



REPORT ON ACTIVITIES FOR THE QUARTER ENDED 31st DECEMBER 2004

SUMMARY

China

Apex – Noranda Porphyry Copper Alliance

- A November field programme inspected 25 targets of interest and collected 200 rock chip and stream sediment samples.
- Two applications for exploration licences were made.
- One licence has just been issued and the second application is progressing through the approvals process.
- Negotiations to farm into other targets are also underway.
- Many more targets have yet to be inspected in the field. This work plus work on any acquired areas will commence as soon as the field season gets underway in early March.

Western Australia

Western Narndee Gold

- Soil sampling on the western margins of the Narndee intrusion has identified a broad, coherent, north-east trending, low-order gold anomaly that appears to extend for several kilometres. A drilling programme is being considered.

WMC Resources Ltd Windimurra–Narndee Farm-In

- WMC Resources Ltd continued to evaluate for nickel sulphides five exploration licences in the Windimurra-Narndee region.

Corporate

- Shareholders approved the issue of a \$500,000 convertible note.
- Apex had cash reserves of \$628,000 at 31st December and 38,908,755 fully paid shares on issue.

Apex Minerals NL

PO Box 682 West Perth, Western Australia 6872 Tel: 61 8 9486 8000 Fax: 61 8 9486 8044 admin@apexminerals.com
ASX Code: AXM www.apexminerals.com ABN 22 098 612 974

China

Porphyry Copper Alliance

The Apex and Noranda Inc. alliance is exploring for giant porphyry copper projects in the east of China's western most province, Xinjiang.

The 350,000 square kilometre area of interest lies within the arcuate Altaid porphyry copper-belt that runs west-east from Kazakhstan into western China, then into Mongolia and back into northern China. In Mongolia it is host to the massive Oyu Tolgoi orebody. In the alliance area it encompasses the Tuwu – Yandong copper deposits that are now being developed but which were only first drilled in 1997.

The region is generally considered to be one of the world's most prospective but still relatively under-explored regions for this style of deposit.

During the Quarter 25 targets identified from the analysis of remote sensing and other datasets were inspected in the field. A majority of the target areas are already held under licence by central or provincial government exploration 'brigades' following years of systematic regional geochemical reconnaissance programmes.

The alliance was therefore pleased to discover that two of the more interesting targets were in open ground. Applications for exploration licences were submitted for these.

An exploration licence has just been issued over the 'G7' target area. The second application is advancing through the approvals process. A decision is expected in February.

The applications are being made through Apex's existing China business partner but under a cooperation agreement whereby Apex can have transferred to it at any stage a 100% interest in these licences. Noranda has a right to earn back into any discoveries.

Over 200 rock chip and stream sediment samples were collected during the November field programme. They were submitted for assay for a wide range of metals to an accredited government assay laboratory in the provincial capital of Urumqi.

The 20 square kilometre 'G7' licence is located approximately 140 kilometres east-south-east of Hami, the principal city in eastern Xinjiang. Initial impressions from the field work and assay results are that the prospect is more likely to host higher level epithermal gold mineralisation rather than porphyry mineralisation. This would be confirmed by a staged programme of mapping, more extensive surface sampling and geophysics.

Negotiations are also underway to joint venture into other target areas of interest.



Apex is very pleased with the progress achieved by the alliance in such a short time. The cycle of target generation, field review and project acquisition is proving to be relatively short. Many more targets have yet to be inspected in the field and this work plus work on any acquired areas will commence as soon as the field season gets underway in early March.

New China Projects

A steady flow of new opportunities in Xinjiang and other provinces are being generated by and presented to Apex using its established and widening networks in China. These projects are being assessed against its rigorous hurdles for participation.

Copper Mountain and Greenstone Mountain Joint Ventures

Moves to resolve leasing issues that have resulted in the suspension of work on the Copper Mountain project are continuing and there have recently been some encouraging developments. A new project is being sought to replace the Greenstone Mountain nickel project from which Apex withdrew last year.

Western Australia

Western Narndee Gold

Results are being evaluated from a programme of 54 infill maglag and 8 rock chip samples collected to investigate the source of an isolated anomalous 48ppb gold soil sample (maglag with Aqua Regia digest) in a region immediately west of the Narndee intrusion and where aeromagnetics suggest that there may be a buried greenstone belt.

None of the results repeated the anomalous value but initial analysis of results shows that it does fall within a broader, coherent, north-east trending, low-order soil anomaly that appears to extend for several kilometres. Its significance is all the more given the unfavourably sandy sampling medium.

A drilling programme to test the anomaly is being considered.

WMC Resources Limited – Narndee Nickel Joint Venture

The Narndee Nickel Joint Venture between WMC Resources Ltd and Apex is exploring five exploration licences for nickel sulphides in the vicinity of the Narndee layered intrusion.

It is currently evaluating data from a ground gravity survey and a regional 500m x 200m surface soil geochemical programme over a broad area of the licences. A field trip is planned in February to follow-up the results from the geochemical survey and to check outcrop and regolith conditions.

Jillawarra Iron-Oxide Copper-Gold Project

Several parties have recently expressed an interest in possible farm-ins over all or a part of the Jillawarra iron-oxide copper-gold project. Discussions are at an early stage but the level of interest is encouraging.

Corporate

Shareholders approved the issue of a \$500,000 unsecured three-year convertible note to Yandal Investments Pty Ltd, a company associated with Apex's largest shareholder, Mark Creasy.

Apex had cash reserves of \$628,000 at 31st December.

It has on issue 38,908,755 fully paid shares plus 20,348,750 performance linked 20 cent shares part-paid to 0.001 cents each.



Stephen Stone
Executive Chairman
Mobile 0418 804 564

Unless otherwise indicated, technical information contained in this report is based on information compiled by a competent person who is a corporate member of the Australasian Institute of Mining and Metallurgy. The competent person is Mr Stephen Stone who is Executive Chairman. Whilst the expectations expressed in any forward looking statements in this report are based on reasonable expectations, investors are cautioned that such statements are not guarantees of future performance and actual results or developments may for several reasons differ materially from those stated.