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SEDGMAN LIMITED TO MAKE A\$1 MILLION STRATEGIC INVESTMENT IN ASCOT RESOURCES

KEY HIGHLIGHTS

- **Listed global mineral processing and infrastructure solution provider Sedgman Limited to make A\$1 million strategic investment in Ascot Resources Limited.**
 - **Equity-based funding of A\$500,000 in the form of share placement at \$0.10 per share, a 100% premium to the last traded price of \$0.05.**
 - **A\$500,000 unsecured loan note issued on similar terms as loan notes issued to specialist mining investor Resource Capital Fund V L.P. (RCF) and Ascot founder and Non-Executive Director Paul Kopejtko.**
- **Ascot and Sedgman to explore opportunities to grow respective businesses in Colombia.**
- **Sedgman to nominate a director to the Board of Ascot.**

Ascot Resources Limited (ASX: AZQ) ('Ascot' or 'the Company') is pleased to announce that ASX-listed global mineral processing and infrastructure solution provider Sedgman Limited (ASX: SDM) ('Sedgman') has agreed to make a A\$1,000,000 strategic investment in Ascot Resources.

The investment marks the commencement of a strategic relationship between Ascot and Sedgman in which both companies will work together to explore opportunities to grow their respective businesses in Colombia, and more generally, South America.

Sedgman's investment in Ascot will be comprised of two equally-sized components:

- A\$500,000 by way of a direct share placement under which Sedgman will subscribe for 5,000,000 shares at \$0.10 per share (representing a 100% premium to Ascot's last traded price); and
- A\$500,000 by way of a 2 year, unsecured loan note (the "Note").

On completion of the share placement and issue of the Note, Sedgman will become Ascot's largest shareholder, with a relevant interest in approximately 13.8% of the Company's shares. In recognition of Sedgman's investment, Ascot has agreed that Sedgman may nominate a director to the Ascot board, and will retain this right whilst Sedgman continues to hold a relevant interest in at least 10% of Ascot's issued capital.

The terms of the Note component of Sedgman's investment are substantially similar to the loan notes issued to RCF¹ and Paul Kopejtka². Subject to Ascot obtaining requisite shareholder approvals, the Note will be convertible at the election of the noteholder into fully paid ordinary shares in the Company at a conversion price of A\$0.18 per share, representing a 260% premium to the last traded price of A\$0.05 per share, and carries a coupon rate of 14% per annum, payable quarterly in arrears. At Ascot's election, coupons may be paid in the form of Ascot shares, cash or a combination of cash and shares, with any shares issued being priced at a 5% discount to prevailing market prices.

The Company has undertaken to obtain requisite shareholder approvals to enable conversion within 3 months of the issue of the Note. The Company has the ability to redeem the Note after 6 months from the date of issue of the Note by giving the requisite notice to the noteholder.

Funds raised will be directed towards continuing feasibility studies at the Company's flagship 90%-owned Titiribi coal project in Colombia³, including a study of capital and operations options for the project (**Options Study**), for expenses incurred in relation to completing the acquisition of an interest in the Uraba concession⁴ and for general working capital requirements.

Ascot Executive Chairman Andrew Caruso commented:

"Sedgman's investment marks the beginning of a strategic relationship between our companies and represents a significant endorsement of the Company's Titiribi coal project. Despite the recent weakness in the global resource sector and challenging market conditions currently faced by junior resource exploration and development companies, the Company's advancement in delivering its Maiden JORC resource at Titiribi has added considerable value to the Company's shareholders.

With capital availability in the mining sector being restricted, particularly at the junior end, Ascot's success in securing another tranche of funding is testament to the quality of the Titiribi coal project. As a market leader in the design, construction and operation of coal handling facilities worldwide, Sedgman's investment provides an invaluable resource to ensure the Titiribi project reaches short-term production."

Sedgman Managing Director Nick Jukes commented:

"Sedgman has a long history in Colombia dating back to the mid 1990's. We see strategic value in working together with Ascot Resources to not only bring Titiribi into production but to allow us to pursue a number of other project opportunities in the emerging Colombian coal market."

It is expected that the share placement, issue of the Note and receipt of the funds will occur within the next 5 days.

¹ Refer to the Company's announcements of 6 May 2013 and 17 May 2013

² Refer to the Company's announcement of 16 July 2013

³ As detailed in the Company's 13 July 2013 Maiden JORC announcement

⁴ Refer to the Company's announcement of 13 July 2013

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.

About Sedgman Limited

Sedgman Limited (ASX: SDM) is a leading provider of mineral processing and associated infrastructure solutions to the global resources industry. Specialising in the design, construction and operation of coal handling and preparation plants, Sedgman is recognised internationally for its mineral processing and materials handling technologies.

Established in 1979, Sedgman listed on the ASX in June 2006. The company has approximately 800 employees and services the global coal and metalliferous markets by offering innovative Engineering and Operations capabilities. Head Office is in Brisbane with international offices in Beijing, Shanghai, Ulaanbaatar, Santiago and Johannesburg targeting the regions of Australia, Africa, Asia and the Americas.

For more information visit www.sedgman.com.

For more information, visit www.ascotresources.com or contact:

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