



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

Denver, Colorado – December 10, 2009 - Apollo Gold Corporation (“Apollo”) (TSX: APG) (NYSE Amex: AGT) is pleased to announce that it has entered into a replacement letter of intent (the “New LOI”) 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. The New LOI amends and replaces the letter of intent between Apollo and Elkhorn with respect to the purchase of Montana Tunnels that was announced via a press release issued by Apollo on October 23, 2009 (the “Original LOI”). The Original LOI had provided for staged cash payments by Elkhorn, the second of which (consisting of US\$250,000) was due on November 25, 2009. In lieu of this second cash payment (and the other previously scheduled cash payments under the Original LOI), Apollo and Elkhorn agreed to the payment terms described below.

Pursuant to terms of the New LOI, Apollo has agreed to sell all of the capital stock of Montana Tunnels in exchange for (i) promissory notes held by Elkhorn and certain investors in Elkhorn or its affiliates (the “Lenders”) from Calais Resources, Inc. (“Calais”) and Aardvark Agencies, Inc. (“Aardvark” and, together with Calais, the “Debtors”) with an outstanding balance of approximately US\$7,700,000 (the “Original Notes”), (ii) Elkhorn’s and the Lenders’ rights with respect to an additional amount of approximately US\$1,382,091 loaned to Calais, (the “Additional Caribou Loan”) and (iii) a promissory note held by Elkhorn and the Lenders from Calais with an outstanding balance of approximately US\$380,000 (the “Congo Chief Note” and, together with the Original Notes and the Additional Caribou Loan, the “Notes”). The Original Notes are secured by certain deeds of trust registered against the Cross-Caribou Mine property (the “Cross-Caribou Property”) located in Caribou, Colorado (portions of which are owned by Calais and portions of which are owned by Aardvark, the Aardvark titles being subject to re-acquisition rights and full operational rights running to Calais). The Congo Chief Note is secured by a deed of trust registered against the Congo Chief Mine (owned by Calais) also located in the Consolidated Cross-Caribou Mines area of the Grand Island Mining District in Colorado. The Lenders’ security interests in these properties would also be transferred to Apollo as part of the transaction.

In addition, under the terms of the New LOI, if Apollo converts its interest in the Notes into a joint venture interest in a joint venture with Calais on the Caribou Property (the “Calais JV Interest”) (which Apollo has no obligation to do) prior to June 1, 2010, Elkhorn shall have the right to acquire 50% of Apollo’s interest in the Calais JV Interest by making a cash payment to Apollo by July 1, 2010 of US\$5,000,000, and thereafter timely contributing US\$3,750,000 to the joint venture development budget submitted by Apollo. If Apollo does not so convert its interest in the Notes into such a joint venture interest by June 1, 2010, Elkhorn shall have the option to re-acquire the Notes by payment to Apollo on or before July 1, 2010 of US\$8,750,000 plus accrued interest (plus the face amount of indebtedness in respect of any secondary lien on the

Caribou Property acquired by Apollo). Elkhorn has similar rights in the event that Apollo acquires all the outstanding securities in Calais in lieu of a joint venture.

The closing of the transaction described in the New LOI is subject to the satisfaction of the following conditions: (a) satisfactory completion by Apollo (in its sole discretion) of its due diligence investigations; (b) the receipt of all requisite board approvals and third-party approvals, including without limitation Apollo's secured lenders; and (c) the execution and delivery by all of the appropriate parties, including without limitation the Lenders, of formal binding agreements, which shall contain standard representations and warranties of the parties thereto. If these closing conditions are not satisfied or the New LOI is terminated for any reason, Elkhorn will have three business days from the termination date to make all payments that are in arrears under the Original LOI.

Apollo notes that the Lenders were not parties to the New LOI and, while their execution of definitive agreements transferring the Notes and their security interest therein is a condition to closing, it can provide no assurance that the Lenders will do so.

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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Calais Resources, Inc.

Calais Resources is a publicly held gold and silver mining and exploration company that owns and operates the Cross-Caribou mine near Nederland, Colorado and the Nevada Manhattan exploration property near Manhattan, Nye County, Nevada.

Elkhorn Goldfields LLC

Elkhorn is a privately held gold mining and exploration company located in Denver, Colorado.

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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 completion of due diligence and definitive agreements respecting the sale of Montana Tunnels Mining, Inc., the agreement by the Lenders to the transactions described in

this press release, the ability of Apollo and Elkhorn to successfully close the sale of Montana Tunnels described herein, the ability of Apollo to collect on the promissory note proposed to be delivered to it or to successfully enforce its security interest in the collateral securing such promissory notes, the ability of Apollo to convert the Notes into the Calais JV Interest 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 unwillingness of the Lenders to agree to the transactions described in this press release, Apollo's due diligence investigation with respect to the Notes and the Caribou Property, the inability to successfully obtain all necessary approvals or negotiate definitive agreements, unexpected changes in business conditions 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.