



ASX RELEASE | 31 OCTOBER 2018 | ASX: AON

SEPTEMBER 2018 QUARTERLY REPORT

Completed transaction to increase ownership of Couflens Project to 100% and commenced the re-installation of mine services

HIGHLIGHTS FROM THE SEPTEMBER 2018 QUARTER

- Completed the acquisition of the remaining 20% interest in the Couflens Project in France which includes the historical high grade Salau tungsten mine
- Commenced with a program to reinstall mine services at Salau. With the exception of ventilation, all work on the main level 1230 has now been completed
- Received firm bids from a shortlist of drilling contractors for the initial drilling campaign to test multiple high-grade tungsten and gold targets within the mine
- Commenced with geophysics programs to assist with the definition of exploration targets and to improve the Company's understanding of regional geological structures
- Commenced baseline environmental impact assessment studies initially focused on water sampling
- Strengthened local community relationships with a ceremony at site to commemorate the start of works, attended by former miners and senior local politicians
- Held introductory meetings with the newly appointed Prefect of Ariège
- The Couflens Project continues to deliver increasing economic and social benefits to the local region as the Company hired more local staff and contracted more local businesses for construction and study work
- Submitted plans in support of the final phase of health and safety risk assessments within the historical mine environment. The assessments will be conducted after the reinstallation of mine services and are subject to approvals
- Tungsten prices ended the quarter at US\$284/mtu

LOOKING AHEAD

Salau Mine Area:

- Interpret geophysical data obtained from initial program and submit applications for further work
- Review drilling proposals, select preferred bidder and submit drill program applications after the completion of health and safety risk assessments



- Complete the program to reinstall mine services after relevant approvals have been obtained
- Continue with the final phase of health and safety risk assessments
- Advance applications for drilling at the Aurenere project in Spain as part of the ongoing Investigation Permit application

CORPORATE:

- The Company held A\$4.4 million in cash and no debt at the end of the quarter

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INTRODUCTION

Apollo Minerals Limited (“Apollo Minerals” or “Company”) is developing the Couflens Project (“Couflens Project”) and the Aurenere Project (“Aurenere Project”) in a highly prospective region of the Pyrenees.

The Couflens Project is located in southern France and comprises a 42km² licence area, within which lies the historical Salau tungsten mine. The Salau mine was one of the world’s highest grade tungsten mines and remains open at depth, with significant undeveloped gold potential.

Field campaigns were conducted by the Company in the wider project area which confirmed the presence of widespread tungsten (up to 8.25% WO₃) and high grade gold (up to 24.5 g/t) collected from rock samples.

Potential exists for shear hosted gold mineralisation to be associated with large regional fault structures extending along a 5km corridor to the west of the Salau mine area.

The Company further enhanced its understanding of the potential of the Couflens Project by digitising a comprehensive database of information from historical operations which pointed to multiple high quality exploration targets for tungsten and gold.

Apollo Minerals is focused on brownfields activities within, and immediately adjacent to, the historical Salau mine and on regional exploration programs in the wider area.

COMPLETION OF ACQUISITION OF REMAINING 20% OF COUFLENS PROJECT

The Company advised that, following the satisfaction of Conditions Precedent, it had completed the acquisition of the remaining 20% interest in the Couflens Project, thereby increasing its ownership to 100%.

Approval of the acquisition ensures Apollo Minerals will have full control of and upside to the Couflens Project as the Company advances plans for its exploration campaigns and mine study programs.

The move to sole ownership of the project simplifies decision making and increases future funding options.

The acquisition reflects the Company’s appreciation of the high quality of the project and its significant exploration upside.

The majority of the consideration for the remaining 20% will be payable as shares, deferred until the future the successful achievement of project milestones including production from the mine, thereby reducing the upfront cash outlay.

COMMENCED REINSTALLATION OF MINE SERVICES

The Company made significant progress with its program to reinstall mine services at the historical Salau tungsten mine.

The mine portal has now been widened to facilitate access into the mine by truck. The majority of the piping, waste material and other hazards have been removed and several walls and gates have been built within the mine.

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The Company has used local contactors to complete the work and sourced goods locally as part of its commitment to bring benefits to the local region.

ATESyn, a local environmental engineering firm, was engaged to conduct extensive water sampling, thereby ensuring high standards of environmental monitoring during the works.

The approval for the work program to secure the mine and reinstall mine services was awarded by way of a Prefectural Order on 14 September 2018. A challenge to this Order was filed against the Prefecture in the Administrative Court in Toulouse which resulted in the Prefecture electing to withdraw and the Company subsequently reapplying for a new Order which includes supplementary documentation concerning health and safety management plans.

The Company is now awaiting approval of the new Prefectural Order which will enable the finalisation of the program which it expects to receive soon. With the exception of ventilation, all work on the main working level 1230, has now been completed.

COMMENCEMENT OF ENVIRONMENTAL BASELINE STUDIES

Apollo Minerals is committed to operate with best international practises for environmental and social policies.

The Company has commenced the baseline study phase of its Environmental and Social Impact Assessment (“ESIA”) program at the Couflens Project by commissioning BURGEAP, a specialist French environmental consultancy, to conduct water sampling.

Water samples were taken at key points along catchment areas surrounding the mine and by local infrastructure during two periods (summer and autumn).

The water samples are currently being analysed and the results will be documented within the overall program of baseline studies which will include studies of fauna, flora, noise, air quality, social demographics and other considerations.

FURTHER STRENGTHENED RELATIONSHIPS WITH KEY REGIONAL STAKEHOLDERS

The new Prefect of Ariège, Madame Chantal Mauchet, was appointed to Office at the end of August 2018.

Senior Company Executives held introductory meetings with the new Prefect to present the vision and strategy of Apollo Minerals and its long-term plans for the Couflens Project.

During the quarter, the Company hosted an event at site to commemorate the start of the reinstallation of mine safety works. Numerous senior political figures attended the event, along with former mine employees and local press.

COMMENCEMENT OF GEOPHYSICS PROGRAMS

The Company commenced with its program of geophysics designed to increase its understanding of regional geological structures and to assist with drill targeting.

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Field programs conducted to date have confirmed the potential for shear hosted gold mineralisation to be associated with large regional fault structures extending along a 5km corridor to the west of the Salau mine area.

The Company has to date conducted over 60 line kilometres of airborne geophysical surveys. This initial program was approved by way of a Prefectural Order dated 11 October 2018 and following a challenge to the Order and with adverse weather limiting some flight days and annual overflight restrictions starting on 1 November, the Company terminated the program early.

Data collected from the program is currently being processed and interpreted.

The initial program will be followed by further programs, including on-ground geophysics and IP surveys designed to enhance the Company's understanding of regional geological structures and to refine drill targeting, which will be prepared in the coming quarter.

GENERATING LOCAL EMPLOYMENT AND STIMULATING THE LOCAL ECONOMY

Apollo Minerals operates as a responsible mining company and intends to ensure that the social, economic and environmental impact of its investment in the region is positive, whilst negative impacts are minimised.

As part of this, the Company is committed to sourcing supplies, services and labour locally.

Three new members of staff were recruited during and subsequent to the quarter, all of whom are residents of local towns in the Couserans Valley surrounding the Couflens Project.

Training and development programs have been given to all new staff to ensure that they have the skills necessary for the tasks at hand.

Eight employees and contractors were given basic health and safety training, as well as information on procedures to follow when working on a mine site.

The Company has engaged numerous local contractors for its construction and study programs including the reinstallation of mine services, water studies, fauna and flora studies.

Through its focus on local employment and the use of local contractors wherever possible, the Couflens Project continues to bring benefits to the region.

SIGNIFICANT PROGRESS MADE WITH HEALTH AND SAFETY RISK ASSESSMENT PROGRAM

Prior to the commencement of exploration works within the Salau mine, the Company been completing a series of health and safety risk assessments, as required by its permit obligations and as part of its commitment to industry best practise.

The Salau mine has been closed for more than 30 years and a program is therefore underway to ensure the safe working conditions for staff during exploration campaigns within the old mine environment.

The initial phase of risk assessments has been completed (refer to ASX announcement 9 July 2018) and focused on geotechnical stability, air quality monitoring (including for gases, radon

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and asbestos), ventilation tests and water quality tests. The results confirmed excellent infrastructure, ventilation and ground conditions within the mine.

Having completed the first phase of health and safety risk assessments, the Company then commenced with a program of works to restore mine services including ventilation (refer to above section (“Commenced Re-installation of Mine Services”).

The final phase of health and safety risk assessments is designed to test for the presence of asbestiform minerals in rocks and to review the proposed exploration work practises of the Company to ensure safe working conditions of staff during exploration campaigns.

During the quarter an extensive mapping program was conducted inside the mine to assess faults, veins and other structures to assist with the final phase of health and safety risk assessments.

The final phase of health and safety risk assessments is being conducted by independent third-party experts, under the terms of a convention signed between the Company and the French State.

In the coming weeks a series of meetings will be held with local stakeholders and elected officials to present the scope of the final phase of health and safety risk assessments. The assessments will commence after the completion of the reinstallation of mine services and will be subject to the grant of a Prefectural Order.

PLANNED WORK PROGRAMS

Salau Mine Area

The historical Salau deposit remains open at depth, with previous drilling below the base of the existing underground development confirming continuation of the mineralised system.

A database of more than 650 historical drill holes was digitised by Company geologists earlier in the year and 3D models of the ore zones have been constructed which have resulted in numerous gold and tungsten targets being identified.

The Company has designed programs for in-mine drilling and sampling campaigns to confirm known zones of tungsten and gold mineralisation within the Salau mine area and to test for extensions of these zones.

The Company has now received detailed quotations from several drilling contractors and has begun preparing applications for drilling, which will be submitted to the authorities after the completion of health and safety risk assessments.

The Company is evaluating the applicability of underground geophysical surveys to facilitate the identification of new drill targets and enhance the Company’s understanding of geological structures within the Salau mine environment.

Broader Ground Holding (France and Spain)

A number of regional exploration targets for gold and tungsten have been identified in the broader ground holding at the Couflens Project based on historical and recent field campaigns.

Rock chip samples collected from the Couflens Project returned high grade gold (up to 24.5g/t) and tungsten (up to 8.25% WO₃).

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Initial data collected from the airborne geophysical survey will be input to help refine these targets and increase the Company's understanding of regional geological structures.

The Company is planning further geophysics programs (ground, airborne or both) to further refine its drill targeting. Regional surface drill program applications will then be submitted to the authorities for approval.

Aurenere Project in Spain

The Company is planning a drilling program at the Aurenere project in Spain as part of its application for an Investigation Permit.

The planned drill program includes six diamond drill holes designed to test an outcrop of approximately 100m² of pyrrhotite rich skarn where high grade gold (up to 33.90 g/t) and tungsten (up to 5.49% WO₃) was recovered from rock samples.

The application for an Investigation Permit for Aurenere required the submission to the Spanish authorities of One and Three-Year Work Programs as well as a Simplified Environmental Impact Assessment and a Restoration Program, and are currently being reviewed by the authorities.

A stakeholder engagement program was launched in order to establish relationships with local stakeholders and promote transparency with regards to the proposed work programs.

SALE OF ROYALTY INTERESTS IN THE PILBARA GOLD REGION

In November 2017, the Company entered into a royalty sale agreement for its interest in the Pilbara gold region for A\$1 million cash with A\$0.6 million received upfront and for A\$0.4 million to be received in November 2018. During the quarter the Company agreed to amend the receipt of the deferred cash portion to A\$0.45 million payable in four instalments to 15 November 2019.

CORPORATE

Apollo Minerals is in a strong financial position with current cash at bank of approximately A\$4.4 million and no debt.

COMPETENT PERSONS STATEMENT

The information in this report that relates to Exploration Results from the Couflens Project in France and Aurenere Project in Spain is extracted from announcements on 29 November 2017, 5 February 2018 and 27 March 2018. These announcements are available to view on www.apollominerals.com. The information in the original announcement that related to Exploration Results were based on, and fairly represents, information compiled by Mr Robert Behets, a Competent Person who is a Fellow of The Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr Behets is a holder of shares and options in, and is a director of, Apollo Minerals Limited. Mr Behets 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

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FORWARD LOOKING STATEMENTS

Statements regarding plans with respect to Apollo Minerals' projects are forward-looking statements. There can be no assurance that the Company's plans for development of its projects will proceed as currently expected. These forward-looking statements are based on the Company's expectations and beliefs concerning future events. Forward looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of the Company, which could cause actual results to differ materially from such statements. The Company makes no undertaking to subsequently update or revise the forward-looking statements made in this announcement, to reflect the circumstances or events after the date of that announcement.

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Appendix 1: Summary of Mining Tenements

As at 30 September 2018, the Company has an interest in the following projects:

Project Name	Permit Number	Percentage Interest	Status
Couflens Project, France	Couflens PER	100%	Granted
Aurenere Project, Spain	I.P. Alt d'Aneu ⁽¹⁾	75%	Application
Commonwealth Hill, South Australia	EL5969	100%	Granted
	EL6013	100%	Granted

Notes:

⁽¹⁾ The Aurenere Project comprises an Investigation Permit (*Permiso de Investigación del "Alt d'Aneu"*) application that covers a 27.5km² area directly adjacent to the Company's Couflens Project.

Appendix 2: Summary of Performance Shares on Issue

In accordance with ASX Waiver dated 4 May 2017, the Company provides the following information in respect of the Performance Shares on issue:

- a) The number of Performance Shares on issue as at 30 June 2018:
 - a. 10,000,000 Class A Convertible Performance Shares;
 - b. 10,000,000 Class B Convertible Performance Shares;
 - c. 10,000,000 Class C Convertible Performance Shares;
 - d. 15,000,000 Class D Convertible Performance Shares; and
 - e. 20,000,000 Class E Convertible Performance Shares.
- b) Each Performance Share will convert into one Share upon the earlier of the satisfaction of the relevant milestone or an Asset Sale, on or prior to the Expiry Date:
 - a. **Class A Milestone** means the announcement by the Company to ASX of the delineation of at least an Inferred and Indicated Mineral Resource of at least 25,000 tonne WO₃ at an average grade of not less than 1.0% WO₃ using a cut-off grade of not less than 0.3% WO₃ on the Project Licences and which is prepared and reported in accordance with the provisions of the JORC Code. For the avoidance of doubt, the referenced tonnes and grade are WO₃ values, not WO₃ equivalent values incorporating by-products credits.
 - b. **Class B Milestone** means the announcement by the Company to ASX of the delineation of at least an Inferred and Indicated Mineral Resource of at least 500,000 troy ounces of gold at an average grade of not less than 0.8 grams per tonne on the Project Licences and which is prepared and reported in accordance with the provisions of the JORC Code.
 - c. **Class C Milestone** means the release of a comprehensive announcement by the Company to ASX of the results of a positive Scoping Study on all or part of the Project Licences.
 - d. **Class D Milestone** means the release of a comprehensive announcement by the Company to ASX of the results of a positive Pre-Feasibility Study on all or part of the Project Licences.
 - e. **Class E Milestone** means the release of a comprehensive announcement by the Company to ASX of the results of a positive Definitive Feasibility Study on all or part of the Project Licences.
 - f. **Asset Sale** means the announcement by the Company of any completed direct or indirect sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of all or part of the Exploration Permit, other than to an entity controlled by the Company, provided that the total amount of consideration received by the Company is at least A\$21 million.
 - g. **Expiry Date** means 5.00pm (Perth time) on the date which is 5 years after the date of issue of the Performance Shares (ie. 30 June 2022).
- c) No Performance Shares were converted or cancelled during the quarter.
No vesting conditions were met during the quarter.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

APOLLO MINERALS LIMITED

ABN

96 125 222 924

Quarter ended ("current quarter")

30 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(1,276)	(1,276)
(b) development	-	-
(c) production	-	-
(d) staff costs	(68)	(68)
(e) administration and corporate costs	(177)	(177)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	24	24
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)		
- Business development	(74)	(74)
- Constellation IPO costs refunded	233	233
1.9 Net cash from / (used in) operating activities	(1,338)	(1,338)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(4)	(4)
(b) tenements (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) other non-current assets		
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	50	50
2.3	Cash flows from loans to other entities	100	100
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)		
	- Cash acquired on purchase of Variscan France	63	63
	- Cash relinquished on deconsolidation of Constellation Resources	(20)	(20)
2.6	Net cash from / (used in) investing activities	189	189

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,564	5,564
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,338)	(1,338)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	189	189
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,415	4,415

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	114	196
5.2	Call deposits	4,301	5,368
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,415	5,564

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	203
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Payments include director fees, consulting fees, superannuation, provision of a fully serviced office and provision of technical services (including field, laboratory and geological staff and analytical laboratory services).

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Not applicable

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Not applicable

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(500)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(200)
9.5 Administration and corporate costs	(200)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	900

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	E63/1281	Unincorporated JV ⁽¹⁾	70%	-
	E63/1282	Unincorporated JV ⁽¹⁾	70%	-
	E28/2403	Unincorporated JV ⁽¹⁾	70%	-
	E63/1281	Unincorporated JV ⁽¹⁾	70%	-
	E28/2738	Direct ⁽¹⁾	100%	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	Couflens PER	Direct	80%	100%

Notes:

⁽¹⁾ During the quarter, a former subsidiary of the Company, Constellation Resources Limited which held the Fraser Range tenements, left the Apollo Minerals group following a successful initial public offering on ASX.

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Sign here:
[lodged electronically without signature]
 (Director/Company secretary)

Date: 31 October 2018

Print name: Dylan Browne.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.