ascot RESOURCES

ANNUAL REPORT 2014

ascot
RESOURCES

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Ascot Resources Limited
ABN 85 146 530 378

Directors & Officers
Mr Paul Kopejtka - Executive Chairman
Mr Andrew Caruso - Managing Director
Mr Francis DeSouza - Non Executive Director

Mr David Berg – Company Secretary (resigned 22 July 2014)
Mr Chris Foley – Company Secretary (appointed 22 July 2014)

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Home Exchange – Perth
ASX Code – AZQ (ordinary shares)

Domicile and Country of Incorporation
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Bankers
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Auditors
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Dear Shareholder

Ascot Resources has undergone further transformation during the past year and is poised for significant growth with the recent acquisition of a 100% interest in the Wonmunna Iron Ore Project (Wonmunna), located in the Pilbara region of Western Australia.

The acquisition represents a diversification of Ascot's previous asset portfolio of Colombian coal assets from both a geographic and commodity perspective, however, remains consistent with the Company's strategy to develop projects that have the potential to deliver steelmaking products in an expedited timeframe. Significantly, it provides the opportunity to leverage Ascot's management experience in developing and operating major iron ore projects.

Ascot's strategy is to expedite the development of Wonmunna over the next 12 months to underpin its efforts to deliver greater shareholder returns to existing and new investors.

Ascot is pleased to have completed the acquisition of Wonmunna with the support of both the Company's existing cornerstone investor Resource Capital Fund V L.P (RCF) and that of leading global commodities firm, the Gunvor Group (Gunvor), each of whom subscribed for c.A$5m in new Ascot shares. This funding will enable Ascot to complete final studies and approvals as well as project execution planning in order to position Wonmunna for financing and construction readiness during the first half of 2015.

It is also worth noting that the recent capital raising of c.A$10 million was achieved under what can only be described as challenging equity market conditions for the iron ore industry. This feat is even more remarkable when considering the capital raise was placed at a significant premium to the prevailing Company share price.

Given the prevailing iron ore market, project planning will be based on delivering a relatively low capital and operating cost outcome for Wonmunna, which is targeted to commence production of iron ore DSO products second half of 2015. Ascot's aim is to ensure that the Wonmunna Project establishes a competitive and sustainable position in comparison to its industry peers.

It is important to highlight that the Company maintains an ongoing presence in Colombia to oversee its existing coal investments. After completing a pre-feasibility study for the 90%-owned Titiribi coal asset during the past 12 months, Ascot has continued to advance mining and environmental approvals for this Project. Going forward, Ascot's strategy will be to ensure that the Titiribi Project is well positioned to leverage any improvement in the coal market. Ascot also continues to pursue the completion of its 90% interest in the Urabá coal Project, which has shown good potential for metallurgical coal.

On behalf of the Board, I would like to thank our shareholders for their ongoing support during the past year. In addition, I would also like to personally thank the Ascot teams in both Australia and Colombia for their continued efforts and support.

In the near future, RCF, Gunvor and Ochre Group Holdings Ltd (vendor of the Wonmunna Project) will assign a nominee to Ascot's Board providing further expertise in the pursuit of the Company's goals for the coming year.

We look forward to sharing further updates on the progress of our development plans during the year ahead as Ascot embarks on an exciting new era.

Paul Kopejtka
Executive Chairman

The Directors submit their report on Ascot Resources Limited (the "Company" or "Ascot") for the financial year ending 30 June 2014.

1. INFORMATION ON DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire year unless otherwise stated.

Paul Kopejtka
Executive Chairman
(Appointed as Non-Executive Director on 10 December 2012, appointed as Executive Chairman 18 March 2014)

Mr Kopejtka has previously been associated with a number of Australian listed companies, most notably Murchison Metals Limited, where he was a founding director, shareholder and former Executive Chairman. Under Mr Kopejtka's leadership, Murchison successfully developed the Jack Hills Iron Ore Stage 1 mine producing 2 million tonnes per annum of high grade iron ore.

Mr Kopejtka has a Bachelor's Degree in Chemical Engineering and is a member of the Australian Institute of Company Directors.

Andrew Caruso
Managing Director
(Appointed as Managing Director 27 March 2013, appointed as Executive Chairman 29 July 2013, appointed as Managing Director 18 March 2014)

Mr Caruso has over twenty years' experience in the mining industry including operations, management and executive roles within Australia and internationally.

Mr Caruso has previously spent over ten years working in significant Australian iron ore and coal operations, including six years at iron ore ventures operated by BHP and Rio Tinto in the Pilbara. Previously he was CEO of Crosslands Resources Ltd, which was developing the Jack Hills iron ore expansion project in Western Australia. He holds a Bachelor's Degree in Mining Engineering and a Diploma in Applied Finance and Investment.

Francis DeSouza
Non-Executive Director
(Appointed 21 September 2011)

Mr DeSouza holds a Bachelor of Commerce majoring in Banking and Finance and has many years' experience in financial services, specialising in corporate advisory and equity markets with a specific focus in the resources sector. He has facilitated a number of resource transactions ranging from reverse takeovers, project evaluations through to capital raisings and initial public offerings (IPOs).

Mr DeSouza is the co-founder of Otsana Capital Pty Ltd, a boutique advisory firm specialising in mergers and acquisitions, capital raisings and IPOs.

Joseph van den Elsen
Non-Executive Director
(Appointed 11 January 2013, resigned 6 August 2013)

Mr van den Elsen is an Executive Director and the Country Manager – Colombia for Hampshire Mining Group, a privately owned coal project development company.

Prior to joining the Hampshire Mining Group, Mr van den Elsen was an Associate Director with UBS, having previously held a comparable position with Goldman Sachs JBWere. Mr van den Elsen holds a Bachelor of Laws from La Trobe University in Victoria.

2. INFORMATION ON COMPANY SECRETARY

David Berg
Company Secretary
(Appointed 18 February 2013, resigned 22 July 2014)

Mr Berg is a corporate lawyer and company secretary with significant experience in the mining industry. He spent nearly four years at Mount Gibson Iron Limited, where he held the position of Company Secretary and General Counsel.

Prior to that, Mr Berg was an in-house lawyer with the Griffin Group of Companies and a senior associate in the corporate and resources group at Herbert Smith Freehills, advising on mergers and acquisitions, capital raisings, corporate governance and the ASX Listing Rules. Most recently, Mr Berg was a consultant to Atlas Iron Limited, primarily providing legal advice on operational and project related matters.

Chris Foley
Company Secretary
(Appointed 22 July 2014)

Mr Foley has over 25 years' experience in the resources sector in both private practice and various corporate roles including Company Secretary for ASX listed companies. Chris holds a Bachelor of Jurisprudence and a Bachelor of Laws from the University of Western Australia, as well as a Graduate Diploma in Applied Corporate Governance.

3. DIRECTORS' SHAREHOLDINGS

The following table sets out each Director's relevant interest in shares of the Company as at 30 June 2014.

Company Directors & Related Parties	Opening Balance	Received as Remuneration	Received During the Year on Exercise of Options or rights	Net Change Other	Closing Balance[1]
Mr Kopejtka	**1,275,000**	**-**	**-**	**2,069,624**	**3,344,624**
Mr Caruso	**-**	**-**	**750,000**	**50,000**	**800,000**
Mr van den Elsen (ii)	**309,984**	**-**	**-**	**(309,984)**	**-**
Mr DeSouza	**342,500**	**-**	**-**	**-**	**342,500**
	1,927,484	**-**	**750,000**	**1,809,640**	**4,487,124**

(i) As part of the acquisition of the Wonmunna Iron Ore Project, Ascot undertook a one-for-two share consolidation which completed on 6 June 2014.All numbers are stated on this basis.
(ii) Mr van den Elsen resigned on 6 August 2013.

The following table sets out each Director's relevant interest in shares as at 30 June 2013.

Company Directors & Related Parties	Opening Balance	Received as Remuneration	Received During Year on Exercise of Options	Net Change Other	Closing Balance
Mr Kopejtka	-	-	-	2,550,000	2,550,000
Mr Caruso	-	-	-	-	-
Mr van den Elsen	-	-	-	619,968	619,968
Mr DeSouza	685,000	-	-	-	685,000
Mr Ismail (i)	1,375,000	-	-	(1,375,000)	-
Mr Jewson (i)	521,333	-	-	(521,333)	-
	2,581,333	-	-	1,273,635	3,854,968

(i) Messrs Ismail and Jewson resigned on 27 March 2013 and 10 December 2012 respectively

4. DIVIDENDS

No dividend has been paid during the financial year and no dividend is recommended for the financial year.

5. DIRECTORS' MEETINGS

The number of Director's meetings held during the financial year and the number of meetings attended by each Director during the time the Director held office are:

Directors	Appointed/Resignation	Number Eligible to Attend	Number Attended
Paul Kopejtka	Appointed 10 December 2012	8	8
Andrew Caruso	Appointed 27 March 2013	8	8
Joseph van den Elsen	Resigned 6 August 2013	1	1
Francis DeSouza	Appointed 21 September 2011	8	8

For details of the function of the Board, please refer to the Corporate Governance Statement.

6. PRINCIPAL ACTIVITIES

The Company's principal activities during the year were coal exploration and development in Australia and Colombia.

7. OPERATING AND FINANCIAL REVIEW

Ascot is an Australian-based coal and iron ore exploration and development company with ventures in Colombia (coal) and Australia (iron ore). Until completion of the acquisition of the Wonmunna Iron Ore project in September 2014 (see below) Ascot's major coal asset was its 90% joint venture interest in the Titiribi Coal Project (Titiribi) located in the Department of Antioquia, Colombia. The Titiribi site is located 70km from the Department capital of Medellin, and is in close proximity to utilities and infrastructure. It is Ascot's intention to grow its Colombian coal business both organically and via asset acquisition and it will continually assess opportunities within the region.

Complementing its Colombian operations, and as a means to diversify into other steelmaking raw materials, in March 2014 the Company announced that it had entered into a binding agreement with Ochre Group Holdings Limited (Ochre) (ASX: OGH) to wholly acquire the Wonmunna Iron Ore Project (Wonmunna). Wonmunna is located in the iron ore-rich Pilbara region, 70km northwest of Newman along the Great Northern Highway, and 365km south of Port Hedland. Ascot completed the acquisition of Wonmunna on 22 September 2014.

Subsequent to the Balance Sheet date, Ascot and Ochre revised the transaction terms and completion was achieved during September 2014.

The Operating and Financial Review should be read in conjunction with the financial statements, together with the basis of preparation included in Note 2 Summary of Significant Accounting Policies and other accompanying notes.

Ascot's Strategy

Ascot's vision is to deliver strong, long-term, sustainable shareholder value through the acquisition and rapid development of steelmaking raw material mining ventures in Australia and Colombia.

The Company's mission is to:

- execute the Company's stated fast-track development strategy to commission the Wonmunna project for export of iron ore products by the second half of 2015
- successfully advance the Titiribi coal project and position the project for future expansion to maximise returns for all stakeholders; and
- seek to acquire strategic interests in other steelmaking raw material projects in Colombia and Australia through new and existing corporate channels.

Ascot acquired its 90% interest in the Titiribi project in late 2012. Since then, Ascot has made substantial progress in developing the project, including completion of a drilling program resulting in the classification of a maiden JORC-compliant Mineral Resource estimate; completing a pre-feasibility study; establishing operating and capital expense parameters; acquiring three additional concessions immediately surrounding the project and subsequently preparing a revised JORC-compliant Mineral Resource estimate. Ascot believes that the acquisition of surrounding concessions, which has resulted in a significantly larger land-holding along coal strike, represents significant upside potential.

During the past year, consistent with its strategy to assess and acquire additional investment opportunities in Colombian coal projects, Ascot announced that it had entered into a conditional agreement to secure a 90% joint venture interest in the Urabá Coal Project (**Urabá**). During the past year, the Company completed its due diligence enquiries into the project, and has continued to engage with the proposed joint venture partner and current concession holder in regards to finalising the proposed acquisition. Ascot hopes to complete the acquisition during the coming year. Further information about Urabá is provided below.

In March 2014, as means of providing both geographic and mineral resource diversification, while remaining consistent with Ascot's strategy to develop projects with potential to deliver steelmaking raw materials over accelerated production timeframes, the Company announced it had executed a binding agreement to acquire the Wonmunna Iron Ore Project from Ochre. On 3 July 2014, Ascot and Ochre announced their mutual agreement to revise the original acquisition terms for Wonmunna, under which the consideration payable by Ascot to Ochre was reduced. Completion of the acquisition occurred on 22 September 2014.

Since entering into the original and revised agreement, the parties have acted cooperatively in managing various application processes (including Native Vegetation Clearing Permitting, Miscellaneous Licence applications, and Aboriginal Heritage surveys) for the purpose of accelerating critical project objectives to meet Ascot's planned development timeframe of first ore production by the second half of 2015. Further information relating to the Wonmunna project including acquisition terms is provided in the relevant section below.

PROJECTS

Titiribi Coal Project

Following an extensive drilling and exploration programme in H2 FY13 across the El Balsal, El Silencio and Lara concessions, Ascot announced a maiden JORC-compliant Mineral Resource estimate for Titiribi totalling 8.1Mt. The estimate was developed in conjunction with the Company's independent consultants, Behre Dolbear and Company, Inc. (**BD**), and was a culmination of extensive analysis of the Company's drilling and work programme which included historical data review, photo-geological interpretation, mapping, surface sampling, ground geophysics resistivity programmes, tri-cone and core drilling and geological logging, down-hole geophysical logging, and core sample analysis.

Following the announcement of its maiden Mineral Resource, in August 2013 Ascot completed a Pre-Feasibility Study (**Titiribi PFS**) for a proposed 'starter" mining operation. The study was completed in collaboration with various independent consultants and industry professionals, and supported the development of a 250Ktpa open-pit mining operation with a minimum LOM of around 5 years. The Titiribi PFS analysed two development scenarios for the project, described below with an accompanying diagram highlighting the generalised layout:

i. Raw coal is sold on a Free-Carrier (FCA) basis at the Titiribi mine gate without additional transportation or logistics;
ii. Coal is sold on a Free on Board (FOB) basis at Buenaventura port utilising a 2km coal bridge conveyor from the mine (extraction point) to a stockpiling facility located across the River Cauca.

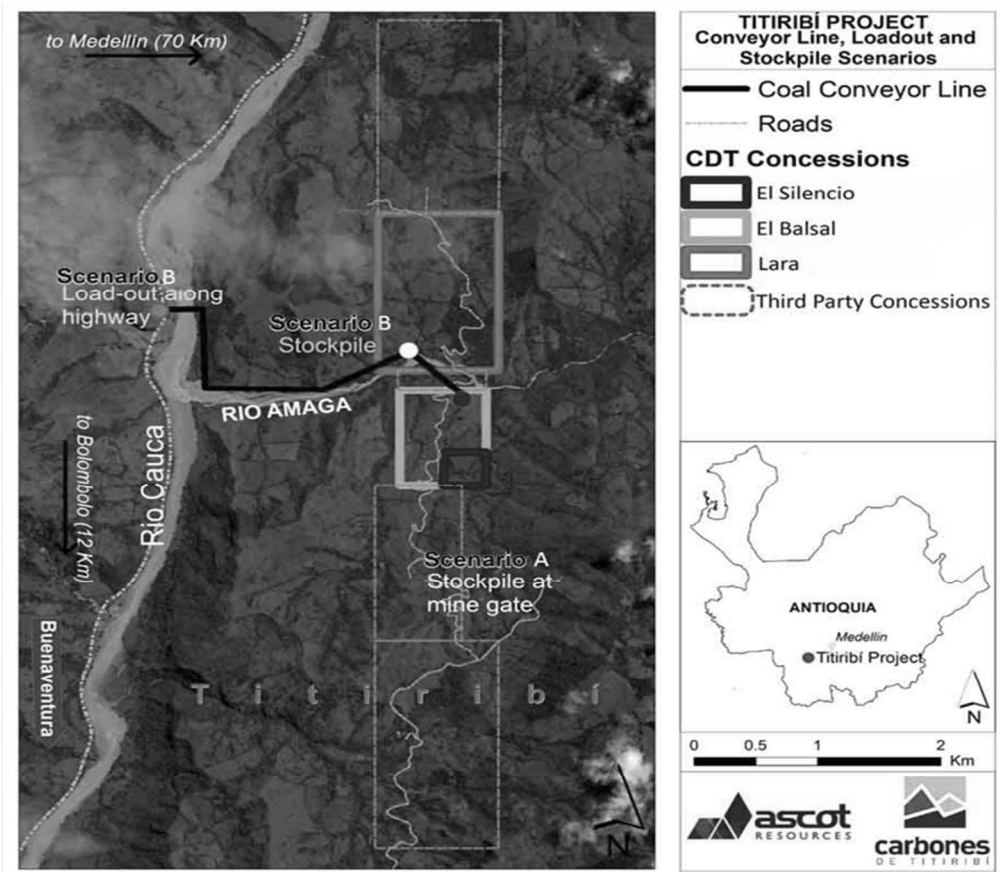


Figure 1: PFS scenarios for the development of the Titiribi Coal Project

The following table summarises the key findings and results of the PFS.

Physicals		
Average Coal Recovery	85%	
Marketable Coal Production	1.4Mt	
Annual Marketable Coal	Up to 400Kt/pa	
Mining Method	Open Cut	
Mining Commencement	2015	
Average ROM Strip Ratio	6:1	
Capital & Operating Costs	**Scenario A**	**Scenario B**
Mining & Processing	44	45
Transport, Handling &	-	39
Total Operating Cost (US$/t)	44	84
Start-up Capital (US$M)	7.8	14.3
Expansionary Capital (US$M)	2.1	2.1

Table 1: Results from Titiribi PFS

In December 2013, the Carbones de Titiribi Joint Venture (**CdTJV**), in which Ascot holds a 90% interest, successfully negotiated the acquisition of three additional concessions immediately surrounding the project. The three concessions cover the areas known as Arrayanal, Floresta, Arbolitos and Rio Amaga (refer to the map below) which form part of a larger concession application (ANM application 5849). The concessions collectively comprise circa 503Ha, and represent a 250% increase in the joint venture's existing land holding. Total consideration paid by Ascot for the acquisition was US$50,000. Notably, following formal conversion of application 5849 to title by the ANM, the CdTJV is now in the process of administering its contractual entitlement to acquire title in the four areas.

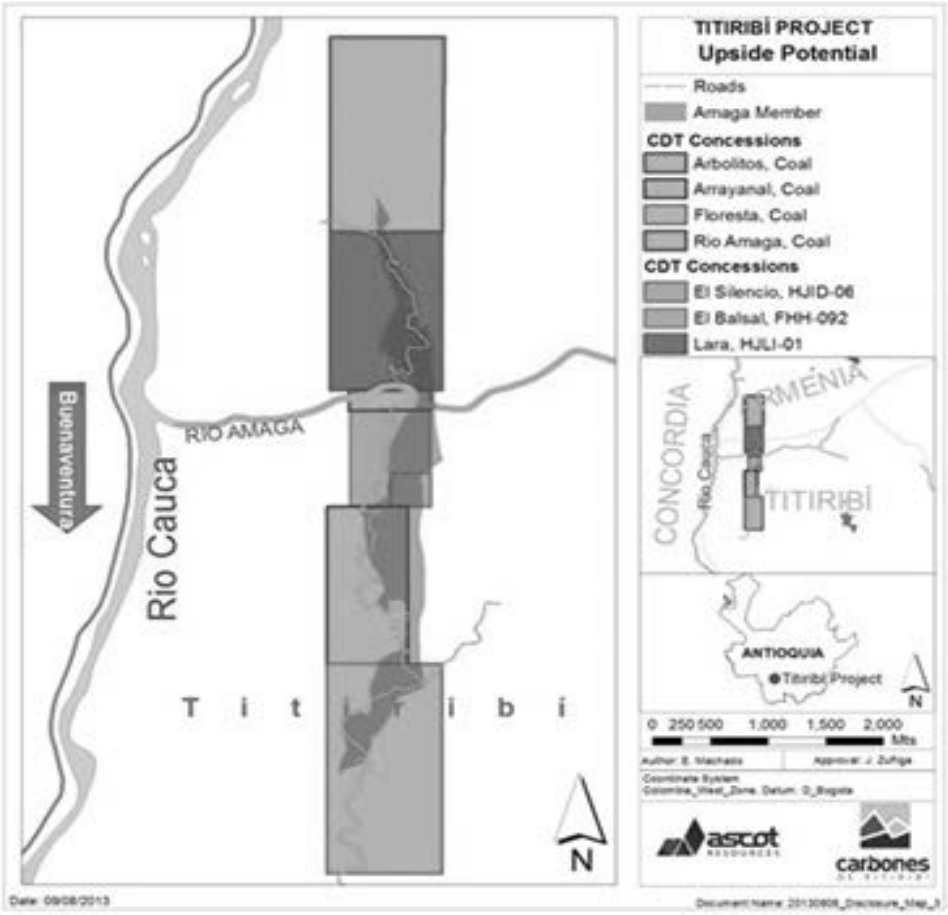


Figure 2: Amaga Coal Formation at Titiribi site

In addition to acquiring the additional concessions, in December 2013, Ascot successfully renegotiated certain key terms of the CdTJV Agreement (**the Titiribi Agreement**) on substantially more favourable terms. Major changes included a US$700,000 reduction in payments due at initial commercial exploitation to US$300,000, simplified JORC-linked Mineral Resource production royalty of US$0.90/t, removal of JORC-linked Reserve payments, and removal of dilution clauses. In addition, Ascot negotiated to substantially reduce any land rental or consultancy fees payable to its JV partner.

Following the successful acquisition of the additional concessions, Ascot announced an increase to the maiden JORC-compliant Mineral Resource estimate of c.130% (or 10.1Mt) to 18.8Mt. The revised estimate was prepared by BD in the US, and was underpinned by further analysis of drilling and exploration work conducted in 2013. The table below summarises the upgraded Mineral Resource estimate for each concession.

JORC resource category (Mt)	El Silencio / El Balsal	Lara	Arrayanal	TOTAL
Measured	5.2	-	2.7	**7.9**
Indicated	0.7	-	8.0	**8.7**
Inferred	0.4	1.8	-	**2.2**
TOTAL	**6.3**	**1.8**	**10.7**	**18.8**

Table 2: Upgraded JORC Mineral Resource estimate for Titiribi Coal Project

As part of the upgrade to the mineral resource, BD also provided comment around the prospective nature of the Arrayanal concession noting that previous mapping and resistivity work appears to suggest that the coal strike extends for some distance southward of the concession. In addition, BD provided further advice around future exploration and drilling activities for Arrayanal.

Due to weak global coal markets, the Company implemented corporate initiatives to reduce overheads and general working capital while continuing to advance project development plans for Titiribi. To this end, Ascot continues to work towards:

i. finalising submissions for mining (PTO) and environmental (PMA) approvals to the ANM; and
ii. continuing to formulate in-fill, geotechnical and sterilisation drilling programmes for the project.

New Projects

Urabá Coal Project

In July 2013, Ascot announced it had entered into a conditional agreement to acquire a 90% interest in a c.5,000ha coal mining concession located near the Gulf of Urabá in the northern part of the Department of Antioquia, Colombia (refer to the map below). Preliminary surface geology and sampling, together with extensive field mapping, indicate the coal has potential to be a blend metallurgical coking coal. The Urabá concession is strategically located within 25km of existing port infrastructure (Port of Turbo) and 260km from the established coal port of Morrosquillo, and offers potential for Ascot to consider various synergies – such as coal blending and logistics – with the Titiribi Project (located 360km directly to the south).

While also being located in close proximity to existing port infrastructure, Urabá is adjacent to a coal subsidiary company of Colombia's largest cement producer, Cementos Argos, with whom Ascot may investigate the possibility of negotiating potential off-take agreements. Such an agreement would enable the Company to secure a buyer for future coal production, as well as lock-in future sales prices and reduce exposure to prevailing market volatility.

Figure 3: Location of Ascot's Colombian coal projects

During the past year, Ascot completed, to its satisfaction, relevant due diligence enquiries into Urabá, while continuing to engage with the proposed joint venture partner and current concession holder in regards to finalising the proposed acquisition. Subject to the availability of funding, Ascot will aim to complete the acquisition of Urabá during the coming year.

Wonmunna Iron Ore Project

On 18 March 2014, Ascot entered into an agreement to acquire the Wonmunna Iron Ore Project from Ochre Group Holdings Ltd (Ochre) (Transaction). Following the completion of the due diligence the parties entered into a formal Sale & Purchase Agreement (SPA).

On 22 May 2014 Ochre's shareholders approved the Transaction on the terms in the SPA and on 23 May 2014 Ascot shareholders approved the Transaction.

On 3 July 2014 the parties agreed to amend the terms of the SPA. Pursuant to the amended SPA, the consideration payable by Ascot to Ochre for the Wonmunna Project comprises:

- 50 million fully-paid ordinary Ascot shares, to be issued on completion;
- Cash consideration of A$2M, payable on completion;
- Additional consideration of A$19.95M payable at any time prior to the date that is five years from first production and sale of ore; and
- A 1% gross revenue royalty payable on all product produced and sold commencing 12 months after Ascot completes the first shipment of product.

In addition, Ascot will assume Ochre's obligation to Talisman Mining Limited (ASX: TLS) to pay a 1% gross revenue royalty beginning from first shipment.

Under the Amended SPA, Ascot was required to undertake a consolidation of its ordinary share capital on a one-for-two basis. The share consolidation was completed in early June 2014.

Completion of the Transaction under the SPA was subject to the following conditions precedent being satisfied on or prior to 10 September 2014:

- All necessary shareholder approvals (as required by Ascot and Ochre); and
- Ascot raising a minimum of A$5 million in new equity at an issue price of at least A$0.25 per share.

Ochre Shareholders approved the terms of the Amended SPA on 5 September 2014. On the same day Ascot announced that it had entered into an agreement with global commodities trader, the Gunvor Group, whereby Gunvor agreed to subscribe c.A$5m for shares in Ascot, thereby satisfying the capital raising condition precedent.

Completion of the Transaction occurred on 22 September 2014.

In addition to the A$5 million capital raising, Ascot's largest shareholder, Resource Capital Fund V L.P. (**RCF**), confirmed its ongoing commitment to subscribe for 20 million new shares in Ascot at A$0.25 per share, raising an additional A$5 million, subject to completion of the Transaction.

The Wonmunna Project is located 70km northwest of Newman and 365km south of Port Hedland – along the Great Northern Highway (refer to map below). It comprises one granted exploration license E47/1137 and three mining leases M47/1423, M47/1424 and M47/1425, granted in April 2012. The tenements are situated within the East Pilbara Shire, entirely within Vacant Crown Land.

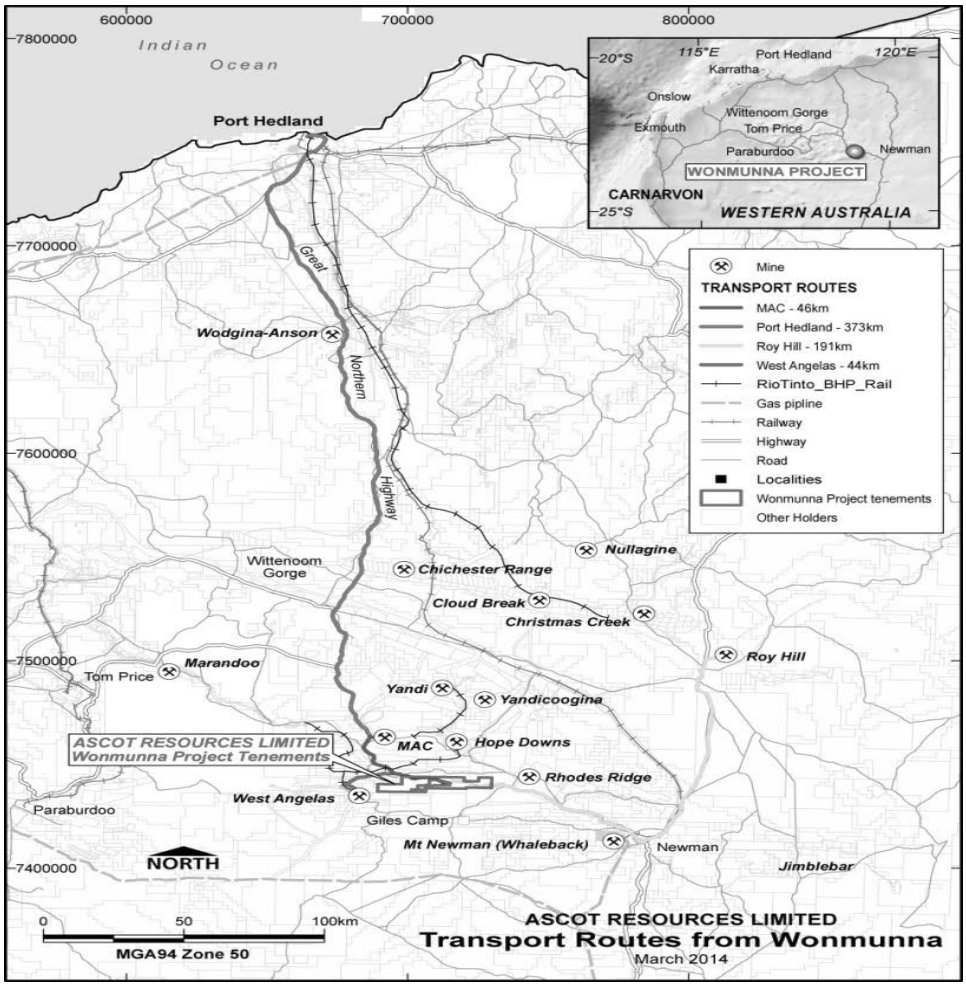


Figure 4: Wonmunna location and exploration lease boundary

Access is via the Great Northern Highway, which intersects the northern part of the lease boundary, providing direct access to eastern and northern parts. As highlighted in the map above, the Wonmunna Project is strategically positioned adjacent to two major operating iron ore mines – specifically the West Angelas and Hope Downs projects – operated by Rio Tinto Iron Ore, both of which are located within 20km of the lease boundary.

Wonmunna comprises four primary deposits hosted by the Marra Mamba Iron Formation, namely North Marra Mamba (NMM), South Marra Mamba (SMM), Central Marra Mamba (CMM), and East Marra Mamba (EMM) (collectively, **the Deposits**). Three of the deposits, NMM, CMM and SMM are contained within the three mining leases (highlighted in the map below). These deposits form the basis for the project development plan and business case for the Wonmunna Project. EMM and any other subsequent deposits found within exploration license E47/1137 provide good potential to extend the life and/or production rate of the project.

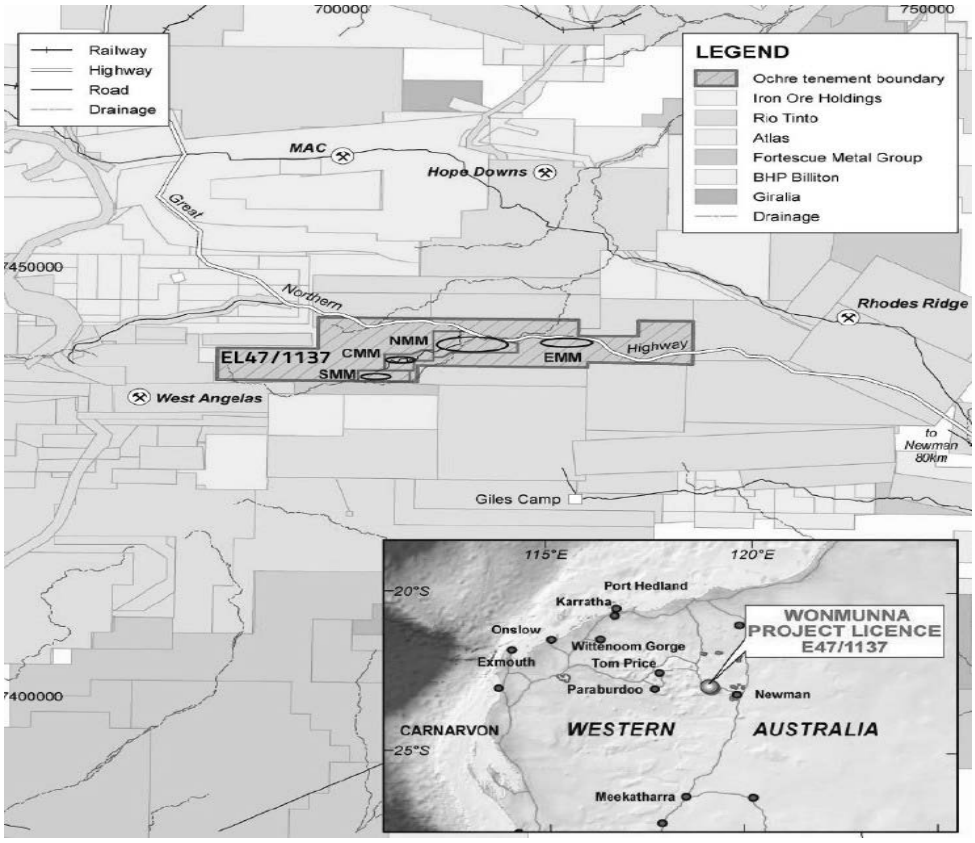


Figure 5: Wonmunna location and mining lease boundaries

The table below provides a summary of the JORC-compliant Mineral Resource estimate for the Deposits as prepared and published by Ochre in 2012.

Deposit	JORC Category	Fe cut-off (%)	Resource (Mt)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI
NMM	Inferred	50	1.9	59.2	4.2	2.5	0.08	8.8
		60	0.7	60.7	3.5	2.1	0.08	7.1
	Indicated	50	39.7	57.1	5.6	3.3	0.08	8.7
		60	7.4	61.1	3.3	1.9	0.08	7.0
CMM	Inferred	50	57.0	57.0	5.2	3.3	0.11	9.3
		60	61.1	61.1	3.0	1.9	0.11	7.4
	Indicated	50	57.1	57.1	5.6	3.3	0.10	9.0
		60	60.8	60.8	3.2	2.0	0.11	7.3
SMM	Inferred	50	17.2	55.3	6.7	3.8	0.07	9.7
		60	1.7	61.2	2.9	1.6	0.06	7.6
EMM	Inferred	50	7.2	54.0	7.9	4.6	0.08	9.5
		60	0.1	61.1	3.5	2.2	0.08	7.9
TOTAL	**Inferred & Indicated**	**50**	**84.3**	**56.5**	**6.0**	**3.5**	**0.08**	**9.1**
		60	**13.5**	**61.0**	**3.2**	**1.9**	**0.09**	**7.2**

Table 3: JORC Mineral Resource estimate for the Wonmunna Iron Ore Project

Ascot's acquisition of the Wonmunna Project was predicated – in part – by the late stage, near-term production nature of the project, consistent with the Company's stated strategy of developing projects with the potential to deliver steelmaking raw material over an expedited production development horizon. In addition, the acquisition represents a diversification of Ascot's existing asset portfolio of Colombian coal assets from both a geographic and commodity perspective.

Based on historical studies completed by previous owners of the Wonmunna Project, and predicated on prevailing iron ore market conditions, Ascot will aim to establish an export operation of up to 5Mtpa – but will most likely begin operations at circa 2Mtpa.

Completion of the Transaction and satisfaction of the required conditions precedent (i.e., A$5 million capital raising initiative) underpinned a fundamental change in the Company's asset portfolio and capitalisation structure change as presented in the diagram below:

Figure 6: Ascot's post-completion corporate and capitalisation structure

McPhees Gold Project
In June 2014, Ascot sold tenements comprising the Mcphees Gold Project for a consideration of A$15,000.

Corporate
FY14 Operating Results
The Company's operating loss after income tax for the year was $4,247,091 (2013: $2,667,143), which resulted in a basic loss per share of 16.72 cents, compared to 17.26 cents in the previous corresponding period (pcp).

The consolidated statement of cash flow shows a decrease in cash and equivalents during the year of $1,122,132, compared with a decrease of $2,570,206 in the pcp. As at 30 June 2014, the Company has cash and equivalents totalling $2,013,066.

The increase in both operating losses and net cash outflows is attributed to a number of key factors including:

- ongoing investment in the project development of Titiribi in Colombia, which resulted in a period of increased human resources and associated overheads
- legal and regulatory costs associated with the proposed acquisition of the Wonmunna Project; and
- other corporate activities such as fundraising and development initiatives.

During H2 FY14, Ascot implemented a series of initiatives to reduce its working capital and corporate overhead costs in Colombia. In the absence of a marked improvement in global coal markets, the Company does not expect its revised corporate structure in Colombia to materially change and for costs in the region to increase.

Ascot will likely remain in exploration and development phase with respect to both the Titiribi and Wonmunna projects during the coming financial year, and therefore expects to incur ongoing losses until such time as either (or both) projects are in production and the Company is earning revenue. Based on internal project development schedules and projections, Ascot is targeting for Wonmunna to be in production during the second half of 2015. Securing project-related financing to ensure development progresses in line with the Company's expected timeframe remains a key risk.

For a detailed discussion of the risks associated with Ascot's future operating and financial performance refer to '*Factors and Business Risks that affect Future Performance*" below.

Asset and Capital Structure
FY14 saw capital and debt markets remain severely constrained, resulting in a difficult environment for companies to secure financial viability. Despite this, Ascot was able to complete a series of funding initiatives to secure its ongoing viability, including:

- July 2013: A$1 million investment by Sedgman Limited in the form of a A$500,000 straight equity placement and A$500,000 loan note;
- August 2013: A$650,000 loan note issued to an entity associated with the Company's Executive Chairman, Mr Paul Kopejtka.
- October 2013: A$220,500 equity capital raising to private and sophisticated investors.
- December 2013: A$400,000 loan note issued to cornerstone investor and specialist mining and resources investment fund, Resource Capital Fund V L.P. (**RCF**).
- March 2014: A$750,000 equity placement to RCF at an issue price of $0.0765 per share.
- April to June 2014: As part of the capital raising associated with the acquisition of the Wonmunna Project, the Company raised and issued shares in respect of A$1,055,000 at $0.25 per share.
- June 2014: Also as part of the acquisition of the Wonmunna Project, Ascot successfully completed a consolidation of the Company's ordinary share capital on a two-for-one basis.

Both the Sedgman and Kopejtka loan notes are convertible at the noteholders election into fully paid ordinary shares in Ascot at a conversion price of $0.36 per share (on a consolidated basis) and carry a coupon rate of 14% per annum, payable quarterly in arrears.

As part of the agreement reached with Sedgman, the Company also raised $500,000 by way of a share placement to Sedgman of 5,000,000 share at $0.20 per share (on a post-consolidation basis).

The loan note issued to RCF in December 2013 is convertible at the noteholder's election into fully paid ordinary shares in Ascot at $0.12 per share (on a post consolidated basis) and carries a coupon rate of 14% per annum, payable quarterly in arrears.

In the instance of all loan notes, the Company may elect to pay interest by way of issuing Ascot shares, cash or a combination of both, with any shares being issued at a 5% discount to prevailing market prices (10-day VWAP). The maturity profile of each of Ascot's notes is as follows:

Loan Note	Principal	Maturity Date
Kopejtka	$650,000	17 October 2014
RCF – Note 1	$1,220,000	17 May 2015
RCF - Note 2	$400,000	17 May 2015
Sedgman	$500,000	26 August 2015

In October 2013, following the issue of notes to Kopejtka and Sedgman, Ascot sought to further strengthen its financial position and provide additional working capital by undertaking a small capital raising to private and sophisticated investors to raise $220,500 at an issue price of $0.09 per share (on a post-consolidation basis). Funds were used to fund the Company's existing Colombian operations and ongoing feasibility work for the Titiribi Coal Project.

In March 2014, following a period of negotiation with Ochre, Ascot announced the proposed acquisition of the Wonmunna Project. In order to ensure that sufficient working capital was available to fund a thorough and comprehensive due diligence process, as well as other associated costs involved with the acquisition, Ascot undertook a further capital raising of $750,000 through the issue of shares to RCF at an issue price of $0.153 per share (on a post-consolidation basis).

As previously outlined, a condition of Ascot's acquisition of the Wonmunna Project involved a capital raising of at least A$5 million in new equity at an issue price of A$0.25 per share (on a post-consolidation basis). As part of this raising, in the period from April to June 2014, Ascot successfully received subscription commitments for and issued shares in respect of a total $1,055,000 in new equity at the agreed capital raising price. This resulted in the issue of 4,220,000 new shares (on a post-consolidation basis).

On 5 September 2014, Ascot announced that it had entered into an agreement with global commodities trader, the Gunvor Group, whereby Gunvor agreed to subscribe for 19,625,811 shares at an issue price of $0.25 per share raising $4,906,425. In addition, RCF has agreed to subscribe for 20,000,000 new shares at an issue price of $0.25 raising $5,000,000.

Factors and Risks that affect Future Performance

Ascot faces a number of key risks in reaching its stated goals of fast tracking the development of the Wonmunna Iron Ore and Titiribi Coal projects, which in turn could potentially have a significant effect on future performance and long-term financial viability of the Company.

Capital Markets & Access to Funding

Ascot's ability to successfully develop its current suite of projects, as well as any acquired in future, is largely contingent on the Company's ability to fund these projects through successfully raising debt and/or equity capital. There is no guarantee that Ascot will be able to raise needed funds to continue executing its development strategy in relation to either the Wonmunna or Titiribi projects. However, the Company continues to actively explore project-related funding options and is in discussions with a range of relevant parties.

Commodity Prices

Commodity prices remain largely uncertain and their inherent volatility is affected by many factors beyond Ascot's control. Such factors include supply and demand fluctuations in coal and iron ore, forward selling activities, the level of production costs in major commodity-producing regions, and other macro-economic factors. To this end, the Company's assessment of short and long-term coal and iron ore prices will have a significant bearing on:

i. whether the Company will proceed to the construction phase of the Wonmunna or Titiribi projects; and
ii. the subsequent revenue derived from the projects.

Moreover, Ascot's view of pricing may also impact future project acquisitions in the steelmaking raw material space.

Exchange Rates

International prices of various commodities – including iron ore and coal – are denominated in United States dollars, whereas the income and majority of expenditure of Ascot in relation to the Wonmunna and Titiribi projects are, and will be taken into account in Australian currency, exposing Ascot to the fluctuations and volatility of the rate of exchange between the two currencies.

Access to infrastructure and facilities

Access to suitable infrastructure and export facilities, which may include road, rail and port, is critical for Ascot in the development of its projects. In relation to the Wonmunna Project, notwithstanding the proximity of the project to current and potential infrastructure, Ascot's ability to sell iron ore product into global seaborne markets will be contingent on gaining access to suitable export facilities from either third parties or as part of

the proposed transhipping facility at Lumsden Point (or at other locations within the Port Hedland Inner Harbour), on suitable commercial terms and within its proposed development timeframe.

Ascot's PFS for Titiribi (completed in early FY14) has examined both 'Free On Board" Port Buenaventura (Colombia) and 'Free Carrier" mine gate sales scenarios. The Port Buenaventura scenario is contingent on the Company establishing direct access to relevant infrastructure from third parties on suitable commercial terms.

There is no guarantee that the Company will be able to agree suitable commercial terms, or that there will be available capacity at existing infrastructure facilities to cater for planned future production.

Infrastructure risk can be significantly reduced by eliminating the need for port access through mine gate sales options. Notably, this will also transfer the responsibility for downstream logistics to the purchasing party(ies). Alternatively, Ascot could also consider the prospect of selling product at port gate, and independently manage the transport aspect of the sales' process.

Mining and Environmental approvals

Ascot will require mining and environmental approvals in order to construct, commission and operate both projects. Any delays to these approvals could impact the Company's ability to meet stated target dates for commissioning and production.

With respect to the Wonmunna Project, following environmental desktop and field studies, Ascot recently submitted an application for a Native Vegetation Clearing Permit (NVCP) to the Department of Mines and Petroleum (**DMP**) in August 2014. The Company expects the grant of the NVCP by Q4 2014.

In addition, Ascot is progressing towards the finalisation of applications for mining (PMO) and environmental (PMA) approvals for submission to Colombia's National Mining Agency (ANM).

Mine Design

The shallow nature of the resource at Wonmunna and the intent to initially mine above water table (generally within 50m of surface) presents a conducive environment for low-cost and relatively simple open pit mining. Final mining, geotechnical and hydrological parameters will be confirmed in the second half of 2014 to then establish mining costs for the project estimate. Changes to current pit designs and mine schedules are possible which may affect project cost estimates.

With respect to Titiribi, hydrological and geotechnical drilling is planned for the 2015 financial year to confirm the design parameters for the planned development at Titiribi. The results of this drilling could require a change of design which may lead to higher capital and operating mining costs and lower levels of mineable coal reserve.

Resource Estimates

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by virtue of their inherent nature, Mineral Resource estimates are imprecise and depend to some extent on interpretations, which may ultimately prove inaccurate.

As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in the alteration to development and mining plans, which in turn, may adversely or positively affect the viability of Ascot's Australian and Colombian assets.

Native Title Access and Mining Negotiations

In relation to the Wonmunna Project, Ascot has been assigned a previous Native Title Mining Agreement between the Ngarlawangga claimant group and Ochre and is in process of finalising a similar agreement with the neighbouring Nyiyaparli claimant group to provide a framework for future engagement and compensation to the groups upon the commencement of mining.

Ascot must also comply with Aboriginal heritage legislation which stipulates the requirement for heritage survey work to be undertaken ahead of the commencement of mining operations.

Competent Person Statement

The information in this report that relates to Exploration Results or Mineral Resources for the Wonmunna Project NMM and CMM deposits is based on, and fairly reflects, information compiled by Mr David Slater, who is a Chartered Professional Member of The Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr Slater is employed as Principal Resource Geologist by Coffey Mining.

Mr Slater has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Slater consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results or Mineral Resources for the Wonmunna Project SMM and EMM deposits is based, and fairly reflects, information compiled by Mr Dmitry Pertel, who is a Member of the Australian Institute of Geoscientists. Mr Pertel is employed by CSA Global Pty Ltd, independent resource industry consultants.

Mr Pertel has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Pertel consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in the report to which this statement is attached that relates to Exploration Results or Mineral Resources is based on information compiled by Mr Gardar Dahl, a Competent Person who is a Member of the American Institute of Professional Geologists, a 'Recognised Professional Organisation' (RPO) included in a list posted on the ASX website from time to time.

Mr Dahl is a Senior Associate with Behre Dolbear and Company (USA), Inc, which has been contracted by the Company to prepare an updated Resource estimate. Mr Dahl has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Dahl consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

8. FINANCIAL RESULTS

The financial results of the Company for the year ended 30 June 2014 are:

	30-June-14	30-June-13
Cash and Equivalents (A$)	2,013,066	890,934
Net Assets (A$)	2,331,526	2,018,303
Revenue (A$)	52,413	103,443
Net loss after tax (A$)	(4,247,091)	(2,667,143)
Loss per share (A¢)	(16.72)	(17.26)
Dividend per share (A$)	-	-

9. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Following announcement of the Company's proposed acquisition of the Wonmunna Project from Ochre, Ascot scheduled and held an Extraordinary General Meeting (EGM) seeking shareholder approval for, among other things, Listing Rule 11.1.2 – relating to a change in the nature and scale of Ascot's activities. Ascot successfully obtained approval to change the scale of its activities to include the exploration and development of iron ore assets in the Pilbara region of Western Australia.

In addition, the Company also gained shareholder approval:

i. under Section 611 Item 7 of the Corporations Act 2001 to allow the voting power in Ascot to Ochre and its associates to increase up to a maximum of 69.8%;
ii. to undertake a consolidation of its share capital on a one-for-two basis; and
iii. to issue up to 60,000,000 shares on a post-consolidation basis at an issue price of $0.25 per share to raise up to A$15,000,000.

10. AFTER BALANCE SHEET DATE EVENTS

On 7 July 2014 750,000 shares were issued to Andrew Caruso as he remained continuously employed by the Company to that date.

On 3 July 2014, Ascot announced that it had reached agreement with Ochre to revise the acquisition terms for the Wonmunna Project. The following table outlines and compares the original and revised acquisition terms.

Consideration	Original	Revised
Fully paid ordinary shares issued to Ochre	88,000,000	50,000,000
Cash Consideration	Up to A$2,000,000	A$2,000,000
Additional Consideration	A$29.75 million payable at any time prior to the date that is five years from completion	A$19.95 million payable at any time prior to the date that is five years from first production and sale of ore
Royalty	1% gross revenue royalty payable on all product produced and sold commencing 12 months after Ascot completes the first shipment of product	No change
Capital Raising Condition	Minimum of A$10,000,000 in new equity at an issue price of at least A$0.25 per share	Minimum of A$5,000,000 in new equity at an issue price of at least A$0.25 per share
Board Appointment	Two Ochre Nominees Nathan Featherby and McAndrew Rudisill	One Ochre Nominee

In addition, and in both instances, Ascot will assume Ochre's existing obligation to Talisman Mining Limited to pay a 1% gross revenue royalty beginning from first shipment.

On 22 July 2014, Ascot announced that Mr. Chris Foley had been appointed to the position of Company Secretary and Legal Counsel following the resignation of Mr David Berg. Mr Foley has over 25 years' experience in the resources sector in both private practice and various corporate roles.

On 7 August 2014, the Company advised that based on a proposed footprint within the relevant concessions and pursuant to extensive environmental desktop and field studies an application for a the Native Vegetation Clearing Permit (NVCP) for the Wonmunna Project had been submitted to the Department of Mines and Petroleum (DMP) for approval.

On 5 September 2014, Ascot announced that it had executed a Share Placement Agreement with existing cornerstone investor, Resource Capital Fund V L.P., a private equity fund with a mandate to make investments exclusively in the mining sector (RCF), under which RCF would subscribe for 20 million shares in Ascot at an issue price of $0.25 per share in two separate tranches, RCF has the right to appoint a representative to Ascot's board.

In addition, the Company announced that it had executed a Share Subscription Agreement (SSA) with the Gunvor Group (Gunvor) under the SSA, Gunvor subscribed $4,906,425 for 19,625,811 shares at an issue price of A$0.25 per share. In addition to becoming a substantial shareholder of Ascot, Gunvor will assist with product and market-related services for the sale of product and have the right to appoint a representative to the Company's Board.

On 9 September 2014, Ascot noted that pursuant to an announcement made by Ochre Group Holdings (OGH) advising that OGH shareholders had approved the sale of the Wonmunna Iron Ore Project to Ascot, the Sale and Purchase Agreement between Ascot and OGH dated 3 July 2014 (SPA) was now unconditional.

On 23 September 2014, Ascot advised that the Company had completed the acquisition of the Wonmunna Iron Ore Project from OGH and the capital raisings with RCF and Gunvor (refer above).

11. FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Directors continue to actively seek and evaluate a number of resource opportunities and further information on the likely developments of the Company will be made available to the market in accordance with its continuous disclosure obligations under the ASX Listing Rules.

12. ENVIRONMENTAL ISSUES

During the year the Company was not subject to any significant environmental regulations under either Commonwealth or State legislation. The Board is not aware of any breach of environmental requirements as they apply to the Company. There were no ground disturbing activities conducted in Australia during the financial year.

13. OPTIONS

As the date of this report, the unissued ordinary shares of Ascot under option are as follows:

Date of Expiry	Exercise Price[1]	Number Under Option[1]
22/02/2016	$0.40	400,000
28/11/2016	$0.20	3,136,335

Notes:

(1) Both the exercise price and number under option are on a post-consolidation basis.

No person entitled to exercise these options had or has any right by virtue of the option to participate in any share issue of any other body corporate.

14. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

15. INDEMNIFYING OFFICERS

During the financial year, the Company paid a premium in respect of a contract insuring all its Directors and current and former executive officers against a liability incurred as such a director or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the financial year,

indemnified or agreed to indemnify an officer or auditor of the Company against a liability incurred as such an officer or auditor.

16. NON-AUDIT SERVICES

The Board of Directors advises that there were no non-audit services provided by the Company auditors during the financial year.

17. REMUNERATION REPORT (Audited)

The remuneration report outlines the remuneration arrangements in place for Directors and key management personnel of the Company in accordance with the requirements of the Corporations Act 2001 and its Regulations. The information in this report has been audited as required under section 308(3C) of the Corporations Act 2001.

For the purpose of this report, key management personnel of the Company are those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Directors of the Company. The Directors and key management personnel whose remuneration arrangements are detailed in this report are as follows:

Paul Kopejtka	Executive Chairman from 10 December 2012 until 29 July 2013 Non-Executive Director from 29 July 2013 to 18 March 2014 Executive Chairman from 18 March 2014
Andrew Caruso	Chief Executive Officer from 7 January 2013 until 29 July 2013 Managing Director from 27 March 2013 until 29 July 2013 Executive Chairman from 29 July 2013 to 18 March 2014 Managing Director from 18 March 2014
Joseph van den Elsen	Non-Executive Director from 11 January 2013 until 6 August 2013
Francis DeSouza	Non-Executive Director

Remuneration Philosophy

Due to the size and scale of the Company's operations and the number of Directors comprising the Board, the Board has not established a separate committee to oversee the Company's remuneration policies for key management personnel. This role has instead been performed by the full Board.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company. The performance of the Company therefore depends upon the quality of its key management personnel. To prosper the Company must attract, motivate and retain appropriately skilled Directors and Executives.

The Company's broad remuneration policy is to ensure that remuneration packages properly reflect the duties and responsibilities of the relevant person and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

During the financial year the Board did not engage the services of a remuneration consultant to provide recommendations on remuneration for key management personnel.

Remuneration Structure

The Company has adopted best practice structures under which remuneration of Non-Executive Directors and Executives is separate and distinct.

Non-Executive Director Remuneration
Objective

The Board seeks to set the aggregate remuneration at a level which provides the Company with the flexibility to attract and retain Directors with skills that are relevant to the needs of the Company, whilst incurring a cost which is acceptable to Shareholders.

Structure and Approvals

The Company's Constitution and the ASX listing rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting of shareholders. The latest determination was at the 2011 Annual General Meeting held on 18 November 2011 at which shareholders approved an aggregate remuneration of $300,000 per year (in accordance with the terms and conditions set out in the Explanatory Statement that accompanied the Notice of Meeting). The Board will not seek any increase for the Non-Executive Directors pool at the 2014 Annual General Meeting.

Remuneration of Non-Executive Directors is based on fees approved by the Board of Directors and is set at levels to reflect market conditions and encourage the continued services of the Directors. The nature and amount of remuneration is collectively considered by the Board of Directors with reference to fees commensurate to a company of similar size and level of activity, with the overall objective of ensuring maximum stakeholder benefit from the retention of high performing Directors.

Further details relating to remuneration of Non-Executive Directors are contained in the Remuneration Table disclosed in this Report; and within the Notes to the Financial Statements: Note 17 Reserves, Note 20 Share-Based Payments and Note 22 Key Management Personnel Disclosures.

Executive Remuneration
Objective

The Company aims to reward Executives having regard to the performance of the Company, the performance of the Executive and prevailing remuneration expectations in the market.

Executive remuneration and incentive policies and practices must be aligned with the Company's vision, values and overall business objectives. Executive remuneration and incentive policies and practices must be designed to motivate management to pursue the Company's long term growth and success and demonstrate a clear relationship between the Company's overall performance and the performance of executives.

The main objectives sought when reviewing Executive remuneration is that the Company has:

- coherent remuneration policies and practices to attract and retain Executives;
- Executives who will create value for shareholders;
- competitive remuneration benchmarked against the external market; and
- fair and responsible rewards to Executives having regard to the performance of the Company, the performance of the Executives and the general pay environment.

Further details relating to remuneration of Executives are contained in the Remuneration Table disclosed in this Report and within the Notes to the Financial Statements: Note 22 Key Management Personnel Disclosures.

Structure and Approvals
Fixed Remuneration

The components of the Executives' fixed remuneration are determined individually and may include:

- cash remuneration;
- superannuation;
- motor vehicle, parking and other benefits; and
- reimbursement of home office and telephone expenses.

Fixed remuneration of Executives is reviewed annually by the Board.

Variable Remuneration

Executives may receive variable remuneration in the form of an annual performance bonus of up to an agreed percentage of fixed remuneration (STI). No STI payment was made in the 2014 financial year.
It is anticipated that in future financial years, the payment of the STI will be linked to achievement of pre-agreed milestones set by the Board.

Wonmunna Executive Incentives
On 23 May 2014 a General Meeting of Shareholders of the Company approved the grant of 50,000,000 Executive Incentives to Paul Kopejtka and Andrew Caruso, which vest upon the satisfaction of the following agreed performance and retention conditions.

- The Executive Incentives are issued for no consideration. For the avoidance of doubt, the Executive Incentives are not issued under the Incentive Plan, but certain rules of the Plan may apply to the Executive Incentives as if they had been issued under the Plan.
- Subject to these Executive Incentive Terms, each Executive Incentive entitles the holder to subscribe for and be allotted one Share on exercise of the Executive Incentive.
- There is no exercise price payable upon exercise of each Executive Incentive.
- The Executive Incentives are subject to the following vesting conditions:

  Tranche A 15,000,000 *Non-market based condition*
  - Approvals to commence mining are received.
  - 'Approvals to commence mining' is defined as Ascot or its subsidiary obtaining:
    - written approval from the DMP to commence mining under the Mining Act
    - any other statutory environmental approvals, permits or licences as required by other Government agencies before mining should begin.

  Tranche B 15,000,000 *Non-market based condition*
  - Commencement of mine pre-stripping i.e. defined as 'breaking ground'
  - Upon granting of an approval to mine by the DMP, the 'commencement of mine prestripping' would be defined as the first disturbance and excavation of either one of the following types of 'surface material' to a designated stockpile, waste dump or civil works location on any one of the Mining Leases:
    - Topsoil and vegetation
    - Overburden
  - 'Surface material' is any material that is required to be removed to access any part of the Ore Reserve
  - 'Surface material' does not include material required to be excavated to facilitate exploration, resource, geotechnical or hydrological drilling.

Tranche C 20,000,000 *Non-market based condition*

- First product sales are achieved.
- 'First product sale' is defined as the completion of the first sale of product to a purchaser (ascertained at the time title of the product passes to the purchaser) at the designated 'sale location'.
- 'Sale location' is defined as any agreed loading point within or outside the Mining Leases.

Titiribi Executive Incentives
Milestone 1 as agreed between Ascot and the vendor at the time of the purchase of the Titiribi Coal Project was satisfied on 24 January 2014. 750,000 shares (on a post consolidation basis) were issued to Andrew Caruso on conversion of the corresponding executive incentives linked to Milestone 1.

On 7 July 2014 750,000 shares were issued to Andrew Caruso as he remained continuously employed by the Company to that date.

The remaining 6,750,000 executive incentives relating to milestones associated with Titiribi were cancelled on 17 June 2014.

Executive Incentive Plan
During the 2013 financial year, the Company established the Ascot Resources Limited Executive Incentive Plan (Incentive Plan) which provides the Company with the flexibility to issue Incentives in the form of either options or performance rights which may ultimately vest into Shares. In contrast to an option, a performance right does not have an exercise price and therefore allows an employee to benefit by exercising their performance right upon satisfaction of their vesting conditions without needing to provide any cash consideration. The inclusion of the flexibility to grant performance rights under employee incentive plans is a current trend amongst the Company's ASX-listed peer group.

The Incentive Plan forms an important part of the Company's remuneration strategy and is specifically aimed at driving long term performance for Shareholders, a culture of employee share ownership and retention of executives, employees and staff. No incentives have been issued under the Executive Incentive plan during the year ending 30 Jun 2014.

Service Agreements

As at the date of this report, the Company had service agreements with the following executives:

Andrew Caruso
The key terms of his contract include:

- Commencement 7 January 2013 with no set term;
- Annual bonus of up to 35% of Annual Salary, subject to meeting pre-agreed milestones;
- If the Company wishes to terminate the contract other than if Mr Caruso commits any act of serious misconduct, the Company is obliged to give 6 months written notice or pay out 6 months Annual Salary; If Mr Caruso wishes to terminate the contract he must provide six months' notice.

Remuneration of Key Management Personnel for the year ended 30 June 2014

Details of the nature and each element of the emoluments of each key management personnel of the Company for the years ended 30 June 2014 and 2013 are set out in the following tables.

30-Jun-14	Short-term employee benefits				Post-employment benefits	Share-based payments		
	Salary & fees $	Cash bonus $	Non-monetary $	Other $	Super-annuation $	Executive incentives & Performance rights $	Total $	Percentage of remuneration consisting of options for the year (%)
Directors								
Mr Kopejtka (i)	141,665	-	4,276	-	13,128	710,343	869,412	82%
Mr Caruso (ii)	300,000	-	4,276	-	27,752	346,157	678,185	51%
Mr van den Elsen (iii)	3,581	-	-	-	-	-	3,581	-
Mr DeSouza	36,000	-	-	-	3,330	-	39,330	-
Sub-total	481,246	-	8,552		44,210	1,056,500	1,590,508	
Other Key Management								
None	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-
Total	**481,246**	**-**	**8,552**		**44,210**	**1,056,500**	**1,590,508**	**-**

i. Mr Kopejkta was appointed Managing Director on 29 July 2013, and Executive Chairman on 18 March 2014.
ii. Mr Caruso was appointed as Executive Chairman and Chief Executive Officer on 29 July 2013, and Managing Director on 18 March 2014.
iii. Mr van den Elsen resigned on 6 August 2014.

30-Jun-13	Short-term employee benefits				Post-employment benefits	Share-based payments		
	Salary & fees $	Cash bonus $	Non-monetary $	Other $	Super-annuation $	Options & Performance rights $	Total $	Percentage of remuneration consisting of options for the year (%)
Directors								
Mr Kopejtka (i) (v)	83,333	-	1,898	-	-	-	85,231	-
Mr Caruso (ii)	146,924	-	1,898	-	13,223	141,892	303,937	47%
Mr van den Elsen (i)	15,000	-	-	18,333	-	-	33,333	-
Mr DeSouza (v)	36,000	-	-	33,335	-	-	69,335	-
Mr Ismail (iii)	34,935	-	-	-	-	-	34,935	-
Mr Jewson (iii)	16,000	-	-	4,262	-	-	20,262	-
Sub-total	332,192	-	3,796	55,930	13,223	141,892	547,033	
Other Key Management								
None	-	-	-	-	-	-	-	
Sub-total	-	-	-	-	-	-	-	
Total	**332,192**	**-**	**3,796**	**55,930**	**13,223**	**141,892**	**547,033**	

i. Messrs Kopejtka and van den Elsen were appointed on 10 December 2012 and 11 January 2013, respectively.
ii. Mr Caruso was appointed as Chief Executive Officer on 7 January 2013. He was appointed as Managing Director on 27 March 2013. He became Executive Chairman and Chief Executive Officer on 29 July 2013.
iii. Messrs Ismail and Jewson resigned on 27 March 2013 and 10 December 2012, respectively.
iv. For more information on other fees paid to Mr van den Elsen, Mr DeSouza and Mr Jewson refer to Note 22 Key Management Personnel.
v. Amounts shown as Salary and fees and Other fees for Messrs Kopejtka and DeSouza respectively remain payable as at 30 June 2013 and remain subject to the Company raising an agreed threshold of capital.

Options granted as part of remuneration for the year ended 30 June 2014

There were no options granted to key management personnel during the year ended 30 June 2014 and there were no options granted from a previous year that were exercised or lapsed during the financial year ended 30 June 2014.

Executive incentives granted as part of remuneration for the year ended 30 June 2014

	Number Granted	Grant Date	Expiry Date	Value of Performance Rights Granted during the year	% of Remuneration
Mr Paul Kopejtka	43,500,000	23/5/14	22 September 2017	710,343	82%
Mr Andrew Caruso	6,500,000	23/5/14	22 September 2017	106,143	16%

Shares issued on exercise of options for the year ended 30 June 2014

Milestone 1 as agreed between Ascot and the vendor at the time of the purchase of the Titiribi Coal Project was satisfied on 24 January 2014. 750,000 shares (on a post consolidation basis) were issued to Andrew Caruso on conversion of the corresponding executive incentives linked to Milestone 1.

Adoption of Remuneration Report by Shareholders

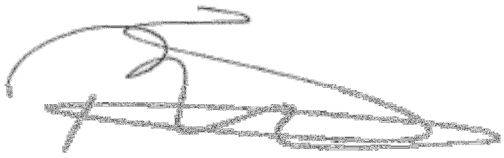
The adoption of the Remuneration Report for the financial year ended 30 June 2013 was put to the shareholders of the Company at the Annual General Meeting of held 28 November 2013. All proxies received were in favour of the resolution and the resolution was passed without amendment on a show of hands. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

End of Remuneration Report

18. AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the financial year ended 30 June 2014 has been received and can be found on page 77 of the financial report.

Signed in accordance with a resolution of the Board of Directors.



Paul Kopejtka
Executive Chairman
Perth, Western Australia
26 September 2014

CORPORATE GOVERNANCE

The Board of Ascot has adopted a Corporate Governance Plan for the purpose of implementing appropriate corporate governance of the Company.

This Corporate Governance Statement comments on the Company's current corporate governance regime and the extent to which it is consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Principles and Recommendations). The ASX Principles and Recommendations are not mandatory and instead represent 'best practice".

	ASX PRINCIPLES AND RECOMMENDATIONS	COMMENT
1.	***Lay solid foundations for management and oversight***	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	The Board operates in accordance with the broad principles set out in the Board Charter, a copy of which is available from the Company's website. In carrying out its responsibilities, the Board recognises its: • overriding responsibilities to act honestly, fairly, diligently and in accordance with the law in serving the interests of its shareholders; and • duties and responsibilities to the Company's employees, customers and the community. The Board Charter sets out the specific responsibilities of the Board, which include: • appointing a CEO and determining the CEO's remuneration; • driving the strategic direction of the Company; • overseeing risk management systems; • approving the budget and major capital expenditure of the Company; and • ensuring that appropriate corporate governance practices are adopted by the Company. The charter provides that the day to day management of the Company is delegated to the CEO. In the Company's current circumstances the role of the CEO is performed by the Managing Director.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Due to the small number of full-time executives the Company has not yet established a formal process for evaluation of senior executives.
1.3	Companies should provide the information indicated in the *Guide to reporting on Principle 1*.	There have been no departures from the ASX Principles and Recommendations 1.1 and 1.2. Information has been provided above and further referenced within this annual report and/or to the Company's Corporate Governance Plan (which is available on the Company's website).
2.	***Structure the board to add value***	
2.1	A majority of the board should be independent Directors.	The Board is currently comprised of two executive directors, and one non-executive director. The ASX Principles and Recommendations define an independent director as a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgment. None of the current Directors are considered independent. Mr DeSouza has consulted to the Company over the last three years. Mr Caruso is not classified as independent because of he is an executive of

	ASX PRINCIPLES AND RECOMMENDATIONS	COMMENT
		the Company. Mr Kopejtka is not classified as independent because he is an executive of the Company. He also has a material contractual relationship with the Company as Mr Kopejtka and the Company are parties to a loan note agreement details of which are noted in Note 15. The Board acknowledges that its current composition does not meet ASX Principles and Recommendation 2.1, but having regard to the current size of the Company, its financial position and the stage of its projects, considers that the composition is appropriate for the time being.
2.2	The Chair should be an independent Director.	The Chairman is not currently an independent director. The Board is of the opinion that Mr Kopejtka is able to effectively fulfil the role of Chairman.
2.3	The roles of Chair and Chief Executive Officer should not be exercised by the same individual.	The Chairman's role is currently exercised by Mr Kopejtka. The role of Chief Executive Officer is performed by the Managing Director.
2.4	The board should establish a nomination committee.	The Company (and the Board itself) is not of a relevant size that justifies the formation of a separate nomination committee. Matters typically dealt with by such a committee are dealt with by the full Board.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	The Board does not yet have a process for evaluating Board performance. This is largely because the composition of the Board has undergone numerous changes since the Company listed in February 2011. It is, however, anticipated that the composition of the Board will settle following the Company's acquisition of, and subsequent focus on, the Wonmunna project and the installation of a management team to run the day to day operations of the Company.
2.6	Companies should provide the information indicated in the *Guide to reporting on Principle 2*.	The Company has provided details of each Director, their skills, and experience in Section One of the Directors' Report. Under the Board's Charter, Directors may seek independent external professional advice in order to discharge their duties, at the expense of the Company. The Board has not yet adopted a statement of the mix of skills and diversity it is looking to achieve in terms of membership of the Board.
3.	***Promote ethical and responsible decision-making***	
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	The Company has established a Code of Conduct which is included in its Corporate Governance Plan. The Code provides a framework for promoting ethical conduct in decision making and dealing with stakeholders. A copy of the Code of Conduct is located on the Company's website.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a	The Company adopted a diversity policy on 1 July 2011 as part of its Corporate Governance Plan. The Company recognises the benefits arising from Board diversity and is committed to providing a diverse

	ASX PRINCIPLES AND RECOMMENDATIONS	COMMENT
	summary of that policy. The policy should include requirements for the board to establish measureable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	workplace that embraces and promotes diversity. Ascot is an equal opportunity employer and welcomes people from different backgrounds. A copy of the Diversity Policy is located on the Company's website.
3.3	Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress in achieving them.	During the current financial year, the Company was not of a size that justified the formal establishment of measurable diversity objectives.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	There are currently no women on the Board. The proportion of women holding executive or senior management roles is 14%.
3.5	Companies should provide the information indicated in the *Guide to reporting on Principle 3*.	A copy of the Company's Diversity Policy is located on its website.
4.	***Safeguard integrity in financial reporting***	
4.1	The board should establish an audit committee.	The Company is not of a size at the moment that justifies having a separate audit committee. Matters typically dealt with by such a committee are dealt with by the Board of Directors.
4.2	The audit committee should be structured so that it: consists only of non-executive directors consists of a majority of independent directors is chaired by an independent chair, who is not chair of the board has at least three members.	Refer 4.1 above.
4.3	The audit committee should have a formal charter.	Refer 4.1 above.
4.4	Companies should provide the information indicated in the *Guide to reporting on Principle 4*.	Refer 4.1 above.
5.	***Make timely and balanced disclosure***	
5.1	Companies should establish written policies designed to ensure compliance with ASX	The Company is committed to ensuring that shareholders and the market are provided with full and timely information. The Company has a Continuous Disclosure policy in place designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a

	ASX PRINCIPLES AND RECOMMENDATIONS	COMMENT
	Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	senior executive level for compliance and factual presentation of the Company's financial position. The Company Secretary has been nominated as the person responsible for communicating with ASX on behalf of the Company. This role includes ensuring all necessary compliance with disclosure requirements has been met.
5.2	Companies should provide the information indicated in *Guide to Reporting on Principle 5.*	A copy of the Company's Continuous Disclosure policy is located on its website.
6.	***Respect the rights of shareholders***	
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	The Company's objective is to ensure effective communication with its shareholders at all times. The Company has adopted a Communications Strategy to ensure that shareholders are informed of all major developments affecting the Company. Shareholders can access copies of all the Company's announcements through its website. In addition, shareholders may elect to receive company reports by post or email.
6.2	Companies should provide the information indicated in the *Guide to reporting on Principle 6*.	A copy of the Communications Strategy is located on the Company's website.
7.	***Recognise and manage risk***	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	The Company has a risk management policy which the Board is responsible for. The Company's policies are designed to ensure strategic, operational, legal, reputational and financial risks are identified, assessed effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Given the current size and structure of the Company, the Board is responsible for managing risk. The Company's executives are responsible for managing material business risks and report to the Board accordingly.
7.3	The board should disclose whether it has received assurance from the chief	The Board has received assurance from the Managing Director and the Financial Controller that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk

	ASX PRINCIPLES AND RECOMMENDATIONS	COMMENT
	executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.
7.4	Companies should provide the information indicated in *Guide to Reporting on Principle 7.*	A copy of the Risk Management policy is located on the Company's website.
8.	***Remunerate fairly and responsibly***	
8.1	The board should establish a remuneration committee.	The Board has not established a remuneration committee at this point in the Company's development. It is considered that the size of the Board along with the level of activity of the Company renders this impractical as the full Board considers in detail all of the matters for which the Directors are responsible. The remuneration philosophy, structure and approvals process is explained in detail in the audited Remuneration Report contained within the Directors' Report.
8.2	The remuneration committee should be structured so that it: consists of a majority of independent directors is chaired by an independent director has at least three members	Refer to 8.1 above.
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The Company has adopted a practice whereby the remuneration structure for Non-Executive Directors is distinguished from Executives Directors and other Executives. Further details are set out in the Remuneration Report.
8.4	Companies should provide the information indicated in the *Guide to reporting on Principle 8*.	Explanations of the Company's compliance with, and departures from, the ASX Principles and Recommendations 8.1 through to 8.3 have been detailed in the sections above.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 30 June 2014

	Notes	30-Jun-14	30-Jun-13
		$	$
Continuing operations			
Revenue and other income	6	**52,413**	103,443
Gain on payment of deferred consideration	9	**209,000**	-
Directors fees and other benefits		**(63,647)**	(332,192)
Share-based payments	20	**(1,175,840)**	(232,085)
Professional & Consulting Fees		**(486,294)**	(580,867)
Employment expense		**(1,144,128)**	(195,780)
Management Fees		**-**	(448,580)
Impairment of exploration and evaluation expenditure	13	**(46,833)**	(335,831)
Exploration Expenditure (Wonmunna)		**(473,702)**	-
Other expenses	7	**(1,118,060)**	(645,251)
Loss before income tax		**(4,247,091)**	(2,667,143)
Income tax expense	8	**-**	-
Loss after income tax		**(4,247,091)**	(2,667,143)
Loss for the period attributable to:			
Members of the parent entity		**(4,247,091)**	(2,667143)
Total loss from continuing operations		**(4,247,091)**	(2,667,143)
Other comprehensive income			
Items that may in the future be transferred to profit and loss			
Exchange differences on translating foreign operations		**9,871**	(4,496)
Total other comprehensive loss for the period		**(4,237,220)**	(2,671,639)
Total comprehensive loss for the period attributable to:			
Members of the parent entity		**(4,237,220)**	(2,671,639)
		(4,237,220)	(2,671,639)

		Cents	Cents
Loss per share from continuing operations attributable to the ordinary equity holders of the Company:			
Basic loss per share – cents per share	18	**(16.72)**	(17.26)
Diluted loss per share – cents per share	18	**(16.72)**	(17.26)
Loss per share attributable to the ordinary equity holders of the Company:			
Basic loss per share – cents per share	18	**(16.72)**	(17.26)
Diluted loss per share – cents per share	18	**(16.72)**	(17.26)

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the notes to the financial statements set out on pages 40 to 73.

	Notes	30-Jun-14	30-Jun-13
		$	$
Current Assets			
Cash & cash equivalents	9	**2,013,066**	890,934
Trade & other receivables	10	**14,916**	51,128
Other assets	11	**64,778**	25,131
Total Current Assets		**2,092,760**	967,193
Non-Current Assets			
Plant & equipment	12	**56,790**	72,273
Exploration & evaluation expenditure	13	**5,317,387**	4,247,515
Total Non-Current Assets		**5,374,177**	4,319,788
TOTAL ASSETS		**7,466,937**	5,286,981
Current Liabilities			
Trade & other payables	14	**2,325,551**	1,072,823
Interest bearing loans and borrowings	15	**2,266,909**	-
Total Current Liabilities		**4,592,460**	1,072,823
Non-Current Liabilities			
Trade & other payables	14	**-**	950,000
Interest bearing loans & borrowings	15	**493,193**	1,218,806
Provisions		**49,758**	27,049
Total Non-Current Liabilities		**542,951**	2,195,855
TOTAL LIABILITIES		**5,135,411**	3,268,678
NET ASSETS		**2,331,526**	2,018,303
Equity attributable to the equity holders of the Company			
Contributed equity	16	**8,366,925**	4,799,774
Reserves	17	**1,575,875**	582,712
Accumulated losses		**(7,636,527)**	(3,389,436)
Non-controlling interest		**25,253**	25,253
TOTAL EQUITY		**2,331,526**	2,018,303

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the financial statements set out on pages 40 to 73.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended 30 June 2014

	Issued Capital	Share-based Payment Reserve	FX Translation Reserve	Accumulated Losses	Non-controlling interest	Total Equity
	$	$	$	$	$	$
At 1 July 2013	**4,799,774**	**587,208**	**(4,496)**	**(3,389,436)**	**25,253**	**2,018,303**
Comprehensive income:						
Loss for the year	**-**	**-**	**-**	**(4,247,091)**	**-**	**(4,247,091)**
Other comprehensive income/(loss) for the year	**-**	**-**	**9,871**	**-**	**-**	**9,871**
Total comprehensive loss for the year	**-**	**-**	**9,871**	**(4,247,091)**	**-**	**(4,237,220)**
Transactions with owners in their capacity as owners:						
Issue of share capital	**3,374,603**		**-**	**-**	**-**	**3,374,603**
Share-based payments	**-**	**1,175,840**	**-**	**-**	**-**	**1,175,840**
Transfer to share capital	**192,548**	**(192,548)**	**-**	**-**	**-**	**-**
Non-controlling interest	**-**	**-**	**-**	**-**	**-**	**-**
At 30 June 2014	**8,366,925**	**1,570,500**	**5,375**	**(7,636,527)**	**25,253**	**2,331,526**

	Issued Capital	Share-based Payment Reserve	FX Translation Reserve	Accumulated Losses	Non-controlling interest	Total Equity
	$	$	$	$		$
At 1 July 2012	4,192,912	355,123	-	(722,293)	-	3,825,742
Comprehensive income:						
Loss for the year	-	-	-	(2,667,143)	-	(2,667,143)
Other comprehensive income/(loss) for the year	-	-	(4,496)	-	-	(4,496)
Total comprehensive loss for the year	-	-	(4,496)	(2,667,143)	-	(2,671,639)
Transactions with owners in their capacity as owners:						
Issue of share capital	606,862	-	-	-	-	606,862
Share-based payments	-	232,085	-	-	-	232,085
Non-controlling interest	-	-	-	-	25,253	25,253
At 30 June 2013	4,799,774	587,208	(4,496)	(3,389,436)	25,253	2,018,303

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements set out on pages 40 to 73.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended 30 June 2014

	Notes	30-Jun-14	30-Jun-13
		$	$
Cash flows used in operating activities			
Receipts from customers		**40,008**	21,112
Payment to suppliers & employees		**(2,780,567)**	(1,107,970)
Interest received		**12,405**	88,998
Interest paid		**(41,885)**	-
Net cash flows used in operating activities	**9**	**(2,770,039)**	(997,860)
Cash flows used in investing activities			
Payment for plant & equipment		**(822)**	(75,875)
Payment for exploration & evaluation expenditure		**(1,269,277)**	(2,716,549)
Net cash flows used in investing activities		**(1,270,099)**	(2,792,424)
Cash flows from financing activities			
Proceeds from share issues		**2,232,270**	-
Subscription received in advance		**1,380,000**	-
Proceeds from issue of convertible note		**1,550,000**	1,220,078
Net cash flows from financing activities		**5,162,270**	1,220,078
Net increase/(decrease) in cash and cash equivalents		**1,122,132**	(2,570,206)
Cash and cash equivalents at beginning of period		**890,934**	3,461,140
Cash and cash equivalents at end of period	**9**	**2,013,066**	890,934

The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 40 to 73.

1 REPORTING ENTITY

Ascot Resources Limited (the 'Company") is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange ('ASX"). The Company is a for profit entity. The address of its registered office and principal place of business is disclosed in the Corporate Directory of the annual report. The financial statement of the Company and its controlled entities is for the financial year ended 30 June 2014.

The nature of the operations and principal activities of the Company and its controlled entities are described in the Directors' Report.

2 BASIS OF PREPARATION

a) Statement of compliance

The financial report is a general purpose consolidated financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial report of the Group also complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board.

The consolidated financial statements were approved by the Board of Directors on 26 September 2014.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets.

c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

d) Comparatives

Prior period comparatives are for the period from 1 July 2012 to 30 June 2013.

e) New and amended standards adopted by the Company

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2014 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

f) Early adoption of standards

The Company has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2014. For further information refer to Note 4.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently in these financial statements.

a) Going concern

The financial report has been prepared on a going concern basis.

The Statement of Comprehensive Income shows the Company incurred a net loss of $4,247,091 during the year ended 30 June 2014. The Statement of Financial Position as at 30 June 2014 shows that the Company had cash and cash equivalents of $2,013,066.

Subsequent to year end the Company completed the acquisition of the Wonmunna Iron Ore Project from OGH and the capital raisings with RCF and Gunvor (refer to Note 24). This resulted in an additional c.A$7.6million in cash available for the Company's continued development of the Wonmunna Iron Ore Project.

b) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities, which the parent has the power to control the financial and operating policies so as to obtain benefits from its activities.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is established and are de-recognised from the date that control ceases.

Non-controlling interests in the result~~s~~ of subsidiaries are shown separately in the consolidated statement of comprehensive income and consolidated statement of financial position respectively.

c) Revenue recognition

Interest Revenue
Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rental income
Rental income is recognised on a straight line basis over the term of the lease. Rental income is recognised as other income.

d) Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- Except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and deferred tax liabilities shall be offset only if:

a) there is a legally enforceable right to set-off current tax assets against current tax liabilities; and
b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
    (i) the same taxable entity; or
    (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Statement of Comprehensive Income.

e) Other taxes

Revenues, expenses, assets and liabilities are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables are stated with amounts of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Commitments or contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

f) Business Combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interests in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement or any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently measured to fair value with changes in fair value recognised in profit or loss.

g) Asset acquisition

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities, as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition.

h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

i) Plant and equipment

(i) Owned assets
Items of plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a work condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components).

(ii) Subsequent costs
The Company recognises in the carrying amount of an item of plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the Statement of Comprehensive Income as an expense as incurred.

(iii) Depreciation
Depreciation is charged to the Statement of Comprehensive Income using a straight line method over the estimated useful lives of each part of an item of plant and equipment.

The estimated useful lives in the current financial year are as follows:
- Plant and equipment: 3 years

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

j) Exploration and evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) The rights to tenure of the area of interest are current; and
(ii) At least one of the following conditions is also met:
  a) The exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
  b) Exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest is continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years. Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then classified to development.

k) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

l) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

m) Earnings per share

(i) Basic earnings per share:
Basic earnings per share is determined by dividing net profit or loss after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

n) Investments and other financial assets

Classification
The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting date.

(i) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current.

(ii) Loans and receivables
Loans and receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 10) in the Statement of Financial Position.

(iii) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. If the Company were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

(iv) Available-for-sale financial assets
Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Financial Assets – reclassification
The Company may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Company may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Company has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Recognition and de-recognition
Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

Measurement
At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivable and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within other income or other expense in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue from continuing operations when the Company's right to receive payments is established. Interest income from these financial assets is included in the net gains/(losses).

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

Details on how the fair value of financial instruments is determined are disclosed in note 18 Financial Risk Management.

Impairment
The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

(i) Assets carried at amortised cost
For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

ii) Assets classified as available-for-sale
If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

o) Foreign currency translations and balances

Functional and presentation currency
The financial statements of each entity within the consolidated entity are measured using the currency of the primary economic environment in which that entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars which is the consolidated entity's functional and presentation currency.

Transactions and balances
Transactions in foreign currencies of entities within the consolidated group are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

Except for certain foreign currency hedges, all resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year.

Entities that have a functional currency different to the presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at actual exchange rates or average exchange rates for the period where appropriate; and
- All resulting exchange differences are recognised as a separate component of equity.

p) Share-based payments

The Company provides benefits to employees (including directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or options over shares ("equity-settled transactions").

The fair value of options is recognised as an expense with a corresponding increase in equity (share option reserve). The fair value is measured at grant date and recognised over the period during which the holder become unconditionally entitled to the options. Fair value is determined using a Black-Scholes option pricing model. In determining fair value, no account is taken of any performance conditions other than those related to the share price of the Company ("market conditions"). The cumulative expense recognised between grant date and vesting date is adjusted to reflect the directors' best estimate of the number of options that will ultimately vest because of internal conditions of the options, such as the employees having to remain with

the company until vesting date, or such that employees are required to meet internal sales targets. No expense is recognised for options that do not ultimately vest because internal conditions were not met. An expense is still recognised for options that do not ultimately vest because a market condition was not met.

Where the terms of options are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, at the date of the modification, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

Where options are cancelled, they are treated as if vesting occurred on cancellation and any unrecognised expenses are taken immediately to the Statement of Comprehensive Income. However, if new options are substituted for the cancelled options and designated as a replacement on grant date, the combined impact of the cancellation and replacement options are treated as if they were a modification.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the Company obtains the goods or the counterparty renders the service.

q) Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

(i) Exploration & Evaluation Expenditure (refer Note 13)
The Company's accounting policy for exploration and evaluation is set out in note 3(j) above. If, after having capitalised expenditure under this policy, the Directors conclude that the Company is unlikely to recover the expenditure by future exploration or sale, then the relevant capitalised amount will be written off to the Statement of Comprehensive Income.

(ii) Share-Based Payments (refer Note 20)
The Company measures the cost of equity settled share based payments at fair value at the grant date using the Black-Scholes model taking into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option.

4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The AASB has issued new standards, amendments and interpretations to existing standards which have been published but are not yet effective, and have not been adopted early by the Company. The new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements are provided below:

AASB 9	(i) (ii)	Financial Instruments
AASB 2010-7	(i)	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]
AASB 2011-7	(ii)	Amendments to a number of standards arising from the insurance of the new consolidation and joint arrangements standards.
AASB 2011-10	(i)	Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14
AASB 2012-3	(ii)	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities
AASB 2013- 4	(ii)	Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting (AASB 139)
AASB 2013 -5	(ii)	Amendments to Australian Accounting Standards – Investment Entities [AASB 1, 3, 7, 10, 12, 107, 112, 124, 127, 132, 134, 139]
AASB 2013– 6	(ii)	Amendments to AASB136 arising from Reduced Disclosure Requirements
AASB 2013- 7	(ii)	Amendments to AASB 1038 arising from AASB 10 in relation to consolidation of policyholders [AASB 1038]
AASB 2013- 8	(ii)	Amendments to Australian Accounting Standards- Australian Implementation guidance for Not for Profit Entities [AASB 10, AASB 12 & AASB 1049]
AASB 2013- 9	(ii)(i)	Amendments to Australian Accounting Standards- Conceptual Framework, Materiality and Financial Instruments

(i) Applies to annual reporting periods beginning on or after 1 January 2015
(ii) Annual reporting periods beginning on or after 1 January 2014
(iii) Annual reporting periods beginning on or after 1 January 2018

The abovementioned new standards and interpretations are not expected to have a material impact on the Company's financial statements.

5 SEGMENT INFORMATION

The AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The segments are consistent with the internal management reporting information that is regularly reviewed by the chief operating decision maker.

The Company engages in one business of coal exploration and evaluation, and its results are analysed as a whole by the Board of Directors. Consequently revenue, expenses, profit and net assets for the operating segment and geographical segment are reflected in this annual report.

6 REVENUE AND OTHER INCOME

	30-Jun-14	30-Jun-13
Revenue	**$**	$
Interest income	**12,405**	88,998
Other income	**40,008**	14,445
Total revenue and other income	**52,413**	103,443

7 OTHER EXPENSES

	30-Jun-14	30-Jun-13
	$	$
Expenses		
Depreciation expenses	**16,305**	6,820
Administration costs	**337,222**	285,070
Travel expenses	**139,715**	192,775
Compliance and regulatory expenses	**70,994**	95,538
Financing expenses	**122,498**	75,000
Exchange loss	**65,758**	(30,736)
Interest	**365,567**	20,784
Total expenses	**1,118,060**	645,251

8 INCOME TAX EXPENSES

	30-Jun-14	30-Jun-13
(a) Income tax expense	$	$
The components of income tax expense/(benefit) comprise:		
Current tax	**-**	-
Deferred tax	**-**	-
	-	-

(b) Reconciliation of income tax expense/(benefit) to prima facie tax payable on accounting profit/(loss)	30-Jun-14	30-Jun-13
	$	$
Accounting loss before tax	**(4,247,091)**	(2,667,143)
Prima facie tax payable/(benefit) at Australian rate of 30% (2013: 30%)	**(1,274,127)**	(798,455)
Prima facie tax payable/(benefit) at Spanish rate of 30% (2013: 30%)	**(1,525)**	(1,688)
Adjusted for tax effect of the following amounts:		
Non-deductible/taxable items	**891,156**	282,565
Non-taxable/deductible items	**(62,700)**	(39,469)
Prior year adjustment	**114,251**	29,747
Tax benefits not brought to account	**332,945**	527,300
Income tax expense/(benefit)	**-**	-

(c) Deferred tax assets and liabilities not brought to account

The directors estimate that the potential deferred tax assets and liabilities carried forward but not brought to account at year end at the Australian corporate tax rate of 30% are made up as follows:

	30-Jun-14	30-Jun-13
	$	$
On income tax account	**927,045**	650,323
Carried forward tax losses	**107,002**	40,143
Deductible temporary differences	**-**	(10,839)
	1,036,047	679,627

The Company estimates it has accumulated income tax losses of $1,126,445 (2013: $793,500). The benefit of these losses and timing difference will only be obtained if:

- The Company derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- The Company continues to comply with the conditions for deductibility imposed by law; and
- No changes in tax legislation adversely affect the Company in realising the benefit from the deduction for the loss.

9. CASH & CASH EQUIVALENTS

	30-Jun-14	30-Jun-13
	$	$
Cash at bank and in hand	**1,963,066**	840,934
Short-term deposit	**50,000**	50,000
	2,013,066	890,934

Reconciliation of net loss after income tax to net cash flows used in operating activities

	30-Jun-14	30-Jun-13
	$	$
Net loss after income tax	**(4,247,091)**	(2,667,143)
Adjustments for:		
Depreciation	**16,305**	6,820
Share-based payments (Refer Note 20)	**1,175,840**	232,085
Impairment of exploration & evaluation expenditure	**46,833**	335,831
Net foreign exchange differences	**65,758**	(30,736)
Establishment fee paid in shares	**122,498**	75,000
Interest paid in shares	**323,604**	20,590
Other items paid in shares	**43,211**	-
Gain on payment of deferred consideration	**(209,000)**	-
Change in assets and liabilities		
(Increase)/decrease in trade & other receivables	**36,212**	(38,847)
(Increase)/decrease in other assets	**(39,647)**	(18,466)
Increase/(decrease) in trade & other payables	**(127,271)**	1,059,957
Increase/(decrease) in provisions	**22,709**	27,049
Net cash flows used in operating activities	**(2,770,039)**	(997,860)

10. TRADE & OTHER RECEIVABLES

	30-Jun-14	30-Jun-13
	$	$
Trade receivables	**-**	14,025
Other receivables	**14,916**	37,103
	14,916	51,128

(a) Trade receivables past due but not impaired
There were no trade receivables past due but not impaired.

(b) Fair value and credit risk
Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 19 for more information on the risk management policy of the Company and the credit quality of the Company's trade receivables.

11. OTHER ASSETS

	30-Jun-14	30-Jun-13
	$	$
Deposits	**47,534**	-
Prepayments	**17,244**	25,131
	64,778	25,131

12. PLANT & EQUIPMENT

	30-Jun-14	**30-Jun-13**
	$	**$**
Office Equipment		
At cost	**66,813**	65,992
Accumulated depreciation	**(22,638)**	(7,358)
Total office equipment	**44,175**	58,634

	30-Jun-14	30-Jun-13
	$	$
Fixtures & Fittings		
At cost	**13,790**	13,790
Accumulated depreciation	**(1,175)**	(151)
Total Fixtures & Fittings	**12,615**	13,639

	Office Equipment	**Fixtures & Fittings**	**Total**
2014	**$**	$	$
Balance at the beginning of the year	**58,634**	**13,639**	**72,273**
Additions	822	-	822
Depreciation expense	(15,280)	(1,024)	(16,305)
Carrying amount at the end of the year	**44,176**	**12,615**	**56,790**

	Office Equipment	Fixtures & Fittings	Total
2013	$	$	$
Balance at the beginning of the year	3,218	-	3,218
Additions	62,085	13,790	75,875
Depreciation expense	(6,669)	(151)	(6,820)
Carrying amount at the end of the year	58,634	13,639	72,273

13. EXPLORATION & EVALUATION EXPENDITURE

	30-Jun-14	30-Jun-13
	$	$
Carrying amount of exploration & evaluation expenditure	**5,317,387**	4,247,515

	30-Jun-14	30-Jun-13
	$	$
Movement during the year		
Balance at the beginning of the year	**4,247,515**	354,870
Exploration & Evaluation on acquisition of Titiribi	**-**	1,730,608
Additions	**1,116,705**	2,497,868
Impairment	**(46,833)**	(335,831)
Carrying amount at the end of the year	**5,317,387**	4,247,515

In 2013 the Company acquired exploration properties in Colombia through the acquisition of the ultimate parent of the concession holding entity, being Carbones de Colombia SL in Spain as the ultimate parent of Carbones de Titiribi SAS ('Titiribi'). The acquisition of Titiribi is deemed an asset acquisition rather than a business combination due to both companies not meeting the definition of a business under the accounting standards.

The ultimate recoupment of costs carried forward for exploration expenditure phases is dependent on the successful development and commercial exploitation, or alternatively, the sale of the respective area of interest.

14. TRADE & OTHER PAYABLES

Current

	30-Jun-14	30-Jun-13
	$	$
Trade and sundry creditors (a)	**809,965**	389,057
Subscriptions received in advance	**1,380,000**	-
Accruals (b)	**135,586**	683,766
	2,325,551	1,072,823

a) Trade and sundry creditors are non-interest bearing and are predominantly settled on 30-day terms.
b) Accruals are non-interest bearing and are predominantly settled on 30-day terms.

Non-Current

	30-Jun-14	30-Jun-13
	$	$
Other Payable (i)	**-**	950,000
	-	950,000

(i) Milestone 1 as agreed between Ascot and the vendor at the time of the purchase of the Titiribi Coal Project was satisfied on 24 January 2014. Ascot Equities were issued shares to the value of $741,000 on 17 March 2014 in line with the agreement. This resulted in a gain on payment of deferred consideration of $209,000.

15. INTEREST BEARNING LOANS & BORROWINGS

Current

	30-Jun-14	30-Jun-13
	$	$
Convertible Note – RCF (c)	**1,619,180**	
Convertible Note – Kopejtka (a)	**647,729**	-
	2,266,909	-

Non-Current

	30-Jun-14	30-Jun-13
	$	$
Convertible Note – RCF (c)	**-**	1,218,806
Convertible Note – Sedgman (b)	**493,193**	-
	493,193	1,218,806

(a) During July 2013, the Company entered into a loan note agreement with an entity associated with Mr Paul Kopejtka, for the issue of a 1-year unsecured loan note ('the Kopejtka Note') raising A$650,000. The Kopejtka Note is on broadly the same terms as the Resource Capital Funds V L.P ('RCF') May 2013 Note and is convertible at the election of the noteholder into fully-paid ordinary shares in the Company at a conversion price of A$0.36 per share.

The Kopejtka Note carries a coupon rate of 14% per annum, payable quarterly in arrears. At the noteholder's election, coupons may be paid in the form of Ascot shares, cash or a combination of shares and cash, with any shares issued being priced at a 5% discount to prevailing market prices.

The Company held an extraordinary general meeting on 31 October 2013, at which the requisite shareholder approvals were obtained to enable conversion of the Kopejtka Note. The Company has the ability to redeem the Kopejtka Note after 2 months from the date of issue by giving the requisite notice to the noteholder.

(b) During August 2013, Sedgman Limited ('Sedgman') agreed to make a A$1,000,000 strategic investment in the Company.

Sedgman's investment in the Company is comprised of:

- A$500,000 by way of a direct share placement under which Sedgman subscribed for 5,000,000 shares at $0.10 per share; and
- A$500,000 by way of a 2 year, unsecured loan note (the "Sedgman Note").

On completion of the share placement and issue of the note, Sedgman became the Company's largest shareholder, with a relevant interest in approximately 13.8% of the Company's shares. In recognition of Sedgman's investment, the Company agreed that Sedgman may nominate a director to the Board, and will retain this right whilst Sedgman continues to hold a relevant interest in at least 10% of the Company's issued capital. As at the date of this report, Sedgman had not yet nominated a director to the Board.

The terms of the Sedgman Note are substantially similar to the RCF May 2013 Note and the Kopejtka Note. Subject to the Company obtaining requisite shareholder approvals, the Sedgman Note will be convertible at the election of the noteholder into fully paid ordinary shares in the Company at a conversion price of A$0.36 per share and carries a coupon rate of 14% per annum, payable quarterly in arrears. At the Company's election, coupons may be paid in the form of 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 held an extraordinary general meeting on 31 October 2013, at which the requisite shareholder approvals were obtained to enable conversion of the Sedgman 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.

(c) During December 2013, the Company entered into a second loan note agreement with RCF for the issue of a 17-month unsecured loan note raising A$400,000.

The Note is convertible at RCF's election into fully paid ordinary shares in the Company at a conversion price of $0.12 per share. Shareholder approval for the convertible note was granted at the Extraordinary General Meeting held on 23 May 2014. The Company has the ability to redeem the Note on or after 9 May 2014 by giving the requisite notice to RCF.

The Note carries a coupon rate of 14% per annum, payable quarterly in arrears. At the Company's election, interest 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.

16. CONTRIBUTED EQUITY

Share Capital

	30-Jun-14		30-Jun-13	
	$	**No.**	$	No.
Fully paid ordinary shares	**8,366,925**	**38,763,603**	4,799,774	33,613,456

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

At shareholders meetings, each ordinary share is entitled to one vote per share when a poll is called, otherwise each shareholder has one vote on a show of hands.

At 30 June 2014 there were 38,763,603 fully paid ordinary shares on issue. There are no preference shares on issue.

Movement in ordinary shares on issue	**$**	**No.**	**Issue price per ordinary share**
Balance at 30 June 2012	**4,192,912**	**29,825,000**	
Shares issued to vendor (a)	510,000	3,000,000	$0.17
Shares issued to Resource Capital Funds (b)	75,000	479,279	$0.16
Shares issued to Resource Capital Funds (c)	20,590	309,177	$0.07
Equity Portion of RCF Convertible Note	1,272	-	-
Balance at 30 June 2013	**4,799,774**	**33,613,456**	
Shares issued to Sedgman Ltd (a)	500,000	5,000,000	$0.10
Shares issued to Sedgman Ltd (b)	22,498	376,538	$0.06
Shares issued to Resource Capital Funds (c)	45,317	646,461	$0.07
Shares issued to Sedgman Ltd (c)	7,268	103,674	$0.07
Shares issued via share placement (d)	282,270	6,272,670	$0.05
Shares issued to Pursuit Capital (e)	52,097	947,215	$0.06
Shares issued to Resource Capital Funds (f)	25,000	507,037	$0.05
Equity Portion of RCF Convertible Notes	297	-	-
Equity Portion of Kopejtka Convertible Note	10,013	-	-
Equity Portion of Sedgman Convertible Note	14,264	-	-
Share Issue Costs	(52,097)	-	-
Shares issued to Resource Capital Funds (g)	45,199	742,184	$0.06
Shares issued to Sedgman Ltd (g)	17,644	289,874	$0.06
Executive incentives issued to Ascot Equities (h)	741,000	9,500,000	$0.08
Executive incentives issued to Andrew Caruso (i)	192,548	1,500,000	$0.13
Shares issued to Serviminco (j)	20,461	262,326	$0.08
Shares issued to Resource Capital Funds (k)	825,000	10,853,568	$0.08
Shares issued to Resource Capital Funds (l)	55,923	621,201	$0.09
Shares issued to Sedgman Ltd (l)	17,260	191,729	$0.09
Shares issued to Kopejtka (l)	22,439	249,247	$0.09
Shares issued to employee (m)	22,750	250,000	$0.09
Total at 2 June 2014	**7,666,925**	**71,927,180**	

2 for 1 share consolidation	**7,666,925**	**35,963,603**	
Shares issued via share placement (n)	500,000	2,000,000	$0.25
Shares issued via share placement(n)	200,000	800,000	$0.25
Balance at 30 June 2014	**8,366,925**	**38,763,603**	

(a) Issued under the terms of the Loan Note Agreement between the Company and Sedgman Limited ('Sedgman') in relation to the share placement component of Sedgman's investment in the Company.
(b) Issued under the terms of the Loan Note Agreement between the Company and Sedgman in lieu of an establishment fee.
(c) Issued under the terms of the Loan Note Agreements between the Company and Resource Capital Fund. V L.P. ('RCF') and Sedgman as payment of interest for the quarter ending 30 September 2013. The number of shares issued were calculated by reference to the value of the interest payments and using the volume weighted average price of the share sold on the ASX for the 10 most recent days prior to the date that the interest became due and payable, at a 5% discount.
(d) Issued to sophisticated and professional investors in relation to the share placement completed on 13 November 2013.
(e) Issued as part consideration payable to Pursuit Capital Pty Ltd for acting as lead manager in the share placement completed on 13 November 2013.
(f) Issued under the terms of the second Loan Note Agreement between the Company and RCF as payment of the Loan Note establishment fee. The number of shares issued was calculated by reference to the $25,000 establishment fee and using the volume weighted average price of the share sold on the ASX for the 10 most recent days prior to the date that the Financing Term Sheet was entered into, at a 5% discount.
(g) Issued under the terms of the Loan Note Agreements between the Company and Resource Capital Fund. V L.P. ('RCF') and Sedgman as payment of interest for the quarter ending 31 December 2013. The number of shares issued were calculated by reference to the value of the interest payments and using the volume weighted average price of the share sold on the ASX for the 10 most recent days prior to the date that the interest became due and payable, at a 5% discount.
(h) Issued to Ascot Equities on successful completion of milestone 1 under the executive incentives scheme.
(i) Issued to Andrew Caruso on successful completion of milestone 1 under the executive incentives scheme.
(j) Issued to Servminco pursuant to the terms of the consultancy agreement
(k) Issued under the terms of the Loan Note Agreement between the Company and Resource Capital Fund (RCF) in relation to the share placement component of RCF's investment in the Company.
(l) Issued under the terms of the Loan Note Agreements between the Company and Resource Capital Fund. V L.P. ('RCF'), Sedgman and Kopejtka as payment of interest for the quarter ending 31 March 2014. The number of shares issued were calculated by reference to the value of the interest payments and using the volume weighted average price of the share sold on the ASX for the 10 most recent days prior to the date that the interest became due and payable, at a 5% discount.
(m) Issued to employee as a performance bonus.
(n) Issued to sophisticated and professional investors in relation to the share placement completed on 20 June 2014

Options
As at 30 June 2014, the following options over unissued ordinary shares were on issue:

	No.	Grant Date	Issued Date	Expiry Date	Exercise Price
Unlisted Options					
Pursuit Capital Options (i)	3,136,336	28/11/2013	28/11/2013	28/11/2016	$0.20
Employee Incentive Options (ii)	400,000	22/2/2013	22/02/2013	22/2/2016	$0.40
	3,536,336				

(i) Options issued as part of the fee associated with the capital raising performed by Pursuit Capital.
(ii) Refer to Note 20 Share Based Payments for information regarding Employee Incentive Options.

17. RESERVES

	30-Jun-14	30-Jun-13
	$	$
Balance at the beginning of the year	**582,712**	355,123
Equity-settled share based payment transactions (i)	**983,562**	232,085
Foreign Currency Translation Reserve (ii)	**9,601**	(4,496)
Balance at 30 June 2014	**1,575,875**	582,712

(i) For further details on share-based payments as recorded within the Equity – settled share based payment reserve, refer to Note 20 Share-Based Payments. Quity-settled share based payment reserve comprises the fair value of options and performance share rights recognised as an expense. Upon exercise of options or performance share rights, any proceeds received are credited to share capital. The share-based payment reserve remains as a separate component of equity.
(ii) Foreign Currency Translation reserve records exchange differences arising on translation of the assets and liabilities of overseas branches and subsidiaries are reflected in the foreign currency translation reserve.

18. EARNINGS PER SHARE

The calculation of basic loss per share was based on the loss attributable to ordinary shareholders of ($4,247,091) (2013: $2,667,143 loss) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2014 of 25,399,413 (2013: 15,452,904, post consolidation) calculated as follows:

a) Basic loss per share

	30-Jun-14	30-Jun-13
Net loss attributable to the ordinary equity holders of the Company ($)	**(4,247,091)**	(2,667,143)
Weighted average number of ordinary shares for basis per share (No.)	**25,399,413**	15,452,904
Continuing operations		
- Basic loss per share (cents)	**(16.72)**	(17.26)

b) Diluted loss per share

Potential ordinary shares are not considered dilutive, thus diluted loss per share is the same as basic loss per share.

19. FINANCIAL RISK MANAGEMENT

At the reporting date, the Company holds the following financial instruments by category:

	30-Jun-14	30-Jun-13
	$	$
Financial assets		
Cash & cash equivalents	**2,013,066**	890,934
Trade & other receivables	**14,916**	45,849
	2,027,982	936,783
Financial liabilities		
Trade & other payables	**2,325,551**	1,072,823
Interest bearing loans & borrowings	**2,760,102**	1,218,806
	5,085,653	2,291,629

Financial risk management

The main risks arising from the Company's financial instruments are market risk (including equity price risk and interest rate risk), credit risk and liquidity risk. The Company uses different methods to measure and manage different types of risks to which it is exposed. Primary responsibility for identification and control of financial risks rests with the Board of Directors.

a) Capital management

The Company's capital includes share capital, reserves and accumulated losses. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to achieve this, the Company may issue new shares in order to meet its financial obligations. There are no externally imposed capital requirements.

Share based payments are used to service debt commitments.

b) Equity price risk

Equity price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments in the market. Equity price risk is minimised through ensuring that investment activities are undertaken in accordance with the Board established mandate limits and investment strategies.

c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk as it invests funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate deposits. The interest on interest bearing loans is fixed and therefore there is no additional risk.

	Weighted Average Interest Rate	30-Jun-14 $	Weighted Average Interest Rate	30-Jun-13 $
Financial assets				
Cash & cash equivalents	2.9%	2,013,066	3.6%	890,934
Net exposure		**2,013,066**		890,934
Financial liabilities				
Interest bearing loans	14%	2,760,102	14%	1,218,806
Net exposure		**2,760,102**		1,218,806

d) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financing loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The carrying amount of financial assets recorded in the financial statements, net of any provision for losses, represents the Company's maximum exposure to credit risk. All receivables are due within 30 days and none are past due.

(i) Cash
The Company's primary banker is National Australia Bank. The Board considers the use of this financial institution, which has a short term rating of A- from Standards and Poors to be sufficient in the management of credit risk with regards to these funds.

(iii) Trade & other receivables
While the Company has policies in place to ensure that transactions with third parties have an appropriate credit history, the management of current and potential credit risk exposures is limited as far as is considered commercially appropriate. Up to the date of this report, the Board has placed no requirement for collateral on existing debtors.

	30-Jun-14 $	30-Jun-13 $
Standard & Poors rating		
A-	**2,013,066**	890,934

e) Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements.

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company utilises share based payments to service debt commitments.

30-Jun-14	<6 months	>6 - 12 months	> 12 months	Total Contractual Cash Flows	Carrying Amount
	$	$	$	$	$
Financial assets					
Cash & cash equivalents	**2,013,066**	**-**	**-**	**2,013,066**	**2,013,066**
Non-interest bearing assets	**14,916**	**-**	**-**	**14,916**	**14,916**
	2,027,982	**-**	**-**	**2,027,982**	**2,027,982**
Financial liabilities					
Trade & other payables	**2,325,551**	**-**	**-**	**2,325,551**	**2,325,551**
Interest bearing loans & borrowings	**2,266,909**	**-**	**493,193**	**2,760,102**	**2,760,102**
	4,592,460	**-**	**493,193**	**5,085,653**	**5,085,653**
Net exposure	**(2,564,478)**	**-**	**(493,193)**	**(3,057,671)**	**(3,057,671)**

30-Jun-13	<6 months	>6 - 12 months	> 12 months	Total Contractual Cash Flows	Carrying Amount
	$	$	$	$	$
Financial assets					
Cash and cash equivalents	890,934	-	-	890,934	890,934
Non-interest bearing assets	45,849	-	-	45,849	45,849
	936,783	-	-	936,783	936,783
Financial liabilities					
Trade & other payables	1,072,823	-	-	1,072,823	1,072,823
Interest bearing loans & borrowings	-	-	1,218,806	1,218,806	1,218,806
Net exposure	1,072,823	-	1,218,806	2,291,629	2,291,629
	(136,040)	-	(1,218,806)	(1,354,846)	(1,354,846)

(f) Fair value measurements

The financial assets and liabilities of the Company are carried at fair value and are shown in the statement of financial position. At 30 June 2014 the Company has no tradeable financial instruments and therefore no valuation method for fair value measurement is required.

20. SHARE-BASED PAYMENTS

On 23 May 2014, the Company granted 50,000,000 Executive Incentives which vest upon the satisfaction of certain agreed performance and retention conditions.

On 28 November 2013, the Company issued 3,136,335 (post consolidated basis) options as part of the payment for professional fees.

The following table lists the inputs to the model used:

	Executive Incentives			Broker Options
Number of shares granted	15,000,000	15,000,000	20,000,000	3,136,335
Issue date	23-May-14	23-May-14	23-May-14	28-Nov-13
Dividend yield	0%	0%	0%	0%
Share price at issue date	$0.18	$0.18	$0.18	$0.21
Issue price	$0.00	$0.00	$0.00	$0.00
Volatility (i)	83%	83%	83%	82.16%
Risk free interest rate	2.750%	2.750%	2.750%	2.75%
Exercise price	$0.00	$0.00	$0.00	$0.20
Expiration period	2 years	3 years	4 years	3 years
Black & Scholes valuation	$0.18	$0.18	$0.18	$0.11

(i) Volatility was determined based on the volatility of the share prices of the Company since it listed on the ASX.

a) Recognised share-based payment expense

The expense recognised for share-based payments during the financial year was $1,175,840, of which $816,486 relate to the executive incentives granted during the year.

Set out below is a summary of the terms and conditions of the Executive Incentives:

- The Executive Incentives are issued for no consideration. For the avoidance of doubt, the Executive Incentives are not issued under the Incentive Plan, but certain rules of the Plan may apply to the Executive Incentives as if they had been issued under the Plan.
- Subject to these Executive Incentive Terms, each Executive Incentive entitles the holder to subscribe for and be allotted one Share on exercise of the Executive Incentive.
- There is no exercise price payable upon exercise of each Executive Incentive.
- The Executive Incentives are subject to the following vesting conditions:

  Tranche A 15,000,000 *Non-market based condition*
  - Approvals to commence mining are received.
  - 'Approvals to commence mining' is defined as Ascot or its subsidiary obtaining:
    - written approval from the DMP to commence mining under the Mining Act
    - any other statutory environmental approvals, permits or licences as required by other Government agencies before mining should begin.

  Tranche B 15,000,000 *Non-market based condition*
  - Commencement of mine pre-stripping i.e. defined as 'breaking ground'
  - Upon granting of an approval to mine by the DMP, the 'commencement of mine prestripping' would be defined as the first disturbance and excavation of either one of the following types of 'surface material' to a designated stockpile, waste dump or civil works location on any one of the Mining Leases:
    - Topsoil and vegetation
    - Overburden
  - 'Surface material' is any material that is required to be removed to access any part of the Ore Reserve
  - 'Surface material' does not include material required to be excavated to facilitate exploration, resource, geotechnical or hydrological drilling.

Tranche C 20,000,000 *Non-market based condition*

- First product sales are achieved.
- 'First product sale' is defined as the completion of the first sale of product to a purchaser (ascertained at the time title of the product passes to the purchaser) at the designated 'sale location'.
- 'Sale location' is defined as any agreed loading point within or outside the Mining Leases.
-

b) Summary of options granted during the financial year

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options issued.

	30-Jun-14		30-Jun-13	
	Number (i)	**WAEP (i)**	Number	WAEP
Outstanding at the beginning of the period	2,150,000	$0.40	3,500,000	$0.20
Granted during the period	3,136,335	$0.20	800,000	$0.20
Exercised during the period			-	-
Lapsed/cancelled during the period	(1,750,000)	$0.10	-	-
Outstanding at the year end	3,536,335	$0.22	4,300,000	$0.20
Exercisable at the year end	**3,536,335**		**4,300,000**	**$0.20**

i. Stated on a post consolidation basis

The outstanding balance as at 30 June 2014 is as follows:

Grant date	Issue date	Vesting date	Expiry date	Exercise price	Options granted	Options Lapsed/ cancelled	Options exercised	Number of options at end of period	
								On issue	Vested
Employees									
22-Feb-13	22-Feb-13	-	22-Feb-16	$0.40	400,000	-	-	400,000	400,000
Brokers									
28-Nov-13	28-Nov-13	-	28-Nov-16	$0.20	3,136,335	-	-	3,136,335	3,136,335

21. RELATED PARTY DISCLOSURE

a) Parent entities

The parent entity with the group is Ascot Resources Limited.

b) Subsidiaries

The consolidated financial statements incorporate assets, liabilities and resulted of the following principal subsidiaries in accordance with the accounting policy described in note 3(b).

2014	Country of Incorporation	Class of Shares	Ownership Interest
Parent Entity			
Ascot Resources Limited	Australia	Ordinary	
Subsidiaries (direct)			
Carbones de Colombia SL	Spain	Ordinary	100%
Wonmunna Iron Ore Pty Ltd	Australia	Ordinary	100%
Subsidiaries (Indirect - direct subsidiaries of Carbones de Colombia SL)			
Carbones de Titiribi SAS	Colombia	Ordinary	90%

2013	Country of Incorporation	Class of Shares	Ownership Interest
Parent Entity			
Ascot Resources Limited	Australia	Ordinary	
Subsidiaries (direct)			
Carbones de Colombia SL	Spain	Ordinary	100%
Subsidiaries (Indirect - direct subsidiaries of Carbones de Colombia SL)			
Carbones de Titiribi SAS	Colombia	Ordinary	90%

c) Key management personnel

Disclosures relating to Directors and Executives are set out in Note 22 Key Management Personnel Disclosures.

d) Transactions and balances with related parties

Disclosure relating to transactions and balances with related parties are set out in Note 22 Key Management Personnel Disclosures.

22. KEY MANAGEMENT PERSONNEL DISCLOSURES

a) Key management personnel

The following persons were key management personnel of the Company during the financial year:

Directors:

- Paul Kopejtka (Executive Chairman appointed on 10 December 2012, Managing Director from 7 January 2013 and Executive Chairman from 18 March 2014)
- Andrew Caruso (Chief Executive Officer from 7 January 2013, Managing Director from 18 March 2014);
- Joseph van den Elsen (Non-Executive Director) (resigned on 6 August 2013)
- Francis DeSouza (Non-Executive Director)

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company. Key management personnel comprise the Directors of the Company and Executives of the Company. The performance of the Company depends upon the quality of its key management personnel. To prosper, the Company must attract, motivate and retain appropriately skilled directors and executives.

The Company's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Details of the remuneration of the Directors of the Company up to 30 June 2014 are set out in the table below.

30-Jun-14	Short-term employee benefits				Post-employment benefits	Share-based payments		Percentage of remuneration consisting of options for the year (%)
	Salary & fees $	Cash bonus $	Non-monetary $	Other (iv) $	Super-annuation $	Executive Incentives & Performance rights $	Total $	
Directors								
Mr Kopejtka	141,665	-	4,276	-	13,128	710,343	869,412	82%
Mr Caruso	300,000	-	4,276	-	27,752	346,157	678,185	51%
Mr van den Elsen (i)	3,581	-	-	-	-	-	3,581	-
Mr DeSouza	36,000	-	-	-	3,330	-	39,330	-
Sub-total	481,246	-	8,552	-	44,210	1,056,500	1,590,508	
Other Key Management								
None	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-
Total	**481,246**	**-**	**8,552**	**-**	**44,210**	**1,056,500**	**1,590,508**	**-**

(i) Mr van den Elsen resigned 6 August 2013

30-Jun-13	Short-term employee benefits				Post-employment benefits	Share-based payments		Percentage of remuneration consisting of options for the year (%)
	Salary & fees $	Cash bonus $	Non-monetary $	Other (iv) $	Super-annuation $	Options & Performance rights $	Total $	
Directors								
Mr Kopejtka (i) (v)	83,333	-	1,898	-	-	-	85,231	-
Mr Caruso (ii)	146,924	-	1,898	-	13,223	141,892	303,937	47%
Mr van den Elsen (i)	15,000	-	-	18,333	-	-	33,333	-
Mr DeSouza (v)	36,000	-	-	33,335	-	-	69,335	-
Mr Ismail (iii)	34,935	-	-	-	-	-	34,935	-
Mr Jewson (iii)	16,000	-	-	4,262	-	-	20,262	-
Sub-total	332,192	-	3,796	55,930	13,223	141,892	547,033	
Other Key Management								
None	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	
Total	**332,192**	**-**	**3,796**	**55,930**	**13,223**	**141,892**	**547,033**	

i. Messrs Kopejtka and van den Elsen were appointed on 10 December 2012 and 11 January 2013, respectively.
ii. Mr Caruso was appointed as Chief Executive Officer on 7 January 2013. He was appointed as Managing Director on 27 March 2013. He became Executive Chairman and Chief Executive Officer on 29 July 2013.
iii. Messrs Ismail and Jewson resigned on 27 March 2013 and 10 December 2012, respectively.
iv. For more information on Other fees paid to Mr van den Elsen, Mr DeSouza and Mr Jewson refer to Note 22 Key Management Personnel.
v. Amounts shown as Salary and fees and Other fees for Messrs Kopejtka and DeSouza respectively remain payable as at 30 June 2013 and remain subject to the Company raising an agreed threshold of capital.

Details of the remuneration of the Directors of the Company up to 30 June 2014 are set out below:

	30-Jun-14	30-Jun-13
Compensation by category		
Short-term employee benefits	**489,798**	391,918
Post-employment benefits	**44,210**	13,223
Share-based payments	**1,056,500**	141,892
	1,590,508	547,033

b) Equity instruments disclosures relating to key management personnel

(i) Options or rights provided as remuneration and shares issued on exercise of such options:
There were no options provided to key management personnel during the 2014 financial year.
(ii) Shares issued on exercise of compensation options:
There are no shares issued on exercise of compensation options.
(iii) Option holdings:
Details of options held directly, indirectly or beneficially by key management personnel and their related parties at any time during the financial year ended 30 June 2014 are set out below:

Company Directors and Related Parties	Opening Balance	Received as Remuneration	Net Change Other	Closing Balance	Not vested and not exercisable	Vested and exercisable
Mr Kopejtka	**-**	**43,500,000**	**-**	**43,500,000**	**43,500,000**	**-**
Mr Caruso	**-**	**7,250,000**	**-**	**7,250,000**	**7,250,000**	**-**
Mr van den Elsen	**-**	**-**	**-**	**-**	**-**	**-**
Mr DeSouza	**225,000**	**-**	**(225,000)**	**-**	**-**	**-**
	225,000	**50,750,000**	**(225,000)**	**50,750,000**	**50,750,000**	**-**

Details of options held directly, indirectly or beneficially by key management personnel and their related parties at any time during the financial year ended 30 June 2013 are set out below:

Company Directors and Related Parties	Opening Balance	Received as Remuneration	Net Change Other	Closing Balance	Not vested and not exercisable	Vested and exercisable
Mr Kopejtka	-	-	-	-	-	-
Mr Caruso	-	-	-	-	-	-
Mr van den Elsen	-	-	-	-	-	-
Mr DeSouza	450,000	-	-	450,000	450,000	-
Mr Ismail	500,000	-	-	500,000	500,000	-
Mr Jewson	-	-	-	-	-	-
	950,000	-	-	950,000	950,000	-

(iv) Share holdings

The number of shares in the Company or other key management personnel of the Company, including their related parties at any time during the financial year ended 30 June 2014 are set out below:

Company Directors & Related Parties	Opening Balance (i)	Received as Remuneration	Received During the Year on Exercise of Options or rights	Net Change Other	Closing Balance
Mr Kopejtka	**1,275,000**	**-**	**-**	**2,069,624**	**3,344,624**
Mr Caruso	**-**	**-**	**750,000**	**50,000**	**800,000**
Mr van den Elsen (ii)	**309,984**	**-**	**-**	**(309,984)**	**-**
Mr DeSouza	**342,500**	**-**	**-**	**-**	**342,500**
	1,927,484	**-**	**750,000**	**1,809,640**	**4,487,124**

Notes:

(i) As part of the proposed acquisition of the Wonmunna Iron Ore Project, Ascot undertook a one-for-two share consolidation which completed on 6 June 2014.All numbers are stated on this basis.

(ii) Mr van den Elsen resigned 6 August 2013.

The number of shares in the Company or other key management personnel of the Company, including their related parties at any time during the financial year ended 30 June 2013 are set out below:

Company Directors & Related Parties	Opening Balance	Received as Remuneration	Received During Year on Exercise of Options	Net Change Other	Closing Balance
Mr Kopejtka	-	-	-	2,550,000	2,550,000
Mr Caruso	-	-	-	-	-
Mr van den Elsen	-	-	-	619,968	619,968
Mr DeSouza	685,000	-	-	-	685,000
Mr Ismail (i)	1,375,000	-	-	(1,375,000)	-
Mr Jewson (i)	521,333	-	-	(521,333)	-
	2,581,333	-	-	1,273,635	3,854,968

(i) Messrs Ismail and Jewson resigned on 27 March 2013 and 10 December 2012 respectively.

c) Material contracts with related parties

(i) Directors' Deeds of Indemnity

With every Director appointment, the Company enters into a deed of indemnity, insurance and access with each of its Directors. The Company entered into of Deed of Indemnity with Mr Kopejtka and Mr Caruso, with effect from their appointment dates. Under these deeds, the Company agrees to indemnify each Director to the extent permitted by the Corporations Act (2001) against any liability arising as a result of the Director acting in the capacity as a Director of the Company. The Company is also required to maintain insurance policies for the benefit of the Directors and must also allow the Directors to inspect Company documents in certain circumstances.

Consultancy agreement – Baga River Pty Ltd

On 27 March 2013, the Company agreed to enter into a consultancy agreement with Baga River Pty Ltd ('Baga River') to provide investor relations consultancy services to the Company. Baga River was founded by Mr Francis DeSouza, a company in which he is the sole director and has a financial interest.

The Company agreed to pay Baga River according to the following arrangement:

- Consultancy services at a rate of $6,667 per month
- Reimbursement of any reasonable expenses incurred in carrying out the consulting services

Services provided are invoiced to the Company and paid monthly in arrears. The term of the Consultancy Agreement is 11 months unless otherwise agreed. The Consultancy Agreement may be terminated by either party giving 28 days written notice or immediately upon a material breach or gross misconduct on behalf of the consultant.

During the year ended 30 June 2014 Baga River Pty Ltd received consulting fees of $29,333 (2013: $33,335). The agreement has been cancelled and no further fees remain payable at 30 June 2014.

Consultancy agreement – Otsana Pty Ltd

From 1 February 2014 Otsana Pty Ltd ('Otsana') has agreed to provide investor relations consultancy services to the Company. Otsana was founded by Mr Francis DeSouza, a company in which he is a director and has a financial interest.

The Company agreed to pay Otsana according to the following arrangement:

- Consultancy services at a rate of $14,367 per month

Services provided are invoiced to the Company and paid monthly in arrears.

During the year ended 30 June 2014 Otsana Capital Pty Ltd earned consulting fees of $58,726 (2013: $0).

The agreement has been cancelled as at 30 June 2014.

Management agreement – Hampshire Mining Spain SL
On 22 October 2012, the Company entered into a management services agreement with Hampshire Mining Spain SL ('Hampshire Mining") to provide management services, including project management, concession management, legal, accounting and administrative services to the Company, on a cost pass though basis, for the Titiribi Coal Project. Mr Paul Kopejtka and Mr Joseph van den Elsen are directors of Hampshire Mining and entered into the management services agreement with the Company prior to their appointment as director of the Company on 10 December 2012 and 11 January 2013, respectively.

Under the terms of the management services agreement, the Company agreed to pay Hampshire Mining an initial fee of US$80,000 and an ongoing fee of US$123,000 per quarter. Additionally, the Company agreed to pay US$21,000 per quarter for office rental, office costs and expatriate accommodation in Medellin, Colombia. Accordingly, during the year ended 30 June 2014, Hampshire Mining received management fees of A$44,530 (2013: $448,580) and corporate costs of A$7,591.90 (2013: $54,275). This agreement has been cancelled and no further fees remain payable at 30 June 2014.

(ii) Other transactions with key management personnel including their related parties

Hampshire Mining Group of Companies
Due to the nature of the Company's relationship with Hampshire Mining, there are instances where costs incurred and paid for in a single transaction need to be re-allocated between the entities in order to reflect the nature and substance of the transaction. Any such transactions are monitored and reimbursements are processed on a regular basis.

During the year ended 30 June 2014, Hampshire Mining received an amount of $0 representing reimbursement of project and administrative expenses relating to the Titiribi project that had been paid for by Hampshire Mining on behalf of the Company. Additionally, the Company received $1,694 during the period as reimbursement for costs the Company incurred on behalf of Hampshire Mining.

This agreement has been cancelled and no further fees remain payable at 30 June 2014.

Ascot Equities Pty Ltd
Ascot Equities is a director-related entity of Mr Paul Kopejtka and Mr Joseph van den Elsen. On 6 August 2012, the Company entered into a Binding Heads of Agreement with Ascot Equities Pty Ltd ('Ascot Equities') for the acquisition of 100% of Carbones de Colombia SL (a company incorporated in Spain). On 28 November 2012, at the Company's AGM, shareholders approved the acquisition.

During the year ended 30 June 2013, the following transactions occurred with Ascot Equities in relation to the acquisition transaction:

- Payment of initial cash consideration of A$500,000;
- Issue of Initial Consideration Shares, being 3,000,000 ordinary shares at a price of $0.17 per share; and
- Contingent consideration of $950,000.

On 17 March 2014 Ascot Equities was issued 4,750,000 shares on a post consolidation basis on completion of the milestone 1 in line with the Binding Heads of Agreement at a value of $741,000, which resulted in a gain on payment of deferred consideration of $209,000.

23. COMMITMENTS

Leasing Agreements

	30-Jun-14	30-Jun-13
	$	$
Within one year	**123,273**	164,514
After one year but not more than five years	**-**	153,693
After more than five years	**-**	-
Total minimum commitment	**123,273**	318,207

Exploration & Evaluation Commitments	**30-Jun-14**	30-Jun-13
	$	$
Within one year	**-**	17,320
After one year but not more than five years	**-**	-
After more than five years	**-**	-
Total minimum commitment	**-**	17,320

The commitments above are discretionary and subject to mining expenditure, they relate to the exploration tenements that the Company has interests in as at year-end.

24. SIGNIFICANT EVENTS AFTER BALANCE DATE

On 7 July 2014 750,000 shares were issued to Andrew Caruso as he remained continuously employed by the Company to that date.

On 3 July 2014, Ascot announced that it had reached agreement with Ochre to revise the acquisition terms for the Wonmunna Project. The following table outlines and compares the original and revised acquisition terms.

Consideration	Original	Revised
Fully paid ordinary shares issued to Ochre	88,000,000	50,000,000
Cash Consideration	Up to A$2,000,000	A$2,000,000
Additional Consideration	A$29.75 million payable at any time prior to the date that is five years from completion	A$19.95 million payable at any time prior to the date that is five years from first production and sale of ore
Royalty	1% gross revenue royalty payable on all product produced and sold commencing 12 months after Ascot completes the first shipment of product	No change
Capital Raising Condition	Minimum of A$10,000,000 in new equity at an issue price of at least A$0.25 per share	Minimum of A$5,000,000 in new equity at an issue price of at least A$0.25 per share
Board Appointment	Two Ochre Nominees Nathan Featherby and McAndrew Rudisill	One Ochre Nominee

In addition, and in both instances, Ascot will assume Ochre's existing obligation to Talisman Mining Limited to pay a 1% gross revenue royalty beginning from first shipment.

On 22 July 2014, Ascot announced that Mr. Chris Foley had been appointed to the position of Company Secretary and Legal Counsel following the resignation of Mr David Berg. Mr Foley has over 25 years' experience in the resources sector in both private practice and various corporate roles.

On 7 August 2014, the Company advised that based on a proposed footprint within the relevant concessions and pursuant to extensive environmental desktop and field studies an application for a the Native Vegetation

Clearing Permit (NVCP) for the Wonmunna Project had been submitted to the Department of Mines and Petroleum (DMP) for approval.

On 5 September 2014, Ascot announced that it had executed a Share Placement Agreement with existing cornerstone investor, Resource Capital Fund V L.P., a private equity fund with a mandate to make investments exclusively in the mining sector (RCF), under which RCF would subscribe for 20 million shares in Ascot at an issue price of $0.25 per share in two separate tranches, RCF has the right to appoint a representative to Ascot's board.

In addition, the Company announced that it had executed a Share Subscription Agreement (SSA) with the Gunvor Group (Gunvor) under the SSA, Gunvor subscribed $4,906,425 for 19,625,811 shares at an issue price of A$0.25 per share. In addition to becoming a substantial shareholder of Ascot, Gunvor will assist with product and market-related services for the sale of product and have the right to appoint a representative to the Company's Board.

On 9 September 2014, Ascot noted that pursuant to an announcement made by Ochre Group Holdings (OGH) advising that OGH shareholders had approved the sale of the Wonmunna Iron Ore Project to Ascot, the Sale and Purchase Agreement between Ascot and OGH dated 3 July 2014 (SPA) was now unconditional.

On 23 September 2014, Ascot advised that the Company had completed the acquisition of the Wonmunna Iron Ore Project from OGH and the capital raisings with RCF and Gunvor (refer above).

25. CONTINGENT LIABILITIES

Payments due to minority holder in Carbones de Titiribi

Cash payments will be due and payable to the holder of the 10% interest in Carbones de Titiribi ('Minority Holder"):

(a) a cash milestone payment - USD$1 million upon first quarterly production annualised at 300,000 tonnes per annum from the Licences; and
(b) bonus payments - JORC reserve linked:
  (i) if less than a 20 million tonne JORC reserve of coal is delineated on the Licence Area - no cash payments will be due to the Minority Holder;
  (ii) if a 20 to 30 million tonne JORC reserve of coal is delineated on the Licence Area – the Minority Holder will be entitled to a cash payment equal to USD$0.80 per tonne of coal defined, payable USD$0.10 in cash (within 60 days of receiving the JORC certification) and USD$0.70 as production royalty;
  (iii) if a 30 to 45 million tonne JORC reserve of coal is delineated on the Licence Area – the Minority Holder will be entitled to a cash payment equal to USD$1.00 per tonne of coal defined, payable USD$0.25 in cash (within 60 days of receiving the JORC certification) and USD$0.75 as production royalty;
  (iv) if a 45 to 60 million tonne JORC reserve of coal is delineated on the Licence Area – the Minority Holder will be entitled to a cash payment equal to USD$1.00 per tonne of coal defined, payable USD$0.35 in cash (within 60 days of receiving the JORC certification) and USD$0.65 as production royalty;
  (v) if a 60 to 75 million tonne JORC reserve of coal is delineated on the Licence Area – the Minority Holder will be entitled to a cash payment equal to USD$1.00 per tonne of coal defined, payable USD$0.50 in cash (within 60 days of receiving the JORC certification) and USD$0.50 as production royalty; and
  (vi) if in excess of a 75 million tonne JORC reserve of coal is delineated on the Licence Area – the Minority Holder will be entitled to a cash payment equal to USD$1.00 per tonne of coal defined, payable USD$0.75 in cash (within 60 days of receiving the JORC certification) and USD$0.25 as production royalty.

No other contingent liabilities were noted for the Company for the financial year ended 30 June 2014.

26. DIVIDEND

No dividend has been paid during the financial year and no dividend is recommended for the financial year (2013: nil).

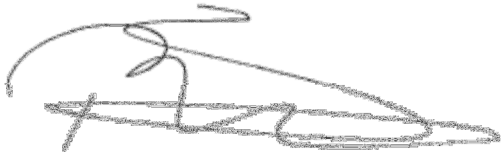
27. REMUNERATION OF AUDITORS

	30-Jun-14	30-Jun-13
	$	$
Amounts received or due and receivable by Pitcher Partners Corporate and Audit (WA) Pty Ltd for:		
(i) An audit or review of the financial report of the Company	**33,500**	**35,300**
(ii) Other services in relation to the Company:	**-**	-
Total auditor remuneration	**33,500**	**35,300**

In accordance with a resolution of the directors of Ascot Resources Limited, the directors of the Company declare that:

- the financial statements and notes set out on pages 36 to 73 are in accordance with the Corporations Act 2001, and:
    - comply with Australian Accounting Standards which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
    - give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the consolidated group, and
- in the directors' opinion there are reasonable grounds to believe that the Group will be able to pay their debts as and when they become due and payable; and
- the directors have been given the declarations required by s295A of the Corporations Act 2001 from the Chief Executive Officer and Financial Controller.

On behalf of the Board of Directors



Paul Kopejtka
Executive Chairman
Perth, Western Australia
26 September 2014

PITCHER PARTNERS
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ASCOT RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Ascot Resources Limited and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements,* that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ASCOT RESOURCES LIMITED

Opinion

In our opinion:

(a) the consolidated financial report of Ascot Resources Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 24 to 29 of the directors' report for the year ended 30 June 2014. The directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Ascot Resources Limited and its controlled entities for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

Pitcher Partners Corporate & Audit (WA) Pty Ltd

PITCHER PARTNERS CORPORATE & AUDIT (WA) PTY LTD

Paul Mulligan
Executive Director
Perth, WA
26 September 2014

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AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Ascot Resources Limited and its controlled entities.

In relation to the independent audit for the year ended 30 June 2014, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) No contraventions of any applicable code of professional conduct.

This declaration is in respect of Ascot Resources Limited and the entities it controlled during the year.

Pitcher Partners Corporate & Audit (WA) Pty Ltd

PITCHER PARTNERS CORPORATE & AUDIT (WA) PTY LTD

Paul Mulligan

Paul Mulligan
Executive Director
Perth, WA
26 September 2014

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The following additional information was applicable as at 26 September 2014.

a) Fully paid ordinary shares

- There are a total of 130,926,026 ordinary fully paid shares on issue, all of which are listed on the ASX;
- The number of holders of fully paid ordinary shares is 333;
- Holders of fully paid ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company;
- There are no preference shares on issue.

Distribution of fully paid ordinary shareholders is as follows:

Distribution of Holders	Number of Fully Paid Ordinary Shareholders
1 - 1,000	9
1,001 - 5,000	54
5,001 - 10,000	30
10,001 - 100,000	173
100,001 and above	67
TOTAL	**333**

b) Holders of non-marketable parcels

Holders of non-marketable parcels are deemed to be those who shareholding is valued at less than $500:

- There are 19 shareholders who hold less than a marketable parcel of shares.
- The number of fully paid ordinary shareholdings held in less than marketable parcels is 19,221.

c) Substantial shareholders

As at report date there are three substantial shareholders:

Name	No. of shares held
Ochre Group Holdings Ltd	50,000,000
Merrill Lynch Aust Nom PL	25,647,289
C-Sand PTD Ltd	19,625,811

d) Share buy-backs

There is no current on-market buy-back scheme.

e) Shares approved not yet issued

As at report date, there are no shares approved that have not been issued.

f) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes (at present there are none) at general meetings of shareholders or classes of shareholders:

(i) each shareholder is entitled to vote and may vote in person or by proxy, attorney or representative;
(ii) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
(iii) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held, or in respect of which he/she has appointed a proxy, attorney or representative, is entitled to one vote per share held.

g) Top 20 Shareholders

The top 20 largest fully paid ordinary shareholders together held 89.55% of the securities in this class and are listed below:

	Holder Name	Designation	Quantity	% Holding
1	Ochre Group Holdings Ltd		50,000,000	38.19%
2	Merrill Lynch Aust Nom PL		25,647,289	19.59%
3	C-Sand PTE Ltd		19,625,811	14.99%
4	Kopejtka Paul & Karen	Kopejtka Fam A/C	3,220,000	2.46%
5	Sedgman Ltd		3,070,236	2.35%
6	HSBC Custody Nom Aust Ltd		2,701,047	2.06%
7	Sales Carbocoal + ATS		2,350,000	1.79%
8	Waugh Barry Arthur		1,753,173	1.34%
9	Winterfell Nom PL		1,524,736	1.16%
10	Caruso Andrew James	Caruso Fam A/C	1,500,000	1.15%
11	Lawerence Chris Paul		1,000,000	.76%
12	Jemaya PL	Featherby Fam A/C	1,000,000	.76%
13	Thomson Linvana		675,000	.52%
14	RCF MGNT LLC		524,823	.40%
15	Ball Michelle Luana		520,000	.40%
16	Elite Sky Inv Ltd		473,608	.36%
17	Romfal Sifat PL	Fizmail Fam A/C	450,000	.34%
18	Incus Inv PL		430,000	.33%
19	Confadent Ltd		411,000	.31%
20	David Tippett SMSF PL	David Tippett SMSF	375,000	.29%
		Top 20 total	**17,251,723**	**89.55%**

h) Listing Rule Waiver

During the year ended 30 June 2014, the Company obtained a waiver of ASX Listing Rule 7.3.2 for the payment of interest due to Resource Capital Fund V L.P ('RCF') under the RCF Loan Note payable quarterly through the issue of shares to RCF. As at the date of this report, 76,692 shares had been issued to RCF in lieu of interest payable of $13,805.

i) Options

The following options over unissued ordinary shares are on issue:

	Number	Issued Date	Expiry Date	Exercise Price $	No. of option holders
Unlisted Options					
Employee Incentive Options	400,000	22/02/2013	22/02/2016	$0.40	1
Executive Performance Rights	50,750,000	23/5/14	N/a	Nil	2
	51,150,000				

The unissued ordinary shares of the Company under option carry no dividend or voting rights. The grant date equals the vesting date for all options. When exercisable, each option is convertible into one ordinary share of the Company.

j) Tenements

At the date of signing the Directors report the Company held or was the beneficial owner of the following tenements:

TENEMENT No.	STATUS	OWNERSHIP	PROJECT
HJBN-04	GRANTED	REGISTERED	TITIRIBI
HJID-06	GRANTED	REGISTERED	TITIRIBI
HJLI-01	GRANTED	REGISTERED	TITIRIBI
M47/1423	GRANTED	BENEFICIAL OWNER	WONMUNNA
M47/1425	GRANTED	BENEFICIAL OWNER	WONMUNNA
M47/1424	GRANTED	BENEFICIAL OWNER	WONMUNNA
E47/1137	GRANTED	BENEFICIAL OWNER	WONMUNNA

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