company's projects and anticipated future operations. Such a decline also could have a material adverse impact on the ability of the Company to finance the exploration and development of its existing and future mineral projects. A decline in the market price of gold may also require the Company to write-down its material reserves which would have a material adverse effect on the value of the Company's securities. Further, if revenue from gold sales declines, the Company may experience liquidity difficulties. The Company will also have to assess the economic impact of any sustained lower gold prices on recoverability and therefore, on cut-off grades and the level of its mineral reserves and resources.

(l) ***Production estimates***

The Company may not achieve its production estimates. The failure of the Company to achieve its production estimates could have a material adverse effect on any or all of its future cash flows, profitability, results of operations and financial conditions. The realisation of production estimates is dependent on, among other things, the accuracy of mineral reserve and resource estimates, the accuracy of assumptions regarding ore grades and recovery rates, ground conditions (including hydrology), the physical characteristics of ores, the presence or absence of particular metallurgical characteristics, and the accuracy of the estimated rates and costs of mining, ore haulage and processing.

Actual production may vary from estimates for a variety of reasons, including: the availability of certain types of ores; the actual ore mined varying from estimates of grade or tonnage; dilution and metallurgical and other characteristics (whether based on representative samples of ore or not); short-term operating factors such as the need for sequential development of ore bodies and the processing of new or adjacent ore grades from those planned; mine failures, slope failures or equipment failures; industrial accidents; natural phenomena such as inclement weather conditions, floods, droughts, rock slides and earthquakes; encountering unusual or unexpected geological conditions; changes in power costs and potential power shortages; shortages of principal supplies needed for mining operations, including explosives, fuels, chemical reagents, water, equipment parts and lubricants; plant and equipment failure; the inability to process certain types of ores; labour shortages or strikes; lack of required labour; civil disobedience and protests; and restrictions or regulations imposed by government agencies or other changes in the regulatory environment.

Such occurrences could also result in damage to mineral properties or mines, interruptions in production, injury or death to persons, damage to property of the Company or others, monetary losses and legal liabilities in addition to adversely affecting mineral production. These factors may cause a mineral deposit that has been mined profitably in the past to become unprofitable forcing the Company to cease production.

(m) ***Exploration, development, mining and processing risks***

The mineral tenements of the Company are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of these tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its tenements and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the tenements, a reduction in the case reserves of the Company and possible relinquishment of the tenements.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(n) ***Development risk***

Possible future development of a mining operation at any of the Company's projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

If the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement of hazardous weather conditions and fires, explosions or accidents. No assurance can be given that the Company will achieve commercial viability through the development or mining of its projects and treatment of ore.

(o) ***Reliance on key personnel***

Following the appointment of the Proposed Directors and the experienced Drummond commercial and exploration team, the Company's success will depend to a significant extent upon those key management personnel. The loss of the services of such personnel could have an adverse effect on the Company.

The service agreements between the Company and the Proposed Directors do not require the Proposed Directors to remain as Directors of the Company for any period of time.

(p) ***Mineral resource and ore estimation risk***

The Company's mineral resources and ore reserves are estimates only and no assurance can be given that any particular recovery level of gold ore will in fact be realised. The Company's estimates comply with the JORC Code, 2004.

An estimate is an expression of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

(q) ***Insurance risk***

The Company currently maintains insurance coverage as determined appropriate by the Board and management, but no assurance can be given that the Company will continue to be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover all claims.

5.2 Mineral Industry Risks

(a) ***Operational risks***

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(b) ***Environmental risks***

The Company's projects are subject to Western Australian and Federal Australian Government regulations regarding environmental matters. The Governments and other authorities that administer and enforce environmental laws determine these requirements. As with all exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly through its mining operations. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws.

Environmental regulations are likely to evolve in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, and more stringent environmental assessments of proposed projects. Environmental regulations could impact upon the viability of the Company's projects. The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potentially economically viable mineral deposits.

Although the Company believes that it is in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spills, leakages or other unforeseen circumstances, which could subject the Company to extensive liability against which it has not insured or cannot insure, including those in respect of past mining or other activities for which it was not responsible.

Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities and could lead to forfeiture of its tenements. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.

(c) ***Metallurgy***

Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

(i) identifying a metallurgical process through test work to produce a saleable metal and/or concentrate;

(ii) developing an economic process route to produce a metal and/or concentrate; and

(iii) changes in mineralogy in the ore deposit can result in inconsistent metal recovery, affecting the economic viability of the project.

(d) ***Regulatory risk***

The Company's exploration and development activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.

Obtaining necessary permits can be a time consuming process and there is a risk that Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the tenements.

(e) ***Native title and access risks***

Exploration and mining activities can be affected by land claim compensation and environmental considerations. The Company is subject to the *Native Title Act 1993* (Cth) which recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is significant uncertainty associated with native title in Australia and this may impact on the Company's operations and future plans.

It is possible that Aboriginal sacred sites found within mining tenements held by the Company may preclude exploration and mining activities and the Company may also experience delays with respect to obtaining permission from the traditional owners to explore and extract resources.

Further to this, it is possible that an Indigenous Land Use Agreement (**ILUA**) may be registered against one or more of the tenements in which the Company has an interest. The terms and conditions of any such ILUA may be unfavourable for, or restrictive against, the Company.

The Company must also comply with Aboriginal heritage legislation requirements and access agreements which require heritage survey work to be undertaken ahead of the commencement of mining operations.

The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

(f) ***Joint Venture parties, contractors and agents***

The Directors of the Company are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

5.3 General Risks

(a) ***Commodity price and exchange rate fluctuations***

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of Gold exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(b) ***Rising energy and commodity costs***

The Company has significant commodity (diesel) and energy (gas and electricity) requirements and it relies on being able to fulfil those requirements at a cost which does not negatively impact on its cash flows. A number of factors (particularly the strength of the US dollar) may lead to an increase in commodity and energy costs, which may materially adversely affect the earnings of the Company.

(c) ***Competition risk***

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(d) ***General equity market risk***

The value of the Company's Shares, including new Shares to be issued under the Offer may fluctuate. In recent times, the extent of the volatility in the price of the Company's Shares and the wider market has been significant.

Investments in equity markets are generally speculative in nature and potential investors should carefully consider this risk before making any investment in Shares.

There is no guarantee that the Shares will trade at or above the price pursuant to the Offer. Potential investors should also note that past performance of the Shares on ASX provides no guidance as to the future performance of these Shares on ASX.

Many factors will affect the price of Securities including local and international stock markets, movements in interest rates, economic conditions and investor sentiment generally. In addition, the commencement of, or escalation in, any war, armed conflict, hostilities between nations, civil unrest or terrorist activities may affect the price of Securities.

(e) ***Economic factors***

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption in Australia, the rate of growth of Australia's gross domestic product, interest rates and the rate of inflation.

(f) ***Security holders' margin lending arrangements***

Security holders may, from time to time, enter into margin lending arrangements for the purchase of Securities in the Company on terms and conditions not known to the Company.

The Directors are unable to predict the risk of financial failure or default by a Security holder who has entered into such an arrangement or insolvency or other managerial failure by any party who may have provided such an arrangement to the Security holder. Such an event may lead to parcels of Securities being made available for sale which may impact negatively on the price of the Company's Securities.

5.4 Investment speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may, in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus. Therefore, the Shares offered pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional adviser before deciding whether to apply for Shares pursuant to this Prospectus.

6. INVESTIGATING ACCOUNTANT'S REPORT

2 March 2012
The Directors
Apex Minerals NL
Level 1
10 Ord Street
WEST PERTH WA 6005

Dear Sirs,

INVESTIGATING ACCOUNTANTS REPORT ON UNAUDITED PRO-FORMA FINANCIAL INFORMATION

Crowe Horwath Perth (**Crowe Horwath**) has been engaged by Apex Minerals NL (**Apex** or **the Company**) to prepare this Investigating Accountants Report (**Report**) for inclusion in an Entitlement Issue Prospectus (**Prospectus**) dated on or about 20 February 2012, to be issued by Apex in relation to the proposed issue of a maximum of 11,100,487,426 Shares (pre-consolidation on a 1:100 basis) at an issue price of $0.002 per Share to raise approximately $22,000,000 (before the costs of the issue) and a minimum of 10,000,000,000 Shares (pre-consolidation on a 1:100 basis) at an issue price of $0.002 per Share to raise $20,000,000 (before the costs of Issue). Expressions defined in the Prospectus have the same meaning in this Report.

SCOPE

Crowe Horwath has been requested to prepare a report covering:

(a) The Consolidated Statement of Financial Position of Apex as at 30 June 2011; and

(b) The unaudited pro-forma statement of financial position as at 30 June 2011.

The above information is disclosed in Section 7 of the Prospectus.

AUDIT OF HISTORICAL FINANCIAL INFORMATION

The directors of Apex are responsible for the preparation and fair presentation of the Historical Financial Information (comprising the audited Statement of Financial Position as at 30 June 2011 and selected notes) and have presented it in an abbreviated form which does not include all the disclosures required by Australian Accounting Standards applicable to an annual financial report prepared in accordance with the Corporations Act 2001.

The Historical Financial Information has been extracted from the records of Apex, which was audited by a firm other than Crowe Horwath for the year ended 30 June 2011. Although an unqualified audit opinion was issued on 2 October 2011, the independent auditor's report did include an emphasis of matter paragraph regarding the continuation of Apex as a going concern.

We have reviewed the unaudited pro-forma statement of financial position of Apex as at 30 June 2011 in order to report whether anything has come to our attention which causes us to believe that the unaudited pro-forma statement of financial position, as set out in Section 7 of the Prospectus, does not present fairly the statement of financial position of Apex as at 30 June 2011, on the basis of the pro-forma transactions described in Section 7 of the Prospectus and in accordance with the recognition and measurement requirements prescribed in Australian Accounting Standards (including

Australian Accounting Interpretations), and accounting policies adopted by Apex and disclosed in Section 7 of the Prospectus.

Our review has been conducted in accordance with the Auditing Standard on Review Engagements *ASRE 2405 - Review of Historical Financial Information Other than a Financial Report*. We performed the procedures and made enquiries which we, in our professional judgement, considered reasonable in the circumstances. The procedures and enquiries included:

(a) a review of the work papers, accounting records and other supporting documents;

(b) analytical procedures applied to the financial data;

(c) a review of the pro-forma transactions adjusted against the Historical Financial Information;

(d) a review of the minutes of Directors' meetings;

(e) enquiry of directors, senior management, consultants and others; and

(f) comparison of consistency in application of the recognition and measurement principles in Australian Accounting Standards and the accounting policies adopted by Apex as disclosed in Section 7 of the Prospectus.

A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the pro-forma statement of financial position.

CONCLUSION

Review Statement on unaudited pro-forma statement of financial position

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the unaudited pro-forma statement of financial position, as set out in Section 7 of the Prospectus, does not present fairly the financial position of Apex as at 30 June 2011, on the basis of the significant transactions and pro-forma transactions described in Section 7 of the Prospectus and in accordance with the recognition and measurement requirements (but not all of the disclosure requirements) prescribed in Australian Accounting Standards and accounting policies adopted by Apex and disclosed in Section 7 of the Prospectus.

SUBSEQUENT EVENTS

Since 30 June 2011 and to the date of this Report, the Company has incurred costs associated with the production of this Prospectus and managing of the Company's assets.

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief, no material transactions or events outside of the ordinary business of Apex have come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

RESPONSIBILITY

Crowe Horwath has consented to the inclusion of this Report in the Prospectus in the form and context in which it is so presented but has not authorised the issue of the Prospectus. Accordingly, Crowe Horwath makes no representation regarding, and takes no responsibility for, any statements or material in, or omissions from, the Prospectus.

INDEPENDENCE AND DISCLOSURE OF INTEREST

Crowe Horwath does not have any interest in the outcome of this Issue other than in our capacity as investigating accountants, for which normal professional fees will be received. In our capacity as investigating accountants we have prepared this Report. It should be noted that the appointment of Crowe Horwath Perth as auditors of the Company was approved by the Company's shareholders at the Annual General Meeting held on 30 November 2011.

The Company has agreed to indemnify and hold harmless Crowe Horwath and its employees from any claims arising out of misstatements or omissions in any material or information supplied by the Company except where the claim has arisen as a result of wilful misstatement or negligence by Crowe Horwath.

GENERAL ADVICE WARNING

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation and needs.

Yours faithfully
CROWE HORWATH PERTH

CYRUS PATELL
Partner

7. FINANCIAL INFORMATION

7.1 Introduction

This Section sets out the Historical Financial Information and Pro-Forma Financial Information (the **Financial Information**). The basis for preparation and presentation is set out below.

The Financial Information has been prepared by management and adopted by the Directors. The Directors are responsible for the inclusion of all Financial Information in the Prospectus. Crowe Horwath Perth (**Crowe Horwath**) has prepared an Investigating Accountant's Report in respect of the Historical and Pro-Forma Financial Information. A copy of this report is set out in Section 6.

The Historical Financial Information and Pro-Forma Financial Information has been prepared in accordance with the measurement and recognition criteria of Australian Accounting Standards and the significant accounting policies set out in Notes 7.5 to 7.7 of the Financial Information. The accounting policies comply with Australian Equivalents to International Financial Reporting Standards (**AIFRS**) which ensures compliance with International Financial Reporting Standards (**IFRS**).The Historical and Pro-Forma Financial Information is presented in an abbreviated form insofar as it does not include all the disclosures and notes required in an annual financial report prepared in accordance with Australian Accounting Standards and the Corporations Act 2001.

7.2 Historical Financial Information

The Historical Financial Information for Apex set out on the following pages comprises:

(a) The audited Statement of Financial Position as at 30 June 2011; and

(b) Selected notes.

The Historical Financial Information has been extracted from the audited financial information of Apex for the year ended 30 June 2011.

7.3 Pro-Forma Financial Information

The Pro-Forma Financial Information for Apex set out on the following pages comprises:

(a) The unaudited Pro-Forma Statement of Financial Position as at 30 June 2011; and

(b) Notes to the unaudited Pro-Forma Statement of Financial Position.

The unaudited Pro-Forma Statement of Financial Position has been derived from the audited Statement of Financial Position as at 30 June 2011 adjusted for the following transactions as if they had occurred at 30 June 2011:

(a) The issue of 11,100,487,426 Shares at an issue price of $0.002 per Share to raise approximately $22,200,000 (full subscription) before expenses of the Offer. The issue of 10,000,000,000 Shares at an issue price of $0.002 per Share to raise $20,000,000 (minimum subscription) before expenses of the Offer. All Shares issued pursuant to this Prospectus will be issued as fully paid.

(b) Total costs expected to be incurred directly recognised in equity in connection with the preparation of the Prospectus of $1,535,000 (full subscription) and $1,403,000 (minimum subscription).

(c) Apex will pay Drummond Gold Limited an arrangement fee of $350,000 within 7 days following the raising of any funds received under the Offer. Although this will be refundable in the event that the Directors contemplated being appointed to the Board decide not to be so appointed following the Offer and obtaining shareholder approval, the pro-forma reflects the intention of the said Directors to accept such an appointment. Accordingly the Arrangement Fee has been expensed.

(d) Payments to Directors upon resignation and termination of approximately $720,000;

(e) Leave entitlement payments to Directors of $312,000;

(f) Other significant transactions from 1 July 2011 to 31 December 2011:

  (i) Repayment of hire purchase liabilities of $2,078,000;

  (ii) Unwinding of the Rehabilitation Provision for the period of $625,000;

  (iii) Estimated depreciation and amortization expense of $5,928,000 and $5,446,000 respectively;

  (iv) Increase in trade receivables of $98,000;

  (v) Reduction in employee entitlement provisions of $140,000;

  (vi) Reduction to gold-in-circuit of $1,421,000 to reflect Management estimated quantity on hand at 31 December 2011 (valued at lower of cost or NRV);

  (vii) Increase in Trade Creditors/Accruals of $5,503,000 comprising $2,769,000 in relation to insurance premium funding (prepaid from 1 November 2011 to 31 October 2012) and $2,734,000 in relation to operating costs;

  (viii) Reduction in Trade Creditors/Accruals of $1,400,000 to reflect the renegotiation of amounts owing and a repayment plan regarding one of Apex's creditors, Atlas Copco. In addition, an amount of $2,083,000 of the renegotiated total amount of $4,100,000 has been reclassified to "non-current" to reflect the duration of the payment plan with Atlas Copco. Further details are outlined in Section 5 of this Prospectus;

  (ix) Lapsing of 2,500,000 options that were granted to Yandal Investments Pty Ltd on 30 January 2009. These options lapsed on 29 January 2012 and the value transferred from the Option Reserve to Share Capital was $198,000;

  (x) Amount owing to Directors for Directors fees for the month of December 2011 of $75,000;

  (xi) Unpaid salary to Director from 1 December 2011 to estimated closing date of the Offer of $240,000; and

(xii) Net movement in operating activities from 1 July 2011 to 31 December 2011 of $2,440,000.

(g) During the period, Apex received an indicative offer in relation to the sale of its Youanmi Project, including the assets and related liabilities of Youanmi. On the basis of this indicative offer from an unrelated party, the net fair value of the Youanmi assets held for sale have been reduced by $2.45m. Given the time frame that has lapsed since the Youanmi Project was originally classified as "held for sale", the pro-forma financial information also reflects the reclassification of the Youanmi Project assets and liabilities from the "current" to the "non-current" categories.

7.4 APEX MINERALS NL Statements Of Financial Position

The unaudited Pro-Forma Statement of Financial Position as at 30 June 2011 represents the audited Statement of Financial Position as at that date adjusted for the pro-forma transactions discussed in this Prospectus as well as other significant transactions occurring between 1 July 2011 and 31 December 2011. The Statements of Financial Position are to be read in conjunction with the notes set out in this section.

	Notes	Audited Historical Financial Information 30 June 2011 $ 000's	Minimum Subscription* Unaudited Pro-Forma Financial Information 30 June 2011 $ 000's	Full Subscription* Unaudited Pro-Forma Financial Information 30 June 2011 $ 000's
CURRENT ASSETS				
Cash and cash equivalents	**7.8**	3	17,340	19,408
Trade and other receivables	**7.9**	1,120	3,987	3,987
Inventories	**7.10**	18,215	16,794	16,794
Derivative assets		97	97	97
Assets available for sale		20	20	20
Assets held for sale	**7.11**	14,271	-	-
TOTAL CURRENT ASSETS		**33,726**	**38,238**	**40,306**
NON-CURRENT ASSETS				
Other receivables		4,626	4,626	4,626
Assets held for sale	**7.11**	-	11,821	11,821
Property, plant & equipment	**7.13**	64,984	53,610	53,610
TOTAL NON-CURRENT ASSETS		**69,610**	**70,057**	**70,057**
TOTAL ASSETS		**103,336**	**108,295**	**110,363**
CURRENT LIABILITIES				
Trade and other payables	**7.14**	18,552	20,647	20,647
Liabilities held for sale	**7.12**	4,271	-	-
Loans and borrowings	**7.15**	6,901	6,823	6,823
Provisions	**7.16**	1,822	1,682	1,682
TOTAL CURRENT LIABILITIES		**31,546**	**29,152**	**29,152**
NON-CURRENT LIABILITIES				
Trade and other payables	**7.14**	-	2,083	2,083
Loans and borrowings	**7.15**	3,179	1,179	1,179

Liabilities held for sale	**7.12**	-	4,271	4,271
Provisions	**7.17**	18,396	19,021	19,021
TOTAL NON-CURRENT LIABILITIES		**21,575**	**26,554**	**26,554**
TOTAL LIABILITIES		**53,121**	**55,706**	**55,706**
NET ASSETS		**50,215**	**52,589**	**54,657**
EQUITY				
Share capital	**7.18**	321,375	340,170	342,238
Reserves	**7.19**	26,885	26,687	26,687
Accumulated losses	**7.20**	(298,045)	(314,268)	(314,268)
TOTAL EQUITY		**50,215**	**52,589**	**54,657**

* The unaudited Pro-Forma Statement of Financial Position as at 30 June 2011 represents the audited Statement of Financial Position as at that date adjusted for the pro-forma transactions discussed in this Prospectus as well as other significant transactions occurring between 1 July 2011 and 31 December 2011.

7.5 Notes to and forming part of the financial information

Basis of preparation

(a) **Statement of compliance**

The consolidated Financial Information has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (**AASB**) and the Corporations Act 2001.

(b) **Basis of measurement**

The consolidated Financial Information has been prepared on the historical cost basis except for the following:

(i) Derivative financial instruments are measured at fair value;

(ii) available-for-sale financial assets are measured at fair value.

The methods used to measure fair values are discussed further in Note 3.

The Group adopts the accrual basis of accounting.

(c) **Functional and presentation currency**

The consolidated Financial Information is presented in Australian dollars, which is the Company's functional currency and the functional currency of subsidiaries within the Group.

(d) **Use of estimates and judgements**

The Directors evaluate estimates and judgments incorporated into the Financial Information based on historical knowledge and best available current information. Set out below is information about:

(i) critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Information; and

(ii) assumptions and estimation uncertainties that may have a significant risk of resulting in material adjustments in future financial years.

Key Estimates

Units of production method

The Group applied the units of production method of amortisation of its life of mine specific assets, which results in an amortisation charge proportional to the depletion of the anticipated remaining life of mine production. These calculations require the use of estimates and assumptions in relation to reserve and resource, metallurgy and of future capital development requirements. Changes to these estimates and assumptions will impact the amortisation and asset carrying values.

Inventories – Gold in Circuit

The measurement of contained gold in circuit requires estimates and judgements by management in relation to quantity and grade. The techniques used to estimate these factors include assaying, dipping and extrapolation across samples. In addition, estimates are required in relation to density factors, specific gravity factors and volumes.

Impairment of assets

The recoverable amount of each cash generating unit (**CGU**) is determined as the higher of value in use and fair value of costs less to sell, in accordance with the Group's accounting policy. These calculations require the use of estimates. Value-in-use is generally determined as the present value of the estimated future cash flows. Present values are determined using a risk adjusted discount rate appropriate to the risks inherent in the asset.

Future cash flow estimates are based on expected production volumes, the short and long term forecasts of the Australian dollar gold price, ore reserves and operating costs. Management is required to make these estimates and assumptions, which are subject to risk and uncertainty. As a result there is a possibility that changes in circumstances will alter these projections, which could impact on the recoverable amount of the assets. In such circumstances some or all of the carrying value of the assets may be impaired, giving rise to an impairment charge in the statement of comprehensive income.

Determination of mineral reserves and resources

Economically recoverable ore reserves represent the estimated quantity of product in an area of interest that can be expected to be profitably extracted, processed and sold under current and foreseeable economic conditions. The determination of reserves impacts the asset carrying values, depreciation and amortisation rates and provisions for rehabilitation and mine closure. The Group uses the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 (the **JORC code**) as a minimum standard. The information on mineral resources and ore reserves is prepared by or under the supervision of Competent Persons as defined in the JORC code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated.

Measurement of share based payments

The Group records charges for share based payments. For option based share based payments, management estimate certain factors used in the option pricing model. These factors include volatility, expiry date of options and options likely to be exercised. If these estimates vary the share based payment expense will also vary.

Key Judgements

Rehabilitation and mine closure provisions

The value of these provisions represents the present value of the current and future obligations to restore, decommissioning, and rehabilitate the Wiluna and Youanmi sites. Significant estimates and assumptions are required in determining the amount of the provision for mine rehabilitation and closure as there are many transactions and other factors that will affect the final costs. The present value of the estimated future cash flows reflects a combination of management's best estimate of the cost of performing the work required, the timing of the cash flows and the discount rate.

A change in any or a combination of, the key assumptions used to determine the provisions could have a material impact on the carrying value of the provisions. The provisions recognise the obligations for each site and these obligations are reviewed at each reporting date and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for rehabilitation and mine closure are recognised in the statement of financial position by adjusting both the restoration and rehabilitation asset and provisions.

Leasing classification

The classification of leases to be finance or operating is based on management's review of the lease contracts entered into by the Group and in accordance with the requirements of AASB 117. For each contract, it is determined whether significant risks and rewards of ownership have transferred in the lease transaction and if so the lease is classified as a finance lease. Otherwise the lease is classified as an operating lease.

Recognition of tax losses

In accordance with the Group's accounting policies for deferred taxes, a deferred tax asset is recognised for unused tax losses only if it is probable that future taxable profits will be available to utilise those losses. Determination of future taxable profits requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. This includes estimates and judgements about commodity prices, ore reserves, exchange rates, future capital requirements, future operational performance and the timing of estimated cash flows. Changes in these estimates and assumptions could impact on the amount of estimated taxable profits and accordingly the recoverability of deferred tax assets.

(e) **Going concern**

The Directors have prepared the Financial Information on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

7.6 Significant Accounting Policies

The significant policies which have been adopted in the preparation of the Financial are set out below.

The Financial Information includes the consolidated Financial Information and notes of Apex Minerals NL and its controlled entities (**Consolidated Group** or **Group**).

The following is a summary of the material accounting policies adopted by the Group in the preparation of the Financial Information. The accounting policies have been consistently applied, unless otherwise stated.

(a) **Basis of Consolidation**

The consolidated Financial Information incorporates the assets, liabilities and results of entities controlled by Apex Minerals NL at the end of the reporting period. A controlled entity is any entity over which Apex Minerals NL has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled.

In preparing the consolidated Financial Information, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

(b) **Revenue Recognition**

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of the amount of goods and services tax (**GST**) payable to the taxation authority. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

(c) **Finance Income and Expense**

Finance income comprises interest income on funds invested, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in profit or loss.

Finance expenses comprise interest expenses on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss.

(d) **Income tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. No deferred tax asset is recognised in the current year.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(e) **Goods and Services Tax**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (**GST**), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(f) **Lease Payments**

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(g) **Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average price principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) **Property, Plant and Equipment**

(i) Recognition and Measurement

Items of property, plant and equipment (including those under finance lease) are measured at cost less accumulated depreciation / amortisation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

(ii) Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

The Group applies the units of production (**UOP**) method for depreciation of its life of mine specific assets such as the plant and equipment, which results in a depreciation charge proportional to the depletion of the anticipated remaining life of mine production. These calculations require the use of estimates and assumptions in relation to reserves. Changes to these estimates and assumptions will impact the depreciation charge and asset carrying values.

The UOP method is considered to most closely reflect the expected pattern of consumption of the future economic benefits embodied in the assets.

Leased assets are depreciated over the shorter of the lease term or the useful life of the asset.

All other items of property, plant and equipment are depreciated on a diminishing value basis.

The depreciation rates are as follows:

	Rate
Office equipment	22.5%
Leasehold improvements	20%
Office & Computer equipment	40%

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(iv) Amortisation

The Group applies the UOP method for mine properties. The amortisation charge is calculated using the quantity of material extracted from the mine in the period as a percentage of the total quantity of material to be extracted in current and future periods based on mineable reserves. The calculation includes consideration of appropriate estimates of the future costs to be incurred in developing the estimated economic reserve. Changes to mineable reserves are applied prospectively.

(v) Mine Properties

Mine properties represent the acquisition cost and / or accumulated exploration and evaluation expenditure in respect of areas of interest in which mining has commenced.

Mine development costs are deferred until commercial production commences. At commencement of production, mine development is transferred to mine properties, at which time they are amortised on a UOP basis over mineable reserves.

(vi) Gain and Losses

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss. When re-valued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

(i) **Leased Assets**

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are considered operating leases and the related leased assets are not recognised on the Group's statement of financial position.

(j) **Exploration and Evaluation**

Exploration for and evaluation of mineral resources is the search for mineral resources after the Group has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resources. Accordingly, exploration and evaluation expenditures are those expenditures incurred by the Group in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Accounting for exploration and evaluation expenditures is assessed separately for each 'area of interest'. An 'area of interest' is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

Exploration and evaluation costs are expensed in the year in which they are incurred, apart from acquisition costs which are carried forward where right of tenure of the area of interest is current and the expenditure is expected to be recouped through sale or successful development and exploration of the area of interest.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, capitalised exploration and evaluation expenditure is reclassified as capitalised mine property and classified under property, plant and equipment on the statement of financial position.

Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment annually in accordance with AASB 6. Where an impairment indicator exists, recoverable amounts of these assets will be estimated based on either discounted cash flows from their associated cash generating units or fair value less costs to sell. The statement of comprehensive income will recognise expenses arising from excess of the carrying values of exploration and evaluation assets over the recoverable amounts of these assets.

In the event that an area of interest is abandoned or if the Directors assess that the accumulated costs carried forward should be reduced, any reduction is written off in the period in which that assessment is made. Each area of interest is reviewed at the end of each accounting period and accumulated costs are written off to the extent that they will not be recoverable in the future.

(k) **Impairment**

(i) Financial Assets

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged or significant decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the profit and loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to the income statement at this point.

(ii) Non-financial Assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there are any indications of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. A cash generating unit is the smallest identifiable asset group that generate cash flows that are largely independent on other assets and groups. Impairment losses are recognised in the profit and loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value and using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(l) **Assets held for Sale**

Assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in the profit and loss. Gains are not recognised in excess of any cumulative impairment loss.

(m) **Employee Benefits**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of the employee's services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(n) **Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost in the profit and loss

(o) **Provision for Rehabilitation and Mine Closure**

A provision for rehabilitation and mine closure is recognised in respect of the estimated cost of rehabilitation, decommissioning and restoration of the area disturbed during mining activities up to the reporting date, but not yet rehabilitated. Such activities include dismantling infrastructure, removal and treatment of waste material, and land rehabilitation, including topsoiling and revegetation of the disturbed area.

The amount recognised as a liability represents the estimated future costs discounted to present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific with the liability. The unwinding of the discount is recognised as a finance cost in the income statement.

A corresponding asset is recognised in Property, Plant and Equipment only to the extent that it is probable that future economic benefits associated with the rehabilitation, decommissioning and restoration expenditure will flow to the entity. The asset is depreciated using the units of production basis over the total estimated proven and probable reserves related to the area of interest.

At each reporting date the site restoration is re-measured to reflect any changes in discount rates and timing or amounts of the costs to be incurred. Such changes in the estimated liability are accounted for prospectively from the date of the change and are added to, or deducted from, the related asset where it is probable that future economic benefits will flow to the entity.

(p) **Financial Instruments**

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Derivative financial instruments

Derivatives are recognised initially at fair value. Attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value with fair value changes recognised in profit or loss.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Loans and receivables

Loans are receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method, less any impairment cost.

Loans and receivables comprise cash and cash equivalents and, trade and other receivables.

Available-for-sale financial assets

The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and presented within equity in the AFS revaluation reserve. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the profit and loss.

Non-derivative financial liabilities

The Group classifies non-derivative financial liabilities into the "other financial liabilities" category. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Other financial liabilities comprise loans and borrowings, bank overdrafts and trade and other payables.

(q) **Share Capital**

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects. Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

Warrants

Warrants are classified as a financial liability if the exercise price for conversion to ordinary shares can vary based on the associated factors. Warrants are initially recognised and subsequently recorded at fair value with movements in fair value recognised in the statement of comprehensive income. If the exercise price no longer varies, the balance is reclassified to equity.

(r) **Earnings per Share**

(i) Basic earnings per Share

Basic earnings per share is determined by dividing the operating profit or loss after income tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will potentially arise from the exercise of partly paid shares or options outstanding during the financial year.

(s) **Share Based Payment Transactions**

Equity settled transactions:

The Group provides benefits to employees (including senior executives) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There is currently an Employee Share Option Plan (**ESOP**), which provides benefits to employees. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date on which they are granted.

Where the Group has provided share based payments to facility lenders the cost of these equity-settled transactions are expensed in line with the period of the facility as a finance cost.

Where the Group has provided share based payments to consultants, the cost of these equity-settled transactions is expensed in the same way as the ESOP.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Apex Minerals NL (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employee becomes fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The increase in the income statement charge or credit for a period represents the movements in the cumulative expense, recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon market conditions.

If the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modifications that increase the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had been vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(t) **Interest in Joint Ventures**

The Group's share of the assets, liabilities, revenue and expenses of jointly controlled operations have been included in the appropriate line items of the Financial Information.

The Group's interests in joint venture entities are recorded using the equity method of accounting in the consolidated Financial Information.

Where the Group contributes assets to the joint venture or if the Group purchases assets from the joint venture, only the portion of the gain or loss that is not attributable to the Group's share of the joint venture shall be recognised. The Group recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

(u) **Segment Reporting**

The Group determines and presents operating segments based on the information that is internally provided to the CEO, who is the Group's chief operating decision maker.

An operating segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products and services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. All operating segments' operating results are regularly reviewed by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance.

(v) **New Accounting Standards for Application in Future Periods**

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2011:

(i) AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

(ii) AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

(iii) AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project;

(iv) AASB 2009-8 Amendments to Australian Accounting Standards – Group cash-settled Share-based Payment Transactions;

(v) AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues; and

The Group has not assessed the impact of these standards on the amounts disclosed in the consolidated Financial Information for the current or future periods.

7.7 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non- financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

(a) **Trade and Other Receivables**

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(b) **Derivatives**

The fair value of derivative options, are based on independent valuation reports using modelling with market data inputs. Fair values are determined by comparing the contracted rate to the current market rate for a contract with the same remaining period to maturity.

(c) **Non-Derivative Financial Liabilities**

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

(d) **Share-Based Payment Transactions**

The fair value of employee share options is measured using the Black-Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(e) **Investments in Equity Securities**

The fair value of available-for-sale financial assets is determined by reference to their quoted closing bid price at the reporting date.

7.8 Cash and Cash Equivalents

	Minimum Subscription Unaudited Pro-Forma Financial Information 30 June 2011 $000's	Full Subscription Unaudited Pro-Forma Financial Information 30 June 2011 $000's
Adjustments arising in the preparation of the pro-forma balance are summarised as follows:		
Balance as at 30 June 2011	3	3
Proceeds from Issue of Shares pursuant to this Prospectus	20,000	22,200
Estimated costs of the Offer	(1,403)	(1,535)
Refundable Arrangement Fee to Drummond Gold Limited	(350)	(350)
Payments to Directors upon termination, payout of leave entitlements and unpaid salary	(1,272)	(1,272)
Repayments in relation to hire purchase agreements during 1/07/11 – 31/12/11	(2,078)	(2,078)
Net cash inflow from operating activities from 1/07/11 – 31/12/11	2,440	2,440
Pro-forma balance as at 30 June 2011	**17,340**	**19,408**

7.9 Trade and other receivables

Adjustments arising in the preparation of the pro-forma balance are summarised as follows:		
Balance as at 30 June 2011	1,120	1,120
Prepaid Insurance	2,769	2,769
Increase in Trade Receivables during the period	98	98
Pro-forma balance as at 30 June 2011	**3,987**	**3,987**

7.10 Inventories

Adjustments arising in the preparation of the pro- forma balance are summarised as follows:		
Balance as at 30 June 2011	18,215	18,215
Adjustment to gold in circuit	(1,421)	(1,421)
Pro-forma balance as at 30 June 2011	**16,794**	**16,794**

7.11 Assets held for sale – Current and non current

	Minimum Subscription Unaudited Pro-Forma Financial Information 30 June 2011 $000's	Full Subscription Unaudited Pro-Forma Financial Information 30 June 2011 $000's
Adjustments arising in the preparation of the pro- forma balance are summarised as follows:		

Balance as at 30 June 2011	14,271	14,271
Fair value adjustment on indicative offer received from unrelated party for Youanmi Project	(2,450)	(2,450)
Reclassification of Youanmi Project to Non-Current	(11,821)	(11,821)
Pro-forma balance as at 30 June 2011 – Current	**-**	**-**
Pro-forma balance as at 30 June 2011 – Non Current	**(11,821)**	**(11,821)**

7.12 Liabilities held for sale – Current and Non Current

Adjustments arising in the preparation of the pro- forma balance are summarised as follows:		
Balance as at 30 June 2011 - Current	4,271	4,271
Reclassification of Youanmi Project to Non-Current	(4,271)	(4,271)
Pro-forma balance as at 30 June 2011 – Current	**-**	**-**
Pro-forma balance as at 30 June 2011 – Non Current	**4,271**	**4,271**

7.13 Property, Plant & Equipment

Adjustments arising in the preparation of the pro- forma balance are summarised as follows:		
Balance as at 30 June 2011	64,984	64,984
Depreciation and amortisation expense	(11,374)	(11,374)
Pro-forma balance as at 30 June 2011	**53,610**	**53,610**

7.14 Trade and other Payables

	Minimum Subscription **Unaudited** **Pro-Forma Financial Information** **30 June 2011** **$000's**	**Full Subscription** **Unaudited** **Pro-Forma Financial Information** **30 June 2011** **$000's**
Adjustments arising in the preparation of the pro- forma balance are summarised as follows:		
Balance as at 30 June 2011	18,552	18,552
Amount owing to Directors for Directors fees for December 2011	75	75
Increase in Trade and Other Payables	5,503	5,503
Renegotiation of amounts owing to Atlas Copco	(1,400)	(1,400)
Reclassification of portion of Atlas Copco amount to Non Current	(2,083)	(2,083)
Pro-forma balance as at 30 June 2011 - Current	**20,647**	**20,647**
Pro-forma balance as at 30 June 2011 – Non Current	**2,083**	**2,083**

7.15 Loans and Borrowings – Current & Non Current

Adjustments arising in the preparation of the pro- forma balance are summarised as follows:		
Balance as at 30 June 2011		
- Current	6,901	6,901
- Non Current	3,179	3,179
Repayments during the period		
- Current	(78)	(78)
- Non Current	(2,000)	(2,000)
Pro-forma balance as at 30 June 2011		
- **Current**	**6,823**	**6,823**
- **Non Current**	**1,179**	**1,179**

7.16 Provisions - Current

	Minimum Subscription Unaudited Pro-Forma Financial Information 30 June 2011 $000's	**Full Subscription Unaudited Pro-Forma Financial Information 30 June 2011 $000's**
Adjustments arising in the preparation of the pro- forma balance are summarised as follows:		
Balance as at 30 June 2011	1,822	1,822
Movement in employee entitlements	(140)	(140)
Pro-forma balance as at 30 June 2011	**1,682**	**1,682**

7.17 Provisions – Non Current

Adjustments arising in the preparation of the pro- forma balance are summarised as follows:		
Balance as at 30 June 2011	18,396	18,396
Unwinding of discount on Rehabilitation Provision	625	625
Pro-forma balance as at 30 June 2011	**19,021**	**19,021**

7.18 Share Capital

Adjustments arising in the preparation of the pro- forma balance are summarised as follows:		
Balance as at 30 June 2011	321,375	321,375
Proceeds from issue of Shares pursuant to this Prospectus	20,000	22,200
Estimated costs of the Offer	(1,403)	(1,535)
Transfer from Option Reserve on lapsing of Yandal Investments Pty Ltd Options	198	198
Pro-forma balance as at 30 June 2011	**340,170**	**342,238**

7.19 Reserves

	Minimum Subscription Unaudited Pro-Forma Financial Information 30 June 2011 $000's	Full Subscription Unaudited Pro-Forma Financial Information 30 June 2011 $000's
Adjustments arising in the preparation of the pro-forma balance are summarised as follows:		
Balance as at 30 June 2011	26,885	26,885
Transfer to Share Capital on lapsed Options	(198)	(198)
Pro-forma balance as at 30 June 2011	**26,687**	**26,687**

Options **to be issued as part of the Offer**

As part of the Offer, the following number of options will be issued to the following parties:

Mr Ed Eshuys (or nominee)	-	600 million
Drummond Gold Limited	-	1000 million
Azure Capital Limited	-	100 million

The terms and conditions (including the valuation methodology) attached to the options have been detailed in Section 8 of the Prospectus.

Given the grant of the abovementioned options is subject to a number of conditions precedent, one of which is that they are approved by shareholders at a General Meeting to be held on 8 March 2012, they have been excluded from the pro-forma financial information in accordance with the requirements of AASB 2 – Share Based Payments.

7.20 Accumulated Losses

	Minimum Subscription Unaudited Pro-Forma Financial Information 30 June 2011 $000's	Full Subscription Unaudited Pro-Forma Financial Information 30 June 2011 $000's
Adjustments arising in the preparation of the pro- forma balance are summarised as follows:		
Balance as at 30 June 2011	(298,045)	(298,045)
Fair value adjustment in relation to Youanmi Project	(2,450)	(2,450)
Termination payments to Directors, pay out of leave entitlements and unpaid salary	(1,272)	(1,272)
Movement in Trade Receivables	98	98
Depreciation and amortisation expense	(11,374)	(11,374)

Unwinding of Rehabilitation Provision discount	(625)	(625)
Movement of gold in circuit	(1,421)	(1,421)
Accrued Directors Fees for December 2011	(75)	(75)
Movement in employee entitlement provision	140	140
Movement in Trade Creditors and Accruals	(2,734)	(2,734)
Arrangement Fee payable to Drummond Gold	(350)	(350)
Atlas Copco trade payable adjustment	1,400	1,400
Net movement in operating activities from 1/07/11 to 31/12/11	2,440	2,440
Pro-forma balance as at 30 June 2011	**(314,268)**	**(314,268)**

7.21 Contingent Liability

As outlined in Section 5, Apex has negotiated a reduced payment amount and a payment plan with one of its creditors, Atlas Copco. Pursuant to a negotiated payment plan, Apex will make total payments to Atlas Copco of $4,100,000 (inclusive of $300,000 in interest payments) over the period upto 30 June 2013. In the event that Apex default on the negotiated settlement payments, the amount owing to Atlas will increase to $5,500,000 plus interest. At 30 June 2011, Apex included an amount of $5,500,000 in trade creditors and accruals. An adjustment of $1,400,000 has been made in the unaudited pro-forma statement of financial position to reflect the reduced amount owing to Atlas, however this amount will cease being a contingency and will become payable, if Apex default on the negotiated payment plan with Atlas Copco.

8. ADDITIONAL INFORMATION

8.1 Terms and Conditions of the Eduard Eshuys Options

Subject to Shareholder approval, it is proposed that the 600,000,000 Options will be issued to Mr Eduard Eshuys (or his nominee, Resource Surveys Pty Ltd as trustee for the Eshuys Family Trust) with the following expiry dates, exercise prices and vesting conditions:

Number	Expiry Date	Exercise Price	Vesting Conditions
150,000,000	5.00pm (WST) on the date that is 3 years from the date of issue	0.3 cents	None
150,000,000	5.00pm (WST) on the date that is 3 years from the date of issue	0.45 cents	None
75,000,000	5.00pm (WST) on the date that is 3 years from the date of issue	0.6 cents	None
225,000,000	5.00pm (WST) on the date that is 5 years from the date of issue	0.8 cents	These Options will vest if and only if the Company 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 financial year 2013-14.

The full terms and conditions of the Eduard Eshuys Options, together with a valuation of the Eduard Eshuys Options, are contained in Schedules 1 and 2 (respectively) of the Notice of Meeting. The Notice of Meeting is taken to be included in the Prospectus pursuant to section 712 of the Corporations Act. See Section 2.4 of this Prospectus for further details.

8.2 Terms and Conditions of the Drummond Options

Subject to Shareholder approval, it is proposed that the 1,000,000,000 Options will be issued to Drummond with the following expiry dates, exercise prices and vesting conditions:

Number	Expiry Date	Exercise Price	Vesting Conditions
225,000,000	5.00pm (WST) on the date that is 3 years from the date of issue	0.3 cents	None
200,000,000	5.00pm (WST) on the date that is 3 years from the date of issue	0.45 cents	None

200,000,000	5.00pm (WST) on the date that is 3 years from the date of issue	0.6 cents	None
375,000,000	5.00pm (WST) on the date that is 5 years from the date of issue	0.8 cents	These Options will vest if and only if the Company 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 financial year 2013-14.

The full terms and conditions of the Drummond Options are contained in Schedule 4 of the Notice of Meeting. The Notice of Meeting is taken to be included in the Prospectus pursuant to section 712 of the Corporations Act. See Section 2.3 of this Prospectus for further details.

8.3 The Proposed Directors

Brief biographical details of each of the Proposed Directors is set out below:

(a) ***Mr Eduard Eshuys***

It is proposed that Mr Eshuys will be appointed as Executive Chairman of the Company. 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 1980's and early 1990's 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 Eshuys is currently the Executive Chairman of Drummond.

(b) ***Mr Brice Mutton***

It is proposed that Mr Brice Mutton will be appointed as a Non-executive Director of the Company. 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 Mutton is currently a non-executive director of Drummond and Cuesta Coal Limited.

(c) ***Mr Ross Hutton***

It is proposed that Mr Ross Hutton will be appointed as a Non-executive Director of the Company. 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 Hutton is currently a non-executive director of Drummond, Mungana Goldmines Limited and Kagara Ltd.

8.4 Youanmi Project Update

The Company has received an indicative offer from an unrelated party in relation to the sale of its Youanmi Project, including the assets and related liabilities of Youanmi. The interested party is undertaking due diligence on the Project and negotiations with respect to the sale process are ongoing. For further details regarding the Youanmi Project, please refer to the Financial Information in Section 7 of this Prospectus.

8.5 Claims Liability and Litigation

Atlas Copco previously issued two statutory demands on the Company in May and June 2010 totalling $4,400,000 demanding the payment of a proportion of monies (approximately $7,400,000) that they believed were owed by the Company. The Company had the statutory demands set aside for the financial year end 30 June 2011 and has negotiated with Atlas Copco a reduced payment amount and payment plan. Pursuant to the negotiated payment plan, the Company will make regular payments to Atlas Copco over the period up to 30 June 2013 totalling $3,800,000 plus interest payments of $300,000. Of the total payment amount, $600,000 is due prior to 30 June 2012. In the event that the negotiated settlement payments are not made by the Company, the amount owing to Atlas Copco will increase to $5,500,000 plus interest.

Several creditors have commenced proceedings against the Company with respect to the repayment of outstanding amounts owed by the Company (totalling approximately $163,000). The Company has reached negotiated settlements with all material creditors who have commenced legal proceedings pursuant to which alternative arrangements for the repayment of the amounts owed and the extension the dates on which amounts owed are due and payable have been agreed.

8.6 Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a "transaction specific prospectus". In general terms a "transaction specific prospectus" is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

(a) it is subject to regular reporting and disclosure obligations;

(b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and

(c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:

    (i) the annual financial report most recently lodged by the Company with the ASIC;

    (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and

    (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	**Description of Announcement**
07/03/2012	DGO: Participation in Apex Minerals NL Turnaround
07/03/2012	Reinstatement to Official Quotation
07/03/2012	Appendix 3B
07/03/2012	Notice of General Meeting
07/03/2012	Apex Capital Raising
28/02/2012	Update on Proposed Capital Raising

17/02/2012	Update on Proposed Capital Raising
13/02/2012	Update on Proposed Capital Raising
02/02/2012	Request for Voluntary Suspension
02/02/2012	Suspension from Official Quotation
01/02/2012	December 2011 Quarterly Reports
31/01/2012	Trading Halt
09/01/2012	Change of Director's Interest Notice
05/01/2012	Appendix 3B
30/11/2011	Results of Annual General Meeting
30/11/2011	2011 Annual General Meeting Presentation
23/11/2011	BLK: Acquisition of Matilda Gold Project Finalised
18/11/2011	BLK: Blackham Agreement with Apex Minerals NL
08/11/2011	Appendix 3B
01/11/2011	September 2011 Quarterly Reports
27/10/2011	Notice of Annual General Meeting/Proxy Form

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

8.7 Material Contracts

(a) **Lead Manager Mandate with Azure Capital**

The Company has entered into a mandate with Azure Capital pursuant to which Azure Capital has agreed to be the Lead Manager and Underwriter to the Offer. In consideration for the services to be provided by Azure Capital, the Company has agreed:

(i) to pay Azure Capital an underwriting fee of 6% of the total amount proposed to be raised under the Offer, being an amount of $1,332,000) (being the fee set out in the Underwriting Agreement, further details of which are set out in Section 7.21(b) below); and

(ii) to issue 100,000,000 Options (pre-Consolidation) to Azure Capital Investments Pty Ltd (as nominee of Azure Capital), subject to Shareholder approval of the issue being received at the General Meeting.

(b) **Underwriting Agreement**

On 7 March 2012 the Company entered into an underwriting agreement with Azure Capital pursuant to which Azure Capital has agreed to conditionally underwrite the Offer for the amount of $22,200,000 (**Underwriting Agreement**). The following are the material terms of the Underwriting Agreement:

(i) (**Conditions Precedent**): Azure Capital's obligation to underwrite the Offer are conditional upon a number of matters including:

(A) Azure Capital obtaining binding sub-underwriting commitments in respect of the entire Offer by 5.00pm on the Closing Date (or such later date agreed in writing by Azure Capital). This condition has been satisfied; and

(B) each of the Resolutions being passed by Shareholders at the General Meeting.

If any of the conditions precedent are not satisfied or waived by Azure Capital by their respective deadlines (or such later date as agreed by Azure Capital and the Company), Azure Capital may (in its absolute and unfettered discretion) terminate the Underwriting Agreement.

(ii) (**Underwriting Fee**): Azure Capital will be paid a fee of 6% of the total amount proposed to be raised under the Offer (being an amount of $1,332,000). The Company must reimburse Azure Capital for the reasonable costs of and incidental to the Offer.

(iii) (**Sub-underwriting**): Azure Capital may appoint, at its own cost, sub-underwriters to sub-underwrite the Offer and nominate and determine the allottees of all or any shortfall. In the event that the Underwriting Agreement is terminated and not all Eligible Shareholders accept their full Entitlement, the Shortfall procedure set out in paragraph 2.15 will apply.

(iv) (**Termination**): The obligation of Azure Capital to underwrite the Offer is subject to certain events of termination. Azure Capital may terminate its obligations under the Underwriting Agreement if any of the conditions precedent are not satisfied or waived by their respective deadlines, or if any one or more the a number of events occurring prior to 18 April 2012, including (but not limited to):

(A) **(Offer Materials)** A statement contained in this Prospectus, the Notice of Meeting or any ASX announcement or correspondence with Shareholders regarding the Offer (**Offer Materials**) is or becomes misleading or deceptive or likely to mislead or deceive or the Offer Materials omit any information they are required to contain or any forecast, expression of opinion, intention or expectation expressed in the Offer Materials is not, in all material respects, fair and honest and based on reasonable assumptions, when taken as a whole, or any person other than Azure Capital who consented to being named in the Offer Materials withdraws that consent;

(B) **(Timetable)** Any event specified in the timetable set out in the Underwriting Agreement is delayed for more than 5 Business Days without the prior written approval of Azure Capital;

(C) **(New circumstance)** In the reasonable opinion of Azure Capital, at any time on or after the Opening Date a new circumstance arises which would have been required by the Corporations Act to be included in the ASX Materials (or otherwise to have been included in material previously disclosed to ASX) had the new circumstance arisen before the ASX Materials were given to ASX;

(D) **(Insolvency)** A member of the Group is insolvent or there is an act or omission which is likely to result in a member of the Group becoming insolvent;

(E) **(Debt facilities)**:

(I) the Company breaches, or defaults under, any provision, undertaking covenant or ratio of a material debt or financing arrangement or any related documentation to which that entity is a party which has a material adverse effect on the Company;

(I) An event of default, potential event of default, review event which gives a lender or financier the right to accelerate or require repayment of the debt or financing or other similar event occurs under or in respect to any such debt or financing arrangement or related documentation; or

(II) The Company suspends payment of its debts generally.

(F) **(Calamity)** The occurrence of any calamity or crisis or any change in financial, political or economic conditions or currency exchange rates or controls in Australia or any restriction or limitation on the nature/basis of trading of equities on ASX;

(G) **(ASX All Ordinaries market fall)** The ASX All Ordinaries of ASX is for 5 consecutive Business Days at any time prior to 4.00pm on the settlement date at a level which is greater than or equal to 10% below 4,295.50 points.

(H) **(Gold Price)** the AUD price of gold as at 5.00pm is for 5 consecutive Business Days at any time prior to the settlement date at level which is greater than or equal to 10% below its price as at 5.00pm on the Business Day immediately preceding the date of the Underwriting Agreement ($1,601.06).

(I) **(Sub-Underwriters)** any of the sub-underwriters do not comply with their respective obligations under the sub-underwriting agreements;

(J) **(Litigation)** litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against any member of the Company or a related body corporate which may have a material adverse effect in relation to the Offer, other than any claims foreshadowed in the Prospectus or in any ASX Materials; or

(K) **(Misrepresentation)** A representation or warranty made under the Underwriting Agreement, to have been made or given by the Company under the Underwriting Agreement proves to be, or has been, or becomes, untrue or incorrect and has a material adverse effect in relation to the Offer.

(v) (**Representations, Warranties and Indemnities**): The Underwriting Agreement contains a number of representations, warranties and indemnities from the Company to the Joint Underwriters that are considered standard for an agreement of this type.

(c) **Executive Services Agreement**

On 7 March 2012, the Company entered into an executive services agreement with Mr Eduard Eshuys (**Executive Services Agreement**). The material terms of the Executive Services Agreement include the following:

(i) (**Conditions**): the Executive Services Agreement is conditional upon satisfaction of the following conditions:

(A) each of the Resolutions are passed by the Company's shareholders at the General Meeting; and

(B) the Company closing the Offer and raising a minimum of $20,000,000 under the Offer;

(ii) (**Appointment**): Mr Eshuys will serve as Chairman of the Board;

(iii) (**Remuneration**): the Company will pay to Mr Eshuys a salary of $450,000 per year (subject to annual review);

(iv) (**Options**): the Company will issue to Mr Eshuys 600,000,000 Options (pre-Consolidation) or 6,000,000 (post Consolidation) in accordance with the terms set out in Section 8.1 of this Prospectus; and

(v) (**Termination**): the Executive Services Agreement contains customary termination provisions for an agreement of its nature.

(d) **Deed of Settlement**

On 7 March 2012, the Company entered into a deed of termination, settlement and release with Mr Mark Ashley (**Deed of Settlement**). The material terms of the Deed of Settlement include the following:

(i) Mr Ashley agrees to resign as a director of the Company and each of its subsidiaries, and the parties agree to terminate his contract of employment, with effect from and subject to each of the Conditions being satisfied on or before 15 May 2012:

(A) The Company shall be deemed to have accepted the terms of the Deed of Settlement in full and final satisfaction and discharge of any Claim which the Company may have or, but for the execution of the Deed of Settlement, might have had against Mr Ashley arising in anyway whatsoever including, without limitation, as a result of any of the actions of Mr Ashley, except in respect of any Claim in connection with the statutory or fiduciary duties owed by Mr Ashley; and

(B) Mr Ashley shall be deemed to have accepted the terms of the Deed of Settlement in full and final satisfaction and discharge of any Claim which Mr Ashley may have or, but for the execution of the Deed of Settlement, might have had against the Company arising in anyway whatsoever.

8.8 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest	0.7 cents	7, 8, 9, 12, 13 and 21 December 2012
Lowest	0.4 cents	3 and 9 January 2012
Last	0.6 cents	31 January 2012

8.9 Interests of Directors

Other than as set out in this Prospectus, no Director or Proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

(a) the formation or promotion of the Company;

(b) any property acquired or proposed to be acquired by the Company in connection with:

(i) its formation or promotion; or

(ii) the Offer; or

(c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or Proposed Director:

(d) as an inducement to become, or to qualify as, a Director or a Proposed Director; or

(e) for services provided in connection with:

(i) the formation or promotion of the Company; or

(ii) the Offer.

Security holdings

The relevant interest of each of the Directors and Proposed Directors in the securities of the Company as at the date of this Prospectus (on a pre-Consolidation basis), together with their respective Entitlement, is set out in the table below.

Director	**Shares**	**Options**	**Warrants**	**Entitlement**
Kim Robinson	102,218,477	9,195,679	25,289,256	204,436,954
Mark Ashley	17,175,000	500,000	-	34,350,000
Robin Lee	-	-	-	-
Matthew Sheldrick	-	-	-	-
Proposed Director	**Shares**	**Options**	**Warrants**	**Entitlement**
Eduard Eshuys[2]	-	-[1]	-	-
Brice Mutton[2]	-	-	-	-
Ross Hutton[2]	-	-	-	-

1. Subject to the receipt of Shareholder approval at the General Meeting, it is proposed that 600,000,000 Options (pre-Consolidation) will be issued to Mr Eduard Eshuys (or his nominee) on the terms set out in Section 8.1 of this Prospectus.

2. Each of the Proposed Directors is a director of Drummond. Subject to the receipt of Shareholder approval at the General Meeting, it is proposed that 1,000,000,000 Options (pre-Consolidation) will be issued to Drummond on the terms set out in Section 8.2 of this Prospectus.

The Board recommends all Eligible Shareholders take up their Entitlement and advises that all Directors intend to take up their respective Entitlements. The Proposed Directors currently have no interests in the Company's Securities and, as such, will have no entitlement to take up Shares pursuant to the Offer.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed $300,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) remuneration paid to both executive and non-executive Directors.

Directors	2010	2011	2012
Kim Robinson	$49,050	$49,050	$65,000
Mark Ashley	$708,025	$720,741	$708,500
Robin Lee	$23,833	$65,000	$70,850
Matthew Sheldrick	-	$10,809	$70,850

Subject to being appointed to the Board, the proposed annual pro-rata remuneration of the Proposed Directors for the financial year ending 30 June 2012 is set out in the table below.

Proposed Director	$
Eduard Eshuys	490,500
Brice Mutton	65,000
Ross Hutton	65,000

8.10 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

(a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;

(b) promoter of the Company; or

(c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

(a) the formation or promotion of the Company;

(b) any property acquired or proposed to be acquired by the Company in connection with:

(i) its formation or promotion; or

(ii) the Offer; or

(c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

(a) the formation or promotion of the Company; or

(b) the Offer.

Azure Capital has been appointed as lead manager and underwriter to the Offer and will be paid for these services on the terms and conditions in Section 8.7. During the 24 months preceding lodgement of this Prospectus with the ASIC, Azure Capital has been paid net fees of approximately $1,140,000 for services provided to the Company.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer and associated due diligence process. The Company estimates it will pay Steinepreis Paganin $100,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has not been paid any fees for legal services provided to the Company.

Crowe Horwath has acted as investigating account to the Company in relation to the Offer. The Company estimates it will pay Crowe Horwath $15,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Crowe Horwath has been paid fees of approximately $51,000 (excluding GST) for services provided to the Company.

Link Market Services Limited has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of acceptances received pursuant to this Prospectus, and will be paid for these services on standard industry terms and conditions.

Morgan Stanley Smith Barney Australia Pty Ltd has been to appointed as the nominee under ASX Listing Rule 7.7. Morgan Stanley Smith Barney Australia Pty Ltd will be paid for this service on standard industry terms and conditions.

8.11 Consents

Each of the parties referred to in this Section:

(a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and

(b) to the maximum extent permitted by law, expressly disclaims and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

(c) Azure Capital has given and has not withdrawn its consent to be named as lead manager and underwriter to the Offer in this Prospectus, in the form and context in which it is named.

(d) Azure Capital (including its related entities) is not a Shareholder of the Company and currently has no relevant interest in any of the Company's Securities.

(e) Steinepreis Paganin has given and has not withdrawn its consent to be named as the solicitors to the Company in this Prospectus, in the form and context in which it is named. Steinepreis Paganin has not caused or authorised the issue of this Prospectus, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

(f) Crowe Horwath has given and has not withdrawn its consent to be named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 6 of this Prospectus in the form and context in which the information and report is included. Crowe Horwath has not caused or authorised the issue of this Prospectus, and expressly disclaims and takes no responsibility for, any other part of this Prospectus.

(g) Link Market Services Limited has given and has not withdrawn its written consent to be named as the Company's share registry in this Prospectus, in the form and context in which it is named. Link Market Services Limited has not caused or authorised the issue of this Prospectus, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

(h) Morgan Stanley Smith Barney Australia Pty Ltd has given and has not withdrawn its consent to be named as the Company's nominee under ASX Listing Rule 7.7. Morgan Stanley Smith Barney Australia Pty Ltd has not caused or authorised the issue of this Prospectus, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

8.12 Expenses of the Offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately $1,528,967 (excluding GST) and are expected to be applied towards the items set out in the table below:

	$
ASIC fees	2,137
ASX fees	23,830
Legal fees	100,000
Underwriting fees	1,332,000
Independent Accountant Report	15,000
Printing and distribution	31,000
Miscellaneous	25,000
Total	**1,528,967**

8.13 Electronic Prospectus

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application

Forms. If you have not, please phone the Company on +61 8 6311 5555 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at http://www.apexminerals.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8.14 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company will not be issuing share certificates. The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

8.15 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

9. DIRECTORS' AND PROPOSED DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director and Proposed Director has consented to the lodgement of this Prospectus with the ASIC.

Kim Robinson
Non-executive Chairman
For and on behalf of
APEX MINERALS NL

10. GLOSSARY

$ means the lawful currency of the Commonwealth of Australia.

AEDT means Australian Eastern Daylight Time as observed in Sydney, Australia.

Apex or **Company** means Apex Minerals NL (ACN 098 612 974).

Applicant means a Shareholder who applies for Shares pursuant to the Offer or a Shareholder or other party who applies for Shortfall Shares pursuant to the Shortfall Offer.

Application means an application to subscribe for Shares under this Prospectus.

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

Application Monies means money submitted by Applicants in respect of Applications.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Atlas Copco means Atlas Copco Australia Pty Ltd (ACN 000 086 706).

Azure Capital means Azure Capital Limited (ACN 107 416 106).

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Claim means in relation to any person, a claim, action or proceeding, judgment, damage, loss, cost, demand, suit or proceeding for damages, debt, restitution, equitable compensation, account, injunction, specific performance, expense or liability incurred by or to or made or recovered by or against the person or any other remedy whatsoever, however arising and whether present, unascertained, immediate, future or contingent.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

Constitution means the constitution of the Company as at the date of this Prospectus.

Consolidation means the proposed consolidation of the issued share capital of the Company on a one (1) for one hundred (100) basis with effect on 1 May 2012, subject to Shareholder approval at the General Meeting.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Drummond means Drummond Gold Limited (ACN 124 562 849).

Drummond Options means 1,000,000,000 options (pre-Consolidation) to subscribe for 1,000,000,000 Shares (pre-Consolidation) proposed to be issued to Drummond on the terms and conditions set out in Section 8.2 of this Prospectus.

Eduard Eshuys Options means 600,000,000 options (pre-Consolidation) to subscribe for 600,000,000 Shares (pre-Consolidation) proposed to be issued to Mr Eduard Eshuys (or his nominee Resource Surveys Pty Ltd as trustee for the Eshuys Family Trust) on the terms and conditions set out in Section 8.1 of this Prospectus.

Eligible Shareholder means a Shareholder of the Company as at the Record Date other than an Ineligible Shareholder.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

General Meeting means the general meeting of Shareholders to be held on 11 April 2012.

Ineligible Shareholder means a Shareholder as at the Record Date whose registered address is not situated in Australia or New Zealand.

Notice of Meeting means the notice of general meeting, including the explanatory statement and the proxy form, in relation to the General Meeting.

Offer or **Rights Issue** means the renounceable entitlement issue of two (2) Shares for every one (1) Share held by Shareholders registered at the Record Date at an issue price of 0.2 cents per Share to raise up to approximately $22,200,000.

Official Quotation means official quotation on ASX.

Opening Date means the opening date of the Offer as specified in the timetable set out at the commencement of this Prospectus (unless extended).

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Proposed Directors means Mr Eduard Eshuys, Mr Brice Mutton and Mr Ross Hutton together, and **Proposed Director** means each of them separately.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Resolutions means the Shareholder resolutions set out in Section 2.3 of this Prospectus, being Shareholder resolutions 1, 2 and 3 contained in the Notice of Meeting.

Securities means the Shares, partly paid shares, Options and Warrants the Company currently has on issue.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Share Registry means Link Market Services Limited.

Shortfall means the Shares not applied for under the Offer (if any).

Shortfall Application Form means the shortfall application form either attached to or accompanying this Prospectus.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 2.15 of this Prospectus.

Shortfall Shares means those Shares issued pursuant to the Shortfall.

Underwriting Agreement means the underwriting agreement between the Company and Azure Capital dated 7 March 2012, details of which are set out in Section 8.7 of this Prospectus.

WST means Western Standard Time as observed in Perth, Western Australia.