



ASX RELEASE | 31 JULY 2019 | ASX: AON

JUNE 2019 QUARTERLY REPORT

HIGHLIGHTS FROM THE JUNE 2019 QUARTER

- Administrative Court of Toulouse ruled to cancel the Couflens exploration permit (the “Couflens PER”) due to claimed errors made by the French State in the granting of the permit. The Couflens PER includes the high grade Salau tungsten mine
- French State announced that it will appeal the decision immediately as it firmly believes the Couflens PER was issued in accordance with the French Mining Code
- In its press release (see copy at Appendix 1) the French State highlighted the importance of the Couflens PER to the Ariège region and to securing tungsten supplies for France
- Program of works within the Salau mine was completed including installation of ventilation infrastructure, the repair of mine supports, securing working areas for exploration and the installation of communication and emergency facilities
- Final works under the health and safety risk assessment program for the Salau mine were completed, with results pending
- Cooperation Agreement in relation to the Couflens Project was approved by a unanimous vote at the General Assembly of the Community of Communes Couserans Pyrenees
- The approved Cooperation Agreement sets the framework for support and cooperation between the Company and the local population

LOOKING AHEAD

- The Company will assist the French State with its appeal against the adverse Court verdict in relation to the PER Couflens as an interested party to the proceedings. The appeal is due to be lodged with the Appeal Court of Bordeaux before the end of August 2019
- The French State 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

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FRENCH STATE TO APPEAL ADMINISTRATIVE COURT OF TOULOUSE RULING TO CANCEL THE COUFLENS PROJECT

Apollo Minerals Limited (“**Apollo Minerals**” or the “**Company**”) reports that during the quarter the Administrative Court of Toulouse ruled to cancel the Couflens exploration license in France (the “**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 was 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.

The appeal will be filed with the Bordeaux Administrative Court of Appeal before the end of August 2019.

The French State commented in its press release following the court verdict 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.*”

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.

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. As an interested party to the proceedings, the Company will assist the French state in the preparation of its appeal.

The Company will update the market on any material developments.



COOPERATION AGREEMENT APPROVED BY THE COMMUNITY OF COMMUNES

Through its efforts to stimulate the local economy, create local employment and to communicate openly and transparently with all local stakeholders, the Company gained strong support among the local population for the development of the project.

A Cooperation Agreement (the “**Agreement**”) in relation to the Couflens Project was approved by unanimous vote at the general assembly of the formal body representing 94 local communities.

The Agreement was negotiated between the Company and the Communauté des Communes Couserans Pyrénées (“**CCCP**”), who act as representatives for the region’s local municipalities and their 30,000 inhabitants.

The Agreement provides a framework for support for the project. Under the terms of the Agreement the Company committed to provide the CCCP with the results of its work programmes, plans for future work programmes, and the project’s previous and planned financial investments.

The Company hosted a visit for key members of the CCCP to visit the Mittersill tungsten mine in Austria to demonstrate the positive influence that a responsible mine can have on local communities and economies.

COMPLETION OF WORKS PROGRAMS TO INSTALL VENTILATION

A program to reinstall mine services at Salau was completed during the quarter.

The mine environment benefits from excellent natural ventilation flows from upper levels of the mine which are open. As a result, the required ventilation improvements to support exploration activities are minimal and comprise the installation of one fan on the 1430 level, two ventilation doors and two walls.

In addition to the ventilation works, the Company repaired mine supports, secured working areas for exploration and installed communication and emergency facilities inside the mine.

The program was carried out using local contractors. Goods and services have been sourced locally as part of the Company’s commitment to invest in the region.

The works were completed within the expected time frame and were followed by a final study of health and safety risk assessments to assess the existence of asbestiform minerals.

PROGRESS WITH ENVIRONMENTAL STUDIES AT THE AURENERE PROJECT IN SPAIN

The Aurenere Project in Spain comprises an Investigation Permit under application which covers an area of 27.5km², along strike from and adjacent to, the Company’s Couflens Project in France.

The Aurenere Project hosts an extension of the highly prospective corridor for tungsten and gold which strikes east-west through the Couflens Project and into the Aurenere Project area.

The Company has planned an initial drilling program at the Aurenere Project as part of its application for an Investigation Permit.



The drilling 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.

The Company was subsequently asked by the Department of Territory and Sustainability to submit an Ordinary Environmental Impact Assessment. The Company is currently working with environmental consultants to complete the Ordinary Environmental Impact Assessment.

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.

The information in this report that relates to Historical Exploration Results is extracted from an ASX announcement dated 4 February 2019 which is available to view at www.apollominerals.com. The information in the original announcement that related to the Historical Exploration Results is based on information compiled by Mr Andrew Boyd of Cairn Consulting Limited, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Boyd is a holder of shares, options and performance rights in, and is a key consultant of, Apollo Minerals Limited. Mr Boyd 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. Mr Boyd consents to the inclusion in this report of the statements based on his information in the form and context in which it appears.

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.



Appendix 1: English Translation of Press release by French Ministry of Economy and Finance (Original Follows)



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.

Press contact person:

Cabinet de Bruno Le Maire 01 53 18 18 41 13 presse.mineco@cabinets.finances.gouv.fr



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.

Contact presse :

Cabinet de Bruno Le Maire 01 53 18 41 13 presse.mineco@cabinets.finances.gouv.fr



Appendix 2: Summary of Mining Tenements

As at 30 June 2019, the Company has an interest in the following projects:

Project Name	Permit Number	Percentage Interest	Status
Couflens Project, France	Couflens PER	See Note (1)	See Note (1)
Aurenere Project, Spain	I.P. Alt d'Aneu ⁽²⁾	75%	Application

Notes:

- (1) Following the Administrative Court of Toulouse's ruling to cancel the Couflens PER, the French State will appeal the decision and the Company will strongly defend its position and immediately consider the range of options available to it in relation to the adverse Court verdict.
- (2) 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 3: 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 2019 are:
- 10,000,000 Class A Convertible Performance Shares;
 - 10,000,000 Class B Convertible Performance Shares;
 - 10,000,000 Class C Convertible Performance Shares;
 - 15,000,000 Class D Convertible Performance Shares; and
 - 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 (30 June 2022):
- 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.
 - 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.
 - 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.
 - 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.
 - 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.
 - 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.
 - Expiry Date** means 5.00pm (Perth time) on the date which is 5 years after the date of issue of the Performance Shares (i.e. 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 June 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(857)	(2,927)
(b) development	-	-
(c) production	-	-
(d) staff costs	(146)	(944)
(e) administration and corporate costs	(61)	(552)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	57
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	(89)	(226)
- Constellation IPO costs refunded	-	233
- Payment of liabilities on acquisition of Variscan France	-	(609)
1.9 Net cash from / (used in) operating activities	(1,148)	(4,968)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(3)	(153)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets		
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	50
(c) investments	-	-
(d) other non-current assets	-	190
2.3 Cash flows from loans to other entities	-	100
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)		
- Cash acquired on purchase of Variscan France	-	63
- Cash relinquished on deconsolidation of Constellation Resources	-	(20)
2.6 Net cash from / (used in) investing activities	(3)	228

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	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,977	5,564
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,148)	(4,968)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3)	230
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	826	826

5. Reconciliation of cash and cash equivalents		Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts			
5.1	Bank balances	250	364
5.2	Call deposits	576	1,612
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)	826	1,977

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	(262)
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	

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	(100)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(200)
9.5 Administration and corporate costs	(50)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	(350)

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	Couflens PER (France)	Direct	100%	See Note (1)
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

Note:

⁽¹⁾ Following the Administrative Court of Toulouse's ruling to cancel the Couflens PER, the French State will appeal the decision and the Company will strongly defend its position and immediately consider the range of options available to it in relation to the adverse Court verdict.

Compliance statement

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

Sign here: *[lodged electronically without signature]*
..... Date: 31 July 2019
(Director/Company secretary)

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.