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SHAREHOLDER UPDATE - OCTOBER 2011

Dear Shareholder,

I am pleased to provide a brief status report and update on current Appia activities.

Appia's independent consultants, Watts, Griffis and McOuat Ltd. ("WGM"), recently completed a NI 43-101 technical report on the Teasdale Zone (the "Report"), entitled, "A Technical Review of the Appia Energy Corp. Rare Earth and Uranium Property, Elliot Lake District, North-Central Ontario, Canada." The 2011 Report is posted on Appia's website: www.appiaenergy.ca and the password is appia2011.

The Report, which was based on six Appia drill holes, states that the Teasdale Zone contains an Indicated Mineral Resource of 3,710,000 tons grading 2.92 lbs. of rare earth elements ("REEs") per ton (10.8 million lbs. contained REEs) and an Inferred Mineral Resource of 23,388,000 tons grading 3.62 lbs. of REEs per ton (85.8 million lbs. contained REEs). As Mineral Resources do not have demonstrated economic viability, they should not be confused with Mineral Reserves. These resources are separate from the previous uranium estimate documented in WGM's 2009 technical report based on a larger drill hole database that included historical drill holes which lacked REE assays. In 2009, WGM reported an Indicated Mineral Resource of 17,366,674 tons grading 1.10 lbs. U_3O_8 per ton (19 million lbs. contained U_3O_8) and an Inferred Mineral Resource of 48,000,000 tons at the same grade (52.7 million lbs. contained U_3O_8). The most recent Report also states that the Teasdale Zone has the potential to contain approximately 400 million lbs. of rare earth metals in addition to the approximately 70 million lbs. of U_3O_8 if the zone outlined by the more widespread historical holes is mineralized in the same manner as seen in the recent Appia holes.

Appia is very pleased with the findings of the Report, and intends to enlarge the area of its drilling at an estimated \$2-3 million expenditure to increase the REE resources. Appia hopes to realize the potential envisioned by WGM. Appia will then undertake a preliminary economic assessment to investigate the viability of the Mineral Resources outlined. Please see the WGM Report posted on Appia's website.

Appia currently has approximately \$3.5 million dollars in cash, of which \$2 million is flow through, and is seeking additional funding to comfortably complete this program.

The recent Japanese Tsunami has resulted in a drop in the price of uranium and has undermined the market cap of all publicly traded uranium-focused companies. This has unfortunately delayed the timing of Appia's going public plan. Appia is continuing to monitor the market for the opportune time to go public.

Appia's September 30, 2011, year end audited Financial Statements will be made available to Appia's shareholders once they have been completed.

Best Regards,

Tom Drivas President & C.E.O.