

AON.AU

17 March 2008
Iron Ore, Uranium, Gold
Australia (SA,WA)
Mid Exploration
Exchanges: ASX:AON

Apollo Minerals Limited

A\$ 0.24

AON has near term iron ore resource definition potential at Commonwealth Hill (SA) and an MoU with a Chinese investor to market iron ore from Mt Oscar (WA). It also has early stage exploration underway for uranium (IOCG, palaeochannel) and gold in the Gawler Craton (SA).

Capital Profile

Share price (A\$)	0.24
52 week range (A\$/share)	0.20 to 0.53
Number of shares (m)	82.2
Options and warrants (m)	2.3
Convertible notes (m)	0.0
Fully diluted (m)	84.4
Market capitalisation (undiluted) (A\$m)	20
Debt (A\$m) - Mar 08F	0.0
Enterprise value (A\$m)	19.7
Major shareholders:	
Tiger Resources PTE (42%), Hugo Natural Enterprises Ltd (11.69%)	
Artemis Resource (6.99%), Board (1.2%)	
Avg monthly volume (m)	2
Cash (A\$m) - Mar 08F	7.8
Price/Cash (x)	2.5
Price/Book (x)	2.3
Company options:	No

Investment Points

Apollo is targeting a diverse group of commodities, including iron ore, uranium and gold.

Tenements in Gawler Craton (SA) and Mt Oscar (WA).

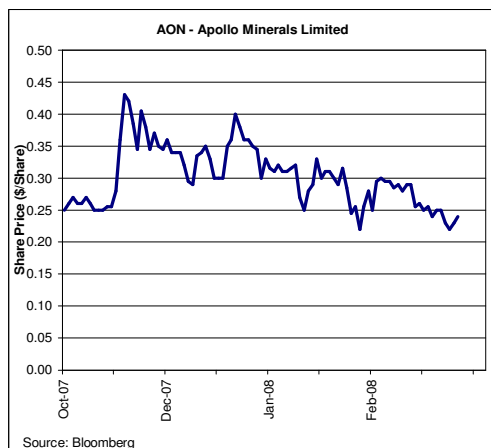
Iron ore: includes established deposit (22mt, Sequoia) with potential to beneficiate to 70% Fe, rail line intersects tenement. Upside at Sequoia and Ibis - drilling 2Q08.

Mt Oscar Iron Ore (WA) option agreement announced Nov. '07. Early stage haematite target.

Uranium and gold prospects under-explored due to cover - should reward modern exploration techniques.

Iron ore key commodity target. Market expectations of 25% to 50% price increase 2008.

Chinese Iron and Steel Group placing up to A\$5m (19.1% of AON) before May 08.



Contacts

Mr Barry Woodhouse
(Director and Company Secretary)
Tel: +61 8 9488 5266
West Perth, Australia
www.apollominerals.com.au

Analyst: John Wilson
Associate: Dr Trent Allen
johnwilson@rcresearch.com.au

Directors

S. Chalabian (Chair)
N. Bancroft-Cooke (Dir)
B. Woodhouse (Dir)

Production and Financial Forecasts

YEAR END: June	Dec-07a	Mar-08F	2007a	2008F	2009F
Exploration and evaluation (A\$m)	0.06	0.25	na	0.61	1.76
Corporate (A\$m)	0.05	0.23	na	0.50	0.90
Exploration/(Expl.+ Corporate) (%)	54	53	na	55	66
Funding duration at current burn (years)			na	4.4	3.2
Shares on issue (pr end) (m shares)	72	82	na	89	89
Drilling - RAB (m)	0	0	na	3,500	3,500
Drilling - Other/Diamond (m)	0	1,200	na	3,200	9,000
Land holding ('000 ha)*	18	18	na	18	18
Tenement costs (\$/k per year)	-	-	na	-	-
Capital raisings (A\$m)	4.6	2.0	na	8.9	0.0
Funding from JV partners (A\$m)	0.0	0.0	na	0.0	0.0
Cash (A\$m)	6.1	7.8	na	9.9	8.5
Cash backing (A\$/share)	8.5	9.5	na	11.1	9.6
Net asset backing (A\$/share)	9.1	10.4	na	12.2	12.7

* Uranium prospective properties only

Company Comment

Overview: Apollo listed on the ASX Oct. '07. Its main project, Commonwealth Hill (SA), includes five properties (Comet, Gina, Commonwealth Hill, Aurora Tank, Commonwealth Hill East) covering 1,793km² in the Gawler Craton. AON has a strategic relationship with Artemis Resources (ASX:ARV) to provide management services and expertise on new acquisitions and JV's - AON has first right of refusal over uranium projects globally. Tony Grey (former MD of Pancontinental) is advisor to ARV.

Commonwealth Hill Iron ore: (SA) AON's most advanced project - banded iron formations (BIF) with potential to host modest size magnetic iron ore deposits. **Sequoia** prospect (Commonwealth Hill East) is 5km from the Adelaide - Darwin railway. PIRSA found magnetite BIF averaging 28.4% Fe, to a depth of 100m below the 45m oxidation level and defined historic mineralisation (non JORC compliant) based on 8 holes. Metallurgy showed ore to be coarse grained and readily beneficiated to ~70% Fe. Other targets include **Ibis** (5km-long magnetic anomaly) and **St Andrews** (28m intercept @ 53.4% Fe). Airborne magnetic survey expected 1Q08 at Ibis and Sequoia. Drilling expected 2Q-3Q08 (5,000m) at Sequoia (at depth) and Ibis - target resource 40mt to 50mt. The Ibis iron ore prospect has had little previous exploration and there is a large PGE anomaly at Wirrida. Other iron ore explorers active in the region include Western Plains (ASX: WPG, market cap. ~A\$120m) (Peculiar Knob, Hawks Nest).

Mt. Oscar Iron Ore: (WA, EL Application) located 25km south of Cape Lambert magnetite project (ASX:CFE, 977mt @ 32.4% Fe). The project is early stage and targets hematite iron. It straddles both AON's tenements (~40%) and Fox Resources (ASX:FXR, ~60%). BIF outcrop covering an area of approx. 5km x 2km is coincident with a regional magnetic anomaly. FXR has rock chip samples exceeding 40% Fe. Most recent exploration was undertaken by KKR Resources in '94 including airborne magnetics, and rock chip sampling. Option agreement to acquire up to 80% interest announced Nov. '07. Terms include payment of up to \$0.95m in cash and shares and 20% free carried interest. A Chinese iron and steel group has signed a non-binding MoU (Dec. '07) to market Mt Oscar ore. It also purchased 11.7% of AON (Dec. '07 - Feb. '08) and can own 19.9%, subject to approvals, by 30 April '08.

IOCGU (uranium) targets: Previous exploration targeted Olympic Dam-scale geophysical features rather than the more subtle signatures of Prominent Hill or Carrapateena IOCG systems. A new geophysical interpretation based on detailed gravity surveys aims to locate potential IOCGU signatures of this type.

Palaeochannel roll front uranium: Palaeochannel uranium in the region has only recently been targeted, following research by PIRSA (Dept. Primary Industries and Resources of South Australia) which defined the Garford palaeochannel beneath cover. Airborne radiometrics show uranium channel anomalies in the project area. Shallow RAB drilling expected 2Q-3Q08 (7,000m). Other uranium explorers active in the region include Toro Energy, Tasman Resources and Mega Uranium.

Investment Comment: AON is currently focused on iron ore at a time of record high prices and has secured a strategic Chinese partner. However, the Gawler Craton is highly prospective for multiple commodities and Apollo's Commonwealth Hill project area is under-explored, largely due to lack of basement outcrop. There is potential for modern techniques to identify new drill targets in gold and uranium (both IOCGU and palaeochannel). The area is now targeted for uranium and previous gold exploration peaked in the late 1990s, before scaling back in parallel with gold prices. Reconnaissance drilling of palaeochannel uranium targets is planned from 2Q08. AON plans to issue a loyalty option.

Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian: (JORC)

Uranium (U ₃ O ₈)	Classification	Project	Ore	Grade	Cut Off	Eqty		
						Equity	Mt	Mib
Reserves						0.0	0.0	0.0
Resources						0.0	0.0	0.0
Mineralised Material (est., non compliant with JORC)						0.0	0.0	0.0

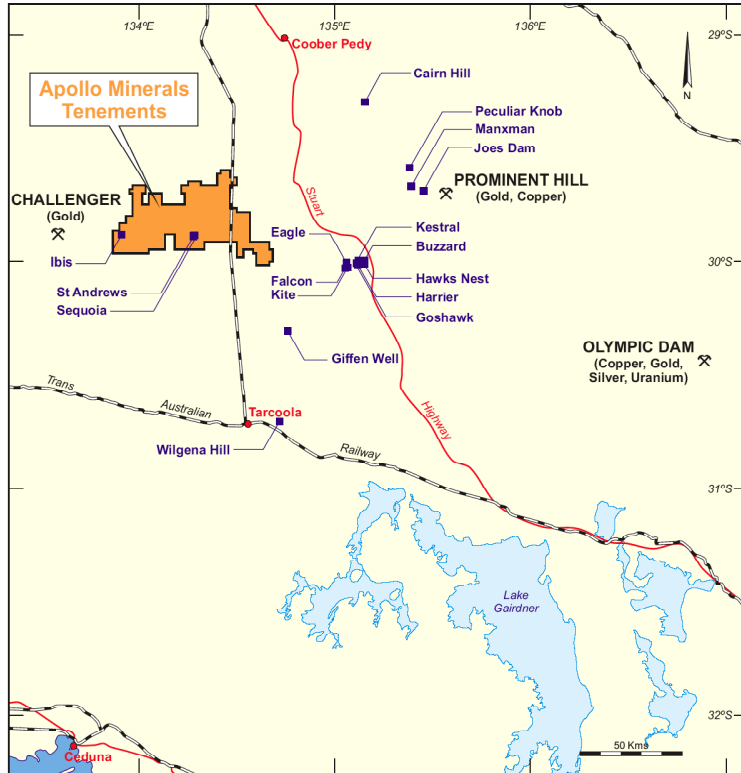
Iron ore (historic - non JORC compliant)

Cwealth Hill (Sequoia) 100% 22.0 28.4% Fe

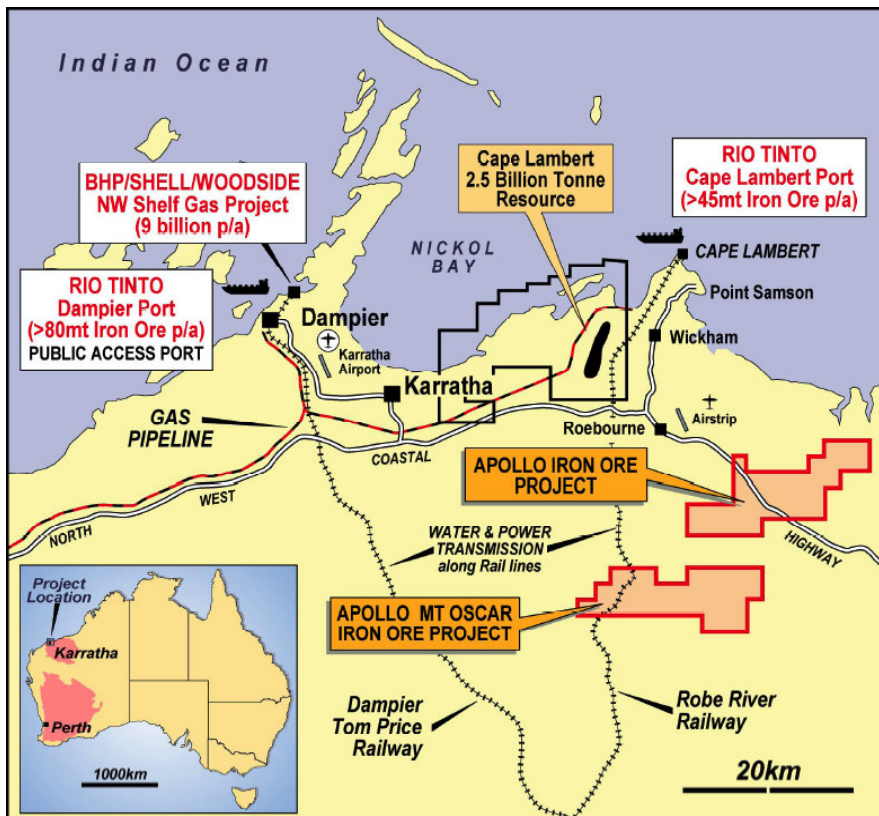
Key Projects

Project	Ownership/		JV/ Partner	Target Type	Process Route	Project Status	Project Location
	Option	Metal					
Commonwealth Hill East	100%	Fe	na	BIF	convent'l	Mid. Expl.	Aus (SA)
Mt Oscar	0/80%	Fe	na	BIF	convent'l	Early Expl.	Aus (WA)
Comet	100%	U, Gold	na	IOCG, calc.	na	Early. Expl.	Aus (SA)
Gina	100%	U, Gold	na	IOCG, shear	na	Early. Expl.	Aus (SA)
Commonwealth Hill	100%	U, Gold	na	IOCG, shear	na	Early. Expl.	Aus (SA)
Aurora Tank	100%	U, Gold	na	IOCG, calc.	na	Early. Expl.	Aus (SA)

SA iron ore deposits (Gawler Craton): Apollo's Commonwealth Hill project is in a region of advancing iron ore projects (Western Plains (ASX:WPG) and Ironclad (ASX:IFE)). Tenements are prospective for iron ore, uranium, gold and base metals.



Mt Oscar Iron Ore (WA): 35km from deep water port at Cape Lambert. Targeting BIF outcrop covering 5km x 2km (~40% occurs on AON tenement). Rock chip sample grades of 40% Fe. AON earning 80%.



Disclosure and Disclaimer**Important Information**

Resource Capital Research Pty Limited (referred to as “we”, “our”, or “RCR” herein) ACN 111 622 489 is an authorised representative (Authorised Representative No. 286538) of Halifax Investment Services Pty Ltd ACN 096 980 522 (AFS Licence No. 225973). The FSG and Supplemental FSG is available at www.rcresearch.com.au. All references to currency are in Australian dollars unless otherwise noted.

This report and its contents are intended to be used or viewed only by persons resident and located in the United States and Australia and therein only where RCR's services and products may lawfully be offered. The information provided in this report is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation or which would subject RCR or its affiliates to any registration requirement within such jurisdiction or country.

This report and its contents are not intended to constitute a solicitation for the purchase of securities or an offer of securities. The information provided in this report has been prepared without taking account of your particular objectives, financial situation or needs. You should, before acting on the information provided in this report, consider the appropriateness of the purchase or sale of the securities of the companies that are the subject of this report having regard to these matters and, if appropriate, seek professional financial, investment and taxation advice. RCR does not guarantee the performance of any investment discussed or recommended in this report. Any information in this report relating to the distribution history or performance history of the securities of the companies that are the subject of this report, should not be taken as an indication of the future value or performance of the relevant securities.

In preparing this report, RCR analysts have relied upon certain information provided by management of the companies that are the subject of this report or otherwise made publicly available by such companies. The information presented and opinions expressed herein are given as of the date hereof and are subject to change. We hereby disclaim any obligation to advise you of any change after the date hereof in any matter set forth in this report. THE INFORMATION PRESENTED, WHILE OBTAINED FROM SOURCES WE BELIEVE RELIABLE, IS CHECKED BUT NOT GUARANTEED AGAINST ERRORS OR OMISSIONS AND WE MAKE NO WARRANTY OR REPRESENTATION, EXPRESSED OR IMPLIED, AND DISCLAIM AND NEGATE ALL OTHER WARRANTIES OR LIABILITY CONCERNING THE ACCURACY, COMPLETENESS OR RELIABILITY OF, OR ANY FAILURE TO UPDATE, ANY CONTENT OR INFORMATION HEREIN.

This report and the information filed on which it is based may include estimates and projections which constitute forward looking statements that express an expectation or belief as to future events, results or returns. No guarantee of future events, results or returns is given or implied by RCR. Estimates and projections contained herein, whether or not our own, are based on assumptions that we believe to be reasonable at the time of publication, however, such forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from the estimates and projections provided to RCR or contained within this report.

This report may, from time to time, contain information or material obtained from outside sources with the permission of the original author or links to web sites or references to products, services or publications other than those of RCR. The use or inclusion of such information, material, links or references does not imply our endorsement or approval thereof, nor do we warrant, in any manner, the accuracy or completeness of any information presented therein.

RCR, its affiliates and their respective officers, directors and employees may hold positions in the securities of the companies featured in this report and may purchase and/or sell them from time to time and RCR and its affiliates may also from time to time perform investment banking or other services for, or solicit investment banking or other business from, entities mentioned in this report. Cartesian Capital Pty Limited commissioned RCR to compile this company report on Apollo Minerals Limited. Cartesian Capital Pty Limited acts as advisor to Apollo Minerals Limited in relation to capital raisings. In consideration, RCR received from each company a cash consultancy fee of less than \$15,000. RCR may receive referral fees from issuing companies or their advisors in respect of investors that RCR refers to companies looking to raise capital. Those fees vary, but are generally between 0 - 1% of the value of capital raised from referrals made by RCR. RCR received referral fees in relation to recent capital raisings for Globe Uranium Limited, PepinNini Minerals Limited and Uranex NL. At the date of this report, neither RCR, nor any of its associates, hold any interests or entitlements in shares mentioned in this report with the exception that either or both of John Wilson (either directly or through Resource Capital Investments Pty Limited (RCI)), or RCI, as trustee of the Resource Capital Investments Fund owns shares in BHP.

Analyst Certification: All observations, conclusions and opinions expressed in this report reflect the personal views of RCR analysts and no part of the analyst's or RCR's compensation was, is, or will be, directly or indirectly related to specific recommendations or views expressed in the report. Officers, directors, consultants, employees and independent contractors of RCR are prohibited from trading in the securities of U.S. companies that are, or are expected to be, the subject of research reports or other investment advice transmitted to RCR clients for a blackout window of 14 days extending before and after the date such report is transmitted to clients or released to the market.

Cautionary Note to U.S. Investors Concerning Estimates of Measured, Indicated and Inferred Resources: RCR publishes mineral resources based on standards recognized and required under securities legislation where listed mining and exploration companies make their exchange filings and uses the terms “measured”, “indicated” and “inferred” mineral resources. U.S. investors are advised that while such terms are recognized and required under foreign securities legislation, the SEC allows disclosure only of mineral deposits that can be economically and legally extracted. United States investors are cautioned not to assume that all or any part of measured, indicated or inferred resources can be converted into reserves or economically or legally mined. We recommend that US investors consult Securities and Exchange Commission Industry Guide 7 – “Description of Property by Issuers Engaged or to Be Engaged in Significant Mining Operations” for further information about the use of defined terms and the presentation of information included in this report.