



Company Announcements Office
Australian Stock Exchange Limited

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www.apexminerals.com
ASX Code: AXM

Update On China Project Dispute

Apex Minerals NL advised ASX on 17th February 2006 that a dispute may have arisen in regards to its Kalatage G2 licence in Eastern Xinjiang.

On behalf of its 79% owned subsidiary, Apex Xinjiang NL, and its 100% owned subsidiaries, the Company has made a number of approaches to the other party, Dr Fu Minlu and his company Xinjiang Hulau Mining Technology Company Pty Ltd ("Xinjiang"), to resolve the matter without resort to formal legal or arbitration proceedings.

No resolution on acceptable commercial terms has been forthcoming and, on the advice of its China based Australian lawyers, the Company sought to protect its rights and not prejudice its position by sending on 27th March to Dr Fu and Xinjiang a formal notification of default accompanied by a covering note emphasising that a negotiated resolution was preferred.

Late on 3rd April, and **after the Company had called a trading halt in relation to a completely unrelated matter**, the Company received a Notification of Breach of Co-operation Agreements and Joint Venture Agreement from Dr Fu and Xinjiang.

In addition to notifying Apex of an alleged default of its agreements in regards to the Kalatage project it also extends to include claims of misconduct by Apex in relation to the sale to a third party by the Xinjiang Copper Mountain Joint Venture of its interest in the Copper Mountain project exploration licence of which Apex is a party.

Xinjiang and Dr Fu have implied that they are entitled to an unspecified amount of compensation in relation to alleged losses believed to have been incurred in regards to the Copper Mountain matter.

The Apex Board has reviewed the Notice from Dr Fu and Xinjiang and consider the claims made by Xinjiang and Dr Fu are without substance.

Apex will seek further legal advice in relation to the claims made by Dr Fu and Xinjiang from its China based Australian lawyers and will then take such steps as it considers appropriate to resolve the matter either by negotiation, arbitration or other forms of litigation.

The Kalatage project is one of a number of targets in eastern Xinjiang that Apex is evaluating for porphyry copper-gold and epithermal gold mineralisation in alliance with Falconbridge Limited.

Contracts to commence geophysical and drilling programmes at the Qiongheba and Yiwu copper-gold target have been entered in to and work is expected to commence soon. Dr Fu and Xinjiang do not have any rights, title or interests in these projects in which Apex has secured contractual rights.

Yours sincerely,

Stephen Stone
Executive Chairman
For and on behalf of the Board

Apex Minerals NL

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