AMERICAN LEISURE HOLDINGS INC
Form 10QSB/A
December 08, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB/A
Amendment No. 1

(Mark One)

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2004

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT

For the transition period from _____ to _____

Commission file number 333-48312

AMERICAN LEISURE HOLDINGS, INC.
(Exact name of small business issuer as specified in its charter)

NEVADA	75-2877111
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

Park 80 Plaza East, Saddlebrook, New Jersey 07663
(Address of principal executive offices)

(201) 226-2060
(Registrant's telephone number)

N/A
(Former name and address)

Check whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

As of December 8, 2004, 13,706,674 shares of Common Stock of the issuer were outstanding, of which 3,791,700 shares are treasury stock.

This Form 10-QSB/A is being filed due to adjustments that were made to the Registrant's financial statements which also affect the section entitled "Management's Discussion and Analysis or Plan of Operation."

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

AMERICAN LEISURE HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2004 AND DECEMBER 31, 2003

ASSETS

	September 30, 2004	December 2003
	Unaudited	Audite
CURRENT ASSETS:		
Cash	$ 2,835,641	$ 734,85
Accounts receivable, net of allowance of $75,000	938,050	2,148,13
Advances receivable	134,685	
Prepaid expenses and other	104,530	40,86
Total Current Assets	4,012,906	2,923,85
PROPERTY AND EQUIPMENT, NET, at cost	2,732,697	3,192,87
LAND HELD FOR DEVELOPMENT	17,257,034	15,323,62
OTHER ASSETS		
Prepaid broker commission	5,821,488	
Prepaid sales and marketing fees - related party	3,643,215	
Deferred financing costs, net $255,117 of amortization	2,342,881	
Investment and advances to Around the World Travel	13,069,908	654,38
1913 Mercedes Benz	500,000	500,00
Goodwill	1,840,001	1,840,00
Other	3,464,869	941,73
Total Other Assets	30,682,362	3,936,11
TOTAL ASSETS	$54,684,999	$25,376,47

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:		
Current maturities of long-term debt and notes payable	$ 9,216,465	$ 4,699,20
Current maturities of notes payable-related parties	1,193,902	741,76
Accounts payable and accrued expenses	2,183,249	1,787,69
Accrued expenses - related parties	2,866,100	500,00
Deposits and other	24,752	
Shareholder advances	298,658	1,030,88
Total Current Liabilities	15,783,126	8,759,54
Commitments and contingencies		
Minority liability	-	510,34
Long-term debt and notes payable	17,466,550	8,268,22
Notes payable-related parties	595,771	1,675,00
Deposits	12,459,921	
Mandatorily redeemable preferred stock, 28,000 shares authorized; $.01 par value; 27,189 Series "C" shares issued and outstanding at September 30, 2004 and December 31, 2003	-	2,718,90
Total liabilities	46,305,368	21,932,01
STOCKHOLDERS' EQUITY:		
Preferred stock; 1,000,000 shares authorized; $.001 par value; 880,000 Series "A" shares issued and outstanding at September 30, 2004 and December 31, 2003	8,800	8,80
Preferred stock; 100,000 shares authorized; $.01 par value; 2,500 Series "B" shares issued and outstanding at September 30, 2004 and December 31, 2003	25	2
Preferred stock; 28,000 shares authorized; $.01 par value; 27,189 Series "C" shares issued and outstanding at September 30, 2004 and December 31, 2003	272	
Preferred stock; 50,000 shares authorized; $.001 par value; 24,101 Series "E" shares issued and outstanding at September 30, 2004	24	
Capital stock, $.001 par value; 100,000,000 shares authorized; 9,778,983 and 7,488,983 shares issued and outstanding at September 30, 2004 and December 31, 2003	9,779	7,48
Additional paid-in capital	13,882,243	6,166,48
Accumulated (deficit)	(5,521,512)	(2,738,34
Total Stockholders' Equity	8,379,631	3,444,46
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$54,684,999	$25,376,47

AMERICAN LEISURE HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

Nine Months	Nine Months	Three Months	Three

	Ended September 30, 2004	Ended September 3 2003	Ended September 30, 2004	Ended Septem 2003
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUD
REVENUES	$ 3,701,469	$ 199,647	$1,356,522	$ 164
COST OF SALES	-	-	-	
Gross margin	3,701,469	199,647	1,356,522	164
EXPENSES:				
Depreciation and amortization	679,543	305,349	236,551	130
Impairment loss	-	-	-	
General and administrative expenses	6,310,124	1,372,904	2,335,369	629
TOTAL OPERATING EXPENSES	6,989,667	1,678,253	2,571,920	759
LOSS FROM OPERATIONS BEFORE MINORITY INTERESTS	(3,288,198)	(1,478,606)	(1,215,398)	(594
Minority interests	510,348	-	26,062	
NET LOSS BEFORE INCOME TAXES	(2,777,850)	(1,478,606)	(1,189,336)	(594
PROVISIONS FOR INCOME TAXES	(5,322)	-	(1,452)	
NET LOSS	$(2,783,172)	$(1,478,606)	$(1,190,788)	$ (594,
NET LOSS PER SHARE:				
BASIC AND DILUTED	$ (0.34)	$ (0.22)	$ (0.13)	$ (0
WEIGHTED AVERAGE SHARES OUTSTANDING				
BASIC AND DILUTED	8,211,027	6,626,873	9,103,983	6,638

AMERICAN LEISURE HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2003
	UNAUDITED	UNAUDITED

CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$(2,783,172)	$(1,478,606)
Adjustments to reconcile net loss to net cash used		
in operating activities:		
Depreciation and amortization	679,543	305,349
Loss on disposal of assets	(32,085)	-
Provision for bad debt	75,000	-
Amortization of deferred financing costs	255,117	-
Changes in assets and liabilities:		
Decrease in receivables	1,135,084	(76,688)
(Increase) in advances receivable	(134,685)	(392,846)
(Increase) in prepaid and other assets	(63,663)	25,089
(Increase) in deposits and other	(5,335,524)	(31,455)
Increase in accounts payable and accrued expenses	(614,798)	143,212
Increase in deposits and other	12,484,673	-
Net cash used in operating activities	5,665,490	(1,505,945)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Advances to Around the World Travel	(3,148,082)	-
Advances to affiliates	(3,786,218)	-
Capitalization of real estate carrying costs and		
prepaid sales and marketing costs	(1,933,407)	(1,907,983)
Acquisition of fixed assets	(187,277)	(464,827)
Net cash used in investing activities	(9,054,984)	(2,372,810)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	6,968,757	4,422,208
Payments on notes payable-related parties	(746,249)	(446,656)
Payments on shareholder advances	(732,225)	242,365
Net cash provided by financing activities	5,490,283	4,217,917
Net Increase (decrease) in Cash	2,100,789	339,162
CASH AT BEGINNING PERIOD	734,852	50,499
CASH AT END OF PERIOD	$ 2,835,641	$ 389,661
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	$ 432,308	$ 180,000
Cash paid for income taxes	$ -	$ -
NON-CASH TRANSACTION		
Stock issued in exchange for assets	$ -	$ 2,850,000
Stock issued in exchange for senior, secured notes	$ 5,170,000	$ -
Preferred stock and debt issued for non-marketable securities	$ 4,108,440	$ -

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS
September 30, 2004

Note A - Presentation

The condensed balance sheets of the Company as of September 30, 2004, the related condensed consolidated statements of operations for the nine and three months ended September 30, 2004, and the condensed consolidated statements of cash flows for the nine months ended September 30, 2004, included in the condensed financial statements include all adjustments (consisting of normal, recurring adjustments) necessary to summarize fairly the Company's financial position and results of operations. The results of operations for the nine and three months ended September 30, 2004 are not necessarily indicative of the results of operations for the full year or any other interim period. The information included in this Form 10-QSB should be read in conjunction with Management's Discussion and Analysis and Financial Statements and notes thereto included in the Company's December 31, 2003, Form 10-KSB and the Company's Forms 8K & 8-K/A filings.

NOTE B - REVENUE RECOGNITION

American Leisure recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable and collectibility is probable. These criteria are generally met at the time services are performed.

Note C - Property and equipment, net

At September 30, 2004, property and equipment consisted of the following:

	Useful Lives	Amount
Computer equipment	3-5	$ 983,542
Automobiles	5	63,230
Furniture & fixtures	5-7	73,269
Leasehold improvements	5	29,729
Telecommunications equipment	5	3,515,783
		4,665,553
Less: accumulated depreciation and amortization		1,932,856
		$2,732,697

Depreciation expense for the nine month period ended September 30, 2004 was $679,543.

NOTE D - LONG-TERM DEBT AND NOTES PAYABLE

1. New Credit Facilities

On June 17, 2004, American Leisure Holdings, Inc. (the "Company" or "American Leisure") entered into two new credit facilities (one for $1,000,000 and the other for $3,000,000) with Stanford Venture Capital Holdings, Inc. ("Stanford"). Both of these credit facilities were fully funded as of September 30, 2004. The terms of these facilities and certain related transactions are described below.

$1,000,000 Credit Facility

The Company and Stanford have entered into a Credit Agreement dated as of June 17, 2004, pursuant to which the Company has borrowed $1,000,000 from Stanford.

The proceeds of the loan were used by the Company to fund operating and related costs of the Company's customer service and marketing center located in Antigua. This facility is owned by Caribbean Leisure Marketing Ltd. ("CLM"). CLM is 100% owned by Castlechart Limited, which in turn is 100% owned by the Company.

The loan bears interest at 8% per annum, payable quarterly in arrears. All principal is due in one lump sum on April 22, 2007.

The loan is secured by a lien on all shares of CLM and all of the shares of Castlechart Limited. Both liens are subordinated to existing liens previously granted to Stanford for an earlier loan.

Under the credit agreement, the loan is non-recourse to the Company except in certain limited circumstances.

The loan is convertible by Stanford at any time into shares of the Common Stock of the Company, at a conversion price of $10.00 per share.

$3,000,000 Credit Facility

The Company and Stanford have entered into a Credit Agreement dated as of June 17, 2004, pursuant to which the Company borrowed $3,000,000 from Stanford.

The proceeds of the loan were used by the Company to support the Company's proposed acquisition of Around The World Travel, Inc. and to pay expenses of the Company's travel division. Certain of the Company's travel division subsidiaries are co-borrowers.

The loan bears interest at 8% per annum, payable quarterly in arrears. The principal balance is due in one lump sum on April 22, 2007.

The loan is secured by the following:

(i) a lien on the stock owned by the Company in all of the co-borrowers except for American Leisure Corporation;

(ii) a collateral assignment of the Company's rights under a certain Option Agreement dated as of May 17, 2004, under which the Company has the right to acquire all of the membership interests in Around The World Holdings, LLC. This company owns a majority of the outstanding common stock of AWT.

(iii) a collateral assignment of certain notes payable made by AWT which are held by the Company. These notes evidence loans in the outstanding principal amount of $19,200,000, and are secured by a first priority lien on substantially all of the assets of AWT.

(iv) all of the other assets, property and rights of the Company's active travel division subsidiaries (excluding accounts receivable and the assets of CLM and Castlechart).

The loan is convertible at the option of Stanford at any time into shares of the Company's Common Stock, at a conversion price of $10.00 per share.

2. Amendment of the Designation of the Series C Preferred Stock Terms

In connection with the new credit facilities, the Company, with the consent of the holders of more than 75% of the issued and outstanding shares of Series C Preferred Stock, amended the terms of the Company's Series C Preferred Stock to eliminate any obligation of the Company to redeem the Series C Preferred Stock. Stanford holds approximately 82% of the Series C shares.

3. Modification of Certain Existing Warrants

In connection with the $1 and $3 million credit facilities, the Company agreed to modify the terms of certain warrants previously issued to Stanford and certain individuals affiliated with Stanford. These warrants, which were issued in December 2003, entitled the holders to purchase 1,350,000 shares of the Company's Common Stock at an exercise price of $2.96 per share. Under the terms of the amendment, the Company agreed to reduce the exercise price of the warrants to $.001 per share. No other terms of the warrants were changed. The modified warrants were valued at the market price at the date of modification (or June 17, 2004) and recorded as deferred financing costs. The deferred financing costs will be amortized over the life of the debt using the effective interest method.

Subsequent to September 30, 2004 and in connection with a new credit facility of $1,250,000, to be reported on Form 8-K in the next few days, the Company agreed to modify the terms of certain warrants previously issued to Stanford and certain individuals affiliated with Stanford. These warrants, which were issued in June 2004 (see 4, below), entitled the holders to purchase 500,000 shares of the Company's Common Stock at an exercise price of $5.00 per share. Under the terms of the amendment, the Company agreed to reduce the exercise price of 100,000 of these warrants to $.001 per share. No other terms of these warrants were changed.

4. Issuance of New Warrants

As additional consideration for the $3 million credit facility, the Company issued warrants to purchase Common Stock of the Company to Stanford and certain of its affiliates. These warrants allow the holders to purchase 500,000 shares at an exercise price of $5.00 per share. The 500,000 warrants were valued using Black-Scholes. These warrants have a five-year term. As provided in 5, above, the Company agreed to reduce the exercise price of 100,000 of these warrants to $.001 per share. No other terms of these warrants were changed.

5. Grant of Registration Rights

In conjunction with the new credit facilities, the Company and Stanford entered into a Registration Rights Agreement pursuant to which the Company agreed to register the shares issuable to Stanford and its affiliates upon the conversion of the loans under the new credit facilities. The Company agreed to file a registration statement for this purpose with the Securities and Exchange Commission on or before August 15, 2004. In November 2004, the Company and Stanford agreed to extend the date by which the Company has to file the registration statement to March 31, 2005. If a registration statement is not

filed by March 31, 2005, American Leisure will incur a penalty of 10% of the warrants issued for every 90 days the registration statement is not filed.

6. Acquisition of Galileo Loans

In March 2004, AMLH has acquired the Galileo loans from GCD Acquisition Corp. ("GCD") Under the terms of this agreement, AMLH has assumed GCD's obligations under a $5.0 million promissory note, which GCD made when it acquired the Galileo loans. Additionally, AMLH paid GCD other consideration in the form of common stock in AMLH valued at $170,000.

The assets acquired were in the form of senior, secured notes owed by Around The World Travel, Inc., a Florida Corporation, ("AWT" or TraveLeaders) in the amount of $22,600,000. AMLH acquired the assets from GCD for $1,170,000, which was paid via the issuance of 340,000 restricted shares of common stock of AMLH at $5.00 per share. The Company booked the transaction at the market price of the Common Stock which was $170,000 at the date of issuance and not at the agreed value of the transaction between the parties. In addition, AMLH gave the seller various indemnities and agreed to assume the seller's liability for, among other things, the responsibilities of GCD to service the purchase money financing for the assets as defined in a certain promissory note dated February 23, 2004, wherein the Maker is AWT and the Payee is CNG Hotels, Ltd. in the amount of $5,000,000 that carries an interest rate of the 3 month LIBOR + 1% per annum. This note is to be serviced on an interest only basis every six months in arrears, until it reaches final maturity in February, 2009.

AMLH believes that its acquisition of the Galileo loans is ultimately in the best interests of the shareholders and creditors of TraveLeaders since these loans were in default and were secured by substantially all of the assets of TraveLeaders. AMLH believes that the loans can be used as part of a capital restructuring of TraveLeaders, which is fair and reasonable to all of TraveLeaders' shareholders and creditors.

In connection with the Galileo loans and the note to Shadmore Trust, the Company has made advances to AWT of approximately $3 million at September 30, 2004, for a total investment in AWT of approximately $13 million at September 30, 2004. The investment is accounted for under the cash method as the investment in AWT was less than 20% at September 30, 2004.

7. $6,000,000 Credit Facility

In December 2003, the Company received a $6,000,000 loan credit facility from Stanford evidenced by a promissory note in the original principal balance of $6,000,000, with interest at the rate of 6% per annum, due on December 31, 2008 with conversion rights for common stock of the Company. Certain other material terms of the credit facility are set forth below:

Security: The credit facility is secured by way of (i) a second mortgage in favor of Stanford (Arvimex's assignee) on real estate located in Polk County, Florida, owned by Sunstone Golf Resort, Inc., a subsidiary of AMLH; (ii) a second mortgage in favor of Stanford on real estate located in Polk County, Florida, owned by Advantage Professional Management Group, Inc., a subsidiary of AMLH; (iii) a pledge by AMLH of all of its issued and outstanding capital stock of American Leisure Marketing & Technology, Inc., a subsidiary of AMLH; (iv) a pledge from Castlechart Limited of all of its issued and outstanding capital stock of Caribbean Leisure

	Marketing Limited, a subsidiary of AMLH; (v) a security interest in the equipment, fixtures and proceeds thereof of American Leisure Marketing & Technology, Inc.; (vi) a security interest in all assets, property and rights of Caribbean Leisure Marketing Limited; (vii) the issuance of warrants for 600,000 shares of AMLH Common Stock at an exercise price of $.001 per share, expiring on December 31, 2008; and (viii) the issuance of warrants for 1,350,000 shares of AMLH Common Stock at an exercise price of $2.96 per share, expiring on December 31, 2008.
Conversion:	The note is convertible into the common stock of the Company at a conversion price based on that number of shares of the Company's Common Stock calculated by dividing the amount due under the credit facility by $15.00.
Expenses:	The Company shall reimburse Stanford for all of its reasonable costs and expenses incurred in connection with the credit facility, including fees of its counsel.
Registration Rights:	No later than 180 days following the closing of the exercise of the warrants or conversion of the note, the Company shall file an SB-2 Registration Statement under the Securities Act covering all of the shares of common stock that may be received through the exercise of warrants and conversion of the note. In the event a filing is not made within 180 days of closing, the Company will issue Stanford, as a penalty, additional warrants equal to 10% of the warrants originally issued for every quarter the filing is not made. The costs of the registration statement shall be covered by the Company. In November 2004, the Company and Stanford agreed to extend the date by which the Company has to file the registration statement to March 31, 2005. If a registration statement is not filed by March 31, 2005, American Leisure will incur a penalty of 10% of the warrants issued for every 90 days the registration statement is not filed.
Description of the Warrants:	The Company shall issue to Stanford or its assigns warrants to purchase 1,950,000 shares of the Company's Common Stock, at an average conversion price of $2.05 per share, of which 600,000 warrants shall have an exercise price of $0.001 per share and 1,350,000 shall have an exercise price of $2.96 per share. The warrants shall be exercisable until December 31, 2008.

8. $1,698,340 Note to Shadmore Trust

As part of the acquisition of the majority interest in the preferred stock of AWT, the Company issued 24,101 shares of its Series E Preferred Stock and issued a note in the amount of $1,698,340 to the Shadmore Trust. The note calls for an interest rate of four percent (4%) per annum with weekly payments in the amount of $5,000 until the note is fully paid or April 1, 2011, whichever is first. Payments shall commence upon the Company's acquisition of majority control of

AWT. The note is unsecured.

NOTE E - NOTES PAYABLE - RELATED PARTIES

The current portion of notes payable to related parties is as follows:

Azure, Ltd.	$ 436,804
Roger C. Maddock	94,428
Arvimex Inc.	380,353
Minority shareholders -	
Hickory Travel Systems, Inc.	282,317
Notes payable - related parties	$1,193,902

Roger C. Maddock beneficially owns more than 10% of the Company's common stock and he is the majority owner of Azure, Ltd.

The long-term portion of notes payable of $595,771 is owed to the minority shareholders of Hickory Travel Systems, Inc., a subsidiary of the Company. $208,561 of such amount is owed to L. William Chiles, a Director of the Company.

The majority of notes payable to related parties bear interest at a rate of 12% per annum.

Note F - STOCKHOLDERS EQUITY AND MANDATORILY REDEEMABLE PREFERRED STOCK

Common Stock and Mandatory Redeemable Preferred Stock

In March 2004, we issued 340,000 shares of restricted Common Stock in Connection with the acquisition of the senior, secured debt of AWT.

As reported in an earlier filing, the Company granted to Stanford, and to certain individuals associated with Stanford, warrants to purchase an aggregate of 600,000 shares of the Company's Common Stock at $.001 per share. These warrants were issued as a cost paid by the Company for the issuance of the $6,000,000 credit facility in December 2003. During the month of April 2004, all 600,000 warrants were exercised which resulted in the issuance of 600,000 shares of Common Stock.

As provided above, the Company granted Stanford, and certain individuals associated with Stanford, a reduction in the price of 1,350,000 warrants to purchase an aggregate of 1,350,000 shares of the Company's Common Stock from $2.96 to $.001 per share. These reductions in the exercise price of the warrants were issued as a cost paid by the Company for the receipt of the $3,000,000 credit facility in June 2004. During the month of August, 2004, all 1,350,000 warrants were exercised which resulted in the issuance of an additional 1,350,000 shares of Common Stock.

Preferred Stock

American Leisure is authorized to issue up to 10,000,000 shares in aggregate of preferred stock:

Annual

	Total Series Authorized	Stated Value	Voting	Dividends per Share	Conversion Rate
Series A	1,000,000	$ 10.00	Yes	0.12	10 shares of common per share of Series A
Series B	100,000	$100.00	Yes	0.12	Liquidation value divided by market value but not less than 20:1 nor more than 12.5:1
Series C(1)	28,000	$100.00	Yes	0.04	Liquidation value divided by market value but not less than 20:1 nor more than 12.5:1
Series E(2)	50,000	$100.00	Yes	0.04	Liquidation value divided by market value but not less or more than than 6.666:1

Price
Put
Lead
567 Tonnes (1,250,020 pounds)
$1.40
Call
Lead
567 Tonnes (1,250,020 pounds)
$1.898
Put
Zinc
891 Tonnes (1,964,316 pounds)
$1.20
Call
Zinc
891 Tonnes (1,964,316 pounds)
$1.539

On August 22, 2008, we unwound these put and call contracts early as a debt management decision and realized a gain of $1,556,000. The net proceeds of $1,556,000 plus additional cash of $108,000 were used to repay early amounts outstanding under the October 2007 debt facility. The $1,654,000 amount that was repaid early was otherwise due on September 30, 2008. The approximately $5.1 million that we incurred in connection with the July 1, 2008 amendment to the debt facility remains outstanding.

RISK FACTORS

An investment in our common shares involves a high degree of risk. You should consider the following discussion of risks in addition to the other information in this prospectus before purchasing any of our common shares. In addition to historical information, the information in this prospectus contains "forward-looking" statements about our future business and performance. Our actual operating results and financial performance may be very different from what we expect as of the date of this prospectus. The risks below address the factors that may affect our future operating results and financial performance.

The existence of outstanding rights to purchase common shares may impair our share price and our ability to raise capital.

Approximately 60.4 million of our common shares are issuable on exercise of warrants, options or other rights to purchase common shares at prices ranging from $0.20 to $2.24 and a weighted average price of $0.60. In addition, there are approximately 14.9 million common shares issuable upon the conversion of the $7.4 million outstanding principal amount of convertible debentures issued February 23, 2007 at the option of the holder at a conversion price of $0.50 per share. During the term of the warrants, options and other rights, the holders are given an opportunity to profit from a rise in the market price of our common shares with a resulting dilution in the interest of the other shareholders. Our ability to obtain additional equity financing during the period such rights are outstanding may be adversely affected, and the existence of the rights may have an adverse effect on the price of our common shares. The holders of the warrants, options and other rights can be expected to exercise them at a time when we would, in all likelihood, be able to obtain any needed capital by a new offering of securities on terms more favorable than those provided by the outstanding rights.

Future Share Sales and Issuances

If Apollo Gold's shareholders sell substantial amounts of our common shares, the market price of our common shares could decrease. Apollo Gold has 219,860,257 common shares outstanding as at September 29, 2008. In addition, we may sell additional common shares in subsequent offerings and issue additional common shares to finance future acquisitions. Apollo Gold cannot predict the size of future issuances of common shares or the effect, if any, that future issuances and sales of common shares will have on the market price of our common shares. Sales or issuances of large numbers of our common shares, or the perception that such sales might occur, may adversely affect prevailing market prices for our common shares. With any additional issuance of common shares, investors will suffer dilution to their voting power and we may experience dilution in our earnings per share.

The market price of our common shares could experience volatility and could decline significantly.

Our common shares are listed on the American Stock Exchange and the Toronto Stock Exchange. Our share price has declined significantly since 2004, and over the last year the price of our common shares has fluctuated from a low of $0.24 per share to a high of $0.78 per share. Securities of small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. Our share price is also likely to be significantly affected by short-term changes in gold and zinc prices or in our financial condition or results of operations as reflected in our quarterly earnings

reports. As a result of any of these factors, the market price of our common shares at any given point in time might not accurately reflect our long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. We could in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

We have a history of losses.

With the exception of the most recent fiscal year ended December 31, 2007, during which we had a net income of $2,416,000, we have incurred significant losses. Our net losses were $15,587,000 and $22,208,000 for the years ended December 31, 2006 and 2005, respectively. There can be no assurance that we will achieve or sustain profitability in the future.

We have experienced operational problems at our Montana Tunnels mine.

Since the sale of our Florida Canyon and Standard mines in November 2005, all of our revenues have been derived from our milling operations at the Montana Tunnels mine, which is a low-grade mine. Historically, the Montana Tunnels mine has been unprofitable. During 2004, we experienced problems related to the milling of low-grade ore at the Montana Tunnels mine, which negatively affected our revenues and earnings. Throughout 2005, we experienced operational problems, particularly in the open pit, leading to the suspension of mining on October 21, 2005 for safety reasons due to increased wall activity in the open pit. After the suspension of mining and until May 12, 2006, we were able to continue to produce gold doré, lead-gold and zinc-gold concentrates from milling low-grade stockpiled ore. However, on May 12, 2006, all operations ceased at the mine and it was placed on care and maintenance. On July 28, 2006, we entered into a joint venture agreement with Elkhorn Tunnels, LLC, in respect of the Montana Tunnels mine pursuant to which Elkhorn Tunnels made financial contributions in exchange for a 50% interest in the mine. Mill operations recommenced in March 2007. In April and May 2008, the mill at the Montana Tunnels mine was shut down for approximately three weeks due to a crack in the exterior shell of the ball mill. There can be no assurances that we will not encounter additional operational problems at our Montana Tunnels mine in the future.

Our earnings may be affected by metals price volatility, specifically the volatility of gold and zinc prices.

We historically have derived all of our revenues from the sale of gold, silver, lead and zinc, and our development and exploration activities are focused on gold. As a result, our future earnings are directly related to the price of gold. Changes in the price of gold significantly affect our profitability. Gold prices historically have fluctuated widely, based on numerous industry factors including:

- industrial and jewelry demand;
- central bank lending, sales and purchases of gold;
- forward sales of gold by producers and speculators;
- production and cost levels in major gold-producing regions; and
- rapid short-term changes in supply and demand because of speculative or hedging activities.

Gold prices are also affected by macroeconomic factors, including:

- confidence in the global monetary system;
- expectations of the future rate of inflation (if any);
- the strength of, and confidence in, the U.S. dollar (the currency in which the price of gold is generally quoted) and other currencies;
- interest rates; and
- global or regional political or economic events, including but not limited to acts of terrorism.

The current demand for, and supply of, gold also affects gold prices. The supply of gold consists of a combination of new production from mining and existing shares of bullion held by government central banks, public and private financial institutions, industrial organizations and private individuals. As the amounts produced by all producers in any single year constitute a small portion of the total potential supply of gold, normal variations in current production do not usually have a significant impact on the supply of gold or on its price. Mobilization of gold held by central banks through lending and official sales may have a significant adverse impact on the gold price.

6

All of the above factors are beyond our control and are impossible for us to predict. If the market prices for gold, silver, zinc or lead fall below our costs to produce them for a sustained period of time, we will experience additional losses and we could also be required by our reduced revenue to discontinue exploration, development and/or mining at one or more of our properties.

Our operating expenses could increase significantly if utilities, equipment, fuel or raw materials prices increase.

We are a significant consumer of electricity, mining equipment, fuels and raw materials, all of which we purchase from outside sources. Recent fluctuations in crude oil have considerably increased our operating expenses, particularly the cost of diesel fuel, equipment and other raw materials. Accordingly, increases in prices for electricity, equipment, fuel and raw materials adversely affect our profitability.

We do not currently have and may not be able to raise the funds necessary to explore and develop our Black Fox and Huizopa properties.

We do not currently have sufficient funds to complete all of our planned development activities at Black Fox and our planned exploration activities at Huizopa or to develop a mine at Black Fox. The development of Black Fox and exploration of Huizopa will require significant capital expenditures. Sources of external financing may include bank and non-bank borrowings and future debt and equity offerings. There can be no assurance that financing will be available on acceptable terms, or at all. The failure to obtain financing would have a material adverse effect on our growth strategy and our results of operations and financial condition.

In addition, during September 2008, the U.S. financial market indexes experienced steep declines and the available supply of credit generally tightened following, among other things, the placement of mortgage lenders Fannie Mae and Freddie Mac into conservatorship of the Federal Housing Finance Agency, the announcement that Lehman Brothers Holdings Inc. would file for bankruptcy protection, the proposed sale of Merrill Lynch & Co., the U.S. government’s emergency loan to ensure American International Group and the closing of Washington Mutual by the U.S. Office of Thrift Supervision. In light of these developments, concerns by investors regarding the stability of the U.S. financial system could result in less favorable commercial financing terms, including higher interest rates or costs and tighter operating covenants, thereby preventing Apollo from completing the contemplated financing of its development properties.

Our investments in auction rate securities are subject to risks which may cause losses and affect the liquidity of these investments.

We acquired auction rate securities in 2007 with a face value of $1.5 million. The securities were marketed by financial institutions with auction reset dates at 28 day intervals to provide short-term liquidity. All such auction rate securities were rated AAA when purchased, pursuant to Apollo’s investment policy. Beginning in August 2007, a number of auctions failed and there is no assurance that auctions for the auction rate securities in our investment portfolio, which currently lack liquidity, will succeed. An auction failure means that the parties wishing to sell their securities could not do so as a result of a lack of buying demand. As at June 30, 2008, Apollo’s auction rate securities held an adjusted cost basis and fair value of $1.3 million based on liquidity impairments to these securities and, during the second quarter of 2008, were downgraded to a AA rating. If uncertainties in the credit and capital markets persist or Apollo experiences further downgrades on its auction rate securities holdings, we may incur additional impairments. Furthermore, as a result of auction failures, our ability to liquidate and fully recover the carrying value of our auction rate securities in the near term may be limited or not exist.

Substantially all of our assets are pledged to secure our indebtedness.

Substantially all of the Montana Tunnels assets and our Black Fox property are pledged to secure indebtedness outstanding under the Facility Agreement, dated October 12, 2007 and as amended July 1, 2008, by and among Montana Tunnels Mining, Inc., Apollo, Apollo Gold, Inc., a wholly owned subsidiary of Apollo, RMB Australia Holdings Limited and RMB Resources Inc. Since these assets represent substantially all of our assets, we will not have access to additional secured lending, which will require us to raise additional funds through unsecured debt and equity offerings. Default under our debt obligations would entitle our lenders to foreclose on our assets.

Our Huizopa exploration project is subject to political and regulatory uncertainty.

Our Huizopa exploration project is located in the northern part of the Sierra Madres in the State of Chihuahua, Mexico. There are numerous risks inherent in conducting business in Mexico, including political and economic instability, exposure to currency fluctuations, greater difficulties in accounts receivable collection, difficulties in staffing and managing operations and potentially adverse tax consequences. In addition, our ability to explore and develop our Huizopa exploration project is subject to maintaining satisfactory relations with the Ejido Huizopa, which is a group of local inhabitants who under Mexican law are granted rights to conduct agricultural activities and control surface access on the property. In 2006, we entered into an agreement with the Ejido Huizopa pursuant to which we agreed to make annual payments to the Ejido Huizopa in exchange for the right to use the land covering our mining concessions for all activities necessary for the exploration, development and production of potential ore deposits. There can be no assurances that the Ejido Huizopa will continue to honor the agreement. If we are unable to successfully manage our operations in Mexico or maintain satisfactory relations with the Ejido Huizopa, our development of the Huizopa property could be hindered or terminated and, as a result, our business and financial condition could be adversely affected.

Our reserve estimates are potentially inaccurate.

We estimate our reserves on our properties as either “proven reserves” or “probable reserves.” Our ore reserve figures and costs are primarily estimates and are not guarantees that we will recover the indicated quantities of these metals. We estimate proven reserve quantities based on sampling and testing of sites conducted by us and by independent companies hired by us. Probable reserves are based on information similar to that used for proven reserves, but the sites for sampling are less extensive, and the degree of certainty is less. Reserve estimation is an interpretive process based upon available geological data and statistical inferences and is inherently imprecise and may prove to be unreliable.

Our reserves are reduced as existing reserves are depleted through production. Reserves may be reduced due to lower than anticipated volume and grade of reserves mined and processed and recovery rates.

Reserve estimates are calculated using assumptions regarding metals prices. These prices have fluctuated widely in the past. Declines in the market price of metals, as well as increased production costs, capital costs and reduced recovery rates, may render reserves uneconomic to exploit, and lead to a reduction in reserves. Any material reduction in our reserves may lead to increased net losses, reduced cash flow, asset write-downs and other adverse effects on our results of operations and financial condition, including difficulty in obtaining financing and a decrease in our stock price. Reserves should not be interpreted as assurances of mine life or of the profitability of current or future operations. No assurance can be given that the amount of metal estimated will be produced or the indicated level of recovery of these metals will be realized.

We may not achieve our production estimates.

We prepare estimates of future production for our operations. We develop our estimates based on, among other things, mining experience, reserve estimates, assumptions regarding ground conditions and physical characteristics of ores (such as hardness and presence or absence of certain metallurgical characteristics) and estimated rates and costs of mining and processing. In the past, our actual production from time to time has been lower than our production estimates and this may be the case in the future.

Each of these factors also applies to future development properties not yet in production and to the Montana Tunnels mine expansion. In the case of mines we may develop in the future, we do not have the benefit of actual experience in our estimates, and there is a greater likelihood that the actual results will vary from the estimates. In addition, development and expansion projects are subject to unexpected construction and start-up problems and delays.

Our future profitability depends in part on actual economic returns and actual costs of developing mines, which may differ significantly from our estimates and involve unexpected problems, costs and delays.

We are engaged in the development of new ore bodies. Our ability to sustain or increase our present level of production is dependent in part on the successful exploration and development of new ore bodies and/or expansion of existing mining operations. Decisions about the development of Black Fox and other future projects are subject to the successful completion of feasibility studies, issuance of necessary governmental permits and receipt of adequate financing.

Development projects have no operating history upon which to base estimates of future cash flow. Our estimates of proven and probable ore reserves and cash operating costs are, to a large extent, based upon detailed geologic and engineering analysis. We also conduct feasibility studies that derive estimates of capital and operating costs based upon many factors.

It is possible that actual costs and economic returns may differ materially from our best estimates. It is not unusual in the mining industry for new mining operations to experience unexpected problems during the start-up phase and to require more capital than anticipated. There can be no assurance that the Black Fox property that we are developing will be profitable.

Our operations may be adversely affected by risks and hazards associated with the mining industry.

Our business is subject to a number of risks and hazards including adverse environmental effects, technical difficulties due to unusual or unexpected geologic formations, and pit wall failures.

Such risks could result in personal injury, environmental damage, damage to and destruction of production facilities, delays in mining and liability. For some of these risks, we maintain insurance to protect against these losses at levels consistent with our historical experience and industry practice. However, we may not be able to maintain current levels of insurance, particularly if there is a significant increase in the cost of premiums. Insurance against environmental risks is generally too expensive or not available for us and other companies in our industry, and, therefore, we do not maintain environmental insurance. To the extent we are subject to environmental liabilities, we would have to pay for these liabilities. Moreover, in the event that we are unable to fully pay for the cost of remediating an environmental problem, we might be required to suspend or significantly curtail operations or enter into other interim compliance measures.

Mineral exploration in general, and gold exploration in particular, are speculative and are frequently unsuccessful.

Mineral exploration, particularly for gold and silver, is highly speculative in nature, capital intensive, involves many risks and frequently is nonproductive. There can be no assurance that our mineral exploration efforts will be successful. If we discover a site with gold or other mineralization, it will take a number of years from the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish ore reserves through drilling, to determine metallurgical processes to extract the metals from the ore and, in the case of new properties, to construct mining and processing facilities. As a result of these uncertainties, no assurance can be given that our exploration programs will result in the expansion or replacement of existing ore reserves that are being depleted by current production.

We have a limited operating history on which to evaluate our potential for future success.

We were formed as a result of a merger in June 2002 and have only a limited operating history upon which you can evaluate our business and prospects. Over this period, with the exception of the fiscal year 2007, we have not generated sufficient revenues to cover our expenses and costs.

The titles to some of our properties may be uncertain or defective.

Certain of our United States mineral rights consist of "unpatented" mining claims created and maintained in accordance with the U.S. General Mining Law of 1872. Unpatented mining claims are unique U.S. property interests, and are generally considered to be subject to greater title risk than other real property interests because the validity of unpatented mining claims is often uncertain. This uncertainty arises, in part, out of the complex federal and state laws and regulations that supplement the General Mining Law. Also, unpatented mining claims and related rights, including rights to use the surface, are subject to possible challenges by third parties or contests by the federal government. The validity of an unpatented mining claim, in terms of both its location and its maintenance, is dependent on strict compliance with a complex body of federal and state statutory and decisional law. In addition, there are few public records that definitively control the issues of validity and ownership of unpatented mining claims.

In recent years, the U.S. Congress has considered a number of proposed amendments to the General Mining Law. Although no such legislation has been adopted to date, there can be no assurance that such legislation will not be adopted in the future. If ever adopted, such legislation could, among other things, impose royalties on gold production from unpatented mining claims located on federal lands or impose fees on production from patented mining claims. If such legislation is ever adopted, it could have an adverse impact on earnings from our operations, could reduce estimates of our reserves and could curtail our future exploration and development activity on federal lands or patented claims.

While we have no reason to believe that our rights to mine on any of our properties are in doubt, title to mining properties are subject to potential claims by third parties claiming an interest in them and, in September 2006 some of our claims associated with our Black Fox project were listed as reopened for staking on the Ministry of Northern Development and Mines (MNDM) website. Five of these claims totaling 185 acres were immediately staked by local prospectors. None of these reserves or resources at our Black Fox project are located on the properties related to these claims. Four of these overstaked claims have since been returned to us. We are negotiating with the overstaker with respect to the remaining claim, however no guarantee can be made that such negotiations will be successful. It is our opinion that this claim was erroneously listed as reopened and overstaked and we are working diligently to resolve this matter.

We may lose rights to properties if we fail to meet payment requirements or development or production schedules.

We derive the rights to most of our mineral properties from unpatented mining claims, leaseholds, joint ventures or purchase option agreements which require the payment of maintenance fees, rents, purchase price installments, exploration expenditures, or other fees. If we fail to make these payments when they are due, our rights to the property may lapse. There can be no assurance that we will always make payments by the requisite payment dates. In addition, some contracts with respect to our mineral properties require development or production schedules. There can be no assurance that we will be able to meet any or all of the development or production schedules. Our ability to transfer or sell our rights to some of our mineral properties requires government approvals or third party consents, which may not be granted.

We face substantial governmental regulation.

Safety. Our U.S. mining operation is subject to inspection and regulation by the Mine Safety and Health Administration of the United States Department of Labor ("MSHA") under the provisions of the Mine Safety and Health Act of 1977. The Occupational Safety and Health Administration ("OSHA") also has jurisdiction over safety and health standards not covered by MSHA. Our policy is to comply with applicable directives and regulations of MSHA and OSHA. We have made and expect to make in the future, significant expenditures to comply with these laws and regulations.

Current Environmental Laws and Regulations. We must comply with environmental standards, laws and regulations that may result in increased costs and delays depending on the nature of the regulated activity and how stringently the regulations are implemented by the regulatory authority. The costs and delays associated with compliance with such laws and regulations could stop us from proceeding with the exploration of a project or the operation or future exploration of a mine. Laws and regulations involving the protection and remediation of the environment and the governmental policies for implementation of such laws and regulations are constantly changing and are generally becoming more restrictive. We have made, and expect to make in the future, significant expenditures to comply with such laws and regulations.

Some of our properties are located in historic mining districts with past production and abandoned mines. The major historical mine workings and processing facilities owned (wholly or partially) by us in Montana are being targeted by the Montana Department of Environmental Quality ("MDEQ") for publicly funded cleanup, which reduces our exposure to financial liability. We are participating with the MDEQ under Voluntary Cleanup Plans on those sites. Our cleanup responsibilities have been completed at the Corbin Flats Facility and at the Gregory Mine site, both located in Jefferson County, Montana, under programs involving cooperative efforts with the MDEQ. MDEQ is also contemplating remediation of the Washington Mine site at public expense under the Surface Mining Control and Reclamation Act of 1977 ("SMCRA"). In February 2004, we consented to MDEQ's entry onto the portion of the Washington Mine site owned by us to undertake publicly funded remediation under SMCRA. In March 2004, we entered into a definitive written settlement agreement with MDEQ and the Bureau of Land Management ("BLM") under which MDEQ will conduct publicly funded remediation of the Wickes Smelter site under SMCRA and will grant us a site release in exchange for our donation of the portion of the site owned by us to BLM for use as a waste repository. However, there can be no assurance that we will continue to resolve disputed liability for historical mine and ore processing facility waste sites on such favorable terms in the future. We remain exposed to liability, or assertions of liability, that would require expenditure of legal defense costs, under joint and several liability statutes for cleanups of historical wastes that have not yet been completed.

Environmental laws and regulations may also have an indirect impact on us, such as increased costs for electricity due to acid rain provisions of the Clean Air Act Amendments of 1990. Charges by refiners to which we sell our metallic concentrates and products have substantially increased over the past several years because of requirements that refiners meet revised environmental quality standards. We have no control over the refiners' operations or their compliance with environmental laws and regulations.

Potential Legislation. Changes to the current laws and regulations governing the operations and activities of mining companies, including changes to the U.S. General Mining Law of 1872, and permitting, environmental, title, health and safety, labor and tax laws, are actively considered from time to time. We cannot predict which changes may be considered or adopted and changes in these laws and regulations could have a material adverse impact on our business. Expenses associated with the compliance with new laws or regulations could be material. Further, increased expenses could prevent or delay exploration or mine development projects and could therefore affect future levels of mineral production.

We are subject to environmental risks.

Environmental Liability. We are subject to potential risks and liabilities associated with environmental compliance and the disposal of waste rock and materials that could occur as a result of our mineral exploration and production. To the extent that we are subject to environmental liabilities, the payment of such liabilities or the costs that we may incur to remedy any non-compliance with environmental laws would reduce funds otherwise available to us and could have a material adverse effect on our financial condition or results of operations. If we are unable to fully remedy an environmental problem, we might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect on us. We have not purchased insurance for environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) because it is not generally available at a reasonable price or at all.

Environmental Permits. All of our exploration, development and production activities are subject to regulation under one or more of the various state, federal and provincial environmental laws and regulations in Canada, Mexico and the U.S. Many of the regulations require us to obtain permits for our activities. We must update and review our permits from time to time, and are subject to environmental impact analyses and public review processes prior to approval of the additional activities. It is possible that future changes in applicable laws, regulations and permits or changes in their enforcement or regulatory interpretation could have a significant impact on some portion of our business, causing

those activities to be economically reevaluated at that time. Those risks include, but are not limited to, the risk that regulatory authorities may increase bonding requirements beyond our financial capabilities. The posting of bonds in accordance with regulatory determinations is a condition to the right to operate under all material operating permits, and therefore increases in bonding requirements could prevent our operations from continuing even if we were in full compliance with all substantive environmental laws.

We face strong competition from other mining companies for the acquisition of new properties.

Mines have limited lives and as a result, we may seek to replace and expand our reserves through the acquisition of new properties. In addition, there is a limited supply of desirable mineral lands available in the United States, Canada and Mexico and other areas where we would consider conducting exploration and/or production activities. Because we face strong competition for new properties from other mining companies, most of which have greater financial resources than we do, we may be unable to acquire attractive new mining properties.

We are dependent on certain key personnel.

We are currently dependent upon the ability and experience of R. David Russell, our President and Chief Executive Officer; Richard F. Nanna, our Senior Vice President-Exploration; and Melvyn Williams, our Chief Financial Officer and Senior Vice President-Finance and Corporate Development. We believe that our success depends on the continued service of our key officers and there can be no assurance that we will be able to retain any or all of such officers. We currently do not carry key person insurance on any of these individuals, and the loss of one or more of them could have a material adverse effect on our operations.

There may be certain tax risks associated with investments in our company.

Potential investors that are United States taxpayers should consider that we could be considered to be a “passive foreign investment company” (a “PFIC”) for U.S. federal income tax purposes. Although we believe that we currently are not a PFIC and do not expect to become a PFIC in the near future, the tests for determining PFIC status are dependent upon a number of factors, some of which are beyond our ability to predict or control, and we can not assure you that we will not become a PFIC in the future. If we are or become a PFIC, a U.S. taxpayer who disposes of (or is deemed to dispose of) our common shares at a gain or who receives a so-called “excess distribution” on our common shares generally would be subject to a special adverse tax regime. Such gains and excess distributions would be allocated ratably to the U.S. taxpayer’s holding period. The current year’s allocation would be includible as ordinary income in the current year. Prior year’s allocations would be taxed at the highest marginal rate applicable to ordinary income for each such year and would be subject to interest charges to reflect the value of the U.S. income tax deferral. Additional special adverse rules also apply to investors who are U.S. taxpayers who own our common shares if we are a PFIC and have a non-U.S. subsidiary that is also a PFIC. Special estate tax rules could be applicable to our common shares if we are a PFIC.

Possible hedging activities could expose us to losses.

In connection with our borrowing with RMB Australia Holdings Limited, we were required to enter into hedges of approximately 40% of our share of gold and silver and 50% of our share of lead and zinc production from the Montana Tunnels mine during the next 12 months. In the future, we may enter into precious and/or base metals hedging contracts that may involve outright forward sales contracts, spot-deferred sales contracts, the use of options which may involve the sale of call options and the purchase of all these hedging instruments. There can be no assurance that we will be able to successfully hedge against price, currency and interest rate fluctuations. Further, there can be no assurance that the use of hedging techniques will always be to our benefit. Some hedging instruments may prevent us from realizing the benefit from subsequent increases in market prices with respect to covered production. This limitation would limit our revenues and profits. Hedging contracts are also subject to the risk that the other party may be unable or unwilling to perform its obligations under these contracts. Any significant nonperformance could have a material adverse effect on our financial condition and results of operations.

You could have difficulty or be unable to enforce certain civil liabilities on us, certain of our directors and our experts.

We are a Yukon Territory, Canada, corporation. While our chief executive officer is located in the United States, many of our assets are located outside of the United States. Additionally, a number of our directors and the experts named in this prospectus are residents of Canada. It might not be possible for investors in the United States to collect judgments obtained in United States courts predicated on the civil liability provisions of U.S. securities legislation. It could also be difficult for you to effect service of process in connection with any action brought in the United States upon such directors and experts. Execution by United States courts of any judgment obtained against us, or any of the directors, executive officers or experts identified in this prospectus or documents incorporated by reference herein, in United States courts would be limited to the assets, or the assets of such persons or corporations, as the case might be, in the United States. The enforceability in Canada of United States judgments or liabilities in original actions in Canadian courts predicated solely upon the civil liability provisions of the federal securities laws of the United States is doubtful.

USE OF PROCEEDS

All of the common shares covered by this prospectus are being sold by the selling shareholders identified in this prospectus. We will not receive any proceeds from the sale by the selling shareholders of these common shares. See "Selling Shareholders."

DESCRIPTION OF COMMON SHARES

We are authorized to issue an unlimited number of common shares, without par value. As of September 29, 2008, there were 219,860,257 common shares outstanding.

Dividend Rights

Holders of our common shares may receive dividends when, as and if declared by our board on the common shares, subject to the preferential dividend rights of any other classes or series of shares of our company. In no event may a dividend be declared or paid on the common shares if payment of the dividend would cause the realizable value of our company's assets to be less than the aggregate of its liabilities and the amount required to redeem all of the shares having redemption or retraction rights which are then outstanding.

Voting and Other Rights

Holders of our common shares are entitled to one vote per share, and in general, all matters will be determined by a majority of votes cast.

Election of Directors

All of the directors serve from the date of election or appointment until the earlier of the next annual meeting of the company's shareholders or the date on which their successors are elected or appointed in accordance with the provisions of our By-laws and Articles of Incorporation. Directors are elected by a majority of votes cast.

Liquidation

In the event of any liquidation, dissolution or winding up of Apollo, holders of the common shares have the right to a ratable portion of the assets remaining after payment of liabilities and liquidation preferences of any preferred shares or other securities that may then be outstanding.

Redemption

Apollo common shares are not redeemable or convertible.

Other Provisions

All outstanding common shares are fully paid and non-assessable.

This section is a summary and may not describe every aspect of our common shares that may be important to you. We urge you to read our Articles of Incorporation, as amended, and our By-laws, because they, and not this description, define your rights as a holder of our common shares. See "Where You Can Find More Information" for information on how to obtain copies of these documents.

CIBC Mellon Trust Company, 320 Bay Street, P. O. Box 1, Toronto, Ontario M5H 4A6, Canada, is the transfer agent and registrar for our common shares.

SELLING SHAREHOLDERS

The selling shareholders identified below are selling all of the common shares being offered under this prospectus.

On August 21, 2008, we completed a private placement to Canadian purchasers of 17,000,000 common shares issued at Cdn$0.50 per share on a “flow through” basis pursuant to the *Income Tax Act* (Canada) for gross proceeds equal to Cdn$8.5 million. We will use the gross proceeds from the sale of the flow through shares for the pre-strip of the Black Fox open pit mine and other exploration activity at our Black Fox Project. These exploration costs will qualify as “Canadian Exploration Expenses” as defined in the *Income Tax Act* (Canada) and will be renounced in favor of the purchasers of the flow through shares. The flow through shares were offered and sold to residents of Canada in reliance on the exemption from registration contained in Regulation S of the U.S. Securities Act of 1933, as amended.

In connection with the placement of the flow through shares, we entered into an Underwriting Agreement with Haywood Securities Inc. dated August 21, 2008. Pursuant to the Underwriting Agreement, Haywood Securities Inc. agreed to act as underwriter/agent in respect of the flow through offering and, in consideration therefor, we paid Haywood Securities Inc. a cash underwriting commission equal to the amount of Cdn$0.0325 (6.5% of the per share price in the flow through offering) for each flow through share subscribed for and accepted by us, including any flow through shares purchased by Haywood Securities Inc. (which commission in the aggregate was equal to Cdn$55,250). We also issued to Haywood Securities Inc. compensation options to purchase 1,020,000 common shares (6% of the number of flow through shares sold in the flow through offering). Each compensation option is exercisable into one common share of Apollo at a price of Cdn$0.50 for a period of 18 months from the closing date of the flow through offering. In addition, we paid all of Haywood Securities Inc.’s costs and expenses incidental to the placement of the flow through shares.

In the offering, Apollo entered into a registration rights agreement with each of the selling shareholders in which it agreed to register at its expense the shares purchased in the offering. Apollo is required to file the registration statement within 45 days of the closing of the flow through offering, obtain effectiveness of such registration statement within 120 days (or in the case of a full review by the SEC, 180 days) of such closing, and, subject to certain limited deferral periods, to maintain the effectiveness until the earliest to occur of (a) the securities being sold under the registration statement, (b) the securities being sold in accordance with rule 144 of the Securities Act or (c) 2 years from the closing of the flow through offering.

The table below includes information regarding ownership of our common stock by the selling shareholders named herein and the number of shares that may be sold by them under this prospectus. Unless otherwise indicated, all common shares offered hereby are flow through shares. Other than as described herein, no selling shareholder has had any material relationship with Apollo for the past three years. We have prepared this table based on information supplied to us by or on behalf of the selling shareholders on or prior to August 21, 2008.

			Common Shares Beneficially Owned After the Offering[1]	
Name of Selling Shareholder	**Common Shares Beneficially Owned Prior to the Offering[1]**	**Common Shares Offered Hereby**	**Number[2]**	**Percentage of Class[3]**
Haywood Securities Inc.[4]	3,963,537[5]	1,020,000[6]	2,943,537[5]	1.3%
NCE Diversified Flow-Through (08) Limited Partnership[7]	12,170,000	10,380,000	1,790,000	*
MRF 2008 Resource Limited Partnership[8]	1,000,000	1,000,000	0	0%
Philip Strathy	250,000[9]	100,000	150,000[9]	*
Stone 2008 Flow Through L.P.[10]	2,409,100	1,500,000	909,100	*
Mavrix Explore Quebec 2008-I[11]	1,000,000	1,000,000	0	0%
Mavrix Explore 2008 - I FT LP[11]	1,600,000	1,600,000	0	0%
Mavrix Explore 2007 - I FT LP[11]	500,000	500,000	0	0%
Mavrix Explore Quebec 2007-I[11]	500,000	500,000	0	0%
Mavrix Explore Quebec 2007-II[11]	400,000	400,000	0	0%
Jeremy Link	20,000	20,000	0	0%
Total	23, 812,637	18,020,000	5,792,637	2.63%

*Less than 1%

(1) Pursuant to Rule 13d-3 of the Exchange Act, a person is deemed to be the beneficial owner of a security if that person has the right to acquire beneficial ownership of such security within 60 days, including the right to acquire through the exercise of an option or warrant or through the conversion of a security.

(2) Assumes that all of the shares currently beneficially owned by the selling shareholders and registered hereunder are sold and the selling shareholders acquire no additional common shares before the completion of this offering.

(3) The percentage ownership for the selling shareholders is based on 219,860,257 common shares outstanding as of September 29, 2008. In accordance with SEC rules, common shares that may be acquired pursuant to options, warrants or convertible securities that are exercisable as of September 29, 2008, or will become exercisable within 60 days thereafter, are deemed to be outstanding and beneficially owned by the person holding such securities for

the purpose of computing such person's percentage ownership, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.

(4) Haywood Securities Inc. served as underwriter/agent in the offering of flow through shares completed on August 21, 2008 and has served as an underwriter/agent for us in connection with other securities offerings conducted by us and has received compensation for such service.

(5) Represents (i) 1,020,000 common shares purchasable upon exercise of compensation options exercisable until February 18, 2010 at Cdn$0.50 per share, (ii) 372,727 common shares purchasable upon exercise of compensation options exercisable until April 30, 2009 at Cdn.$0.55 per share and (iii) 2,570, 810 common shares issuable upon exercise of (a) an option to acquire 1,713,873 units (the "Agents' Units") at a price per unit of Cdn$0.60 (the "Agents' Compensation Option") and (b) the common share purchase warrants included in the Agents' Units. The Agents' Compensation Option is exercisable for a period commencing 180 days following July 24, 2008 and continuing until 48 months from July 24, 2008. Each Agents' Unit is comprised of one common share and one-half of one common share purchase warrant ("Agents' Warrant"), each whole Agents' Warrant included in the Agents' Unit entitling the Agent holding such warrant to purchase one common share of the Company at an exercise price of Cdn$0.78 for a period commencing 180 days following July 24, 2008 and continuing until 48 months from July 24, 2008.

(6) Represents 1,020,000 common shares purchasable upon exercise of compensation options exercisable until February 18, 2010 at Cdn$0.50 per share.

(7) NCE Diversified Management (08) Corp. is the general partner of this selling shareholder. Petro Assets Inc. is the sole shareholder of NCE Diversified Management (08) Corp. John Driscoll and his family trust are the sole shareholders of Petro Assets Inc. Petro Assets Inc. exercises the voting and dispositive powers with regard to the flow through shares being offered by this selling shareholder.

(8) Middlefield Fund Management Limited is the general partner of this selling shareholder. Dennis daSilva, Richard L. Faiella, W. Garth Jestly, Robert F. Louzon, Dean C. Orrico, Sylvia V. Stinson and Angela V. Wanniappa are officers and/or directors of MRF 2008 Resource Limited Partnership and exercise the voting and dispositive powers with regard to the flow through shares being offered by this selling shareholder.]

(9) Represents (i) 100,000 flow through shares and (ii) 150,000 common shares purchasable upon exercise of warrants exercisable until June 27, 2011 at $0.65 per share.

(10) Stone 2008 Flow Through G.P. Inc. is the general partner of this selling shareholder. Richard G. Stone is the President and Chief Executive Officer of Stone 2008 Flow Through G.P. Inc. and exercises the voting and dispositive powers with regard to the flow through shares being offered by this selling shareholder. 909,100 of the shares reported as beneficially owned by this selling shareholder prior to this offering (but none of the shares offered hereunder) are held in the name of Stone 2007-II Flow Through LP.

(11) Malvin Spooner of Mavrix Fund Management Inc. is the Portfolio Manager of Mavrix Explore Quebec 2008-I, Mavrix Explore 2008 - I FT LP, Mavrix Explore 2007 - I FT LP, Mavrix Explore Quebec 2007-I and Mavrix Explore Quebec 2007-II and exercises the voting and dispositive powers with regard to the flow through shares of each of the Mavrix Accounts.

PLAN OF DISTRIBUTION

The selling shareholders and their successors, which includes their pledgees, donees, partnership distributees and other transferees receiving the offered shares in non-sale transfers, may sell the offered shares directly to purchasers or through underwriters, broker-dealers or agents. Purchasers of the shares resold under this prospectus will not receive the Canadian tax benefits associated with Flow Through Shares, which benefits apply only to the purchasers in the flow through offering. Underwriters, broker-dealers or agents may receive compensation in the form of discounts, concessions or commissions from the selling shareholders or the purchasers. These discounts, concessions or commissions may be in excess of those customary in the types of transactions involved.

The offered shares may be sold in one or more transactions:

- at fixed prices;
- at prevailing market prices at the time of sale;
- at varying prices determined at the time of sale; or
- at negotiated prices.

These sales may be effected in transactions, which may involve crosses or block transactions, in the following manner:

- on any national securities exchange or quotation service on which our common shares may be listed or quoted at the time of sale;
- through the Toronto Stock Exchange in compliance with Canadian securities laws and rules of the Toronto Stock Exchange through registered brokers;
- in the over-the-counter market;

- in transactions other than on these exchanges or services or in the over-the-counter market;
- through the writing and exercise of options and warrants, whether these options and warrants are listed on an option or warrant exchange or otherwise; or
- through the settlement of short sales.

The selling shareholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the offered shares and deliver these shares to close out short positions, or loan or pledge the underlying shares to broker-dealers that in turn may sell these shares.

The selling shareholders may also sell shares of common stock short and deliver shares of common stock covered by this prospectus to close out short positions, provided that the short sale is made after the registration statement is declared effective and such sale is made in accordance with all applicable SEC regulations.

The selling shareholders may pledge or grant a security interest in some or all of the flow through shares or shares of common stock owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the common shares from time to time pursuant to this prospectus. The selling shareholders also may transfer or donate the common shares in other circumstances, in which case the transferees, donees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

The aggregate proceeds to the selling shareholders from the sale of the offered shares will be the purchase price of the shares less any discounts and commissions. We will not receive any of the proceeds from the sale of the offered shares by the selling shareholders.

In order to comply with the securities laws of some jurisdictions, if applicable, the selling shareholders may sell the offered shares in some jurisdictions through registered or licensed broker dealers.

The selling shareholders and any underwriters, broker-dealers or agents that participate in the sale of the offered shares may be deemed to be “underwriters” within the meaning of Section 2(11) of the Securities Act. Any commissions paid, or discounts or concessions allowed, to any broker-dealer in connection with any distribution of the offered shares may be deemed to be underwriting discounts and commissions under the Securities Act. At the time a particular offering of the shares is made, a prospectus supplement, if required, will be distributed which will set forth the aggregate number of shares of common stock being offered and the terms of the offering, including the name or names of any broker-dealers or agents, any discounts, commissions and other terms constituting compensation from the selling shareholders and any discounts or commissions allowed or paid to broker-dealers.

In addition, any securities covered by this prospectus that qualify for sale pursuant to Rule 144 or Rule 144A under the Securities Act may be sold under Rule 144 or Rule 144A rather than pursuant to this prospectus.

The selling shareholders each purchased the flow through shares in the ordinary course of business. At the time of purchase, each selling stockholder had no agreements or understandings, directly or indirectly, with any person to distribute the securities. There can be no assurance that any selling stockholder will sell any or all of the shares of common stock registered pursuant to the registration statement of which this prospectus is a part.

Pursuant to the registration rights agreements between us and each of the selling shareholders who purchased the flow through shares in the private placement, we agreed to pay substantially all of the expenses incident to the registration of the offered shares; provided, however, that the selling shareholders will pay all underwriting discounts or commissions or agents’ commissions, if any. In connection with sales made pursuant to this prospectus, we agreed to indemnify the selling shareholders and their respective directors, officers, employees, affiliates, agents and controlling persons against, and in certain circumstances to provide contribution with respect to, liabilities, including liabilities under the Securities Act, with respect to specific matters. Further, the selling shareholders have agreed to indemnify Apollo and our directors, certain officers and controlling persons against, and in certain circumstances to provide contribution with respect to, civil liabilities, including liabilities under the Securities Act, that may arise from written information furnished to us by the selling shareholders.

Once sold under the registration statement of which this prospectus is a part, the common shares will be freely tradeable in the hands of persons other than our affiliates.

TAX CONSIDERATIONS

U.S. Federal Income Tax Considerations

The following is a summary of the material anticipated U.S. federal income tax consequences regarding the acquisition, ownership and disposition of our common shares. This summary applies to you only if you hold such common shares as a capital asset and are eligible for benefits under the Convention between the United States of America and Canada with Respect to Taxes on Income and on Capital signed on September 26, 1980, as amended and currently in force, which we refer to as the U.S.-Canada tax treaty. This summary is based upon the U.S. Internal Revenue Code of 1986, as amended, which we refer to as the Code, regulations promulgated under the Code, administrative rulings and judicial decisions and the U.S.-Canada tax treaty as in effect on the date of this prospectus. Changes in the laws may alter the tax treatment of our common shares, possibly with retroactive effect.

This summary is general in nature and does not address the effects of any state or local taxes, or the tax consequences in jurisdictions other than the United States. In addition, it does not address all tax consequences that may be relevant to you in your particular circumstances, nor does it apply to you if you are a holder with a special status, such as:

- a person that owns, or is treated as owning under certain ownership attribution rules, 5% or more of our voting shares;
- a broker, dealer or trader in securities or currencies;
- a bank, mutual fund, life insurance company or other financial institution;
- a tax-exempt organization;
- a qualified retirement plan or individual retirement account;
- a person that holds our common shares as part of a straddle, hedge, constructive sale or other integrated transaction for tax purposes;
- a partnership, S corporation, small business investment company or pass-through entity;
- an investor in a partnership, S corporation, small business investment company or pass-through entity;
- a person whose functional currency for tax purposes is not the U.S. dollar;
- a person liable for alternative minimum tax;
- a U.S. Holder (as defined below) who is a resident or deemed to be a resident in Canada pursuant to the Income Tax Act (Canada); and
- a Non-U.S. Holder (as defined below) that has a trade or business in the United States, or is an individual that either has a tax home in the United States or is present within the United States for 183 days or more during the taxable year.

If a partnership (including for this purpose any entity treated as a partnership for U.S. federal income tax purposes) holds our common shares, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. A partner of a partnership that owns or may acquire our common shares should consult the partner’s tax advisor regarding the specific tax consequences of the acquisition and ownership of our common shares.

We believe that we are not, have not at any time been and will not be after this offering a “controlled foreign corporation” as defined in Section 957(a) of the Code. although we can provide no certainty regarding this position.

YOU SHOULD CONSULT YOUR OWN ADVISOR REGARDING THE TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF OUR COMMON SHARES IN LIGHT OF YOUR PARTICULAR CIRCUMSTANCES.

U.S. Holders

The following discussion applies to you if you are a "U.S. Holder." For purposes of this discussion, a "U.S. Holder" means a beneficial owner of a common share that is, for U.S. federal income tax purposes:

- an individual citizen or resident of the United States (including an alien who is a "green card" holder or who is present in the United States for 31 days or more in the calendar year and meets certain other requirements);

- a corporation created or organized in or under the laws of the United States or any political subdivision thereof;

- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

- a trust (1) that validly elects to be treated as a U.S. person for U.S. federal income tax purposes, or (2) the administration over which a U.S. court can exercise primary supervision and all of the substantial decisions of which one or more U.S. persons have the authority to control.

Distributions

We do not anticipate paying dividends in the foreseeable future. However, subject to the discussion under "— Passive foreign investment company," below, the gross amount of distributions, if any, payable by us on our common shares generally would be treated as dividend income to the extent paid out of current or accumulated earnings and profits. Such dividends will generally be "qualified dividends" in the hands of individual U.S. Holders and will be generally subject to a 15% maximum individual U.S. federal income tax rate for qualified dividends received in taxable years beginning before January 1, 2011. A corporation may be eligible for a dividends received deduction under Section 243 of the Code.

A distribution on our shares in excess of current or accumulated earnings and profits will be treated as a tax-free return of capital to the extent of the U.S. Holder's adjusted basis in such shares and then as capital gain. See "— Sale or other disposition of common shares" below.

Canadian withholding tax on dividend distributions paid by us to a U.S. Holder is generally reduced to 15% pursuant to the U.S.-Canada tax treaty. U.S. Holders generally may claim the amount of any Canadian income taxes withheld either as a deduction from gross income or as a credit against U.S. federal income tax liability, subject to numerous complex limitations that must be determined and applied on an individual basis. A U.S. Holder's ability to claim such a credit against U.S. federal income tax liability may be limited to the extent that dividends on our common shares are treated as U.S.-source income for U.S. foreign tax credit purposes. To the extent that a distribution with respect to our common shares is paid from earnings and profits accumulated by a domestic corporation engaged in a U.S. trade or business (such as a U.S. subsidiary), any such income would be treated as U.S.-source income for U.S. foreign tax credit purposes.

Sale or other disposition of common shares

Subject to the discussion under "— Passive foreign investment company" below, in general, if you sell or otherwise dispose of our common shares in a taxable disposition:

- you will recognize gain or loss equal to the difference (if any) between the U.S. dollar value of the amount realized on such sale or other taxable disposition and your adjusted tax basis in such common shares;

- any gain or loss will be capital gain or loss and will be long-term capital gain or loss if your holding period for the common shares sold is more than one year at the time of such sale or other taxable disposition; and

- any gain or loss will generally be treated as U.S.-source income for U.S. foreign tax credit purposes, although special rules apply to U.S. Holders who have a fixed place of business outside the United States to which this gain is attributable.

Long-term capital gains of individual taxpayers are generally subject to a 15% maximum U.S. federal income tax rate for capital gains recognized in taxable years beginning before January 1, 2011. The deductibility of capital losses is subject to limitations.

If you are a cash basis taxpayer who receives foreign currency, such as Canadian dollars, in connection with a sale or other taxable disposition of our common shares, the amount realized will be based on the U.S. dollar value of the foreign currency received with respect to such common shares, as determined on the settlement date of such sale or other taxable disposition.

If you are an accrual basis taxpayer who receives foreign currency in a sale or other taxable disposition of our common shares, you generally may elect the same treatment required of cash basis taxpayers with respect to a sale or other taxable disposition of such common shares, provided the election is applied consistently from year to year. The election may not be changed without the consent of the IRS. If you are an accrual basis taxpayer and do not elect to be treated as a cash basis taxpayer (pursuant to the U.S. Treasury Regulations applicable to foreign currency transactions) for this purpose, you might have a foreign currency gain or loss for U.S. federal income tax purposes because of differences between the U.S. dollar value of the foreign currency received on the date of the sale (or other taxable disposition) of our common shares and the date of payment. Any such currency gain or loss generally will be treated as ordinary income or loss and would be in addition to gain or loss, if any, recognized on the sale (or other taxable disposition) of our common shares.

Passive foreign investment company

PFIC Rules Generally. U.S. Holders of our common shares would be subject to a special, adverse tax regime (that would differ in certain respects from that described above) if we were or were to become a passive foreign investment company ("PFIC") for U.S. federal income tax purposes. The tests for determining PFIC status are applied annually and are dependent upon a number of factors, some of which are beyond our control. We do not expect to be a PFIC for the 2008 tax year, although we can provide no certainty concerning this result. For 2009 and later tax years, we can provide no assurance concerning whether we will be a PFIC.

In general terms, we will be a PFIC for any tax year in which either (i) 75% or more of our gross income is passive income (the "income test") or (ii) the average percentage, by fair market value, of our assets that produce or are held for the production of passive income is 50% or more (the "asset test"). "Passive income" includes, for example, dividends, interest, certain rents and royalties, certain gains from the sale of stock and securities, and certain gains from commodities transactions. For example, we could be a PFIC for a tax year if we have (i) losses from sales activities but interest income (and/or other passive income) that exceeds those losses or (ii) positive gross profit from sales but interest income (and/or other passive income) constitutes 75% or more of our total gross income. In such situations, we could be a PFIC even without recognizing substantial amounts of passive income.

If we were, or were to become, a PFIC for any year in which a U.S. Holder owns our common shares, gain on a disposition or deemed disposition of our common shares, and certain distributions with respect to our common shares (so-called "excess distributions"), would be subject to a special adverse tax regime. Such gains and excess distributions would be allocated ratably to the U.S. Holder's holding period. The portion of such gains and excess distributions allocable to the current tax year would be includible as ordinary income in the current tax.year. The U.S. Holder would be taxed on prior years' allocations at the highest marginal rates applicable to ordinary income for each such year and would be subject to interest charges to reflect the value of the U.S. income tax deferral. U.S. Holders must report any gains or distributions received from a PFIC by filing a Form 8621 with their returns.

Certain elections may sometimes be used to reduce the adverse impact of the PFIC rules on U.S. Holders ("qualifying electing fund" ("QEF") and "mark-to-market" elections), but these elections may accelerate the recognition of taxable income and may result in the recognition of ordinary income. The PFIC rules are extremely complex, and

shareholders are urged to consult their own tax advisers regarding the potential consequences to them of Apollo being classified as a PFIC.

QEF Election to Reduce Impact of PFIC Rules. The rules described above for "excess distributions" will not apply to a U.S. Holder if the U.S. Holder makes a QEF election for the first taxable year of the U.S. Holder's holding period for our common shares during which we are a PFIC and we comply with specified reporting requirements. A QEF election for a taxable year generally must be made on or before the due date (as may be extended) for filing the taxpayer's U.S. federal income tax return for the year. A U.S. Holder who makes a QEF election generally must report on a current basis his or her share of our ordinary income and net capital gain for any taxable year in which we are a PFIC, whether or not we distribute those earnings.

Upon request, we will use reasonable best efforts to provide to a U.S. Holder who makes a request the information required to make a QEF election no later than ninety days after the request. A U.S. Holder who makes a QEF election must file a Form 8621 with their annual return.

Mark-to-Market Election to Reduce Impact of PFIC Rules. If we become a PFIC, a U.S. Holder of our common shares may elect to recognize any gain or loss on our common shares on a mark-to-market basis at the end of each taxable year, so long as the common shares are regularly traded on a qualifying exchange. The mark-to-market election under the PFIC rules is an alternative to the QEF election. We believe our common shares will be regularly traded on a qualifying exchange, but we cannot provide assurance that our common shares will be considered regularly traded on a qualifying exchange for all years in which we may be a PFIC. A U.S. Holder who makes a mark-to-market election generally must recognize as ordinary income all appreciation inherent in the U.S. Holder’s investment in our common shares on a mark-to-market basis and may recognize losses inherent in our common shares only to the extent of prior mark-to-market gain recognition. The mark-to-market election must be made by the due date (as may be extended) for filing the taxpayer's federal income tax return for the first year in which the election is to take effect. A U.S. Holder who makes a mark-to-market election must file a Form 8621 with their annual return.

Rules for Lower-Tier PFIC Subsidiaries. Special adverse rules apply to U.S. Holders of our common shares for any year in which we are a PFIC and have a non-U.S. subsidiary that is also a PFIC (a “lower tier PFIC”). If we are a PFIC and a U.S. Holder of our common shares does not make a QEF election (as described above) in respect of any lower tier PFIC, the U.S. Holder could incur liability for the deferred tax and interest charge described above if (i) we receive a distribution from, or dispose of all or part of our interest in, the lower tier PFIC or (ii) the U.S. Holder disposes of all or part of our common shares. A QEF election that is made for our common shares will not apply to a lower tier PFIC although a separate QEF election might be made with respect to a lower-tier PFIC. We will use reasonable best efforts to cause a lower-tier PFIC to provide the information necessary for an effective QEF election to be made with respect to such lower-tier PFIC.. Moreover, a mark-to-market election (as described above) is not available for lower-tier PFICs.

Non-U.S. Holders

The following summary applies to you if you are a non-U.S. Holder of our common shares. A non-U.S. Holder is a beneficial owner of a common share that is not a U.S. Holder.

Distributions

In general, you will not be subject to U.S. federal income tax or withholding tax on dividends, if any, received from us with respect to our common shares, unless such income is (i) effectively connected with your conduct of a trade or business in the United States or (ii) if a treaty applies, such income is attributable to a permanent establishment or fixed base you maintain in the United States.

Sale or other disposition of common shares

In general, you will not be subject to U.S. federal income tax on any gain realized upon the sale or other disposition of our common shares unless:

- such gain is effectively connected with your conduct of a U.S. trade or business or, if a treaty applies, such gain is attributable to a permanent establishment or fixed base you maintain in the United States; or

- you are an individual who is present in the United States for 183 days or more during the taxable year of disposition or have a tax home in the United States, and certain other requirements are met.

Information reporting and backup withholding

U.S. Holders of our common shares may be subject to information reporting and may be subject to backup withholding (currently at a rate of 28%) on distributions on our common shares or on the proceeds from a sale or other disposition of our common shares paid within the United States. Payments of distributions on, or the proceeds from the sale or other disposition of, our common shares to or through a foreign office of a broker generally will not be subject to backup withholding, although information reporting may apply to those payments in certain circumstances. Backup withholding will generally not apply, however, to a U.S. Holder who:

- furnishes a correct taxpayer identification number and certifies that the U.S. Holder is not subject to backup withholding on IRS Form W-9 (or substitute form); or

- is otherwise exempt from backup withholding.

In general, a non-U.S. Holder will not be subject to information reporting and backup withholding. However, a non-U.S. Holder may be required to establish an exemption from information reporting and backup withholding by certifying the non-U.S. Holder's non-U.S. status on Form W-8BEN.

Backup withholding is not an additional tax. Any amounts withheld from a payment to a holder under the backup withholding rules may be credited against the holder's U.S. federal income tax liability, and a holder may obtain a refund of any excess amounts withheld by filing the appropriate claim for refund with the IRS in a timely manner.

LEGAL MATTERS

Lackowicz, Shier & Hoffman has provided its opinion on the validity of the common shares offered by this prospectus.

EXPERTS

The consolidated financial statements incorporated in this prospectus by reference from our Annual Report on Form 10-K for the years ended December 31, 2007, 2006 and 2005 have been audited by Deloitte & Touche LLP, independent registered chartered accountants, as stated in their report, which report expresses an unqualified opinion on the financial statements and includes a separate report titled Comments by Independent Registered Chartered Accountants on Canada — United States of America Reporting Differences referring to changes in accounting principles and substantial doubt on our ability to continue as a going concern, which is incorporated herein by reference, and have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

Our Montana Tunnels and Black Fox reserves at December 31, 2007 incorporated by reference herein were prepared by us and SRK Consulting (US), Inc. All information regarding reserves incorporated by reference herein is in reliance upon the authority of that form as experts in such matters.

DISCLOSURE OF COMMISSION POSITION ON INDEMNIFICATION FOR SECURITIES ACT LIABILITY

The Business Corporations Act (Yukon Territory) imposes liability on officers and directors for breach of fiduciary duty except in certain specified circumstances, and also empowers corporations organized under Yukon Territory law to indemnify officers, directors, employees and others from liability in certain circumstances such as where the person successfully defended himself on the merits or acted in good faith in a manner reasonably believed to be in the best

interests of the corporation.

Our By-laws, with certain exceptions, eliminate any personal liability of our directors and officers to us or our shareholders for monetary damages arising from such person's performance as a director or officer, provided such person has acted in accordance with the requirements of the governing statute. Our By-laws also provide for indemnification of directors and officers, with certain exceptions, to the full extent permitted under law which includes all liability, damages and costs or expenses arising from or in connection with service for, employment by, or other affiliation with us to the maximum extent and under all circumstances permitted by law.

We maintain insurance policies under which our directors and officers are insured, within the limits and subject to the limitations of the policies, against expenses in connection with the defense of actions, suits or proceedings, and certain liabilities that might be imposed as a result of such actions, suits or proceedings, to which they are parties by reason of being or having been a director or officer of Apollo.

You should rely only on the information incorporated by reference or provided in this prospectus or any supplement to this prospectus. We have authorized no one to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information in this prospectus is accurate as of any date other than the date on the front of this prospectus.

APOLLO GOLD CORPORATION

18,020,000
COMMON SHARES

PROSPECTUS

PART II
INFORMATION NOT REQUIRED IN THE PROSPECTUS

Item 14. ***Other Expenses of Issuance and Distribution.***

We will pay all expenses in connection with the issuance and distribution of the securities being registered. The following table is an itemized statement of these expenses, other than underwriting discounts and commissions:

SEC registration fee	$	184.13
AMEX listing fee	$	2,000
Legal fees and expenses	$	20,000
Accountant's fees and expenses	$	15,000
Trustee and transfer agent fees	$	0
Printing and engraving	$	0
Miscellaneous	$	0
Total	$	37,184.13

All of the above expenses are estimated except the AMEX listing fee and the SEC registration fee.

Item 15. ***Indemnification of Officers and Directors.***

The Business Corporations Act (Yukon Territory) imposes liability on officers and directors for breach of fiduciary duty except in certain specified circumstances, and also empowers corporations organized under Yukon Territory law to indemnify officers, directors, employees and others from liability in certain circumstances such as where the person successfully defended himself on the merits or acted in good faith in a manner reasonably believed to be in the best interests of the corporation.

Our By-laws, with certain exceptions, eliminate any personal liability of our directors and officers to us or our shareholders for monetary damages arising from such person's performance as a director or officer, provided such person has acted in accordance with the requirements of the governing statute. Our By-laws also provide for indemnification of directors and officers, with certain exceptions, to the full extent permitted under law which includes all liability, damages and costs or expenses arising from or in connection with service for, employment by, or other affiliation with us to the maximum extent and under all circumstances permitted by law.

We maintain insurance policies under which our directors and officers are insured, within the limits and subject to the limitations of the policies, against expenses in connection with the defense of actions, suits or proceedings, and certain liabilities that might be imposed as a result of such actions, suits or proceedings, to which they are parties by reason of being or having been a director or officer of Apollo.

Item 16. ***Exhibits.***

Exhibit No.	Description
1.1	Underwriting Agreement, filed with the SEC on August 26, 2008 as Exhibit 1.1 to the Current Report on Form 8-K
4.1	Sample Certificate of Common Shares of the Registrant, filed with the SEC on June 23, 2003 as Exhibit 4.1 to the Registration Statement on Form 10
4.2	Shareholder Rights Plan Agreement, dated January 17, 2007, by and between Apollo Gold Corporation and CIBC Mellon Trust Company filed with the SEC on January 19, 2007 as Exhibit 4.1 to the Current Report on Form 8-K
4.3	

	Compensation Option Certificate, filed with the SEC on August 26, 2008 as Exhibit 4.1 to the Current Report on Form 8-K
4.4	Form of Registration Rights Agreement, filed with the SEC on August 26, 2008 as Exhibit 4.3 to the Current Report on Form 8-K
5.1	Opinion of Lackowicz, Shier & Hoffman *
23.1	Consent of Lackowicz, Shier & Hoffman (included in Exhibit 5.1)
23.2	Consent of Deloitte & Touche LLP *
23.3	Consent of SRK Consulting (US), Inc. filed with the SEC on March 25, 2008 as Exhibit 23.2 to the Annual Report on Form 10-K
24.1	Power of Attorney (included on signature page of this registration statement)

* Filed herewith.

Item 17. *Undertakings*.

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

Provided, however, That:

…

(B) Paragraphs (a)(1)(i), (a)(1)(ii) and (a)(1)(iii) of this section do not apply if the registration statement is on Form S-3 or Form F-3 and the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

…

(5) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(i) If the registrant is relying on Rule 430B:

(A) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(B) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof; provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date; or

(ii) If the registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness; provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

…

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

…

(h) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing a registration statement on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Denver, State of Colorado, on September 29, 2008.

APOLLO GOLD CORPORATION

By: /s/ Melvyn Williams
Melvyn Williams, Chief Financial Officer and Senior Vice President - Finance and Corporate Development

POWER OF ATTORNEY

Each individual whose signature appears below constitutes and appoints each of R. David Russell and Melvyn Williams, his true and lawful attorney-in-fact and agents with full power of substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments and any Registration Statement filed pursuant to Rule 462(b) under the Securities Act of 1933) to this registration statement on Form S-3, and to file the same with all exhibits and schedules thereto and all documents in connection therewith, with the Securities and Exchange Commission, granting unto each of attorney-in-fact and his agents, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ R. David Russell R. David Russell	President and Chief Executive Officer, and Director (Principal Executive Officer)	September 29, 2008
/s/ Melvyn Williams Melvyn Williams	Chief Financial Officer and Senior Vice President - Finance and Corporate Development (Principal Financial and Accounting Officer)	September 29, 2008
/s/ Charles E. Stott Charles E. Stott	Chairman of the Board of Directors	September 29, 2008
/s/ G. Michael Hobart G. Michael Hobart	Director	September 29, 2008
/s/ Robert W. Babensee Robert W. Babensee	Director	September 29, 2008

/s/ W. S. Vaughan W. S. Vaughan	Director	September 29, 2008
/s/ David W. Peat David W. Peat	Director	September 29, 2008
/s/ Marvin K. Kaiser Marvin K. Kaiser	Director	September 29, 2008

EXHIBIT INDEX

Exhibit No.	Description
1.1	Underwriting Agreement, filed with the SEC on August 26, 2008 as Exhibit 1.1 to the Current Report on Form 8-K
4.1	Sample Certificate of Common Shares of the Registrant, filed with the SEC on June 23, 2003 as Exhibit 4.1 to the Registration Statement on Form 10
4.2	Shareholder Rights Plan Agreement, dated January 17, 2007, by and between Apollo Gold Corporation and CIBC Mellon Trust Company filed with the SEC on January 19, 2007 as Exhibit 4.1 to the Current Report on Form 8-K
4.3	Compensation Option Certificate, filed with the SEC on August 26, 2008 as Exhibit 4.1 to the Current Report on Form 8-K
4.4	Form of Registration Rights Agreement, filed with the SEC on August 26, 2008 as Exhibit 4.3 to the Current Report on Form 8-K
5.1	Opinion of Lackowicz, Shier & Hoffman *
23.1	Consent of Lackowicz, Shier & Hoffman (included in Exhibit 5.1)
23.2	Consent of Deloitte & Touche LLP *
23.3	Consent of SRK Consulting (US), Inc. filed with the SEC on March 25, 2008 as Exhibit 23.2 to the Annual Report on Form 10-K
24.1	Power of Attorney (included on signature page of this registration statement)

* Filed herewith.