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Apollo Minerals Limited and its controlled entities

ABN 96 125 222 924

Interim Financial Report

For the half year ended 31 December 2013

Apollo Minerals Limited and its controlled entities

ABN 96 125 222 924

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The Directors present their report together with the financial report of Apollo Minerals Limited ("the Company") for the half-year ended 31 December 2013 and the independent auditors' review report thereon.

The Directors of the Company at any time during and since the end of the half-year are:

Anthony Ho	– Non-Executive Chairman
Richard Shemesian	– Executive Director
Matthew Rimes	– Non-Executive Director
Dominic Tisdell	– Executive Director (resigned 27 November 2013)

RESULT AND REVIEW OF OPERATIONS

Review of Operations

During the period under review, the Company focused its' work activity at the South Australian Titan Base and Precious Metals Project and Iron Ore Prospects, and the Kango North Iron Project in Gabon, western Africa. Exploration work was also conducted at the Mt Oscar project.

Exploration highlights from the South Australian project area during the half year included:

- Identification of large-scale, IOCG target at the Bundi Prospect, confirmed from geophysical surveys including gravity, magnetics, electromagnetics (EM), seismic; and geochemistry
- Recognition of new and reasonably large IOCG target at Mars Aurora Tank Prospect via discovery of brecciated outcrop
- Age dating of rock chip samples confirmed circa 1595Ma geological units and highlighted potential genetic link with major IOCG deposits in South Australia including Olympic Dam, Prominent Hill and Carrapateena
- Identification of DSO-grade iron ore targets at the Ibis Prospect, SA
- Review and expansion of the Kango North Iron Project Exploration Target and development of a Concept Study outlining a potential development path for near term, low cost, high grade product.

TITAN BASE-PRECIOUS METALS AND IOCG PROJECTS

On-going exploration at the Titan Base-Precious Metals project continues to re-affirm the potential of the region to host IOCG style mineralisation. Apollo completed various geophysical and geochemical surveys across the Bundi Prospect and confirmed the occurrence for a number of key characteristics associated with mineralising IOCG systems.

A detailed gravity anomaly has verified a large sub-surface feature covering 35km², which is comparatively larger than the Prominent Hill and Carrapateena IOCG footprints (Figure 1). The strength of the gravity responses is considered to be very high at 5mgal above background and is of a similar magnitude to the Prominent Hill gravity signature. Furthermore magnetic data reveals a zone of non-magnetism associated with a dense, gravity high which is suggestive of large hydrothermal alteration system.

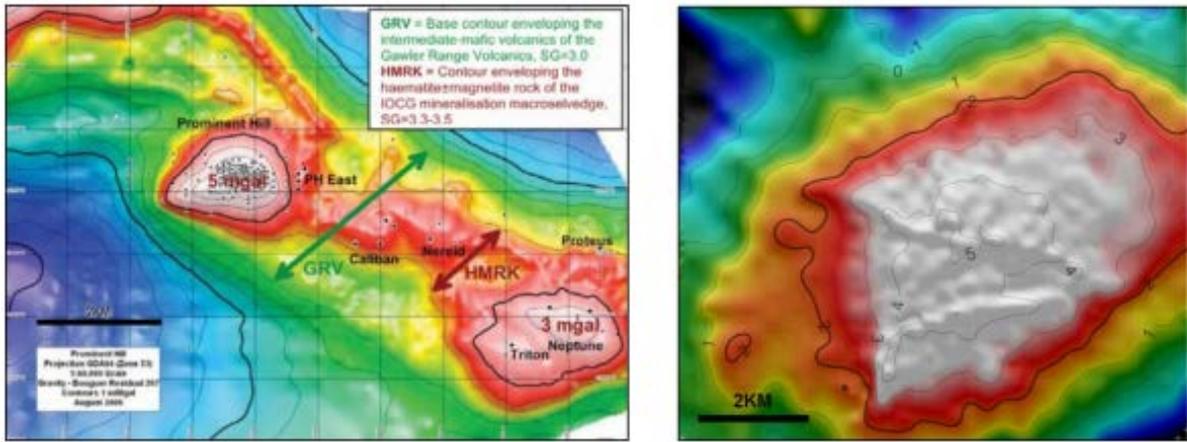


Figure 1: Bundi Prospect (RHS) – Gravity Scale Comparison with Prominent Hill (LHS)

Follow-up EM and MagnetoTelluric (MT) surveys have identified a series of conductors related to significant, deep penetrating structures or major crustal faults which are considered to have been controlling factors associated with mantle plumbing for fluid and heat flow. The surface geochemistry in the northern part of the Bundi Prospect is highly anomalous in a range of pathfinder elements including Fe, Cu, Au, Ag, Co, Se and Cl and it is suggested the geochemical halo sits above the geophysically modelled intrusive system.

Age dating analysis from 20 rock samples collected across the Titan Project has confirmed a variety of ages from the Proterozoic (~2500Ma to 1500Ma) with several comparing favourably to major IOCG mineralising events associated with deposits including Olympic Dam and Prominent Hill. In particular six samples returned distinct age peaks related to the targeted Mesoproterozoic between 1578Ma and 1618Ma, and correlates to the emplacement of the Gawler Range Volcanics and Hiltaba Suite granites (Figure 2).

Apollo is currently reviewing these results in collaboration with the South Australian Geological Survey as part of the PACE2020 Geochronology Program with the purpose of formally recognising the prospectivity for a new IOCG frontier in the region.

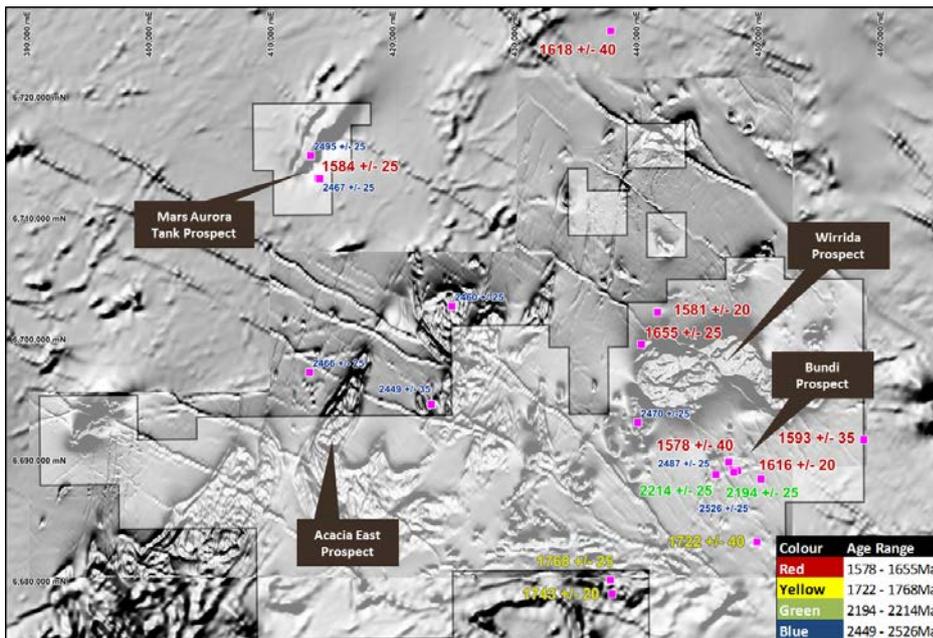


Figure 2: Titan tenements, magnetic TMI (greyscale background) with age date results

Geological mapping at the Mars Aurora Tank prospect recognised the high potential for the area to host IOCG mineralisation. The area has previously been drilled by other explorers and intersected noteworthy results for gold, silver and iron in several holes with maximum grades of 2g/t Au, 4g/t Ag and 52% Fe, as well as anomalous copper assays up to 470ppm. These geochemical results are associated with a northeast trending 6.5km strike length magnetic zone immediately alongside large, circular non-magnetic zones potentially representative of hydrothermal alteration.

Geological mapping near historical gold focussed drill sites identified an unusual, brecciated, iron rich outcrop at Aurora Tank which has striking resemblances to rock units at BHPB's Olympic Dam IOCG deposit and Tasman Resources near-by Vulcan IOCG project. In addition age dating results support Gawler Range Volcanics and Hiltaba suite granites.

During the period Apollo was granted an additional exploration licence expanding the Titan Base-Precious metals Project area to 1467 km². The new tenement area is predominantly covered by younger sequences of Jurassic – Tertiary rock units and recent Quaternary sand. These cover sequences may conceal sub-surface geology including units from the Meso-Proterozoic GRV and Hiltaba Suite Granites. It is recognised historic mapping from the 1:100,000 scale map sheets warrants review in light of recent findings by Apollo and the concept for the district to be a new IOCG frontier in mineral exploration.

SOUTH AUSTRALIAN IRON ORE PROJECTS

Exploration at the Ibis Prospect situated on the western side of the South Australian tenement package continued to focus on high grade iron mineralisation. Planning for an initial drilling programme is progressing with potential DSO-grade targets identified. Review of magnetic and gravity data suggest zones of significantly higher grade exist at the northern and southern extents of the prospect.

The Ibis Prospect is characterised by a large-scale, 6km strike length magnetic high with associated high density gravity anomalies at its peripheries (Figure 3). Surface rock chip geochemistry conducted on the northern sub-crop has returned 47% Fe from a site ~500m from the geophysically modelled target area. Geophysical responses indicate these zones have been subject to significant alteration and may represent significantly higher grade iron bodies.

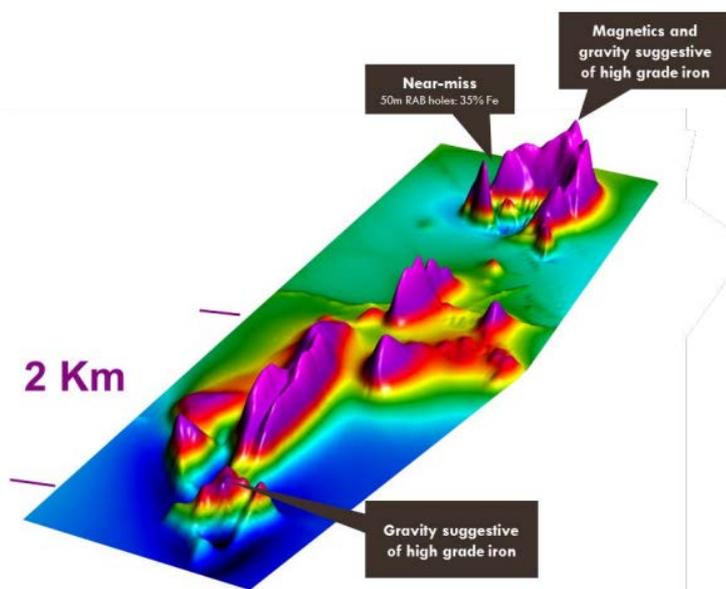


Figure 3: Ibis Magnetic Image

EVENTS SUBSEQUENT TO REPORTING DATE

The Company announced the following significant events subsequent to year end.

A share placement announced on 18 February 2014 and completed on 25 February 2014 resulted in the issue of 81,818,000 fully paid ordinary shares at 1.5 cents per share raising approximately \$1.23 million before costs. In addition a further 8,465,334 shares (oversubscription) will be issued following shareholder approval to raise a further \$126,890 before costs. The Company will also issue 45,141 667 options with a strike price of 3 cents expiring 28 February 2017 on the basis of one option for every two shares issued in the placement, following shareholder approval.

The Company has signed a binding strategic partner and joint venture agreements with HPX Australia Holdings Pty Limited (HPX). Under the new Commonwealth Hill Joint Venture HPX will subscribe for 50,000,000 shares in Apollo at 2 cents per share (a 10.13% interest) and on receiving a waiver from the ASX allowing HPX to top up its shareholding to 19.99% following further share issues, will subscribe (subject to shareholders approval) for further shares at 2.4 cents per share to lift its shareholding to 19.99%.

In addition HPX will farm in to the Commonwealth Hill Joint Venture project area earning up to an 80% interest for a consideration of up to \$3.4 million. Apollo will retain a 20% contributing interest after HPX sole funding period.

The transaction with HPX does not affect Apollo's existing joint venture arrangements, including Apollo's rights to earn a 75% interest in the adjacent Eaglehawk JV, and the Aurora-Tank JV.

The Company signed a non-binding Memorandum of Understanding (MoU) with a publically listed, diversified international company for the exploration and development of the Kango North Iron Project. Under the MoU, the JV partner may earn up to 50.01% interest in the Project by providing US\$4 million in funding to expedite drilling and delineation of high grade DSO and beneficiation iron ore. Apollo and the JV partner will jointly manage the exploration program.

Apollo also increased its stake in the Kango North iron Project from 70% to 82.5% through the acquisition of an additional 12.5% free carried interest to bankable feasibility.

Other than as outlined above, there are no other events subsequent to the end of the period that would have a material effect on the company's financial statements at 31 December 2013.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the Directors, other than the matters covered above in this report, or as set out in the accounts and notes thereto, there were no significant changes in the state of affairs of the Company that occurred during the financial period under review.

DIVIDENDS

No dividends have been paid or declared since the end of the previous financial year to the date of this report.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 9 and forms part of the directors' report for the half-year ended 31 December 2013.

Signed in accordance with a resolution of the Directors

A handwritten signature in black ink, appearing to read 'Anthony Ho', with a period at the end. The signature is written in a cursive style.

Anthony Ho
Non-Executive Chairman
Dated at Sydney
13 March 2014

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Apollo Minerals Limited for the half year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM BIRD CAMERON PARTNERS



C J Hume
Partner

Sydney, NSW
Dated: 13 March 2014

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	2013	2012
	\$	\$
	<hr/>	<hr/>
CONTINUING OPERATIONS		
Revenue		
Interest Income	10,365	52,004
Other Income	61,929	196,204
Administration expenses	(104,063)	(185,883)
Consultants – geological and management	(87,039)	(142,854)
Directors fees	(64,390)	(80,835)
Employee benefits expense	(31,630)	(101,401)
Compliance and regulatory expenses	(51,964)	(32,180)
Corporate and facilities fees	(25,000)	(120,000)
Marketing costs	-	(1,525)
Share-based payments to consultants	(205,907)	(219,249)
Share-based payments to directors	(21,664)	-
Exploration expenses written off	(11,911,860)	(18,615)
Travel	(18,257)	(27,316)
	<hr/>	<hr/>
(LOSS) BEFORE INCOME TAX	(12,449,480)	(681,650)
Income tax	-	-
	<hr/>	<hr/>
(LOSS) FOR THE PERIOD	(12,449,480)	(681,650)
	<hr/>	<hr/>
Other comprehensive income for the period, net of income tax	-	-
	<hr/>	<hr/>
TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD	(12,449,480)	(681,650)
	<hr/>	<hr/>
Basic and diluted loss per share	(3.82) cents	(0.25) cents

The consolidated statement of profit or loss and other comprehensive Income is to be read in conjunction with the attached notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	31 December 2013	30 June 2013
	\$	\$
Current Assets		
Cash and cash equivalents	480,018	1,528,241
Trade and other receivables	127,691	247,491
Total Current Assets	<u>607,709</u>	<u>1,775,732</u>
Non-current Assets		
Fixed assets	38,006	43,383
Exploration and evaluation expenditure	5,194,054	16,493,083
Total Non-current assets	<u>5,232,060</u>	<u>16,536,466</u>
Total Assets	<u>5,839,769</u>	<u>18,312,198</u>
Current Liabilities		
Trade and other payables	362,626	605,779
Total Current Liabilities	<u>362,626</u>	<u>605,779</u>
TOTAL LIABILITIES	<u>362,626</u>	<u>605,779</u>
Net Assets	<u>5,477,143</u>	<u>17,706,419</u>
Equity		
Issued capital	29,852,608	29,744,528
Reserves	1,300,607	1,188,483
Accumulated losses	(25,676,072)	(13,226,592)
Total Equity	<u>5,477,143</u>	<u>17,706,419</u>

The consolidated statement of financial position is to be read in conjunction with the attached notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total Equity \$
Balance at 1 July 2013	29,744,528	(13,226,592)	1,188,483	17,706,419
Other comprehensive income				
Loss for the period	-	(12,449,480)	-	(12,449,480)
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) for the period	-	(12,449,480)	-	(12,449,480)
Transactions with owners, in their capacity as owners				
Share issue	106,280	-	-	106,280
Issue of options	-	-	112,125	112,125
Adjustment share issue costs	1,800	-	-	1,800
Total transactions with owners, in their capacity as owners	108,080	-	112,125	220,205
Balance at 31 December 2013	29,852,608	(25,676,072)	1,300,608	5,477,144
Balance at 1 July 2012	27,744,923	(11,883,238)	1,229,793	17,091,478
Other comprehensive income				
Loss for the period	-	(681,650)	-	(681,650)
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) for the period	-	(681,650)	-	(681,650)
Transactions with owners, in their capacity as owners				
Share issue	67,500	-	-	67,500
Issue of options	-	-	156,749	156,749
Expired options	-	257,743	(257,743)	-
Total transactions with owners, in their capacity as owners	67,500	257,743	(100,994)	224,249
Balance at 31 December 2012	27,812,423	(12,307,145)	1,128,799	16,634,077

The consolidated statement of changes in equity is to be read in conjunction with the attached notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	2013	2012
	\$	\$
	<hr/>	<hr/>
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(409,996)	(823,578)
Research and development tax rebate	61,929	180,199
Other income	2,205	-
Interest received	37,461	59,564
NET CASH USED IN OPERATING ACTIVITIES	<hr/> (308,401)	<hr/> (583,815)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for fixed assets	-	(20,142)
Payments for exploration expenditure	(739,822)	(1,065,055)
NET CASH USED IN INVESTING ACTIVITIES	<hr/> (739,822)	<hr/> (1,085,197)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	-	66,441
NET CASH PROVIDED BY FINANCING ACTIVITIES	<hr/> -	<hr/> 66,441
Net (decrease) in cash held	(1,048,223)	(1,602,571)
Cash at the beginning of the financial period	<hr/> 1,528,241	<hr/> 3,091,571
CASH AT THE END OF THE FINANCIAL PERIOD	<hr/> 480,018	<hr/> 1,489,000

The consolidated statement of cash flows is to be read in conjunction with the attached notes to the financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The half-year consolidated financial statements are a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

The consolidated half-year financial report does not include all of the information required for a full annual financial report. The half-year financial report is to be read in conjunction with the most recent annual financial report for the year ended 30 June 2013. This report must also be read in conjunction with any public announcements made by Apollo Minerals Limited and its controlled entities during the half-year.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of certain non-current assets, financial assets and financial liabilities.

The financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

(A) GOING CONCERN

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of \$12,449,480 (of which \$11,911,860 was the write off of capitalised exploration expenses relating to the Mt Oscar project, with no cash flow impact) and had net cash outflows from operating activities of \$308,401 and from investing activities of \$739,822 for the half year ended 31 December 2013. The consolidated entity has prepared budgets and forecasts for the following 12 months, and has determined further capital is required if the company is to continue at the planned level of operations.

These factors indicate significant uncertainty as to whether the consolidated will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

1. The Company has been successful in raising capital whenever it has approached the markets in the past and the directors are confident in the ability to continue to raise additional funds on a timely basis, pursuant to the *Corporations Act 2001*;
2. The Company has raised \$1.23M subsequent to period end. With a further \$126,890 to be placed (oversubscription, subject to shareholder approval), as per the subsequent events in note 7;
3. The consolidated entity has cash at bank at balance date of \$480,018, net working capital of \$245,083 and net assets of \$5,477,143;
4. The ability of the consolidated entity to further scale back certain parts of their activities that are non-essential so as to conserve cash;
5. The consolidated entity retains the ability, if required, to wholly or in part dispose of interests in mineral exploration and development assets;

Statement of significant accounting policies (continued)

- 6. The directors have reviewed the individual projects and are confident that the consolidated entity will continue to explore all its major projects; and;

The directors regularly monitor the Group’s cash position and, on an on-going basis, consider a number of strategic initiatives to ensure that adequate funding continues to be available

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

(B) USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Recovery of Capitalised Exploration and Evaluation Expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related site itself, or if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to the environmental restoration obligations) and changes to commodity prices.

(C) NEW AND REVISED STANDARDS AND AMENDMENTS THEREOF AND INTERPRETATIONS EFFECTIVE FOR THE CURRENT HALF-YEAR THAT ARE RELEVANT TO THE CONSOLIDATED ENTITY

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the consolidated entity’s accounting policies and has no effect on the amounts reported for the current or prior half-years. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

2. EARNINGS PER SHARE

The calculation of basic earnings and diluted earnings per share at 31 December 2013 was based on the loss attributable to shareholders of \$12,449,480 (2012: Loss \$681,650) and the weighted average number of ordinary shares outstanding during the half year ended 31 December 2013 of 326,034,590 (2012: 273,014,466), calculated as follows:

	2013 Cents	2012 Cents
Basic and diluted loss per share	(3.82)	(0.25)

3. INTANGIBLE EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2013	30 June 2013
	\$	\$
Exploration and evaluation phase costs carried forward at valuation:	(b) <u>5,194,054</u>	<u>16,493,083</u>

(a) Exploration expenditure

Exploration expenditure carried forward at 31 December 2013 represents primarily the Group's interest in the Mt Oscar Magnetite Project located in the Pilbara region of Western Australia, the Commonwealth Hill project located in the Gawler Craton region of South Australia and the 70% interest in the iron ore project in Gabon.

(b) Movement in carrying amount of exploration and evaluation expenditure:

	31 December 2013	31 December 2012
	\$	\$
Opening balance	16,493,083	14,378,311
Capitalised exploration expenditure in the period	611,634	962,143
Write down of Mt Oscar to valuation	(11,910,663)	-
Closing balance	<u>5,194,054</u>	<u>15,340,454</u>

During the period the Company commissioned an independent valuation of the Mt Oscar project. As a consequence the Company has written down the carrying value of the project to the amount of the valuation. The Mt Oscar project is a non-core asset of the Company.

4. SHARE CAPITAL & RESERVES

	31 December 2013	30 June 2013
	\$	\$
Issued capital	(a) 29,852,608	29,744,528
Options reserve	(b) <u>1,300,607</u>	<u>1,188,483</u>
	<u>31,153,215</u>	<u>30,933,011</u>

ISSUED CAPITAL DETAILS

327,271,999 (30 June 2013: 324,264,466) fully paid ordinary shares:	(a) 29,852,608	29,744,528
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See details of share issue subsequent to period end in note 7.

(a) Reconciliation of movement during the period:

	Shares	\$
Opening balance	324,264,466	29,744,528
Shares issued to consultants	3,007,533	108,080
Closing Balance	<u>327,271,999</u>	<u>29,852,608</u>

4. SHARE CAPITAL & RESERVES (CONTINUED)

Fully paid ordinary shares – no par value

Ordinary shares participate in dividends and are entitled to one vote per share at shareholders meetings. In the event of winding up the Company, ordinary shareholders rank after creditors and are entitled to any proceeds of liquidation in proportion to the number of shares held.

(b) Movement in option reserve

	\$
Opening balance	1,188,483
Share based payments consultants	112,124
Closing Balance	<u>1,300,607</u>

(c) Outstanding Share Options

As at 31 December 2013 the Company had the following share options outstanding:

	Number issued	Number listed on ASX	Exercise Price	Expiry Date
Ordinary Options	2,000,000	-	10 cents	9/05/2014
Ordinary Options	1,000,000	-	8 cents	31/12/2014
Ordinary Options	2,000,000	-	8 cents	31/12/2014
Ordinary Options	1,000,000	-	12 cents	31/12/2014
Ordinary Options	2,000,000	-	15 cents	9/05/2015
Ordinary Options	5,000,000	-	25 cents	19/07/2015
Ordinary Options	53,500,000	-	5 cents	30/06/2014
Ordinary Options	500,000	-	10 cents	30/06/2014
	<u>67,000,000</u>	<u>-</u>		

See note 7 for details of impending issue of options subsequent to period end.

5. SEGMENT INFORMATION

The Group's operations are in the resources sector. Management reporting identifies three major projects being Mount Oscar (WA), Commonwealth Hill (SA) and Kango North (Gabon).

	Exploration - Activities Mount Oscar	Exploration - Activities Commonwealth Hill	Exploration - Activities Kango North	Unallocated	Total
	\$	\$	\$	\$	\$
31 December 2013					
Segment revenue	-	-	-	72,294	72,294
Segment expenses	(11,910,663)	-	-	(611,111)	(12,521,774)
Results from operating activities	(11,910,663)	-	-	(538,817)	(12,449,480)
Segment assets	711,776	3,893,622	588,656	645,715	5,839,769
Segment liabilities	-	-	-	362,626	362,626

5. SEGMENT INFORMATION (CONTINUED)

	Exploration - Activities Mount Oscar	Exploration – Activities Commonwealth Hill	Exploration - Activities Kango North	Unallocated	Total
	\$	\$	\$	\$	\$
31 December 2012					
Segment revenue	-	-	-	248,208	248,208
Segment expenses	-	-	-	(929,858)	(929,858)
Results from operating activities	-	-	-	(681,650)	(681,650)
Segment assets	12,429,064	2,583,543	327,848	1,598,917	16,939,372
Segment liabilities	-	-	-	305,295	305,295

6. CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

7. EVENTS SUBSEQUENT TO REPORTING DATE

The Company announced the following significant events subsequent to year end.

A share placement announced on 18 February 2014 and completed on 25 February 2014 resulted in the issue of 81,818,000 fully paid ordinary shares at 1.5 cents per share raising approximately \$1.23 million before costs. In addition a further 8,465,334 shares (oversubscription) will be issued following shareholder approval to raise a further \$126,890 before costs. The Company will also issue 45,141 667 options with a strike price of 3 cents expiring 28 February 2017 on the basis of one option for every two shares issued in the placement, following shareholder approval.

The Company has signed a binding strategic partner and joint venture agreement with HPX Australia Holdings Pty Limited (HPX). Under the joint venture HPX will subscribe for 50,000,000 shares in Apollo at 2 cents per share (a 10.13% interest) and on receiving a waiver from the ASX allowing HPX to top up its shareholding to 19.99% following further share issues, will subscribe (subject to shareholders approval) for further shares at 2.4 cents per share to lift its shareholding to 19.99%.

In addition HPX will farm in to the Commonwealth Hill project earning up to an 80% interest for a consideration of up to \$3.4 million.

The transaction with HPX does not affect Apollo's existing joint venture arrangements, including its rights to earn a 75% interest in the adjacent Eaglehawk JV, and the Aurora-Tank JV.

The Company signed a non-binding Memorandum of Understanding (MoU) with a publically listed, diversified international company for the exploration and development of the Kango North Iron Project. Under the MoU,

NOTES TO THE FINANCIAL STATEMENTS

the JV partner may earn up to 50.01% interest in the Project by providing US\$4 million in funding to expedite drilling and delineation of high grade DSO and beneficiation iron ore. Apollo and the JV partner will jointly manage the exploration program.

Apollo also increased its stake in the Kango North Project from 70% to 82.5% through the acquisition of an additional 12.5% free carried interest to bankable feasibility.

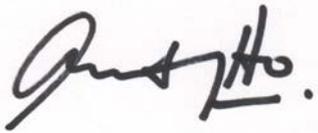
Other than as outlined above, there are no other events subsequent to the end of the period that would have a material effect on the company's financial statements at 31 December 2013.

In the opinion of the Directors of Apollo Minerals Limited:

- (a) the financial statements and notes, set out on pages 10 to 19:
 - (i) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001; and
 - (ii) give a true and fair view of the Consolidated entity's financial position as at 31 December 2013 and of the Consolidated entity's performance, for the half-year ended on that date.
- (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.

Dated at Sydney this 13 March 2014.

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'Anthony Ho', with a horizontal line underneath the name.

Anthony Ho
Non - Executive Chairman

DIRECTORS

Anthony Ho (Non-Executive Chairman)
Richard Shemesian (Executive Director)
Matthew Rimes (Non-Executive Director)

CHIEF EXECUTIVE OFFICER

Dominic Tisdell

COMPANY SECRETARY

Guy Robertson

REGISTERED OFFICE

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SYDNEY NSW 2000

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SHARE REGISTRY

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APPLECROSS WA 6953

Ph: (08) 9315-2333
Fax: (08) 9315-2233
www.securitytransfer.com.au

SOLICITORS

Norton Rose

AUDITORS

RSM Bird Cameron Partners

BANKERS

Westpac Banking Corporation

WEBSITE

www.apollominerals.com.au