



ABN 96 125 222 924

ANNUAL REPORT 2010

DIRECTORY

DIRECTORS

Sevag Chalabian (Non-Executive Chairman)
Anthony Ho (Non-Executive Director)
Wang Jianguang (Non-Executive Director)
Peter McNally (Executive Director) (Appointed 1 July 2010)
Xing (Wayne) Wu (Non-Executive Director) (Appointed 16 July 2010)
David Nolan (Non-Executive Director) (Appointed 27 July 2010)

COMPANY SECRETARY

Guy Robertson

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SOLICITORS

DLA Phillips Fox

AUDITORS

RSM Bird Cameron Partners

BANKERS

Westpac Banking Corporation

WEBSITE

www.apollominerals.com.au

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APOLLO MINERALS LIMITED AND ITS CONTROLLED ENTITIES

**Annual Financial Report
For The Year Ended
30 June 2010**

LETTER FROM THE CHAIRMAN

Dear Shareholder,

On behalf of the directors of Apollo Minerals Limited ("Apollo" or "Company"), it gives me great pleasure to advise you of your Company's activities for the year ending 30 June 2010.

During the year, exploration at the Mount Oscar magnetite iron ore project was Apollo's focus, with our initial drilling program intersecting significant magnetite mineralisation. Following this drilling, detailed geological structural mapping of the entire target area on Apollo's Mount Oscar Project was completed to design the next phase drilling program scheduled for October 2010.

Toward the end of the year, China Armco Metals Inc ("Armco") took up a placement of a stake of 19.9% in Apollo. This has provided the Company with funding to fast track the next phase of drilling at Mount Oscar.

The appointment of Peter McNally in July 2010 as Executive Director has provided Apollo with an experienced leader in managing Apollo's Mount Oscar Project. Peter's experience with iron ore exploration has influenced the Board of Apollo to focus strongly on its Mount Oscar and Commonwealth Hill Projects. Peter was also instrumental in securing Armco's investment in Apollo.

During the year, Apollo also regained 100% control of the Commonwealth Hill Iron Ore Project and is now completing a detailed review that will be quickly followed by the next stage of work for the project.

Apollo is appreciative of the continued support of its shareholders and in particular its major shareholders Tiger Resources, China Armco Metals Inc and Hugo Natural Enterprises as it continues to fulfil its mandate of maximising its shareholders' wealth.

Yours Sincerely,

APOLLO MINERALS LIMITED



Mr Sevag Chalabian
NON EXECUTIVE CHAIRMAN

6 September 2010

REVIEW OF OPERATIONS

In the year ended 30 June 2010 there has been considerable activity by Apollo Minerals Limited ("Apollo") across its suite of projects. In addition Apollo has also strengthened its relationship with the Chinese market, through the signing of an agreement with a substantial Chinese group, China Armco Metals Inc.

While the year has seen some welcome stabilisation from the uncertainties created by the financial markets in the previous year, Apollo has remained clearly focused on the challenges it faces in developing a project in the rapidly growing magnetite iron ore business.

Significant progress has been made including the completion of the Stage 1 exploration program at Mount Oscar, the purchase of Mount Oscar East, the formation of a valuable strategic alliance with China Armco Metals Inc ("Armco"), the securing of extra funding and the strengthening of its management and technical capabilities.

The Company completed an initial exploration drilling program at its major prospect, the Mount Oscar iron ore project, located in the Pilbara region of West Australia ("Mount Oscar"). Apollo has defined a 350Mt – 650Mt exploration target at Mount Oscar. During the year it also purchased a new tenement, Mount Oscar East (E47/1304), from Thundelarra Exploration Limited ("Thundelarra"). This agreement gives Apollo a significant addition to its Pilbara iron ore project prospective for magnetite and hematite.

The Company's holding in its second iron ore project, Commonwealth Hill in South Australia, also moved to 100% ownership following the withdrawal of Western Plains Resources Ltd from the project. The Company is now completing a detailed review that will be quickly followed by the next stage of work for the project.

In June 2010 Apollo completed an agreement to place 29,250,000 shares to Armco for a total subscription of \$4,387,500 before costs, Armco thereby acquiring 19.9% of the issued share capital of Apollo. This has provided funding to fast track exploration work and created an early strategic alliance with potential customers in the rapidly growing Chinese iron ore and steel industries. Armco also agreed to purchase a minimum off-take of 15% of any ore produced at Mount Oscar.

Apollo strengthened its executive and technical capabilities during the period, something the Company believes will assist its development and growth plans in the coming years.

The Company is well funded with approximately A\$4.2 million in cash at the date of the Annual Report, sufficient for Apollo's current and future planned exploration programs to proceed as planned.

We would like to thank the directors, staff and consultants for their efforts during the year. Apollo is particularly appreciative of the continuing support of all of its shareholders.

MOUNT OSCAR MAGNETITE PROJECT (100%)

Exploration at the Mount Oscar Magnetite Project (refer E47/1379 on Figure 1) in the Pilbara region of Western Australia has been a key focus for Apollo during the year ended 30 June 2010.

Mount Oscar is ideally located close to existing roads, rail infrastructure and large mining towns such as Wickham and Karratha, the major regional centre. The project is also located approximately 25 kilometres south of the iron ore port of Cape Lambert, owned and operated by Rio Tinto Limited.

The project currently has an exploration target of 350 million tonnes (Mt) – 650Mt at 30% - 37% Fe (Table 1). [cross refer to footnotes below].

During the year, the Premier of Western Australia, Colin Barnett MLA, announced that a new multi-user port for iron ore export will be developed at Anketell, approximately five kilometres south of the existing port at Cape Lambert (Figure 1). The development of this port will further enhance the project's potential and has the potential to be used by a range of iron ore proponents in the region, including Aquila Resources Limited, Fortescue Metals Group, China Metallurgical Group, Apollo and others.

Key project activities undertaken during the year included: Stage 1 drilling program, metallurgical test work, geological structural mapping, surface sampling and planning for the Stage 2 drilling program.

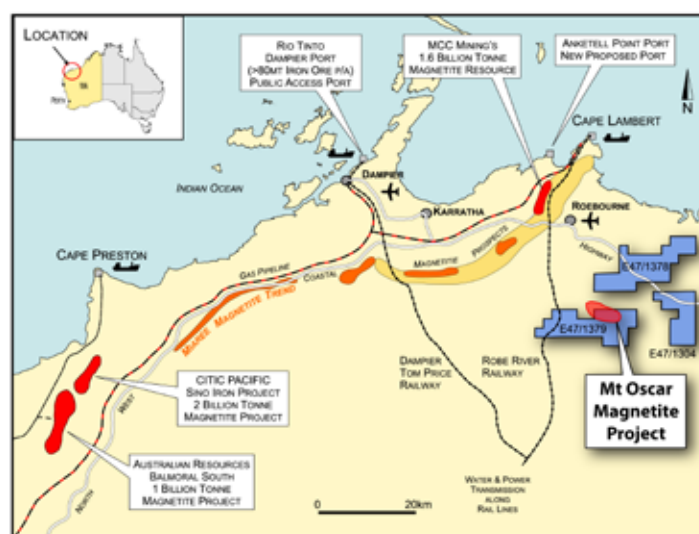


Figure 1: Location of Tenements and Infrastructure

Table 1 - Mount Oscar Banded Iron Formation Exploration Target¹

Modelled Exploration Target Tonnage ²				
Apollo Prospects	Minimum Mt	Mid-range Mt	Maximum Mt	Fe Grade
Mount Oscar BIF (100%)	300	400	500	31-37%
Mount Oscar East BIF	50	100	150	31-37%
Total	350	500	650	31-37%

¹ The estimates of exploration target sizes mentioned in this release should not be misunderstood or misconstrued as estimates of Mineral Resources. The estimates of exploration target sizes are conceptual in nature and there has been insufficient results received from drilling completed to date to estimate a Mineral Resource compliant with the JORC Code (2004) guidelines. Furthermore, it is uncertain if further exploration will result in the determination of a Mineral Resource.

² Overall the modelling exercises undertaken by SGC and subsequently revised by the results of the drilling program undertaken by the company at Mount Oscar, has provided tonnage estimates for the BIFs at Mount Oscar and Mount Oscar East that are considered to be possibly accurate to +/- 25%, however they should be considered accurate to +/- 50% for planning purposes, and to be broadly indicative at best.

REVIEW OF OPERATIONS

Stage 1 Drilling Program

The initial drilling program (Stage 1) at Mount Oscar started in late 2009 and was designed to target the highest magnetic amplitudes at section lines A4 and A6 (Figure 2) and to test the interpreted magnetite rich horizons for grade and geometry for Units C and D (Figure 3). This was at a depth below the near surface oxidised BIF. This was modelled by independent geological consultants using high-resolution airborne magnetic data.

The program comprised five RC holes drilled on four approximately 200 metre-spaced sections, for a combined length of 1,440 metres. The drilling produced intercept widths totalling 768 metres.

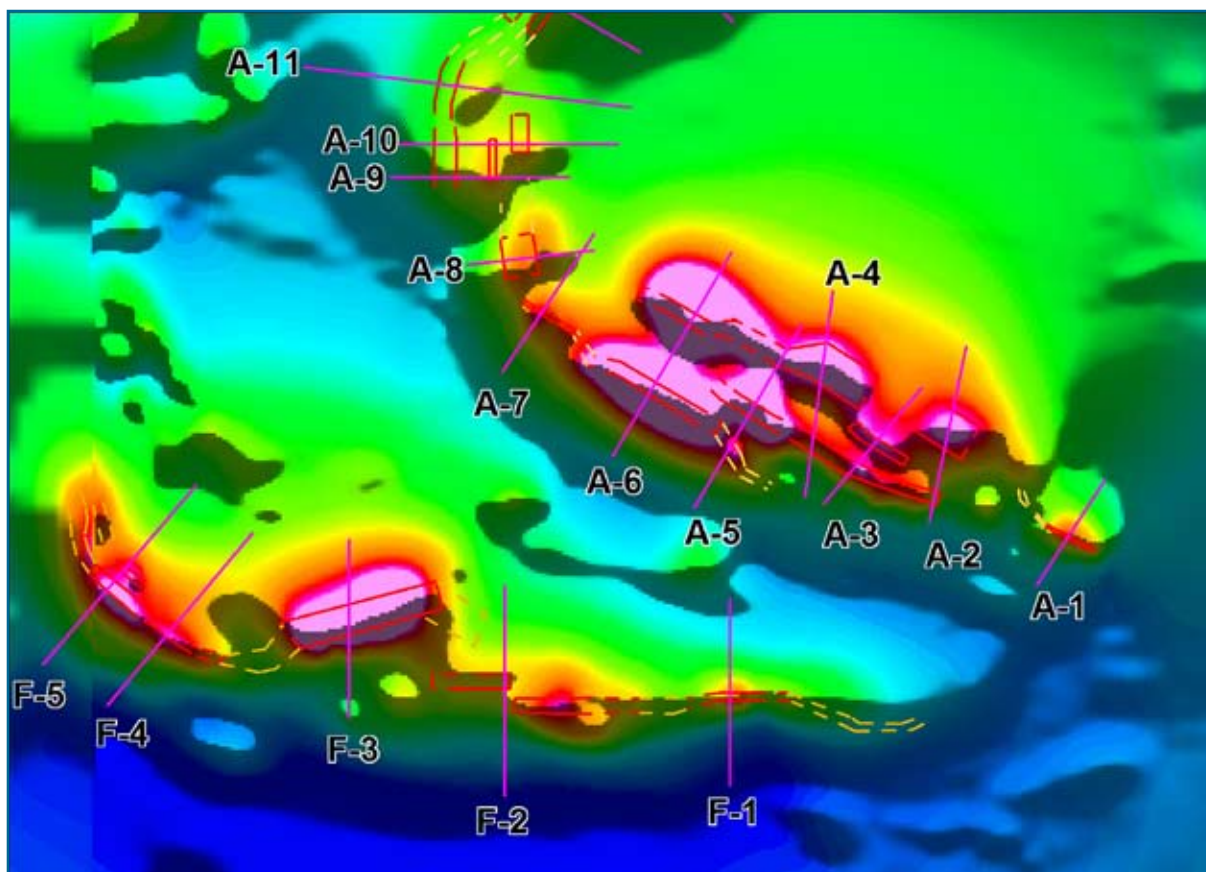


Figure 2: Geophysical interpretation

A total of 174 five-metre composite samples were taken from successive one metre intervals drilled, and submitted to an independent analytical laboratory for multi element head-grade analysis. Down hole intercepts of magnetite mineralisation ranged from 16 to 168 metres with Fe grades ranging from 31.9% to 36.9% (Table 2).

The average iron grade for the intercepts reported was 35.2%. Several individual composite assays exceeded 40% Fe with the highest being 43.8% returned from the composite sample comprising between 74 metres and 79 metres down hole OSRC004.

Other significant results include:-

- significant cumulative drill intercepts near surface of :
 - 192 metres @ 35.9% Fe in situ from 25m (OSCRC 001)
 - 271 metres @ 34.8% Fe in situ from 14m (OSRC 004)
- The outcropping nature of the BIF in prominent ridges up to 150 metres in height contributes to favourable mining parameters.
- mineralisation open at depth, along strike, and in parallel structures with the deepest holes extending to a vertical depth of 300 metres.

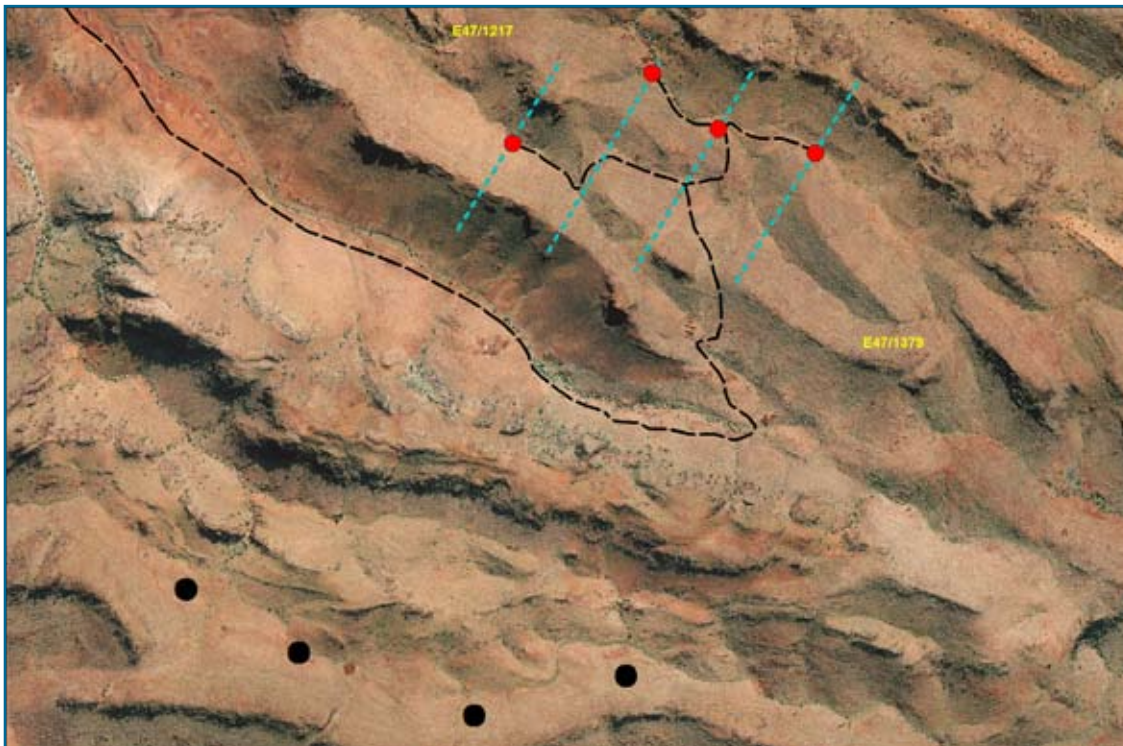


Figure 3:
Drill hole location plan
(2009 and 2010).



Figure 4:
RC drill hole layout and
results superimposed
on aerial

REVIEW OF OPERATIONS

Table 2 - Mount Oscar Stage 1 Drilling Assay results

Drillhole location details		Intercept			Head Assays				
Hole ID	From (m)	To (m)	Interval (m)	Fe (%)	SiO2 (%)	Al2O3 (%)	P (%)	S (%)	LOI (%)
OSRC001	25	48	23	31.9	39.3	3.1	0.05	0.60	3.96
	51	87	36	34.6	39.1	2.8	0.05	0.07	2.98
	215	348	133	36.9	37.7	2.0	0.05	0.33	1.55
OSRC002	83	99	16	34.6	39.7	2.6	0.06	0.69	1.99
	108	168	60	36.0	40.0	2.2	0.05	0.49	0.68
OSRC003	31	199	168	35.3	39.9	2.2	0.05	0.32	1.64
OSRC004	14	153	139	36.0	39.9	2.4	0.05	0.25	0.97
	163	188	25	34.9	38.0	3.0	0.05	0.05	2.50
	198	233	35	33.0	39.9	3.1	0.05	0.16	2.91
	247	266	19	32.5	41.7	3.0	0.05	0.22	2.08
	282	335	53	33.5	41.4	2.8	0.06	0.14	1.77
OSRC005	41	69	28	33.5	42.0	3.3	0.06	0.32	1.19

These results compare favourably with other magnetite projects in the Pilbara region.

Metallurgical Sighter Test Work

A total of 152 five metre composite samples were submitted to an independent laboratory for magnetite-specific metallurgical test work including Davis Tube Recovery (DTR) analysis. This work was undertaken under the supervision of an independent engineering and metallurgical services organisation.

The series of metallurgical tests was carried out to test the viability of sequential beneficiation processes. The primary objective of this sighter test work was to examine the response of the iron bearing material to hydro-separation and reverse flotation with the ultimate aim to produce the best quality magnetite concentrate. The tests included rougher magnetic separation, hydro-separation, cleaner/recleaner magnetic separation, reverse flotation and further DTR analysis. The tests returned favourable concentrate results:

- 23 metres grading 60.5% iron and 12.0% silica (OSRC001).
- 28 metres grading 59.6% iron and 13.3% silica (OSRC005).
- DTR mass recoveries averaged over 42% with 70% iron recovered, with broad magnetite horizons returning up to 80.5% iron recovery from 49.1% of the mass (OSRC002).

Further tests included fine grinding and DTR on samples and yielded high grade magnetite concentrate of up to 64% iron (Fe) with Fe recoveries of up to 67.6%. The magnetic concentrate was further tested with DTR and produced a magnetite concentrate of 62.6%Fe and 10.3% SiO₂.

These results indicate that additional test work is warranted. Further test work will be carried out in conjunction with the Stage 2 drilling program in the September quarter of 2010.

Geological Mapping

Encouraged by the results returned from the company's Stage 1 drilling program at Mount Oscar, Apollo commissioned a detailed geological mapping program across the entire extent of the magnetite-bearing BIF within its 100% owned exploration licence, E47/1379.

The geological mapping exercise was completed in June 2010 (Figure 5).

Interpretation of the mapping together with surface sampling identified promising iron targets in the southern section of the project target area known as BIF Unit A (Figure 3).

Instances of material containing larger magnetite grainsize were observed at Unit A and the Stage 2 drilling will target this BIF horizon.

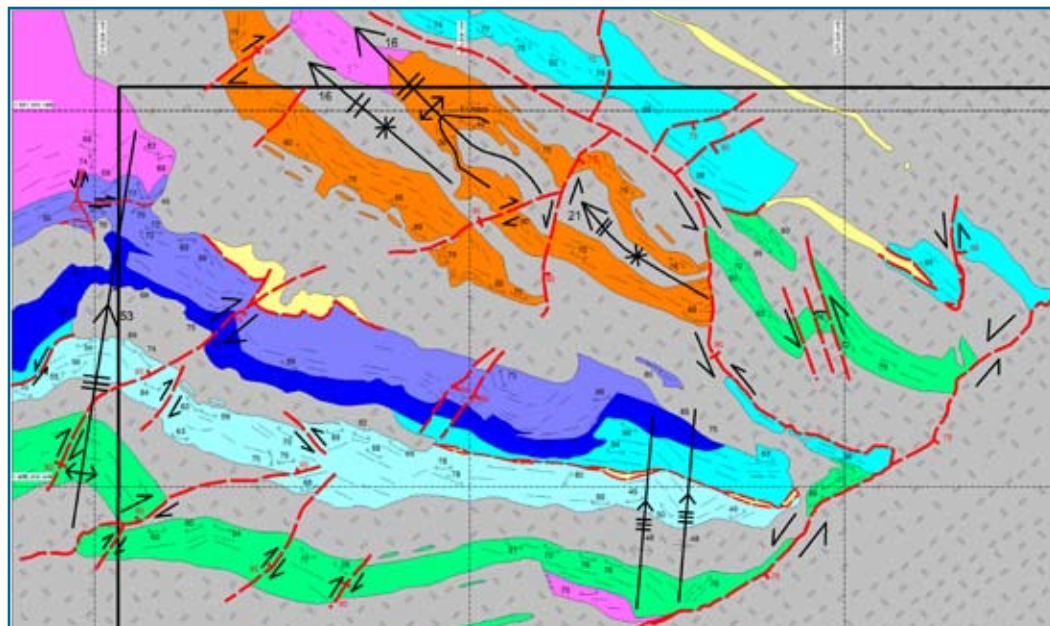
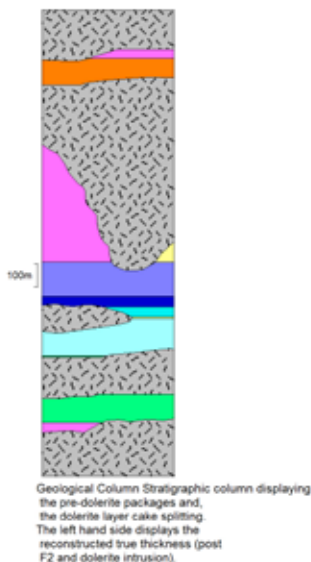


Figure 5:
Detailed Geological
Mapping 2010

Geological Column

-  Dolerite sill: Commonly a grey green colour composed of 40% pyroxenes/amphiboles, and 60% feldspars, with 75% groundmass, and 25% feldspar porphyroclasts 3-10mm (with rare quartz porphyroclasts). The dolerite displays chilled margins. Localised chlorite, talc, and epidote alteration are common.
-  Quartz breccia: A quartz rich trimodal breccia exhibiting large (7-50mm) sub-angular clasts of quartz (dominantly), chert, and BIF. It is clast-supported (35% 2-8mm) and large clasts (50% >8)) with 15% very fine-grained white quartz/clay? matrix. This unit contains only rare variations in Fe content. Associated with early stage faulting.
-  BIF C: The Fe-layers are represented by extremely fine-grained glassy magnetite which is interbedded with a black/dark grey chert. The BIF package is interbedded with a complex and discontinuous meta-basalt (1-20m). The fine-grained metabasalt unit display deep red weathered colours.
-  BIF B: Encompasses 4 distinct rock units. Unit 1 (weak light blue) contains interbedded siliceous BIF (FeO 30% +-mag, 70% chert, and Si alteration zones), metavolcanics (very fine grained, foliated, and deep red weathering), and fine grained sandstone (well foliated, white/purple, 0.5-1mm grain size). Unit 2 (light blue) is a siliceous BIF (FeO 30% 70% chert, and Si alteration zones) interbedded with a metavolcanic rock. Unit 3 (deep dark blue) is a silty BIF, containing 35% hematite (rare magnetite zones) laminated (2-6mm) with red/white chert. Unit 3 (dark blue) is a siliceous BIF (FeO 30% 70% chert, and Si alteration zones) interbedded with a metavolcanic rock.
-  BIF A: Readily distinguished by its red and black liquorice colour, and contains interbedded jasper (50-70%), and generally fine grained magnetite 50-30%, there are large zones where the magnetite is a coarse grained (1-7mm) intergrowth with quartz.
-  Metavolcanic Rock: BIF's A, B, and C all contain large metavolcanic units within sequence. The metavolcanics are fine-grained, very deformed, and often display a deep red weathered colour.



Legend

-  Lithological contact
-  Interpreted Fault trace and dip, and sense of movement
-  Dominant foliation trace lines
-  Dolerite symbol
-  Tenement Boundary
-  MGA grid line, 1000m spacing
-  S2 Dip and Dip direction symbol
-  S3 Dip and Dip direction symbol
-  F2 antiform and plunge
-  F2 Synform and plunge
-  F3 antiform and plunge
-  F3 Synform and plunge

REVIEW OF OPERATIONS

Mount Oscar East Magnetite and Haematite Project (Iron Ore, 100%)

During the year Apollo purchased from Thundelarra Exploration Limited tenement E47/1304, known as Mount Oscar East, with respect to all mineral rights (refer Figure 1).

Mount Oscar East is 10 km east of Apollo's existing Mount Oscar Project and is prospective for magnetite and haematite iron ore. Mount Oscar East has excellent infrastructure, being adjacent to the sealed North West Highway and 40km to the south east of the Cape Lambert Port.

The main Mount Oscar East Banded Iron Formation (BIF) occurrence outcrops in two areas over a 300 metre strike length. Rock chip sampling has returned assays ranging from 31% to 46.84% Fe. The extension of the associated aeromagnetic anomaly extends for a further 4.5 kilometres of strike. Ground magnetic data recently acquired by Thundelarra has been modelled by independent consulting geophysicists to estimate that a magnetic BIF mineralisation target of approximately 100Mt is possible within this tenement.

Work has commenced on planning for ground-based exploration activities.

Commonwealth Hill Iron Project (100%)

With the withdrawal of Western Plains Resources Ltd from the joint venture, Apollo regained 100% control of the Commonwealth Hill Project. The four exploration licences are in South Australia, approximately 700 kilometres northwest of Adelaide adjacent to the Adelaide-Darwin railway, and cover 760 square kilometres.

Ground geophysics surveys were completed at the project early in 2009. A ground magnetic survey was completed at and about Sequoia in July 2009.

Detailed evaluation and geophysical modelling of data from the surveys identified 7 iron targets. The locations of the seven anomalies and the other known prospect are shown on Figure 7 (labelled 1 – 8).

The South Australian Geological Survey completed a ground magnetic, drilling and metallurgical testwork program on the Sequoia Prospect in 1995. This was a small program but proved magnetite mineralisation and the metallurgical test work reported concentrate grades averaging 70.3% Fe.

Apollo has now planned further geophysics evaluation and ground reconnaissance to further define the potential exploration drill targets at the Wirrida Mafic Intrusive Complex and about the Sequoia Prospect (Figure 7).

Walk-up drill targets are proposed to test three of the eight magnetic anomalies that are considered to be the most prospective targets for iron mineralisation. The three drill targets are likely to be BIF and/or magnetite in schist or gneiss. The magnetite rich horizon is interpreted to be from 100m to 130m in width with a strike from 1,500m to 3,000m and indication depth-to-bedrock variable from 40m to 85m. The detailed review underway is expected to be completed in late 2010.

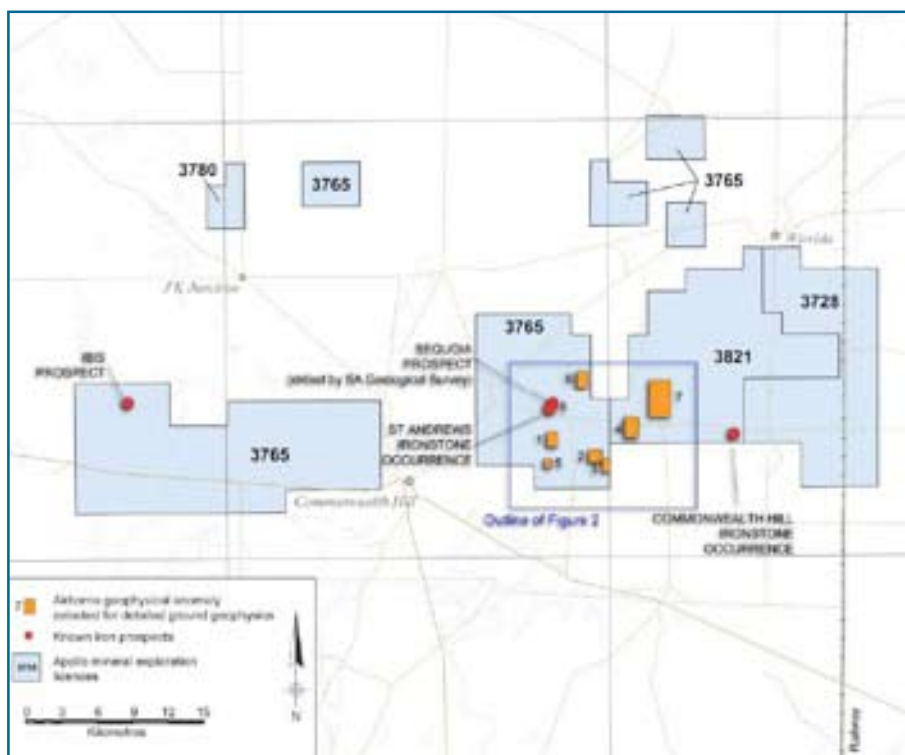


Figure 6: Commonwealth Hill project area, showing locations of known iron prospects

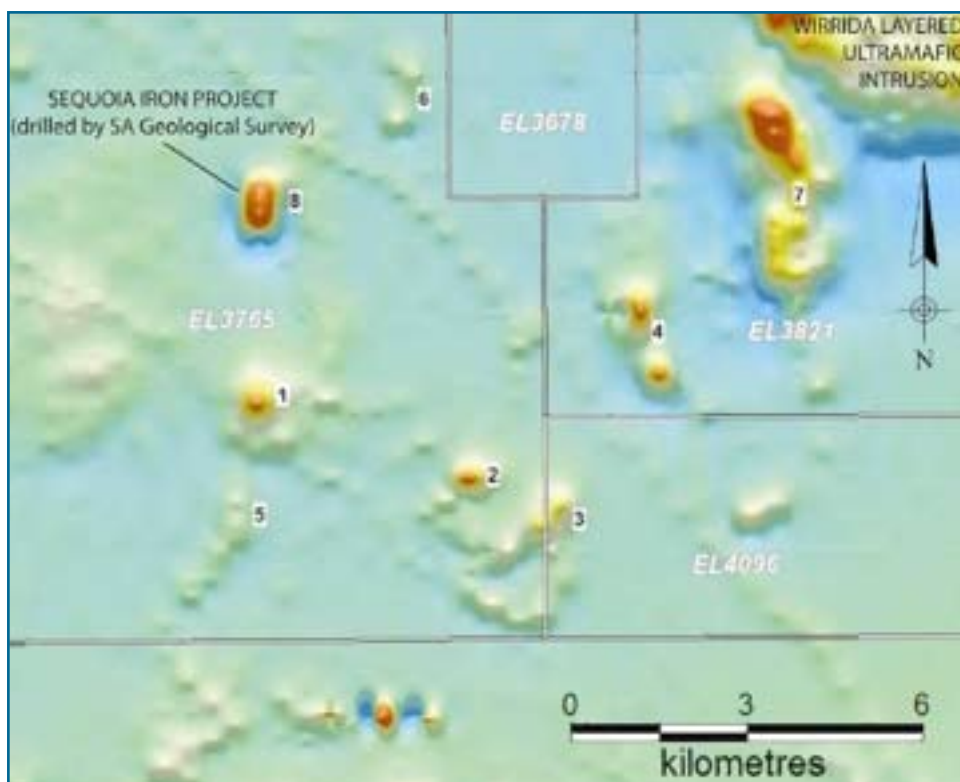


Figure 7: Aeromagnetic anomalies selected for detailed ground magnetic and gravity surveys.

Corporate Activities

Strategic Partnership with China Armco Metals Inc.

During the period Apollo and Armco negotiated an Agreement for Armco to acquire a 19.9% interest in Apollo for a total subscription price of AU\$4.3million.

Armco completed a comprehensive due diligence of the Mount Oscar project, visited local infrastructure in the vicinity of the project and held extensive talks with Apollo management and project teams prior to the completion of the deal. Armco believes that the Mount Oscar project has the potential to become a significant magnetite iron ore producer.

This agreement has created a valuable strategic alliance with Armco and has the potential to significantly advance the company toward achieving its goal to be a magnetite iron ore producer. The partnership also provides access to potential customers in the rapidly growing Chinese iron ore market. Armco is listed on the NYSE Amex and the company is engaged in the sale and distribution of metal ore and non-ferrous metals throughout China.

Enhancement of Management and Project Team

In increasing its focus on achieving its primary goal of becoming a magnetite iron ore producer, Apollo has strengthened its management and technical capabilities with the engagement of a team of highly experienced project management and iron ore specialists.

Highly experienced resource industry professional Mr Peter McNally was appointed as Executive Director to lead the project teams. Iron ore specialists Chris Robinson (Director of Hematite Consultants), Derek Macauley (Technical Director of ProMet Engineers) and David Button were also engaged. All have extensive experience in project development and iron ore. John Bridson who has previously worked on the project has been appointed as General Manager, Exploration.

REVIEW OF OPERATIONS

Schedule of Tenements

Mining Tenements	Location	Percentage Interest
EL 3728	South Australia	100%
EL 3765	South Australia	100%
EL 3821	South Australia	100%
ELA 47/1304	Western Australia	100%
ELA 47/1378	Western Australia	100%
ELS 47/1379	Western Australia	100%

EL - Exploration Licence; ELA - Exploration Licence Application



Sevag Chalabian

NON-EXECUTIVE CHAIRMAN
Sydney, 6 September 2010

The information in this Report that relates to Exploration Results is based on information compiled by Mr John Bridson who is a member of the Australian Institute of Mining and Metallurgy. Mr Bridson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Bridson consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

CORPORATE GOVERNANCE

The Apollo Minerals Limited group ("Apollo"), through its Board and executives, recognises the need to establish and maintain corporate governance policies and practices that reflect the requirements of the market regulators and participants, and the expectations of members and others who deal with Apollo. These policies and practices remain under constant review as the corporate governance environment and good practices evolve.

ASX CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

It should be noted that Apollo is currently a small cap listed company and that where its processes do not fit the model of the 8 principles, the Board believes that there are good reasons for the different approach being adopted.

Reporting against the 8 Principles, we advise as follows:

Principle 1: Lay solid foundations for management and oversight

1.1 *Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.*

The primary responsibilities of Apollo's board include:

- (i) the establishment of long term goals of the company and strategic plans to achieve those goals;
- (ii) the review and adoption of the annual business plan for the financial performance of the company and monitoring the results on a monthly basis;
- (iii) the appointment of the General Manager;
- (iv) ensuring that the company has implemented adequate systems of internal control together with appropriate monitoring of compliance activities; and
- (v) the approval of the annual and half-yearly statutory accounts and reports.

The board meets on a regular basis, normally monthly, to review the performance of the company against its goals both financial and non-financial. In normal circumstances, prior to the scheduled monthly board meetings, each board member is provided with a formal board package containing appropriate management and financial reports.

The responsibilities of senior management including the General Manager are contained in letters of appointment and job descriptions given to each appointee on appointment and updated at least annually or as required.

The primary responsibilities of senior management are:

- (i) Achieve Apollo's objectives as established by the Board from time to time;
- (ii) Operate the business within the cost budget set by the Board;
- (iii) Ensure that Apollo's appointees work with an appropriate Code of Conduct and Ethics.
- (iv) Ensure that Apollo appointees are supported, developed and rewarded to the appropriate professional standards.

1.2 *Companies should disclose the process for evaluating the performance of senior executives and appointees.*

The performance of all senior executives and appointees is reviewed at least once a year. The performance of the General Manager is reviewed by the Chairman on an annual basis, and the performance of other senior executives is reviewed by the General Manager, in conjunction with the board's Remuneration and Nominations Committee. They are assessed against personal and company Key Performance Indicators established from time to time as appropriate for Apollo.

CORPORATE GOVERNANCE

1.3 *Companies should provide the information indicated in the Guide to reporting on Principle 1.*

A performance evaluation for each senior executive has taken place in the reporting period in line with the process disclosed.

A statement covering the primary responsibilities of the Board is set out in 1.1 above.

A statement covering the primary responsibilities of the senior executives is set out in 1.1 above.

The Apollo Corporate Governance Charter is available on the Apollo web site, and includes sections that provide a board charter.

The Apollo board reviews its charter when it considers changes are required.

Principle 2: Structure the board to add value

2.1 *A majority of the Board should be independent directors.*

Apollo operates in a market where it finds that it must regularly seek investor support to raise additional capital. As a consequence, Board members themselves often have a significant interest in the company. During the reporting period, the Apollo Board consisted of three non-executive directors, of which Mr Ho and Mr Chalabian were considered to be independent directors. Mr Wang and Mr Sealy (resigned 30 October 2009) were not considered to be independent.

2.2 *The Chairperson should be independent.*

Sevag Chalabian, the non executive chairman, is independent.

2.3 *Chief Executive Officer should not be the same as Chairman.*

During the year under review the company operated with a General Manager, who is not a board member.

2.4 *A nomination committee should be established.*

As Apollo is a small cap company, the Board has decided that responsibilities of a nominations committee should be handled by the full Board.

2.5 *Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.*

The Apollo board currently has six board members, who are in regular contact with each other as they deal with matters relating to Apollo's business. The board uses a personal evaluation process to review the performance of directors, and at appropriate times the Chairman takes the opportunity to discuss Board performance with individual directors and to give them his own personal assessment. The Chairman also welcomes advice from Directors relating to his own personal performance. The Remuneration Committee determines whether any external advice or training is required. The Board believes that this approach is most appropriate for a company of the size and market cap of Apollo.

2.6 *Companies should provide the information indicated in the Guide to reporting on Principle 2*

A description of the skills and experience of each director is contained in the 2010 Directors Report.

Sevag Chalabian and Tony Ho (appointed 13 July 2009) are considered to be independent non executive directors. Wang Jianguang is associated with a major shareholder (Hugo Natural Enterprises Limited) and, under the ASX 2.1 guidance, is not considered to be independent. Xing Wu is associated with a major shareholder (China Armco Metals Inc.) and, under the ASX 2.1 guidance, is not considered to be independent. David Nolan is associated with a major shareholder (Tiger Resources Pte Ltd) and under the ASX 2.1 guideline, is not considered to be independent. Mr McNally is an executive of the company and is not considered to be independent.

Directors are able to take independent professional advice at the expense of the company, with the prior agreement of the Chairman.

The nomination responsibilities are handled by the full board under the guidance of the Chairman.

An evaluation of the board of directors took place during the reporting period and was in accordance with the process described in 2.5 above.

New directors are selected after consultation of all board members and their appointment voted on by the board. Each year, in addition to any board members appointed to fill casual vacancies during the year, one third of directors retire by rotation and are subject to re-election by shareholders at the Annual General Meeting.

There is no current board charter for nominations.

Principle 3: Promote ethical and responsible decision-making

3.1 *Companies should establish a code of conduct and disclose the code or a summary of the code as to:*

- the practices necessary to maintain confidence in the company's integrity;
- the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Apollo's policies contain a formal code of conduct that applies to all directors and employees, who are expected to maintain a high standard of conduct and work performance, and observe standards of equity and fairness in dealing with others. The detailed policies and procedures encapsulate the company's ethical standards. The code of conduct is contained in the Apollo Corporate Governance Charter.

3.2 *Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.*

3.3 *Companies should provide the information indicated in the Guide to reporting on Principle 3.*

Apollo's shares are listed on the Australian Securities Exchange. The company's policies relating to board and employee trading in shares has been designed to meet the requirements of the law. The policy is set out in the Apollo Corporate Governance Charter and is publicly available on the Apollo web site.

Principle 4: Safeguard integrity in financial reporting

4.1 *Establish an Audit Committee.*

The company has an Audit Committee.

CORPORATE GOVERNANCE

4.2 *Audit Committee composition.*

The Audit committee is comprised of Tony Ho (Audit Committee Chairman) and Sevag Chalabian. As Apollo is a small cap company, the board considers that two members rather than three are appropriate for the Audit Committee.

4.3 *A formal charter should be established for the audit committee.*

The company has adopted an Audit Committee charter. It is publicly available on the Apollo web-site.

4.4 *Companies should provide the information indicated in the Guide to reporting on Principle 4.*

The Audit Committee met twice during the course of the year.

The Audit Committee provides a forum for the effective communication between the board and external auditors. The committee reviews:

- The annual and half-year financial reports and accounts prior to their approval by the board;
- The effectiveness of management information systems and systems of internal control; and
- The efficiency and effectiveness of the external audit functions.

The committee meets with and receives regular reports from the external auditors concerning any matters that arise in connection with the performance of their role, including the adequacy of internal controls.

In conjunction with the auditors the Audit Committee monitors the term of the external audit engagement partner and ensures that the regulatory limit for such term is not exceeded. At the completion of the term, or earlier in some circumstances, the auditor nominates a replacement engagement partner.

The committee interviews the nominee to assess relevant prior experience, potential conflicts of interest and general suitability for the role. If the nominee is deemed suitable, the committee reports to the Board on its recommendation.

The Audit Committee also reviews the Apollo Corporate Governance and Risk Management processes to ensure that they are effective enough for a listed public company that is currently small cap.

Principle 5: Make timely and balanced disclosure

5.1 *Written policies and procedures should be established to ensure an entity complies with the ASX Listing Rule disclosure requirements and that senior management is accountable for compliance.*

The Apollo board and senior management are conscious of the ASX Listing Rule Continuous Disclosure requirements, which are supported by the law, and take steps to ensure compliance. The company has a policy, which can be summarised as follows:

- The Board, with appropriate advice, is to determine whether an announcement is required under the Continuous Disclosure principles;
- All announcements are monitored by the Company Secretary; and
- All media comment is managed by the General Manager.

Apollo believes that the internet is the best way to communicate with shareholders, so Apollo provides detailed announcements to the Australian Securities Exchange on a regular basis to ensure that shareholders are kept well informed on Apollo's activities.

- 5.2 *Apollo's disclosure policy to shareholders is set out as part of the Apollo Corporate Governance charter, which is publicly available on the Apollo web-site, as are Apollo's recent announcements.*

Principle 6: Respect the rights of shareholders

- 6.1 *Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.*

Apollo provides information to its shareholders through the formal communications processes (e.g. ASX releases, general meetings, annual report, and occasional shareholder letters). This material is also available on the Apollo website (www.apollominerals.com.au).

Shareholders are encouraged to participate in general meetings and time is set aside for formal and informal questioning of the board, senior management and the auditors. The external audit partner attends the annual general meeting to be available to answer any shareholder questions about the conduct of the audit and the preparation and content of the audit report.

- 6.2 *The company's communications policy is described in 5.1 and 5.2, and 6.1 above.*

Principle 7: Recognise and manage risk

- 7.1 *Companies should establish a sound system for the oversight and management of material business risks.*

The company has established policies for the oversight and management of material business risks.

The board monitors the risks and internal controls of Apollo through the Audit Committee. That committee looks to the executive management to ensure that an adequate system is in place to identify and, where possible, on a cost effective basis appropriate for a small cap company, to manage risks inherent in the business, and to have appropriate internal controls.

As part of the process, Apollo's management formally identifies and assesses the risks to the business, and these assessments are noted by the Audit Committee and the Board.

- 7.2 The board has required management to design and implement the risk management and internal control system appropriate to a small cap company of the size of Apollo to manage the company's material business risks and report to it on whether those risks are being managed effectively. Management has reported to the board as to the effectiveness of the company's management of its material business risks.
- 7.3 The board has received assurance from the General Manager and the Chief Financial Officer (or its equivalent) that the declaration provided in accordance with section 295A of the *Corporations Act 2001* is founded on a sound system of risk management and internal control appropriate for a small cap company of the size of Apollo, and that the system is operating effectively in all material respects in relation to financial reporting risks.
- 7.4 The board has received the report from management under Recommendation 7.2; and the board has received the assurances referred to under Recommendation 7.3. The company's policies on risk oversight and management of material business risks for a small cap company the size of Apollo are not publicly available.

CORPORATE GOVERNANCE

Principle 8: Remunerate fairly and responsibly

8.1 *Establish a remuneration committee.*

As Apollo is a small cap company, Apollo has not established a remuneration committee. Those responsibilities are handled by the full board under the guidance of the Chairman.

8.2 *Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.*

The remuneration details of non executive directors, executive directors and senior management are set out in the Remuneration Report that forms part of the Directors' report.

Senior executives remuneration packages are reviewed by reference to Apollo's performance, the executive director's or senior executive's performance, as well as comparable information from industry sectors and other listed companies in similar industries, which is obtained from external remuneration sources. This ensures that base remuneration is set to reflect the market for a comparable role.

The performance of the executive director and senior executives is measured against criteria agreed annually and bonuses and incentives are linked to predetermined performance criteria and may, with shareholder approval, include the issue of shares and / or options.

There are no schemes for retirement benefits, other than statutory superannuation for non-executive directors.

A copy of the Remuneration committee charter is publicly available on the Apollo web site www.apollominerals.com.au

DIRECTORS' REPORT

Your directors present their report on Apollo Minerals Limited (**Apollo** or the **Company**) for the year ended 30 June 2010.

DIRECTORS

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

Current Directors

SEVAG CHALABIAN

B Econ, B Laws, M Laws & Mgmt.

Non-Executive Chairman

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. Mr Chalabian is a Director of the ASX listed Bisan Ltd and a Non Executive Director of the ASX listed East Coast Minerals NL.

Mr Chalabian was appointed a Director on 22 June 2007. He is a member of the Audit Committee.

WANG JIANGUANG

Bachelor of Economic Law

Non-Executive Director

Mr Wang has nine years of experience in the mining and iron making industry in China. He has benefited from extensive working and studying experiences in China and abroad, gaining a unique perspective into the economics and politics of China and Australia. This has become increasingly critical for advising on and facilitating business negotiation and co-operation with international counterparties.

In 2007, Mr Wang, along with other shareholders, set up Hugo Natural Enterprises Ltd. He has been in charge of business development in mining industry overseas.

Mr Wang was appointed a Non Executive Director on 7 March 2008.

ANTHONY HO

B Com, CA, FAICD, FCIS

*Non-Executive Director
(appointed 13 July 2009)*

Mr Ho joined the Apollo Board on 13 July 2009. Mr Ho was previously an executive director at Arthur Yates & Co Ltd, retiring from this position in April 2002. He was a past non-executive director of Brazin Limited where he was also a member of the Audit and Remuneration Committees; and the past non-executive Chairman of St George Community Housing Limited and a member of the Audit Committee. Mr Ho was also the non-executive Chairman of Esperance Minerals Limited from July 2008 to March 2010.

Mr Ho's current non-executive directorships of listed and unlisted public companies are:

- Greenland Minerals and Energy Limited where he also chairs the Audit and Risk Committee.
- DoloMatrix International Limited where he also chairs the Audit and Compliance Committee;
- Deputy Chairman of Quality Improvements Council Limited.

Mr Ho was previously a partner of Cox Johnston & Co, Chartered Accountants (since merged with Ernst & Young). His extensive executive experience included being Finance Director/Chief Financial Officer of the listed M. S. McLeod Limited group, Galore Group Limited, the Edward H. O'Brien group of companies and Volante Group Limited.

Mr Ho was appointed a Non-Executive Director on the 13 July 2009 and chairs the Audit Committee.

DIRECTORS' REPORT

PETER MCNALLY

*Executive Director
(appointed 1 July 2010)*

Mr McNally has extensive experience in the executive management of mining companies in particular, uranium, base metals, and iron. This includes both project development and operational control.

Mr McNally's experience includes Executive Vice President Project Development - Mega Uranium Ltd 2007 – 2009, responsible for the permitting and development of the Lake Maitland and Ben Lomond uranium projects, Executive Director Redport Ltd - responsible for the strategic positioning and growth of the company, Executive General Manager Project Development and Operations, Range River Gold - responsible for the permitting and construction of the Indee Gold Project.

In addition Mr McNally was Executive General Manager for a range of North Limited projects including the Jabiluka Uranium project, Ranger Uranium mine, GM/Director of North Limited's ERAES P/L (Environmental and Technical Services group). This experience includes over 15 years on iron ore projects.

XING (WAYNE) WU BA (Hons.)

*Non-Executive Director
(appointed 16 July 2010)*

Mr Wu is the head of Industrial Relations and Company Secretary for China Armco Metals Inc.

Previously Mr Wu served as a Project Manager with Firsttrust China Ltd, a US based investment bank.

DAVID NOLAN B Laws (Hons), B Arts

*Non-Executive Director
(appointed 27 July 2010)*

Mr Nolan is a corporate lawyer with over 13 years experience advising on corporate acquisitions, capital raisings and financing for mining companies. Mr Nolan is a partner in the Sydney corporate practice of law firm Mills Oakley Lawyers and was previously a senior adviser at the London Stock Exchange.

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

Secretary

GUY ROBERTSON B Com (Hons.) CA

Company Secretary

Mr Robertson was appointed Company Secretary on 12 November 2009.

Mr Robertson has over 25 years experience as a Chief Financial Officer and Company Secretary of both private and ASX listed companies in both Australia and Hong Kong.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than as outlined in the General Manager's report, there were no significant changes in the state of affairs of the Company during the year.

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

On 19 July 2010 the Company issued 29,250,000 shares to China Armco Metals Inc. raising \$4,387,500 before costs.

Other than as outlined 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.

PERFORMANCE IN RELATION TO ENVIRONMENTAL REGULATION

The consolidated entity will comply with its obligations in relation to environmental regulation on its South and Western Australian projects when it undertakes exploration in the future. The Directors are not aware of any breaches of any environmental regulations during the period covered by this report.

OPERATING RESULTS

The loss of the consolidated entity after providing for income tax amounted to \$6,715,593 (2009: loss of \$8,710,556).

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.

REMUNERATION REPORT

Remuneration Policy

The remuneration policy of Apollo 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 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;

DIRECTORS' REPORT

- 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.

COMPANY SHARE PERFORMANCE & SHAREHOLDER WEALTH

During the financial year the Company's share price traded between a low of \$0.10 and a high of \$0.40. In order to keep all investors fully-informed and minimize market fluctuations the Board will 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

(i) **Current Directors**

Sevag Chalabian – Non-Executive Chairman
Wang Jianguang – Non-Executive Director
Anthony Ho – Non-Executive Director
Peter McNally – Executive Director, appointed 1 July 2010
Xing (Wayne) Wu – Non-Executive Director, appointed 16 July 2010
David Nolan – Non-Executive Director, appointed 27 July 2010

Former Directors

Richard Sealy – Chief Operating Officer, resigned 30 October 2010

(ii) **Company Secretary**

Guy Robertson – appointed 12 November 2009
John Hartigan, resigned 12 November 2009

(ii) **Key Management Personnel**

Gavin Daneel (General Manager) (appointed 2 November 2009, resigned 28 April 2010).

Other than the directors, company secretary and general manager as stated above, the Company had no Key Management Personnel for the financial year ended 30 June 2010.

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) – (d) to the Remuneration Report, no director or officer 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) – (d) 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. Remuneration of Directors of the Group is set out below.

Parent & Group Key Management Personnel

	2010				2009			
	Base Salary and Fees	Fair Value of Options Granted	Share Based Payments	Total	Base Salary and Fees	Fair Value of Options Granted	Share Based Payments	Total
S. Chalabian ¹	78,000	-	-	78,000	60,000	1,067,949	-	1,127,949
R. Sealy ²	85,451	-	-	85,451	66,955	-	-	66,955
J. Wang	30,000	-	-	30,000	30,000	-	-	30,000
A. Ho ³	38,602	-	-	38,602	-	-	-	-
G. Daneel	156,986	-	-	156,986	-	-	-	-
G. Robertson	20,419	-	-	20,419	-	-	-	-
J. Hartigan ⁴	22,362	-	-	22,362	36,615	-	-	36,615
N. Bancroft-Cooke	-	-	-	-	16,096	90,313	360,000	466,409
B. Woodhouse	-	-	-	-	63,500	1,059,689	-	1,123,189
M. Drew	-	-	-	-	48,750	-	-	48,750
Totals	431,820	-	-	431,820	321,916	2,217,951	360,000	2,899,867

1 In the twelve months to 30 June 2010, consulting fees of \$78,000 (2009: \$60,000) were paid and / or accrued to Lands Legal Pty Limited (a company of which Mr Chalabian is a Director and Shareholder) and STC Advisory Pty Ltd.

2 Fees paid to Sealy Consulting Services Pty Limited .

3 Mr Ho was appointed on 13 July 2009 and earned no director fees in the twelve months to 30 June 2009.

4 Mr Hartigan has not earned any remuneration for his role as secretary. Fees have been paid to Astute Corporate Services Pty Limited of which Mr Hartigan is a Director and Shareholder, however, these are consulting fees billed on a time basis and are disclosed fully in Note 16 "Related Party Transactions".

(c) 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.

No options were issued to Directors and Employees during the year. In respect of options issued in previous periods the fair value of the shares using a Black and Scholes pricing model is recognised as an expense over the period from grant date to vesting date.

DIRECTORS' REPORT

The terms and conditions of each share 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	Fair value of options granted	Expense recognised in P & L this financial year	Cumulative expense recognised in P & L to date	Last exercise date
15 August 2007	30 Dec 2012	\$0.35	\$0.089	15/08/2008	200,000	-	200,000	30/06/2012
3 July 2008	30 June 2012	\$0.40	\$0.181	03/07/2008	180,478	15,130	180,478	30/06/2012
3 July 2008	30 June 2012	\$0.25	\$0.202	03/07/2008	1,683,574	-	1,683,574	30/06/2012

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 2009 included:

- (a) exercise price of \$0.40 / \$0.25 on or before 30 June 2012
- (b) expected price volatility 90%
- (c) risk-free interest rate 6.69% (short term) and 6.89% (long term).
- (d) dividends – none.

(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. These options relate to both current and previous directors and management personnel.

Ordinary Options Issued

Type	No. Issued	Issued to current director	Issued to past directors and management	No. Quoted	Exercise Price	Expiry Date
Ordinary Options	2,250,000	1,000,000	1,150,000	-	35 cents	30 Dec 2012
Ordinary Options	8,333,333	5,000,000	3,333,333	-	25 cents	30 June 2012
Ordinary Options	1,000,000	250,000	750,000	-	40 cents	30 June 2012

Directors' holdings of shares and share options have been disclosed in the Remuneration Report.

Shares held by Current Directors and Officers

Period from 1 July 2009 to 30 June 2010

	Balance at beginning of period	Received as Remuneration	Options Exercised	Net Change Other	Balance at end of year
S. Chalabian ¹	200,000	-	-	-	200,000
J. Wang ²	-	-	-	-	-
A. Ho	-	-	-	300,000	300,000
	200,000	-	-	300,000	500,000

1 Held indirectly by STC Advisory Pty Limited ATF Chalabian Family Trust of which Mr Chalabian is trustee and a potential beneficiary of the Trust.

2 Hugo Natural Enterprises Limited of which Mr. Wang is a Director and Shareholder holds 9,607,844 shares.

Options Held By Current Directors and Officers

Period from 1 July 2009 to 30 June 2010

	Balance at beginning of period	Granted as Remuneration	Net Change Other	Balance at end of year
S. Chalabian	6,250,000	-	-	6,250,000
J. Wang	-	-	-	-
A. Ho	-	-	-	-
	6,250,000	-	-	6,250,000

The above options are 25, 35 and 40 cent options expiring 30 June 2012.

OPTIONS ISSUED AS PART OF REMUNERATION FOR THE PERIOD ENDED 30 JUNE 2010

No other options have been issued to directors and executives as part of their remuneration for the period ended 30 June 2010.

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
S. Chalabian	11	11	2	2
T. Ho	8	10	2	2
J. Wang	6	11	-	-
R. Sealy	5	5	-	-

DIRECTORS' 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.

The Company paid insurance premiums of \$27,995 in August 2010 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 2010 has been received and can be found on the following page.

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 because 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.

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



Sevag Chalabian
Sydney, 6 September 2010

RSM Bird Cameron Partners
Chartered Accountants

Level 12, 60 Castlereagh Street Sydney NSW 2000
GPO Box 5138 Sydney NSW 2001
T +6 2 9233 8933 F +61 2 9233 8521
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 2010, 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
Chartered Accountants



C J Hume
Partner

Sydney, NSW
Dated: 6 September 2010

Liability limited by a
scheme approved under
Professional Standards
Legislation

Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 36 965 185 036

RSM Bird Cameron Partners is an
independent member firm of RSM
International, an affiliation of independent
accounting and consulting firms.



STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated Group 2010 \$	Consolidated Group 2009 \$	Parent Entity 2010 \$	Parent Entity 2009 \$
Revenue	2	74,226	302,305	74,226	302,305
Administration expenses		(200,043)	(269,779)	(202,958)	(252,779)
Consultancy costs		(820,712)	(1,136,061)	(811,474)	(1,136,061)
Compliance and regulatory expenses		(106,385)	(67,293)	(104,647)	(65,927)
Finance costs		-	(32)	-	(32)
Occupancy costs		(158,837)	(85,198)	(158,837)	(85,198)
Management fees		(671,250)	(300,000)	(671,250)	(300,000)
Directors fees		(146,602)	(218,346)	(146,602)	(218,346)
Legal fees		(13,166)	(103,615)	(13,166)	(103,615)
Provision for diminution of investment		(5,000)	(71,500)	(5,000)	(71,500)
Exploration expenditure written off		(55,168)	-	(9,471)	-
Share based payments	20	(4,456,581)	(6,622,645)	(4,456,581)	(6,622,645)
Travel		(156,075)	(138,392)	(156,075)	(138,392)
(LOSS) BEFORE INCOME TAX	3	(6,715,593)	(8,710,556)	(6,661,835)	(8,692,190)
Income tax expense	4	-	-	-	-
(LOSS) FOR THE PERIOD		(6,715,593)	(8,710,556)	(6,661,835)	(8,692,190)
LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		(6,715,593)	(8,710,556)	(6,661,835)	(8,692,190)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL OTHER COMPREHENSIVE INCOME		(6,715,593)	(8,710,556)	(6,661,835)	(8,692,190)
Earnings per share					
Basic and diluted loss per share (cents per share)	18	(5.70)	(8.92)	(5.65)	(8.90)

The Income Statements are to be read in conjunction with the attached notes

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2010

	Note	Consolidated Group 2010 \$	Consolidated Group 2009 \$	Parent Entity 2010 \$	Parent Entity 2009 \$
CURRENT ASSETS					
Cash and cash equivalents	5	1,118,506	2,677,277	1,118,413	2,677,274
Trade and other receivables	6	120,166	41,826	88,166	41,826
Financial assets	7	26,250	31,250	26,250	31,250
TOTAL CURRENT ASSETS		1,264,922	2,750,353	1,232,829	2,750,350
NON-CURRENT ASSETS					
Trade and other receivables	6	-	-	11,159,706	9,365,632
Financial assets	7	-	-	375,001	375,001
Fixed assets		27,060	-	27,060	-
Evaluation and exploration expenditure	9	12,127,074	10,563,677	-	-
TOTAL NON-CURRENT ASSETS		12,154,134	10,563,677	11,561,767	9,740,633
TOTAL ASSETS		13,419,056	13,314,030	12,794,596	12,490,983
CURRENT LIABILITIES					
Trade and other payables	10	853,192	1,098,024	140,604	240,607
TOTAL CURRENT LIABILITIES		853,192	1,098,024	140,604	240,607
TOTAL LIABILITIES		853,192	1,098,024	140,604	240,607
NET ASSETS		12,565,864	12,216,006	12,653,992	12,250,376
EQUITY					
Share Capital	11	17,264,107	14,890,039	17,264,107	14,890,039
Reserves	12	13,791,235	9,099,852	13,791,235	9,099,852
Accumulated losses		(18,489,478)	(11,773,885)	(18,401,350)	(11,739,515)
TOTAL EQUITY		12,565,864	12,216,006	12,653,992	12,250,376

The Statements of Financial Position are to be read in conjunction with the attached notes.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

	Share Capital \$	Reserves \$	Accumulated Losses \$	Total \$
CONSOLIDATED GROUP				
Balance as at 1 July 2009	14,890,039	9,099,852	(11,773,885)	12,216,006
Loss for the period	-	-	(6,715,593)	(6,715,593)
Issue of share capital	2,879,449	-	-	2,879,449
Cost of share capital issued	(740,770)	-	-	(740,770)
Options issued to Consultants	-	804,325	-	804,325
Transfer from options based payments reserve	235,389	(235,389)	-	-
Transfer to options based payments reserve	-	1,746,237	-	1,746,237
Transfer to share based payments reserve	-	2,376,210	-	2,376,210
Balance as at 30 June 2010	17,264,107	13,791,235	(18,489,478)	12,565,864
Balance as at 1 July 2008	9,529,800	175,219	(3,063,329)	6,641,690
Loss for the period	-	-	(8,710,556)	(8,710,556)
Issue of share capital	5,400,000	-	-	5,400,000
Loyalty options issued	-	235,388	-	235,388
Options issued to Consultants	-	4,742,016	-	4,742,016
Transfer to options based payments reserve	-	1,746,238	-	1,746,238
Transfer to share based payments reserve	-	2,200,991	-	2,200,991
Transaction costs	(39,761)	-	-	(39,761)
Balance as at 30 June 2009	14,890,039	9,099,852	(11,773,885)	12,216,006
PARENT ENTITY				
Balance 1 July 2009	14,890,039	9,099,852	(11,739,515)	12,250,376
Loss for the period	-	-	(6,661,835)	(6,661,835)
Issue of share capital	2,879,449	-	-	2,879,449
Cost of share capital issued	(740,770)	-	-	(740,770)
Options issued to Consultants	-	804,325	-	804,325
Transfer from options based payments reserve	235,389	(235,389)	-	-
Transfer to options based payments reserve	-	1,746,237	-	1,746,237
Transfer to share based payments reserve	-	2,376,210	-	2,376,210
Balance as at 30 June 2010	17,264,107	13,791,235	(18,401,350)	12,653,992
Balance 1 July 2008	9,529,800	175,219	(3,047,325)	6,657,694
Loss for the period	-	-	(8,692,190)	(8,692,190)
Issue of share capital	5,400,000	-	-	5,400,000
Loyalty options issued	-	235,388	-	235,388
Options issued to Consultants	-	4,742,016	-	4,742,016
Transfer to options based payments reserve	-	1,746,238	-	1,746,238
Transfer to share based payments reserve	-	2,200,991	-	2,200,991
Transaction costs	(39,761)	-	-	(39,761)
Balance as at 30 June 2009	14,890,039	9,099,852	(11,739,515)	12,250,376

The Statements of Changes in equity are to be read in conjunction with the attached notes.

STATEMENTS OF CASH FLOW

FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated Group 2010 \$	Consolidated Group 2009 \$	Parent Entity 2010 \$	Parent Entity 2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments to suppliers and employees general		(1,706,016)	(3,314,833)	(1,706,105)	(3,314,835)
Payments to suppliers and employees exploration related expensed		(938,629)	-	(707,954)	-
Interest received		74,226	300,277	74,226	300,277
Finance costs		-	(32)	-	(32)
NET CASH USED IN OPERATING ACTIVITIES	21	(2,570,419)	(3,014,588)	(2,339,833)	(3,014,590)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for fixed assets		(33,825)	-	(33,825)	-
Payments to subsidiaries		-	-	(1,315,829)	(2,023,181)
Payment for exploration and evaluation		(1,085,153)	(2,023,181)	-	-
Purchase of available-for-sale investments		-	-	-	-
NET CASH USED IN INVESTING ACTIVITIES		(1,118,978)	(2,023,181)	(1,349,654)	(2,023,181)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares and options		2,868,329	237,889	2,868,329	237,889
Costs of issue of shares		(737,703)	(39,761)	(737,703)	(39,761)
NET CASH PROVIDED BY FINANCING ACTIVITIES		2,130,626	198,128	2,130,626	198,128
NET INCREASE/(DECREASE) IN CASH HELD		(1,558,771)	(4,839,641)	(1,558,861)	(4,839,643)
Cash at the beginning of the financial year		2,677,277	7,516,918	2,677,274	7,516,917
CASH AT THE END OF THE FINANCIAL PERIOD	5	1,118,506	2,677,277	1,118,413	2,677,274

The Statements of Cash Flow are to be read in conjunction with the attached notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

This financial report includes the consolidated financial statements and notes of Apollo Minerals Limited and controlled entities (**Consolidated Group** or **Group**), and the separate financial statements and notes of Apollo Minerals Limited as an individual parent entity ('**Parent**').

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a. 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

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. 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.

b. Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business

As disclosed in the financial statements, the company and consolidated entity incurred losses of \$6,661,835 and \$6,715,593 respectively and had net cash outflows from operating activities of \$2,339,833 and \$2,570,419 respectively for the year ended 30 June 2010.

The Directors believe that it is reasonably foreseeable that the company and consolidated entity will continue as going concerns and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The company and consolidated entity have been successful in raising capital subsequent to year end. On 17 July 2010, the company issued 29,250,000 fully paid shares plus 5,000,000 free attaching options. This raised approximately \$4million before costs of the capital raising;
- The company and consolidated entity have the ability to continue to raise additional funds on a timely basis, pursuant to the *Corporations Act 2001*;
- The ability of the company and consolidated entity to further scale back certain parts of their activities that are non essential so as to conserve cash; and
- The company and consolidated entity retain the ability, if required, to wholly or in part dispose of interests in mineral exploration and development assets.

c. Adoption of New and Revised Accounting Standards

During the current year the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory as follows:

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Apollo Minerals Limited.

AASB 3: Business Combinations

In March 2008 the Australian Accounting Standards Board revised AASB 3 and as a result, some aspects of business combination accounting have changed. The changes apply only to business combinations which occur from 1 July 2009. The acquisition of tenements are effectively acquisitions of intangibles and have been dealt with under AASB 6 - Exploration for and Evaluation of Mineral Resources.

The following is an overview of the key changes brought about by AASB 3 which may have an impact on the Group going forward.

Recognition and measurement impact

Recognition of acquisition costs — The revised version of AASB 3 requires that all costs associated with a business combination be expensed in the period in which they were incurred. Previously such costs were capitalised as part of the cost of the business combination.

Measurement of contingent considerations — The revised AASB 3 requires that contingent considerations associated with a business combination be included as part of the cost of the business combination.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

They are recognised at the fair value of the payment calculated having regard to probability of settlement. Any subsequent changes in the fair value or probability of payment are recognised in the statement of comprehensive income except to the extent where they relate to conditions or events existing at acquisition date, in which case the consideration paid is adjusted. The previous version of AASB 3 allowed such changes to be recognised as a cost of the combination impacting goodwill.

Measurement of non-controlling interest — For each business combination, the acquirer must measure any non-controlling interest in the acquiree either at the fair value of the non-controlling interest (the full goodwill method) or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. Under the previous version of AASB 3 only the latter option was permitted.

Recognition of contingencies — The revised AASB 3 prohibits entities from recognising contingencies associated with a business combination, unless they meet the definition of a liability.

Business combinations achieved in stages — The revised AASB 3 requires that where a business combination is achieved in stages, any previously held equity interest is to be remeasured to fair value and the resulting gain or loss, being the difference between fair value and historical cost, is to be recognised in the statement of comprehensive income. The previous version of AASB 3 accounted for each exchange transaction separately, using cost and fair value information at the date of each exchange to determine the amount of any goodwill associated with the acquisition. It was therefore possible to compare the cost of each individual investment with the fair value of identifiable net assets acquired at each step.

Disclosure impact

The revised AASB 3 contains a number of additional disclosure requirements not required by the previous version of AASB 3. The revised disclosures are designed to ensure that users of the Group's financial statements are able to understand the nature and financial impact of any business combinations on the financial statements.

AASB 8: Operating Segments

In February 2007 the Australian Accounting Standards Board issued AASB 8 which replaced AASB 114: Segment Reporting. As a result, some of the required operating segment disclosures have changed with the addition of a possible impact on the impairment testing of goodwill allocated to the cash generating units (CGUs) of the entity. Below is an overview of the key changes and the impact on the Group's financial statements.

Measurement impact

Identification and measurement of segments — AASB 8 requires the 'management approach' to the identification measurement and disclosure of operating segments. The 'management approach' requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, for the purpose of allocating resources and assessing performance. This could also include the identification of operating segments which sell primarily or exclusively to other internal operating segments. Under AASB 114, segments were identified by business and geographical areas, and only segments deriving revenue from external sources were considered. The adoption of the 'management approach' to segment reporting has resulted in the identification of reportable segments largely consistent with the prior year.

Under AASB 8, operating segments are determined based on management reports using the 'management approach', whereas under AASB 114 financial results of such segments were recognised and measured in accordance with Australian Accounting Standards. This has resulted in changes to the presentation of segment results, with inter-segment sales and expenses such as depreciation and impairment now being reported for each segment rather than in aggregate for total group operations, as this is how they are reviewed by the chief operating decision maker.

Impairment testing of the segment's goodwill

AASB 136: Impairment of Assets, para 80 requires that goodwill acquired in a business combination shall be allocated to each of the acquirer's CGUs, or group of CGUs that are expected to benefit from the synergies of the combination. Each cash generating unit (CGU) which the goodwill is allocated to must represent the lowest level within the entity at which goodwill is monitored, however it cannot be larger than an operating segment. Therefore, due to the changes in the identification of segments, there is a risk that goodwill previously allocated to a CGU which was part of a larger segment could now be allocated across multiple segments if a segment had to be split as a result of changes to AASB 8.

Management have considered the requirements of AASB 136 and determined the implementation of AASB 8 has not impacted the CGUs of each operating segment.

Disclosure impact

AASB 8 requires a number of additional quantitative and qualitative disclosures, not previously required under AASB 114, where such information is utilised by the chief operating decision maker. This information is now disclosed as part of the financial statements.

AASB 101: Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Group's financial statements.

Disclosure impact

Terminology changes — the revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity — the revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income — the revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Group's financial statements now contain a statement of comprehensive income.

Other comprehensive income — The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

d. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

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.

e. 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.

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.

f. Leases

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.

g. Financial Instruments

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the financial instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value.

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

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

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:
 - (a) 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.
 - (b) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

Financial assets not measured at fair value comprise:

- i. 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.
- ii. 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.
- iii. 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.

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

- i. financial liabilities at fair value through profit and loss and derivatives that are liabilities measured at fair value.
- ii. 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.

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.

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.

h. 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. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen.

i. Investments in Subsidiaries

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

j. 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 statement of financial performance.

k. Revenue Recognition

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

l. 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 year.

m. 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.

n. Comparative Figures

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

o. New accounting standards and interpretations not yet adopted

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective.

New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

- AASB 9: Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Group has not yet determined the potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;

NOTES TO THE FINANCIAL STATEMENTS

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- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:
 - a) the objective of the entity's business model for managing the financial assets; and
 - b) the characteristics of the contractual cash flows.

- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Group.

- AASB 2009-4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.

- AASB 2009-8: Amendments to Australian Accounting Standards — Group Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments. These amendments are not expected to impact the Group.

- AASB 2009-9: Amendments to Australian Accounting Standards — Additional Exemptions for First-time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the Group.

- AASB 2009-10: Amendments to Australian Accounting Standards — Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010).

These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. These amendments are not expected to impact the Group.

- AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Group.

- AASB 2009–13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010).

This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This standard is not expected to impact the Group.

- AASB 2009–14: Amendments to Australian Interpretation — Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

- AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010).

This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Group.

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

p. Significant judgements and key assumptions

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

q. Key judgements

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at reporting date at \$12,127,074.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

2. REVENUE AND OTHER INCOME

	Consolidated Group		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
Interest received	74,226	302,305	74,226	302,305
	74,226	302,305	74,226	302,305

3. FINANCE COSTS

	Consolidated Group		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
Interest expense	-	(32)	-	(32)
Total interest expense	-	(32)	-	(32)

4. INCOME TAX EXPENSE

(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)

	Consolidated Group		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
Accounting profit (loss)	(6,715,593)	(8,710,556)	(6,661,835)	(8,692,190)
Tax at 30%	(2,014,678)	(2,613,167)	(1,998,550)	(2,607,657)
Tax effect of non-deductible expenses (including share based payment expense)	1,336,974	1,986,794	1,336,974	1,986,794
Deferred tax asset not recognised	677,704	626,373	661,576	620,863
Income tax expense	-	-	-	-

A deferred tax asset attributable to income tax losses has not been recognised at the balance sheet date as the probability disclosed in note 1b is not satisfied and such benefit will only be available if the conditions of deductibility also disclosed in note 1b are satisfied. The applicable tax rate is the national tax rate in Australia for companies, which is 30% at the reporting date.

5. CASH AND CASH EQUIVALENTS

	Consolidated Group		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
Cash and cash equivalents	1,118,506	2,677,277	1,118,413	2,677,274
	1,118,506	2,677,277	1,118,413	2,677,274

6. TRADE AND OTHER RECEIVABLES

	Consolidated Group		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
CURRENT				
Other receivables	120,166	41,826	88,166	41,826
NON-CURRENT				
Receivables from subsidiaries	-	-	11,159,706	9,365,632

Loans provided to wholly-owned subsidiaries are provided for normal business operations and are interest free with no set term and are considered recoverable.

7. FINANCIAL ASSETS

		Consolidated Group		Parent Entity	
	Note	2010 \$	2009 \$	2010 \$	2009 \$
CURRENT					
Available for sale investments carried at fair value:					
- ASX listed shares		26,250	31,250	26,250	31,250
NON-CURRENT					
Investments carried at cost:					
- Investments in subsidiaries	8	-	-	375,001	375,001

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

8. CONTROLLED ENTITIES

	Country of Incorporation	Ownership % 2010	Ownership % 2009
PARENT ENTITY:			
Apollo Minerals Limited	Australia	-	-
SUBSIDIARIES:			
Apollo Iron Ore Pty Limited	Australia	100	100
Apollo Iron Ore (No. 2) Pty Limited	Australia	100	100
Capital Resource Holdings No.1 Limited	New Zealand	100	100
Southern Exploration Pty Limited	Australia	100	100

9. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated Group		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
Evaluation and exploration expenditure	12,127,074	10,563,677	-	-
Reconciliation of carrying amount				
Balance at beginning of financial period	10,563,677	1,222,907	-	-
Acquisition of tenements	731,311	2,530,000	-	-
Expenditure in current period	832,086	6,810,770	-	-
Provision for impairment	-	-	-	-
Balance at end of financial period	12,127,074	10,563,677	-	-

10. TRADE AND OTHER PAYABLES

	Consolidated Group		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
CURRENT				
Unsecured liabilities:				
Trade payables	705,445	184,858	5,445	172,357
Sundry payables and accrued expenses	147,747	913,166	135,159	68,250
	853,192	1,098,024	140,604	240,607

11. SHARE CAPITAL

	Consolidated Group		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
117,856,741 (2009: 103,155,292) fully paid ordinary shares	17,264,107	14,890,039	17,264,107	14,890,039
	17,264,107	14,890,039	17,264,107	14,890,039

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Reconciliation of movements in share capital during the year:

	2010 No. Shares	2009 No. Shares	2010 \$	2009 \$
Opening balance – start of reporting period	103,155,292	82,155,292	14,890,039	9,529,800
Placement – 4 July 2008	-	12,000,000	-	4,320,000
Placement – 4 Feb 2009 (acquisition of remaining 20% of Mt Oscar Iron Ore Project)	-	9,000,000	-	1,080,000
Capital raising costs	-	-	(740,770)	(39,761)
Share issue on exercise of options – 6 August 2009	6,742,316	-	1,685,579	-
Transfer from Loyalty Option Reserve on 31 December 2009	-	-	235,389	-
Share placement – 23 February 2010	7,885,000	-	1,182,750	-
Issue of shares – 23 March 2010	74,133	-	11,120	-
	117,856,741	103,155,292	17,264,107	14,890,039

For further details please refer to note 20.

On 19 July 2010 the Company made a placement of 29,250,000 shares to China Armco Metals Inc., raising \$4,387,500 before costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

12. RESERVES

		Consolidated Group		Parent Entity	
		2010 \$	2009 \$	2010 \$	2009 \$
Options reserve	(a)	5,546,340	5,152,623	5,546,340	5,152,623
Options based payments reserve	(b)	3,492,475	1,746,238	3,492,475	1,746,238
Share based payments reserve	(c)	4,752,420	2,200,991	4,752,420	2,200,991
		13,791,235	9,099,852	13,791,235	9,099,852

a. Options reserve

The options reserve represents the charge for outstanding options which have met all conditions precedent to vest, but which have not been exercised.

b. Options based payments reserve

The options based payments reserve represents the charge recognized in the income statement as a result of an option based payment arrangement in which the options are subject to the achievement of service or market conditions prior to vesting.

c. Share based payments reserve

The share based payments reserve represents the charge recognized in the income statement as a result of a share based payment arrangement in which the shares are subject to the achievement of service or market conditions prior to vesting.

13. 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 at the end of the reporting period:

	Consolidated Group 2010 \$	Consolidated Group 2009 \$	Parent Entity 2010 \$	Parent Entity 2009 \$
Financial assets				
Cash and cash equivalents	1,118,506	2,677,277	1,118,413	2,677,274
Trade and other receivables	120,166	41,826	88,166	41,826
Available for sale financial assets	26,250	31,250	26,250	31,250
	1,264,922	2,750,353	1,232,829	2,750,350
Financial liabilities				
Trade and other payables	853,192	1,098,024	140,604	240,607

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 year ended 30 June 2010. Neither the group nor the parent has 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 2009, the effect of any foreign currency fluctuations was not material to the group as the number of foreign currency transactions was limited.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

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	Within 1 year		1 to 5 years		Over 5 years		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
<i>Financial liabilities</i>								
- due for payment:								
Trade and other payables	853,192	1,098,024	-	-	-	-	853,192	1,098,024
Total contractual outflows	853,192	1,098,024	-	-	-	-	853,192	1,098,024
<i>Financial assets</i>								
- cash flows realisable								
Cash and cash equivalents	1,118,506	2,677,277	-	-	-	-	1,118,506	2,677,277
Trade and other receivables	120,166	41,826	-	-	-	-	120,166	41,826
Financial assets	26,250	31,250	-	-	-	-	26,250	31,250
Total anticipated inflows	1,264,922	2,750,353	-	-	-	-	1,264,922	2,750,353
Net (outflow)/ inflow on financial instruments	411,730	1,652,329	-	-	-	-	411,730	1,652,329

PARENT ENTITY	Within 1 year		1 to 5 years		Over 5 years		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
<i>Financial liabilities</i>								
- due for payment:								
Trade and other payables	140,604	240,607	-	-	-	-	140,604	240,607
Total contractual outflows	140,604	240,607	-	-	-	-	140,604	240,607
<i>Financial assets</i>								
- cash flows realisable								
Cash and cash equivalents	1,118,413	2,677,274	-	-	-	-	1,118,413	2,677,274
Trade and other receivables	88,166	41,826	-	-	-	-	88,166	41,826
Financial assets	26,250	31,250	-	-	-	-	26,250	31,250
Total anticipated inflows	1,232,829	2,750,350	-	-	-	-	1,232,829	2,750,353
Net (outflow)/ inflow on financial instruments	1,092,225	2,509,743	-	-	-	-	1,092,225	2,509,743

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.

CONSOLIDATED GROUP & PARENT ENTITY

		Change in profit		Change in equity	
	Carrying Value	100bp increase	100bp decrease	100bp increase	100bp decrease
	\$	\$	\$	\$	\$
30 June 2010					
Cash and cash equivalents – Consolidated	1,118,506	(11,185)	11,185	(11,185)	11,185
Cash and cash equivalents – Parent Entity	1,118,413	(11,184)	11,184	(11,184)	11,184
Consolidated and Parent Entity 30 June 2009					
Cash and cash equivalents	2,677,277	(26,773)	26,773	(26,773)	26,773

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

	< 6 months	6 -12 months	1- 5 years	>5 years	Total
	\$	\$	\$	\$	\$
30 June 2010					
Trade and other receivables	120,166	-	-	-	120,166
Trade and other payables	(853,192)	-	-	-	(853,192)

PARENT ENTITY

	< 6 months	6 -12 months	1- 5 years	>5 years	Total
	\$	\$	\$	\$	\$
30 June 2010					
Trade and other receivables	88,166	-	-	-	88,166
Trade and other payables	(140,604)	-	-	-	(140,604)

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

FOR THE YEAR ENDED 30 JUNE 2010

Sensitivity analysis on changes in market rates

A change of 20% in equity prices at the reporting date would increase/(decrease) equity and profit or loss as shown below:

		Change in profit		Change in equity	
	Carrying Value	20% increase	20% decrease	20% increase	20% decrease
	\$	\$	\$	\$	\$
CONSOLIDATED GROUP					
Available for sale financial assets:					
ASX listed investments	26,250	5,250	(5,250)	5,250	(5,250)
PARENT ENTITY					
Available for sale financial assets:					
ASX Listed investments	26,250	5,250	(5,250)	5,250	(5,250)

14. COMMITMENTS FOR EXPENDITURE

The consolidated group currently has commitments for expenditure at 30 June 2010 on its exploration tenements as follows:

	Consolidated Group 2010 \$	Consolidated Group 2009 \$	Parent Entity 2010 \$	Parent Entity 2009 \$
Not later than 12 months	230,000	211,669	-	61,558
Between 12 months and 5 years	234,000	141,607	-	141,607
Greater than 5 years	-	-	-	-
	464,000	353,276	-	203,165

The group has a further commitment to pay a retainer fee under outsourced consultancy and management agreements for the provision of geological and service personnel. These agreements can be cancelled with varying notice periods up to 12 months.

	Consolidated Group 2010 \$	Consolidated Group 2009 \$	Parent Entity 2010 \$	Parent Entity 2009 \$
Not later than 12 months	780,000	420,000	780,000	420,000
Between 12 months and 5 years	720,000	-	720,000	-
Greater than 5 years	-	-	-	-
	1,500,000	420,000	1,500,000	420,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

15. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or assets in existence at balance sheet date.

16. RELATED PARTY DISCLOSURES

Refer to the Remuneration Report contained in the Directors Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2010. Other than the Directors and secretary, the Company had no key management personnel for the financial period ended 30 June 2010.

The total remuneration paid to key management personnel of the company and the group during the year are as follows:

	Consolidated Group		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
Short term employee benefits	409,458	218,346	409,458	218,346
Post employment benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Options granted	-	2,217,951	-	2,217,951
Share-based payments	-	360,000	-	360,000
	409,458	2,796,297	409,458	2,796,297

DIRECTORS' AND EXECUTIVE OFFICERS' EMOLUMENTS

(a) Details of Directors and Key Management Personnel

- (i) *Directors*
 Sevag Chalabian – Non-Executive Chairman
 Richard Sealy – Chief Operating Officer
 Anthony Ho – Non-Executive Director
 Wang Jianguang – Non-Executive Director
 Peter McNally – Executive Director
 Xing (Wayne) Wu – Non-Executive Director
 David Nolan – Non-Executive Director

- (ii) *Company secretary*
 Guy Robertson – Company Secretary

- (iii) *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 and secretary, the Company had no key management personnel for the financial period ended 30 June 2010.

(c) Remuneration Options: Granted and vested during the financial period ending 30 June 2010

There were no remuneration options granted during the financial period ending 30 June 2010. The options granted were loyalty options. The relevant share based payment disclosures are contained in note 20 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 and Officers Period from 1 July 2009 to 30 June 2010

	Balance at beginning of period	Received as Remuneration	Options Exercised	Net Change Other	Balance at end of year
S. Chalabian ¹	200,000	-	-	-	200,000
J. Wang ²	-	-	-	-	-
A. Ho	-	-	-	300,000	300,000
	200,000	-	-	300,000	500,000

1 Held indirectly by STC Advisory Pty Limited ATF Chalabian Family Trust of which Mr Chalabian is trustee and a potential beneficiary of the Trust.

2 Hugo Natural Enterprises Limited of which Mr. Wang is a Director and Shareholder holds 9,607,844 shares.

Options Held By Directors and Officers Period from 1 July 2009 to 30 June 2010

	Balance at beginning of period	Granted as Remuneration	Net Change Other	Balance at end of year
S. Chalabian	6,250,000	-	-	6,250,000
J. Wang	-	-	-	-
A. Ho	-	-	-	-
	6,250,000	-	-	6,250,000

The above options are 25, 35 and 40 cent options expiring 30 June 2012.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

(e) Related Party Transactions

	Consolidated Group	Consolidated Group	Parent Entity	Parent Entity
	2010 \$	2009 \$	2010 \$	2009 \$
Artemis Resources Limited ¹	300,000	425,106	300,000	425,106
Lands Legal ²	62,000	77,257	62,000	77,257
STC Advisory Pty Ltd ²	16,000	-	16,000	-
Maphra Pty Ltd	-	74,716	-	74,716
East Asia Ventures Ltd	-	157,231	-	157,231
East Coast Minerals N.L. ³	21,631	30,402	21,631	30,402
Sealy Consulting Services Pty Limited ⁴	85,451	66,955	85,451	66,955
Astute Corporate Services Pty Limited ⁵	22,362	36,615	22,362	36,615
Totals	507,444	868,282	507,444	868,282

1 Mr Chalabian is a director of Artemis Resources Limited (Artemis) and Apollo. Mr Sealy has been a director of Artemis and Apollo during the year. Artemis also holds 5,000,000 shares in Apollo. Artemis was instrumental in the establishment and listing of Apollo in November 2007. Apollo and Artemis agreed to enter into a Management Agreement pursuant to which Artemis provides management services and expertise in relation to the sourcing of potential new tenements or investments for Apollo. Apollo pays Management Fees which are calculated in two parts as follows:

(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:

$$(\text{Company Return} - \text{BRI}) \times \text{CMC} \times 20\%$$

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

2 Mr Chalabian is a partner of Lands Legal Pty Limited, a director of STC Advisory Pty Ltd and a director of Apollo. The payments to Lands Legal Pty Limited and STC Advisory Pty Limited were for directors fees for Mr Chalabian and reimbursement of expenses paid on behalf of Apollo.

3 Mr Sealy was a director of East Coast Minerals N.L. and Apollo. Payments were made to East Coast Minerals N.L. in respect of expenses incurred by that company on behalf of Apollo. As at 30 June 2009, there was \$6,169 included in trade payables due to East Coast Minerals N.L.

4 Mr Sealy is a director of Sealy Consulting Services Pty Limited and Apollo. Payments were made to Sealy Consulting Services Pty Limited for consultancy fees outside the role of a Chief Operating Officer.

5 Mr Hartigan is a director of Astute Corporate Services Pty Limited and Apollo. Payments were made to Astute Corporate Services Pty Limited for consultancy fees outside the role of a Company Secretary.

17. SEGMENT INFORMATION

The group's operations are in one business segment being the resources sector. The group operates in one geographical segment being Australia. All subsidiaries in the group operate within the same segment.

18. EARNINGS PER SHARE

	Consolidated Group 2010 Cents	Consolidated Group 2009 Cents	Parent Entity 2010 Cents	Parent Entity 2009 Cents
Reconciliation of earnings per share				
Basic and diluted earnings per share	(5.70)	(8.92)	(5.65)	(8.90)
Profit/(loss) used in the calculation of the basic earnings per share	(6,715,593)	(8,710,556)	(6,661,835)	(8,692,190)
	No. of shares	No. of shares	No. of shares	No. of shares
Weighted average number of ordinary shares:				
Used in calculating basic earnings per ordinary share	117,856,741	97,681,319	117,856,741	97,681,319
Dilutive potential ordinary shares	-	-	-	-
Used in calculating diluted earnings per share	117,856,741	97,681,319	117,856,741	97,681,319

19. AUDITORS REMUNERATION

	Consolidated Group		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
Auditor of parent entity				
Audit or review of financial reports	36,314	29,000	35,000	19,000
Non-audit services	-	-	-	-
Balance at end of financial period	36,314	29,000	35,000	19,000

20. SHARE BASED PAYMENTS

Goods or services received or acquired in a share-based payment transaction are recognised as an 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 services are measured by reference to the fair value at grant date of the equity instrument granted.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

Options granted to Key Management Personnel:

Grant date	Option class	Balance at start of year	Number granted during year	Options outstanding at 30 June 2010	Fair value of options granted during the year	Number vested at 30 June 2010	Expiry date
15 Aug 2007	Ordinary	2,250,000	-	2,250,000	-	2,250,000	30 June 2012
3 July 2008	Annexure B	500,000	-	500,000	-	333,334	30 June 2012
3 July 2008	Annexure C	500,000	-	500,000	-	500,000	30 June 2012
3 July 2008	Annexure D	8,333,333	-	8,333,333	-	6,666,666	30 June 2012

The Annexure B and D options issued during the previous year vest over a 3 year period commencing on 3 July 2008 and are recognized in the profit and loss over their vesting period. The Annexure C options issued during the year vested immediately. The options hold no voting or dividend rights and are unlisted. Details of the options issued to key management personnel are included in the Directors' 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 3 July 2008:

The risk free rate is the Commonwealth Government securities rate with a maturity date approximating that of the two to five year Australian Government bond rate, being 6.69% to 6.89%;

The underlying security spot price used for the purposes of the valuation is based on the share price of the Company was \$0.3522;

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	
2010 \$	2009 \$	2010 \$	2009 \$
-	524,251	-	524,251

Other information

No options have been exercised to 30 June 2010.

21. CASH FLOW INFORMATION

Reconciliation of net cash used in operating activities with profit after income tax

	Consolidated Group		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
Profit/(loss) after income tax	(6,715,593)	(8,710,556)	(6,661,835)	(8,692,190)
Non-cash flows in profit:				
Impairment of investments	5,000	71,500	5,000	71,500
Depreciation	6,765	-	6,765	-
Share based payments	4,456,581	6,622,645	4,456,581	6,622,645
Changes in assets and liabilities during the financial period:				
(Increase)/decrease in trade and other receivables	(78,340)	335,180	(46,340)	1,174,227
Increase/(decrease) in trade and other payables	(244,832)	(1,333,357)	(100,004)	(2,190,772)
Net cash inflow/(outflow) from operating activities	(2,570,419)	(3,014,588)	(2,339,833)	(3,014,590)

22. SIGNIFICANT AFTER BALANCE DATE EVENTS

On 19 July 2010 the Company issued 29,250,000 shares to China Armco Metals Inc, raising \$4,387,500 before costs.

Other than 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.

DIRECTORS' DECLARATION

The directors of the company declare that, in the opinion of the directors:

- (a) the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including
 - (i) giving a true and fair view of the financial position and performance of the company and consolidated entity; and
 - (ii) complying with Australian Accounting Standards, including the Interpretations, and the Corporations Regulations 2001;
- (b) the financial statements and notes thereto also comply with International Financial Reporting Standards, as disclosed in Note 1; and
- (c) the directors have been given the declarations required by s.295A of the *Corporations Act 2001*.
- (d) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors



Sevag Chalabian

NON-EXECUTIVE CHAIRMAN
Sydney 6 September 2010

RSM Bird Cameron Partners

Chartered Accountants

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GPO Box 5138 Sydney NSW 2001

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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 statements of financial position as at 30 June 2010, and the statements of comprehensive income, statements of changes in equity and statements of cash flow 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, 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.

Liability limited by a
scheme approved under
Professional Standards
Legislation

Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 36 965 185 036

RSM Bird Cameron Partners is an
independent member firm of RSM
International, an affiliation of independent
accounting and consulting firms.



RSM Bird Cameron Partners

Chartered Accountants

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 2010 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
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in or pages 21 to 25 of the directors' report for the financial year ended 30 June 2010. 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 2010 complies with section 300A of the *Corporations Act 2001*.



RSM BIRD CAMERON PARTNERS
Chartered Accountants



C J Hume
Partner

Sydney, NSW
Dated: 6 September 2010

ADDITIONAL INFORMATION FOR LISTED COMPANIES AS AT 1 SEPTEMBER 2010

The following additional information is required by the Australian Stock Exchange pursuant to Listing Rule 4.10.

a. Distribution of Shareholders

Number held	Number of share holders	Number of shares	% of number of shares	Number of option holders	Number of options	% of number of options
1 – 1,000	12	3,498	0.00%	8	6,667	0.10%
1,001 - 5,000	153	506,035	0.32%	17	63,412	0.94%
5,001 - 10,000	144	1,217,595	0.78%	14	113,922	1.69%
10,001 - 100,000	328	12,969,631	8.26%	69	2,730,315	40.50%
100,001+	100	142,409,982	90.65%	14	3,828,000	56.78%
Total	737	157,106,741	100.00%	122	6,742,316	100.00%

b. The number of shareholders who hold less than a marketable parcel is 86.

c. Substantial shareholders

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:

	No of shares	%
1. Tiger Resources Pte Ltd	30,000,001	19.10%
2. China Armco Metals Inc	29,250,000	18.62%
3. Citicorp Nominees Pty Ltd	12,401,888	7.89%
4. Panthera Pardus Ltd	10,000,000	6.37%
5. Hugo Natural Entps Ltd	9,607,844	6.12%

d. Twenty largest holders of each class of quoted equity security

Name	No of Ordinary Shares	%
1. Tiger Resources Pte Ltd	30,000,001	19.10%
2. China Armco Metals Inc	29,250,000	18.62%
3. Citicorp Nominees Pty Ltd	12,401,888	7.89%
4. Panthera Pardus Ltd	10,000,000	6.37%
5. Hugo Natural Entps Ltd	9,607,844	6.12%
6. Keleve Svcs Ltd	7,160,960	4.56%
7. Artemis Resources Ltd	5,000,000	3.18%
8. Normandy Pty Ltd	4,360,392	2.78%
9. Voermans Geological Services	2,450,000	1.56%
10. Zhang Weitian	2,400,309	1.53%
11. Davies Nom Pty Ltd	1,500,000	0.95%
12. Stangio A & Strangio S	1,400,000	0.89%
13. Hill 50 Gold Mines Pty Ltd	1,200,000	0.76%
14. Rui Teng Trading Pty Ltd	1,061,246	0.68%
15. Tregoning Ian E & LA	1,010,660	0.64%
16. Proridge Pty Ltd	900,000	0.57%
17. Warr Holdings Pty Ltd	900,000	0.57%
18. Innovatif Dvlmts Pty Ltd	859,398	0.55%
19. McClean-Lynn Moira Clare	819,429	0.52%
20. HHH Group Pty Ltd	787,453	0.50%
	123,069,580	78.34%

	Name	No of Ordinary Options	%
1.	Innovatif Dvlmts Pty Ltd	730,000	10.83%
2.	Davies Nom Pty Ltd	500,000	7.42%
3.	Burford Matthew David	400,000	5.93%
4.	Edgar Jonathan	280,000	4.15%
5.	Jacobs Corp Pty Ltd	274,000	4.06%
6.	Ronatac Pty Ltd	200,000	2.97%
7.	Seville Scott Robert F	200,000	2.97%
8.	Rich Jason	200,000	2.97%
9.	Hull Anthony S & JS	200,000	2.97%
10.	LA Huye Pty Ltd	200,000	2.97%
11.	Archem Trading NZ Ltd	200,000	2.97%
12.	Yorke Educational Centre	160,000	2.37%
13.	Catts S/F PL	156,000	2.31%
14.	Covelane Gold Coast PL	128,000	1.90%
15.	D'Rozario Cleo	100,000	1.48%
16.	Sharp John Douglas	100,000	1.48%
17.	Syracuse Cap Pty Ltd	100,000	1.48%
18.	Spagnolo Giovanni	100,000	1.48%
19.	Murdoch Cap Pty Ltd	100,000	1.48%
20.	Smith DR & Baverstock S	100,000	1.48%
		4,428,000	65.67%

e. Options

All listed options expire on 30 November 2011.

f. Restricted Securities

There are no restricted securities.

ADDITIONAL INFORMATION FOR LISTED COMPANIES AS AT 1 SEPTEMBER 2010

g. Unquoted equity securities

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

Class	Holder	Number
Options expiring 30 June 2012 at 0.25 cents	HNB Corporation	2,000,000
	Keleve Corporate Service Limited	5,000,000
	Woodhouse Trust	3,333,333
	STC Advisory Services Pty Ltd	5,000,000
	Citi Corp Nominees Pty Limited	10,000,000
		22,333,333
Options expiring 15 June 2011 at 0.25	Roderick Smith	250,000
Options expiring 15 Sept 2011 at 0.25		250,000
Options expiring 15 Dec 2011 at 25 cents		250,000
Options expiring 15 March 2012 at 25 cents		250,000
		1,000,000
Options expiring 15 Nov 2011 at 0.25	George Frangeskides	625,000
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
		1,000,000
Options expiring 30 Dec 2012 at 0.35 cents	Gavsol Investments Pty Ltd	1,000,000
	STC Advisory Pty Ltd	1,000,000
	Woodhouse Trust	250,000
		2,250,000

1. Company Secretary

The name of the company secretary is Mr Guy Robertson.

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 is:
Level 10, 1 Margaret Street
Sydney, New South Wales 2000
Telephone: +(612) 9299 8873
Facsimile: +(612) 9262 2885

3. Address and telephone details of the office at which the 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 Securities Exchange.

5. Review of Operations

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

6. On market buy-back

There is currently no on-market buy-back.

NOTES



