



ASX RELEASE | 29 JANUARY 2019 | ASX: AON

DECEMBER 2018 QUARTERLY REPORT

HIGHLIGHTS FROM THE DECEMBER 2018 QUARTER

- Identified numerous gold and tungsten targets from extensive in-mine mapping undertaken as part of health and safety risk assessments at the historical Salau mine
- The new targets include extensive zones with strong gold potential related to breccias cemented by massive sulphides, with thicknesses up to 5 metres
- Strengthened French operating team with the appointment of two geologists, a site manager, a health and safety expert and a number of local sampling assistants

LOOKING AHEAD

Salau Mine Area:

- Complete the program to reinstall mine services
- Complete the final phase of health and safety risk assessments
- Undertake face and channel sampling over identified gold and tungsten targets

CORPORATE:

- The Company held A\$2.9 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 gold and tungsten Project (“Couflens Project”) and the Aurenere gold and tungsten 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.

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.

Field campaigns conducted by the Company across the license area has previously 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.

Apollo Minerals is focused on brownfields activities at the historical Salau mine and on regional exploration programs in the wider area.

NUMEROUS GOLD AND TUNGSTEN TARGETS IDENTIFIED DURING GEOLOGICAL MAPPING PROGRAM

A detailed program of geological mapping was completed inside the historical Salau tungsten mine as part of the ongoing health and safety risk assessments being undertaken to enable the reopening of full access to the mine.

The Company has previously identified during surface exploration programs gold occurrences related to faulting and the focussing of hydrothermal fluids carrying gold within these faults. The gold mineralisation can be found associated with tungsten mineralisation as well as gold only occurrences with no related tungsten.

A previous review by the Company of the historical exploration data has demonstrated that the gold potential of the Salau mine area has potentially been largely underestimated and that the nature of the gold mineralisation had previously not been fully understood.

The new mapping was undertaken being cognisant of the potential for gold mineralisation within the area. It was carried out over a period of one month and covered more than 5km of underground development drives between the 1230 and 1430 levels of the historical mine. The mapping was completed at a scale of 1:100, allowing for detailed descriptions of geological information.

The mapping program identified a number of targets with strong geological potential which were not recorded in the historical mining operations mapping due to their lack of scheelite (tungsten) content. These zones, of up to a 5m width, consist of fault zones containing a quartz sulphide assemblage which is known from surface work to potentially contain gold where the fault crosses the La Fourque granodiorite.

Several fault zones with quartz and sulphide were identified in the 1230 level development drive along the trace of two main structures known as R1 and Veronique. In addition, typical garnet, pyroxene and scheelite skarns were observed at the contact between the granodiorite and marbles out of these deformed zones.

These potential zones of tungsten and/or gold mineralization will be the targets of a channel sampling program which will be launched when the preliminary evaluation of risks is complete.

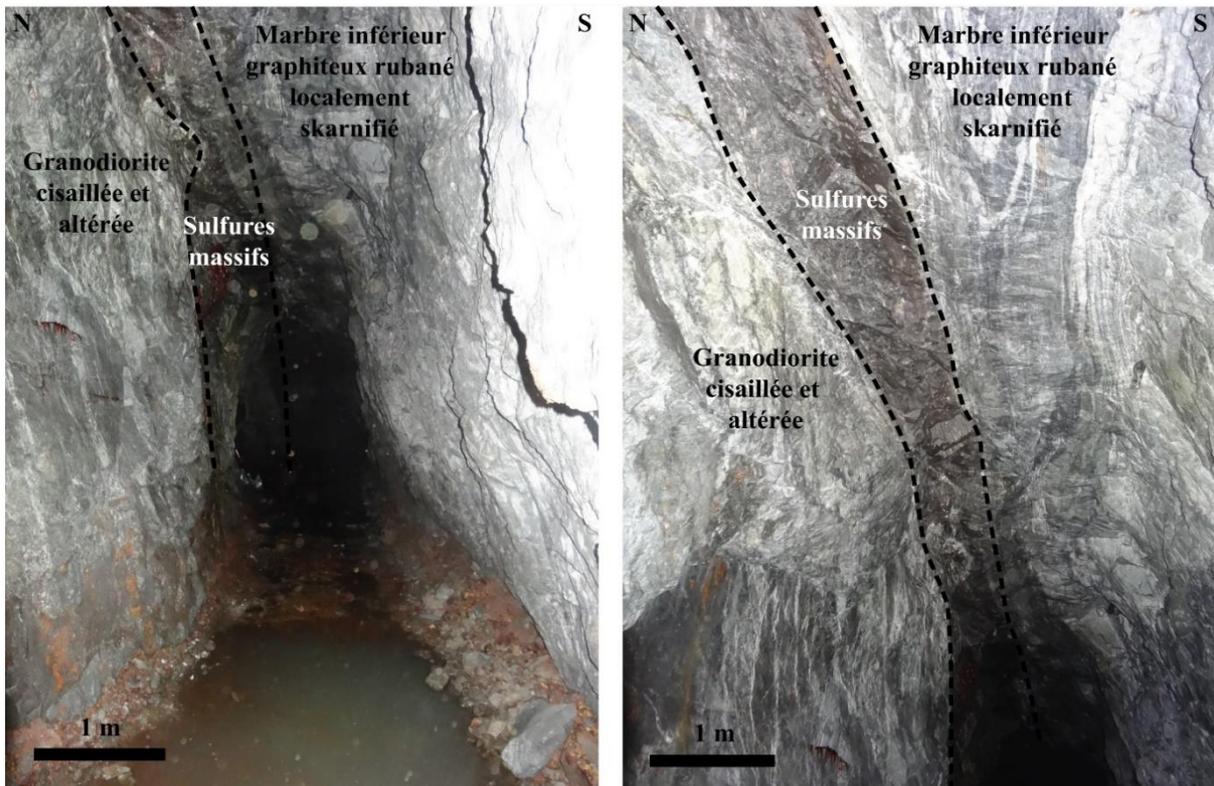


Figure 1: Photograph of the R15 caddy on the 1230 level. The high-grade tungsten and gold mineralization is hosted within a breccia cemented by massive sulphides.

STRENGTHENED FRENCH MANAGEMENT AND PROJECT TEAM

The Company has appointed a number of highly experienced French nationals to support the development of the Couflens Project. Appointments included a Health and Safety Expert, two project geologists, a Social Performance and Local Content consultant, a site manager and numerous local sampling assistants.

Yves Guise, a renowned figure in the French mining sector with over 45 years of experience, was appointed as Health and Safety Manager. He manages all aspects of the Company's health and safety programs and is the day-to-day contact with the French authorities for project approvals. Mr Guise also represents the Company at local stakeholder meetings.

Thomas Poitrenaud and Quentin Monge were appointed to the geology team as Senior Project Geologist and Geologist respectively. Both will contribute their wealth of knowledge on the regional geology of the Pyrenees to deliver high impact exploration programs for the Company. Dr Poitrenaud's recently completed his PhD thesis on tungsten mineralisation in the Pyrenees, focusing specifically on the Salau mine. He was awarded High Honours and a national award in France for the PhD thesis.

The Company has engaged Prisca Piot, a Social Performance and Local Content consultant, to develop the Company's Stakeholder Engagement Plan, to report on the Company's social performance, and to implement a Procurement Plan in line with the Company's policies to promote local procurement.



Subsequent to the quarter end, the Company appointed Lionel Fernandes, owner of Fernandes & Fils, a local construction company, as the Site Manager. Mr Fernandes will be responsible for the operational management of the mine site.

Sampling assistants were also appointed during the quarter. They will help gather data for the environmental base line work and support Mr Fernandes in maintaining the site.

The Site Manager and sampling assistants have been recruited from the local area and have been provided with necessary training for the roles that the Company has created.

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.

FURTHER STRENGTHENED COMMUNITY RELATIONS DURING THE QUARTER

During the quarter, the Company hosted an event at site to celebrate Sainte Barbe, the patron saint of mining in France. The dinner was attended by approximately 65 former miners and local residents.

Addressing the audience, the Company's Executive Director, Hugo Schumann, summarised the plans for the project in 2019 and reaffirmed the importance of building and maintaining strong relationships with the local communities.

In developing the Couflens Project, the Company wishes to establish a long-term presence in the region and build strong ties with its inhabitants and the project's stakeholders.

Subsequent to the quarter end, the Company participated in a meeting of the Club de Mécènes Mines du Salat ("CMMS").

The CMMS was established by a consortium of local businesses including the French subsidiary of Apollo Minerals, Mines du Salat. The CMMS was established to ensure the cultural and historical heritage of the Couserans province in the Ariège region continues to be upheld.

At the meeting, funds were allocated for various projects in the region. Every restoration project that the CMMS commits to financing has the potential to create direct and indirect jobs.

REINFORCED COMMITMENT TO SUPPORT ONGOING CONSULTATION WITH LOCAL COMMUNITIES WITH A FOURTH MEETING OF THE "CLICS"

At the fourth meeting of the Local Commission for Information, Consultation and Monitoring ("CLICS"), the Company presented the results of the preliminary risk assessment program and provided a general update on work programs at the Couflens Project.

Prior to this meeting, the Company held a detailed technical session for members of the CLICS who wished to discuss the results of the preliminary risk assessments and plans for the final phases of the program.

Both meetings highlighted the Company's commitment to support ongoing consultation with local communities and public authorities and to operate transparently, providing local residents with up to date information about work carried out on site.



REINSTALLATION OF MINE SERVICES

Prior to the commencement of exploration works within the Salau mine, the Company has 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 and asbestos), ventilation tests and water quality tests.

The results confirmed excellent infrastructure, ventilation and ground conditions within the mine.

Following this phase, the Company commenced with a program to reinstall mine services and remove operating hazards and waste from inside the old mine.

This work program was halted, and the Company was required to submit additional documentation relating to health and safety work practises as well as a hazard study. The documents have been submitted to the authorities and the Company is awaiting approval of a new Prefectural Order which will allow the ventilation fans to be installed.

With the exception of the installation of ventilation fans, all work on the main working level (1230 level), has now been completed.

SUBMITTED PLANS FOR IN-MINE SAMPLING

A final phase of health and safety risk assessments has been designed to test for the presence of asbestiform minerals in rocks and to review the proposed exploration work practises of the Company.

During the quarter the Company submitted documentation for a proposed hammer sampling program to the authorities for approval. The program was designed by Company geologists as part of the ongoing health and safety management programs and is being approved by the French authorities as well as independent third-party experts.

The assessments will be conducted after the completion of the reinstallation of mine services.

CONTINUED WITH ENVIRONMENTAL BASELINE STUDIES

Apollo Minerals is committed to operate with highest international standards for environmental and social management.

The Company continued its the baseline study phase of its Environmental and Social Impact Assessment (“ESIA”) at the Couflens Project, focused initially on the study of water conditions surrounding the historical mine area.

Further water samples were taken at key points along catchment areas surrounding the mine and by local infrastructure during the quarter.

The water samples are currently being analysed and the results will be documented, alongside samples taken in summer and autumn, within the overall program of baseline studies.



The baseline program will also include studies of fauna, flora, noise, air quality, social demographics and other considerations.

LEGAL CHALLENGE TO THE COUFLENS EXPLORATION PERMIT LODGED

The Company notes that an opposition group has lodged a series of legal arguments against the French state as part of a challenge against the original granting of the Couflens exploration license (“Couflens PER”).

The challenge is not against the Company but it is an interested party to the proceedings. The Company was invited to submit arguments in support of the French State, with these arguments having now been submitted.

The Administrative Courts have not set a trial date for the hearing, if any, and may invite the parties to submit further arguments. The Company will update the market on any material developments.

PLANNED WORK PROGRAMS

Salau Mine Area

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.

An initial phase of in-mine channel sampling has been designed by Company geologists to test gold and tungsten targets inside the historical Salau mine.

The Company has received detailed quotations from several drilling contractors for an underground drilling program targeting gold and tungsten within the historical Salau mine.

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) (As per the ASX announcements released on 29 November 2017, 5 February 2018 and 27 March 2018).

The Company is planning geophysics programs (ground, IP surveys and possibly airborne surveys) to improve structural interpretations of regional geology and to further refine drill targeting.



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.

Subsequent to the quarter end, the Company was asked by the Department of Territory and Sustainability to submit an Ordinary Environmental Impact Assessment. The Company will work with environmental consultants to develop this in the coming months.

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

AUSTRALIAN INTERESTS

During the quarter, the Company completed the sale of the Commonwealth Hill project in South Australia.

Subsequent to the end of the quarter, the Company entered and into an agreement and completed the sale of its royalty interests in the E47/1378 and E47/1304 tenements in the Pilbara Gold region.

CORPORATE

Apollo Minerals is in a strong financial position with cash at bank at 31 December 2018 of A\$2.9 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.



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: Summary of Mining Tenements

As at 31 December 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

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 31 December 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 (30 June 2022):
 - 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 (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")

31 December 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(621)	(1,617)
(b) development	-	-
(c) production	-	-
(d) staff costs	(466)	(535)
(e) administration and corporate costs	(224)	(401)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	18	42
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	(40)	(112)
- Constellation IPO costs refunded	-	233
- Payment of liabilities on acquisition of Variscan France	(330)	(609)
1.9 Net cash from / (used in) operating activities	(1,663)	(2,999)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(35)	(41)
(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	50
(c) investments	-	-
(d) other non-current assets	100	150
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	115	302

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 (6 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	4,415	5,564
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,663)	(2,999)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	115	302
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	2,867	2,867

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	264	114
5.2	Call deposits	2,603	4,301
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)	2,867	4,415

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	284
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	(500)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(300)
9.5 Administration and corporate costs	(200)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	1,000

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	EL5969	Direct	100%	-
	EL6013	Direct	100%	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

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: 29 January 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.