Interim Financial Report for the Half-Year Ended 31 December 2016

ABN 44 155 933 010

CORPORATE DIRECTORY

DIRECTORS:

Mr Ian Middlemas – Chairman
Mr Robert Behets – Non-Executive Director
Mr Mark Pearce – Non-Executive Director
Mr Richard Shemesian – Non-Executive Director

COMPANY SECRETARY:

Mr Clint McGhie

REGISTERED OFFICE:

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28 The Esplanade
Perth WA 6000

Tel: +61 8 9322 6322
Fax: +61 8 9322 6558

STOCK EXCHANGE LISTING:

Australian Securities Exchange
Home Branch – Perth
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

ASX Code:

AON – Fully paid ordinary shares

SHARE REGISTRY:

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6953

Telephone: +61 8 9315 2333
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AUDITOR:

Hall Chadwick

SOLICITORS:

DLA Piper

BANKERS:

Australia and New Zealand Banking Group Limited

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DIRECTORS' REPORT

The Directors of Apollo Minerals Limited present their report on the Consolidated Entity consisting of Apollo Minerals Limited ("**Company**" or "**Apollo**") and the entities it controlled during the half-year ended 31 December 2016 ("**Consolidated Entity**" or "**Group**").

DIRECTORS

The names and details of the Company's Directors in office at any time during or since the end of the half-year are as follows:

Current Directors

Mr Ian Middlemas	Chairman (appointed 8 July 2016)
Mr Robert Behets	Non-Executive Director (appointed 12 October 2016)
Mr Mark Pearce	Non-Executive Director (appointed 8 July 2016)
Mr Richard Shemesian	Non-Executive Director

Former Directors

Mr Eric Finlayson	Non-Executive Director (resigned 8 July 2016)
Mr Guy Robertson	Non-Executive Director (resigned 8 July 2016)

Unless otherwise shown, all Directors were in office from the beginning of the half-year until the date of this report.

REVIEW AND RESULTS OF OPERATIONS

Review of Operations

Highlights during the half year and since the end of the half year include:

(i) The Company has entered into an agreement to acquire an 80% interest in the Couflens tungsten-copper-gold project ("**Couflens Project**") in southern France. The Couflens Project comprises a recently granted exploration licence that covers a 42km^2 area in the Pyrenees region and includes the historic Salau mine, which was one of the world's highest grade tungsten mines when it operated from 1971 to 1986.

(ii) At the Orpheus JV Project in the Fraser Range, the Company conducted an initial field visit to the northern tenement (E28/2403). A review and assessment of existing geological and geophysical data within E28/2403 was also completed and two high priority target areas were identified for follow-up.

(iii) A comprehensive review of all available data for the Orpheus JV Project area in the Fraser Range Province in order to plan the next phase of exploration for nickel, copper and gold is ongoing.

(iv) Apollo completed a recapitalisation raising a total of $5.2 million (before costs) by placement and subsequent non-renounceable entitlements issue.

(v) Upon completion of the placement in July 2016, Mr Ian Middlemas was appointed as Chairman of the Company and Mr Mark Pearce was appointed a Non-Executive Director. Both Mr Middlemas and Mr Pearce have extensive mining and resource expertise.

(vi) Experienced mining executive Mr Robert Behets was appointed a Non-Executive Director of the Company in October 2016.

(vii) As at 31 December 2016, Apollo had cash on hand of approximately $4.75 million which places the Company in a strong financial position.

REVIEW AND RESULTS OF OPERATIONS (Continued)

<u>Couflens Project - France</u>

The Company has entered into an agreement to acquire an 80% interest in the Couflens tungsten-copper-gold project ("**Couflens Project**") in southern France.

The Couflens Project comprises a recently granted exploration licence that covers a 42km^2 area in the Pyrenees region and includes the historic Salau mine, which was one of the world's highest grade tungsten mines when it operated from 1971 to 1986.

Couflens Project Highlights:

- Salau mine is recorded to have produced approximately 930,000 tonnes at **1.5% WO_3 for around 11,500 tonnes of WO_3** in concentrate prior to closure
- Production grades were **2.0 to 2.5% WO_3** in the mine's latter years
- In addition to tungsten, the deposit is recorded to contain **significant copper and gold values**, particularly in the deeper parts of the Salau mine
- **Deposit remains open at depth**, with previous drilling below the base of the existing underground development that confirmed the continuation of the mineralised system

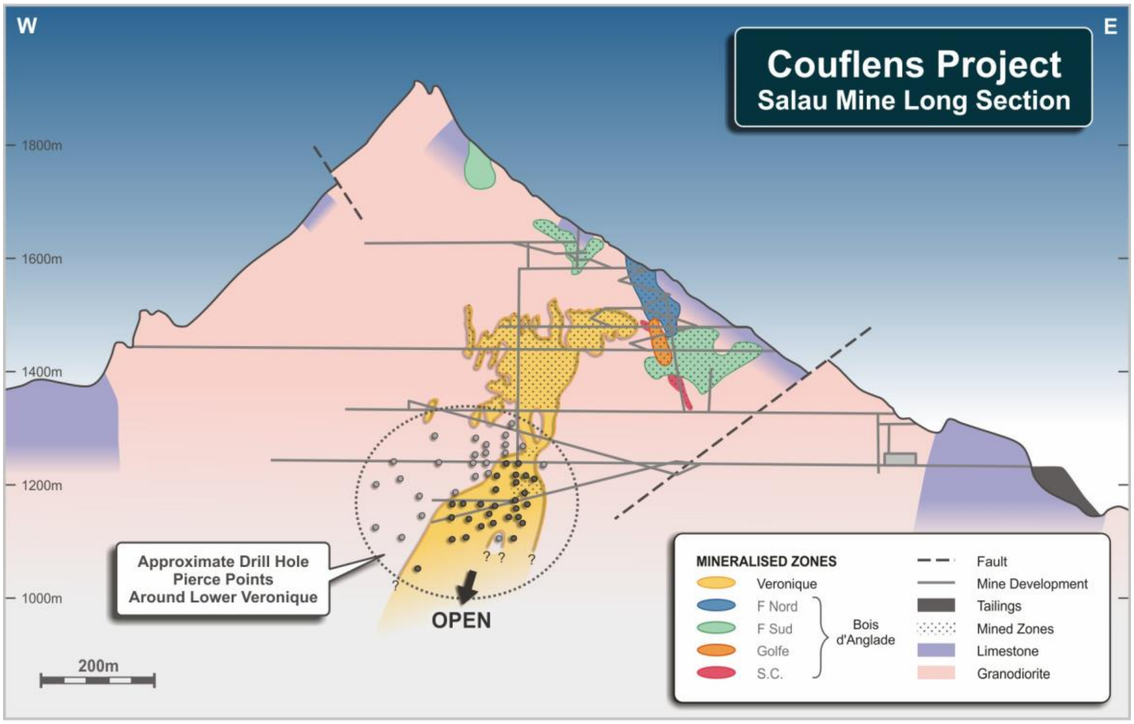

Figure 1 - Salau Mine Long Section

- Substantial news flow is expected with the planned work program to include a review of historical data, mine sampling and drilling utilising existing underground development in order to outline sufficient high grade mineralisation to facilitate estimation and reporting of Mineral Resources in the Salau mine area
- Salau mine's existing underground development and infrastructure will also be examined to determine the most efficient method to progress mine exploration and development activities and potential mine reactivation
- Additional tungsten-copper-gold prospects have been identified within the broader project area and surface exploration programs will be undertaken with a view to further assessing these prospects and generating new targets

REVIEW AND RESULTS OF OPERATIONS (Continued)

- Tungsten is a strategic commodity, with essential applications in industry, aerospace and military. Concerns over security of supply of tungsten have resulted in the EU categorising tungsten as a "Critical Raw Material" and the British Geological Survey including tungsten in its metals "Risk List"
- **Dr Michel Bonnemaison**, a highly credentialed French geologist with specific expertise in gold deposits in France and **Mr Ajay Kejriwal**, an experienced European based corporate and capital markets executive, will be appointed as Directors of the Company with effect from the completion of the acquisition.

Figure 2 - Couflens Project / Salau Mine Location

The Company has entered into a Share Sale Agreement to acquire Ariege Tungstene SAS ("**Ariege**"), which holds the rights to the 80% interest in the Couflens Project. The commercial terms of the acquisition of Ariege which are subject to approval by Apollo Minerals' shareholders, include $250,000 cash and the issue of 15 million Apollo Minerals shares at completion, and $500,000 cash and 65 million performance shares subject to various performance conditions to Ariege shareholders.

DIRECTORS' REPORT (Continued)

REVIEW AND RESULTS OF OPERATIONS (Continued)

Orpheus JV Project – Fraser Range

The Company has a 70% interest in the nickel, copper and gold prospective Orpheus JV Project in the Fraser Range province in south eastern Western Australia (Figure 3).

The Project area consists of four tenements covering over 600km² in the most prospective part of the world class Fraser Range exploration district, host to Independence Group's (ASX: IGO) major Nova nickel and copper deposit. Apollo Minerals is required to sole fund all activities on the Project until completion of a Bankable Feasibility Study.

The Fraser Range province is highly prospective for nickel, copper and gold, and has attracted significant exploration since the discovery of the Nova deposit in 2012. The Project is strategically located along strike and mid-way between the Nova deposit to the northeast and Independence Group's Crux nickel prospect to the southwest.

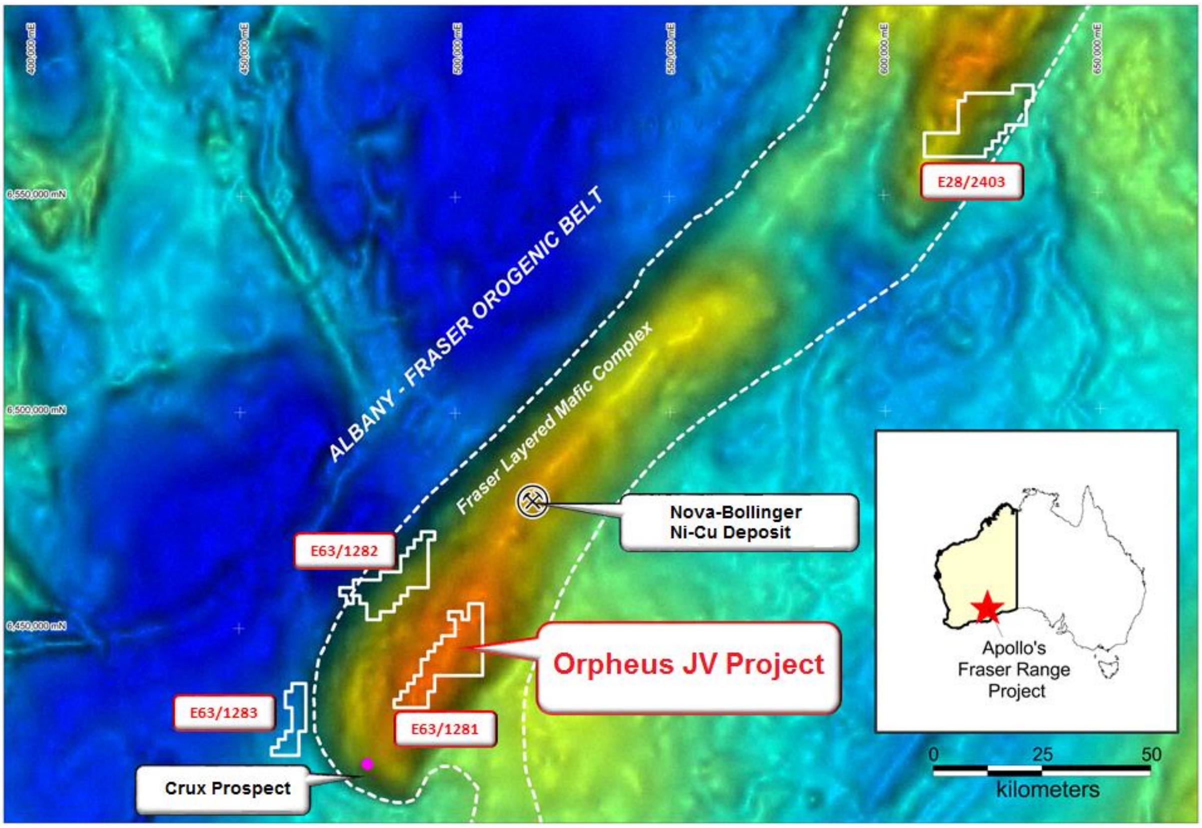

Figure 3: Tenement Plan – Orpheus JV Project, Fraser Range province

A review and assessment of existing geological and geophysical data within the northern tenement (E28/2403) has been undertaken by Barry Bourne, Principal Consultant at Terra Resources, who generated an updated geological interpretation of the lease area (1:50,000), as well as identifying target areas and recommendations for follow up.

The review identified two high priority target areas of interpreted gabbroic to ultramafic intrusives (Figure 4). These rock types have potential to host intrusive related nickel sulphide mineralisation. The recommended follow-up included the two high priority areas being covered with 500m line spacing moving loop EM.

These results will be incorporated into the ongoing comprehensive review of all available data in order to plan the next phase of exploration for nickel, copper and gold within the Orpheus JV Project area in the Fraser Range Province.

REVIEW AND RESULTS OF OPERATIONS (Continued)

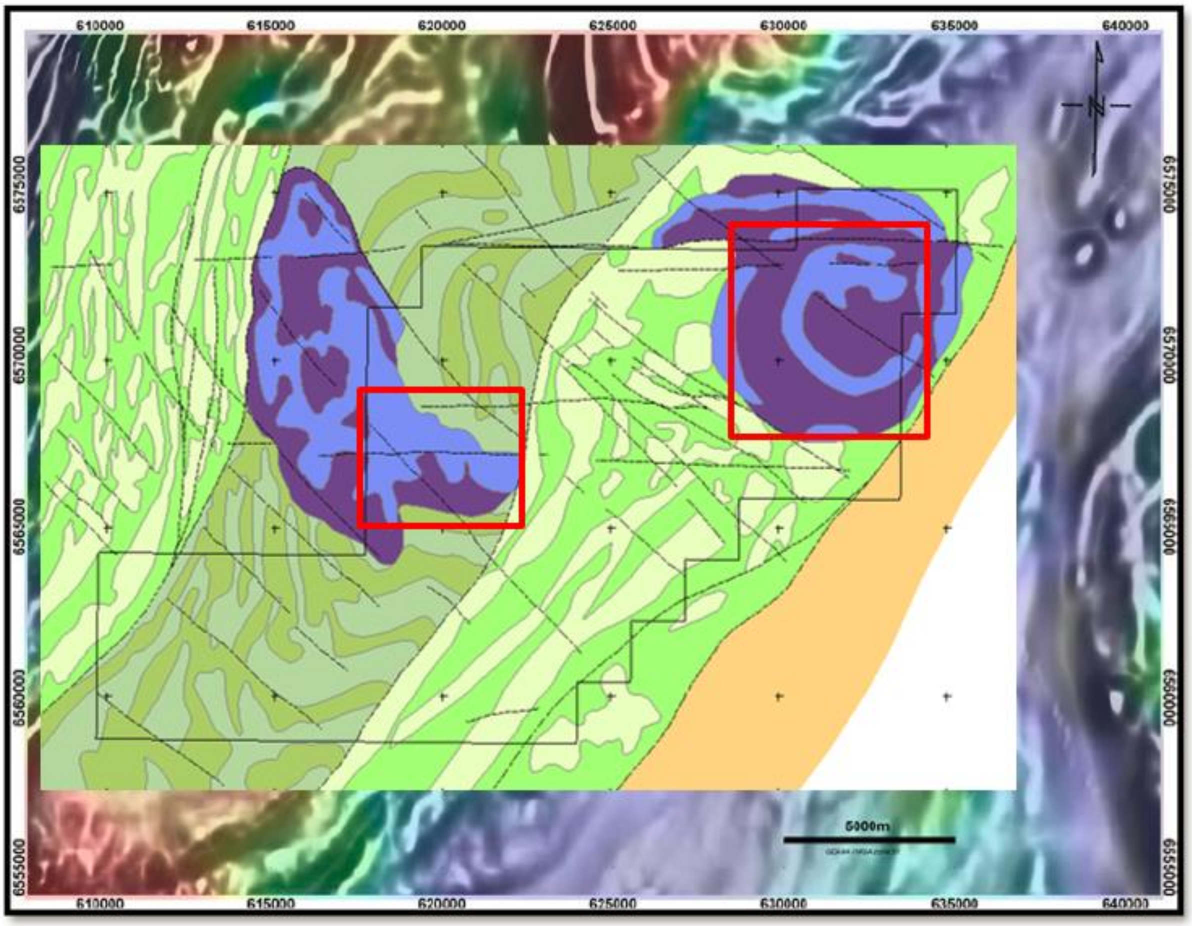

Figure 4: E28/2403 - Interpreted high priority areas (red squares) of potential gabbroic to ultramafic intrusives (purple and blue)

Kango North Iron Project (AON 70%)

The Kango North Iron Project covers an area of 400km^2 in Gabon, on the west coast of Central Africa. The Project is located 110km by road from the country's capital Libreville and is positioned close to well-maintained roads, the national electricity grid, shipping ports and open access railway.

Apollo Minerals has an earn-in joint venture with a diversified Middle Eastern group who are required to sole fund exploration at the Project. The JV partner can earn up to a 50.1% interest in the Project through the contribution of ~$4m (US$3m) in exploration and development. Apollo Minerals will be free carried at no cost during exploration until the JV partner earns a 50.1% interest or ceases funding prior to completing the earn-in.

In the first stage of the JV, the partner has earned a 30% interest through their commitment to sole fund the initial 2015/2016 work program totalling ~$1m (US$750k), including the maiden diamond drilling program completed in 2015.

In April 2016, a follow-up ground based magnetic survey was completed over the P2 (infill) and P3-P4-P6 prospects by SRK Exploration Services Limited ("SRK ES"). A field geological mapping program was then undertaken by SRK ES over the P2 and P3-P4-P6 prospects in mid-2016 to provide greater geological understanding of the mineralised anomalies and to better identify targets for further iron ore exploration activities. The final report for this work program was received subsequent to the end of the period, with the results currently being assessed by the JV partners to determine the next phase of exploration.

REVIEW AND RESULTS OF OPERATIONS (Continued)

Corporate

In May 2016, the Company announced that it would restructure the Board and undertake a comprehensive recapitalisation process. Following Shareholder approval and a 1 for 4 share consolidation in June 2016, a placement of 42 million shares at $0.05 each raising $2.1 million (before costs) was completed in July 2016, followed by a 1 for 1 non-renounceable entitlements issue at $0.05 each raising $3.1 million (before costs) in August 2016.

Upon completion of the placement in July 2016, Mr Ian Middlemas was appointed Chairman of the Company and Mr Mark Pearce was appointed a Non-Executive Director. Previous Chairman, Mr Richard Shemesian, remained on the Board as a Non-Executive Director, whilst Mr Eric Finlayson and Mr Guy Robertson resigned as Non-Executive Directors. Mr Robertson also resigned as Company Secretary, and was replaced by Mr Clint McGhie.

Following Shareholder approval in June 2016, the Company also issued 1,500,000 Options exercisable at $0.05 each on or before 30 June 2018, and 2,000,000 Options exercisable at $0.075 each on or before 30 June 2019 to Directors and consultants, including Mr Shemesian, Mr Pearce and Mr Behets.

Mr Robert Behets was appointed as a Non-Executive Director of the Company in October 2016.

As at 31 December 2016, Apollo Minerals has cash on hand of approximately $4.75 million which places the Company in a strong financial position.

Operating Results

The Group recorded a consolidated operating loss before tax of $692,187 (31 December 2015 restated: $1,088,670) for the half-year ended 31 December 2016.

The loss for the period includes $308,148 (2015: $541,606) in exploration expenditure, including $13,285 in share based payments (2015: $32,658).

Share based payment expenses totalling $79,708 were recognised during the period (2015: $242,396). The fair value of Incentive Options are recognised over the vesting period of the option / right.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

(i) The Company has agreed to acquire an 80% interest in the Couflens tungsten-copper-gold project ("**Couflens Project**") in southern France. The Couflens Project comprises a recently granted exploration permit that covers a 42km^2 area in the Pyrenees region and includes the historic Salau mine, which was one of the world's highest grade tungsten mines when it operated from 1971 to 1986.

Apollo will acquire an 80% interest in the Couflens Project through the acquisition of 100% of the shares in Ariege Tungstene SAS ("**Ariege**"), which holds an 80% interest in Mines du Salat SAS ("**MdS**").

The Share Sale Agreement ("**Agreement**") to acquire 100% of Ariege includes consideration as follows:

(i) A$250,000 cash on completion;

(ii) 15,000,000 fully paid ordinary shares on completion;

(iii) **Tungsten Resource Milestone:**

a. 10,000,000 unlisted convertible performance shares on completion, which convert into fully paid ordinary shares upon the completion and announcement by the Company to ASX of the delineation of at least an Inferred and Indicated Mineral Resource of at least 25,000 tonne WO_3 at an average grade of not less than 1.0% WO_3 using a cut-off grade of not less than 0.3% WO_3 on the Project Licences and which is prepared and reported in accordance with the provisions of the JORC Code;

b. A$250,000 cash on satisfaction of the Tungsten Resource Milestone;

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD (Continued)

(iv) **Gold Resource Milestone:**

a. 10,000,000 unlisted convertible performance shares on completion, which convert into fully paid ordinary shares upon the completion and 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 on the Project Licences and which is prepared and reported in accordance with the provisions of the JORC Code;

b. A$250,000 cash on satisfaction of the Gold Resource Milestone;

(v) **Scoping Study Milestone:** 10,000,000 unlisted convertible performance shares on completion, which convert into fully paid ordinary shares upon 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;

(vi) **Pre-Feasibility Study Milestone:** 15,000,000 unlisted convertible performance shares on completion, which convert into fully paid ordinary shares upon 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; and

(vii) **Definitive Feasibility Study Milestone:** 20,000,000 unlisted convertible performance shares on completion, which convert into fully paid ordinary shares upon 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.

Project Licences means the Couflens PER which was formally gazetted on 11 February 2017.

The consideration shares and performance shares will be subject to a 24 month voluntary escrow from completion. However, securities will not be subject to escrow to the same extent as if the cash formula (per the listing rules) was applied.

The Agreement is dated 13 March 2017. Completion of the acquisition of Ariege must occur within 24 months of signing the Agreement ("**End Date**") and is subject to the following conditions precedent:

1. Apollo Shareholders passing all resolutions as required under the ASX Listing Rules, the Constitution and the Corporations Act to give effect to the transactions contemplated by the Agreement;
2. ASX approving the terms and conditions of the performance shares;
3. Variscan France SAS ("**Variscan France**") lodging an application for the transfer of the Project Licence to MdS;
4. Apollo obtaining all regulatory approvals and authorisations in Australia and elsewhere, complying with the ASX Listing Rules and the Corporations Act in order for completion to occur.

There are normal commercial warranties associated with the acquisition.

MdS is governed by a Shareholder Agreement ("**SHA**") with Variscan France. Pursuant to the SHA and subject to regulatory approval, Variscan France will transfer the Couflens PER to MdS. Ariege is required to spend €2.5 million over 3 years, or it may elect to withdraw from the SHA and return its shareholding in MdS to Variscan France. Variscan France will be free carried until completion of a DFS (or total expenditures reaching €25 million).

(ii) The Company has advised that intends to seek shareholder approval to grant a total of 1.25 million $0.20 unlisted options expiring 30 June 2020 and 1.6 million $0.25 unlisted options expiring 30 June 2021 to a Director, Mr Behets, and other key consultants.

Other than as disclosed above, at the date of this report there were no significant events occurring after balance date requiring disclosure.

DIRECTORS' REPORT (Continued)

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Hall Chadwick, to provide the directors of Apollo Minerals Limited with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is on page 22 and forms part of this Directors' Report.

Signed in accordance with a resolution of the Directors.

ROBERT BEHETS
Non-Executive Director

15 March 2017

Forward Looking Statements

This report may include forward-looking statements. These forward-looking statements are based on Apollo'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 Apollo, which could cause actual results to differ materially from such statements. Apollo makes no undertaking to subsequently update or revise the forward-looking statements made in this release, to reflect the circumstances or events after the date of that release.

Competent Persons Statement

The information in this Report that relates to Geophysical Exploration Results for E28/2403 is extracted from an announcement dated 31 January 2017. This announcement is available to view on www.apollominerals.com.au. The information in the original announcement that related to Geophysical Exploration Results for E28/2403 is based on, and fairly represents, information compiled by Mr Barry Bourne, who is employed as a Consultant to the Company through geophysical consultancy Terra Resources Pty Ltd. Mr Bourne is a fellow of the Australian Institute of Geoscientists and a member of the Australian Society of Exploration Geophysicists and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) '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 announcements. 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 announcements.

The information in this Report that relates to Exploration Results is extracted from announcements dated 31 January 2017 and 14 March 2017. These announcements are available to view on www.apollominerals.com.au. The information in the original announcements that relates to Exploration Results is based on, and fairly represents, information compiled by Mr Robert Behets 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 being undertaken 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 announcements. 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 announcements.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Apollo Minerals Limited, I state that:

In the opinion of the Directors:

(a) the attached financial statements and notes thereto for the period ended 31 December 2016 are in accordance with the Corporations Act 2001, including:

(i) section 304 (compliance with AASB 134: Interim Financial Reporting and Corporations Regulations 2001); and

(ii) section 305 (true and fair view); and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Board

ROBERT BEHETS
Non-Executive Director

15 March 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Note	Half-Year Ended 31 December 2016 $	Restated Half-Year Ended 31 December 2015 $
Revenue			
Interest revenue	4(a)	36,610	5,816
Total revenue		**36,610**	**5,816**
Expenses			
Exploration and evaluation expenses		(308,148)	(541,606)
Corporate and administrative expenses		(249,669)	(522,219)
Business development expenses		(120,980)	(30,661)
Impairment of exploration and evaluation expenditure		(50,000)	-
Loss before income tax		**(692,187)**	**(1,088,670)**
Income tax expense		-	-
Loss for the period		**(692,187)**	**(1,088,670)**
Other comprehensive income, net of income tax:			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive loss for the period		**(692,187)**	**(1,088,670)**
Loss attributable to members of Apollo Minerals Limited		**(692,187)**	**(1,088,670)**
Total comprehensive loss attributable to members of Apollo Minerals Limited		**(692,187)**	**(1,088,670)**
Loss per share			
Basic loss per share (cents per share)		(0.66)	(1.55)
Diluted loss per share (cents per share)		(0.66)	(1.55)

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	31 December 2016 $	Restated 30 June 2016 $
ASSETS			
Current Assets			
Cash and cash equivalents		4,755,153	175,362
Trade and other receivables		22,350	14,785
Total Current Assets		**4,777,503**	**190,147**
Non-current Assets			
Exploration and evaluation assets	5(a)	400,000	500,000
Total Non-current Assets		**400,000**	**500,000**
TOTAL ASSETS		**5,177,503**	**690,147**
LIABILITIES			
Current Liabilities			
Trade and other payables		110,506	174,789
Total Current Liabilities		**110,506**	**174,789**
TOTAL LIABILITIES		**110,506**	**174,789**
NET ASSETS		**5,066,997**	**515,358**
EQUITY			
Issued capital	6(a)	41,104,471	35,940,353
Reserves	7(a)	769,896	690,188
Accumulated losses		(36,807,370)	(36,115,183)
TOTAL EQUITY		**5,066,997**	**515,358**

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Issued Capital $	Share Based Payments Reserve $	Accumulated Losses $	Total Equity $
Balance at 1 July 2016 originally stated	**35,940,353**	**690,188**	**(35,697,397)**	**933,144**
Change in accounting policy opening balance adjustment	-	-	(417,786)	(417,786)
Balance at 1 July 2016 restated	**35,940,353**	**690,188**	**(36,115,183)**	**515,358**
Net loss for the period	-	-	(692,187)	(692,187)
Total comprehensive loss for the period	**-**	**-**	**(692,187)**	**(692,187)**
Transactions with owners, recorded directly in equity				
Issue of ordinary shares	5,219,104	-	-	5,219,104
Share issue costs	(54,986)	-	-	(54,986)
Share based payments expense	-	79,708	-	79,708
Balance at 31 December 2016	**41,104,471**	**769,896**	**(36,807,370)**	**5,066,997**
Balance at 1 July 2015 originally stated	**35,650,903**	**686,391**	**(27,381,438)**	**8,955,856**
Change in accounting policy opening balance adjustment	-	-	(6,402,955)	(6,402,955)
Balance at 1 July 2015 restated	**35,650,903**	**686,391**	**(33,784,393)**	**2,552,901**
Net loss for the period	-	-	(1,088,670)	(1,088,670)
Total comprehensive loss for the period	**-**	**-**	**(1,088,670)**	**(1,088,670)**
Transactions with owners, recorded directly in equity				
Issue of ordinary shares	66,750	-	-	66,750
Expired options	-	(300,819)	300,819	-
Share based payments expense	-	217,896	-	217,896
Balance at 31 December 2015	**35,717,653**	**603,468**	**(34,572,244)**	**1,748,877**

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Note	Half-Year Ended 31 December 2016 $	Restated Half-Year Ended 31 December 2015 $
Cash flows from operating activities			
Payments to suppliers and employees		(695,156)	(902,681)
Research and development tax rebate		-	533,710
GST refunds received		24,219	64,281
Interest received		36,610	5,816
Net cash outflow from operating activities		**(634,327)**	**(298,874)**
Cash flows from investing activities			
Proceeds on sale of exploration and evaluation assets		50,000	-
Payments for exploration and evaluation assets		-	(70,000)
Net cash inflow/(outflow) from investing activities		**50,000**	**(70,000)**
Cash flows from financing activities			
Proceeds from issue of shares		5,219,104	-
Payments for share issue costs		(54,986)	-
Net cash inflow from financing activities		**5,164,118**	**-**
Net increase/(decrease) in cash and cash equivalents		4,579,791	(368,874)
Cash and cash equivalents at beginning of the period		175,362	808,308
Cash and cash equivalents at the end of the period		**4,755,153**	**439,434**

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. CORPORATE INFORMATION

The interim financial report of the Group for the six months ended 31 December 2016 was authorised for issue in accordance with the resolution of the Directors on 10 March 2017.

Apollo Minerals Limited is a limited company incorporated and domiciled in Australia whose shares are publicly traded. The principal activities of the Company and its subsidiaries (the Group) are described in the Directors' Report on page 1.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report for the interim half year reporting period ended 31 December 2016 has been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by Apollo Minerals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(a) Basis of Preparation of Half Year Financial Report

The principal accounting policies adopted in the preparation of the financial report have been consistently applied to all the periods presented, unless otherwise stated.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

(b) New Standards, Interpretations and Amendments

The accounting policies and methods of computation adopted in the preparation of the consolidated half-year financial report are consistent with those adopted and disclosed in the company's annual financial report for the year ended 30 June 2016, other than as set out in note 1(c) Change in Accounting Policy and as detailed below.

In the current period, the Group has adopted all of the new and revised standards, interpretations and amendments that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2016. New and revised standards and amendments thereof and interpretations effective for the current half-year that are relevant to the Group include:

- AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations;
- AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation;
- AASB 2014-9 Amendments to Australian Accounting Standards - Equity Method in Separate Financial Statements;
- AASB 2015-1 Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle, including AASB 5 Non-current Assets Held for Sale and Discontinued Operations, AASB 7 Financial Instruments: Disclosures, AASB 119 Employee Benefits, and AASB 134 Interim Financial Reporting;
- AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101; and
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) New Standards, Interpretations and Amendments (Continued)

The adoption of new and revised standards and amendments has not affected the amounts reported for the current or prior half year periods. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group has updated the classification of expenses to make the Statement of Profit and Loss and Other Comprehensive Income more relevant to users of the financial report. This has resulted in the reclassification of some items in the prior period, however, has not impacted upon the reported loss for the period or earnings per share.

(c) Change in Accounting Policy

The policy for accounting for exploration and evaluation expenditure has changed from the policy applied in previous reporting periods.

In previous reporting periods, all costs incurred in connection with the exploration and evaluation of areas with current rights of tenure were capitalised and recognised as an exploration and evaluation assets. Costs carried forward in respect of an area of interest that was abandoned were written off in the year in which the decision to abandon was made.

The policy has now changed, and the new policy has been applied retrospectively (with comparative information restated accordingly). Under the new policy:

- exploration and evaluation expenditure incurred in the acquisition of the rights to explore (including payments to landowners required under the Group's mineral leases) is capitalised and recognised as an exploration and evaluation asset; and

- exploration and evaluation expenditure incurred subsequent to the acquisition of the rights to explore will now be expensed as incurred, up to and until the preparation of a technical feasibility study.

The Directors are of the opinion that the change in accounting policy provides users with more relevant and no less reliable information as the policy is more transparent and less subjective. The policy is common for exploration focussed companies where exploration and evaluation expenditure is viewed as an ongoing expense of discovery, until a technical feasibility study has been completed. The impact of this change in accounting policy is reflected below.

For comparative purposes the accounts within the Consolidated Statement of Financial Position have changed by:

	1 July 2015 $	31 December 2015 $	30 June 2016 $
Decrease in exploration and evaluation assets	(6,402,955)	(409,502)	(417,787)
Net decrease in equity	**(6,402,955)**	**(518,850)**	**(417,787)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Change in Accounting Policy (Continued)

For comparative purposes the loss after tax has changed by:

	Half-year ended 31 December 2015 $
Recognised exploration expenditure	(409,502)
Decrease in exploration and evaluation expenditure written off	4,564,921
Decrease in loss	**4,155,419**

Basic and diluted loss per share have also been restated. The amount of the impact on basic and diluted loss per share for the restated result for the half-year ended 31 December 2015 due to the change in accounting policy is a decrease in loss per share of 5.95 cents.

The impact of the change in accounting policy has not been quantified for the current period as these accounting records have not been maintained.

For comparative purposes the Statement of Cash Flows has been reclassified as follows:

	31 December 2015 $
Payments to suppliers	(357,116)
Research and development tax rebate	533,710
Increase in net cash outflow from operating activities	**176,594**
Payment for exploration expenditure	357,116
Research and development tax rebate	(533,710)
Decrease in net cash outflow from investing activities	**(176,594)**

3. SEGMENT NOTE

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Consolidated Entity operates in one segment, being exploration for mineral resources. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Consolidated Entity. The Consolidated Entity operates in Australia and Gabon.

Information regarding the non-current assets by geographical location is reported below. No segment information is provided for Gabon in relation to revenue, profit or loss and liabilities as these are considered immaterial.

3. SEGMENT NOTE (Continued)

(a) Reconciliation of Non-Current Assets by geographical location

	31 December 2016 $	Restated 30 June 2016 $
Australia	400,000	500,000
Gabon	-	-
	400,000	**500,000**

4. REVENUE AND EXPENSES

	31 December 2016 $	31 December 2015 $
(a) Revenue		
Interest revenue	36,610	5,816
(b) Share based payments		
Share based payments included in:		
- Corporate and administrative expenses	(39,854)	(209,738)
- Business development	(26,569)	-
- Exploration and evaluation expenses	(13,285)	(32,658)
	(79,708)	**(242,396)**

5. EXPLORATION AND EVALUATION ASSETS

	Note	31 December 2016 $	Restated 30 June 2016 $
(a) Areas of Interest			
Fraser Range (Western Australia)		400,000	400,000
Commonwealth Hill (South Australia)		-	100,000
Gabon		-	-
Carrying amount at end of the period[1]		**400,000**	**500,000**
(b) Reconciliation			
Carrying amount at start of period		500,000	1,314,656
Acquisition of additional interest in Gabon project		-	250,000
Disposal of interest in Commonwealth Hill project		(50,000)	-
Exploration and evaluation expenditure written off		(50,000)	(930,757)
Research and development rebate received/receivable		-	(133,899)
Carrying amount at end of the period[1]		**400,000**	**500,000**

Notes:
[1] The ultimate recoupment of costs carried for exploration and evaluation expenditure is dependent on the successful development and commercial exploitation or sale of the respective areas.

6. CONTRIBUTED EQUITY

(a) Issued Capital

	Note	31 December 2016 $	30 June 2016 $
124,764,218 fully paid ordinary shares (30 June 2016: 20,382,141)		**41,104,471**	**35,940,353**

(b) Movements in fully paid ordinary shares during the past six months

Date	Details	Note	Number of Shares	Issue Price $	$
1 Jul 2016	**Opening Balance**		**20,382,141**		**35,940,353**
7 Jul 2016	Issue of placement shares		34,000,000	0.05	1,700,000
15 Jul 2016	Issue of placement shares		8,000,000	0.05	400,000
19 Aug 2016	Issue of entitlements issue shares		45,312,077	0.05	2,265,604
31 Aug 2016	Issue of shortfall shares		17,070,000	0.05	853,500
31 Dec 2016	Share issue costs		-	-	(54,986)
31 Dec 2016	**Closing Balance**		**124,764,218**		**41,104,471**

7. RESERVES

(a) Reserves

	Note	31 December 2016 $	30 June 2016 $
Share based payments reserve:			
1,763,549 (30 June 2016: 1,763,549) $1.20 Options expiring 28 February 2017		249,704	249,704
1,678,125 (30 June 2016: 1,678,125) $0.52 Options expiring 28 February 2018		135,868	135,868
1,500,000 (30 June 2016: 1,500,000) $0.32 Options expiring 30 November 2020		217,896	217,896
1,500,000 (30 June 2016: 500,000) $0.05 Options expiring 30 June 2018		69,233	29,264
2,000,000 (30 June 2016: 1,000,000) $0.075 Options expiring 30 June 2019		97,195	57,456
		769,896	**690,188**

(b) Movements in options during the past six months

Date	Details	Number of Options	$
1 Jul 2016	**Opening Balance**	**6,441,674**	**690,188**
7 Jul 2016	Issue of options to directors and consultants	2,000,000	79,708
31 Dec 2016	**Closing Balance**	**8,441,674**	**769,896**

8. COMMITMENTS AND CONTINGENCIES

(a) Commitments

	31 December 2016 $	30 June 2016 $
Exploration Commitments		
Within one year	459,000	624,000
After one year but not more than five years	876,000	739,750
	1,335,000	**1,363,750**

(b) Contingencies

At the last annual reporting date, the Consolidated Entity did not have any contingent liabilities. There has been no material change in contingent assets and liabilities of the Consolidated Entity during the half-year.

9. DIVIDENDS PAID OR PROVIDED FOR

No dividend has been paid or provided for during the half-year (2015: nil).

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

At 31 December 2016 the Group had no material financial assets and liabilities that are measured on a recurring basis, and at 31 December 2016, the carrying amount of financial assets and financial liabilities for the Group is considered to approximate their fair values.

11. SUBSEQUENT EVENTS AFTER BALANCE DATE

Other than as disclosed below, at the date of this report there were no significant events occurring after balance date requiring disclosure:

(i) The Company has agreed to acquire an 80% interest in the Couflens tungsten-copper-gold project ("**Couflens Project**") in southern France. The Couflens Project comprises a recently granted exploration permit that covers a 42km^2 area in the Pyrenees region and includes the historic Salau mine, which was one of the world's highest grade tungsten mines when it operated from 1971 to 1986.

Apollo will acquire an 80% interest in the Couflens Project through the acquisition of 100% of the shares in Ariege Tungstene SAS ("**Ariege**"), which holds an 80% interest in Mines du Salat SAS ("**MdS**").

The Share Sale Agreement ("**Agreement**") to acquire 100% of Ariege includes consideration as follows:

(i) A$250,000 cash on completion;

(ii) 15,000,000 fully paid ordinary shares on completion;

(iii) **Tungsten Resource Milestone:**

a. 10,000,000 unlisted convertible performance shares on completion, which convert into fully paid ordinary shares upon the completion and announcement by the Company to ASX of the delineation of at least an Inferred and Indicated Mineral Resource of at least 25,000 tonne WO_3 at an average grade of not less than 1.0% WO_3 using a cut-off grade of not less than 0.3% WO_3 on the Project Licences and which is prepared and reported in accordance with the provisions of the JORC Code;

b. A$250,000 cash on satisfaction of the Tungsten Resource Milestone;

11. SUBSEQUENT EVENTS AFTER BALANCE DATE (Continued)

(iv) **Gold Resource Milestone:**

a. 10,000,000 unlisted convertible performance shares on completion, which convert into fully paid ordinary shares upon the completion and 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 on the Project Licences and which is prepared and reported in accordance with the provisions of the JORC Code;

b. A$250,000 cash on satisfaction of the Gold Resource Milestone;

(v) **Scoping Study Milestone:** 10,000,000 unlisted convertible performance shares on completion, which convert into fully paid ordinary shares upon 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;

(vi) **Pre-Feasibility Study Milestone:** 15,000,000 unlisted convertible performance shares on completion, which convert into fully paid ordinary shares upon 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; and

(vii) **Definitive Feasibility Study Milestone:** 20,000,000 unlisted convertible performance shares on completion, which convert into fully paid ordinary shares upon 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.

Project Licences means the Couflens PER which was formally gazetted on 11 February 2017.

The consideration shares and performance shares will be subject to a 24 month voluntary escrow from completion. However, securities will not be subject to escrow to the same extent as if the cash formula (per the listing rules) was applied.

The Agreement is dated 13 March 2017. Completion of the acquisition of Ariege must occur within 24 months of signing the Agreement ("**End Date**") and is subject to the following conditions precedent:

1. Apollo Shareholders passing all resolutions as required under the ASX Listing Rules, the Constitution and the Corporations Act to give effect to the transactions contemplated by the Agreement;
2. ASX approving the terms and conditions of the performance shares;
3. Variscan France SAS ("**Variscan France**") lodging an application for the transfer of the Project Licence to MdS;
4. Apollo obtaining all regulatory approvals and authorisations in Australia and elsewhere, complying with the ASX Listing Rules and the Corporations Act in order for completion to occur.

There are normal commercial warranties associated with the acquisition.

MdS is governed by a Shareholder Agreement ("**SHA**") with Variscan France. Pursuant to the SHA and subject to regulatory approval, Variscan France will transfer the Couflens PER to MdS. Ariege is required to spend €2.5 million over 3 years, or it may elect to withdraw from the SHA and return its shareholding in MdS to Variscan France. Variscan France will be free carried until completion of a DFS (or total expenditures reaching €25 million).

(ii) The Company has advised that intends to seek shareholder approval to grant a total of 1.25 million $0.20 unlisted options expiring 30 June 2020 and 1.6 million $0.25 unlisted options expiring 30 June 2021 to a Director, Mr Behets, and other key consultants.

APOLLO MINERALS LIMITED AND CONTROLLED ENTITIES
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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF APOLLO MINERALS LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2016 there have been no contraventions of:

(i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

S Kumar

SANDEEP KUMAR
Partner
Date: 15 March 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF APOLLO MINERALS LIMITED

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of Apollo Minerals Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the period ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Interim Financial Report

The directors of Apollo Minerals Limited are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity,in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of Apollo Minerals Limited's financial position as at 31 December 2016 and its performance for the period ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Apollo Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

HALL CHADWICK (NSW)

APOLLO MINERALS LIMITED AND CONTROLLED ENTITIES
ABN 96 125 222 924

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF APOLLO MINERALS LIMITED

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Apollo Minerals Limited is not in accordance with the Corporations Act 2001 including:

(i) giving a true and fair view of Apollo Minerals Limited's financial position as at 31 December 2016 and of its performance for the period ended on that date; and

(ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Hall Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

SKumar

SANDEEP KUMAR
Partner
Dated: 15 March 2017