



Tuesday 30<sup>th</sup> August 2005

Two Pages

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Drilling is underway at the G2 porphyry copper project in China's Xinjiang province.

A 1,000 metre diamond drilling programme is testing for copper and gold mineralisation coincident geochemical and geophysical anomalies within a zone of intense alteration associated with an inferred intrusive system.

This intrusion is one of a cluster of similar intrusions in the Kalatage area, two of which are known to be mineralised and which all appear to have a common structural association.

### **Sale of Copper Mountain Interest**

The Copper Mountain joint venture in which Apex was earning an interest has sold its exploration licence.

Work has been suspended for several months pending clarification of the validity of the issue to a third party of a mining licence overlapping 25% of the joint venture's total area. Drilling elsewhere on its exploration licence by the joint venture obtained disappointing results. The third party operates a small copper, zinc and pyrite mining operation surrounded by the joint venture's licence.

An official government review process initiated by Apex on behalf of the joint venture has provided an opportunity to exit the area in return for a payment by the mine operator of RMB 2,600,000 (approx A\$430,000) of which Apex will receive 90% representing the majority of its direct and indirect cash investment to date.

Apex still considers the broader region around the project to be prospective for copper and other minerals and so as part of the settlement has secured a right of first refusal over the mine owner's operations including an associated copper concentrator and acid production facility. Apex will also be given full and priority access to the mine owner's prospect database and other assistance with exploration in the region.

Apex is very pleased to have resolved this issue on favourable terms that will provide it with the long term support of a key local operator and of local and provincial government organisations.

### **New Gold Project in Northern Xinjiang**

Apex has entered into an exclusivity agreement with an exploration brigade located in Aletai, northern Xinjiang enabling it to evaluate two exploration licences covering a shear zone hosted gold target and to enter into a farm-in and joint venture agreement.

Apex has undertaken preliminary rock chip sampling at the project and will complete other studies over the next two months.

### **Establishment of WOFE and Application for New Project Areas**

A business licence is expected to be issued shortly in respect of the establishment by Apex of a wholly owned foreign enterprise ('WOFE') that will enable it to directly apply for exploration licences without the requirement for a local equity partner.

The WOFE has been formed through the restructuring of its former Greenstone Mountain joint venture company pursuant to a cooperation agreement between Apex and The National 305 Group ('305'), its former joint venture partner. This will allow Apex to preserve credits for funds it has already contributed to the former joint venture company.

The WOFE and arrangement with 305 will provide Apex with additional flexibility in its future operations in Xinjiang plus access to high calibre local expertise.

Apex's application for an exploration licence encompassing a new porphyry target in eastern Xinjiang is being progressed through the regulatory system with the assistance of 305. The project will be included in the alliance that Apex has established with Noranda in the region.

Several other copper and gold targets of interest have also been visited and sampled recently by Apex's combined expatriate and Chinese field team. Results are awaited and areas will be applied for as warranted.

Apex is continually generating and inspecting new project opportunities in Xinjiang and in other parts of China and is confident of identifying more quality projects over the next few months.

### **Windimurra Project**

Apex has granted Maximus Resources Limited ('Maximus') an extension to 30<sup>th</sup> September in which to list on ASX as a precondition to Maximus farming in to 13 granted exploration licences within Apex's 5,000 square kilometre Windimurra – Narndee project.

Maximus has already issued to Apex 1,000,000 5 year 20 cent unlisted options and will now issue to Apex an additional 1,000,000 fully paid ordinary shares – total 2,000,000 - on completion of its capital raising and listing on ASX. Maximus will also assume from August 1<sup>st</sup> 2005 all rents, rates and other statutory expenses arising in relation to the licences.

Maximus will explore the project for nickel sulphides, platinum, gold and uranium. It has informed Apex that it will lodge its prospectus with ASIC in a few days.

### **Share Purchase Plan Offer and Notice of Meeting**

Apex has posted to all shareholders details of its Share Purchase Plan Offer and Notice of General Meeting with accompanying Explanatory Memorandum and Independent Expert's Report.

A reply paid envelope in which shareholders can forward their completed application forms and cheques was inadvertently omitted from the mail out and is now included with this update.

The closing date for applications by Eligible Shareholders is 5.00pm WST Friday 23<sup>rd</sup> September 2005.



**Stephen Stone**  
**Executive Chairman**