APOLLO GOLD CORP
Form 10-K/A
July 28, 2004

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

FORM 10-K/A

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003

COMMISSION FILE NUMBER: 001-31593

APOLLO GOLD CORPORATION
(Exact name of registrant as specified in its charter)

YUKON TERRITORY	NOT APPLICABLE
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

4601 DTC Boulevard, Suite 750
Denver, Colorado 80237-2571
(Address of Principal Executive Offices Including Zip Code)

(720) 886-9656
(Registrant's telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: None

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
Common Stock, no par value

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 [_]

Indicate by a check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [_]

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).
Yes [_] No [X]

As of March 15, 2004, the approximate aggregate market value of voting stock held by non-affiliates of the registrant was $147,811,000 (based upon the closing price for shares of the registrant's common stock as reported by the American Stock Exchange on that date). Shares of common stock held by each

officer, director, and holder of 5% or more of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of March 15, 2004, the registrant had 75,031,198 shares of common stock, no par value per share, outstanding.

Apollo Gold Corporation (the "Registrant") is amending Item 8 of its Annual Report on Form 10-K for the year ended December 31, 2003 to include the signature of its independent auditors to the Independent Auditors Report. The signature was included in the Independent Auditors Report provided to the Registrant, but was inadvertently omitted from the Registrant's previous filing of the Form 10-K as originally filed on EDGAR. Item 8 is included in its entirety, but no other changes have been made to Item 8.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Apollo Gold Corporation

Independent Auditors Reports F-2

Consolidated Balance Sheets at December 31, 2003 and December 31, 2002 F-3

Consolidated Statements of Operations and Deficit for the years ended December 31, 2003, 2002 and 2001 F-4

Consolidated Statements of Cash Flows for the years ended December 31, 2003, 2002 and 2001 F-5

Notes to the Consolidated Financial Statement F-6

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Apollo Gold Corporation

We have audited the consolidated balance sheets of Apollo Gold Corporation as at December 31, 2003 and 2002 and the consolidated statements of operations and deficit and cash flows for each of the years in the three-year period ended December 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in connection with Canadian generally accepted auditing standards and auditing standards generally accepted in the United States of America. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. As audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2003 and 2002 and the results of its operations and cash flows for each of the years in the three-year period ended December 31, 2003 in accordance with Canadian generally accepted accounting principles.

/s/ Deloitte & Touche LLP
Chartered Accountants
Vancouver, British Columbia
March 5, 2004

APOLLO GOLD CORPORATION
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS OF UNITED STATES DOLLARS)

	December 31, 2003	December 31, 2002
ASSETS		
CURRENT		
Cash and cash equivalents	$ 25,851	$ 8,426
Short-term investments	5,855	-
Accounts receivable	4,647	3,228
Prepaids	552	532
Broken ore on leach pad	9,594	9,098
Inventories (Note 4)	2,839	2,926
	49,338	24,210
BROKEN ORE ON LEACH PAD - LONG-TERM	1,827	1,605
PROPERTY, PLANT AND EQUIPMENT (Note 5)	38,519	30,375
DEFERRED STRIPPING COSTS	24,033	16,998
RESTRICTED CERTIFICATE OF DEPOSIT (Note 6)	6,893	5,302
	$120,610	$ 78,490
LIABILITIES		
CURRENT		
Accounts payable	$ 5,848	$ 4,935
Accrued liabilities	2,781	1,961
Notes payable (Note 7)	4,117	3,114
Property and mining taxes payable	1,080	911
	13,826	10,921
NOTES PAYABLE (Note 7)	3,275	5,247
ACCRUED SITE CLOSURE COSTS (Note 9)	21,619	20,508
	38,720	36,676

COMMITMENTS AND CONTINGENCIES (Note 13)		
SHAREHOLDERS' EQUITY		
Share capital (Note 10)	120,624	72,206
Issuable common shares (Note 10)	231	231
Special warrants (Note 10)	-	6,305
Contributed surplus (Note 10)	7,172	7,023
Deficit	(46,137)	(43,951)
	81,890	41,814
	$120,610	$ 78,490

APPROVED ON BEHALF OF THE BOARD

G.W. Thompson, Director

Robert Watts, Director

The accompanying notes are an integral part of these consolidated financial statements.

APOLLO GOLD CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(IN THOUSANDS OF UNITED STATES DOLLARS, EXCEPT FOR SHARE AMOUNTS)

	Year ended December 31,		
	2003	2002	2001
REVENUE			
Revenue from sale of minerals	$ 66,841	$ 20,410	$ -
OPERATING EXPENSES			
Direct operating costs	55,684	15,726	-
Depreciation and amortization	4,997	3,488	-
General and administrative expenses	4,651	2,286	439
Share-based compensation	376	615	-
Accretion expense	1,280	771	-
Royalty expenses	898	508	-
Exploration and business development	2,117	451	94
	70,003	23,845	533
OPERATING LOSS	(3,162)	(3,435)	(533)
OTHER INCOME (EXPENSES)			
Gain on sale of marketable securities	-	-	73
Interest income	213	76	6
Interest expense	(544)	(991)	-

Foreign exchange gain and other	1,307	1,299	-
NET LOSS FOR THE YEAR	(2,186)	(3,051)	(454)
DEFICIT, BEGINNING OF YEAR	(43,951)	(40,900)	(40,446)
DEFICIT, END OF YEAR	$ (46,137)	$ (43,951)	$(40,900)
NET LOSS PER SHARE, BASIC AND DILUTED	$ (0.04)	$ (0.16)	$ (0.54)
WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING	54,536,679	19,297,668	834,124

The accompanying notes are an integral part of these consolidated financial statements.

APOLLO GOLD CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS OF UNITED STATES DOLLARS)

	Year ended December 31,		
	2003	2002	2001
OPERATING ACTIVITIES			
Net loss for the year	$ (2,186)	$ (3,051)	$(454)
Items not affecting cash:			
Depreciation and amortization	4,997	3,488	-
Amortization of deferred stripping	1,699	-	-
Share-based compensation	376	615	-
Accretion expense	1,280	771	-
Gain on sale of property, plant and equipment	(339)	-	-
Gain on sale of marketable securities	-	-	(73)
Other	(56)	-	-
Net change in non-cash operating working capital items (Note 15)	(168)	(1,206)	(33)
	5,603	617	(560)
INVESTING ACTIVITIES			
Property, plant and equipment expenditures	(11,507)	(2,932)	-
Deferred stripping costs	(8,734)	(12,129)	-
Short-term investments	(5,855)	-	-
Acquisition of Nevoro (Note 3 (a))	-	(11,061)	-
Black Fox acquisition (Note 3 (b))	-	(2,028)	-

Proceeds from disposal of property, plant and equipment	339	-	-
Restricted Certificate of Deposit	(1,591)	(1,569)	-
Proceeds on repayment of promissory note	-	-	245
Proceeds on sale of marketable securities	-	-	192
	(27,348)	(29,719)	437
FINANCING ACTIVITIES			
Proceeds on issuance of shares	37,702	-	-
Proceeds from exercise of warrants and options	3,937	-	-
Proceeds from notes payable	1,259	1,790	-
Payments of notes payable	(3,728)	(2,602)	-
Issuance of special warrants	-	14,611	-
Issuance of flow-through common shares	-	2,875	-
Proceeds on issuance of convertible debentures, net	-	20,772	-
	39,170	37,446	-
NET INCREASE (DECREASE) IN CASH	17,425	8,344	(123)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,426	82	205
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 25,851	$ 8,426	$ 82
SUPPLEMENTAL CASH FLOW INFORMATION			
Interest paid	$ 544	$ 991	$ -
Income taxes paid	$ -	$ -	$ -

During the year ended December 31, 2003, the Company issued 61,500 shares to acquire certain parcels of land located in Nevada. Share capital and property, plant and equipment both increased by $134 as a result of this transaction.

During the years ended December 31, 2003, 2002 and 2001, property, plant and equipment totaling $1,500, $1,550 and $Nil, respectively, was acquired under capital lease obligations.

The accompanying notes are an integral part of these consolidated financial statements.

APOLLO GOLD CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003, 2002 AND 2001
(IN THOUSANDS OF UNITED STATES DOLLARS, EXCEPT PER SHARE AMOUNTS)

1. NATURE OF OPERATIONS

On June 25, 2002, pursuant to a statutory Plan of Arrangement, Apollo Gold Corporation ("Apollo" or the "Company") acquired the business of Nevoro Gold Corporation ("Nevoro"). This acquisition has been accounted for using the purchase method of accounting.

Apollo, through its acquisition of Nevoro, is engaged in gold mining including extraction, processing and refining and the production of other by-product metals, as well as related activities including exploration and development. The Company currently owns and has rights to operate the following facilities: the Florida Canyon Mine through Florida Canyon Mining, Inc. ("FCMI") located in the State of Nevada, Montana Tunnels Mine through Montana Tunnels Mining, Inc. ("MTMI") located in the State of Montana and Diamond Hill Mine also located in the State of Montana.

The Florida Canyon Mine is an open pit, heap leach operation located near Winnemucca, Nevada, producing gold and silver. The Florida Canyon Mine is currently operating at its designed capacity (approximately 110,000 gold ounces per year). The Montana Tunnels Mine is an open pit mine and mill, located near Helena, Montana, producing ore and lead-gold and zinc-gold concentrates. The Montana Tunnels Mine recommenced commercial production in April 2003. Diamond Hill Mine, also located near Helena, Montana, is currently under care and maintenance.

Apollo has one development property and four exploration properties, Standard Mine, Pirate Gold, Nugget Field, Willow Creek, and Buffalo Canyon each located near the Florida Canyon Mine.

Apollo also purchased the Black Fox Project (former Glimmer Mine) which is located in the Province of Ontario near the Township of Mattheson in September of 2002. The Project is now considered a development property.

Prior to the acquisition of Nevoro, the Company had interests in exploration projects in Indonesia and the Philippines. In December 2001, the Company executed an agreement with Hinoba Holdings Limited ("HL") whereby HL was granted an option to acquire all of the rights to the Company's Philippines project. HL defaulted on this agreement and the Company has discontinued pursuing its interest in the Philippines and Indonesia projects and is no longer financing the subsidiaries that own the underlying title to the properties. During 2003, the Company sold its interest in the Philippines and Indonesia projects for $166.

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2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of Apollo are prepared by management in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") and except as described in Note 18, conform in all material respects with accounting principles generally accepted in the United States ("U.S. GAAP") . The principal accounting policies followed by the Company, which have been consistently applied, are summarized as follows:

(a) Principles of consolidation

The consolidated financial statements include the accounts of Apollo and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated upon consolidation.

(b) Use of estimates

The preparation of financial statements in conformity with Canadian GAAP requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Significant estimates used herein include those relating to gold and other metal prices, recoverable proven and probable reserves, available resources, available operating capital and required reclamation costs. These estimates each affect management's evaluation of asset impairment and the recorded balances of broken ore on leach pad, property, plant and equipment, deferred stripping costs, reclamation, site closure and remediation obligations, and the future tax asset valuation allowance. It is reasonably possible that actual results could differ in the near term from those and other estimates used in preparing these financial statements and such differences could be material.

(c) Foreign currency translation

With the acquisition of Nevoro, virtually all of the Company's assets and liabilities, and revenues and expenses, are denominated in United States (U.S.) dollars. Accordingly, effective June 25, 2002, the Company changed its measurement currency to U.S. dollars from Canadian dollars.

Effective December 31, 2003, the Company changed its reporting currency from Canadian dollars to U.S. dollars, the measurement currency. The change in reporting currency was made in order to report the Company's financial position and results of operations in the currency of measurement following the Company's listing on the AMEX Exchange in the United States. Historical results have been restated to the measurement currency. Previously, for purposes of financial reporting, the Company's financial statements were converted from U.S. dollars, the measurement currency, to the Canadian dollar, the reporting currency, using the current rate method.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Foreign currency translation (continued)

Prior to June 25, 2002, foreign currency denominated monetary assets and liabilities had been translated into Canadian dollars at the rate of exchange prevailing at the balance sheet date with any corresponding gains or losses being recognized in the statement of loss. Foreign currency revenues and expenses had been translated at the rates prevailing on the transaction date.

(d) Cash and cash equivalents

Cash and cash equivalents are comprised of cash, term deposits and treasury bills. The original maturity dates of term deposits and treasury bills is not in excess of 90 days.

(e) Short-term investments

Short-term investments are comprised of term deposits with maturity dates of greater than 90 days and less than one year from date of acquisition.

(f) Broken ore on leach pads

Broken ore on leach pad comprises gold in process in heap leach pads and in stockpiles that are valued at the lower of average production cost and net realizable value. Based on current production estimates, the gold contained within the heap leach pad is recoverable over a period in excess of twelve months. The cost of gold in process and final products is comprised of costs of mining the ore and hauling it to the mill, costs of processing the ore and an attributable amount of mining and production overheads relating to deferred mineral property and development costs. Units of gold on the leach pad are based on the amount of ore introduced into production, expected recovery and assay results.

Direct production costs associated with ore on the heap leach pads are deferred and amortized as the contained gold is recovered. Based upon actual metal recoveries, the Company periodically evaluates and refines estimates used in determining the amortization and carrying value of deferred mining costs associated with ore under leach.

(g) Inventories

Metals inventories are stated at the lower of cost and net realizable value determined by using the first-in, first-out method. Materials and supplies at the mine sites are valued at the lower of direct cost of acquisition and replacement cost.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Property, plant and equipment

Mine development costs are capitalized after proven and probable reserves have been identified. Amortization is calculated using the units-of-production method over the expected life of the operation based on the estimated recoverable gold equivalent ounces or value of metals over proven and probable reserves and a portion of resources expected to be converted to reserves based on past results.

Buildings and equipment are recorded at acquisition cost and amortized over the remaining reserves of the mine site on a units-of-production basis. Equipment that is mobile is amortized on a straight-line basis over the estimated useful life of the equipment of five to ten years. Costs relating to repair and maintenance costs are expensed as incurred.

Financing and acquisition costs including interest and fees are capitalized on the basis of expenditures incurred for the acquisition of assets and mineralized properties and related development activities. Capitalization ceases when the asset or property is substantially complete and ready to produce at commercial rates.

(i) Mineral rights

Mineral rights include the cost of obtaining patented United States of America mining claims and the cost of acquisition of properties. Significant payments related to the acquisition of land and mineral rights are capitalized. If a mineable ore body is discovered, such costs are amortized when production begins using the units-of-production method based on proven and probable reserves. If no mineable ore body is discovered or such rights are otherwise determined to have no value, such costs are expensed in the period in which it is determined the property has no future economic value.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Deferred stripping costs

Mining costs associated with open-pit deposits that have diverse ore grades and waste-to-ore ton ratios are deferred and amortized over the mine life. These mining costs arise from the removal of waste rock commonly referred to as "deferred stripping costs". Amortization of amounts deferred is based on a ratio, calculated as estimated total waste mining costs divided by the current proven and probable reserves and mineral resources expected to be converted into mineral reserves. This ratio is used to calculate the current period production cost charged against earnings by multiplying the ratio times the reserves mined during the period. Amortization of deferred stripping costs is included within direct operating costs in our statement of operations. This accounting method results in the smoothing of these costs over the life of the mine, rather than expensing them as incurred. The full amount of deferred stripping costs may not be expensed until the end of the life of the mine. Some mining companies expense these costs as incurred, which may result in the reporting of greater volatility in period to period results of operations. Deferred stripping costs are included with related mining property, plant and equipment for impairment testing purposes.

(k) Exploration expenditures

Exploration expenditures are expensed as incurred during the reporting period.

(l) Property evaluations

The Company evaluates the carrying amounts of its mining properties and related buildings, plant and equipment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If the Company has reason to believe that an impairment

may exist, estimated future undiscounted cash flows are prepared using estimated recoverable ounces of gold (considering current proven and probable reserves and mineral resources expected to be converted into mineral reserves) and corresponding by-product credits along with estimated future metals prices and estimated operating and capital costs. The inclusion of mineral resources is based on various circumstances, including but not limited to the existence and nature of known mineralization, location of the property, results of recent drilling and analysis to demonstrate the ore is commercially recoverable. The future cash flows cover the known ore reserve at the time. If the future undiscounted cash flows are less than the carrying value of the assets, the assets will be written down to fair value and the write-off charged to earnings in the current period.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Reclamation and closure costs

The Company, as part of the purchase accounting for the acquisition of Nevoro, has recorded the present value of estimated future asset retirement obligation and reclamation with a corresponding increase to the carrying amount of the related asset. The carrying value will be amortized over the life of the related assets on a unit-of-production basis and the related liabilities are accreted to the original present value estimate.

The present value of the reclamation liabilities may be subject to change based on management's current estimates, changes in remediation technology or changes to the applicable laws and regulations by regulatory authorities, which affects the ultimate cost of remediation and reclamation.

(n) Revenue recognition

Revenue from the sale of gold and by-products is recognized when the following conditions are met: persuasive evidence of an arrangement exists; delivery has occurred in accordance with the terms of the arrangement; the price is fixed or determinable and collectability is reasonably assured. Revenue for gold bullion is recognized at the time of delivery and transfer of title to counter-parties. Revenue for lead and zinc concentrates is determined by contract as legal title to the concentrate transfers and includes provisional pricing arrangements accounted for as an embedded derivative instrument under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" as amended.

(o) Commodity contracts

The Company enters into hedging contracts for gold involving the use of combinations of put and call options. These options have common notional amounts and maturity dates and are designated in combination as hedges of future gold sales on the basis that they generate offsetting cash flows. No premium has been received with respect to these options.

Providing that the criteria for an effective hedge are met, gains and losses on the contracts are deferred and recognized in revenue at the time of the sale of the designated future gold production.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Stock incentive plans

The Company does not record stock options issued to employees as compensation expense and discloses pro forma information on the fair value of stock compensation issued during the period in the notes to the financial statements. This method is acceptable under existing CICA guidelines for stock based compensation and other stock based payments for the year ended December 31, 2003.

Handbook Section 3870, however, does require additional disclosures for options granted to employees, including disclosure of pro forma earnings and pro forma earnings per share as if the fair value based accounting method had been used to account for employee stock options (see Note 10 (g)).

Beginning in the first quarter of 2004, the Company will expense stock options in the financial statements as a component of compensation expense in accordance with new recommendations of the CICA with respect to stock based compensation which will come into effect for the Company on January 1, 2004. Under this new standard, direct awards of stock granted to employees are recorded at fair value on the date of grant and the associated expense is amortized over the vesting period.

(q) Income taxes

The Company accounts for income taxes whereby future income tax assets and liabilities are computed based on differences between the carrying amount of assets and liabilities on the balance sheet and their corresponding tax values using the enacted income tax rates at each balance sheet date. Future income tax assets also result from unused loss carryforwards and other deductions. The valuation of future income tax assets is reviewed annually and adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount. Although the Company has tax loss carryforwards (see Note 11), there is uncertainty as to utilization prior to their expiry. Accordingly, the future income tax asset amounts have been fully offset by an uncertainty provision.

(r) Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The fully diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. For this purpose, the

"treasury stock method" is used for the assumed proceeds upon the exercise of stock options and warrants that are used to purchase common shares at the average market price during the year.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Comparative figures

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.

3. ACQUISITION

(a) Plan of arrangement

The Company acquired Nevoro as of June 25 2002. In order to finance the acquisition and continuing operations of Nevoro, the Company completed a private placement financing of $20,772, net of issue expenses. The private placement was in the form of non-interest bearing convertible secured debentures. The debentures were converted into common shares and warrants of the Company upon completion of the Plan of Arrangement as described in Note 10.

3. ACQUISITION (CONTINUED)

(a) Plan of arrangement (continued)

A summary of the allocation of the purchase price to the Nevoro assets acquired, less liabilities assumed, at fair value on June 25, 2002 is as follows:

ASSETS, at fair value	
Accounts receivable	$ 1,512
Prepaid expenses	155
Broken ore on leach pad	10,587
Inventories	2,667
	14,921
Broken on leach pad - long-term	1,868
Property, plant and equipment	29,272
Restricted certificate of deposit	3,733
	34,873

	49,794
LIABILITIES, at fair value	
Accounts payable and accruals	7,329
Notes payable	1,767
Property and mining taxes payable	975
	10,071
Notes payable	5,437
Accrued site closure costs	20,876
	26,313
	36,384
NET ASSETS OF NEVORO ACQUIRED	$13,410
CONSIDERATION	
Cash	$11,061
Shares	2,349
TOTAL CONSIDERATION PAID	$13,410

3. ACQUISITION (CONTINUED)

(a) Plan of arrangement (continued)

Apollo issued 1,970,000 shares (Note 10) valued at $2,349 to the former shareholders of Nevoro as part consideration for the acquisition of all of the outstanding shares of Nevoro. The value of the shares issued was determined based on the average market price of common shares over the two-day period before and after the terms of the acquisition were agreed to and announced, less imputed share issuance costs of $126.

In addition, certain key employees, officers and directors are eligible to receive up to an aggregate of 2,780,412 options of the Company. Each option will be exercisable for a period of five years from the effective date and entitle the holder to acquire one share at an exercise price of $0.80 per share. In fiscal 2002, following the completion of the Plan of Arrangement, one-half of the options vested based upon satisfying the established performance criteria. The balance of the options vest based upon satisfying the established fiscal 2003 performance criteria. These new unvested options were not included as part of the purchase consideration but have been accounted for in accordance with the Company's accounting policy for employee stock options as outlined in Note 2.

The statement of earnings of Apollo for the year ended December 31, 2002 includes the earnings of Nevoro for the period from June 25, 2002.

(b) Purchase of Black Fox property

In September of 2002, Apollo completed a transaction ("Glimmer Transaction") to purchase the Glimmer property near the city of Timmins in the Province of Ontario. The Glimmer Transaction included purchase price consideration of $2,028 cash and 2,080,000 Apollo shares valued at $2,949. The total cost of the property is included in property, plant and equipment. If the old Glimmer mine is developed and reaches commercial production, an additional $2,322 (Cdn.$3,000) is due to the vendors to purchase the property free and clear of all encumbrances. The additional consideration will be recorded when it is more likely than not that it will be payable.

Subsequent to the acquisition, management commenced a new exploration project on adjacent targets under the name "Black Fox". In the third quarter of 2003, following the delineation of proven and probable reserves, Black Fox was reclassified as an advanced development project whereby costs associated with the project will be capitalized until commercial production is reached.

4. INVENTORIES

Inventories consists of:

	2003	2002
Concentrate inventory	$ 98	$ -
Dore inventory	56	-
Materials and supplies	2,685	2,926
	$2,839	$2,926

5. PROPERTY, PLANT AND EQUIPMENT

The components of property, plant and equipment at December 31 are as follows:

	2003			2002
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Mine assets				
Building, plant and equipment	$13,712	$ 3,069	$10,643	$ 7,293
Mining properties and development costs	25,740	5,328	20,412	15,963

	39,452	8,397	31,055	23,256
Mineral rights	7,464	-	7,464	7,119
Total property, plant and equipment	$46,916	$ 8,397	$38,519	$30,375

Included in building, plant and equipment are assets held under capital leases which had cost of $3,190 and $792, and accumulated depreciation of $1,592 and $133, respectively, as at December 31, 2003 and 2002.

6. RESTRICTED CERTIFICATE OF DEPOSIT

The restricted certificate of deposit represents cash that has been placed in trust as security to the State of Montana and the State of Nevada relating to the Company's site closure obligations (see Note 9).

The Company has entered into an agreement with CNA, an insurer, to complete the bonding requirements at MTMI. CNA committed to an approximate $15,000 15-year term bonding facility which is not cancelable, unless MTMI fails to meet its requirements under the arrangement. The agreement obligates MTMI to make payments of approximately $75 monthly until the balance in the trust account is equal to the penal sum of the CNA bond. At December 31, 2003, the restricted certificate of deposit for bonding requirements at MTMI is $2,663 (2002 - $1,557).

At the Florida Canyon Mine the restricted certificate of deposit for bonding requirements at December 31, 2003 is $3,700 (2002 - $3,538). This covers areas excluded from the coverage of the SAFECO bond (Note 9). The Company also has other amounts on deposit with respect to its other projects.

7. NOTES PAYABLE

The notes payable are secured by a fixed charge on certain machinery and equipment and bear interest at various rates between 3.615% and 7.5%, and are repayable as follows:

2004	$ 4,117
2005	2,650
2006	625
Total notes payable	7,392
Less current portion	(4,117)
Total long-term obligations	$ 3,275

8. EMPLOYEE BENEFIT PLAN

The Company maintains a defined contribution 401(K) plan for all US employees. Employees have the right to invest up to 25% of their respective

earnings up to the statutory limits. The Company will match 100% of the first 6% invested. The vesting schedule is two years. All US employees are eligible to participate on the first of the month after their date of hire.

The amounts charged to earnings for the Company's defined contribution plan totaled $590, $522 and $Nil for the years ended December 31, 2003, 2002 and 2001, respectively.

The Company maintains medical and life insurance benefits only for all active employees.

9. ACCRUED SITE CLOSURE COSTS

All of the Company's operations are subject to reclamation and closure requirements. Although the ultimate amount of site restoration costs is uncertain, on a regular basis, the Company monitors these costs and together with third party engineers prepares internal estimates to evaluate their bonding requirements. The estimates prepared by management are then reconciled with the requirements of the State and Federal officials.

At December 31, 2003, the accrued site closure liability amounted to $21,619 (2002 - $20,508). This liability is based on the most recently prepared third party engineer reports, together with management's estimate of the Company's severance obligation upon closure of the related facility. The liability is covered by a combination of both surety bonds as well as a restricted certificate of deposit which in aggregate are valued at approximately $38,729.

In view of the uncertainties concerning future removal and site restoration costs, as well as the applicable laws and legislations, the ultimate costs to the Company could differ materially from the amounts estimated by management. Future changes, if any, due to their nature and unpredictability, could have a material impact and would be reflected prospectively, as a change in accounting estimate.

One of the Company's sureties, SAFECO Insurance Company of America ("SAFECO"), has sent notice to the regulatory authorities to cancel one of the bonds currently valued at $16,936. Through litigation, the surety instrument is still in place under full force and effect. This legal decision was challenged by SAFECO and during 2003 the original judgment was affirmed by the Court of Appeals. SAFECO did not take any further appeal within the time permitted for appeals and the favorable judgment has become final.

The following table summarizes the effect to the Company's accrued site closure costs:

Balance, December 31, 2001	$ -
Additions during the year upon acquisition of Nevoro (Note 3)	20,876
Accretion	771
Expenditures	(1,139)
Balance, December 31, 2002	20,508
Accretion	1,280

Expenditures	(169)
Balance, December 31, 2003	$21,619

The Company has estimated that the total obligations associated with the retirement of the Florida Canyon and Montana Tunnels mines at December 31, 2003 is $32,140. The $21,619 fair value of these obligations is determined using a 7.5% credit adjusted risk-free discount rate and expected payment of obligations over fifteen years.

10. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares with no par value

(b) Issued and outstanding

	Shares	Amount	Contributed Surplus	Special Warrants
Balance, December 31, 2000 and 2001	834,124	$ 41,186	$ 177	$ -
Conversion of debentures (Note 10 (d)(i))	28,750,000	16,623	4,149	-
Issuance of shares on Nevoro acquisition (Note 3 (a))	1,970,000	2,349	-	-
Black Fox purchase (Note 3 (b))	2,080,000	2,949	-	-
Conversion of special warrants private placement issued September 13, 2002 (Note 10 (d)(ii))	4,963,000	6,224	-	-
Flow-through common shares (Note 10 (d)(iii))	1,593,750	2,875	-	-
Share compensation	-	-	615	-
Special warrants private placement issued December 23, 2002 (Note 10 (d)(iv))	-	-	2,082	6,305
Balance, December 31, 2002	40,190,874	72,206	7,023	6,305
Shares issued for cash (Note 10 (c))	24,432,300	37,314	388	-
Conversion of special warrants	6,000,000	6,305	-	(6,305)
Warrants exercised	2,381,500	3,810	-	-
Options exercised	158,616	127	-	-
Nevoro acquisition, senior executive share compensation	-	-	376	-
Shares issued to supplier	50,000	113	-	-
Shares issued for land	61,500	134	-	-
Fiscal 2002 stock-based compensation issued in 2003	265,000	615	(615)	-
Balance, December 31, 2003	73,539,790	$120,624	$ 7,172	$ -

10. SHARE CAPITAL (CONTINUED)

(c) Shares issued in 2003

On September 26, 2003, the Company issued 22,300,000 shares for proceeds of $37,169, net of agent's commissions of $2,230, expenses of $679 and fair value of agent's options of $353.

On October 27, 2003, the agents exercised their over-allotment option and the Company issued a further 2,132,300 shares for proceeds of $3,662, net of expenses of $220 and fair value of agent's options of $35. The Company granted the agents 732,969 agent's options with an exercise price of $1.67 (Cdn.$2.25) per option in connection with this issuance. These agent's options expire in two years and vest immediately. Using the fair value based method for stock-based compensation, share issuance costs of approximately $388 were recognized. This amount was determined using an option pricing model assuming no dividends were paid, a volatility of the Company's share price of 53%, an expected life of the options of two years, and annual risk-free rate of 3.50%.

(d) Shares issued in 2002

(i) In 2002, the Company completed a private placement financing of $20,772, net of issue costs in the form of non-interest bearing convertible secured debentures, in order to finance the acquisition of Nevoro. Upon completion of the Plan of Arrangement, the debentures were converted into 28,750,000 common shares and 7,187,500 warrants of the Company. In addition, the underwriters were granted 718,750 warrants as additional compensation in connection with the issuance of the convertible debentures. Each warrant entitles the holder to acquire one share at a price of $1.60 per share until March 21, 2004. An amount of $4,149 was allocated to both sets of warrants and was presented as contributed surplus.

(ii) On September 13, 2002 the Company issued 4,963,000 special warrants convertible to common shares to raise an additional $6,889, net of share issue expenses of $665. The warrants were subsequently converted into common shares.

(iii) On November 21, 2002, under a private placement financing, the Company issued 1,500,000 flow-through common shares as defined in subsection 66(15) of the Income Tax Act (Canada). The aggregate proceeds amounted to $2,875. The Company issued 93,750 additional common shares from treasury, with an assigned value of $165, as consideration to the underwriter in connection with this transaction.

10. SHARE CAPITAL (CONTINUED)

(d) Shares issued in 2002 (continued)

(iv) On December 23, 2002, the Company issued 6,000,000 stock-warrant units under a private placement financing. Each unit consisted of one common share, and one-half of one common share purchase warrant. Each full common share purchase warrant entitled the holder to acquire from the Company, for a period of four years, at a price of $2.10 (Cdn.$3.25) per warrant, one additional common share. Each unit was issued at a price of $1.55 (Cdn.$2.40) for aggregate net proceeds of $9,343, net of issuance expenses of $955. Of the original proceeds, $2,082 was allocated to the related warrants and was presented as contributed surplus. During fiscal 2003 6,000,000 units were converted into common shares.

(e) Warrants

The following summarizes outstanding warrants as at December 31, 2003:

Warrants	Number of Shares	Exercise Price	Expiry Date
5,524,750	5,524,750	$ 1.60	March 21, 2004
3,000,000	3,000,000	2.10 (Cdn.$3.25)	December 23, 2006
8,524,750	8,524,750		

10. SHARE CAPITAL (CONTINUED)

(f) Options

A summary of information concerning outstanding stock options at December 31, 2003 is as follows:

	Fixed Stock Options		Performance-based Stock Options	
	Number of Common Shares	Weighted Average Exercise Price	Number of Common Shares	Weighted Average Exercise Price
Balances, December 31, 2000 and 2001	68,855	$ 44.14	-	$ -
Options granted	-	-	2,780,412	0.80

Options cancelled	(68,855)	44.14	-	-
Balances, December 31, 2002	-	-	2,780,412	0.80
Options granted	2,039,100	2.20	-	-
Options exercised	-	-	(158,616)	0.80
Options cancelled	(151,800)	2.24	(121,642)	0.80
Balances, December 31, 2003	1,887,300	$ 2.20	2,500,154	$ 0.80

10. SHARE CAPITAL (CONTINUED)

(f) Options (continued)

(i) Fixed stock option plan

The Company has a stock option plan that provides for the granting of options to directors, officers, employees and service providers of the Company.

The following table summarizes information concerning outstanding and exercisable fixed stock options at December 31, 2003:

Options Outstanding			Options Exercisable	
Number Outstanding	Expiry Date	Weighted Average Exercise Price per Share	Number Exercisable	Weighted Average Exercise Price per Share
1,563,200	February 18, 2013	$ 2.24	-	$ -
4,100	March 28, 2013	2.34	-	-
70,000	May 21, 2013	2.27	-	-
150,000	August 22, 2013	2.12	-	-
100,000	November 13, 2013	1.67	-	-
1,887,300		$ 2.20	-	$ -

(ii) Performance-based stock option plan

As part of the Nevoro acquisition, 2,780,412 performance-based options with an expiry date of June 25, 2007 were granted to certain directors, officers and employees, and are subject to a reduction if certain performance criteria are not met. Furthermore, certain senior executives are entitled to receive 530,000 performance-based common shares subject to a reduction if certain performance criteria are not met.

10. SHARE CAPITAL (CONTINUED)

(f) Options (continued)

(ii) Performance-based stock option plan (continued)

In fiscal 2002, one-half of the performance-based options and common shares vested based upon the established performance criteria. The balance of the options vest based upon the established fiscal 2003 performance criteria. Furthermore, one half of the related performance-based common shares were approved for issuance in 2003 based upon the fiscal 2002 performance and the balance of the shares vest based upon the established fiscal 2003 performance criteria. An expense of $376 has been recorded in the statement of operations relating to the fair value expense of the performance-based common shares vesting in fiscal 2003 and credited to contributed surplus.

(g) Stock-based compensation

The following pro forma financial information presents the net loss for the year and the basic and diluted loss per common share had the Company adopted the fair value method of accounting for stock options as set out in CICA Handbook Section 3870, Stock-Based Compensation and Other Stock-Based Payments:

	2003	2002
Net loss		
As reported	$(2,186)	$(3,051)
Compensatory fair value of options	(3,871)	(1,980)
Pro forma	$(6,057)	$(5,031)
Basic and diluted loss per share		
As reported	$ (0.04)	$ (0.16)
Pro forma	(0.11)	(0.26)

10. SHARE CAPITAL (CONTINUED)

(g) Stock-based compensation (continued)

Using the fair value based method for stock-based compensation, additional costs of approximately $3,876 and $1,980 would have been recorded for the years ended December 31, 2003 and 2002, respectively. These amounts were determined at the date of grant using a

Black-Scholes option pricing model with the following weighted average assumptions:

	2003	2002
Risk free interest rate	3.534%	3.550%
Dividend yield	0%	0%
Volatility	75%	92%
Expected life in years	5.0	2.0

The weighted average grant-date fair value of stock options granted during 2003 was $1.40.

(h) Issuable common shares

The Company is committed under a previous agreement to issue such number of fully paid common shares as shall have a market value of $231. To date, none of these shares have been issued.

11. INCOME TAXES

The Company did not record a provision or benefit for income taxes for the periods ended December 31, 2003, 2002 and 2001, due to the availability of net operating loss carryforwards and the uncertainty of their future realization.

The provision for income taxes reported differs from the amounts computed by applying the cumulative Canadian federal and provincial income tax rates to the loss before tax provision due to the following:

	2003	2002	2001
Statutory tax rate	37.62%	39.62%	44.67%
Recovery of income taxes computed at standard rates	$ 822	$ 1,209	$ 203
Lower foreign tax rates	(10)	(34)	-
Tax losses not recognized in the period that the benefit arose	(812)	(1,175)	(203)
	$ -	$ -	$ -

The tax effects of temporary differences that would give rise to significant portions of the future tax assets and future tax liabilities at December 31, were as follows:

	2003	2002
Future income taxes		

Net operating losses carried forward	$ 35,217	$ 32,455
Foreign exploration and development expenses	1,784	1,370
	37,001	33,825
Less: Valuation allowance	(37,001)	(33,825)
Net future income tax asset	$ -	$ -

Utilization of the net operating losses carried forward and the foreign exploration and development expenses are subject to limitations.

At December 31, 2003, the Company has the following unused tax losses available for tax purposes:

Country	Amount	Expiry
Canada	$15,718	2004-2010
United States	84,232	2011-2023

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Market risk

Due to the nature of the precious metals market, the Company is not dependent on a significant customer to provide a market for its refined gold and silver. However, if the Company had to change the smelters to which zinc, lead, and pyrite concentrates are shipped, the additional transportation costs could be considerable. Although it is possible that the Company could be directly affected by weaknesses in the metals processing business, the Company periodically monitors the financial condition of its customers.

Accounts receivable at December 31, 2003 are due from two customers.

(b) The estimated fair value of the Company's financial instruments was as follows:

	December 31,			
	2003		2002	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 25,851	$25,851	$ 8,426	$8,426
Short-term investments	5,855	5,855	-	-
Accounts receivable	4,647	4,647	3,228	3,228
Accounts payable	5,848	5,848	4,935	4,935
Accrued liabilities	2,781	2,781	1,961	1,961
Notes payable				
Current	4,117	4,117	3,114	3,114

Non-current	3,275	3,275	5,247	5,247

The fair value of notes payable was determined using the discounted cash flows at prevailing market rates. The fair value of the Company's other financial instruments was estimated to approximate their carrying value due primarily to the immediate or short-term maturity of these financial instruments.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(c) Gold hedges

The Company has entered into hedging contracts, with Standard Bank London Limited, for gold in the aggregate amount of 100,000 ounces involving the use of combinations of put and call options. As of December 31, 2003 there are 64,000 ounces remaining on these contracts. The contracts give the holder the right to buy, and the Company the right to sell, stipulated amounts of gold at the upper and lower exercise prices, respectively. The contracts continue through April 25, 2005 with a put option strike price of two hundred and ninety-five dollars per ounce and a call option strike price of three hundred and forty-five dollars per ounce. The Company has also entered into certain spot deferred forward contracts for the delivery of 15,862 ounces of gold. Gains or losses on these spot deferred forward contracts are recognized as an adjustment of revenue in the period when the originally designated production is sold. As at December 31, 2003, the fair value of the contracts is a loss of $5,911 (December 31, 2002 - $2,265).

The contracts mature as follows:

	Ounces of Gold
2004	63,862
2005	16,000
	79,862

13. COMMITMENTS AND CONTINGENCIES

(a) Royalties

The Company's properties are subject to royalty obligations based on minerals produced from the properties. The current reserves at the FCMI are subject to a 2.5% net smelter return royalty. The MTMI reserves are not subject to a royalty obligation. Royalty obligations for other properties arise upon mine production.

(b) Environmental

The Company's mining and exploration activities are subject to various

federal, provincial and state laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

13. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(c) Litigation and claims

The Company is from time to time involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Company does not believe that adverse decisions in any pending or threatened proceedings related to any matter, or any amount which it may be required to pay by reason thereof, will have a material effect on the financial conditions or future results of operations of the Company.

(d) Bank indebtedness

During the year ended December 31, 2003 the Company entered into a $5,000 Revolving Loan, Guaranty and Security Agreement with Standard Bank London Limited ("Standard Bank"). The Company must satisfy certain requirements in order for Standard Bank to advance the maximum amount of the loan. Until the commitment under the line of credit expires or has been terminated, the Company must meet certain covenants. As of December 31, 2003, the Company has no amount outstanding under the revolving loan and is in compliance with the covenants.

14. LEASE COMMITMENTS

Minimum lease payments under capital and non-cancelable operating leases and the present value of net minimum payments at December 31, 2003 were as follows:

	Capital Leases	Operating Leases
2004	$ 1,234	$ 160
2005	435	86
2006	254	77
2007	-	75
2008	-	25
Total	1,923	$ 423
Less imputed interest	52	
Total present value of minimum capitalized payments	1,871	

Less current portion of capital lease obligations	1,202
Long-term capital lease obligations	$ 669

Rent expense under non-cancelable operating leases was $87, $17 and $Nil for 2003, 2002 and 2001, respectively. The current portion of the capital lease obligations is included in current portion of notes payable and the long-term portion is included in long-term portion of notes payable in the consolidated balance sheets.

15. NET CHANGE IN NON-CASH OPERATING WORKING CAPITAL ITEMS

	2003	2002	2001
(Increase) decrease in:			
Accounts receivable	$(1,419)	$(1,716)	$ -
Prepaids	(20)	(346)	12
Broken ore on leach pad	(718)	1,752	-
Inventories	87	(259)	-
Increase (decrease) in:			
Accounts payable	913	(668)	(45)
Accrued liabilities	820	95	-
Property and mining taxes payable	169	(64)	-
	$ (168)	$(1,206)	$ (33)

16. RELATED PARTY TRANSACTIONS

The Company had the following related party transactions during each of the years in the three-year period ended December 31, 2003:

	2003	2002	2001
Legal fees paid to two law firms, a partner of each firm is a director of the Company	$ 795	$ 153	$ -
Legal fees paid to law firm, a partner of which is related to an officer of the Company	463	77	-
Consulting services paid to a relative of an officer and director of the Company	64	63	-

These transactions are in the normal course of business and are measured at the exchange amount which is the consideration established and agreed to by the related parties.

17. SEGMENTED INFORMATION

Apollo operates the Montana Tunnels and Florida Canyon Mines in the United States and the Black Fox development project in Canada. As the products and

services of the Company's largest segments, Montana Tunnels and Florida Canyon, are essentially the same, the reportable segments have been determined at the level where decisions are made on the allocation of resources and capital and where performance is measured. The accounting policies for these segments are the same as those followed by the Company as a whole.

17. SEGMENTED INFORMATION (CONTINUED)

Amounts as at December 31, 2003 are as follows:

	Montana Tunnels	Florida Canyon	Black Fox	Corporate and Other	Total
Cash and cash equivalents	$ 754	$ 19	$ 95	$ 24,983	$ 25,851
Short-term investments	-	-	-	5,855	5,855
Broken ore on leach pad - current	-	9,594	-	-	9,594
Other non-cash current assets	5,345	2,263	71	359	8,038
	6,099	11,876	166	31,197	49,338
Broken ore on leach pad - long-term	-	1,827	-	-	1,827
Property, plant and equipment	15,559	13,529	8,914	517	38,519
Deferred stripping costs	24,033	-	-	-	24,033
Restricted certificate of deposit	2,663	3,809	377	44	6,893
Total assets	$ 48,354	$ 31,041	$9,457	$ 31,758	$120,610
Current liabilities	$ 6,140	$ 6,515	$ 507	$ 664	$ 13,826
Notes payable	980	2,295	-	-	3,275
Accrued site closure costs	9,148	12,471	-	-	21,619
Total liabilities	$ 16,268	$ 21,281	$ 507	$ 664	$ 38,720

Amounts as at December 31, 2002 are as follows:

	Montana Tunnels	Florida Canyon	Black Fox	Corporate and Other	Total
Cash and cash equivalents	$ 89	$ 20	$2,814	$ 5,503	$ 8,426
Broken ore on leach pad - current	-	8,990	-	-	8,990
Other non-cash current assets	3,678	2,725	15	268	6,686
	3,767	11,735	2,829	5,771	24,102
Broken ore on leach pad - long-term	-	1,713	-	-	1,713
Property, plant and equipment	12,627	12,771	4,977	-	30,375

Deferred stripping costs	16,998	-	-	-	16,998
Restricted certificate of deposit	1,557	3,538	100	107	5,302
Total assets	$ 34,949	$ 29,757	$7,906	$ 5,878	$78,490
Current liabilities	$ 4,847	$ 4,357	$ -	$ 1,717	$10,921
Notes payable	1,040	4,207	-	-	5,247
Accrued site closure costs	8,679	11,829	-	-	20,508
Total liabilities	$ 14,566	$ 20,393	$ -	$ 1,717	$36,676

17. SEGMENTED INFORMATION (CONTINUED)

Amounts for the years ended December 31, 2003, 2002 and 2001 are as follows:

	YEAR ENDED DECEMBER 31, 2003				
	Montana Tunnels	Florida Canyon	Black Fox	Corporate and Other	Total
Revenue from sale of minerals	$ 30,858	$ 35,983	$ -	$ -	$66,841
Direct operating costs	27,149	28,535	-	-	55,684
Depreciation and amortization	1,251	3,731	-	15	4,997
General and administrative	-	-	-	4,651	4,651
Share-based compensation	-	-	-	376	376
Accrued site closure costs - accretion expense	500	780	-	-	1,280
Royalties	-	898	-	-	898
Exploration and development	-	-	1,553	564	2,117
	28,900	33,944	1,553	5,606	70,003
Operating income (loss)	1,958	2,039	(1,553)	(5,606)	(3,162)
Interest income	-	-	-	213	213
Interest expense	(152)	(339)	-	(53)	(544)
Foreign exchange gain (loss) and other	-	-	(271)	1,578	1,307
Net (loss) income	$ 1,806	$ 1,700	$(1,824)	$ (3,868)	$(2,186)
Investing activities					
Property, plant and equipment expenditures	$ 4,184	$ 4,489	$ 3,937	$ 531	$13,141
Deferred stripping expenditures	8,734	-	-	-	8,734

17. SEGMENTED INFORMATION (CONTINUED)

	Year ended December 31, 2002				
	Montana Tunnels	Florida Canyon	Black Fox	Corporate and Other	Total
Revenue from sale of minerals	$ -	$ 20,410	$ -	$ -	$20,410
Direct operating costs	-	15,696	-	30	15,726
Depreciation and amortization	-	3,488	-	-	3,488
General and administrative	-	-	-	2,286	2,286
Share-based compensation	-	-	-	615	615
Accrued site closure costs - accretion expense	300	471	-	-	771
Royalties	-	508	-	-	508
Exploration and development	114	-	-	337	451
	414	20,163	-	3,268	23,845
Operating income (loss)	(414)	247	-	(3,268)	(3,435)
Interest income	29	-	-	47	76
Interest expense	(260)	(463)	-	(268)	(991)
Foreign exchange gain (loss) and other	236	621	(99)	541	1,299
Net (loss) income	$ (409)	$ 405	$ (99)	$ (2,948)	$(3,051)
Investing activities					
Property, plant and equipment expenditures	$ 1,967	$ 2,515	$4,977	$ -	$ 9,459
Deferred stripping expenditures	12,129	-	-	-	12,129

For the year ended December 31, 2001, all activity was in the Corporate and Other segment.

18. DIFFERENCES BETWEEN CANADIAN AND U.S. GAAP

The Company prepares its consolidated financial statements in accordance

with Canadian GAAP. The following adjustments and/or additional disclosures would be required in order to present the financial statements in accordance with U.S. GAAP and with practices prescribed by the United States Securities and Exchange Commission for the years ended December 31, 2003, 2002 and 2001.

Material variances between financial statement items under Canadian GAAP and the amounts determined under U.S. GAAP are as follows:

CONSOLIDATED BALANCE SHEETS AS AT DECEMBER 31, 2003 AND 2002

	Property, Plant and Equipment	Deferred Stripping Costs	Accounts Payable	Other Liabilities	Share Capital	Contrib Surpl
As at December 31, 2003, Canadian GAAP	$ 38,519	$ 24,033	$ 5,848	$ -	$120,624	$
Convertible debenture (b)	-	-	-	-	-	2
Share-based compensation (c)	-	-	-	-	-	
Gold hedge loss (d)	-	-	(551)	5,911	-	
Impairment of property, plant and equipment, capitalized deferred stripping costs and change in depreciation and amortization (e)	(5,543)	(8,740)	-	-	-	
Flow-through common shares (f)	-	-	-	-	(238)	
Black Fox development costs (g)	(3,643)	-	-	-	-	
As at December 31, 2003, U.S. GAAP	$ 29,333	$ 15,293	$ 5,297	$ 5,911	$120,386	$ 3

18. DIFFERENCES BETWEEN CANADIAN AND U.S. GAAP (CONTINUED)

	Cash	Restricted Cash	Property, Plant and Equipment	Deferred Stripping Costs	Other Liabilities	
As at December 31, 2002, Canadian GAAP	$ 8,426	$ -	$ 30,375	$16,998	$ -	$
Convertible debenture (b)	-	-	-	-	-	

Share-based compensation (c)	-	-	-	-	-
Gold hedge loss (d)	-	-	-	-	2,265
Impairment of property, plant and equipment, capitalized deferred stripping costs and change in depreciation and amortization (e)	-	-	(5,456)	(8,828)	-
Flow-through common shares (f)	(2,845)	2,845	-	-	238
As at December 31, 2002, U.S. GAAP	$ 5,581	$ 2,845	$ 24,919	$ 8,170	$ 2,503 $

Under U.S. GAAP, the net loss and net loss per share would be adjusted as follows:

	2003	2002	2001
Net loss for the year ended December 31, based on Canadian GAAP	$ (2,186)	$ (3,051)	$ (454)
Marketable securities (a)	-	-	(54)
Convertible debenture (b)	-	(20,675)	-
Share-based compensation (c)	(1,739)	(2,604)	-
Gold hedge loss (d)	(3,095)	(2,265)	-
Impairment of property, plant and equipment and change in depreciation (e)	(87)	(5,456)	-
Impairment of capitalized deferred stripping costs and change in amortization (e)	88	(8,828)	-
Flow-through shares premium paid in excess of market value (f)	238	-	-
Black Fox development costs (g)	(3,643)	-	-
Net loss for the year based on U.S. GAAP	$(10,424)	$(42,879)	$ (508)
Comprehensive loss	$(10,424)	$(42,879)	$ (508)
Net loss per share - U.S. GAAP - basic and diluted	$ (0.19)	$ (2.22)	$(0.61)

18. DIFFERENCES BETWEEN CANADIAN AND U.S. GAAP (CONTINUED)

(a) Marketable securities

In accordance with Canadian GAAP, the Company's marketable securities are carried at the lower of cost and quoted market values. Under U.S. GAAP, these investments would be considered as trading securities and

marked to market, with unrealized gains and losses included in the Consolidated Statement of Operations. The related securities were sold in fiscal 2001.

(b) Convertible debenture

Under Canadian GAAP, the convertible debenture was recorded as an equity instrument on issuance in March 2002. Under U.S. GAAP, on issuance, the convertible debenture would have been recorded as a liability and reclassified to equity only upon conversion. Further, under U.S. GAAP, the beneficial conversion feature represented by the excess of the fair value of the shares and warrants issuable on conversion of the debenture, measured on the commitment date, over the amount of the proceeds to be allocated to the common shares and warrants upon conversion, would be allocated to contributed surplus. This results in a discount on the debenture that is recognized as additional interest expense over the term of the debenture and any unamortized balance is expensed immediately upon conversion of the debenture. Accordingly, for U.S. GAAP purposes, the Company has recognized a beneficial conversion feature and debenture issuance costs of $20,675 in the year ended December 31, 2002. Canadian GAAP does not require the recognition of any beneficial conversion feature.

(c) Share-based compensation

In accordance with Canadian GAAP, the Company has not recorded any expense with respect to stock options granted to employees. Under U.S. GAAP, the Company has elected to continue to measure its employee stock-based awards using the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25 "Accounting for Stock Issued to Employees" ("APB No. 25").

Beginning in the first quarter of 2004, the Company will expense stock options in the financial statements as a component of compensation expense in accordance with SFAS 148 "Accounting for Stock-Based Compensation - Transition and Disclosure." This method of accounting will be similar to the method under Canadian GAAP as disclosed in Note 2 (p) and, as such, no difference will arise.

In fiscal 2003, an expense of $1,739 has been recorded under APB No. 25 with respect to the intrinsic value of stock options granted in the year and in fiscal 2002, an expense of $2,604 has been recorded under APB No. 25. In addition, under APB No. 25, the performance shares granted during 2002 are accounted for as variable awards until the performance targets are met.

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18. DIFFERENCES BETWEEN CANADIAN AND U.S. GAAP (CONTINUED)

(d) Gold hedge loss

Under Canadian GAAP, gains or losses on spot deferred forward contracts are recognized as an adjustment of revenue in the period when the originally designated production is sold. Under U.S. GAAP, SFAS 133 requires that for hedge accounting to be achieved, a company

must provide detailed documentation and must specifically designate the effectiveness of a hedge. Furthermore, U.S. GAAP also requires fair value accounting to be used for all types of derivatives. As the Company has chosen not to meet these requirements for U.S. GAAP purposes, a charge of $2,265 has been recorded in the fourth quarter of fiscal 2002 to reflect the fair value loss on the contracts outstanding at December 31, 2002, and an additional loss of $3,095 has been recorded in the year ended December 31, 2003 to reflect the fair value loss on the contracts between December 31, 2002 and 2003. The gold hedge loss on outstanding hedge contracts amounted to $5,911 and $2,265 at December 31, 2003 and 2002, respectively.

(e) Impairment of property, plant and equipment and capitalized deferred stripping costs

Under Canadian GAAP, write-downs for impairment of property, plant and equipment and capitalized deferred stripping costs are determined using current proven and probable reserves and mineral resources expected to be converted into mineral reserves. Under U.S. GAAP, write-downs are determined using current proven and probable reserves. In addition, under U.S. GAAP, future cash flows from impaired properties are discounted. Accordingly, for U.S. GAAP purposes, a reduction in property, plant and equipment and capitalized deferred stripping costs of $14,284 has been recorded as an impairment. This write-down has resulted in an adjustment of depreciation and amortization expense for U.S. GAAP purposes, upon recommencement of commercial production at the Montana Tunnels Mine in April 2003, of $14,283 at December 31, 2003.

(f) Flow-through common shares

Under Canadian income tax legislation, a company is permitted to issue shares whereby the company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. The Company has accounted for the issue of flow-through shares using the deferral method in accordance with Canadian GAAP. At the time of issue, the funds received are recorded as share capital. For U.S. GAAP, the premium paid in excess of the market value of $238 is credited to other liabilities and included in income as the qualifying expenditures are made.

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18. DIFFERENCES BETWEEN CANADIAN AND U.S. GAAP (CONTINUED)

(f) Flow-through common shares (continued)

Also, notwithstanding whether there is a specific requirement to segregate the funds, the flow-through funds which are unexpended at the consolidated balance sheet dates are considered to be restricted and are not considered to be cash or cash equivalents under U.S. GAAP.

As at December 31, 2003, unexpended flow-through funds were $Nil (December 31, 2002 - $2,845).

(g) Black Fox Project

Under Canadian GAAP, mining development costs at the Black Fox Project have been capitalized. Under U.S. GAAP, these expenditures are expensed as incurred. Accordingly, for U.S. GAAP purposes, a reduction in property, plant and equipment of $3,643 has been recorded as at December 31, 2003.

(h) Statement of Cash Flows

Under Canadian GAAP, expenditures incurred for deferred stripping costs are included in cash flows from investing activities in the consolidated statement of cash flows. Under U.S. GAAP, these expenditures are included in cash flows from operating activities. Accordingly, under U.S. GAAP, the consolidated statement of cash flows for the year ended December 31, 2003 and 2002 would reflect a reduction in cash utilized in investing activities of $8,734 and $12,129, respectively, and a corresponding increase in cash utilized in operating activities.

(i) Comprehensive income

Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income" ("SFAS 130") establishes standards for the reporting and display of comprehensive income and its components in a full set of general purpose financial statements. SFAS 130 requires that all items that are required to be recognized under accounting standards as components of comprehensive income be reported in a financial statement. For the Company, the only component of comprehensive loss is the net loss for the period.

18. DIFFERENCES BETWEEN CANADIAN AND U.S. GAAP (CONTINUED)

(j) Supplemental information for U.S. GAAP purposes on stock-based compensation

Pro forma information regarding net loss and net loss per share is required by SFAS No. 123 "Accounting for Stock-Based Compensation" and has been determined as if the Company had accounted for its employees stock options under the fair value method. The fair value for these options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted average assumptions:

	2003	2002	2001
Risk free interest rate	3.534%	3.550%	0%
Dividend yield	0%	0%	0%
Volatility	75%	92%	0%
Expected life in years	5.0	2.0	-

The weighted average fair value per share of options granted during 2003, 2002 and 2001 was $1.40, $1.58 and $Nil, respectively, and the expense is amortized over the vesting period.

The following table presents the net loss and net loss per share, under U.S. GAAP, as if the Company had recorded compensation expense under SFAS No. 123 with the estimated fair value of the options being amortized to expense over the options' vesting period.

	2003	2002	2001
Net loss for the year based on U.S. GAAP	$(10,424)	$(42,879)	$ (508)
Stock option expense as reported	2,115	3,219	-
Pro forma stock option expense	(4,247)	(2,595)	(1)
Net loss - pro forma	$(12,556)	$(42,255)	$ (509)
Net loss per share, basic and diluted - based on U.S. GAAP	$ (0.19)	$ (2.22)	$(0.61)
Stock option expense as reported	0.04	0.17	-
Pro forma stock option expense	(0.08)	(0.14)	-
Net loss per share, basic and and diluted - pro forma	$ (0.23)	$ (2.19)	$(0.61)

18. DIFFERENCES BETWEEN CANADIAN AND U.S. GAAP (CONTINUED)

(k) Recently issued accounting pronouncements

In November 2002, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 45 ("FIN 45"), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others". FIN 45 requires that upon issuance of a guarantee, a guarantor must recognize a liability for the fair value of an obligation assumed under a guarantee. FIN 45 also requires additional disclosures by a guarantor in its interim and annual financial statements about the obligations associated with guarantees issued. The disclosure requirements of FIN 45 were effective for financial statements for period ending after December 15, 2002. The Company adopted the disclosure requirements of FIN 45 in fiscal 2002. The initial recognition and measurement provisions of FIN 45 are effective for any guarantees that are issued or modified after December 31, 2002. The Company adopted the recognition and measurement requirements of FIN 45 in fiscal 2003, which had no material impact on its results of operations, financial position or liquidity.

In January 2003, the FASB issued Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities", an Interpretation of ARB No. 51. FIN 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 is effective

for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied for the first interim or annual period beginning after December 15, 2003 however, earlier adoption is permitted. The Company adopted FIN 46 on July 1, 2003. Adoption of this standard did not have a material effect on the Company's results of operations, financial position or disclosures.

In April 2003, SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities," was issued. In general, this statement amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133. The Company adopted SFAS No. 149 on July 1, 2003. Adoption of this standard did not have a material impact on the Company's financial position or disclosures.

In May 2003, SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity", was issued. In general this statement requires that those instruments be classified as liabilities rather than equity on the balance sheet. The Company adopted this standard on July 1, 2003. Adoption of this standard did not have a material impact on the Company's financial position or disclosures.

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18. DIFFERENCES BETWEEN CANADIAN AND U.S. GAAP (CONTINUED)

(k) Recently issued accounting pronouncements (continued)

CICA Handbook Sections 3063 - "Impairment of Long Lived Assets" and 3475 - "Disposal of Long Lived Assets and Discontinued Operations" were amended to harmonize with SFAS 144. The standards will require an impairment loss to be recognized when the carrying amount of an asset held for use exceeds the sum of the undiscounted cash flows. The impairment loss would be measured as the amount by which the carrying amount exceeds the fair value of the asset. An asset held for sale is to be measured at the lower of carrying cost or fair value less cost to sell. In addition, this guidance broadens the concept of a discontinued operation and eliminates the ability to accrue operating losses expected between the measurement date and the disposal date. Section 3063 is effective for fiscal years beginning on or after April 1, 2003 and Section 3475 applies to disposal activities initiated by an enterprise's commitment to a plan on or after May 1, 2003. The Company will adopt this new standard in its 2004 financial statements.

CICA Handbook Section 3475 - "Disposal of Long Lived Assets and Discontinued Operations" establishes standards for the recognition, measurement, presentation and disclosure of the disposal of long lived assets. It also establishes standards for the presentation and disclosure of discontinued operations, whether or not they include long-lived assets. The new recommendations apply to disposal activities initiated by an enterprise's commitment to a plan on or after May 1, 2003. As at December 31, 2003, the Company does not have any long lived assets subject to disposal in accordance with these new

standards.

The CICA issued Accounting Guideline 13, AcG-13, "Hedging Relationships", which requires that in order to apply hedge accounting, all hedging relationships must be identified, designated, documented and effective. Where hedging relationships cannot meet these requirements, hedge accounting must be discontinued. AcG-13 is applicable for fiscal years beginning on or after July 1, 2003. The provisions of this recently issued accounting pronouncement are currently being assessed by management.

The CICA issued Accounting Guideline 14, AcG-14, "Disclosures of Guarantees" which elaborates on the disclosures to be made by a guarantor about its obligations under certain guarantees issued. The Company adopted the provisions of this guideline in fiscal 2003, which had no material impact on its results of operations, financial position or liquidity.

The CICA issued Accounting Guideline 15, "Consolidation of Variable Interest Entities", which addresses when a company should include in its financial statements the assets, liabilities and activities of another entity. Management does not expect the adoption of the new guideline to have a material impact on its financial statements.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

The following exhibits are being filed or furnished with this Report:

Exhibit Number	Description of Exhibit
31.1	Certification of Chief Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities

Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

APOLLO GOLD CORPORATION

/s/ R. DAVID RUSSELL

R. David Russell, President and
Chief Executive Officer

July 25, 2004

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ R. DAVID RUSSELL ----------------------- R. David Russell	President and Chief Executive Officer and a Director	July 25, 2004
/s/ G.W. THOMPSON ----------------------- G.W. Thompson	Chairman of the Board of Directors and a Director	July 25, 2004
/s/ R. LLEE CHAPMAN ----------------------- R. Llee Chapman	Vice President, Chief Financial Officer, Treasurer & Controller	July 25, 2004
/s/ MICHAEL HOBART ----------------------- Michael Hobart	Assistant Secretary and a Director	July 25, 2004
/s/ CHARLES E. STOTT ----------------------- Charles E. Stott	Director	July 25, 2004
/s/ ROBERT A. WATTS ----------------------- Robert A. Watts	Director	July 25, 2004
----------------------- W.S. Vaughan	Director	July __, 2004
----------------------- Gerald J. Schissler	Director	July __, 2004