



Resources Stocks Down Under

📖 *Don't look for a needle in the haystack. Buy the haystack!* 📖

- John Bogle (1929-2019), Founder of Vanguard & inventor of index funds

APOLLO MINERALS

Gabon calling

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Stocks Down Under rating: ★★★★★

ASX: AON
Market cap: A\$26M

52-week range: A\$0.048 / A\$0.12
Share price: A\$0.054

Apollo Minerals has made great progress with its Kroussou zinc-lead project in the West African nation of Gabon since it farmed in to the project in 2019. Apollo believes it will be in a position to declare a maiden JORC resource at Kroussou before 2022 is out. And only yesterday, it expanded Kroussou by 140% with its latest Exploration Permit.

Share price chart



Source: Tradingview

Gabon: A destination you should know about

In this edition of Resources Stocks Down Under we revisit the small West African nation of Gabon, capital Libreville, population 2.3 million. First, the 'bad' news about Gabon: The country is often criticised as a virtual fiefdom of the Bongo family where Omar Bongo, President from 1967, was able to pass the office to his son, the incumbent President Ali Bongo Ondimba, in 2009.

Now, the good news: Gabon currently gets a massive 30% of its GDP from oil, but output is in decline, so the government of Bongo fils has been encouraging development of Gabon's non-mineral wealth. A typical deal will involve tax holidays in the order of 5 to 8 years, and royalties of only 3% to 5%. This favourable environment has attracted foreign investors like Genmin (ASX: GEN), an iron ore project developer [we wrote about back in May 2021](#), and another recent arrival has been Apollo Minerals, which potential company-maker is Kroussou, a zinc-lead project.

Multiple drill targets

If you've followed Battery Minerals (ASX: BAT) or Trek Metals (ASX: TKM) over the last eight years may have already encountered Kroussou. Battery Minerals got hold of the project in 2014 when that company was called Metals of Africa. Trek Metals became involved in 2016/17 and did the first drillwork on the project area since 1980. In 2018 Trek acquired Kroussou outright, while Apollo Minerals farmed in in September 2019. And

then in March 2022 Apollo acquired 100% from Trek. The attraction of Kroussou is high grades of lead and zinc any time a drill hole goes into the ground here, and mineralisation that seems to be very shallow – indeed, sometimes almost at surface. The reason why Battery Minerals and Trek Metals haven't stuck around isn't because of lack of interest, but largely because of other valuable projects here in Australia. Apollo inherits 100% of Kroussou at a time when the project is about to go to the next stage, with multiple targets to drill and the potential to have a maiden JORC resource before 2022 is out.

After a recent permit grant Kroussou now covers 2,363 sq km in Gabon's south-central Ngounié Province, about 220 south of Libreville. France's national geological survey, the BRGM, kicked around in the area between the early 1960s and the early 1980s looking for lead and zinc, on the hunch that Mississippi Valley Type (MVT) deposits would show up. This was, after all, the edge of a Cretaceous-age sedimentary basin, the edge being important because it would have provided a barrier to fluid flow, causing the deposition of more minerals. The BRGM found prospective rocks across around 80 km of strike but didn't test much of it with drilling except at one prospect called Dikaki where the results were encouraging.

Mineralisation almost at surface

It was Dikaki that lured the two ASX-listed companies we mentioned above when Gabon started to get attractive to foreign investors. Trek Metals did its first drill programme at Dikaki in 2017 and collected some great intersections. How'd you like 24.7 metres at 2.5% Zn eq. from 2.0 metres? That's right, 2.0 metres, which is so shallow you could get to the ore with a shovel. Even better was 37.1 metres at 2.0% Zn eq. from 2.3 metres. The trouble with that kind of success is that it tends to focus the exploration too much.

Five years later the number of prospects has increased to about 24, but so far only five of them have been drilled, beginning with Dikaki. In each of these the identified zinc-lead sulphide mineralisation has been high grade, flat lying and shallow, and at Dikaki we know that the mineralisation can yield very high concentrate grades and recoveries using the standard flotation and related processes. Whether or not Kroussou hosts genuine MVT deposits or something else, what the last few campaigns have shown is that Apollo has a potentially very significant lead-zinc field on its hands, and an underexplored one.

Good times ahead

The biggest potential downside we can see for Apollo in Kroussou is location. Kroussou isn't quite in the middle of nowhere but it's a little difficult to get to - there aren't sealed roads all the way to the project area, and the best way to get equipment to the area is via barge from Port Gentil on the coast to a river port called Yeno, 65 km to the west of Kroussou. That said, Apollo and the other operators haven't been greatly hindered in their operations to date, and success in terms of developing the resource is likely to bring about an upgrade in infrastructure as a result.

We believe as Apollo builds out Kroussou there'll be plenty of good exploration results, with an occasional surprise like that from 20 April 2022, when Apollo reported a 60.2 metre intersection at Dikaki grading 2.4% Zn+Pb from just 1.9 metres. This kind of news flow has potential to make the rest of 2022 and the 2023 a productive time for Apollo Minerals.

Another risk is continued weakness in lead and zinc, and this has indeed held back this stock of late. But once the latter metal stabilises – and there's now talk of looming supply deficits – we think a lot of eyeballs will turn towards Gabon and Kroussou. That makes Apollo a Four-Star opportunity for those investors with a bit of patience.





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