



Company Announcements Office
Australian Stock Exchange Limited

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www.apexminerals.com

ASX Code: AXM

Kalatage G2 – Notification of Potential Dispute

Apex Minerals NL wishes to advise that a dispute may have arisen in regards to its Kalatage G2 project in eastern Xinjiang.

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

This dispute will not impact on Apex's plans for the first half of 2006 to commence more detailed exploration at its other Xinjiang projects or at any other targets that require evaluation by Apex arising from its alliance with Falconbridge Limited.

Background

The Kalatage – G2 licence was applied for and is held on trust for Apex by China registered Xinjiang Hualu Mining Technology Company Limited ('Xinjiang Hualu') pursuant to a Cooperation Agreement requiring its transfer at the direction of Apex to a nominee company of Apex. The controlling shareholder of Xinjiang Hualu, Australian resident Dr Fu Minlu, is also a party to the Cooperation Agreement.

Apex has notified Xinjiang Hualu and Dr Fu (the 'counterparties') on several occasions that it required the licence transfer process to commence. This was not done to the satisfaction of Apex.

Dr Fu has suggested that the agreement has been terminated so that Apex no longer has an interest in the licence. The basis for this contention has not been stated by Dr Fu. Apex vigorously denies that it has breached the agreement.

Through its Australian lawyers based in China Apex has made its position clear whilst seeking to resolve any potential dispute immediately. At this stage, no response has been received from Dr Fu.

Apex Minerals NL

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If the matter cannot be resolved by agreement then one alternative available to Apex is to refer the matter to arbitration under the agreement whereby Western Australia law will apply.

There is to be no change to Apex's plans for the first half of 2006 to commence more detailed exploration and target definition and in particular at its two other projects at Qiongheba and Yiwu.

Xinjiang Hualu and Dr Fu do not have any interest in the Qiongheba or Yiwu projects.

Apex recently formed a wholly owned foreign enterprise ('WOFE') that enables it to apply in its own name for licences over any open ground in Xinjiang rather than have to obtain its interest through applications by third parties.

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The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Stephen Stone, who is a Member of the Australian Institute of Mining and Metallurgy. Mr Stone is employed by West One Management Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Stone consents to the inclusion in the report of the matters based on his information in the form and context which it appears.