



ASX RELEASE | 31 OCTOBER 2019 | ASX: AON

SEPTEMBER 2019 QUARTERLY REPORT

HIGHLIGHTS FROM THE SEPTEMBER 2019 QUARTER:

- Entered into an Earn-In Agreement with Trek Metals to earn-in an interest of up to 80% in the Kroussou zinc-lead project in Gabon
- Kroussou Project is a significant, large scale, near surface zinc-lead project with exploration to date validating the province-scale base metal potential
- Previous exploration work at the Kroussou Project has resulted in the identification of 150 zinc-lead mineral occurrences over a +70km strike length of prospective geology within the project area
- Commenced surface exploration programs comprising soil surveying, geological mapping, rock chip sampling to further assess identified prospects and to generate new targets within the broader Kroussou Project. Initial samples sent to laboratory for analysis, with results pending
- Strong pipeline of news flow expected as Company rapidly conducts exploration programs at the Kroussou Project, including drilling to delineate the Project's scale
- The Company and the French State have lodged coordinated appeals with the Appeal Court of Bordeaux following the adverse Court verdict in relation to the Couflens exploration permit from an administrative error by the French State
- Commenced a full Environmental Impact Assessment as part of its exploration permit application for the Aurenere Project in Spain

LOOKING AHEAD

- Announce results of the initial surface exploration program and continue to implement exploration programs at the Kroussou Project which will focus on defining a large scale, shallow (open-pit), high grade zinc-lead mineral resource
- Defend the Company's interest at the Couflens Project and continue to assess the range of options available to it in relation to the adverse Court verdict

CORPORATE

- Complete an Entitlements Offer to raise \$4.2 million before costs following receipt of shortfall applications

For further information please contact:

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FARM-IN INTO HIGHLY PROSPECTIVE, LARGE SCALE NEAR SURFACE ZINC-LEAD PROJECT

During the quarter, the Company announced that it had entered into an Earn-in Agreement (“**EIA**”) with Trek Metals Limited (“**Trek**”) to earn-in an interest of up to 80% in the Kroussou zinc-lead project in western Gabon (“**Kroussou Project**”).

The Kroussou Project is a significant, large scale, near surface zinc-lead project with exploration to date validating the potential for the discovery of province-scale base metals.

Previous exploration work has resulted in the identification of 150 zinc-lead mineral occurrences over a +70km strike length of prospective geology within the project area.

The mineral occurrences are associated with 18 channels (prospects), each representing an exploration target with the potential to host significant shallow, zinc-lead mineralisation.

Only four of the 18 prospects have been drill tested to date, with all four channels intersecting zinc-lead mineralisation at very shallow depths.

Multiple opportunities for discovery exist with all 18 prospects remaining open and under-explored, with broader, deeper parts of the basin to the west completely untested.

Exploration at the Kroussou Project to date has been severely curtailed by limited access to capital while initial metallurgical test work has confirmed high recoveries and produced separate, high grade and high-quality zinc and lead concentrates.

Initial exploration will focus on defining sufficient shallow (open-pittable), high grade zinc-lead mineralisation to justify commencement of feasibility studies.

The Company will earn an 80% interest in the Kroussou Project by: a) spending A\$2 million on the Kroussou Project within three years to earn a 70% interest; and b) spending a further A\$2,000,000 on the Kroussou Project within five years to earn a further 10% interest (taking the total interest to 80%).

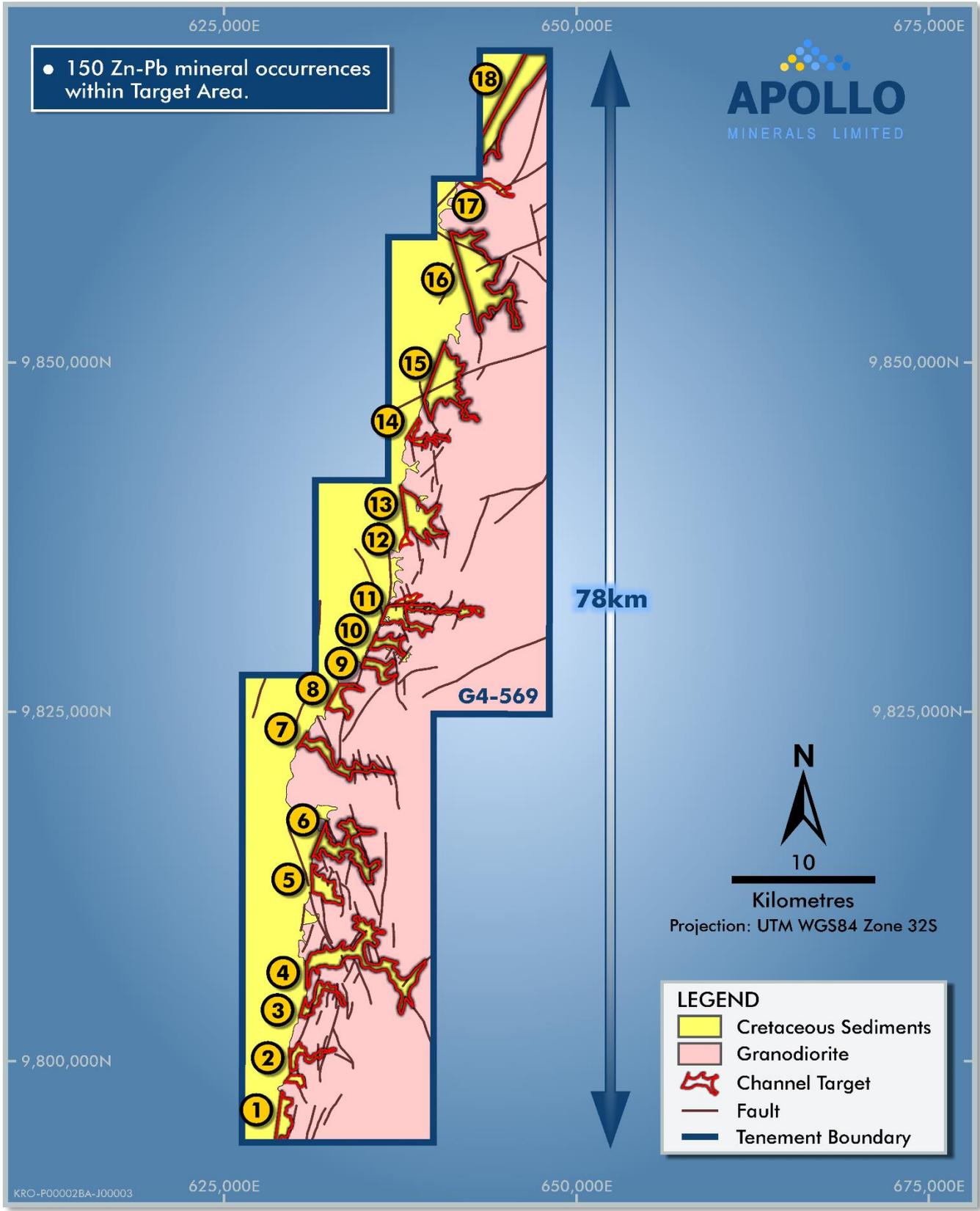
Thereafter, the parties must contribute on a pro rata basis or be diluted. If a party dilutes down below 10%, then its interest in the Project automatically converts into a 1% Net Smelter Royalty.

KROUSSOU PROJECT OVERVIEW

The Kroussou Project consists of one Prospecting License, G4-569, covering 986.5km² located in Ngounié Province, western Gabon, 220km southeast of the capital city of Libreville.

The Kroussou Project is readily accessible using a bitumen highway that runs south from the capital Libreville and all-weather unsealed roads and logging tracks that lead into the project area. The project area is surrounded by significant oil and gas and logging activities which facilitates good access to the Kroussou Project area and useful road, port and communications infrastructure.

A small river port at Yeno, approximately 65km to the west of the Kroussou Project along a good quality road, is used by the timber and oil industries to barge equipment and product to Gabon’s main commercial shipping base at Port Gentil, approximately three days by river to the northwest of the Kroussou Project. This barge system presents a relatively cheap logistical solution for operations within the project area to and from the main export facilities at Port Gentil. Gabon is a mature mining jurisdiction and as such, has a supply of labour that is used to support exploration and mining operations.



Kroussou Project highlighting 18 Prospects



COMMENCEMENT OF SURFACE SAMPLING PROGRAM

Following the announcement of the acquisition of the Kroussou Project, the Company rapidly mobilised a team of geologists and field personnel to commence with a surface exploration program.

Exploration was able to commence quickly given the existence of local drilling contractors, existing site infrastructure and good access to drill targets using logging tracks.

The initial surface exploration program comprised soil surveying, geological mapping and rock chip sampling. The program was designed to identify new prospects and to generate new targets within the broader Kroussou Project area.

The field work is currently underway. Initial rock samples have been sent to laboratories for analysis and results are pending.

KROUSSOU PROJECT EXPLORATION PLAN

The exploration program at the Kroussou Project will focus on defining a large scale, shallow (open-pittable), high grade zinc-lead mineral resource.

The proposed work plan for the Kroussou Project includes:

- Following positive meetings with government representative in Gabon, complete surface exploration programs comprising soil surveying, geological mapping, rock chip sampling further assess identified prospects and to generate new targets within the broader project area;
- Finalise government approvals for the indirect change in control in the Kroussou Project and Gabon Mining (Exploration) Convention;
- Mobilise drill rigs to conduct infill and extensional drilling program at the Dikaki Prospect;
- Rank and prioritise exploration targets across the project area based on historical data;
- Conduct ground geophysics to refine identified prospects and generate new targets;
- Plan for the mobilisation of a track-mounted reverse circulation (“RC”) rig suitable for a rapid drilling program over multiple channels;
- Create road access to new prospects in anticipation of an aggressive drill program;
- Continue metallurgical test work over all prospective targets to assess recovery characteristics, concentrate quality, and variability;
- Estimation and reporting of a Mineral Resource in accordance with the JORC Code; and
- Commence with feasibility studies.

The Company will undertake the work program with a strong commitment to all aspects of sustainable development and responsible mining, with an integrated approach to economic, social, environmental, health and safety management.

EUROPEAN GOLD AND TUNGSTEN PROJECTS (COUFLENS PROJECT AND AURENERE PROJECT)

The Company and the French State lodged coordinated appeals in the Bordeaux Court of Appeals against the decision of the Toulouse Administrative Court on 28 June 2019 to cancel the Couflens exploration permit (“**Couflens PER**”) which includes the historical high-grade Salau tungsten mine that was owned by the Company’s French subsidiary Variscan Mines SAS.



The French State and the Company are contesting the decision of the Toulouse Administrative Court on the grounds that Variscan Mines SAS had sufficient financial capacity at the time of the granting of the Couflens PER. The appeal includes a request for a Stay of Execution which, if successful, would allow the Company to continue work on the Couflens PER during the appeal process. The Company will update the market on material developments during the appeal.

Having had partial operating activity approved by the French State, the Company is now conducting a restructuring of its local French subsidiaries.

The Company is separately advancing the application process for the Aurenere Investigation Permit in Spain, which is contiguous to the Couflens Project in France within the same geological corridor for gold and tungsten. The Company has formally requested input from the Spanish mining authorities on the scope for a full Environmental and Social Impact Assessment which is required to be completed prior to the award of the Investigation Permit. The Company will update the market on material progress with regards to the progress with the Aurenere Investigation Permit.

CORPORATE

Entitlements Issue

In September 2019, the Company announced that it was undertaking a one for one pro rata non-renounceable entitlements issue at \$0.025 per share ("**Entitlements Issue**") to raise up to \$4.2 million before costs.

The Entitlements Issue closed in October 2019 and the Company issued 100,950,649 shares. The shortfall for the Entitlements Issue is 67,185,526 shares with the Company having now allocated these shares to nominated parties in accordance with the Offer Document. Having received applications for the shortfall, the Company expects to issue the shortfall shares in the coming days.

Resignation of Director

Subsequent to the end of the quarter, Dr Michel Bonnemaïson resigned as a Non-Executive Director of the Company.



COMPETENT PERSONS STATEMENT

The information in this report that relates to Exploration Results and the Process and Metallurgy for the Kroussou Project in western Gabon is extracted an ASX announcement on 3 September 2019, which is available to view at www.apollominerals.com.

The information in the original announcement that related to Exploration Results at the Kroussou Project 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, options and performance rights 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 information in the original announcement that related to Process and Metallurgy for the Kroussou Project were based on and fairly represents, information and supporting documentation compiled by Damian Connelly who is a Fellow (CP Met) of the Australasian Institute of Mining and Metallurgy and a full-time employee of METS Engineering. Mr Connelly has sufficient experience 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, Minerals 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 Exploration Results for 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 at 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, options and performance rights 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 for the Couflens Project 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: Summary of Mining Tenements

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

Project Name	Permit Number	Percentage Interest	Status
Kroussou Project, Gabon	See Note (1)	See Note (1)	See Note (1)
Couflens Project, France	Couflens PER	See Note (2)	See Note (2)
Aurenere Project, Spain	I.P. Alt d'Aneu ⁽³⁾	75%	Application

Notes:

- (1) During the quarter, the Company announced that it had entered into an EIA with Trek to earn-in an interest of up to 80% in the Kroussou Project in western Gabon.
- (2) Following the Administrative Court of Toulouse's ruling to cancel the Couflens PER, the Company and French State have lodged coordinated appeals with the Appeal Court of Bordeaux. The Company will strongly defend its position and is considering a range of options available to it in relation to the adverse Court verdict.
- (3) 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 September 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 September 2019

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	(536)	(536)
(b) development	-	-
(c) production	-	-
(d) staff costs	(113)	(113)
(e) administration and corporate costs	(37)	(37)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
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	(25)	(25)
1.9 Net cash from / (used in) operating activities	(710)	(710)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets		

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

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	300	300
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	300	300

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	826	826
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(710)	(710)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	300	300

Mining exploration entity and oil and gas exploration entity quarterly report

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	416	416

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	386	250
5.2	Call deposits	30	576
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)	416	826

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

Current quarter \$A'000

(117)

-

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

- 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

Current quarter \$A'000

-

-

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	(100)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(150)
9.5 Administration and corporate costs	(100)
9.6 Other (provide details if material)	
(a) Business Development costs	(150)
9.7 Total estimated cash outflows⁽¹⁾	(500)⁽¹⁾

Note:

(1) During the next quarter, the Company expects to complete a one (1) for one (1) entitlements issue to raise an additional \$3.9 million before costs.

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	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	Kroussou Project (Gabon)	See Note (2)	-	See Note (2)

Note:

(2) During the quarter, the Company announced that it had entered into an Earn-In Agreement with Trek Metals Limited to earn-in an interest of up to 80% in the Kroussou Project in western Gabon.

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 October 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.