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FRENCH GOVERNMENT APPROVES TRANSACTION TO INCREASE OWNERSHIP OF COUFLENS TO 100%

Highlights

- Apollo Minerals has received approval from the French Ministry of Economy and Finance of its agreement to acquire the remaining 20% interest in the Couflens Project in France
- The Couflens Project includes the historical Salau mine which was one of the world's highest-grade tungsten mines and remains open at depth and with gold upside
- Approval of the acquisition ensures Apollo Minerals will have full upside to the Couflens Project as the Company ramps up its major exploration campaigns and study programs
- The majority of the consideration for the remaining 20% is deferred to the future and payable upon the successful achievement of project milestones including production from the mine, thereby limiting the upfront cash outlay
- The simplified ownership structure of the Couflens Project will enable the Company to accelerate development of the project with streamlined decision making and greater optionality for future funding

Apollo Minerals Limited (“**Apollo Minerals**” or “**Company**”) is pleased to advise that it has received approval from the French Ministry of Economy and Finance of the proposed acquisition of the remaining 20% interest in the Couflens tungsten-copper-gold project (“**Couflens Project**”) in the Pyrenees region of southern France, thereby increasing its ownership to 100%.

The approval, which was a Condition Precedent to Completion of the transaction, required the Ministry of Economy and Finance to confirm compatibility of the proposed transaction with decree 2006-648 of 2 June 2006 relating to mining titles.

Apollo Minerals initially acquired an 80% interest in the Couflens Project in 2017. Following positive exploration activities on site, which confirmed the presence of widespread tungsten (up to 8.25% WO₃) and high-grade gold (up to 24.5 g/t), the Company entered into an agreement to acquire the remaining 20% interest in the Couflens Project.

In accordance with the terms of the Sale and Purchase Agreement, Apollo Minerals acquires the remaining 20% interest in the Couflens Project through the purchase of Variscan Mines SAS (“Variscan France”), a wholly owned subsidiary of Variscan Mines Limited (ASX: VAR).

Hugo Schumann, Executive Director, commented:

“We are pleased that the French government has confirmed its approval of our proposed transaction, which was a Condition Precedent to closing.

Our desire to increase our ownership in the Couflens Project to 100% reflects our growing appreciation of the high quality of the project and its significant exploration upside.

We are now well placed to carry out our exploration and study programs backed by a strong cash balance and quality institutional shareholders.”



Apollo Minerals is funding the transaction using a combination of cash and future share payments based on the achievement of project milestones, as well as assuming the liabilities of Variscan France. The majority of the consideration is deferred and is weighted towards share based payments in the future, thereby limiting the upfront cash outlay.

Apollo Minerals will continue to advance its exploration activities including an airborne geophysics program, the completion of in-mine safety assessments and initial drilling campaigns targeting both tungsten and gold targets.

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COMMERICAL TERMS

Apollo Minerals will acquire the remaining 20% interest in the Couflens Project through the acquisition of 100% of the shares in Variscan France, a subsidiary of Variscan Mines Limited (“**Variscan Australia**”) (ASX: VAR), which holds a 20% interest in Mines du Salat SAS (“**MdS**”).

The Share Sale Agreement (“**Agreement**”) to acquire Variscan France includes consideration as follows:

1. An upfront cash payment on signature of A\$200,000
2. Subject to the final quantum of liabilities of Variscan France (see item 4 below), staged cash payments to Variscan Australia over an 8-month period:
 - i. Up to A\$300,000 on completion
 - ii. Up to A\$250,000 on the date that is 4 months from the date of completion
 - iii. Up to A\$250,000 on the date that is 8 months from the date of completion
3. Subject to item 4 below and shareholder approval, issuing Variscan Australia new fully paid ordinary shares (“**Shares**”) in Apollo Minerals based on the achievement of certain milestones at the Couflens Project:
 - (a) **First Milestone (Share Consideration):** the earlier of
 - (i) **Tungsten Resource Milestone:** A\$250,000 of Shares in Apollo Minerals upon the announcement of a Mineral Resource Estimate of at least 25,000 tonne WO₃ at an average grade of not less than 1% WO₃ using a cut-off grade of not less than 0.3% WO₃; *or*
 - (ii) **Mineral Resource Milestone:** A\$125,000 of Shares in Apollo Minerals upon the announcement of a Mineral Resource Estimate for tungsten for the Couflens Project at levels below those of the Tungsten Resource Milestone, or a Mineral Resource Estimate for gold;
 - (b) **Second Milestone (Share Consideration):** A\$500,000 of Shares in Apollo Minerals upon the announcement by the Company to ASX of a Scoping Study;
 - (c) **Third Milestone (Share Consideration):** A\$500,000 of Shares in Apollo Minerals upon the announcement by the Company to ASX of a Pre-Feasibility Study;
 - (d) **Fourth Milestone (Share Consideration):** A\$500,000 of Shares in Apollo Minerals upon the announcement by the Company to ASX of a Definitive-Feasibility Study; and
 - (e) **Fifth Milestone (Share Consideration):** A\$873,671 of Shares in Apollo Minerals upon the commencement of production at the Couflens Project.

If shareholder approval has not been received by the date of the satisfaction of the relevant milestone, or if Apollo Minerals determines at its own discretion, it shall pay a cash equivalent for the relevant milestone consideration in lieu of the share consideration.
4. Apollo Minerals has agreed to assume up to EUR400,000 of Variscan France liabilities. Any liabilities over EUR400,000 will be deducted from the staged future cash payments and share payments referred to in items 2 and 3 above.

The Agreement was dated 7 March 2018 and completion of the acquisition of Variscan France has to occur on or before 30 September 2018 and is subject to standard conditions precedent



for acquisition of a company in France, including government agency approvals, extinguishment of intercompany debts, Variscan Australia not accepting a superior offer from employees in accordance with their rights under the French Commercial Code which provides employees a right to make an offer to acquire VM France and completion under the separate agreement of Variscan Australia to retain its interest in 6 other tenements in France (described below).

Government agency approvals have now been received and Variscan employees have waived their rights to make an offer to acquire VM France. Completion of the Agreement is expected to occur within the next month after the satisfaction of final conditions precedent, which may be waived by Apollo Minerals.

The Agreement also contains usual warranties provided by the parties associated with an acquisition of this nature. The Agreement can be terminated by the Company if the conditions precedent are not satisfied by 30 September 2018 or if there is a breach of the Agreement or warranties provided by Variscan Australia. Variscan Australia can only terminate the Agreement if the Company is in breach of the Agreement.

As stated above, Apollo Minerals will acquire the remaining 20% interest in the Couflens Project through the acquisition of 100% of the shares in Variscan France, which holds an 20% interest in MdS.

Under a separate agreement Variscan Australia retains a 100% interest in 6 other tenements in France (and associated liabilities) that were held by Variscan France. The effect of this separate agreement is that only the 20% interest in Couflens PER will remain in Variscan France upon acquisition by Apollo Minerals. The French authorities have stipulated that the remaining 6 licenses must be relinquished within four months of 22 June 2018.

COMPETENT PERSONS STATEMENT

The information in this announcement 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.au. 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.