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APOLLO MINERALS TO INCREASE OWNERSHIP OF COUFLENS TO 100%

Highlights

- Apollo Minerals has entered into an agreement to acquire the remaining 20% interest in the Couflens Project in southern France. The Couflens Project includes the historical Salau mine which was one of the world's highest grade tungsten mines and remains open at depth and with gold upside
- Acquisition ensures Apollo Minerals will have full upside to the Couflens Project, just as the Company ramps up its major exploration campaigns and study programs
- Acquisition follows impressive recent field campaigns by the Company which confirmed the presence of widespread tungsten (up to 8.25% WO₃) and high grade gold (up to 24.5 g/t)
- The Company has further enhanced its understanding of the potential of the Couflens Project by digitising a comprehensive database of information from historical operations which point to multiple high quality exploration targets for tungsten and gold
- The majority of the consideration for the remaining 20% is deferred to the future and payable upon the successful achievement of project milestones including production from the mine, thereby limiting the upfront cash outlay
- The simplified ownership structure of the Couflens Project will enable the Company to accelerate development of the project with streamlined decision making and greater optionality for future funding
- Whilst the gold potential is still early stage, initial indications suggest the potential for shear hosted gold deposits on significant structures along a 5km strike length
- The Company intends to make a number of senior management appointments which will be announced in the coming weeks

Apollo Minerals Limited ("**Apollo Minerals**" or "**Company**") is pleased to advise that the Company has entered into an agreement to acquire the remaining 20% interest in the Couflens tungsten-copper-gold project ("**Couflens Project**") in the Pyrenees region of southern France.

Following the completion of the transaction the Company will own 100% of the Couflens Project which covers a 42km² license area and within which lies the high grade historical Salau tungsten mine.

The Company's acquisition of the remaining 20% highlights its commitment to the Couflens Project, which has the potential to once again become a major strategic supplier of tungsten, one of Europe's most critical metals, to French and European industries.

Apollo Minerals acquired an initial 80% interest in the Couflens Project in June 2017 and immediately reviewed and digitised the extensive historical data base that was available from historical mining operations.



The wealth of historical data, including assays and drill logs from over 650 holes, mine level plans and production records, rapidly advanced the Company's knowledge of the Couflens Project, confirmed its high quality and highlighted a number of attractive exploration targets.

The Company has conducted a number of targeted field exploration programs, focused initially on gold. These field campaigns returned gold grades of up to 24.5 g/t from rock chip samples and resulted in the identification of numerous anomalies prospective for gold and tungsten. These samples were subsequently assayed for tungsten and returned grades of up to 8.25% WO_3 .

Gold grades of up to 8.9 g/t were present in samples from the tailings from historical operations and the average tungsten grade of the tailings samples was approximately 0.5% WO_3 .

Following these positive initial exploration results, the Company commenced discussions to acquire the remaining minority interest in the Couflens Project in order to bring its ownership position to 100%. The transaction clears the way for more streamlined decision making and increases optionality for future funding of exploration and development programs.

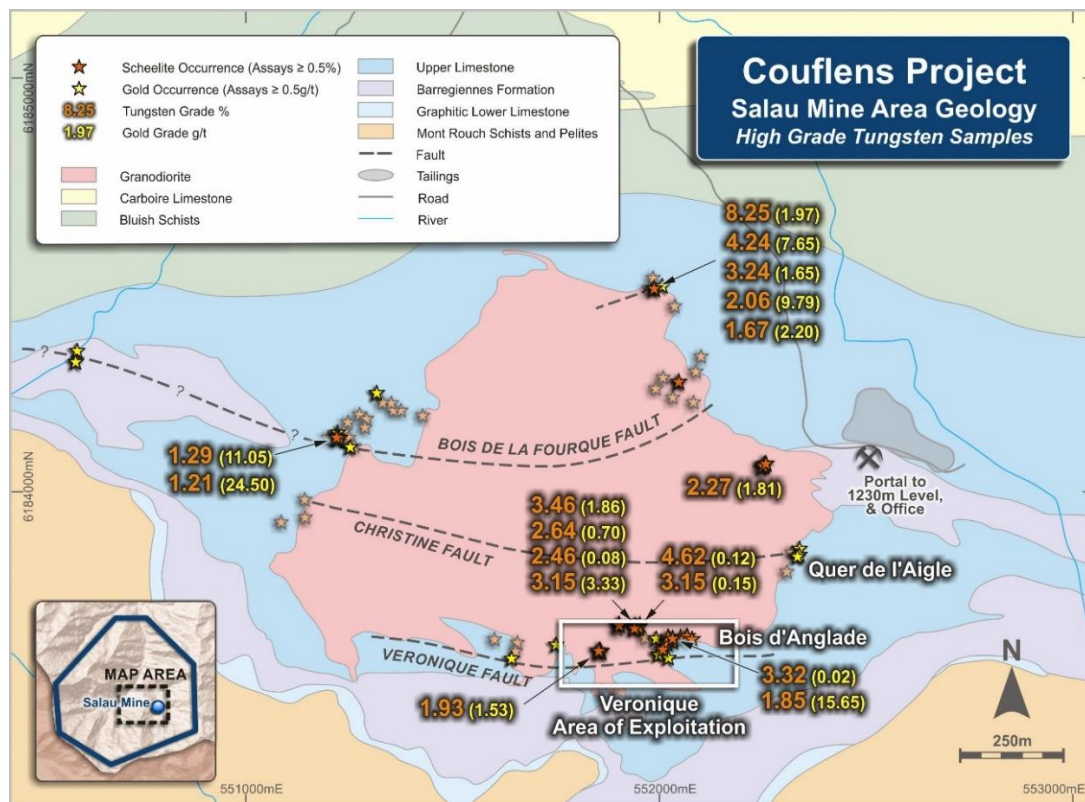


Figure 1: High grade tungsten results, with associated gold values, from 2017 rock chip sampling program

In accordance with the terms of the Share Sale and Purchase Agreement dated 7 March 2018, Apollo Minerals will acquire the remaining 20% interest in the Couflens Project through the purchase of Variscan Mines SAS ("**Variscan France**"), a wholly owned subsidiary of Variscan Mines Limited (ASX: VAR).

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



Further details on the terms of the acquisition are included below in Commercial Terms.

With the terms agreed for 100% ownership of the Couflens Project, Apollo Minerals will now rapidly advance its exploration activities including the definition of a maiden Mineral Resources Estimate for tungsten and commence planning for an initial drilling campaign targeting both gold and tungsten.

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ABOUT THE COUFLENS PROJECT

Apollo Minerals Limited is developing the Couflens Project in the Pyrenees region of southern France. Within the 42km² covered by the Couflens licence lies the historical Salau mine. The mine was one of the world's highest grade tungsten mines, producing approximately 930,000 tonnes at 1.5% WO₃ for around 11,500 tonnes of WO₃ in concentrate, prior to its closure in 1986 and remains open at depth and with gold upside.

Apollo Minerals is focussed on two parallel work programs at the Couflens Project:

- (1) Brownfields activities within, and immediately adjacent to, the historical Salau mine. The deposit remains open at depth with previous drilling below the base of the existing underground development confirming continuation of the mineralised system. Both the underground development and infrastructure will be examined to determine the most efficient method to progress mine exploration, development activities and potential mine reactivation;
- (2) Continuation of an aggressive regional exploration program, focused initially on gold. Recent field campaigns have returned grades of up to 24.5 g/t gold from rock chip samples. Exploration will be focused on the multiple fault structures recognised within the major granodiorite intrusion at Salau and the discovery of shear hosted gold mineralisation associated with large regional fault structures extending along a 5km corridor to the west of the Salau mine area.

Apollo Minerals is developing the Couflens Project in accordance with the highest standards of environmental, social, health and safety, and economic management. All work programs are carried out with a strong commitment to both sustainable development and proactive stakeholder engagement as the Company seeks to develop and maintain positive relationships with its host communities and stakeholders.

RESULTS TO DATE INDICATE HIGH GRADE GOLD AND TUNGSTEN

In 2016 a surface exploration program resulted in the identification of gold occurrences associated with three main east-west trending fault structures within the Couflens licence area.

In September 2017, a follow-up surface exploration program was completed which was primarily focussed on identifying extensions to the gold occurrences along these fault structures. The majority of samples were collected on the margins of the granodiorite intrusion (Fourque granodiorite) near the historical Salau tungsten mine.



The exploration program included detailed geological and structural mapping, rock chip sampling of outcrop, and input of the data into an ArcGIS software package to facilitate data integration and interpretation.

A total of 222 select rock chip samples were collected during the field campaign and subsequently submitted for gold and multi-element (including tungsten and copper) analysis.

Assay results from the gold samples were received first and were reported to the market on 29 November 2017, demonstrating widespread gold occurrences with grades of up to 24.5 g/t.

Assay results from all other elements, including tungsten and copper, were subsequently received and were reported to the market on 5 February 2018.

The tungsten assay results confirmed the presence of widespread, outcropping, high grade skarn mineralisation around the margins of the Fourque granodiorite.

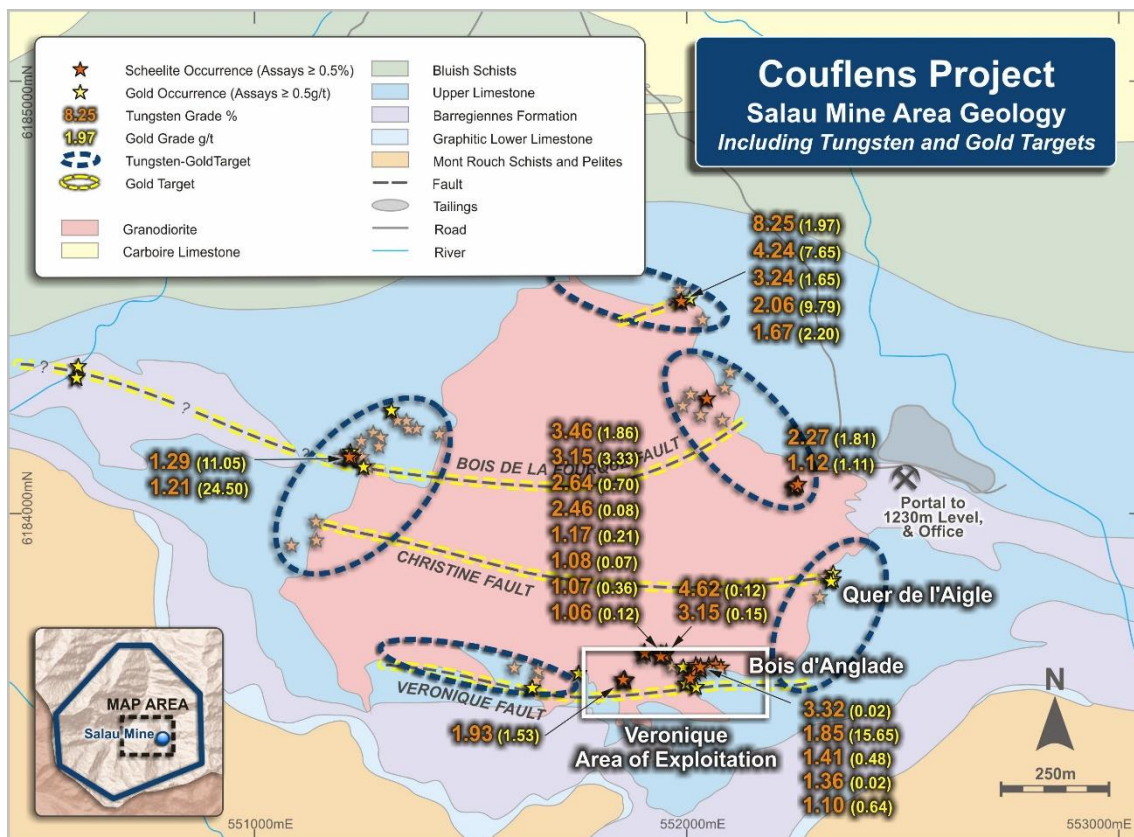


Figure 2: Salau Mine Area - Geology and Exploration Targets

Where the skarns are observed to be intersected by east-west trending fault structures/shear zones, the mineralisation is typically sulphide-rich (mainly massive pyrrhotite, chalcopyrite and sphalerite) and contains substantially higher values of tungsten (up to 8.25% WO₃), gold (up to 24.5 g/t) and copper (up to 0.94%).

A number of quality targets have been identified around the margins of the Fourque granodiorite in addition to the surface exposure of the Bois d'Anglade and Veronique deposits mined during the historical production (Figure 2).

Outcropping skarn mineralisation impregnated by massive sulphides, observed at the north-eastern margin of the Fourque granodiorite has returned high grade tungsten and gold assays results including:



- 8.25% WO₃ with 1.97 g/t gold
- 4.24% WO₃ with 7.65 g/t gold
- 3.24% WO₃ with 1.65 g/t gold
- 2.06% WO₃ with 9.79 g/t gold
- 1.67% WO₃ with 2.20 g/t gold

High grade tungsten-gold mineralisation was confirmed along the western margin of the Fourque granodiorite in spatially close association with the Bois de la Fourque fault. Best results from this target area include 1.29% WO₃ with 11.05 g/t gold and 1.21% WO₃ with 24.50 g/t gold.

An area of identified skarn mineralisation along eastern margin of the Fourque granodiorite returned high grade assay results including 2.27% WO₃ with 1.81 g/t gold and 1.12% WO₃ with 1.11 g/t gold.

Widespread high grade skarn mineralisation impregnated by massive sulphides was identified within the Bois d'Anglade embayment at the south-eastern margin of Fourque granodiorite, spatially close to the extension of the Veronique fault, with numerous samples also recording high gold values. Best results include:

- 4.62% WO₃ with 0.12 g/t gold
- 3.46% WO₃ with 1.86 g/t gold
- 3.32% WO₃ with 0.02 g/t gold
- 3.15% WO₃ with 3.33 g/t gold
- 3.15% WO₃ with 0.15 g/t gold
- 2.64% WO₃ with 0.70 g/t gold
- 2.46% WO₃ with 0.08 g/t gold
- 1.93% WO₃ with 1.53 g/t gold
- 1.85% WO₃ with 15.65 g/t gold

Tailings

A total of 34 tailings samples were collected from the historical tailings disposal area adjacent to the mine portal (1230m level) during the field campaign.

These tailings samples returned gold assays up to 8.94 g/t, confirming the presence of high grade gold associated with the tungsten ore mined at the historical Salau mine. A number of tailing samples returned tungsten assay results >1% WO₃, with the average value of the tailings samples being 0.49% WO₃ (assays ranged from 0.13 – 4.04% WO₃, with one outlier excluded).

Whilst very early stage in nature, the Company plans to study the potential to reprocess the tailings to extract the tungsten and gold whilst at the same time restoring the natural landscape and habitat and improving soil conditions left over from the historical tungsten operations.



ACCELERATED WORK PROGRAM

Having moved towards 100% ownership of the Couflens Project, the Company will now rapidly advance its exploration activities including:

Salau Mine Area:

- Finalise 3D modelling of the geology, mineralisation zones and principal ore controls;
- Complete mine area and old tailings area risk assessments;
- Map and sample mineralisation exposed in previously developed mine areas, in order to verify the historical data for resource estimation;
- Underground drilling to confirm known zones of mineralisation and test for extensions of these zones; and
- Estimation and reporting of a Mineral Resource in accordance with the JORC Code.

Regional Exploration:

- Further surface exploration programs to assess the identified tungsten and gold prospects and advance them to the drill ready stage; and
- Generation of new targets within the broader project area and extensions to already identified zones of mineralisation.

COMMERICAL TERMS

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

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

1. An upfront cash payment on signature of A\$200,000
2. Subject to the final quantum of liabilities of Variscan France item 4 below, staged cash payments to Variscan Australia over an 8-month period:
 - i. Up to A\$300,000 on completion
 - ii. Up to A\$250,000 on the date that is 4 months from the date of completion
 - iii. Up to A\$250,000 on the date that is 8 months from the date of completion
3. Subject to item 4 below and shareholder approval, issuing Variscan Australia new fully paid ordinary shares ("**Shares**") in Apollo Minerals based on the achievement of certain milestones at the Couflens Project:
 - (a) **First Milestone (Share Consideration):** the earlier of
 - (i) **Tungsten Resource Milestone:** A\$250,000 of Shares in Apollo Minerals upon the announcement of a Mineral Resource Estimate of at least 25,000 tonne WO₃ at an average grade of not less than 1% WO₃ using a cut-off grade of not less than 0.3% WO₃; *or*
 - (ii) **Mineral Resource Milestone:** A\$125,000 of Shares in Apollo Minerals upon the announcement of a Mineral Resource Estimate for



tungsten for the Couflens Project at levels below those of the Tungsten Resource Milestone, or a Mineral Resource Estimate for gold;

- (b) **Second Milestone (Share Consideration):** A\$500,000 of Shares in Apollo Minerals upon the announcement by the Company to ASX of a Scoping Study;
- (c) **Third Milestone (Share Consideration):** A\$500,000 of Shares in Apollo Minerals upon the announcement by the Company to ASX of a Pre-Feasibility Study;
- (d) **Fourth Milestone (Share Consideration):** A\$500,000 of Shares in Apollo Minerals upon the announcement by the Company to ASX of a Definitive-Feasibility Study; and
- (e) **Fifth Milestone (Share Consideration):** A\$873,671 of Shares in Apollo Minerals upon the commencement of production at the Couflens Project.

If shareholder approval has not been received by the date of the satisfaction of the relevant milestone, or if Apollo Minerals determines at its own discretion, it shall pay a cash equivalent for the relevant milestone consideration in lieu of the share consideration.

- 4. Apollo Minerals has agreed to assume up to EUR400,000 of Variscan France liabilities. Any liabilities over EUR400,000 will be deducted from the staged future cash payments and share payments referred to in 2 and 3 above.

The Agreement is dated 7 March 2018 and completion of the acquisition of Variscan France must occur on or before 30 September 2018 and is subject to standard conditions precedent for acquisition of a company in France, including government agency approvals, extinguishment of intercompany debts, Variscan Australia not accepting a superior offer from employees in accordance with their rights under the French Commercial Code which provides employees a right to make an offer to acquire VM France and completion under the separate agreement of Variscan Australia to retain its interest in 6 other tenements in France (described below).

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

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

Under a separate agreement Variscan Australia retains a 100% interest in 6 other tenements in France (and associated liabilities) that were held by Variscan France. The effect of this separate agreement is that only the 20% interest in Couflens PER will remain in Variscan France upon acquisition by Apollo Minerals.



COMPETENT PERSONS STATEMENT

The information in this announcement that relates to Exploration Results is extracted from announcements on 29 November 2017 and 5 February 2018. These announcements are available to view on www.apollominerals.com.au. The information in the original announcements 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 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 announcement.