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## **NOTICE OF GENERAL MEETING**

**A General Meeting of the Company will be held at the Plaza Level, BGC Centre, 28 The Esplanade, Perth, Western Australia on Wednesday 21 June 2017 at 10.00am (WST).**

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*This Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

***Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on (08) 9322 6322.***

# APOLLO MINERALS LIMITED

ABN 96 125 222 924

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## NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Shareholders of Apollo Minerals Limited (**Company**) will be held at the Plaza Level, BGC Centre, 28 The Esplanade, Perth, Western Australia on Wednesday 21 June 2017 at 10.00am (WST) (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 19 June 2017 at 5pm (WST).

Terms and abbreviations used in this Notice (including the Explanatory Memorandum) are defined in Section 8 of the Explanatory Memorandum.

## AGENDA

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### 1. Resolution 1 – Issue of Vendor Shares

To consider and, if thought fit, to pass with or without amendment the following resolution as an ordinary resolution:

*“That, subject to Resolution 2 being passed, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of:*

- (a) 15,000,000 Shares; and
- (b) the following Performance Shares:
  - (i) 10,000,000 Class A Convertible Performance Shares;
  - (ii) 10,000,000 Class B Convertible Performance Shares;
  - (iii) 10,000,000 Class C Convertible Performance Shares;
  - (iv) 15,000,000 Class D Convertible Performance Shares; and
  - (v) 20,000,000 Class E Convertible Performance Shares,

*(together the "**Vendor Shares**") to the Vendors and/or their nominees on the terms and conditions set out in the Explanatory Memorandum."*

### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by a person (and any associate of such a person) who may participate in the issue of the Vendor Shares and a person (and any associate of such a person) who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## **2. Resolution 2 – Approval of Performance Shares (a new class of securities)**

To consider and, if thought fit, to pass with or without amendment the following resolution as a special resolution:

*"That, pursuant to and in accordance with section 246B(1) of the Corporations Act and article 2.6 of the Constitution and for all other purposes, the Company be authorised to issue Performance Shares on the terms and conditions set out in the Explanatory Memorandum."*

### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by a person (and any associate of such a person) who may participate in the issue of the Vendor Shares and a person (and any associate of such a person) who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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### **3. Resolution 3 – Issue of Incentive Options to a Director**

To consider, and if thought fit, to pass with or without amendment the following resolution as an ordinary resolution:

*"That, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the issue of up to 1,000,000 Incentive Options to Mr Robert Behets (a Director) and/or his nominees on the terms and conditions set out in the Explanatory Memorandum."*

#### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by Mr Robert Behets or his nominees (and any of their associates).

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chairman; and
- (b) the appointment expressly authorises the Chairman to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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### **4. Resolution 4 – Issue of Incentive Options to Consultants**

To consider, and if thought fit, to pass with or without amendment the following resolution as an ordinary resolution:

*"That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 1,850,000 Incentive Options to key consultants of the Company and/or their nominees and on the terms and conditions set out in the Explanatory Memorandum."*

## **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by a person or their nominees who may participate in the issue of the Incentive Options and a person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the resolution is passed, and any associate of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chairman; and
- (b) the appointment expressly authorises the Chairman to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Dated 17 May 2017

**BY ORDER OF THE BOARD**



**CLINT MCGHIE**  
Company Secretary

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# APOLLO MINERALS LIMITED

ABN 96 125 222 924

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## EXPLANATORY MEMORANDUM

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### 1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the Meeting to be held at the Plaza Level, BGC Centre, 28 The Esplanade, Perth, Western Australia on Wednesday 21 June 2017 at 10.00am (WST).

This Explanatory Memorandum should be read in conjunction with, and forms part of, the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

- Section 2: Action to be taken by Shareholders
- Section 3: Acquisition of Ariege Tungstene SAS
- Section 4: Resolution 1 – Issue of Vendor Shares
- Section 5: Resolution 2 – Approval of Performance Shares (a new class of securities)
- Section 6: Resolution 3 – Issue of Incentive Options to a Director
- Section 7: Resolution 4 – Issue of Incentive Options to Consultants
- Section 8: Defined terms
- Schedule 1: Terms and conditions of Performance Shares
- Schedule 2: Specific risks in relation to the Project
- Schedule 3: Terms and conditions of Incentive Options

A Proxy Form is located at the end of the Explanatory Memorandum.

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### 2. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

## 2.1 Proxies

A Proxy Form is enclosed with the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

Proxy Forms must be received by the Company no later than 10.00am (WST) on Monday 19 May 2017, being at least 48 hours before the Meeting.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

### 3. Acquisition of Ariege Tungstene SAS

#### 3.1 Background

The Company announced on 14 March 2017 that it had entered into an agreement with the Vendors (**Share Sale Agreement**) to acquire a 100% interest in Ariege Tungstene SAS (**Ariege**) which holds an 80% interest in Mines du Salat SAS (**MdS**). MdS is governed by a Shareholder Agreement (**SHA**) with the other (20%) shareholder in MdS, Variscan Mines SAS (**Variscan France**). Pursuant to the SHA, Variscan France has agreed to transfer the Couflens exploration licence (**Couflens PER**) to MdS.



Figure 1 - Couflens Project / Salau Mine Location

#### 3.2 Overview of the Project

The Couflens Project area is located 130 kilometres south of Toulouse, within the Pyrenees region near the border with Spain (Figures 1 and 2). The Couflens Project comprises the recently granted Couflens PER which covers an area of 42km<sup>2</sup> centred on the Salau mine, formerly one of the world's highest grade tungsten mines.

The Salau scheelite skarn tungsten deposit was discovered in the early 1960's by the Bureau de Recherches Géologiques et Minières ("BRGM"). Les Mines d'Anglade ("LMA") operated the mine from April 1971 to November 1986 which is reported to have produced



approximately 930,000 tonnes of ore at an average grade of 1.5%  $WO_3$  to yield approximately 11,500 tonnes of  $WO_3$  in concentrate.

Notwithstanding the existence of remaining resources, the discovery of promising mineralised zones elsewhere (Fonteilles et al., 1989) and the higher grade production from the latter years of production (up to 2.48%  $WO_3$ ), the precipitous fall in the tungsten price caused by Chinese dumping in 1986 led to mine closure.

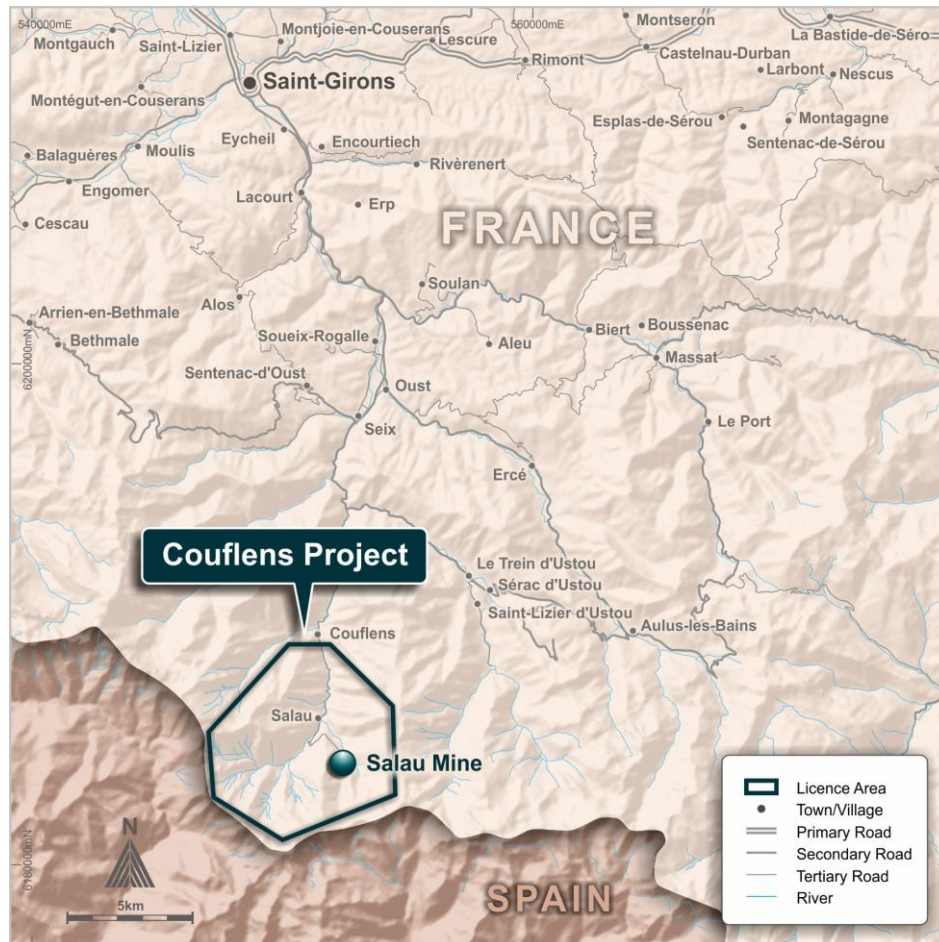


Figure 2 - Couflens PER

### 3.3 Project Geology

Salau is a tungsten-bearing (primarily scheelite) skarn deposit developed at the contact between Devonian pelites and calcareous sediments of the Barregiennes Formation and a Hercynian-aged granodiorite stock ("**Fourque**"). The skarn formed within both the carbonate-bearing sediments and, to a much lesser degree, the host granodiorite. Mineralisation is directly related to the Fourque granodiorite which provided hot, tungsten-copper-gold bearing solutions that reacted with the host rocks to form the skarns and deposit metal-bearing minerals.

Salau consists of two known mineralised systems, the Bois d'Anglade embayment (Formation Nord, Gulfe, Formation Sud, and S.C. ore zones) and Veronique. Bois d'Anglade was discovered first and provided the bulk of the early production. Veronique, 300 metres to the west, was discovered in 1975 and provided higher grade tungsten production (average 1.9%  $WO_3$ ), including gold-rich material (not recovered in milling) towards the end of the mine life. Limited sampling of material from the lower section of the Veronique Southeast zone indicated the presence of high grade gold (Fonteilles et al,

1989).

The geometry of the orebodies at Salau is complex and appears controlled mainly by irregularities in the intrusive contact and by faulting. Two principal types of metalliferous skarns are developed:

*Prograde skarns:* initial metasomatism resulted in the formation of broad zones of prograde skarns containing modest tungsten values (0.2 to 0.5% WO<sub>3</sub>); and

*Retrograde skarns:* later hydrothermal fluids overprinted the prograde skarns and deposited sulphide-rich material (mainly pyrrhotite) containing substantially higher values of tungsten, gold and copper. It is these sulphide-rich skarns which provided the bulk of the former production from the Salau mine.

### **3.4 Exploration Potential**

Previous underground drilling by the former mine owners recorded a number of high grade tungsten-bearing skarn intersections below the 1,230 metre level access adit, which represents the down-plunge continuation of the Veronique ore system. The tungsten grade of this zone of mineralisation was reported as being similar to that derived from mining in the upper levels of Veronique. The system remains open at depth and is believed to contain substantial gold credits as stated in Fontailles et al, 1989.

Potential also remains around the other previously mined areas (Veronique and Bois d'Anglade systems) where remnant zones of tungsten-bearing material appear present.

In addition, discoveries documented by LMA at "Ouer d'Aigle" and "Christine", plus a number of other scheelite skarn occurrences at the surface on the flanks of the Fourque granodiorite remain largely untested.

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.

### **3.5 Exploration Plan**

The initial work plan for the Project includes:

- Acquisition and digitisation of available mine and exploration data;
- Mine area and old tailings area risk assessments;
- Initial access and assessment of existing mine development and stoping areas;
- Mapping and sampling of mineralisation exposed in previously developed mine areas;
- Generation of a 3D model of the geology, zones of mineralisation and principal controls on mineralisation;
- Underground drilling to confirm known zones of mineralisation and test for extensions of these zones;
- Estimation and reporting of a Mineral Resource in accordance with the JORC Code;
- Surface exploration programs to further assess identified prospects and generating new targets within the broader project area; and
- A second phase of exploration may include the development of an underground incline to provide access below the existing mine workings and to allow more

extensive drill testing of the down plunge continuation of the high grade Veronique system and parallel structural positions.

Initial work will focus on defining sufficient high grade tungsten mineralisation to justify commencement of mine feasibility studies, as well as testing the gold potential within and adjacent to the Salau mine area.

The Company will undertake the work program with a strong commitment to all aspects of sustainable development with an integrated approach to economic, social, environmental,

### 3.6 Conditions Precedent

Completion is subject to and conditional upon a number of conditions precedent. The key conditions include that Resolutions 1 and 2 the subject of this meeting are passed and that all regulatory approvals are obtained. The Company is also awaiting confirmation from the French Ministry of Economy, Industry and Technology that prior authorisation for the acquisition of Ariege by Apollo Minerals is not required, or if it is required, that the prior authorisation is granted. Completion must occur before the End Date.

### 3.7 Consideration

The consideration to be provided by the Company to the Vendors for the acquisition of 100% of Ariege pursuant to the Share Sale Agreement is as follows:

- (i) A\$250,000 cash payable on Completion;
- (ii) 15,000,000 Shares to be issued on Completion;
- (iii) **Tungsten Resource Milestone:**
  - a. 10,000,000 Class A Convertible Performance Shares to be issued on Completion; and
  - b. A\$250,000 cash payable on satisfaction of the Tungsten Resource Milestone prior to the Expiry Date;
- (iv) **Gold Resource Milestone:**
  - a. 10,000,000 Class B Convertible Performance Shares to be issued on Completion; and
  - b. A\$250,000 cash payable on satisfaction of the Gold Resource Milestone prior to the Expiry Date;
- (v) **Scoping Study Milestone:** 10,000,000 Class C Convertible Performance Shares to be issued on Completion;
- (vi) **Pre-Feasibility Study Milestone:** 15,000,000 Class D Convertible Performance Shares to be issued on Completion; and
- (vii) **Definitive Feasibility Study Milestone:** 20,000,000 Class E Convertible Performance Shares to be issued on Completion.

The Shares and Performance Shares will be subject to a 24 month voluntary escrow from Completion to the same extent as if the cash formula (per the Listing Rules) was applied.

### 3.8 Capital Structure

If all of the Resolutions are passed by the Shareholders and subject to Completion, the proposed capital structure of the Company immediately following Completion will be as follows:

	Number of Shares	Number of Options	Number of Performance Shares
Balance at the date of the Notice	124,914,218	6,678,125 <sup>(1)</sup>	Nil
To be issued pursuant to Resolution 1 (as part consideration for the Acquisition)	15,000,000	Nil	65,000,000
To be issued pursuant to Resolutions 3 and 4	Nil	2,850,000	Nil
<b>Balance immediately after the Acquisition</b>	<b>139,914,218</b>	<b>9,528,125</b>	<b>65,000,000</b>

**Notes:**

- (1) 1,678,125 options are exercisable at \$0.52 each on or before 28 February 2018;  
1,500,000 options are exercisable at \$0.05 each on or before 30 June 2018;  
2,000,000 options are exercisable at \$0.075 each on or before 30 June 2019; and  
1,500,000 options are exercisable at \$0.32 each on or before 30 November 2020.

### 3.9 Risks

Schedule 2 sets out additional risks that apply to the Company now, or will apply following Completion. The Board recommends that Shareholders consider these risks in full.

Whilst the Company has undertaken a due diligence process (including title and other risks) with respect to the acquisition of Ariege, it should be noted that the usual risks associated with start-up companies undertaking exploration and development activities of projects in France will remain at Completion.

Shareholders should also be aware that the Share Sale Agreement is subject to a number of conditions precedent (as disclosed in Section 3.6), including Shareholder approval. There is a risk that the Acquisition may not be completed, or the terms of the Acquisition may be changed. If the Acquisition does not complete, any monies loaned or advanced to Ariege by the Company may not be refunded.

### 3.10 Directors' recommendation

The Directors consider that the Acquisition is in the best interests of the Company and recommend that Shareholders vote in favour of Resolutions 1 and 2.

### 3.11 Plans for the Company if the Acquisition is not completed

If the acquisition of Ariege is not completed, the Company will continue with its current activities and continue to look for an alternate transaction or acquisitions to add value to the Company.

### **3.12 Forward looking statements**

The forward looking statements in the Notice are based on the Company's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and its Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in the Notice. These risks include but are not limited to, the risks described in Section 3.9 and Schedule 2. Forward looking statements include those containing words such as 'anticipate', 'estimates', 'should', 'will', 'expects', 'plans' or similar expressions.

### **3.13 Competent Person**

The information in this Notice that relates to exploration results is based on information compiled by Robert Behets, who is a Fellow of The Australian 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'. Mr Behets consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

### **3.14 Reference**

- (a) Fonteilles M., Soler P., Demange M., & Derré C., 1989; "The Scheelite Skarn Deposit of Salau (Ariège, French Pyrenees)", *Economic Geology*, Vol 84, pp 1172 – 1209

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## **4. Resolution 1 – Issue of Vendor Shares**

### **4.1 General**

Resolution 1 seeks Shareholder approval under Listing Rule 7.1 for the issue of:

- (a) 15,000,000 Shares; and
- (b) 65,000,000 Performance Shares,

on the terms and conditions in this Explanatory Memorandum.

Resolution 1 is an ordinary resolution. Resolution 1 is subject to, and accordingly will not take effect, unless Resolution 2, which is a special resolution, is passed.

The Chairman intends to exercise all available proxies in favour of Resolution 1.

### **4.2 Listing Rule 7.1**

Listing Rule 7.1 requires Shareholder approval for the issue of the Vendor Shares to the Vendors. Listing Rule 7.1 provides that, subject to certain exceptions, Shareholder approval is required for any issue of securities by a listed company, where the securities

proposed to be issued represent more than 15% of the Company's securities then on issue.

Given that the Vendor Shares to be issued under Resolution 1 will exceed the balance of the 15% threshold and none of the exceptions contained in Listing Rule 7.2 apply, Shareholder approval is required in accordance with Listing Rule 7.1.

#### **4.3 Specific Information Required by Listing Rule 7.3**

For the purposes of Shareholder approval of the issue of the Vendor Shares and the requirements of Listing Rule 7.3 the following information is provided :

- (a) the maximum number of securities the Company intends to issue under Resolution 1 is:
  - (i) 15,000,000 Shares;
  - (ii) 10,000,000 Class A Convertible Performance Shares;
  - (iii) 10,000,000 Class B Convertible Performance Shares;
  - (iv) 10,000,000 Class C Convertible Performance Shares;
  - (v) 15,000,000 Class D Convertible Performance Shares; and
  - (vi) 20,000,000 Class E Convertible Performance Shares.
- (b) the Company will issue and allot the Vendor Shares no later than 3 months after the date of the Meeting (or such longer period of time as ASX may in its discretion allow);
- (c) the Vendor Shares will be issued to the Vendors as consideration for the acquisition of Ariege and as such, no funds will be raised from the issue;
- (d) all of the Vendor Shares will be issued to the Vendors, neither of which are a related party of the Company, or will be a related party of the Company otherwise than by virtue of the acquisition of Ariege;
- (e) the terms of the Vendor Shares to be issued pursuant to Resolution 1 are as follows:
  - (i) the Shares are fully paid ordinary shares and will rank equally in all respects with the Company's existing Shares on issue;
  - (ii) the Class A Convertible Performance Shares on the terms and conditions set out in Schedule 1;
  - (iii) the Class B Convertible Performance Shares on the terms and conditions set out in Schedule 1;
  - (iv) the Class C Convertible Performance Shares on the terms and conditions set out in Schedule 1;
  - (v) the Class D Convertible Performance Shares on the terms and conditions set out in Schedule 1; and

- (vi) the Class E Convertible Performance Shares on the terms and conditions set out in Schedule 1.
- (f) the issue of the Vendor Shares will occur progressively following Completion; and
- (g) a voting exclusion statement is included in the Notice.

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## **5. Resolution 2 – Approval of Performance Shares (a new class of securities)**

Resolution 2 seeks Shareholder approval for the Company to issue the Performance Shares. The Performance Shares form part of the consideration payable to the Vendors in respect to the Acquisition.

A company with a single class of shares on issue, which proposes to issue new shares not having the same rights as its existing shares, is taken to vary the rights of existing shareholders unless the Constitution already provides for such an issue.

Section 246B of the Corporations Act and clause 2.6 of the Constitution provide that the rights attaching to a class of shares cannot be varied without:

- (a) a special resolution passed at a meeting of the Shareholders holding Shares in that class; or
- (b) the written consent of the Shareholders who are entitled to at least 75% of the votes that may be cast in respect of Shares in that class.

Accordingly, the Company seeks approval from Shareholders for the issue of the Performance Shares as a new class of securities on the terms set out in Schedule 1. Resolution 2 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative.

The Chairman intends to exercise all available proxies in favour of Resolution 2.

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## **6. Resolution 3 – Authority to Issue Incentive Options to a Director**

### **6.1 General**

Resolution 3 seeks Shareholder approval pursuant to Listing Rule 10.11 to issue up to 1,000,000 Incentive Options to Mr Robert Behets (and/or his nominee), as part of the long term incentive component of his remuneration.

Mr Behets is a geologist with over 28 years' experience in the mineral exploration and mining industry in Australia and internationally. He has had extensive corporate and management experience and has been Director of a number of ASX-listed companies in the resources sector including Mantra Resources Limited (Mantra), Papillon Resources Limited, and Berkeley Energia Limited. Mr Behets was instrumental in the founding, growth and development of Mantra, an African-focused uranium company, through to its acquisition by ARMZ for approximately A\$1 billion in 2011. Prior to Mantra, he held various senior management positions during a long career with WMC Resources Limited.

Mr Behets has a strong combination of technical, commercial and managerial skills and extensive experience in exploration, development and operations across a range of commodities, including gold, uranium and base metals. He is a Fellow of The Australasian Institute of Mining and Metallurgy, a Member of the Australian Institute of Geoscientists and was previously a member of the Australasian Joint Ore Reserve Committee (JORC).

In the Company's present circumstances, the Board considers that the grant of these Incentive Options to Mr Behets is a cost effective and efficient reward for the Company to make to appropriately incentivise the performance of Mr Behets and is consistent with the strategic goals and targets of the Company.

Mr Behets was appointed a Director of the Company on 12 October 2016, and has played a key role to date and will continue to do so, including involvement with negotiations for the acquisition of Ariege and the corporate strategies adopted by the Company. Mr Behets will continue to be involved in the exploration and development of the Couflens Project along with the Company's existing projects.

There are no specific performance criteria on the Incentive Options as, given the speculative nature of the Company's activities and the small management team responsible for its running, it is considered the performance of Mr Behets and the performance and value of the Company are closely related. As such, the Incentive Options will generally only be of benefit to Mr Behets if he performs to the level whereby the value of the Company increases sufficiently to warrant exercising the Incentive Options.

The Incentive Options will be issued to Mr Behets (and/or his nominee) on the terms and conditions set out in Schedule 3.

Resolution 3 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 3.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 3, by signing and returning the Proxy Form, you are giving your express authorisation to allow the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

## **6.2 Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Incentive Options constitutes giving a financial benefit and Mr Behets is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Behets who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not



required in respect of the grant of the Incentive Options because the agreement to grant the Incentive Options, reached as part of the remuneration package for Mr Behets, is considered reasonable remuneration in the circumstances.

### **6.3 ASX Listing Rules**

In accordance with Listing Rule 10.11, the Company must not issue securities to a related party of the Company unless it obtains Shareholder approval.

As the grant of the Incentive Options involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Incentive Options as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of the Incentive Options to Mr Behets (and/or his nominee) will not be included in the use of the Company's 15% annual placement capacity under Listing Rule 7.1.

### **6.4 Specific information required by Listing Rule 10.13**

For the purposes of ASX Listing Rule 10.13, information regarding Resolution 3 is provided as follows:

- (a) the Incentive Options will be issued to Mr Robert Behets (and/or his nominee);
- (b) the maximum number of Incentive Options that will be issued to Mr Behets pursuant to Resolution 3 is:
  - (i) 500,000 Incentive Options exercisable at \$0.20 each on or before 30 June 2020; and
  - (ii) 500,000 Incentive Options exercisable at \$0.25 each on or before 30 June 2021.
- (c) a summary of the terms and conditions of the Incentive Options is contained in Schedule 3;
- (d) the Incentive Options will be issued no later than 1 month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow) and it is intended that issue of all of the Incentive Options will occur on the same date;
- (e) the Incentive Options are being issued for nil consideration and therefore no funds are being raised from the issue; and
- (f) a voting exclusion statement is included in the Notice.

### **6.5 Directors recommendation**

The Directors, other than Mr Behets, recommend that Shareholders vote in favour of Resolution 3.

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## **7. Resolution 4 – Issue of Incentive Options to Consultants**

### **7.1 General**

Resolution 4 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of the 1,850,000 Incentive Options to be granted to key consultants of the Company.

### **7.2 ASX Listing Rules**

Listing Rule 7.1 provides that, subject to certain exceptions, Shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the Company's securities then on issue.

Although the grant of the Incentive Options under Resolution 4 would not result in the Company exceeding this 15% threshold, Shareholder approval has been sought by the Company pursuant to Listing Rule 7.1 to preserve its ability to use the 15% threshold exemption going forward.

Resolution 4 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 3.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 3, by signing and returning the Proxy Form, you are giving your express authorisation to allow the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

### **7.3 Specific Information Required by ASX Listing Rule 7.3**

For the purposes of Listing Rule 7.3, information regarding Resolution 4 is provided as follows:

- (a) the Incentive Options will be issued to key consultants and advisors of the Company who are not related parties of the Company or their associates, at the discretion of Directors;
- (b) the maximum number of securities the Company can issue under Resolution 4 is:
  - (i) 750,000 Incentive Options exercisable at \$0.20 each on or before 30 June 2020; and
  - (ii) 1,100,000 Incentive Options exercisable at \$0.25 each on or before 30 June 2021,
- (c) a summary of the terms and conditions of the Incentive Options is contained in Schedule 3;
- (d) the Company will issue the Incentive Options no later than 3 months after the date of the Meeting (or such longer period of time as ASX may in its discretion allow);
- (e) the grant of the Incentive Options will occur progressively;

- (f) the Incentive Options will be granted for nil consideration and therefore no funds will be raised; and
- (g) a voting exclusion statement is included in the Notice.

#### 7.4 Directors recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

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## 8. Defined terms

In this Explanatory Memorandum and the Notice, unless the context otherwise requires:

**Acquisition** means the acquisition of Ariege by the Company from the Vendors in accordance with the Share Sale Agreement.

**Ariege** means Ariege Tungstene SAS 823 779 046 R.C.S. Foix.

**ASX** means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

**Board** means the board of Directors.

**Chairman** means the person appointed to chair the Meeting, or any part of the Meeting, convened by the Notice.

**Class A Convertible Performance Share** means a Class A Convertible Performance Shares on the terms and conditions detailed in Schedule 1.

**Class B Convertible Performance Share** means a Class B Convertible Performance Shares on the terms and conditions detailed in Schedule 1.

**Class C Convertible Performance Share** means a Class C Convertible Performance Shares on the terms and conditions detailed in Schedule 1.

**Class D Convertible Performance Share** means a Class D Convertible Performance Shares on the terms and conditions detailed in Schedule 1.

**Class E Convertible Performance Share** means a Class E Convertible Performance Shares on the terms and conditions detailed in Schedule 1.

**Closely Related Party** means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

**Company** and **Apollo** means Apollo Minerals Limited ABN 96 125 222 924.

**Completion** means the occurrence of the completion of the sale and purchase of 100% of the shares in Ariege in accordance with the Share Sale Agreement.

**Constitution** means the constitution of the Company.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Couflens PER or Project Licence** means an exclusive exploration permit (Permis exclusive de recherches de mines) covering part of the Ariège department in the Midi-Pyrenees region of France that was granted to Variscan Mines SAS on 21 October 2016 for an initial 5 year period commencing 11 February 2017.

**Definitive Feasibility Study Milestone** has the meaning given to the term 'Class E Milestone' in Schedule 1.

**Director** means a director of the Company.

**End Date means** 13 March 2019.

**Explanatory Memorandum** means this explanatory memorandum which forms part of the Notice.

**Gold Resource Milestone** has the meaning given to the term 'Class B Milestone' in Schedule 1.

**JORC Code** means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 edition) as amended from time to time.

**Key Management Personnel** means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

**Listing Rules** means the listing rules of ASX.

**Meeting** has the meaning given in the introductory paragraph of the Notice.

**MdS** means Mines du Salat SAS 827 732 470 R.C.S. Foix.

**Notice** means the notice of meeting which comprises of the notice, agenda, Explanatory Memorandum and Proxy Form.

**Performance Shares** mean each of the Class A Convertible Performance Shares, Class B Convertible Performance Shares, Class C Convertible Performance Shares, Class D Convertible Performance Shares and Class E Convertible Performance Shares.

**Pre-Feasibility Study Milestone** has the meaning given to the term 'Class D Milestone' in Schedule 1.

**Project or Couflens Project** means the Project Licence and all related intellectual property and physical property.

**Proxy Form** means the proxy form attached to the Notice.

**Resolution** means a resolution contained in the Notice.

**Schedule** means a schedule to this Explanatory Memorandum.

**Scoping Study Milestone** has the meaning given to the term 'Class C Milestone' in Schedule 1.

**Section** means a section of this Explanatory Memorandum.

**Share** means a fully paid ordinary share in the capital of the Company.

**Share Sale Agreement** has the meaning given in Section 3.1.

**Shareholder** means a shareholder of the Company.

**Tungsten Resource Milestone** has the meaning given to the term 'Class A Milestone' in Schedule 1.

**Vendors** means each of Juniper Capital Partners Limited and SARL E-Mines.

**Vendor Shares** has the meaning given in Resolution 1.

**WST** means Western Standard Time, being the time in Perth, Western Australia.

In this Notice, words importing the singular include the plural and vice versa.

## Schedule 1 – Terms and Conditions of Performance Shares

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The terms of the Class A Convertible Performance Shares, Class B Convertible Performance Shares, Class C Convertible Performance Shares, Class D Convertible Performance Shares and Class E Convertible Performance Shares are as follows:

### 1. Definitions

In these terms and conditions, unless the context otherwise requires:

**ASX** means ASX Limited and where the context permits the Australian Securities Exchange operated by ASX Limited.

**Asset Sale** means the announcement by the Company of any completed direct or indirect sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of all or part of the Exploration Permit, other than to an entity controlled by the Company, provided that the total amount of consideration received by the Company is at least A\$21 million.

**Class A Convertible Performance Share** means a Class A Convertible Performance Share issued by the Company as part of the consideration under the Share Sale Agreement.

**Class A Milestone** means the 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<sub>3</sub> at an average grade of not less than 1.0% WO<sub>3</sub> using a cut-off grade of not less than 0.3% WO<sub>3</sub> on the Project Licences and which is prepared and reported in accordance with the provisions of the JORC Code. For the avoidance of doubt, the referenced tonnes and grade are WO<sub>3</sub> values, not WO<sub>3</sub> equivalent values incorporating by-products credits.

**Class B Convertible Performance Share** means a Class B Convertible Performance Share issued by the Company as part of the consideration under the Share Sale Agreement.

**Class B Milestone** means the 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 at an average grade of not less than 0.8 grams per tonne on the Project Licences and which is prepared and reported in accordance with the provisions of the JORC Code.

**Class C Convertible Performance Share** means a Class C Convertible Performance Share issued by the Company as part of the consideration under the Share Sale Agreement.

**Class C Milestone** means 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.

**Class D Convertible Performance Share** means a Class D Convertible Performance Share issued by the Company as part of the consideration under the Share Sale Agreement.

**Class D Milestone** means 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.

**Class E Convertible Performance Share** means a Class E Convertible Performance Share issued by the Company as part of the consideration under the Share Sale Agreement.

**Class E Milestone** means 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.

**Company** means Apollo Minerals Limited ABN 96 125 222 924.

**Corporations Act** means *Corporations Act 2001* (Cth).

**Definitive Feasibility Study** has the meaning given to the term 'Feasibility Study' in the JORC Code. For the avoidance of doubt, a Definitive Feasibility Study does not require all permits and financing necessary to commence production to have been completed or received.

**Expiry Date** means 5.00pm (Perth time) on the date which is 5 years after the date of issue of the Performance Shares.

**Exploration Permit** means an exclusive exploration permit (*Permis exclusif de recherches de mines*) covering part of the Ariège department in the Midi-Pyrénées region of France as detailed more specifically in the application contained in Schedule 7 of the Share Sale Agreement (and any other exploration or mining tenements or exploration or mining tenements which may be granted in lieu of (in whole or part) or relate to the same ground (in whole or part) as that licence) and includes all rights to mine and other privileges appurtenant to that licence.

**Exploration Permit Mining Information** means all technical and legal documentation and information including geological, geochemical and geophysical reports, surveys, mosaics, aerial photographs, drill logs, assay results, title documents, maps and plans relating to the Exploration Permit, whether in physical, written or electronic form, which is owned by, or has been provided to the Company by, Variscan France.

**Inferred and Indicated Mineral Resource** has the meaning given to that term in the JORC Code.

**Joint Venture Company** means a company incorporated in France and named Mines du Salat SAS, being the company to which Variscan France must apply to transfer the Exploration Permit in accordance with the Shareholders Agreement.

**JORC Code** means the Joint Ore Reserves Committee's Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition).

**Performance Share** means a Class A Convertible Performance Share, Class B Convertible Performance Share, Class C Convertible Performance Share, Class D Convertible Performance Share or a Class E Convertible Performance Share.

**Performance Shareholder** means the holder of a Performance Share.

**Pre-Feasibility Study** has the meaning given to that term in the JORC Code.

**Project or Couflens Project** means the Exploration Permit, the Exploration Permit Mining Information and all related intellectual property and physical property.

**Project Licences** means the Exploration Permit and any other exploration or mining tenements which the Joint Venture Company acquires within 50km of the Exploration Permit.

**Relevant Interest** has the meaning given to that term in the Corporations Act.

**Scoping Study** has the meaning given to that term in the JORC Code.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of Shares.

**Shareholders Agreement** means the shareholders agreement between Ariege Tungstene SAS, Variscan France and the Joint Venture Company.

**Share Sale** means:

- (a) the announcement by the Company of an unconditional Takeover Bid in relation to the Company resulting in the person making the Takeover Bid having a Relevant Interest of 50% or more of the Shares and which is announced as, or has been declared, unconditional; or
- (b) the announcement by the Company that shareholders of the Company have, at a Court convened meeting of shareholders, voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either cancelled or transferred to a third party, and the Court, by order, approves the proposed scheme of arrangement; or
- (c) the announcement by the Company of the acquisition by a person or any group of related persons (other than the Company) of the power, directly or indirectly, to vote or direct the voting of the Shares having more than 50% of the ordinary voting power of the Company,

provided that that the price paid per Share acquired is at least A\$0.15 (as adjusted to take into account any pro rata issue of securities, bonus issue of securities, or reconstruction of issued capital, including consolidation, sub-division, reduction or return, taking place after the grant or issue of the Performance Shares).

**Share Sale Agreement** means the share sale agreement between E-Mines, Juniper Capital Partners Limited, the Company and Ariege Tungstene SAS dated 13 March 2017.

**Takeover Bid** has the meaning given to that term in the Corporations Act.

**Variscan France** means Variscan Mines SAS, a simplified joint stock company registered with the Trade and commerce registry of Orleans under number 528 859 846 and whose registered seat is located at 10 rue Léonard de Vinci, 45100 Orleans.

## 2. Dividend

Performance Shareholders are not entitled to a dividend.

## 3. Conversion

- (a) Conversion

The Performance Shares will convert into Shares in accordance with this clause 3.



(b) Conversion of Class A Convertible Performance Shares

Subject to clause 3(i), each Class A Convertible Performance Share will convert into one Share upon the first of the following occurring, on or prior to the Expiry Date:

- (i) the satisfaction of the Class A Milestone; and
- (ii) an Asset Sale.

(c) Conversion of Class B Convertible Performance Shares

Subject to clause 3(i), each Class B Convertible Performance Share will convert into one Share upon the first of the following occurring, on or prior to the Expiry Date:

- (i) the satisfaction of the Class B Milestone; and
- (ii) an Asset Sale.

(d) Conversion of Class C Convertible Performance Shares

Subject to clause 3(i), each Class C Convertible Performance Share will convert into one Share upon the first of the following occurring, on or prior to the Expiry Date:

- (i) the satisfaction of the first to occur of the:
  - (A) Class C Milestone;
  - (B) Class D Milestone; and
  - (C) Class E Milestone; and
- (ii) an Asset Sale.

(e) Conversion of Class D Convertible Performance Shares

Subject to clause 3(i), each Class D Convertible Performance Share will convert into one Share upon the first of the following occurring, on or prior to the Expiry Date:

- (i) the satisfaction of the first to occur of the:
  - (A) Class D Milestone; and
  - (B) Class E Milestone; and
- (ii) an Asset Sale.

(f) Conversion of Class E Convertible Performance Shares

Subject to clause 3(i), each Class E Convertible Performance Share will convert into one Share upon the first of the following occurring, on or prior to the Expiry Date:

- (i) satisfaction of the Class E Milestone; and
  - (ii) an Asset Sale.
- (g) Conversion on Share Sale
  - (i) Subject to clauses 3(g)(ii) and 3(i), if on or prior to the Expiry Date a Share Sale occurs then each Performance Share will immediately convert into one Share.
  - (ii) The maximum number of Performance Shares that can be converted into Shares under this clause 3(g) upon a Share Sale must not exceed 10% of the issued Share capital of the Company (as at the date of the Share Sale). The Company shall ensure a pro-rata allocation of Shares converted under this clause 3(g) to all Performance Shareholders. Performance Shares that are not converted into Shares will continue to be held by the Performance Shareholder on the same terms and conditions.
- (h) Conversion after Expiry Date
  - (i) If the Class A Milestone is not met by the Expiry Date, the Company will, as soon as reasonably practical and in any event no later than 90 days after the Expiry Date, convert the total number of Class A Performance Shares on issue into one Share. For the avoidance of doubt, the Class B Convertible Performance Shares, Class C Convertible Performance Shares, Class D Performance Shares and Class E Performance Shares are independent and will not convert in such circumstances.
  - (ii) If the Class B Milestone is not met by the Expiry Date, the Company will, as soon as reasonably practical and in any event no later than 90 days after the Expiry Date, convert the total number of Class B Convertible Performance Shares on issue into one Share. For the avoidance of doubt, the Class C Convertible Performance Shares, Class D Performance Shares and Class E Performance Shares are independent and will not convert in such circumstances.
  - (iii) If the Class C Milestone is not met by the Expiry Date, the Company will, as soon as reasonably practical and in any event no later than 90 days after the Expiry Date, convert the total number of Class C Convertible Performance Shares on issue into one Share. For the avoidance of doubt, the Class D Performance Shares and Class E Performance Shares are independent and will not convert in such circumstances.
  - (iv) If the Class D Milestone is not met by the Expiry Date, the Company will, as soon as reasonably practical and in any event no later than 90 days after the Expiry Date, convert the total number of Class D Convertible Performance Shares on issue into one Share. For the avoidance of doubt, the Class E Performance Shares are independent and will not convert in such circumstances.
  - (v) If the Class E Milestone is not met by the Expiry Date, the Company will, as soon as reasonably practical and in any event no later than 90 days after the Expiry Date, convert the total number of Class E Convertible Performance Shares on issue into one Share.

(i) Takeover provisions

(i) If the conversion of Performance Shares (or part thereof) under clauses 3(b) to 3(h) would result in any person being in contravention of section 606(1) of the Corporations Act, then:

(A) the Company must convert so many Performance Shares to Shares as it can provided that the relevant person does not exceed the maximum voting power permitted through use of item 9 of section 611 of the Corporations Act; and

(B) to the extent further Performance Shares would otherwise convert to Shares:

(1) if requested by a Performance Shareholder in writing, within 120 days of receipt of such request prepare and lodge with ASIC for review a notice of meeting in respect a general meeting of shareholders to seek approval of such conversion pursuant to item 7 of section 611 of the Corporations Act;

(2) procure that, in the absence of a superior proposal, the directors of the Company unanimously recommend that shareholders vote in favour of such resolution but only if and to the extent that the directors of the Company have determined, in good faith and acting reasonably, that they can do so without breaching their fiduciary or statutory duties;

(3) immediately on obtaining shareholder approval, procure the conversion of such Performance Shares to Shares; and

(4) if shareholder approval is not obtained, the conversion of each Performance Share that would cause the contravention shall be deferred until such time or times thereafter that the conversion would not result in a contravention of section 606(1).

(ii) The Performance Shareholders must give notice to the Company in writing if they consider that the conversion of Performance Shares (or part thereof) under clauses 3(b) to 3(h) may result in the contravention of section 606(1), failing which the Company shall assume that the conversion of Performance Shares (or part thereof) under clauses 3(b) to 3(h) will not result in any person being in contravention of section 606(1).

(j) After conversion

The Share resulting from conversion of any Performance Share will as and from 5.00pm (Perth time) on the date of conversion rank equally with and confer rights identical with all other Shares then on issue and application will be made by the Company to ASX for official quotation of the Shares upon the date of conversion. Subject to the terms of the Share Sale Agreement, the Share resulting from conversion of a Performance Share must be free from all encumbrances, securities and third party interests. The Company must ensure that the Share

resulting from conversion of a Performance Share is freely tradeable, without being subject to on-sale restrictions under section 707 of the Corporations Act, on and from their date of issue.

**4. Conversion of Performance Shares for no consideration**

The Performance Shares will convert into Shares for no consideration and the Company must immediately record the conversion in the manner required by the Corporations Act.

**5. Reorganisation**

If there is any reorganisation of the issued share capital of the Company, the rights of the Performance Shareholders will be varied to the extent necessary to comply with the ASX Listing Rules which apply to the reorganisation at the time of the reorganisation.

**6. Winding up**

If the Company is wound up prior to conversion of all of the Performance Shares into Shares then the Performance Shareholders will have:

- (a) no right to be paid cash for the Performance Shares; and
- (b) no right to participate in surplus assets or profits of the Company on winding up.

**7. Non-transferable**

The Performance Shares are not transferrable.

**8. Copies of notices and reports**

The Performance Shareholders have the same rights as Shareholders to receive notices, reports and audited accounts and to attend general meetings of the Company but are only entitled to vote in the circumstances referred to in clause 9.

**9. Voting rights**

The Performance Shareholders shall have no right to vote, subject to the Corporations Act.

**10. Participation in new issues**

There are no participation rights or entitlements inherent in the Performance Shares and Performance Shareholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Shares.

**11. Quotation**

The Performance Shares are unquoted. No application for quotation of the Performance Shares will be made by the Company.

## **Schedule 2 – Specific risks in relation to the Project**

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The risks that apply to the Company's current projects (in particular in relation to exploration and development activities), and the risks associated with investing in the securities of the Company, will also apply to the acquisition of Ariege. However, the Acquisition may also give rise to a number of additional risks. These risks are described below. Shareholders should note that the risks described in this Schedule are not exhaustive. Some of the risks may be mitigated by the use of appropriate safeguards and systems, whilst others are outside the control of the Company and cannot be mitigated.

Whilst the Company has undertaken a due diligence process (including title and other risks) with respect to the acquisition of Ariege, it should be noted that the usual risks associated with start-up companies undertaking exploration and development activities of projects in France will remain at completion of the Acquisition.

Should any of the risks eventuate, then it may have a material adverse impact on the financial performance of the Project, the Company and the value of the Company's securities.

A reference to the Project includes all stages of the Project, including the exploration, extraction and production of minerals including tungsten and gold.

### **1. Completion**

The acquisition of Ariege is to be effected pursuant to the Share Sale Agreement. If completion under the Share Sale Agreement does not occur, the Acquisition would not proceed.

The Share Sale Agreement is subject to a number conditions precedent (as disclosed in Section 3.6). There is a risk that the Acquisition may not be completed, or the terms of the Acquisition may be changed. If the Acquisition does not complete, any monies loaned or advanced to Ariege by the Company may not be refunded.

### **2. Project-specific risks**

A number of risks specific to Ariege and/or the Project and its activities have been identified, including, but not limited to:

#### **(a) Salau mine**

The Salau mine operated from April 1971 to November 1986. Since that time, the original mine portal has been barricaded up and as a result the Company has not been able to enter the mine to assess the condition of the existing mine development and underground infrastructure or conduct any due diligence activities. The Company's due diligence activities have been limited to analysis of mine production records, geological modelling and mapping, technical papers and analysis. As a result, the Company has only been able to conduct limited technical due diligence. The Company plans to implement an exploration program (as discussed in Section 3.5) however there can be no assurances that the Company will be able to utilise existing mine development and infrastructure or will identify resources or established economic qualities of reserves at the Project.

#### **(b) Transfer of title**

The Company will have contractual rights in respect of the Project Licence until such time as regulatory approval is granted for the transfer of Couflens PER into MdS. Whilst the Company expects approval to be granted in due course, it may need to negotiate a

satisfactory resolution if the transfer were not approved and appeals and other remedies are exhausted.

(c) Tungsten

The Company is currently an explorer for nickel, copper, gold and iron ore. The Company will now be exposed to the effects of movements in the price of tungsten.

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include worldwide and regional supply and demand for commodities, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on the Company's exploration, development and production plans and activities for the Project, together with the ability to fund those plans and activities.

Tungsten metal production is very small relative to base metals, with global tungsten mine production being estimated at approximately 80,000 tonnes of primary tungsten metal (**W**), equivalent to approximately 100,000 tonnes of tungsten trioxide (**WO<sub>3</sub>**). China currently accounts for over 80% of global tungsten mine production, with western world supply being limited. Chinese domestic demand has increased rapidly in the past number of years, and China has moved from a net exporter to net importer of tungsten concentrates.

Given tungsten's essential applications in industry, aerospace and military, it is considered is a strategic commodity.

Despite the strategic importance of tungsten, prices for tungsten concentrate are currently at or around 10 year lows. Whilst prices are forecast to increase steadily over the coming years, there is no guarantee that this will occur.

Future production, if any, from the Project may be dependent upon the price of tungsten concentrate being adequate to make the Project economic. Future price declines in the market value of tungsten could cause continued development of, and eventually commercial production from, the Project to be rendered uneconomic. Depending on the price of tungsten, the Company could be forced to discontinue production or development and may lose its interest in, or may be forced to sell, the Project. There is no assurance that, even if commercial quantities of tungsten are produced, a profitable market will exist for them.

In addition to adversely affecting future reserve estimates, if any, of the Project, declining commodity prices can impact operations by requiring a reassessment of the feasibility of the Project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to the Project. Even if the Project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

**3. Country, regional and local risks**

The Project is located in the Region of Midi-Pyrenees, France and as such, the operations of the Company will be exposed to related risks and uncertainties associated with the country, regional and local jurisdictions.

(a) Licences

The Company's exploration and any future mining activities are dependent upon the grant, maintenance and/or renewal from time to time of the appropriate title interests, licences, concessions, leases, claims, permits and regulatory consents which may be withdrawn or made subject to new limitations. Transferring title interests, maintaining title interests or

obtaining renewals of or getting the grant of title interests often depends on the Company being successful in obtaining and maintaining required statutory approvals for its proposed activities (including a concession for mining operations) and that the title interests, licences, concessions leases, claims, permits or regulatory consents it holds will be maintained and when required renewed. There is no assurance that such title interests, licences, concessions, leases, claims, permits or regulatory consents will be granted, or even if granted, not be revoked, significantly altered or granted on terms or with conditions not acceptable to the Company, or not renewed to the detriment of the Company or that the renewals thereof will be successful.

Exploration permits may not be renewed if minimum expenditure commitments are not met.

(b) Relinquishment

Exploration permits are granted for a period of five years, renewable for two further periods of five years. The Company may be required to reduce the area of the exploration permit upon renewal. Any relinquishment may have a material impact on the Project or its viability.

(c) Work authorisations

Exploration permits are granted subject to local authority authorisation and further conditions may be imposed. Work programs must be declared to the local authority, and depending on the scope of the work program, authorisation may be required in advance of undertaking exploration programs. Further conditions may be imposed upon future exploration programs, and these may be unacceptable to the Company. Delays in the granting of authorisation (if required) may result in uncertainty and affect the ability of the Company to undertake exploration programs in a timely manner.

The Company will be required to undertake a number of risk assessments as part of its initial work program, as agreed with the local authority.

(d) Access to the land

The exploration permits, mining concessions and the prefectural permits to operate on land are granted without the consent of the landowner. A landowner may therefore try to prevent the Company from accessing the land despite being aware of the Company's rights to access and operate on that land under the licence or permit. This can result in litigation and consequently result in substantial cost and extended delays, which can adversely affect the Company's operations and financial position.

(e) Community engagement

As part of the regulatory framework in France for exploration and mining activities, the Company will be required to engage with the local community. Opposition to the Project, or changes in local community support for the Project, along with any changes in mining or investment policies or in political attitude in France and, in particular to the mining, processing or use of tungsten, may adversely affect the operations, delay or impact the approval process or conditions imposed, increase exploration and development costs, or reduce profitability of the Company.

The regulatory framework in France allows for objections to be raised at various stages of approval and development timeline. These objections must be appropriately responded to and ultimately resolved or dismissed in order for the Company to proceed with exploration and development activities at the Project.

Should the Company apply for a mining concession in the future, a period of public consultation will be required. If there is community dissent, this could delay or stop the granting of a mining concession, or if granted, could result in the imposition of conditions unacceptable to the Company.

(f) Legal proceedings

The exploration permit and future mining concessions may be subject to litigation from local individuals and organisations requesting to the administrative courts for cancellation of exploration permits or mining concessions granted. This can result consequently in substantial costs and extended delays which can adversely affect the Company's operations and financial position.

(g) Financial and technical capabilities

Exploration permit holders are required to maintain financial and technical capabilities demonstrated in the application for the permit. Any significant changes to the financial and technical capabilities of the exploration permit holder are required to be notified to the Minister in charge of mining, which may result in the revocation of, or failure to renew, an exploration permit.

(h) Liability

The holder of a mining concession is liable for any damage that is a direct consequence of mining works, irrespective of whether the mining operation was conducted in a competent manner and regardless of any fault, as long as it is proven the damage is a direct consequence of the mining works. There is a presumption of liability against the operator or explorer. This liability is not limited by the physical boundaries of the permit, or its duration. Liability can include environmental damage, (including to water quality) or serious harm to human health. Draft legislation proposed in 2012 extended the scope of this liability to include indirect as well as direct damage. This legislation has not, and may not ever, come into force but has not been formally abandoned. There is an exception to liability available where the damage can be shown to have a 'foreign cause', however the scope of the liability is extremely broad and enduring. This will be a significant ongoing risk for the Company, even after mining operations in the area (if any) have ceased.

(i) Proposed new laws

The current Mining Code is in the process of being redrafted. The new laws may be more environmentally protective and pose higher barriers to mining concessions and exploration permits. It proposes numerous significant changes, including to the administration of work authorisations, to the role of public participation, to the bodies supervising and implementation mining regulation (a High Council for Mines and judicial clearance of the authorisations granted under the Mining Code), and in relation to environmental protection and liability. The scope and effect of this new regime may have a significant impact on the operations of the Company in France.

(j) Foreign Exchange Risks

The Project's operating and capital expenditures are likely to be incurred in currencies other than Australian dollars (likely to be Euros) and any future revenues from the sale of tungsten and/or gold are also likely to be in currencies other than Australian dollars (likely to be United States Dollars and/or Euros). Any fluctuations in the exchange rates between these currencies and the Australian dollar could have a material adverse effect on the Company's business, financial position and operating results.



Shareholders should note that some of the additional risks may be mitigated by the use of appropriate safeguards and systems, whilst others are outside the control of the Company and cannot be mitigated. Should any of the risks eventuate, then it may have a material adverse impact on the financial performance of the Project, the Company and the value of the Company's securities.

## Schedule 3 – Terms and Conditions of Incentive Options

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### 1. Entitlement

Each Incentive Option entitles the holder to subscribe for one Share in Apollo Minerals Limited ('Apollo' or 'the Company') upon exercise of each Incentive Option.

### 2. Exercise Price and Expiry Date

The Exercise Price and Expiry Date of each Incentive Option is referred to in the below table.

Class	Exercise Price	Expiry Date
\$0.20 Incentive Options	\$0.20	30 June 2020
\$0.25 Incentive Options	\$0.25	30 June 2021

### 3. Exercise period

Each Incentive Option is exercisable at any time after issue and before the Expiry Date.

### 4. Notice of exercise

- (a) The Incentive Options may be exercised by notice in writing to the Company and payment of the Exercise Price for each Incentive Option being exercised.
- (b) Any notice of exercise of an Incentive Option received by the Company (**Notice of Exercise**) will be deemed to be a notice of the exercise of that Incentive Option as at the date of receipt.
- (c) The Incentive Options must be exercised in minimum parcels of 50,000 Incentive Options, but the Board may, in its absolute discretion, accept a Notice of Exercise that does not comply with this item 4(c).

### 5. Shares issued on exercise

Shares issued on exercise of Incentive Options rank equally with the then Shares of the Company.

### 6. Quotation of Shares on exercise

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of Incentive Options.

### 7. Timing of issue of Shares and quotation of Shares on exercise

Within 20 business days after the later of the following:

- (a) receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised; and
- (b) the earlier to occur of:
  - (i) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information. If there is no such information the relevant date will be the date of receipt of a Notice of Exercise as set out in item 7a) above; or

- (ii) the holder elects that the Shares to be issued pursuant to the exercise of the Options will be subject to a holding lock for a period of 12 months in accordance with item 8 below,

the Company will:

- (c) allot and issue the Shares pursuant to the exercise of the Options;
- (d) in the circumstances where item 7(b)(i) applies, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act or lodge a prospectus with ASIC that qualifies the Shares issued upon exercise of the Options for resale under section 708A(11) of the Corporations Act;
- (e) in the circumstances where item 7(b)(ii) applies, apply a holding lock in accordance with item 8 in respect of the Shares issued upon exercise of the Options; and
- (f) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

## **8. Holding lock**

- (a) The holder may make an election as set out in item 7(b)(ii) at any time following delivery of a Notice of Exercise and payment of the Exercise Price for each Option being exercised.
- (b) If the holder makes an election pursuant to item 7(b)(ii), then:
  - (i) the Company will apply a holding lock on the Shares to be issued;
  - (ii) the Company shall release the holding lock on the Shares on the earlier to occur of:
    - (A) the date that is 12 months from the date of issue of the Shares; or
    - (B) the date the Company issues a disclosure document that qualifies the Shares for trading in accordance with section 708A(11) of the Corporations Act; or
    - (C) the date a transfer of the Shares occurs pursuant to item 8(b)(iii); and
  - (iii) the Shares shall be transferable by the holder and the holding lock will be lifted provided that:
    - (A) the offer of the Shares for sale does not require disclosure under section 707(3) of the Corporations Act;
    - (B) the transferee warrants for the benefit of the holder and the Company that they are an exempt investor pursuant to one of the exemptions in section 708 of the Corporations Act; and
    - (C) the transferee of the Shares agrees to the holding lock applying to the Shares following their transfer for the balance of the period in item 8(b)(ii).

## **9. Participation in new issues**

There are no participation rights or entitlements inherent in Incentive Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of Incentive Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the holders of Incentive Options the opportunity to exercise their Incentive Options prior to the date for determining entitlements to participate in any such issue.

## **10. Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Incentive Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Incentive Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

## **11. Adjustment for rights issue**

If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment of the Exercise Price of an Incentive Option.

## **12. Adjustments for reorganisation**

If there is any reconstruction of the issued share capital of the Company, the rights of Incentive Optionholders may be varied to comply the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction.

## **13. Quotation of Incentive Options**

No application for quotation of Incentive Options will be made by the Company.

## **14. Incentive Options transferable**

Incentive Options are transferable provided that the transfer of Incentive Options complies with section 707(3) of the Corporations Act.

## **15. Lodgement instructions**

Cheques shall be in Australian currency made payable to the Company and crossed 'Not Negotiable'. The application for Shares on exercise of the Incentive Options with the appropriate remittance should be lodged at the Company's Registry.

# APOLLO MINERALS LIMITED

ACN 1 2 5 2 2 2 9 2 4

## PROXY FORM

The Company Secretary  
Apollo Minerals Limited

**By delivery:**  
Level 9, 28 The Esplanade  
PERTH WA 6000

**By post:**  
PO Box Z5083  
PERTH WA 6831

**By facsimile:**  
+61 8 9322 6558

I/We <sup>1</sup> \_\_\_\_\_

of \_\_\_\_\_

being a Shareholder/Shareholders of the Company hereby appoint <sup>2</sup> \_\_\_\_\_

or failing such appointment the chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Meeting of the Company to be held at the Plaza Level, BGC Centre, 28 The Esplanade, Perth on Wednesday 21 June 2017 at 10.00am (WST) and at any adjournment thereof in the manner indicated below or, in the absence of indication, as he thinks fit. If 2 proxies are appointed, the proportion or number of votes that this proxy is authorised to exercise is \* [ ]% of the Shareholder's votes\*/ [ ] of the Shareholder's votes. (An additional Proxy Form will be supplied by the Company, on request).

### Instructions as to Voting on Resolutions

The chairman of the Meeting intends to vote undirected proxies in favour of all of the Resolutions. If the Chairman is your proxy or is appointed your proxy by default, unless you indicate otherwise by ticking either the 'for', 'against' or 'abstain' box in relation to all Resolutions, you will be expressly authorising the Chairman to vote in accordance with the Chairman's voting intentions on all Resolutions, even if a Resolution is connected directly or indirectly with the remuneration of a member of Key Management Personnel or a Closely Related Party of Key Management Personnel.

The proxy is to vote for or against the Resolutions referred to in the Notice as follows:

		For	Against	Abstain
Resolution 1	Issue of Vendor Shares			
Resolution 2	Approval of Performance Shares (a new class of securities)			
Resolution 3	Issue of Incentive Options to a Director			
Resolution 4	Issue of Incentive Options to Consultants			

### Authorised signature/s

This section **must** be signed in accordance with the instructions overleaf to enable your voting instructions to be implemented.

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Contact Daytime Telephone

\_\_\_\_\_  
Date

<sup>1</sup>Insert name and address of Shareholder

<sup>2</sup> Insert name and address of proxy

\*Omit if not applicable

## Proxy Notes:

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate 'Certificate of Appointment of Representative' should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the Perth office of the Company (Level 9, 28 The Esplanade, Perth, WA, 6000, or by post to PO Box Z5083, Perth, WA, 6831 or Facsimile (08) 9322 6558 if faxed from within Australia or +618 9322 6558 if faxed from outside Australia) not less than 48 hours prior to the time of commencement of the Meeting (WST).