



ASX RELEASE | 4 JULY 2019 | ASX:AON

## Administrative Court of Toulouse rules to cancel the Couflens PER French State to appeal the decision

- Administrative Court rules to cancel Couflens PER due to a number of process errors in the granting of the Couflens PER by the French State
- French State will appeal the decision as it firmly believes the Couflens PER was originally issued in accordance with the Mining Code
- French State has issued a public statement (appended to this announcement) defending the Couflens PER and highlighting the importance of the project to the Ariège region and to securing tungsten supplies
- The Company will strongly defend its position and will immediately consider the range of options available to it in relation to the adverse Court verdict

Apollo Minerals Limited (“**Apollo Minerals**” or “**Company**”) reports that the Administrative Court of Toulouse has ruled to cancel the Couflens exploration license in France (“**Couflens PER**”) that was granted to a French subsidiary of the Company in 2016. The Couflens PER includes the historical Salau tungsten mine.

The decision was issued following a Court hearing held earlier in June (see ASX announcement on 11 June 2019) and all work on site is required to stop immediately.

The court case was lodged by a group of opposition parties against the French State (specifically the Ministry of Economy and Finance which is responsible for the mining sector). As the legal challenge was against the French State, the Company was an interested party and was not directly involved in the proceedings although it did provide supporting arguments for the French State in the defence of the case.

The Company is extremely disappointed that the Court has reached this decision, despite the strong evidence in favour of maintaining the validity of the Couflens PER which was presented by the Head of the Mining Department of the French State during the Court hearing. The Courts have interpreted certain provisions within the Mining Code in a manner that is contrary to the well-established application of the Mining Code by the Mining Department.

The French State has confirmed that it will appeal the decision of the Administrative Court and will also apply for a stay of execution of the judgment. If a stay of execution of the judgement were to be successful, work could continue on the mine site during the appeal process.

As per the attached press statement by the French State (refer to pages 3 and 4 of this announcement), the appeal will be filed with the Bordeaux Administrative Court of Appeal within two months.

The French State has commented that: *“Given the importance of this project for the vitality of the Salat valley in Ariège and the security of tungsten supplies, a stay of execution of the cancellation decision will also be requested.”*

The French State then went on to comment that: *“It will be demonstrated that Variscan Mines [Apollo Minerals’ French subsidiary] had, at the time the permit was granted, the financial capacity to carry out the research work and to fulfil its obligations to protect the environment and the health of workers during exploration work pursuant to Article L. 122-2 of the Mining Code.”*

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Since the granting of the Couflens PER, Apollo Minerals has assembled a high-quality French operating team, made substantial technical advances which have clearly demonstrated the significant exploration potential of the project area, and completed major enhancements to surface and underground infrastructure at the Salau mine.

Through its efforts to stimulate the local economy, create local employment and to communicate openly and transparently with all local stakeholders, the Company has also gained strong support among the local population for the development of the project. A Cooperation Agreement in relation to the Couflens PER was approved by the formal body representing 94 local communities at its general assembly recently, providing a strong framework for support for the project.

The Company will strongly defend its position and will immediately consider the range of options available to it in relation to the adverse Court verdict.

Management have met the French State to determine the appropriate next steps to defend its position.

The Company will update the market on any material developments.

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**English Translation of Press release by French Ministry of Economy and Finance**



MINISTRY OF ECONOMY AND FINANCES

Paris, July 3, 2019  
N° 1315

**PRESS RELEASE**

**Exclusive permit to search for Couflens tungsten mines**

**The State intends to appeal the decision of the administrative court and apply for a stay of execution of the judgment**

The Ministry of Economy and Finance will appeal against the decision of the Toulouse Administrative Court of 28 June 2019, which annulled the ministerial order of 21 October 2016 granting an exclusive licence to Variscan Mines to search for tungsten, tin, molybdenum, zinc, lead, copper, gold, silver and related substances known as "Permis Couflens".

Given the importance of this project for the vitality of the Salat valley in Ariège and the security of tungsten supplies, a stay of execution of the cancellation decision will also be requested.

It will be demonstrated that Variscan Mines had, at the time the permit was granted, the financial capacity to carry out the research work and to meet its obligations to protect the environment and the health of workers during exploration work, pursuant to Article L. 122-2 of the Mining Code.

Apollo Minerals Limited, which became the sole shareholder of Variscan Mines in 2018, has spent more than €7 million since the permit was granted.

The Ministry recalls that the Couflens permit aims to study the economic, environmental and societal opportunities to redevelop an extraction site and recover tungsten at the former Salau mine.

After 15 years of operation, this mine closed in 1986 due to the decline in tungsten prices due to the sharp increase in Chinese production.

The increase in demand in recent years has boosted prices and made the material more strategic than in the past.

The Minister's brief will be filed with the Bordeaux Administrative Court of Appeal within two months.

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MINISTÈRE DE L'ÉCONOMIE ET DES FINANCES

Paris, le 3 juillet 2019  
N° 1315

## COMMUNIQUÉ DE PRESSE

### Permis exclusif de recherches de mines de tungstène de Couflens

#### **L'État entend contester en appel la décision du tribunal administratif et demander le sursis à exécution du jugement**

Le ministère de l'Économie et des Finances va faire appel de la décision du tribunal administratif de Toulouse du 28 juin 2019, qui a annulé l'arrêté ministériel du 21 octobre 2016 octroyant un permis exclusif de recherches de mines de tungstène, d'étain, de molybdène, de zinc, de plomb, de cuivre, d'or, d'argent et de substances connexes dit "Permis Couflens" à la société Variscan Mines.

Devant l'importance de ce projet pour la vitalisation de la vallée du Salat en Ariège et la sécurisation des approvisionnements en tungstène, un sursis à exécution de la décision d'annulation sera également demandé.

Il sera démontré que la société Variscan Mines disposait bien, au moment où le permis a été octroyé, des capacités financières nécessaires pour mener à bien les travaux de recherches et pour assumer ses obligations en matière de protection de l'environnement et de la santé des travailleurs pendant les travaux d'exploration, en application de l'article L. 122-2 du Code minier.

Devenu l'actionnaire unique de Variscan Mines en 2018, Apollo Minerals limited a dépensé plus de 7 millions d'euros depuis l'attribution du permis.

Le ministère rappelle que le permis de Couflens a pour objectif d'étudier les possibilités économiques, environnementales et sociétales de redévelopper une filière d'extraction et de valorisation de tungstène à partir de l'ancienne mine de Salau.

Après 15 ans d'exploitation, cette mine avait fermé en 1986, en raison de la baisse des cours du tungstène lié à la forte hausse de la production chinoise.

L'augmentation de la demande ces dernières années a fait repartir les cours à la hausse et rend le matériau plus stratégique qu'autrefois.

Le mémoire du ministre sera déposé auprès de la Cour administrative d'appel de Bordeaux dans un délai de deux mois.

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