



ASX RELEASE | 25 March 2022 | ASX: AON

Apollo Minerals Secures 100% Ownership of the Kroussou Zinc-Lead Project

Apollo Minerals Limited (ASX: AON) (**Apollo Minerals** or **Company**) is pleased to announce the Company will consolidate 100% ownership of the Kroussou zinc-lead project (**Kroussou** or **Project**) in Gabon via agreements with Trek Metals Limited (ASX: TKM) (**Trek**) and Battery Minerals Limited (ASX: BAT) (**Battery Minerals**).

HIGHLIGHTS

- Share Sale Deed signed with Trek, which will increase Apollo Minerals' interest in Kroussou from 80% under the Earn-in Agreement to 100% ownership.
- Deed of Termination and Release signed with Trek and Battery Metals which will release Apollo Minerals from various vendor obligations under the Earn-in Agreement including:
 - the future payment of US\$500,000 to Battery Metals upon any future Decision to Mine; and
 - the potential for Trek and Battery Metals to share in a 1% Net Smelter Royalty over any future production.
- Consideration for consolidating 100% ownership of Kroussou and releasing Apollo Minerals from future vendor obligations is comprised of:
 - the issue to Trek of 3 million ordinary shares and 1 million unlisted options in Apollo Minerals with an exercise price of A\$0.12 expiring on 30 June 2024; and
 - the payment to Battery Minerals of A\$250,000 in cash.
- Two diamond rigs are currently active at Kroussou with results expected in due course.

Apollo Minerals' Executive Director, Mr Neil Inwood, commented:

"Securing 100% ownership of the province scale Kroussou zinc-lead exploration project is an outstanding outcome for Apollo Minerals and represents a strategically important milestone."

"We welcome Trek as a shareholder of Apollo Minerals. Our exploration success at Kroussou has been built on sound geological work by their team and we appreciate their confidence in converting their minority project interest into a direct shareholding interest in Apollo Minerals."

"The acquisition of the minority ownership interests and the removal of all future vendor royalty and payment obligations underlines the Company's belief in the future potential of Kroussou and de-risks the development pathway. The transaction is considered a strong value driver for Apollo Minerals given the exciting discoveries made at Kroussou and our excellent ongoing results."

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EARN-IN AGREEMENT

Apollo Minerals previously entered into an agreement with Trek in September 2019 pursuant to which the Company has earned an 80% interest in Kroussou (**Earn-in Agreement**) (see *ASX Announcement dated 3 September 2019*). The commercial terms of the Earn-in Agreement required the Company to spend a total of \$4 million to earn the 80% interest in the Project.

Following Apollo Minerals earning an 80% interest in Kroussou, both Trek and Apollo Minerals were required to contribute to expenditure on a pro rata basis to maintain their respective interest in the Project. If a party did not contribute their respective proportions of expenditure, their interest in the Project would be diluted and if any party diluted below 10%, their interest would automatically convert to a 1% Net Smelter Royalty.

The terms also included various other rights and obligations including the requirement for Apollo Minerals to assume Trek's obligation to make a payment of US\$500,000 to Battery Minerals (the previous owner of the Project) upon any Decision to Mine at Kroussou.

The conditions precedent to the Earn-in Agreement included receiving a valid Mining Convention and any other approvals required from the Gabon Government relating to Apollo Minerals assuming control of the Project. All conditions precedents were met in May 2020 with the Gabon Government awarding Apollo Minerals a Mining Convention and approving the change of control of the Project (see *ASX Announcement dated 11 May 2020*).

Apollo Minerals recently satisfied the various expenditure milestones to move to an 80% ownership interest in Kroussou and, as previously announced, had commenced negotiations with Trek and Battery Minerals to accelerate and consolidate the Company's ownership interest in the Project.

SHARE SALE DEED

Under the terms of a share sale deed entered into between Apollo Minerals, Trek and their relevant subsidiaries (**Share Sale Deed**), Apollo Minerals will acquire all of the shares in Select Exploration, the wholly owned subsidiary of Trek which indirectly holds ownership of Kroussou.

In consideration for acquiring 100% of the shares in Select Exploration, Apollo Minerals will, subject to shareholder approval, issue the following securities to Trek (and/or its nominees) (together, the **Consideration Securities**):

- 3,000,000 fully paid ordinary shares in Apollo Minerals (**Shares**); and
- 1,000,000 unlisted options exercisable at A\$0.12 each on or before 30 June 2024.

Completion is conditional on satisfaction (or waiver) of the following conditions precedent by 30 September 2022 (**End Date**):

- Apollo Minerals' shareholders approving the issue of the Consideration Securities to Trek;
- no breach of the Share Sale Deed by the parties (other than Apollo Minerals) occurring; and
- no material adverse change occurring in respect of Select Exploration or the Project.

The Share Sale Deed includes other customary terms and conditions for an agreement of this nature.

A general meeting of the Company will be held to approve the issue of the Consideration Securities to Trek and a notice of meeting will be sent to shareholders in due course with the general meeting expected to be held in May 2022.



DEED OF TERMINATION AND RELEASE

Apollo Minerals, Battery Minerals, Trek and its subsidiary have entered into a deed of termination and release pursuant to which Apollo Minerals has been released from various vendor payment obligations owed to Trek and Battery Minerals under the Earn-in Agreement in respect of Kroussou (**Deed of Termination and Release**).

The effect of entering the Share Sale Deed and Deed of Termination and Release with Trek, its subsidiaries and Battery Minerals is that Apollo Minerals will:

- consolidate 100% ownership of the Kroussou project; and
- be released from the Decision to Mine payment of US\$500,000 to Battery Minerals and all residual royalty and or production rights held by Trek and/or Battery Minerals including any rights to a 1% Net Smelter Royalty over any future production from Kroussou.

Subject to completion under the Share Sale Deed, consideration payable by Apollo Minerals under the Deed of Termination and Release is a cash payment of A\$250,000 to Battery Minerals.

2022 EXPLORATION PROGRAM UNDERWAY

Two diamond rigs are currently onsite at Kroussou and currently drilling at Dikaki. Dikaki is one of 18 prospects identified along the more than 80km of strike length of prospective geology at Kroussou.

Recently reported results have been positive and included **6.5m @ 8.0% Zn+Pb** from Dikaki and **5.3m @ 10.3% Zn+Pb** from Niamabimbou (see *ASX Announcements dated 24 February 2022 and 16 March 2022*). Further assay results will be reported as received.

In addition to the current active drill program, planning has commenced for an airborne electromagnetic (**AEM**) survey which is scheduled to be completed during the June quarter. The data to be provided from this survey will allow the Company to test the entire 80km strike length of prospective geology at Kroussou and potentially highlight further shallow high-grade mineralisation similar to Dikaki and Niamabimbou at other identified prospects.

Metallurgical test work is ongoing with approximately 500kg of HQ diamond core samples taken from Dikaki currently undergoing flow-sheet test work in Perth with initial results expected to be reported during the June 2022 quarter.



Figure 1: Location of the Kroussou Project in Gabon with nearby transport infrastructure.



ABOUT THE KROUSSOU PROJECT

Kroussou is a province scale zinc-lead exploration project in Gabon. The Project consists of the Prospecting License G4-569 which covers 986.5km² in the Ngounié Province of Western Gabon located approximately 220km south-south east of the capital city of Libreville (Figure 1). Gabon is a mining friendly jurisdiction with a long history of successful and stable extractive industry investment and operation.

Kroussou is easily accessible by the major sealed N1 road from Libreville, and well-maintained provincial roads to towns bordering the project. Well-established and wide forestry tracks are present within the project area to the camp and exploration sites.

Historical exploration work at Kroussou identified Zn-Pb mineralisation hosted in Cretaceous sediments within preserved channels lying on unconformable Archaean and Paleoproterozoic basement rocks. Eighteen separate shallow channels with base metal occurrences have been identified along more than 80km of strike length of prospective geology in the Project area. The Zn-Pb mineral occurrences represent a province-scale opportunity offering numerous very shallow, near surface base metal targets with multiple opportunities for discovery.

Apollo Minerals completed a maiden drilling campaign in 2021 which returned significant wide Zn-Pb mineralised intercepts from shallow depths at Dikaki and Niamabimbou, two of the 18 channel prospects. The drilling results indicated both a developing discovery at Dikaki and confirmed shallow mineralisation at Niamabimbou. These results validate the province scale, base metal potential of Kroussou. There are multiple opportunities for further discovery of Zn-Pb mineralisation at Kroussou within the remaining untested channels.

The Zn-Pb discoveries made at Kroussou are represented by thick intercepts at shallow depths with geometry that may be favourable to simple low-cost open-pit mining scenarios.

Initial metallurgical test work on the Kroussou Zn-Pb mineralisation has demonstrated the potential for high grade clean concentrates with strong recoveries of both zinc and lead creating expectations for the potential for high payability.

High-level assessment of infrastructure and transport requirements for a future mining operation at Kroussou has indicated the potential for existing capability which will provide the basis for future feasibility study work.

REFERENCES TO PREVIOUS ANNOUNCEMENTS

The information in this announcement that relates to previous exploration results is extracted from the Company's ASX announcements dated 24 February 2022 and 16 March 2022. These announcements are available to view on the Company's website at www.apollominerals.com. The Company confirms that a) it is not aware of any new information or data that materially affects the information included in the ASX announcements; b) all material assumptions included in the ASX announcements continue to apply and have not materially changed; and c) the form and context in which the relevant Competent Persons' findings are presented in this report have not been materially changed from the ASX announcements.

FORWARD LOOKING STATEMENTS

Statements regarding plans with respect to Apollo Minerals' projects are forward-looking statements. There can be no assurance that the Company's plans for development of its projects will proceed as currently expected. These forward-looking statements are based on the Company's expectations and beliefs concerning future events. Forward looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of the Company, which could cause actual results to differ materially from such statements. The Company makes no undertaking to subsequently update or revise the forward-looking statements made in this announcement, to reflect the circumstances or events after the date of that announcement.

This ASX Announcement has been authorised for release by the Board of Apollo Minerals.