



5 May 2014

## ASX ANNOUNCEMENT

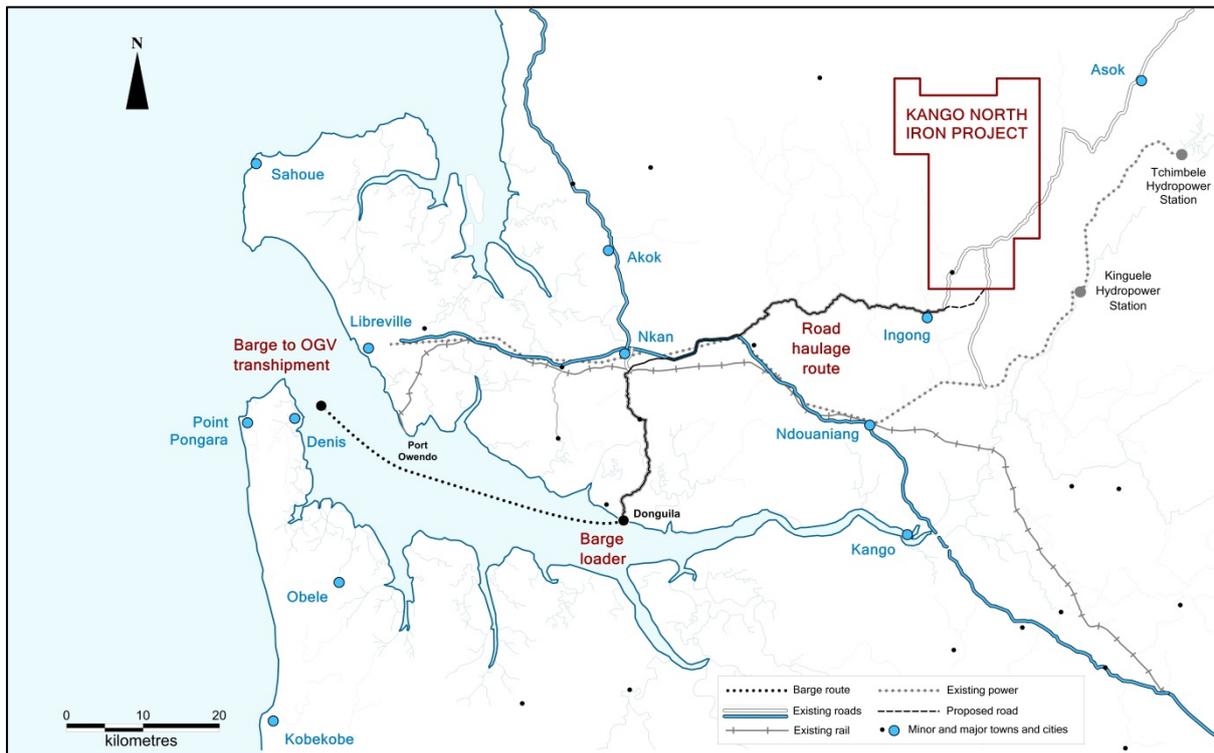
### APOLLO SECURES JOINT VENTURE FUNDING FOR WEST AFRICAN IRON PROJECT

#### HIGHLIGHTS

- Apollo has agreed on a farm-in joint venture with a subsidiary of a major diversified middle eastern group for its 400 km<sup>2</sup> Kango North iron ore and gold project
- Under the terms of the JV, Zoradox Limited may acquire a 50.01% equity interest in Apollo Gabon SA, which owns the Kango North Project, through exploration and development expenditure totalling US\$4m
- The Project will be joint managed during the farm-in phase
- Joint venture exploration will commence prior to closing in May 2014 with an initial focus on fully evaluating a potentially significant DSO-grade iron ore prospect, P1, in the south-east of the tenement
- The Kango North Project is located in very close proximity to sheltered waters, the national electricity grid, well-maintained roads and operational, open access rail in politically stable, Gabon on the central west African coast
- Completion is conditional on government approvals

Apollo Minerals Ltd (ASX: AON) (“Apollo” or “the Company”) is pleased to announce it has agreed with Zoradox Ltd (“Zoradox”), the terms of a farm-in joint venture agreement for the Kango North iron ore and gold project (“Kango North”) in Gabon, central west Africa (Figure 1).

The Kango North Project covers 400km<sup>2</sup> and is situated very close proximity to sheltered waters, the national electricity grid, well-maintained roads and operational, open access rail. The Project is located only 70km from the capital city, Libreville.



**FIGURE 1: Location map showing Apollo's ~400km<sup>2</sup> Kango North Project in Gabon, Africa**

Under terms of the Agreement, Zoradox may earn a 50.01% equity interest in Apollo Gabon SA ("Apollo Gabon") which owns the Project by sole funding:

- a) US\$750,000 of exploration and development activities during the remainder of 2014, and
- b) a further US\$3,250,000 before the end of 2017

Dominic Tisdell, Chief Executive Officer said:

"We are pleased to have secured farm-in joint venture terms for the Kango North Project. Apollo's work to date suggests the Kango North Project has the potential to be a member of the next round of successful mining projects in Africa. We welcome Zoradox to the Project and look forward to working closely with them in further evaluating this exciting opportunity."

Apollo and Zoradox are progressing exploration and planning of ground geophysics, sampling and mapping and a near term drilling programme, which is designed to test a potentially significant DSO-grade iron ore prospect, P1, in the southeast of the project area.



### **About Kango North Iron and Gold Project**

Apollo has an 82.5% equity interest in Apollo Gabon which owns the Kango North Iron and Gold Project covering ~400km<sup>2</sup> in the north-western Estuaire Province in Gabon, which is located ~70km east from the county's capital, Libreville. The Project area is well situated and close to all infrastructure suitable to drive mine development, processing and export and, while conceptual in nature, it is considered that project development is likely but dependent on additional drilling and development studies.

On 25 November 2013, Apollo announced a major Exploration Target upgrade for the Project and is now focused on evaluating a potentially significant DSO-grade iron ore prospect, P1, located in the south-east of the tenement. The Project has attracted significant interest from a number of parties.

The partially sealed N5 road is a main access carriageway to the Project area which provides a direct route from Libreville and has access to surrounding infrastructure. The Tchimbele (69MW) and Kinguele (58MW) hydroelectric dams are also located within 20km of the Project area. The Trans-Gabon Railway is situated 25km south of the Project area and runs directly to Port Owendo in Libreville. In addition, road and rail access to the Gabon Estuary also provides a suitable transport scenario allowing for transshipment of product to ocean faring vessels and export markets.

### **About Gabon**

Formerly a French protectorate, Gabon is considered a politically stable and democratic country amenable to development of its mining industry. A revised mining code has been adopted in July 2000 by the Department of Mining, Petroleum, and Hydrocarbons and drafted to facilitate growth of the mining sector through responsible development of its natural resources and attraction of foreign investment through low royalties and tax incentives during project construction phase.

### **FOR FURTHER INFORMATION CONTACT:**

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## APPENDIX – OTHER KEY TERMS OF THE AGREEMENTS

### Subscription and Loan Agreement

- Zoradox agrees to invest up to US\$ 4 million by way of equity and shareholder loans for up to 50.01 % in the capital of Apollo Gabon subject to required government approvals to the investment and a number of other procedural conditions.
- The funds are to be used for an agreed, staged work plan with shares in Apollo Gabon issued to Zoradox as and when funding is provided to Apollo for each stage of work over a 3 year period. Zoradox can elect to stop funding or to accelerate funding at any time, however an initial US\$750,000 will be invested to fund the 2014 exploration and development activities provided the conditions precedent are satisfied or waived. If Zoradox elects to stop funding prior to the entire amount of US\$ 4 million being invested, it is entitled to retain the shares in Apollo Gabon issued to it prior to that date and the shareholder loans given to that date.
- Zoradox is to be issued with a Convertible Note by Apollo in respect of up to:
  - a) \$40,000 in the event the transaction does not close by 30 June 2014
  - b) US\$790,000 of initial funding, convertible into Apollo shares in the event the Kango North exploration licence is not renewed on agreed terms on or around mid-January 2015.

The shares will be converted at the five (5) day Volume Weighted Average Price preceding date of issue.

The Convertible Note will be subject to Apollo shareholder approval.

Should conversion occur, the farm-in arrangement will terminate and all shares in Apollo Gabon issued to Zoradox to date shall be transferred to Apollo for a nominal amount.

### Shareholders Agreement

- The Board of Apollo Gabon SA is to comprise two Apollo directors and two Zoradox directors during the “Joint Control Period” (which will end when the full amount of funding of US\$4m has been invested by Zoradox or Zoradox decides to stop funding earlier). After the Joint Funding Period ends, the number of nominees each party is entitled to appoint to the Board will be based on its relative shareholding in Apollo Gabon SA.
- During the Joint Control Period, decisions will be taken jointly by Apollo and Zoradox. Thereafter, all decisions will be taken by a majority vote of the Board except for certain decisions which will require a supermajority decision at the shareholder level.



- After the Joint Control Period, funding is to be pro rata based on each party's aggregate holding in Apollo Gabon, or dilution of a non-funding party based on an agreed dilution formula. Protection has been built into the dilution provisions for the 30 per cent free carried interest in the Project (including Apollo's 12.5 per cent free carry) to the effect that the intermediate holding company, Apollo African Holdings, cannot have its shareholding in Apollo Gabon reduced below 30% during the sole fund period (which lasts until the earlier of a Decision to Mine or completion of a Bank Feasibility Study).
- Transfers of shares in Apollo Gabon are subject to certain restrictions which apply to either or both parties. In Apollo's case, this includes proposed share transfers being subject to pre-emption rights in favour of other shareholders and a restriction on transfers for a specified period following Completion (subject to certain exceptions).

#### **COMPETENT PERSON DECLARATION**

*The information in this Report that relates to Exploration Results and Exploration Targets is based on information compiled by Mr Derek Pang who is a member of the Australasian Institute of Mining and Metallurgy. Derek has over 15 years' experience in mineral exploration and is a full time employee of Apollo Minerals Ltd. Derek 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Derek consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.*



## About Apollo Minerals

Apollo Minerals Ltd (ASX Code: AON) is an iron ore and minerals explorer and developer with projects in South Australia, Western Australia and Gabon, western central Africa. The Company's focus is development of iron ore and base metals projects at each of Apollo's project sites, initially at Commonwealth Hill, SA.

The Commonwealth Hill site in the Gawler Craton of South Australia is situated close to existing infrastructure including the Darwin-Adelaide railway line, highway, ports. Iron exploration and development is carried out through the Commonwealth Hill Iron Project; and base-precious metals exploration is through the Titan Project.

The Sequoia Iron Deposit contains a JORC code 2004 compliant Indicated and Inferred mineral resource estimated at 72 Mt at 25.9% Fe (at 15% Fe cut-off)<sup>1</sup>. The Exploration Target for the Ibis and Sequoia prospects ranging from 300 – 550 Mt at 25 – 35% Fe. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The estimates of Exploration Target sizes mentioned in this announcement should not be misunderstood or misconstrued as estimates of Mineral Resources. The potential quantity and grade of the exploration targets are conceptual in nature and there has been insufficient exploration to

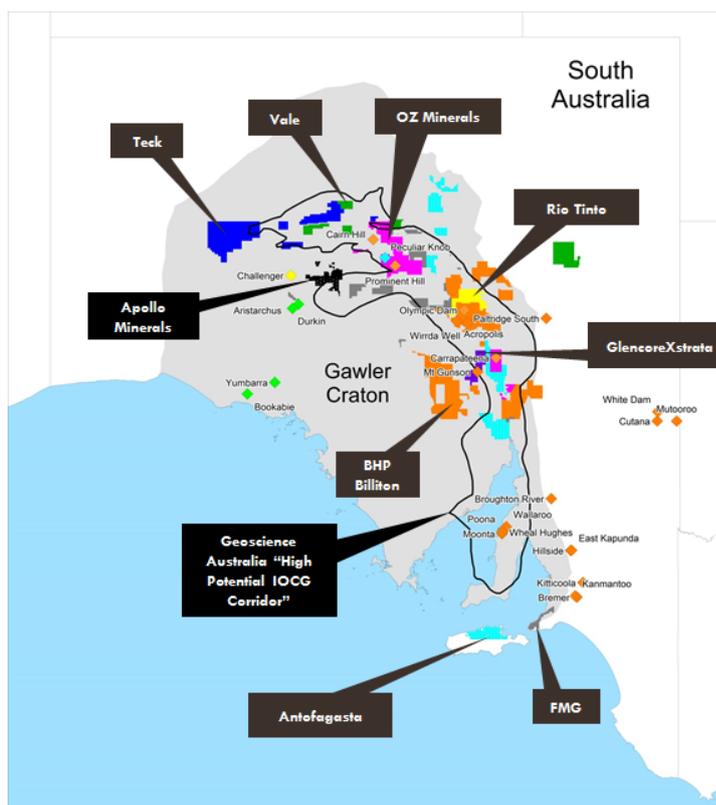
define a Mineral Resource, and it is uncertain if further exploration will result in the determination of a Mineral Resource.

The Titan Base-Precious Metals Project is focussed on discovering a major IOCG deposit in a frontier of the world class Gawler Craton.

In Gabon, Apollo has a 82.5% interest in the Kango North Project.

Apollo's shareholders include a number of iron and steel producers including one of India's largest companies, Jindal Steel & Power Ltd.

Apollo also holds 100% interest in the Mt Oscar Iron located near Karratha, in the Pilbara region of WA.



<sup>1</sup> The Indicated component of the mineral resource quoted equates to 27% containing 19.4 Mt at 27.7% Fe. The Inferred component equates to 73% and comprises 52.6 Mt at 25.3% Fe.