



Apollo Gold Announces Entry into Letter of Intent to Sell Montana Tunnels Mining, Inc.

Denver, Colorado – October 23, 2009 - Apollo Gold Corporation (“Apollo”) (TSX: APG) (NYSE Amex: AGT) is pleased to announce that it has entered into a letter of intent with Elkhorn Goldfields LLC (“Elkhorn”) pursuant to which Elkhorn has agreed to purchase all the outstanding capital stock in Montana Tunnels Mining, Inc., an indirect wholly owned subsidiary of Apollo (“Montana Tunnels”), which includes the 50% interest held by Montana Tunnels in the joint venture agreement with Elkhorn Tunnels, LLC (an affiliate of Elkhorn), the Diamond Hill mine and mill and any and all ancillary assets for a purchase price of US\$9 million, payable as described below. The Montana Tunnels mine has been on care and maintenance since April 30, 2009.

R. David Russell, President & CEO of Apollo, and Patrick Imeson, Chairman of Elkhorn Tunnels, LLC, jointly state, “The working relationship as joint venture partners at Montana Tunnels has been a great working relationship over the last 3.5 years and also financially positive for both companies.” Mr. Imeson further states, “Elkhorn Tunnels has good synergies with other owned mining assets located near Montana Tunnels, which will add to its ultimate financial plan. Elkhorn Tunnels looks forward to reinitiating the Montana Tunnels mine in the near future.”

The terms of the letter of intent provide for staged cash payments in the aggregate amount of US\$5 million payable over a 7 month period, of which a non-refundable deposit of \$250,000 was paid on or about October 19, 2009. The payment schedule provides for two additional non-refundable payments of \$250,000 each to be paid no later than November 25, 2009 and December 25, 2009 (the “Non-Refundable Payments”), followed by three separate payments of \$250,000 payable on January 25, 2010, February 25, 2010, and March 25, 2010, a payment of \$1,500,000 payable on April 30, 2010 and a payment of \$2,000,000 payable on May 31, 2010 (collectively, including the Non-Refundable Payments, the “Cash Purchase Price”). The letter of intent provides that any missed scheduled payment will result in the termination of the letter of intent (unless otherwise negotiated) and retention by Apollo of the Non-Refundable Payments. The balance of the purchase price in the amount of US\$4 million is payable through a 4% net smelter royalty (“NSR”) with payments commencing coincident with the start of production and to be paid from production until such time as a total of US\$4 million is paid. Upon full payment of the Cash Purchase Price, title to the capital stock of Montana Tunnels will be conveyed to Elkhorn, subject to the NSR. In addition, Apollo and Elkhorn have agreed that they will review other property owned by Montana Tunnels (outside of the current open pit operations and any expansions of the open pit, including the “M-Pit”¹) for future exploration possibilities and that, at Apollo’s option, the parties may form a joint venture to pursue such exploration possibilities.

Based on the foregoing, the parties have agreed to move forward with the preparation of definitive transaction documents to finalize the transaction.

¹ The M Pit refers to the next open pit expansion at the Montana Tunnels mine.

Apollo Gold Corporation

Apollo is a gold mining and exploration company which operates the Black Fox mine in Ontario, Canada and the Huizopa project, an early stage exploration project in the Sierra Madres in Chihuahua, Mexico. Apollo also owns the Montana Tunnels mine, which is a 50% joint venture with Elkhorn Tunnels, LLC, in Montana, which was placed on care and maintenance on April 30, 2009.

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About Elkhorn

Elkhorn Goldfields LLC is a privately held mining and exploration entity, with projects located primarily in Montana and Colorado, including the fully permitted Elkhorn Mine.

FORWARD-LOOKING STATEMENTS

This press release includes “Forward-Looking Statements” within the meaning of section 21E of the United States *Securities Exchange Act* of 1934, as amended. Forward-looking statements can be identified by the use of words such as “may,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “intends,” “continue,” or the negative of such terms, or other comparable terminology. All statements regarding the completion of the definitive agreements respecting the sale of Montana Tunnels Mining, Inc., the ability of Elkhorn to pay the full purchase price therefore and any future exploration possibilities at Montana Tunnels and the formation of a new joint venture with respect thereto are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from these forward-looking statements include: the results of assays and additional exploration, delays caused by equipment failures and weather, unexpected changes in business and economic conditions, political or economic instability, significant decreases in gold and/or zinc prices, changes in interest and currency rates, local and community impacts and issues, labor accidents, environmental risks and other factors disclosed under the heading “Risk Factors” and elsewhere in Apollo documents filed from time to time with the Toronto Stock Exchange, the NYSE Amex Exchange, The United States Securities and Exchange Commission and other regulatory authorities. All forward-looking statements included in this press release are based on information available to Apollo on the date hereof. Apollo assumes no obligation to update any forward-looking statements.