

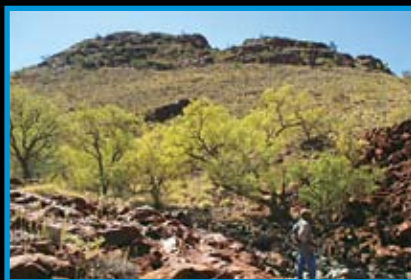


Apollo Minerals Limited

# Annual Report

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2008





# Contents

Chairman's Statement	2
Review of Operations	3
Directors' Report	8
Corporate Governance	17
Financial Statements and Notes to the Financial Statments	22
Directors' Declaration	41
Auditors' Report	42
Auditors' Independance Declaration	44
Additional Information	45

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# Letter from the Chairman

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## Dear Shareholder,

On behalf of the directors of Apollo Minerals Limited (“Apollo” or “Company”) it gives me great pleasure to provide an update of your Company's activities after it successfully completed its initial public offering (IPO) and then listed on the Australian Securities Exchange in October 2007.

On listing, the Company completed its acquisition of the Commonwealth Hill Project located in the Gawler Craton in South Australia. The project comprises six 100%-owned tenements in an area highly prospective for IOCGU (iron oxide-copper-gold-uranium) deposits and covers an area of 1,829km. Activities on the Commonwealth Hill Project are more fully described in the Review of Operations below.

Soon after listing, Apollo identified an iron ore opportunity in the Pilbara region of Western Australia and it acquired an 80% interest in two tenements comprising its Mount Oscar Iron Ore Project. Subsequently the Company has now agreed terms to acquire the remaining 20% interest thus giving it 100% ownership of its Mount Oscar Project. The Mount Oscar Iron Ore Project approximately 25 kilometres south of the Cape Lambert magnetite project which was sold earlier this year for \$400m to a Chinese and Russian group. Activities on the Mount Oscar Project are more fully described in the Review of Operations below.

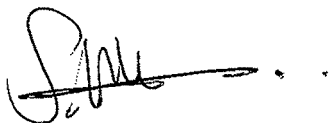
Since listing the Company has also attracted a strategic investment from Hugo Natural Enterprises, who now holds a 10% interest in Apollo and who have appointed a representative to the Board.

The Company continues to monitor further opportunities to invest directly and indirectly in mineral resource projects which have the potential to increase shareholder value. Apollo will continue to seek, identify and invest in iron ore and other projects in Australia and overseas through acquisition or joint venture.

In a year of turmoil in the markets, the Company is focused on a responsible exploration program of its Mt Oscar Project and Commonwealth Hill Project whilst otherwise preserving its cash to ensure it is in a secure position over the coming years. Apollo is appreciative of the continued support of its shareholders and in particular its major shareholders Tiger Resources Pte Ltd and Hugo Natural Enterprises Ltd as it continues to fulfil its mandate of maximising its shareholders wealth.

Yours Sincerely,

**APOLLO MINERALS LIMITED**



Mr Sevag Chalabian  
Chairman

# Review of Operations

Apollo was listed on the Australian Securities Exchange in October 2007 after it successfully raised \$7,000,000 via its initial public offering. Following the successful IPO, Apollo's first significant transaction was the acquisition of an 80% interest in the Mt Oscar Project.

Following this acquisition Hugo Natural Enterprises Limited subscribed for two placements totalling 9.7m shares which raised approximately \$3,000,000 before costs. Hugo currently has a 10% shareholding in Apollo.

The Company is focused on iron ore exploration in Australia with its projects in Western and South Australia. Apollo is actively considering other opportunities offshore.

## Mt Oscar Project (Iron Ore - 80% moving to 100%)

In November 2007, the Company announced the acquisition of an 80% interest in two tenement applications (ELA47/1378-9) located in the Pilbara region of Western Australia. Subsequent to year end the Company announced that it had reached an agreement to acquire the remaining 20% of the Mt Oscar project.

The Mt Oscar magnetite project is located within the Cleaverville formation which hosts a number of significant iron ore projects in the Pilbara region including BHP's Yarrie Project and the Cape Lambert Magnetite Project.

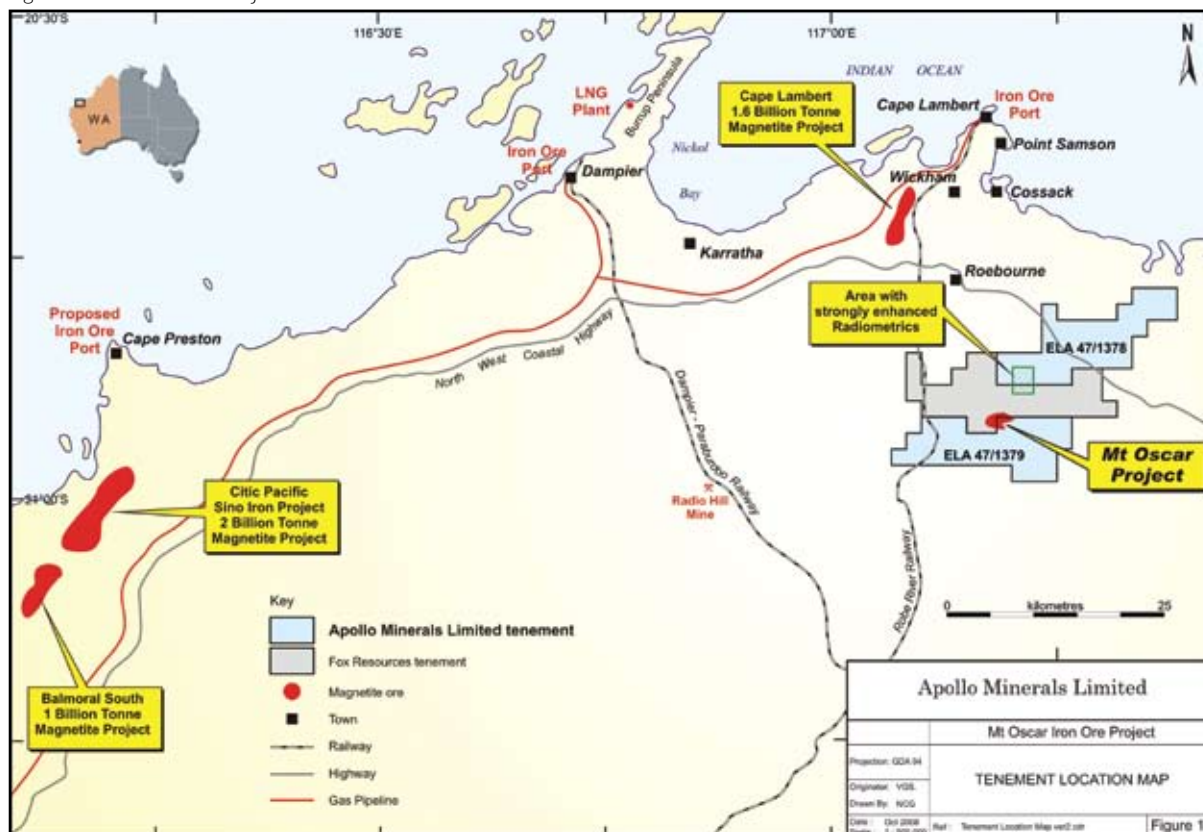
The Mt Oscar formation outcrops as magnetite rich Banded Iron Formation (BIF) which forms significant ridges within the project area. The Mount Oscar Project lies 30 km south of the port of Cape Lambert and is located close to existing road and rail infrastructure and towns such as the major regional centre of Karratha (refer to figure 1)

The region around Apollo's Mt Oscar Magnetite Project is home to several large magnetite deposits including Cape Lambert Limited namesake magnetite deposit ( See figure 1) which is reported to have a resource of approximately 1.6 billion tonnes and has been sold for \$400 million to China Metallurgical Group Corporation and another project the Citic Pacific owned Sino Iron Ore Project which is reported to contain a resource of approximately 2 billion tonnes of iron ore.



Banded Magnetite Ore

Figure 1 - Mount Oscar Project Location





# Review of Operations

## Exploration Progress

Pending the grant of the two exploration licences, exploration during the year was mainly restricted to geophysical work and preliminary reconnaissance sampling and mapping. This work produced very encouraging results and has allowed the Company to establish initial stage drilling targets.

A low level air magnetic survey was flown by fixed wing aircraft at 50m line spacing over the Mt Oscar area and 100m line spacing over additional areas. The survey confirmed the presence of a substantial portion of the highly magnetic Mt Oscar Project area to be present on Apollo's tenement ELA 47/1379.

As the area generally returns good magnetic results, the image in Figure 2 has been filtered to show the main magnetic highs in the Mt Oscar Area (the red/pink areas). This allows the more prominent magnetic anomalies to be identified.

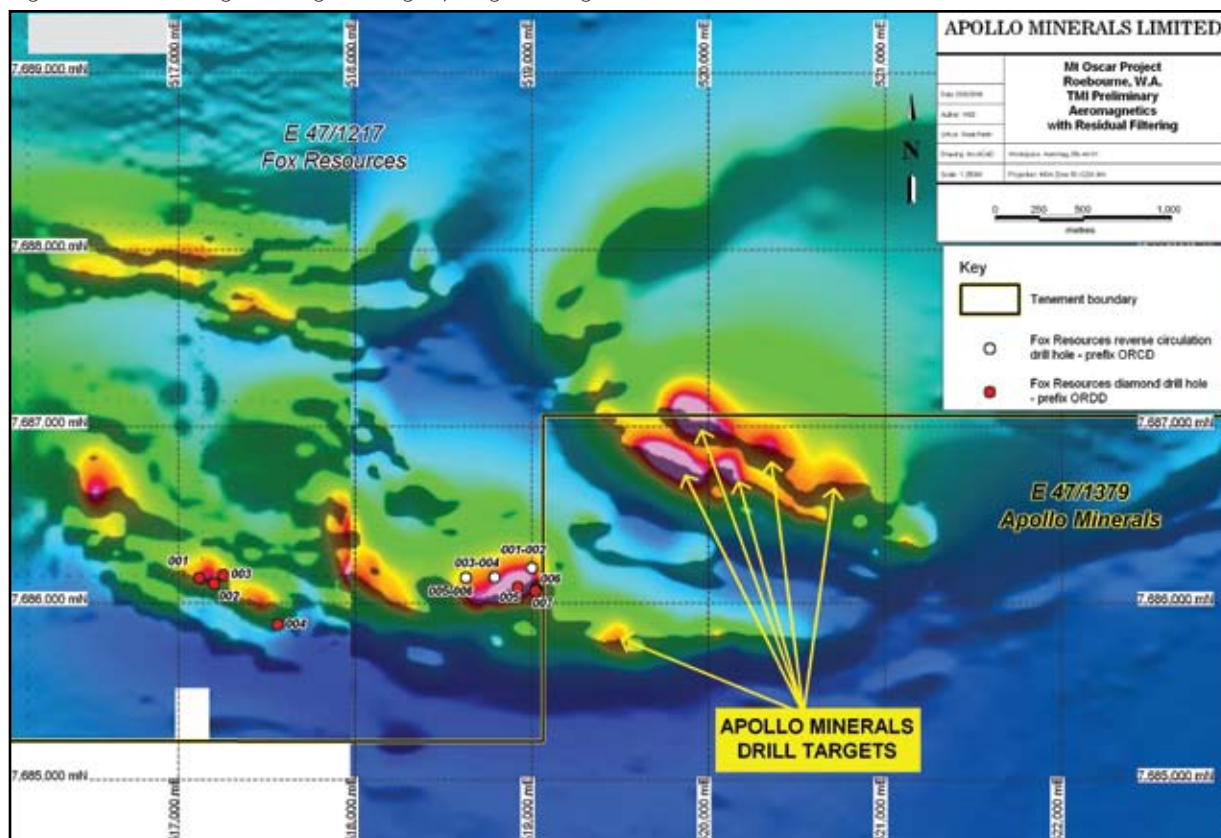
Further mapping revealed that over six kilometres of magnetite-rich horizons (Area A-E in Figure 3) are outcropping on ELA 47/1379 (Southern tenement). This amounts to approximately 35 to 40% of all outcropping magnetite-rich horizons present at Mt Oscar.

The Apollo project lies adjacent to a similarly named project (E47/1217) held by Fox Resources Limited (Fox) which is part of the same geological formation. Fox has also announced significant iron anomalies and its early drilling results are encouraging. As can be seen from the image, a number of the Fox drill holes are planned to test a target (Fox Anomaly 1) which is the large magnetic high located close the tenement boundary with Apollo's E47/1379.

Potential drill targets, which are focused on the key magnetic anomalies, are shown in figure 2. The Company is currently awaiting grant of the tenements which is currently expected in December 2008. During the intervening period the Company will focus on completing heritage clearance with the traditional owners and securing other regulatory approvals so that following grant, the first phase drill programme can commence.

In addition to the air magnetics the Company also conducted a low-level stereo photography and digital topographic programme at 1:20,000 and 1:10,000 scale. The resultant high-resolution ortho photos will be used for detailed geological mapping and will facilitate location of drill sites and, if appropriate, the calculation of resource volumes.

Figure 2- Mt Oscar Magnetic Image Showing Key Magnetite Targets



# Review of Operations

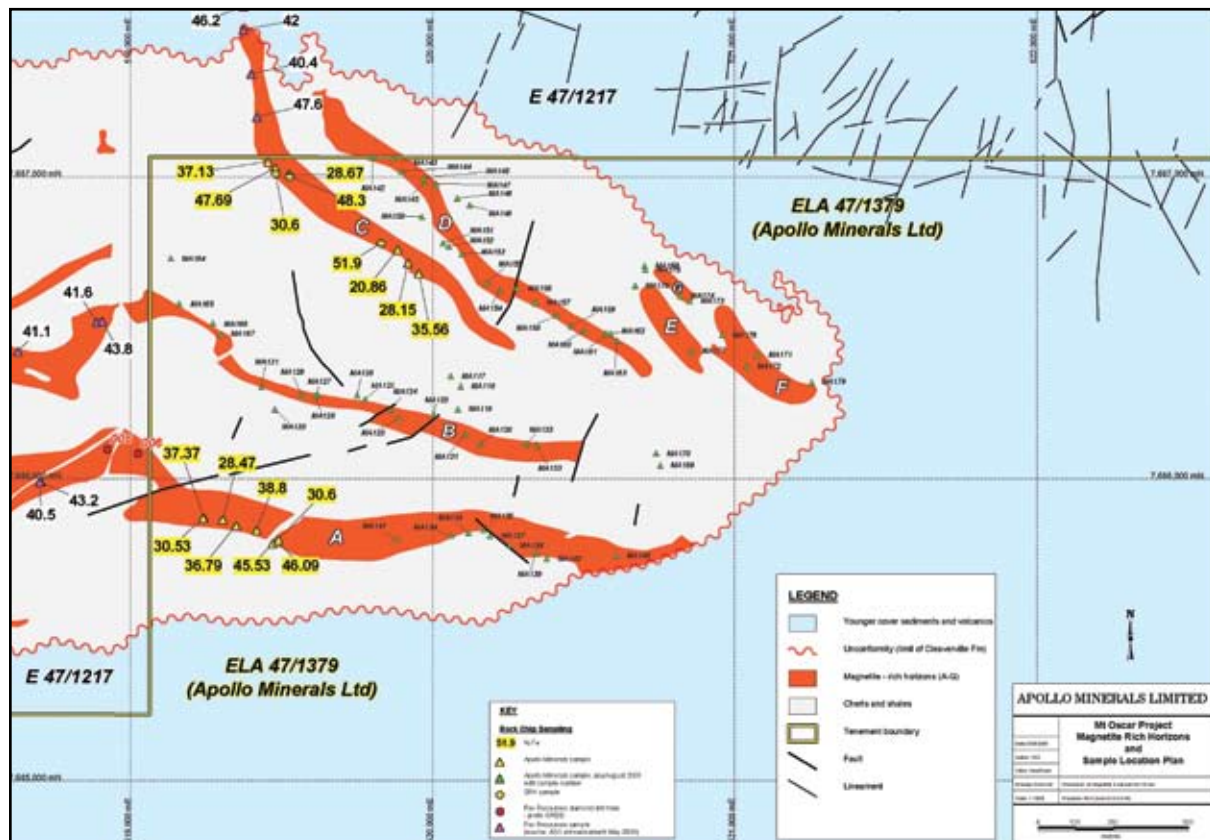


Figure 3 – Rock Chip Sample Locations – Mt Oscar Project

A reconnaissance rock chip sampling program comprising 19 grab samples taken from the major iron-rich horizons returned assays of up to 51.9% Fe. The results of which are depicted (yellow highlight numbers) in Figure 3. Further sampling has been undertaken on and around the outcrop areas (as marked) and the results are pending due to laboratory lead times.

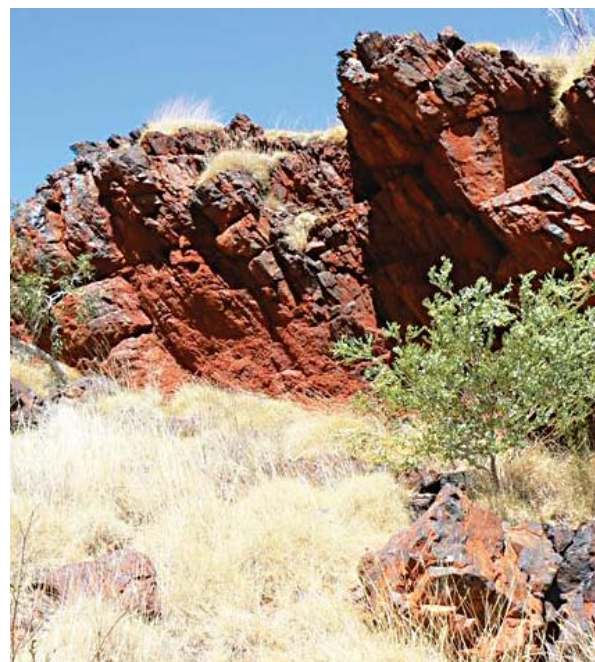
## Uranium Potential at Mt Oscar

The recently completed airborne survey over the Mt Oscar area also outlined an area with strongly enhanced radiometrics which include uranium, thorium and potassium (See Fig 1 for location).

Uranium enrichment in the Mt Oscar area has been known since the early 1970's however, the exact location of the most promising occurrence, the Minatome Anomaly, was uncertain. Limited work on the anomaly in 1971 by Minatome Australia Pty Ltd and follow-up work in 1974 done by Uranertz Australia Pty Ltd returned assays of up to 1600ppm (0.16%) uranium.

It has now been established that this anomaly lies within the area of enhanced radiometrics outlined by the Apollo survey.

The results of the radiometric survey are presently being interpreted, assessed and prioritised. Apollo will commence follow-up work immediately after the granting of the tenements later this year.



Outcropping Magnetite Rich Banded Iron Ore Formations at Mt Oscar

# Review of Operations

In September 2008 the Company announced that it had signed a Native Title and Aboriginal Heritage Agreement with the Ngarluma People, the traditional owners of the country in which Apollo's Mt Oscar exploration licence applications are situated. Signing of this agreement is pivotal to the grant of the two Mt Oscar exploration licence applications. Apollo would like to acknowledge the efficient and professional approach of Ngarluma Aboriginal Corporation in relation to these negotiations which enabled an agreement to be completed that protects the interests of both parties.

## Commonwealth Hill (Iron Ore / Uranium / Gold) -100%

The Company wholly owns the exploration rights to six tenements ("Commonwealth Hill") in the Gawler Craton region of South Australia, covering an area of almost 1,829 km<sup>2</sup> and are considered to be highly prospective for a number of commodities including iron ore, gold and uranium. (See figure 4).

The Commonwealth Hill project area contains a number of iron ore targets including Sequoia, Sequoia East, Ibis and Aurora Tank and was explored in the 1990's by the a joint venture between Primary Industries and Resources SA (PIRSA) and the private sector mining industry (SASE Project).

Previous drilling at Sequoia identified an area of iron ore mineralisation. The best intercept obtained from the limited drilling was 28 meters @ 53% Fe. Metallurgical testing of the samples demonstrated that the magnetite BIF is readily beneficiated to a high grade product containing some 70.3% Fe.

Drilling at Sequoia was limited in scope. The BIF horizons are therefore open at depth and to some extent along the strike, with infill percussion drilling required to better define the continuity.

The Ibis prospect which lies 35km to the west of the Sequoia prospect is a large magnetic anomaly which was identified by ground magnetometer traverse. Float mapping confirmed the presence of near-surface magnetite-rich meta-sediments similar to those observed at Sequoia. Interpretation of the ground magnetics shows a large magnetic anomaly comprising a number of parallel bands of magnetic material ranging from 20m to 50m.

The Commonwealth Hill tenements are also considered highly prospective for a number of other mineral elements including gold, uranium, nickel and the platinum group of elements.

The Archaean basement rocks have known potential for gold mineralisation. Dominion Mining's Challenger Gold Mine, which lies about 30 kilometres west was discovered in 1995 by calcrete geochemical survey methods. Subsequent exploration of the Commonwealth Hill tenements has identified a number of gold prospects including the prospects at Birthday, Mars and Comet.

During the year the Company reviewed and compiled the available data on the high priority targets such as Sequoia, Sequoia East and Ibis. Several approaches from interested third parties to jointly explore the project have been received and these are presently under consideration.

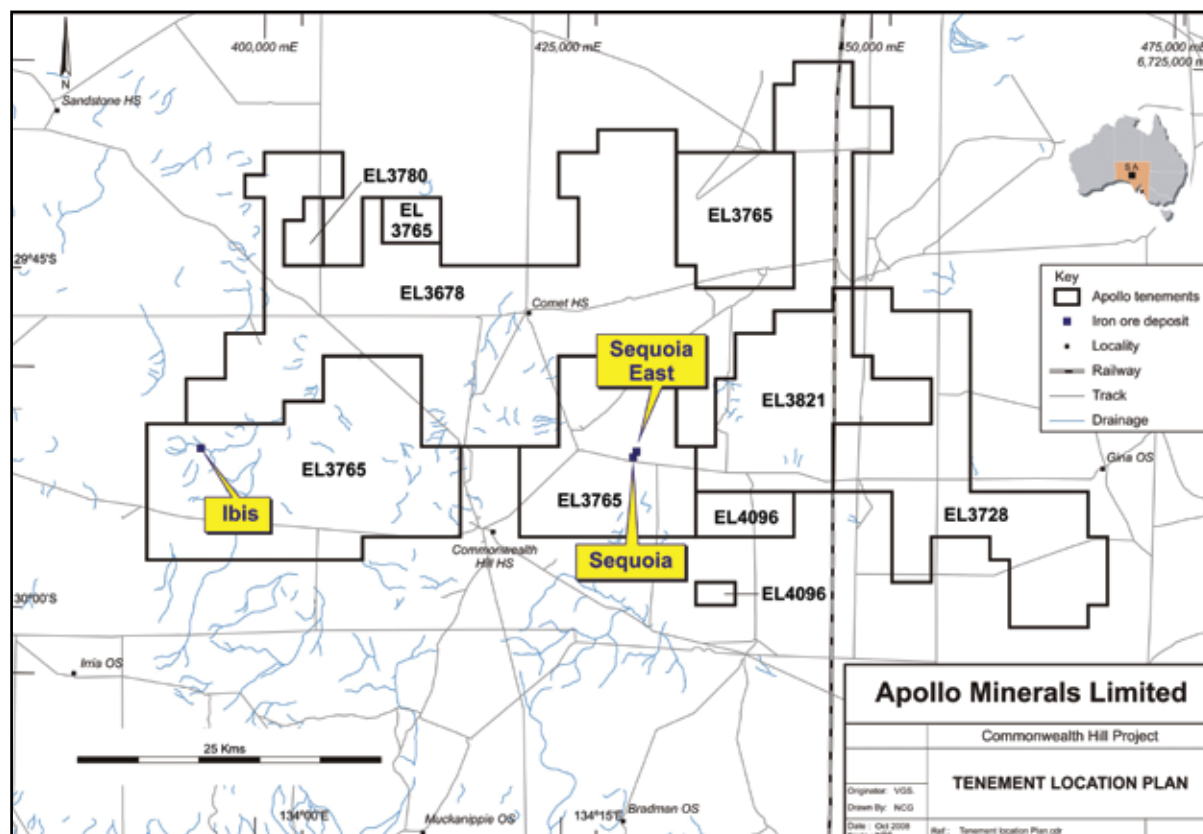


Figure 4 - Commonwealth Hill Project Area Overlay On Simplified Regional Geology

# Consolidated Financial Report

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# Directors' Report

Your directors present their report on Apollo Minerals Limited (Apollo or the Company) for the period 3 May 2007 (date of incorporation) to 30 June 2008. This is the first set of the Company's annual report and thus there are no comparative figures shown.

## DIRECTORS

The names of directors in office at any time during or since the end of the period are:

Sevag Chalabian (appointed 22 June 2007)  
 Barry Woodhouse (appointed 22 June 2007)  
 Nicholas Bancroft-Cooke (appointed 12 December 2007)  
 Wang Janguang (appointed 7 March 2008)  
 Michael Drew (appointed 30 June 2008)  
 Michael Lambert (appointed 7 March 2008 and resigned 19 June 2008)  
 H Gavin Solomon (appointed 22 June 2007 and resigned 12 December 2007)

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

## Results of Operations

As a result of the Company's activities in 2008, at 30 June 2008, the Company has cash reserves of approximately \$7.5 million, total consolidated assets of approximately \$9.1 million and net assets of approximately \$6.6 million which will enable it to continue its current exploration and consider a number of investment opportunities in Australia and overseas in future financial years.

The result of these operations was a loss to the consolidated entity of approximately \$3.1 million.

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The following summary of events marks significant milestones in the state of affairs of the Company during the financial period:

In November 2007, the Company announced the acquisition of the Mt Oscar Iron Ore Project. The Company exercised its option to acquire an 80% interest in two tenement applications and entered into a Joint Venture Agreement on 21 December 2007.

In December 2007, a non-binding Memorandum of Understanding (MoU) was signed whereby Hugo Natural Enterprises Limited would invest \$1 million in the Company with an option to invest a further \$2.3 million, both at 34 cents per share.

In January 2008, the Company completed a \$1 million placement of 2.94 million shares at 34 cents per share to Hugo Natural Enterprises Limited as part of the non-binding MoU signed in December 2007.

In February 2008, the Company completed a \$2 million placement of 6.67 million shares at 30 cents per share to Hugo Natural Enterprises Limited, increasing its stake in the Company to 11.7%.

## Shares issued by the Company from incorporation on 3 May 2007 until 30 June 2008

	Shares	\$
Incorporation 3 May 2007	1	1
Promoter Shares 1 August 2007	900,000	900
Vendor Consideration Commonwealth Hill 1 August 2007	30,000,000	375,000
Seed Investors 8 August 2007	2,000,000	126,000
Seed Investors 23 October 2007	5,619,047	354,000
Artemis Resources Limited 23 October 2007	5,000,000	5,000
IPO 23 October 2007	28,028,400	7,007,100
Vendor Consideration – Mt Oscar 23 December 2007	1,000,000	250,000
Placement of Shares 26 January 2008	2,941,177	1,000,000
Placement of Shares 21 February 2008	6,666,667	2,000,000
<b>TOTAL</b>	<b>82,155,292</b>	<b>11,118,001</b>

# Directors' Report

## PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial period was mineral exploration. There have been no significant changes in the nature of the Company's principal activities during the financial period.

## SIGNIFICANT AFTER BALANCE SHEET DATE EVENTS

1. On 3 July 2008, shareholders approved a number of resolutions including:
  - Issue of 1m shares to Voermans Geological Services;
  - Issue 10m shares and 12m Annexure A options to Consultants;
  - Issue 5m Annexure D Options to Sevag Chalabian or his nominee;
  - Issue 5m Annexure D Options to Barry Woodhouse or his nominee;
  - Issue 1m shares and 500,000 Annexure B Options to Nicholas Bancroft-Cooke or his nominee;
  - Issue 250,000 Annexure C Options to Sevag Chalabian or his nominee;
  - Issue 250,000 Annexure C Options to Barry Woodhouse or his nominee;
  - Approval of Employee Option Plan;
  - Increase in Maximum Directors' Fees to \$400,000;
  - Approval of Entry into Corporate Advisory Agreement with Panthera Pardus Limited (Corporate Advisor);
  - Issue of 20m Shares, 30m Annexure F Option and 10m Annexure G Options to the Corporate Advisor subject to certain performance hurdles which have subsequently not been met.
2. As outlined in the IPO Prospectus, the Company announced details of its First Loyalty Option (FLO) and Second Loyalty Option. The terms of the FLO included the issue of one option for every two shares held at a price of half a cent per FLO and an exercise price of 25 cents per FLO. In September 2008, the Company issued a total of 47,077,646 Loyalty Options to raise \$235,388 (less costs) to complete its commitment outlined in its IPO Prospectus.
3. On 24 September 2008 the Company announced that it had exercised its option to acquire the 20% of the Mt Oscar iron ore project that it did not already own, subject to shareholder and regulatory approvals. The consideration for the acquisition is the issue of 4,000,000 ordinary shares at a deemed issue price of 25 cents and \$1.2m in cash with \$500,000 payable upon the completion of the sale agreement and the balance upon the earlier of the expiration of 18 months from the completion of the sale agreement or the sale of the Mt Oscar project to a third party.

Apart from as described above, there are currently no matters or circumstances that have arisen since the end of the financial period that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

## LIKELY FUTURE DEVELOPMENTS AND EXPECTED RESULTS

Apollo is an iron ore focused exploration company. The Board intends to explore its current tenements in South and Western Australia. The Company continues to look to invest directly and indirectly in mineral resources projects focusing on iron ore base metals, gold and energy-related minerals.

## PERFORMANCE IN RELATION TO ENVIRONMENTAL REGULATION

The consolidated entity will comply with its obligations in relation to environmental regulation on its South and West Australian projects when it undertakes exploration in the future.

## OPERATING RESULTS

The loss of the consolidated entity after providing for income tax amounted to \$3,063,329.

## DIVIDENDS PAID OR RECOMMENDED

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

# Directors' Report

## DIRECTORS

### Mr Sevag Chalabian

**Special Responsibility:** Non-Executive Chairman;  
**Audit Committee**

**Qualifications:** B.Laws; B.Comm.; M.Laws

**Period of Directorship:** 15 months (22 June 2007 to present)

Sevag Chalabian is a commercial lawyer and adviser. Until March 2004, he was a partner with Phillips Fox Lawyers. In 2004 he established, in partnership, a boutique commercial law practice, Lands Legal. His practice concentrates on mining joint ventures, corporate transactions and property and financing projects.

He acts for a number of companies, investors and developers and has been involved in a number of landmark projects. Mr Chalabian is currently Chairman of Artemis Resources Limited (appointed 19 October 2006) and a director of Bisan Limited (appointed 31 August 2007).

### Mr Nicholas Bancroft-Cooke

**Special Responsibility:** Non-Executive Director

**Qualifications:** BA (Hons)

**Period of Directorship:** 9 months (12 December 2007 to present)

Mr. Bancroft Cooke is a consultant to Hong Kong based investment bank Somerley. He has wide ranging business experience in China and has advised Chinese companies making strategic investments abroad. He will therefore provide a valuable insight into the Chinese market.

Prior to joining Somerley he was Senior Vice President and a founding director of internet search engine Espotting, a pioneer in pay-for placement internet searches. As Managing Director of Espotting's subsidiary companies in Spain, France and Germany, Mr Bancroft-Cooke was instrumental in rolling out Espotting's highly successful business model across Europe before it was successfully sold to Nasdaq listed company Findwhat Inc (renamed MIVA) for US\$170 million. Mr Bancroft Cooke holds a BA (Hons) in Political Science from University of Bristol, United Kingdom.

### Mr Barry Woodhouse

**Special Responsibility:** Non-Executive Director and  
**Company Secretary; Audit Committee**

**Qualifications:** B.Comm.; B.Laws; CPA; FCIS

**Period of Directorship:** 15 months (22 June 2007 to present)

Mr Woodhouse has significant experience in mineral exploration and information technology industries having held a number of senior positions, including financial controller, company secretary and director, with companies operating in these sectors. He is particularly experienced in the establishment, rejuvenation, listing, management and administration of junior listed companies.

Mr Woodhouse was a director of Hodges Resources Limited from 2 September 2006 and resigned on 30 May 2007. He was a director of KTL Technologies Limited from 22 December 2004 and resigned on 17 December 2007. Mr Woodhouse is a director (appointed 28 June 2006) and company secretary of Artemis Resources Limited and of Apollo Minerals Limited (appointed 22 June 2007). Mr Woodhouse is a Certified Practising Accountant and a fellow of the Chartered Secretaries Australia. He holds a Bachelor of Commerce from the University of Melbourne and a Bachelor of Laws from the University of Notre Dame.

### Mr Wang Jianguang

**Special Responsibility:** Non-Executive Director

**Qualifications:** Bachelor of Economic Law

**Period of Directorship:** 7 months (7 March 2008 to present)

Mr. Wang has eight years of experience in the mining and iron-making industry in China. Benefiting from extensive working and studying experiences in China and abroad, Mr. Wang has gained unique perspective into the economics and politics of both China and Australia, which has become increasingly critical for advising on and facilitating business negotiation and cooperation with international counterparties. In 2007, Mr. Wang, along with other shareholders, set up Hugo Natural Enterprises Ltd.

As a director, he has been in charge of business development in mining industry overseas. Mr. Wang holds a bachelor's degree in Economic Law.

### Mr Michael Drew

**Special Responsibility:** Executive Director and Chief  
**Operating Officer**

**Qualifications:** Bbus, ACIS

**Period of Directorship:** 3 months (1 July 2008 to present)

Michael Drew has spent the last twenty years or so in the mining and resources industry, during which time he has gained considerable experience in mining project development, joint ventures and project financing. Michael has worked for Barrick Gold and Orica Mining Services in a variety of roles based in Australia, Africa and South-East Asia. He was also previously Chief Financial Officer of Precious Metals Australia Limited, (now Windimurra Vanadium Limited) playing an integral part in the development of the original Windimurra vanadium mine in Western Australia and the subsequent feasibility study into its re-development and financing in 2007.

Mr Drew is a director of Contact Uranium Limited from 30 June 2008.

## COMPANY SECRETARY

Mr Woodhouse is the Company Secretary. Specific information in relation to his qualifications and experience is listed above.

# Directors' Report

## REMUNERATION REPORT

### Remuneration Policy

The remuneration policy of *Apollo Minerals Limited* has been designed to align director objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. The Board of *Apollo Minerals Limited* believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the company, as well as create goal congruence between directors and shareholders.

The Board's policy for determining the nature and amount of remuneration for board members is as follows.

The remuneration policy, setting the terms and conditions (where appropriate) for the executive directors and other senior staff members, was developed by the Chairman and Company Secretary and approved by the Board.

In determining competitive remuneration rates, the Board may seek independent advice on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. Independent advice may be obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

The Company is a mineral exploration company, and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, directors and senior executives, such personnel are paid market rates associated with individuals in similar positions within the same industry. Options and performance incentives may be issued particularly if the Company moves from exploration to a producing entity and key performance indicators such as profit and production can be used as measurements for assessing executive performance.

All remuneration paid to directors is valued at the cost to the company and expensed. Where appropriate, shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology.

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Chairman in consultation with independent advisors determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders in a General Meeting, and is currently \$400,000 per annum, as approved by shareholders. Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company.

## COMPANY SHARE PERFORMANCE & SHAREHOLDER WEALTH

During the financial year the Company's share price traded between a low of \$0.22 and a high of \$0.53. In order to keep all investors fully-informed and minimize market fluctuations the Board is determined to maintain promotional activity amongst the investor community so as to increase awareness of the Company.

## DIRECTORS' AND EXECUTIVE OFFICERS' EMOLUMENTS

### (a) Details of Directors and Key Management Personnel Directors

Sevag Chalabian – Non-Executive Chairman  
Nicholas Bancroft-Cooke – Non-Executive Director  
Barry Woodhouse – Non-Executive Director  
Wang Janguang – Non-Executive Director  
Michael Drew – Chief Operating Officer

### (ii) Key Management Personnel

Other than the directors, the Company had no key management personnel for the financial period ended 30 June 2008.

Directors' remuneration and other terms of employment are reviewed annually by the Board having regard to performance against goals set at the start of the year, relative comparative information and independent expert advice.

Except as detailed in Notes (a) – (e) to the Remuneration Report, no director has received or become entitled to receive, during or since the financial period, a benefit because of a contract made by the Company or a related body corporate with a director, a firm of which a director is a member or an entity in which a director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors and shown in Notes (a) – (e) to the Remuneration Report, prepared in accordance with the Corporations regulations, or the fixed salary of a full time employee of the Company.

### (b) Remuneration of Directors and Key Management Personnel

#### Remuneration Policy

The Board of Directors is responsible for determining and reviewing compensation arrangements. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.



# Directors' Report

Remuneration of Directors of the Company and consolidated entity is set out below.

Period ended:	Short-term employee benefits  Base Salary and Fees \$	Equity Compensation  Value of Options \$	Superannuation Contributions \$	TOTAL \$
<b>Sevag Chalabian (i)</b>				
30 June 2008	50,151	77,875	-	128,026
<b>Nicholas Bancroft-Cooke (ii)</b>				
30 June 2008	25,000	-	-	25,000
<b>Barry Woodhouse(iii)</b>				
30 June 2008	101,481	19,469	-	120,950
<b>Wang Jianguang</b>				
30 June 2008	7,640	-	-	7,640
<b>H Gavin Solomon</b>				
30 June 2008	9,481	77,875	-	87,356
<b>Totals</b>				
30 June 2008	193,753	175,219	-	368,972

- (i) In the fourteen months to 30 June 2008, fees of \$50,151 were paid and / or accrued to Lands Legal (a Company in which Mr Chalabian is a Director and Shareholder) in its role as consultant to the Company.
- (ii) In the fourteen months to 30 June 2008, fees of \$25,000 were paid and / or accrued to East Asia Ventures Limited (a Company in which Mr Bancroft-Cooke is a Director) in its role as consultant to the Company.
- (iii) In the fourteen months to 30 June 2008 fees of \$101,481 were paid and / or accrued to Maphra Pty Limited (a company of which Mr Woodhouse is a Director) for company secretarial and consulting services.

All transactions were entered into on normal commercial terms.

## (c) Key Management Personnel

Other than the Directors, the Company had no key management personnel for the financial period ended 30 June 2008.

## (d) Employee Related Share-based compensation

To ensure that the Company has appropriate mechanisms to continue to attract and retain the services of Directors and Employees of a high calibre, the Company has a policy of issuing options that are exercisable in future at a certain fixed price. A total of 2,250,000 shares were granted to directors and employees during the year at an exercise price of \$0.35. These options were granted for nil consideration. The options were granted on 15 August 2007 and vest one year after being issued.

The options can be exercised at any time after being vested and before their expiry date of 30 June 2012 at an exercise price of \$0.35. The fair value of the options using a Black and Scholes pricing model is recognised as an expense over the period from grant date to vesting date. The amount recognised as part of employee expenses during the year ended 30 June 2008 was \$175,219.

# Directors' Report

The terms and conditions of each option affecting reported remuneration in the previous, this or future reporting periods are:

Grant date	Expiry date	Exercise price	Value per option at grant date	First exercise date/vest date	Last exercise date
15/8/2007	30/6/2012	\$0.35	\$0.089	15/8/2008	30/6/2012

Fair values at issue date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the options, the expected price volatility of the underlying share and the risk free rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2008 included:

- (a) exercise price of \$0.35 on or before 30 June 2012
- (b) expected price volatility 90%
- (c) risk-free interest rate 6.25% (short term) and 6.35% (long term).
- (d) dividends – none.

	Options issued for the year ended 30-Jun-08	Options vested during the year ended 30-Jun-08
Key Management Personnel		
Sevag Chalabian	1,000,000	875,000
Gavin Solomon	1,000,000	875,000
Barry Woodhouse	250,000	218,750
<b>TOTAL</b>	<b>2,250,000</b>	<b>1,968,750</b>

	Remuneration consisting of options	Value per option at grant date \$	Exercise price \$	Options vested at 30-Jun-08	Share based payment expense at 30-Jun-08 \$
Key Management Personnel					
Sevag Chalabian	-	0.089	0.35	875,000	77,875
Gavin Solomon	-	0.089	0.35	875,000	77,875
Barry Woodhouse	-	0.089	0.35	218,750	19,469
<b>TOTAL</b>					<b>175,219</b>

# Directors' Report

## (e) Share and Option holdings

All equity dealings with directors have been entered into with terms and conditions no more favourable than those that the entity would have adopted if dealing at arm's length.

### Shares held by Directors

Period from 3 May 2007 to 30 June 2008

	Balance at beginning of period	Received as Remuneration	Options Exercised	Net Change Other	Balance at end of year
Sevag Chalabian	-	-	-	200,000	200,000 <sup>(i)</sup>
Nicholas Bancroft Cooke	-	-	-	1,000,000	1,000,000 <sup>(ii)</sup>
Wang Janguang	-	-	-	9,607,844	9,607,844 <sup>(iii)</sup>
H Gavin Solomon	-	-	-	500,000	500,000
Barry Woodhouse	-	-	-	200,000	200,000 <sup>(iv)</sup>
	-	-	-	11,507,844	11,507,844

- (i) Held indirectly by STC Advisory Pty Limited ATF Chalabian Family Trust of which Mr Sevag Chalabian is a potential beneficiary of the Trust.
- (ii) Held indirectly by East Asia Ventures Limited of which Mr Bancroft-Cooke is a Director and Shareholder.
- (iii) Held indirectly by Mr Wang Janguang as director and shareholder of Hugo Natural Enterprises Limited.
- (iv) Held indirectly by Mr B Woodhouse as trustee for the Woodhouse Trust. Mr Woodhouse is a potential beneficiary of the Woodhouse Trust.

### Options Held By Directors

	Balance at beginning of period	Received as Remuneration	Net Change Other	Balance at end of year
S Chalabian (i)	-	-	1,000,000	1,000,000
H G Solomon	-	-	1,000,000	1,000,000
B Woodhouse(ii)	-	-	250,000	250,000
	-	-	2,250,000	2,250,000

- (i) Held indirectly by Brutus Investments Pty Limited of which Mr Sevag Chalabian is a Director and Shareholder.
- (ii) Held indirectly by Mr B Woodhouse as trustee for the Woodhouse Trust. Mr Woodhouse is a beneficiary of the Woodhouse Trust.

The above options are 35cent options expiring 30 June 2012.

### Options issued as Part of Remuneration for the period ended 30 June 2008

No options have been issued to directors and executives as part of their remuneration for the period ended 30 June 2008. In future, any options so issued are not issued based on performance criteria, but are issued to the directors of *Apollo Minerals Limited* to increase goal congruence between directors and shareholders.

However, options were issued to directors on 3 July 2008 as outlined in "Significant After Balance Sheet Date Events" and also pursuant to the first Loyalty Option Prospectus on 5 September 2008.

# Directors' Report

## MEETINGS OF DIRECTORS

The number of directors' meetings (including committees) held during the financial period each director held office during the financial period and the number of meetings attended by each director are:

Director	Directors Meetings		Audit Committee Meetings	
	Meetings Attended	Number Eligible to Attend	Meetings Attended	Number Eligible to Attend
Sevag Chalabian	24	26	1	1
Barry Woodhouse	24	26	1	1
Nicholas Bancroft-Cooke	5	11	-	-
Wang Jianguang	3	3	-	-
Michael Lambert	1	2	-	-
H Gavin Solomon	12	13	-	-
Michael Drew	-	-	-	-

The Company has established an audit committee comprising Messrs Woodhouse and Chalabian and met once in the financial period 2008.

## OPTIONS

Type	No. Issued	No. Quoted	Exercise Price	Expiry Date
Ordinary Options	2,250,000	-	35 cents	30 June 2012
Ordinary Options	22,000,000	-	25 cents	30 June 2012 *
Ordinary Options	1,000,000	-	40 cents	30 June 2012 *

\*Issued 3 July 2008

There have been no issue of ordinary shares as a result of the exercise of options during or since the end of the financial period. Directors' holdings of shares and share options have been disclosed in the Remuneration Report.

## INDEMNIFYING OFFICERS

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001, every officer or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him or her in his or her capacity as officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

During the financial period, the Company has paid insurance premiums of \$35,368 in respect of directors' and officers' liability. The insurance premiums relate to:

- Costs and expenses incurred by the relevant officers in defending legal proceedings, whether civil or criminal and whatever their outcome;
- Other liabilities that may arise from their position, with the exception of conduct involving wilful breach of duty or improper use of information to gain a personal advantage.

## PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceeding to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

## AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the period ended 30 June 2008 has been received and can be found on page 44 of the financial report.



# Directors' Report

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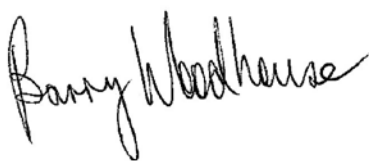
## NON-AUDIT SERVICES

The Board of Directors is satisfied that the provision of non-audit services performed during the period by the entity's auditors is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reason:

The nature of the services provided do not compromise the general principles relating to auditors independence as set out in APES 110 Code of Ethics for Professional Accountants.

An amount of \$13,500 was paid to RSM Bird Cameron for the preparation of the independent accountant's report prepared for the IPO prospectus dated 9 August 2007 and \$2,975 for advice regarding option and performance share valuations.

This report is made in accordance with a resolution of the directors.



Barry Woodhouse  
Director and Company Secretary

Perth, 26 September 2008

# Corporate Governance Statement

## CORPORATE GOVERNANCE

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has turned to the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations. The Company is pleased to advise that the Company's practices have been largely consistent with those ASX guidelines since they were adopted on 8 March 2007 prior to the Company's listing on ASX. As consistency with the guidelines has been a gradual process, where the Company did not have certain policies or committees recommended by the ASX Corporate Governance Council (the Council) in place during the reporting period, we have identified such policies or committees.

Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company is working towards compliance however it does not consider that all the practices are appropriate for the Company due to the size and scale of Company operations.

To illustrate where the Company has addressed each of the Council's recommendations, the following table cross-references each recommendation with sections of this report. The table does not provide the full text of each recommendation but rather the topic covered. Details of all of the recommendations can be found on the ASX Corporate Governance Council's website at <http://www.shareholder.com/visitors/dynamicdoc/document.cfm?documentid=364&companyid=ASX>.

Recommendation	Section
Recommendation 1.1 Functions of the Board and Management	1.1
Recommendation 2.1 Independent Directors	1.2
Recommendation 2.2 Independent Chairman	1.2
Recommendation 2.3 Role of the Chairman and CEO	1.2
Recommendation 2.4 Establishment of Nomination Committee	2.3
Recommendation 2.5 Reporting on Principle 2	1.2, 1.4.6, 2.3.2 and the Directors' Report
Recommendation 3.1 Directors' and Key Executives' Code of Conduct	1.1
Recommendation 3.2 Company Security Trading Policy	1.4.9
Recommendation 3.3 Reporting on Principle 3	1.1 and 1.4.9
Recommendation 4.1 Attestations by CEO and CFO	1.4.11
Recommendation 4.2 Establishment of Audit Committee	2.1
Recommendation 4.3 Structure of Audit Committee	2.1.1
Recommendation 4.4 Audit Committee Charter	2.1
Recommendation 4.5 Reporting on Principle 4	2.1
Recommendation 5.1 Policy for Compliance with Continuous Disclosure	1.4.4
Recommendation 5.2 Reporting on Principle 5	1.4.4
Recommendation 6.1 Communications Strategy	1.4.8
Recommendation 6.2 Attendance of Auditor at General Meetings	1.4.8
Recommendation 7.1 Policies on Risk Oversight and Management	2.1.3
Recommendation 7.2 Attestations by CEO and CFO	1.4.11
Recommendation 7.3 Reporting on Principle 7	2.1.3
Recommendation 8.1 Evaluation of Board, Directors and Key Executives	1.4.10
Recommendation 9.1 Remuneration Policies	2.2.4
Recommendation 9.2 Establishment of Remuneration Committee	2.2
Recommendation 9.3 Executive and Non-Executive Director Remuneration	2.2.4.1 and 2.2.4.2
Recommendation 9.4 Equity-Based Executive Remuneration	2.2.4.1
Recommendation 9.5 Reporting on Principle 9	2.2.2 and 2.2.4
Recommendation 10.1 Company Code of Conduct	3

# Corporate Governance Statement

## I. Board of Directors

### I.1 Role of the Board

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company.

To assist the Board carry out its functions, it has developed a Code of Conduct to guide the Directors, (and where applicable) the key executives, in the performance of their roles.

### I.2 Composition of the Board

To add value to the Company the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given its current size and scale of operations. The names of the Directors and their qualifications and experience are stated in the Directors' Report along with the term of office held by each of the Directors. Directors are appointed based on the specific skills required by the Company and on their decision-making and judgment skills.

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer.

An Independent Director is a Non-Executive Director and:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company; within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
- within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member or an employee materially associated with the service provided;
- is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company or other group member other than as a Director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.
- Mr Chalabian, Mr Woodhouse and Mr Bancroft Cooke are Non-Executive Directors of the Company and meet the Company's criteria for independence. Mr Wang Janguang is a representative of Hugo Natural Resources Ltd, a substantial shareholders and Mr Drew is an Executive and as such are not considered independent.
- As such, the majority of the Board are considered to be independent.

### I.3 Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:

- Leadership of the Organisation: overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board.
- Strategy Formulation: to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.
- Overseeing Planning Activities: the development of the Company's strategic plan.
- Shareholder Liaison: ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.
- Monitoring, Compliance and Risk Management: the development of the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company.
- Company Finances: approving expenses and approving and monitoring acquisitions, divestitures and financial and other reporting.
- Human Resources: appointing, and where appropriate, removing the Key Executives as well as reviewing the performance of the CEO and monitoring the performance of senior management in their implementation of the Company's strategy.
- Ensuring the Health, Safety and Well-Being of Employees: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.

# Corporate Governance Statement

- Delegation of Authority: delegating appropriate powers, where appropriate, to the CEO to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board.
- Full details of the Board's role and responsibilities are contained in the Board Charter, a copy of which is available for inspection at the Company's registered office.

## 1.4 Board Policies

### 1.4.1 Conflicts of Interest

Directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the Corporations Act, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

### 1.4.2 Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

### 1.4.3 Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors and, where appropriate, key executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

### 1.4.4 Continuous Disclosure

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules the Company immediately notifies the ASX of information:

- concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

### 1.4.5 Education and Induction

It is the policy of the Company that new Directors undergo an induction process in which they are given a full briefing on the Company. Information conveyed to new Directors include:

- details of the roles and responsibilities of a Director;
- formal policies on Director appointment as well as conduct and contribution expectations;
- access to a copy of the Board Charter;
- guidelines on how the Board processes function;
- details of past, recent and likely future developments relating to the Board;
- background information on and contact information for key people in the organisation;
- an analysis of the Company;
- a synopsis of the current strategic direction of the Company; and
- a copy of the Constitution of the Company.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

### 1.4.6 Independent Professional Advice

The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities.

### 1.4.7 Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for a related party transaction, the Board cannot approve the transaction.

### 1.4.8 Shareholder Communication

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders and the general meetings of the Company;
- giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
- making it easy for shareholders to participate in general meetings of the Company; and

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company.



# Corporate Governance Statement

## 1.4.9 Trading in Company Shares

Due to the size of the Company, the Share Trading Policy requires all directors to advise the Chairman of an intention to trade the Company's shares, and it reminds directors, officers and where appropriate, employees of the prohibition in the Corporations Act 2001 concerning trading in the Company's securities when in possession of "inside information".

## 1.4.10 Performance Review/Evaluation

It is the policy of the Board to conduct evaluation of its performance. The evaluation process was introduced via the Board Charter adopted on 8 March 2007 and will be implemented for the financial year ended 30 June 2009. The objective of this evaluation will be to provide best practice corporate governance to the Company.

## 1.4.11 Attestations by CEO and CFO

It is the Board's policy, that the CEO and the CFO make the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing the Annual Report. However, as at the date of this report the Company does not have a designated CEO or CFO. Due to the size and scale of operations of the Company these roles are performed by the Company Secretary and Chairman.

## 2. Board Committees

### 2.1 Audit Committee

The Company has had an Audit Committee since February 2008, and met once in the 2008 financial year. A summary of the role and responsibilities of an Audit Committee is set out below;

#### 2.1.1 Structure of Audit Committee

Corporate Governance Council Recommendation 4.3 requires the structure of the audit committee to include non-executive directors, a majority of independent directors, an independent chairperson and at least three members. The current membership of the audit committee includes Mr Sevag Chalabian as Chairman and Mr Barry Woodhouse which is a departure from the number of people required to be on the committee. The Company considers it appropriate to have a separate audit committee however it currently only has two members due to the current composition of the Board.

The Chairman of the Audit Committee Mr Sevag Chalabian is also Chairman of the Company which is a departure from Recommendation 4.3. In accordance with the definition of independence, the Chairman of the Audit Committee is not independent however; the Company considers that Mr Chalabian, has considerable financial experience to fulfill the role required as Chairman of the Audit Committee.

#### 2.1.2 Responsibilities

The Audit Committee reviews the audited annual and half-yearly financial statements and any reports which accompany published financial statements and recommends their approval to the members.

The Audit Committee each year reviews the appointment of the external auditor; their independence, the audit fee, and any questions of resignation or dismissal.

The Audit Committee is also responsible for establishing policies on risk oversight and management.

#### 2.1.3 Risk Management Policies

The Board's Charter clearly establishes that it is responsible for ensuring there is a good sound system for overseeing and managing risk. Due to the size and scale of operations, risk management issues are considered by the Board as a whole. On 26 September 2008, Mr Barry Woodhouse (Director and Company Secretary) and Mr Michael Drew (Chief Operating Officer) provided the Board with written assurance that the financial statements are founded on a sound system of risk management and internal compliance. The statement assured the Board that the risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

## 2.2 Remuneration Committee

### 2.2.1 Role

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

The Company does not have a remuneration committee and any recommendations are made by the full Board.

### 2.2.2 Responsibilities

The responsibilities of a Remuneration Committee as assumed by the full Board include setting policies for senior officers' remuneration, setting the terms and conditions of employment for the Chief Executive Officer; reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both Executive and Non-Executive Directors and making recommendations on any proposed changes and undertaking reviews of the Chief Executive Officer's performance, including setting with the Chief Executive Officer goals and reviewing progress in achieving those goals.

### 2.2.3 Remuneration Policy

Directors' remuneration of \$400,000 has been approved by shareholders.

#### 2.2.3.1 Senior Executive Remuneration Policy

The Company is committed to remunerating its senior executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, under the Senior Executive Remuneration Policy the remuneration of senior executive may be comprised of the following:

- fixed salary that is determined from a review of the market and reflects core performance requirements and expectations;
- a performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved Company performance;

# Corporate Governance Statement

- participation in any share/option scheme with thresholds approved by shareholders;
- statutory superannuation.

By remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration the Company aims to align the interests of senior executives with those of shareholders and increase Company performance.

The value of shares and options were they to be granted (where appropriate) to senior executives, would be calculated using the Black and Scholes method.

The objective behind using this remuneration structure is to drive improved Company performance and thereby increase shareholder value as well as aligning the interests of executives and shareholders.

The Board may use its discretion with respect to the payment of bonuses, stock options and other incentive payments.

## 2.2.3.2 Non-Executive Director Remuneration Policy

Non-Executive Directors are to be paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors. Non-Executive Directors do not receive performance based bonuses but do participate in equity schemes of the Company.

Non-Executive Directors are entitled to but not necessarily paid statutory superannuation.

## 2.2.4 Current Director Remuneration

Full details regarding the remuneration of Directors, is included in the Directors' Report.

## 2.3 Nomination Committee

### 2.3.1 Role

The role of a Nomination Committee is to help achieve a structured Board that adds value to the Company by ensuring an appropriate mix of skills are present in Directors on the Board at all times.

The Company does not have a nomination committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

### 2.3.2 Responsibilities

The responsibilities of a Nomination Committee would include devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors for review by the Board. The Nomination Committee would also oversee management succession plans including the CEO and his/her direct reports and evaluate the Board's performance and make recommendations for the appointment and removal of Directors. Currently the Board as a whole performs this role.

### 2.3.3 Criteria for selection of Directors

Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least one Director with experience appropriate to the Company's target market. In addition, Directors should have the relevant blend of personal experience in accounting and financial management and Director-level business experience.

## 3. Company Code Of Conduct

The Board has implemented a code of conduct. The Code of Conduct addresses matters relevant to the Company's legal and ethical obligations to its stakeholders. It may be amended from time to time by the Board, and is published on the Company's website. This code applies equally to all employees, directors and officers of the Company and covers such matters as Discharge of Duties, Relationships, Compliance with Laws, Conflicts of Interest, Confidentiality, Use of Company Assets, Competition, Environment, Health and Safety and the Review of Code of Conduct on an annual basis.

# Income Statement

For the Period 3 May 2007 to 30 June 2008

	Note	Consolidated Group	Parent Entity
		2008	2008
		\$	\$
Revenue	3	350,822	350,822
Administration expenses		(168,306)	(152,915)
Consultancy costs		(645,789)	(645,789)
Compliance and regulatory expenses	4	(40,531)	(39,918)
Management fees		(226,628)	(226,628)
Incentive fee		(1,898,183)	(1,898,183)
Directors fees		(42,121)	(42,121)
Provision for diminution of investment		(147,250)	(147,250)
Share based payments	21	(175,219)	(175,219)
Travel		(70,124)	(70,124)
<b>Loss before income tax</b>		<b>(3,063,329)</b>	<b>(3,047,325)</b>
Income tax expense	5	-	-
<b>Loss for the period</b>		<b>(3,063,329)</b>	<b>(3,047,325)</b>
<b>Loss attributable to members of the parent entity</b>		<b>(3,063,329)</b>	<b>(3,047,325)</b>
Earnings per share			
Basic loss per share (cents)	19	(5.85)	(5.82)
Diluted loss per share (cents)	19	(5.85)	(5.82)

The Income Statement is to be read in conjunction with the attached notes.

# Balance Sheet

As at 30 June 2008

	Note	Consolidated Group	Parent Entity
		2008	2008
		\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		7,516,918	7,516,917
Trade and other receivables	6	230,496	230,496
Available for sale financial assets	9	102,750	102,750
Total current assets		7,850,164	7,850,163
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	6	-	863,911
Other financial assets	7	-	375,001
Evaluation and exploration expenditure	10	1,222,907	-
Total non-current assets		1,222,907	1,238,912
<b>TOTAL ASSETS</b>		9,073,071	9,089,075
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	2,431,381	2,431,381
Total current liabilities		2,431,381	2,431,381
<b>NON CURRENT LIABILITIES</b>			
Interest bearing liabilities		-	-
Total non-current liabilities		-	-
<b>TOTAL LIABILITIES</b>		2,431,381	2,431,381
<b>NET ASSETS</b>		6,641,690	6,657,694
<b>EQUITY</b>			
Share Capital	12	9,529,800	9,529,800
Option Reserve		175,219	175,219
Accumulated losses	13	(3,063,329)	(3,047,325)
<b>TOTAL EQUITY</b>		6,641,690	6,657,694

The Balance Sheet is to be read in conjunction with the attached notes.



# Statement of Changes In Equity

For the Period 3 May 2007 to 30 June 2008

	Share Capital	Option Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
<b>CONSOLIDATED GROUP</b>				
At 3 May 2007	-	-	-	-
Profit (loss) for the period	-	-	(3,063,329)	(3,063,329)
Issue of share capital	11,118,001	-	-	11,118,001
Option reserve (share based payment)	-	175,219	-	175,219
Costs of share capital	(1,588,201)	-	-	(1,588,201)
<b>Balance as at 30 June 2008</b>	<b>9,529,800</b>	<b>175,219</b>	<b>(3,063,329)</b>	<b>6,641,690</b>

	Share Capital	Option Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
<b>PARENT ENTITY</b>				
At 3 May 2007	-	-	-	-
Profit (loss) for the period	-	-	(3,047,325)	(3,047,325)
Issue of share capital	11,118,001	-	-	11,118,001
Option reserve (share based payment)	-	175,219	-	175,219
Costs of share capital	(1,588,201)	-	-	(1,588,201)
<b>Balance as at 30 June 2008</b>	<b>9,529,800</b>	<b>175,219</b>	<b>(3,047,325)</b>	<b>6,657,694</b>

The Statement of Changes in equity is to be read in conjunction with the attached notes.

# Cash Flow Statement

For the Period 3 May 2007 to 30 June 2008

	Consolidated Group	Parent Entity
	2008	2008
	\$	\$
<b>Cash flows from operating activities</b>		
Payments from suppliers and employees	(890,599)	(874,595)
Interest received	350,624	350,624
<b>Net cash from operating activities</b>	<b>(539,975)</b>	<b>(523,971)</b>
<b>Cash flows from investing activities</b>		
Investment in subsidiaries	-	(375,001)
Payments to subsidiaries	-	(863,911)
Payment for exploration and evaluation	(1,222,907)	-
Payment for investments	(250,000)	(250,000)
<b>Net cash used in investing activities</b>	<b>(1,472,907)</b>	<b>(1,488,912)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares and options	11,118,001	11,118,001
Costs of issue of shares	(1,588,201)	(1,588,201)
Net cash provided by financing activities	9,529,800	9,529,800
Net increase in cash and cash equivalents	7,516,918	7,516,917
<b>Cash and cash equivalents at the end of the period</b>	<b>7,516,918</b>	<b>7,516,917</b>

The Cash Flow Statement is to be read in conjunction with the attached notes.

## NOTES TO CASH FLOW STATEMENT

### 1. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents included in the cash flow statement comprise the following amounts:

Cash and cash equivalents	7,516,918	7,516,917
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### 2. Subsidiaries acquired

The Company acquired Southern Exploration Pty Ltd, Capital Resource Holdings No. 1 Ltd and Apollo Iron Ore Pty Ltd as explained in note 8 below.

### 3. Reconciliation of net cash used in operating activities to loss

	Consolidated Group	Parent Entity
	2008	2008
	\$	\$
Profit (loss) after income tax	(3,088,110)	(3,072,106)
Non cash items:		
Diminution in value of investment	147,250	147,250
Share based payments	200,000	200,000
Changes in assets and liabilities during the financial period:		
Decrease/(increase) in accounts receivable and prepayments	(230,496)	(230,496)
Increase/(decrease) in accounts payable and other creditors	2,431,381	2,431,381
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(539,975)</b>	<b>(523,971)</b>

### 4. Non cash investing and financing activities

- On 1 August 2007 the Company issued Tiger Resources Pte Limited 30,000,000 shares for the acquisition of (i) 100% of the share capital of Capital Resource Holdings No. 1 Ltd, which in turn holds 100% of the issued capital in Southern Exploration Pty Limited, to acquire the Commonwealth Hill tenements.
- Apollo issued 1,000,000 shares to Voermans Geological Services Pty Ltd for the acquisition of an 80% interest in the Mount Oscar tenement applications on 23 December 2007.

# Notes to the Financial Statements

## NOTE 1 - INTRODUCTION

Apollo Minerals Limited is a listed public company, domiciled and incorporated in Australia and is the parent entity of the Apollo group of companies. The Company was incorporated on 3 May 2007. Accordingly this is the first full financial report hence there are no comparatives to the financial statements.

### Operations and principal activities

Operations comprise the exploration of its West & South Australian tenements and review of direct and indirect investments.

### Scope of financial statements

The financial statements include the separate financial statements of Apollo Minerals Limited.

The consolidated financial statements have been prepared by Apollo Minerals Limited in accordance with paragraph Aus 9.1 of AASB 127 "Consolidated and Separate Financial Statements".

### Currency

The financial report is presented in Australian dollars and rounded to the nearest dollar.

### Registered office

61 Gwenyfred Road, Kensington WA 6151

### Authorisation of financial report

The financial report was authorised for issue on 26 September 2008 by the directors.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (i) Overall Policy

The principal accounting policies adopted by Apollo Minerals Limited comprising the parent entity and its subsidiaries are stated in order to assist in a general understanding of the financial report.

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards (AASB's) (including Australian Interpretations adopted by the Australian Accounting Standards Board (AASB)) which include Australian equivalents to International Financial Reporting Standards (AIFRS) and other authoritative pronouncements of the AASB. Compliance with AIFRS ensures that the consolidated financial report, comprising the financial statements and notes thereto, complies with the International Financial Reporting Standards (IFRS). This financial report has also been prepared on an accruals basis and is based on historical costs except where otherwise stated. Material accounting policies adopted in the preparation of this financial report are presented below.

They have been consistently applied unless otherwise stated.

### New Standards and Interpretations

The Company has reviewed all of the new and revised standards and interpretations issued by the AASB that are relevant to its operations. It has been determined by the Company that there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to the Company's accounting policies.

### (ii) Significant judgements and key assumptions

The following key assumption has been made concerning the future and other key sources of estimation uncertainty at the balance date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

It is currently assumed that the Company's main assets, exploration expenditure carried forward will generate profitable results in the future. Should this assumption prove incorrect then material adjustments may have to be made for impairment losses in respect of exploration expenditure up to the maximum carrying value of \$1,222,907 at 30 June 2008.

### (iii) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised on the balance sheet when the company becomes party to the contractual provisions of the financial instrument. A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred and no longer controlled by the entity.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. Financial assets and financial liabilities classified as held for trading are measured at fair value through profit or loss.

Upon initial recognition a financial asset or financial liability is designated as at fair value through profit or loss when:

- (a) an entire contract containing one or more embedded derivatives is designated as a financial asset or financial liability at fair value through profit or loss.
- (b) Doing so results in more relevant information, because either:
  - (i) it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising gains or losses on them on different bases.
  - (ii) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to key management personnel.

# Notes to the Financial Statements

for the Period 3 May 2007 to 30 June 2008

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured are not designated as at fair value through profit or loss. A gain or loss arising from a change in the fair value of a financial asset or financial liability classified as at fair value through profit or loss is recognised in profit or loss.

## Financial assets not measured at fair value comprise:

- (a) loans and receivables being non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are measured at amortised cost using the effective interest rate method.
- (b) held-to-maturity investments being non-derivative financial assets with fixed or determinable payments and fixed maturity that will be held to maturity. These are measured at amortised cost using the effective interest method.
- (c) investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured. These are measured at cost together with derivatives that are linked to and must be settled by the delivery of such investments.

Available-for-sale financial assets are non-derivative financial assets which are designated as available-for-sale or that are not classified as loans and receivables, held-to-maturity investments or financial assets as at fair value through profit or loss. A gain or loss arising from a change in the fair value of an available-for-sale financial asset is recognised directly in profit or loss.

Regular way purchases of financial assets are accounted for as follows:

- financial assets held for trading - at trade date
- held-to-maturity investments - at trade date
- loans and receivables - at trade date
- available-for-sale financial assets - at trade date

Except for the following all financial liabilities are measured at amortised cost using the effective interest rate method.

- (a) financial liabilities at fair value through profit and loss and derivatives that are liabilities measured at fair value.
- (b) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or are accounted for using the continuing involvement approach.

The amortised cost of a financial asset or a financial liability is the amount initially recognised minus principal repayments, plus or minus cumulative amortisation of any difference between the initial amount and maturity amount and minus any write-down for impairment or uncollectability.

## Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

## (iv) Consolidation Policy

A controlled entity is an entity over which Apollo Minerals Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern the existence and effect of holdings of actual and potential voting rights are considered. A list of controlled entities is contained in note 8 to the financial statements.

As at the reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the period then ended.

The effects of all transactions between entities in the economic entity have been eliminated in full and the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Minority interest is that portion of the profit or loss and net assets of subsidiaries attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent.

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method. The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

## (v) Revenue Recognition

### Interest revenue

Interest revenue is recognised using the effective interest method. It includes the amortisation of any discount or premium.

## (vi) Investments in Subsidiaries

In the separate financial statements of Apollo Minerals Limited investments in its subsidiaries are accounted for at cost.

# Notes to the Financial Statements

## (vii) Leases

### (A) Entity is lessee

A distinction is made between finance leases which transfer from the lessor to the lessee substantially all the risks and rewards incident to ownership of the leased asset and operating leases under which the lessor retains substantially all the risks and rewards. Where an asset is acquired by means of a finance lease, the fair value of the leased property or the present value of minimum lease payments, if lower, is established as an asset at the beginning of the lease term. A corresponding liability is also established and each lease payment is apportioned between the finance charge and the reduction of the outstanding liability. Operating lease rental expense is recognised as an expense on a straight line basis over the lease term, or on a systematic basis more representative of the time pattern of the user's benefit.

### (viii) Income Taxes

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity. Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

### Tax Consolidation

Apollo Minerals Limited and its wholly-owned Australian subsidiaries have not formed an income tax consolidated group under tax consolidation legislation. Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation.

Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity.

### (ix) Receivables

Trade accounts and notes receivable and other receivables represent the principal amounts due at balance date plus accrued interest and less, where applicable, any unearned income and provisions for doubtful accounts.

### (x) Exploration and Evaluation Costs

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

# Notes to the Financial Statements

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

## (xi) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

## (xii) Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred except borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale. In this case the borrowing costs are capitalised as part of the cost of such a qualifying asset.

The amount of borrowing costs relating to funds borrowed generally and used for the acquisition of qualifying assets has been determined by applying a capitalisation rate to the expenditures on those assets. The capitalisation rate comprises the weighted average of borrowing costs incurred during the period.

## (xiii) Trade and Other Payables

Trade accounts, other payables and accrued liabilities represented the principal amounts outstanding at balance date plus, where applicable, any accrued interest.

## (xiv) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within 2 years have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than 2 years have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

## (xv) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

## (xvi) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

## (xvii) Contingent Liabilities

A contingent loss is recognised as an expense and a liability if it is probable that future events will confirm that, after taking into account any related probable recovery, an asset has been impaired or a liability incurred and, a reasonable estimate of the amount of the resulting loss can be made.

## (xviii) Share-based payment arrangements

Goods or services received or acquired in a share-based payment transaction are recognised as a increase in equity if the goods or services were received in an equity-settled share-based payment transaction or as a liability if the goods and services were acquired in a cash settled share-based payment transaction.

For equity-settled share-based transactions, goods or services received are measured directly at the fair value of the goods or services received provided this can be estimated reliably. If a reliable estimate cannot be made the value of the goods or services is determined indirectly by reference to the fair value of the equity instrument granted.

Transactions with employees and others providing similar service are measured by reference to the fair value at grant date of the equity instrument granted.

Refer Note 21 for information about share-based payment arrangements, how the fair value of goods or services received and the fair value of equity instruments granted was determined and the effect of the transactions on profit or loss and financial position.

## (xix) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

## (xx) Events after the Balance Sheet Date

Assets and liabilities are adjusted for events occurring after the balance date that provide evidence conditions existing at the balance date. Important after balance date events which do not meet this criteria are disclosed where relevant.



# Notes to the Financial Statements

	Consolidated Group	Parent Entity
	2008	2008
	\$	\$

## NOTE 3 REVENUE

Interest received – Unrelated	350,822	350,822
	<b>350,822</b>	<b>350,822</b>

## NOTE 4 COMPLIANCE AND REGULATORY EXPENSES

Audit fees	(17,500)	(17,500)
ASX charges	(15,659)	(15,659)
Formation costs	(613)	-
Share registry expenses	(6,759)	(6,759)
	<b>(40,531)</b>	<b>(39,918)</b>

## NOTE 5 INCOME TAXES

(a) No income tax is payable by the parent or consolidated entities as they recorded losses for income tax purposes for the period.

### (b) Reconciliation between income tax expense and prima facie tax on accounting profit (loss)

Accounting profit (loss)	(3,063,329)	(3,047,325)
Tax at 30%	(918,999)	(914,197)
Tax effect of non-deductible expenses (including share based payment expense)	52,795	52,795
Deferred tax asset not recognised	866,204	861,402
Income tax expense	-	-

### (c) Analysis of deferred tax assets:

Balance 3 May 2007	-	-
Income tax losses not brought to account	866,204	861,402
Deferred tax asset not recognised	<b>866,204</b>	<b>861,402</b>

A deferred tax asset attributable to income tax losses has not been recognised at the balance sheet date as the probability disclosed in note 2(viii) is not satisfied and such benefit will only be available if the conditions of deductibility also disclosed in note 2(viii) are satisfied.

The applicable tax rate is the national tax rate in Australia for companies, which is 30% at the reporting date.

### (d) Tax-consolidated group

The entity has yet to make an election to consolidate and be treated as a single entity for income tax purposes.

# Notes to the Financial Statements

## NOTE 6 – TRADE AND OTHER RECEIVABLES

	Consolidated Group	Parent Entity
	2008	2008
	\$	\$
OTHER RECEIVABLES		
CURRENT		
GST receivables	230,298	230,298
Other	198	198
	230,496	230,496
NON-CURRENT		
Southern Exploration Pty Limited	-	27,376
Capital Resource Holdings No. 1 Ltd	-	137,702
Apollo Iron Ore Pty Ltd	-	698,833
Loans to subsidiaries – at cost	-	863,911

Loans are provided for normal business operations and are interest free with no set term and are considered recoverable.

## NOTE 7 – OTHER FINANCIAL ASSETS

Investment in subsidiaries – at cost (see breakdown in note 8 below)	-	375,001
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## NOTE 8 – SUBSIDIARIES

	Country of Incorporation	Parent Entity's Investment \$	Ownership % 2008
<b>Parent Entity</b>			
Apollo Minerals Limited	Australia	-	-
<b>Subsidiaries</b>			
Southern Exploration Pty Limited	Australia	-	100
Capital Resource Holdings No. 1 Ltd	Australia	375,000	100
Apollo Iron Ore Pty Ltd	Australia	1	100
		375,001	

On 1 August 2007 the Company issued Tiger Resources Pte Limited 30,000,000 shares with a fair value of \$375,000 for the acquisition of 100% of the share capital of Capital Resource Holdings No. 1 Ltd, which in turn holds 100% of the issued capital in Southern Exploration Pty Limited. Southern Exploration Pty Limited holds the Company's Commonwealth Hill tenements.

There was no goodwill associated with the acquisition of any of the subsidiaries as shown in the table below.

	Consolidated Group	Parent Entity
	2008	2008
	\$	\$
Fair value analysis of assets & liabilities of subsidiaries acquired:		
Southern Exploration Pty Limited	-	-
Capital Resource Holdings No. 1 Ltd	-	375,000
Apollo Iron Ore Pty Ltd	-	1
Total fair value of subsidiaries acquired	-	375,001

# Notes to the Financial Statements

	Consolidated Group	Parent Entity
	2008	2008
	\$	\$

## NOTE 9 – AVAILABLE FOR SALE FINANCIAL ASSETS CURRENT

Shares in listed companies – at cost	250,000	250,000
Less provision for diminution	(147,250)	(147,250)
Carrying amount 30 June 2008	102,750	102,750

## NOTE 10 – EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation expenditure	1,222,907	-
Reconciliation of carrying amount		
Acquisition of tenements	875,000	-
Exploration expenditure in current period	347,907	-
Carrying amount 30 June 2008	1,222,907	-

## NOTE 11 – TRADE AND OTHER PAYABLES

Trade Creditors	299,088	299,088
Accruals	15,000	15,000
Other payables	2,117,293	2,117,293
	2,431,381	2,431,381

Other payables are the management fee (\$26,628 plus GST) and the incentive fee (\$1,898,183 plus GST) payable to Artemis Resources Limited under the management services agreement.

## NOTE 12 – SHARE CAPITAL

	Parent Entity	Parent Entity
	2008	2008
Share Capital	Shares	\$
<b>Authorised:</b> Ordinary shares – no par value	-	-
Issued: Ordinary shares – no par value	82,155,292	9,529,800
Issued shares		
<b>Reconciliation of movement during period</b>		
Incorporation 3 May 2007	1	1
Promoter Shares 1 August 2007	900,000	900
Vendor consideration 1 August 2007	30,000,000	375,000
Seed investors 8 August 2007	2,000,000	126,000
Seed investors 23 October 2007	5,619,047	354,000
Artemis Resources Limited 23 October 2007	5,000,000	5,000
IPO 23 October 2007	28,028,400	7,007,100
Vendor Consideration 23 December 2007	1,000,000	250,000
Placement 26 January 2008	2,941,177	1,000,000
Placement 21 February 2008	6,666,667	2,000,000
Costs of share capital	-	(1,588,201)
Closing balance 30 June 2008	82,155,292	9,529,800

For further details please refer to note 21.

# Notes to the Financial Statements

## NOTE 13 – RETAINED PROFITS (ACCUMULATED LOSSES)

	Consolidated Group	Parent Entity
	2008	2008
	\$	\$
Balance 3 May 2007	-	-
Net Loss attributable to members of Apollo Minerals Limited	(3,063,329)	(3,047,325)
Balance 30 June 2008	(3,063,329)	(3,047,325)

## NOTE 14 – FINANCIAL RISK MANAGEMENT

The group's principal financial instruments comprise mainly of deposits with banks, shares in listed companies shown as available for sale financial assets, and loans to subsidiaries. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the group. The group also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the period under review, it has been the Company's policy not to trade in financial instruments.

The consolidated and parent entity hold the following financial instruments as at 30 June 2008.

	Consolidated Group	Parent Entity
	2008	2008
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	7,516,918	7,516,917
Trade and other receivables	230,496	230,496
Available for sale financial assets	102,750	102,750
	7,850,164	7,850,163
<b>Financial liabilities</b>		
Trade and other payables	2,431,381	2,431,381

The main risks arising from the Company's financial instruments are market risk, credit risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

### (a) Market risk

#### *Cash flow and fair value interest rate risk*

The group's main interest rate risk arises from cash deposits to be applied to exploration and development areas of interest. It is the group's policy to invest cash in short term deposits to minimise the group's exposure to interest rate fluctuations.

The group's deposits were denominated in Australian dollars throughout the year. The group did not enter into any interest rate swap contracts during the period ended 30 June 2008. Neither the group nor the parent have any short or long term debt, and therefore this risk is minimal.

#### *Foreign currency risk*

The group is exposed to fluctuations in foreign currencies arising from purchase of goods and services in currencies other than the group's measurement currency. During the period ended 30 June 2008, the effect of any foreign currency fluctuations was not material to the group as there were limited number of foreign currency transactions.

# Notes to the Financial Statements

## NOTE 14 – FINANCIAL RISK MANAGEMENT (contd.)

### (b) Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the group. The group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The cash transactions of the group are limited to high credit quality financial institutions.

The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the group's maximum exposure to credit risk.

### (c) Liquidity Risk

The group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds when available are generally only invested in high credit quality financial institutions in highly liquid markets.

### Financial Instrument composition and maturity analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

Consolidated group	Weighted Average	Floating Interest Rate	Fixed Interest Maturing 1 Year or Less	Fixed Interest Maturing 1 to 5 Years	Non- Interest Bearing	Total
	Interest Rate	\$	\$	\$	\$	\$
<b>30 June 2008</b>						
<i>Financial Assets</i>						
Cash assets	6.97%	7,516,918	-	-	-	7,516,918
Receivables	-	-	-	-	230,496	230,496
Available for sale financial assets	-	-	-	-	102,750	102,750
		7,516,918	-	-	333,246	7,850,164
<i>Financial Liabilities</i>						
Payables	-	-	-	-	2,431,381	2,431,381
		-	-	-	-	-
<i>Net financial assets/ (liabilities)</i>		7,516,918	-	-	(2,098,135)	5,418,783

# Notes to the Financial Statements

## NOTE 14 – FINANCIAL RISK MANAGEMENT (contd.)

Parent entity	Weighted Average	Floating Interest Rate		Fixed Interest Maturing	Non- Interest Bearing	Total
			I Year or Less	I to 5 Years		
	Interest Rate	\$	\$	\$	\$	\$
<b>30 June 2008</b>						
<b>Financial Assets</b>						
Cash assets	6.97%	7,516,917	-	-	-	7,516,917
Receivables	-	-	-	-	230,496	230,496
Available for sale financial assets	-	-	-	-	102,750	102,750
		7,516,917	-	-	333,246	7,850,163
<b>Financial Liabilities</b>						
Payables	-	-	-	-	2,431,381	2,431,381
		-	-	-	-	-
<b>Net financial assets/(liabilities)</b>		7,516,917	-	-	(2,098,135)	5,418,782

### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below.

	Carrying Value	Change in profit		Change in equity	
		100bp increase	100bp decrease	100bp increase	100bp decrease
<b>30 June 2008 Consolidated Group</b>	\$	\$	\$	\$	\$
Cash and cash equivalents	7,516,918	(75,169)	75,169	(75,169)	75,169
<b>30 June 2008 Parent Entity</b>					
Cash and cash equivalents	7,516,917	(75,169)	75,169	(75,169)	75,169

### Maturity of financial assets and liabilities

The note below summarises the maturity of the group's and the parent's financial assets and liabilities as per the director's expectations. The amounts disclosed are the contractual undiscounted cash flows. There are no derivatives.

Consolidated group and Parent entity	< 6 months	6 – 12 months	1- 5 years	>5 years	Total
<b>30 June 2008</b>	\$	\$	\$	\$	\$
Trade and other receivables	230,496	-	-	-	230,496
Trade and other payables	(2,431,381)	-	-	-	(2,431,381)

### Fair value of financial assets and financial liabilities

There is no difference between the fair values and the carrying amounts of the company's financial instruments. The company has no unrecognised financial instruments at balance date.



# Notes to the Financial Statements

## NOTE 14 – FINANCIAL RISK MANAGEMENT (contd.)

### Sensitivity analysis on changes in market rates

A change of 20% in equity prices at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. If equity prices decreased, movement would be recorded in the income statement due to impairment indicators noted, while if equity prices increased, movement would be taken to the asset revaluation reserve directly in equity.

	Carrying Value	Change in profit		Change in equity	
		20% increase	20% decrease	20% increase	20% decrease
	\$	\$	\$	\$	\$
<b>30 June 2008 Consolidated Group</b>					
Available for sale financial assets:					
Listed investments	102,750	-	(20,550)	20,550	(20,550)
<b>30 June 2008 Parent Entity</b>					
Available for sale financial assets:					
Listed investments	102,750	-	(20,550)	20,550	(20,550)

## NOTE 15 – COMMITMENTS FOR EXPENDITURE

The Company currently has commitments for expenditure of \$281,875 at 30 June 2008 on its exploration tenements, all due within one year. There is currently no information available for the commitments due after more than one year from the reporting date.

## NOTE 16 – CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Michael Lambert (ML) resigned as a director of the Company on 19 June 2008 subject to the following terms and conditions. The Company will pay to ML agreed outstanding directors fees and agreed outstanding expenses relating to Congo, in return for a 70% interest (or at the Company's option an option to acquire a 70% interest) in the company which will own the four Congo licences, as follows:

- All of the issued shares in Futurs Gulf Investments will be transferred to Congominex Limited (CM). Upon completion of the transfer, the Company will immediately effect the payment to ML of three months directors fees (total \$60,000 for the period 7 March to 6 June 2008) as well as outstanding ML expenses of 20,394 Euros.
- It is agreed that the Company or its nominee will own (or at the Company's option will be granted an option over) 70% of the issued shares in CM, with ML owning 10% and Faroukh Hejeif (and associates) owning the remaining 20%.
- The Company or its nominee will be entitled to buy out the other minority holders at any time in the future at a fixed price based, in default of agreement, on an independent valuation and subject to a maximum aggregate payout of \$4,000,000 for the 30% shareholding.

## NOTE 17 – RELATED PARTY DISCLOSURES DIRECTORS' AND EXECUTIVE OFFICERS' EMOLUMENTS

### (a) Details of Directors and Key Management Personnel

- Directors*  
Sevag Chalabian – Non-Executive Chairman  
Michael Drew – Chief Operating Officer  
Nicholas Bancroft-Cooke – Non-Executive Director  
Barry Woodhouse – Non-Executive Director  
Wang Jianguang – Non-Executive Director

# Notes to the Financial Statements

## NOTE 17 – RELATED PARTY DISCLOSURES DIRECTORS' AND EXECUTIVE OFFICERS' EMOLUMENTS (contd.)

### (ii) Directors' remuneration

Directors' remuneration and other terms of employment are reviewed annually by the Board having regard to performance against goals set at the start of the year, relative comparative information and, where applicable, independent expert advice.

Except as detailed in Notes (a) – (e) to the Remuneration Report in the Director's Report, no director has received or become entitled to receive, during or since the financial period, a benefit because of a contract made by the Company or a related body corporate with a director, a firm of which a director is a member or an entity in which a director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors and shown in Notes (a) – (e) to the Remuneration Report, prepared in accordance with the Corporations regulations, or the fixed salary of a full time employee of the Company.

### (b) Key Management Personnel

Other than the Directors, the Company had no key management personnel for the financial period ended 30 June 2008.

### (c) Remuneration Options: Granted and vested during the financial period ending 30 June 2008

There were no remuneration options granted during the financial period ending 30 June 2008. The options granted are loyalty options. The relevant share based payment disclosures are contained in note 21 to the financial statements.

### (d) Share and Option holdings

All equity dealings with directors have been entered into with terms and conditions no more favourable than those that the entity would have adopted if dealing at arm's length.

### Shares held by Directors

	Balance at beginning of period	Received as Remuneration	Options Exercised	Net Change Other	Balance at end of year
Sevag Chalabian	-	-	-	200,000	200,000 <sup>(i)</sup>
Nicholas Bancroft-Cooke	-	-	-	1,000,000	1,000,000 <sup>(ii)</sup>
Wang Janguang	-	-	-	9,607,844	9,607,844 <sup>(iii)</sup>
H Gavin Solomon	-	-	-	500,000	500,000
Barry Woodhouse	-	-	-	200,000	200,000 <sup>(iv)</sup>
	-	-	-	11,507,844	11,507,844

(i) Held indirectly by STC Advisory Pty Limited ATF Chalabian Family Trust of which Mr Sevag Chalabian is a potential beneficiary of the Trust.

(ii) Held indirectly by East Asia Ventures Limited of which Mr Bancroft-Cooke is a Director and Shareholder.

(iii) Held indirectly by Mr Wang Janguang as director and shareholder of Hugo Natural Enterprises Limited.

(iv) Held indirectly by Mr B Woodhouse as trustee for the Woodhouse Trust. Mr Woodhouse is a potential beneficiary of the Woodhouse Trust.

# Notes to the Financial Statements

## NOTE 17 – RELATED PARTY DISCLOSURES DIRECTORS' AND EXECUTIVE OFFICERS' EMOLUMENTS (contd.)

### Options Held By Directors

	Balance at beginning of period	Received as Remuneration	Net Change Other	Balance at end of year
Sevag Chalabian	-	-	1,000,000	1,000,000 <sup>(i)</sup>
H Gavin Solomon	-	-	1,000,000	1,000,000
Barry Woodhouse	-	-	250,000	250,000 <sup>(ii)</sup>
	-	-	2,250,000	2,250,000

(i) Held indirectly by STC Advisory Pty Limited ATF Chalabian Family Trust of which Mr Sevag Chalabian is a potential beneficiary of the Trust.

(ii) Held indirectly by Mr B Woodhouse as trustee for the Woodhouse Trust. Mr Woodhouse is a beneficiary of the Woodhouse Trust.

The above options are 35 cent options expiring 30 June 2012.

### (f) Related Party Transactions

	Note	Consolidated Group	Parent Entity
		2008	2008
		\$	\$
Artemis Resources Limited – management fee and incentive fee	(i)	2,399,013	2,399,013
Lands Legal	(ii)	59,571	59,571
Maphra Pty Ltd	(iii)	120,649	120,649

Mr Chalabian and Mr Woodhouse are directors of both Artemis Resources Limited (ARV) and Apollo Minerals Limited (AON) and further ARV holds 5,000,000 shares in AON. ARV was instrumental in the establishment and listing of AON in November of 2007. AON and ARV agreed to enter into a Management Agreement pursuant to which ARV provides management services and expertise in relation to the sourcing of potential new tenements or investments for Apollo. AON will pay the Management Fee which is calculated in two parts and in accordance with the following formula:

- (a) Management Fee - the greater of 2% x Market Capitalisation (CMC) and \$300,000 per annum.
- (b) Incentive Fee - calculated annually in arrears as an amount equal to 20% of the amount, if any, by which the Apollo Return for any given financial year outperforms the Standard & Poors ASX 300 Metals and Mining Index (BRI) for that financial year in accordance with the following formula:

$$(\text{Company Return} - \text{BRI}) \times \text{CMC2}$$

The payments to ARV were for management and incentive fees and reimbursement of expenses paid by ARV on behalf of AON.

Mr Chalabian is a partner of Lands Legal (LL) and a director of AON. The payments to LL were for directors fees for Mr Chalabian and reimbursement of expenses paid by LL on behalf of AON.

Mr Woodhouse is a director of Maphra Pty Ltd (MPL) and a director of AON. The payments to MPL were for directors fees and professional services for Mr Woodhouse and reimbursement of expenses paid by MPL on behalf of AON.

## NOTE 18 – SEGMENT INFORMATION

- (i) The consolidated entity's operations in 2008 are managed in Australia and involve exploration of its mineral properties.
- (ii) The Company's subsidiaries commenced exploring for minerals in the 2008 financial year.

# Notes to the Financial Statements

## NOTE 19 – EARNINGS PER SHARE

	Consolidated Group	Parent Entity
	2008	2008
	\$	\$
Reconciliation of earnings per share	Cents	Cents
Basic and diluted earnings per share	(5.85)	(5.82)
Profit ( loss) from ordinary activities after income tax being the earnings used in the calculation of the basic earnings per share	(3,063,329)	(3,047,325)
<b>Reconciliation of weighted average number of ordinary shares</b>	<b>No. of shares</b>	
Weighted average number of ordinary shares:		
Used in calculating basic earnings per ordinary shares	52,336,321	52,336,321
Adjustments: Dilutive potential ordinary shares	-	
Used in calculating diluted earnings per share	52,336,321	52,336,321

## NOTE 20 – AUDITORS' REMUNERATION

	Consolidated Group	Parent Entity
	2008	2008
	\$	\$
Auditor of parent entity		
Audit or review of financial reports – RSM Bird Cameron	17,500	17,500
Non-audit services – RSM Bird Cameron	16,475	16,475
Total	33,975	33,975

## NOTE 21 – SHARE BASED PAYMENTS

### Remuneration Options: Granted and vested during the financial period ending 30 June 2008

On 15 August 2007 the Board issued of a total of 2,250,000 options (which vest one year after the grant date) exercisable at \$0.35 on or before 30 June 2012. Each option entitles the holder to subscribe for one fully paid ordinary share in the Company at an exercise price of 35 cents per share on or before 30 June 2012. The Company has valued the options at \$200,000.

Issue date	Expiry date	Balance at start of year	Number issued during year	Number expired during year	Balance at end of year	Number vested at end of year
15/8/07	30/6/2012	-	2,250,000*	-	2,250,000 *	1,968,750

\* The total options issued are made up of:

Options issued to key management personnel 2,250,000

The details of the options issued to key management personnel are as per disclosures in the Director's Report.

### Basis of valuation

The Black & Scholes methodology has been used to ascertain fair value, together with the following assumptions for the options issued on 15 August 2007.

# Notes to the Financial Statements

## NOTE 21 – SHARE BASED PAYMENTS (contd.)

The risk free rate is the Commonwealth Government securities rate with a maturity date approximating that of the expiration period of the Incentive Options as at 15 August 2007 – 6.25% (short-term) and 6.35% (long-term);  
The underlying security spot price used for the purposes of the valuation is based on the share price of the Company was \$0.25;  
The volatility factor is set as 90% which is based on an average of comparable companies' historical data from the Australian Graduate School of Management's Risk Measurement Service.

### Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated Group	Parent Entity
	2008	2008
	\$	\$
Expenses related to options issued to key management personnel	175,219	175,219

### Other information

No options have been exercised to 30 June 2008.

## NOTE 22 – SIGNIFICANT AFTER BALANCE DATE EVENTS

- On 3 July 2008, shareholders approved a number of resolutions including:
  - Issue of 1m shares to Voermans Geological Services;
  - Issue 10m shares and 12m Annexure A options to Consultants;
  - Issue 5m Annexure D Options to Sevag Chalabian or his nominee;
  - Issue 5m Annexure D Options to Barry Woodhouse or his nominee;
  - Issue 1m shares and 500,000 Annexure B Options to Nicholas Bancroft-Cooke or his nominee;
  - Issue 250,000 Annexure C Options to Sevag Chalabian or his nominee;
  - Issue 250,000 Annexure C Options to Barry Woodhouse or his nominee;
  - Approval of Employee Option Plan;
  - Increase in Maximum Directors' Fees to \$400,000; and
  - Approval of Entry into Corporate Advisory Agreement with Panthera Pardus Limited (Corporate Advisor).
  - Issue of 20m Shares, 30m Annexure F Option and 10m Annexure G Options to the Corporate Advisor subject to certain performance hurdles which have subsequently not been met.
- On 4 July 2008, the Company issued 1 million shares to Voermans Geological Services Pty Ltd in accordance with the Option Agreement signed on 9 November 2007 to acquire 80% interest in Mt Oscar iron ore project.
- On 4 July 2008, the Company issued shares and options to consultants and directors as listed above (apart from 20m Shares, 30m Annexure F Option and 10m Annexure G Options to the Corporate Advisor as certain performance hurdles were not met) and entered the Corporate Advisory Agreement, as approved in the shareholder's meeting held on 3 July 2008.
- As outlined in the IPO Prospectus, the Company announced details of its First Loyalty Option (FLO) and Second Loyalty Option Terms of the FLO included the issue of one option for every two shares held at a price of half a cent per FLO and an exercise price of 25 cents per FLO. In September 2008, the Company issued a total of 47,077,646 Loyalty Options to raise \$235,388 (less costs) to complete its commitment outlined in its IPO Prospectus.
- On 24 September 2008 the Company announced that it had exercised its option to acquire the 20% of the Mt Oscar iron ore project that it did not already own, subject to shareholder and regulatory approvals. The consideration for the acquisition is the issue of 4,000,000 ordinary shares at a deemed issue price of 25 cents and \$1.2m in cash with \$500,000 payable upon the completion of the sale agreement and the balance upon the earlier of the expiration of 18 months from the completion of the sale agreement or the sale of the Mt Oscar project to a third party.

Apart from as described above, there are currently no matters or circumstances that have arisen since the end of the financial period that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

## NOTE 23 – COMPARATIVES

This is the Company's first set of annual report since incorporation and therefore there are no comparatives shown.

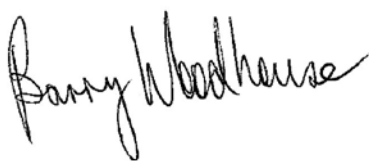
# Directors' Declaration

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The directors of the company declare that:

1. the financial statements and notes, as set out on pages 22 to 40, are in accordance with the Corporations Act 2001:
  - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the financial position as at 30 June 2008 and of the performance for the period ended on that date of the Company; and
2. the Chairman and Company Secretary have each declared that:
  - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
  - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
  - (c) the financial statements and notes for the financial year give a true and fair view.
3. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Barry Woodhouse  
Director and Company Secretary

26 September 2008



# Independent Auditor's Report

## RSM Bird Cameron Partners

Chartered Accountants

8 St Georges Terrace Perth WA 6000  
GPO Box R1253 Perth WA 6844  
T +61 8 9261 9100 F +61 8 9261 9101  
www.rsmi.com.au

### INDEPENDENT AUDITOR'S REPORT

#### TO THE MEMBERS OF

#### APOLLO MINERALS LIMITED

##### Report on the Financial Report

We have audited the accompanying financial report of Apollo Minerals Limited ("the company"), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

##### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1 to the Financial Statements, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

##### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Professional Standards  
Legislation

Major Offices in:  
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Adelaide and Canberra  
ABN 36 965 185 036

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accounting and consulting firms.



# Independent Auditor's Report

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF APOLLO MINERALS LIMITED

#### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

#### *Auditor's Opinion*

In our opinion:

- (a) the financial report of Apollo Minerals Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

the financial report also complies with International Financial Reporting Standards as disclosed in Note 1 to the financial statements..

#### **Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 11 to 14 of the directors' report for the financial year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

#### *Auditor's Opinion*

In our opinion the Remuneration Report of Apollo Minerals Limited for the financial year ended 30 June 2008 complies with section 300A of the *Corporations Act 2001*.

*RSM Bird Cameron Partners*

RSM BIRD CAMERON PARTNERS  
Chartered Accountants

*SCUBITT*

S C CUBITT  
Partner

Perth, WA  
Dated: 26 September 2008

# Auditor's Independence Declaration

## RSM Bird Cameron Partners

Chartered Accountants

8 St Georges Terrace Perth WA 6000  
GPO Box R1253 Perth WA 6844  
T +61 8 9261 9100 F +61 8 9261 9111  
www.rsmi.com.au

### AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Apollo Minerals Limited for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

*RSM Bird Cameron Partners*

RSM BIRD CAMERON PARTNERS  
Chartered Accountants

*S C Cubitt*

S C CUBITT  
Partner

Perth, WA

Dated: *26 September 2008*

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# Additional Information

## ADDITIONAL INFORMATION PURSUANT TO LISTING RULE 4.10

### A. CORPORATE GOVERNANCE

A statement disclosing the extent to which the Company has followed the best practice recommendations set by the ASX Corporate Governance Council during the reporting period is contained within the Director's Report.

### B. SHAREHOLDING

#### 1. Substantial shareholders

As at 25 September 2008, the names of the substantial shareholders in the Company, the number of equity securities to which each substantial shareholder and substantial holder's associates have a relevant interest, as disclosed in substantial holding notices given to the Company are:

Name	No of Ordinary Shares	%
Tiger Resources Pty Ltd	30,000,001	31.86%
Hugo Natural Enterprises Ltd	9,607,844	10.20%
Artemis Resources Ltd	5,000,000	5.31%

#### 2. Number of holders of each class of equity securities and the voting rights attached

There are 585 holders of ordinary shares. Each shareholder is entitled to one vote per share held.

There are 351 holders of listed options. There are no voting rights attached to these options.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

#### 3. Distribution schedule of the number of holders in each class of equity security as at 25 September 2008

By Class	Holders of Ordinary Shares	No of Ordinary Shares	%	Holders of Options	No of Options	%
1 – 1,000	9	2,353	0.01%	17	14,284	0.03%
1,001 – 5,000	127	393,561	0.42%	99	353,419	0.75%
5,001 – 10,000	123	1,049,384	1.11%	52	426,797	0.91%
10,001 – 100,000	249	9,729,366	10.33%	140	4,948,177	10.51%
100,001 – and over	77	82,980,628	88.13%	43	41,334,969	87.80%
<b>Totals</b>	<b>585</b>	<b>94,155,292</b>	<b>100.00%</b>	<b>351</b>	<b>47,077,646</b>	<b>100.00%</b>

#### 4. Marketable Parcel

The number of shareholders with less than marketable parcels is 35.

# Additional Information

## 5. Twenty largest holders of each class of quoted equity security

The names of the twenty largest holders of each class of quoted equity security, the number of equity security each holds and the percentage of capital each holds (as at 25 September 2008) is as follows:

### Ordinary Shares (AON)

	Name	No of Ordinary Shares	%
1.	Tiger Resources Pte Ltd	30,000,001	31.86%
2.	Citicorp Nominees Pty Ltd	10,165,916	10.80%
3.	Hugo Natural Enterprises Ltd	9,607,844	10.20%
4.	Artemis Resources Ltd	5,000,000	5.31%
5.	Normanby PL	4,012,408	4.26%
6.	Keleve Services Ltd	2,317,460	2.46%
7.	Stangio A + Strangio S	1,400,000	1.49%
8.	Voemans Geological Services Ltd	1,300,000	1.38%
9.	McLean-Lynn Moira Clare	1,113,263	1.18%
10.	Innovatif Developments Pty Ltd	1,050,000	1.12%
11.	Davies Nom Pty Ltd	1,000,000	1.06%
12.	East Asia Ventures Ltd	1,000,000	1.06%
13.	New Zealand Guardian Trust	630,000	0.67%
14.	Dwellers Nom Pty Ltd	610,000	0.65%
15.	River Plate Securities Pty Ltd	517,453	0.55%
16.	Gavaol Investments Pty Ltd	500,000	0.53%
17.	Hill 50 Gold Mines Pty Ltd	500,000	0.53%
18.	Ronatac Pty Ltd	400,000	0.42%
19.	Rathdonnell Super Pty Ltd	400,000	0.42%
20.	Archem Trading NZ Ltd	400,000	0.42%
		<b>71,924,345</b>	<b>76.37%</b>

# Additional Information

## Listed Options - Exp 31 July 2009 (AONO)

	Name	Options	%
1.	Tiger Resources Pte Ltd	15,000,000	31.86%
2.	Citicorp Nominees Pty Ltd	7,082,958	15.05%
3.	Hugo Natural Enterprises Ltd	4,803,922	10.20%
4.	Artemis Resources Ltd	2,500,000	5.31%
5.	Keleve Services Ltd	1,158,730	2.46%
6.	Nutt Warren Edward + MA	1,040,000	2.21%
7.	Nutt Kerry Anne	1,000,000	2.12%
8.	Stangio A + Strangio S	700,000	1.49%
9.	Voemans Geological Services Pty Ltd	650,000	1.38%
10.	McLean-Lynn Moira Clare	556,631	1.18%
11.	Innovatif Developments Pty Ltd	525,000	1.12%
12.	Davies Nominees Pty Ltd	500,000	1.06%
13.	East Asia Ventures Ltd	500,000	1.06%
14.	New Zealand Guardian Trust	400,000	0.85%
15.	Dwellers Nominees Pty Ltd	305,000	0.65%
16.	Bung Nominees Pty Ltd	272,039	0.58%
17.	Archilles Financial Pty Ltd	260,000	0.55%
18.	River Plate Securities Pty Ltd	258,726	0.55%
19.	Gavsol Investments Pty Ltd	250,000	0.53%
20.	Hill 50 Gold Mines Pty Ltd	250,000	0.53%
		<b>38,013,006</b>	<b>80.74%</b>

### C. OTHER DETAILS

#### 1. Company Secretary

The name of the company secretary is Mr Barry Woodhouse.

#### 2. Address and telephone details of entity's registered and administrative office

The address and telephone details of the registered and administrative office in Australia will be:

4th Floor, 673 Murray Street  
West Perth Western Australia 6005  
Telephone: +(618) 9322 6544  
Facsimile: +(618) 9226 5405

#### 3. Address and telephone details of the office at which a register of securities is kept

The address and telephone of the office at which a register of securities is kept:

Security Transfer Registrars Pty Limited  
770 Canning Highway  
Applecross Western Australia 6153

#### 4. Stock exchange on which the Company's securities are quoted

The Company's listed equity securities are quoted on the Australian Stock Exchange.

#### 5. Restricted Securities

There are 42,599,045 restricted ordinary shares until 31 October 2009.



# Additional Information

## 6. Interests in Mining Tenements

Mining Tenements	Location	Percentage Interest
EL 3678	South Australia	100%
EL 3728	South Australia	100%
EL 3765	South Australia	100%
EL 3780	South Australia	100%
EL 3821	South Australia	100%
EL 4096	South Australia	100%
ELA 47/1378	Western Australia	100%*
ELA 47/1379	Western Australia	100%*

EL – Exploration Licence; ELA – Exploration Licence Application

\* Subject to any shareholder and regulatory approvals

## 7. Unquoted equity securities

The Company has three classes of unquoted equity securities held as follows:

Class	Holder	Number
Unlisted options expiring 30 June 2012 at 0.25 cents	Woodhouse Trust	5,000,000
	HNB Corporation	2,000,000
	STC Advisory Services Pty Ltd	5,000,000
	Corporate Nominees Pty Limited	10,000,000
	<b>Total</b>	<b>22,000,000</b>
Unlisted options expiring 30 June 2012 at 0.40 cents	East Asia Ventures Limited	500,000
	Woodhouse Trust	250,000
	STC Advisory Pty Ltd	250,000
	<b>Total</b>	<b>1,000,000</b>
Unlisted options expiring 30 June 2012 at 0.35 cents	Gavsol Investments Pty Ltd	1,000,000
	STC Advisory Pty Ltd	1,000,000
	Woodhouse Trust	250,000
	<b>Total</b>	<b>2,250,000</b>

## 8. Review of Operations

A review of operations is contained in the Review of Operations report.

## 9. On market buy-back

There is currently no on-market buy-back.

## 10. Consistency with business objectives

The Company has used its cash and assets in a form readily convertible to cash that it had at the time of listing in a way consistent with its stated business objectives.



Apollo Minerals Limited

ABN 96 125 222 924

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