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## ASX ANNOUNCEMENT

6 February 2014

The Manager  
Company Announcements Office  
Australian Stock Exchange Limited  
Via: [www.asxonline.com](http://www.asxonline.com)

# REDUCTION IN DEFERRED CONSIDERATION RELATING TO TITIRIBI PROJECT ACQUISITION

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## KEY HIGHLIGHTS

- Ascot has reached agreement to significantly reduce the deferred consideration potentially payable as part of acquisition of Titiribi Coal Project by 38.8M shares
  - Consideration Milestone 4, relating to delineation of 20Mt JORC-compliant Measured Mineral Resource, has been waived
  - Ascot's Executive Chairman and Chief Executive Officer has also agreed to waive Executive Incentives linked to same vesting criteria
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Ascot Resources Limited (ASX: AZQ) (**Ascot or the Company**) is pleased to announce a significant reduction in the deferred consideration shares that may become payable under the terms of the agreement by which it acquired its 90% interest in the Titiribi Coal Project (**Project**).

At the Company's request, the Project vendor, Ascot Equities Pty Ltd, has agreed to the removal of Milestone 4 which otherwise required the Company to issue 31,260,000 ordinary shares to the vendor upon delineation of a 20Mt JORC-Compliant Measured Mineral Resource of coal that met minimum specification criteria linked to calorific value, ash and sulphur content by 27 February 2015 (refer table below).

In addition, Ascot's Executive Chairman and Chief Executive Officer, Andrew Caruso, has also agreed to the cancellation of 7,500,000 Executive Incentives issued to him as part of his remuneration package and which would otherwise have vested on satisfaction of Milestone 4.

As a consequence, the Company has reduced the number of fully paid ordinary shares that it may be required to issue over the coming 12 months by 38,760,000. Currently, the Company has 48,499,109 ordinary shares on issue. Full details of the Company's issued capital are set out in the Appendix 3B to be separately provided to the Australian Securities Exchange following this announcement.

The table below summarises the revised deferred consideration payable by Ascot to the Project vendor, and the number of Executive Incentives on issue, as a result of the above developments. There have been no changes to the terms of the remaining three milestones.

	Revised deferred consideration to be issued to Ascot Equities / Executive Incentives on issue		
	Ascot Equities deferred consideration	Executive Incentives	Total
Milestone 1 <sup>1,2</sup>	9,500,000	1,500,000	11,000,000
Milestone 2 <sup>3</sup>	10,000,000	1,500,000	11,500,000
Milestone 3 <sup>4</sup>	7,500,000	4,500,000	12,000,000
<b>TOTAL</b>	<b>27,000,000</b>	<b>7,500,000</b>	<b>34,500,000</b>

Notes:

- (1) Milestone 1 will be satisfied upon delineation of a 10Mt JORC-compliant Inferred Mineral Resource of coal within the area covered by the licences owned by the Company's wholly-owned subsidiary Carbones de Colombia (the Licence Area), prior to 27 February 2014, which coal meets minimum specifications as outlined below (Mining Specifications):
  - a. >5,500Kcal/kg
  - b. <15% ash
  - c. <1% sulphur
- (2) Following Ascot's recent Resource estimate upgrade announced to ASX on 24 February 2014, the Company is in the process of confirming whether the Minimum Specification criteria for Milestone 1 have been met as part of the upgrade.
- (3) Milestone 2 will be satisfied upon delineation of a 20Mt JORC-compliant Inferred Mineral Resource of coal that meets Minimum Specifications within the Licence Area prior to 27 August 2014.
- (4) Milestone 3 will be satisfied if at any time prior to 27 February 2015, the 20-day volume weighted average trading price of the Company's ordinary shares on ASX equals or exceeds \$0.35.
- (5) In addition to the Executive Incentives shown in the table, a further 1,500,000 Executive Incentives were issued to Mr Caruso in August 2013 which vest upon Mr Caruso remaining continuously employed by the Company during the period ending 7 July 2014. As was previously agreed by the Company and Ascot Equities in February 2013, should the vesting condition not be met, then the Company will instead be required to issue Ascot Equities 1,500,000 shares as part of the initial consideration for the acquisition of the Project.

Mr Caruso commented on the revised deferred consideration terms:

'Market conditions have been particularly challenging over the last 12 months and renegotiation of the deferred consideration is one way that Ascot can reward its shareholders for their loyalty and belief in the Company's vision of becoming a near term coal producer in Colombia. We remain focused and committed to achieving the Company's stated objectives, and look forward to updating our shareholders with the results of work completed over the course of 2014.'

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### **About Ascot Resources Limited**

Ascot Resources Limited ("Ascot") is an ASX listed coal explorer and developer. Its major asset is its 90% JV interest in the Titiribi Coal Project located in the Department of Antioquia, Colombia. With the Project site being located only 70km from State Capital Medellin, it is close to existing utilities and infrastructure. It is Ascot's intention to grow the Colombian business via asset acquisition and it will be continually assessing opportunities within Colombia.

For more information, visit [www.ascotresources.com](http://www.ascotresources.com) or contact:

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