

QUARTERLY ACTIVITIES REPORT AS AT 31 DECEMBER 2013

ASX Code: AZQ

Securities on Issue

48.5m Ordinary Shares
10.6m unlisted Options
16.5m unlisted Executive Incentives

Directors

Andrew Caruso
(Executive Chairman)

Paul Kopejtka
(Non-Executive Director)

Francis De Souza
(Non-Executive Director)

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SECOND QUARTER – HIGHLIGHTS

TITIRIBI COAL PROJECT

- Subsequent to quarter end and following the acquisition of neighbouring concessions at Titiribi, AZQ announced a c.130% JORC Resource upgrade to 18.8Mt.
 - This upgrade was based on a projection of previous drilling results and supported by geological mapping and resistivity analysis
 - Preliminary coal quality analysis shows that the coal has coking properties
- Carbones de Titiribi joint venture (AZQ 90%) successfully negotiates acquisition of three neighbouring concessions along strike covering the areas known as Arrayanal, Floresta, Arbolitos and Rio Amaga. Resultant increase in land holding (c. 250%) is expected to increase project mineralisation.
- Targeting commencement of preliminary drilling programme at Arrayanal during H2 FY14 to increase the Project's maiden resource beyond recent upgrade.
- Successful renegotiation of joint venture agreement on more favourable terms.

CORPORATE

- Completion of placement of 4.9 million shares to sophisticated and professional investors raising \$220,500 (before costs) during November.
- Entry into further loan note agreement with existing cornerstone investor, Resource Capital Fund V L.P. raising an additional \$400,000 by way of the issue of a 17-month, unsecured loan note convertible at RCF's election into ordinary shares at \$0.06 per share.

FINANCIAL

- At 31 December 2013 the Company had cash reserves of A\$0.43 million.
- At 31 December 2013 the Company had a market capitalisation of A\$3.5 million (based on a share price of A\$0.073).

PROJECT ACTIVITIES

TITIRIBI COAL PROJECT

In December, the Carbones de Titiribi Joint Venture (**CdTJV**), in which Ascot holds a 90% interest, successfully negotiated the acquisition of three additional concessions immediately surrounding those already comprising the Titiribi Coal Project (the **Project**).

The three concessions cover the areas known as Arrayanal, Floresta, Arbolitos and Rio Amaga Collectively, these areas comprise c.503 hectares, representing a 250% increase in the CTJV's existing land holding, and are expected to significantly increase the coal mineralisation of the Project.

Total consideration paid by Ascot for the acquisition was US\$50,000, with effective transfer of the tenements into the CdTJV expected to occur during Q4 FY14.

The concessions are known to be host to the Amaga coal formation, which is expected to contain all economic mineralisation – refer to diagram below. Analysis of geological mapping and non-invasive geophysical exploration work reflects potential for sizeable mineralisation in the Arrayanal concession alone, suggesting that collectively the areas present an opportunity for Ascot to increase the Project's resource estimate and, in turn, the company's underlying value and investment return.

Ascot's current base case modelling and pre-feasibility work do not account for this potential upside.

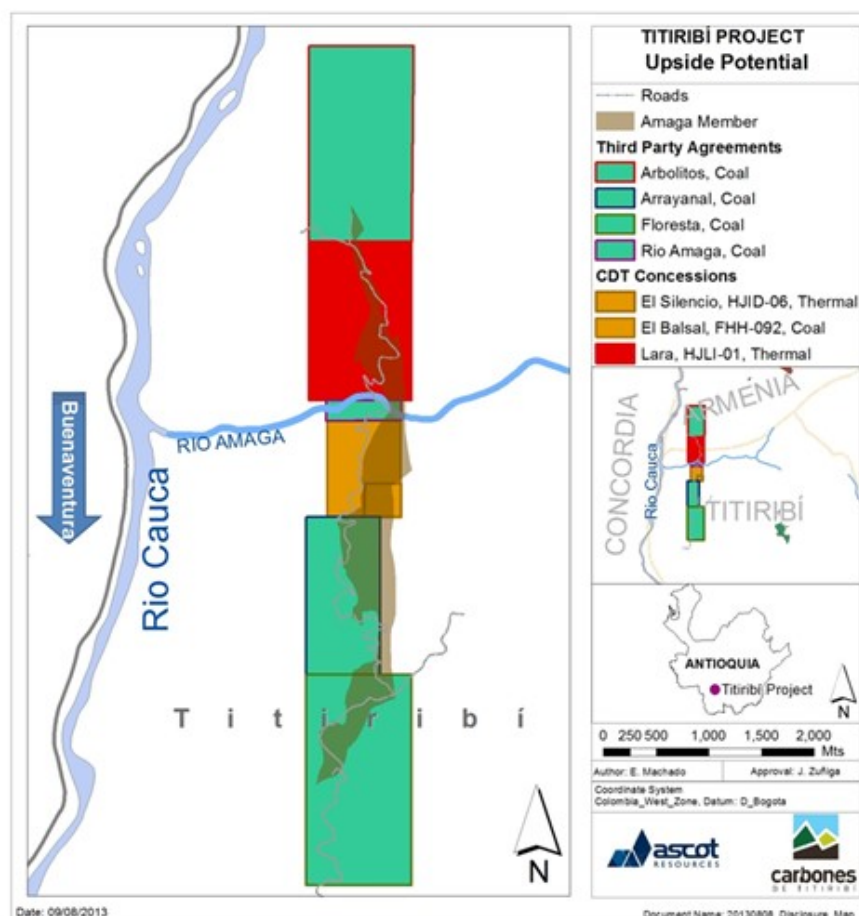


Figure 1: Amaga coal formation

Following effective transfer of the concessions into the CdTJV, Ascot will seek to expedite exploration and drilling works within the Arrayanal concession and aim to increase the existing project resource estimate, as well as update the PFS, during H2 FY14.

Renegotiation of CdTJV Agreement

During the quarter, Ascot also successfully renegotiated certain key terms of the CdTJV Agreement (**the Agreement**) on more favourable terms. Major changes to the original terms of the Agreement include i) a US\$700,000 reduction in payments due at initial commercial exploitation to US\$300,000, ii) simplified JORC-linked Resource production royalty of US\$0.90/t, iii) removal of the JORC-linked Reserve payment structure, and iv) removal of dilution clauses which previously allowed Ascot's JV partner to increase its share in the CdTJV.

Events subsequent to quarter end

In January 2014, following the acquisition of the additional concessions (referred to above) adjacent to the Company's existing concessions at its 90%-owned Titiribi Project in Colombia, Ascot announced an increase to its maiden JORC Resource by c.130% (or 10.1Mt) to 18.8Mt. The revised estimate was prepared by the Company's independent geological consultant, Behre Dolbear and Company Inc. in the USA, and was underpinned by the agreement to acquire acquisition a culmination of further analysis of drilling and exploration work conducted in 2013.

The following table summarises the categorisation of the Resource estimate for each concession, prepared in accordance with the JORC (2012) Code.

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

URABÁ COAL PROJECT

In July 2013, Ascot entered into a conditional agreement to acquire a 90% interest in a ~5,000 hectare coal mining concession located near the Gulf of Urabá in the Department of Antioquia, Colombia. Shareholders approved entry into the transaction at a general meeting held in October 2013.

During the quarter, Ascot continued to undertake due diligence and is targeting completion of the acquisition in late Q3 / early Q4 of FY14.

MCPHEES GOLD PROJECT

No exploration activities or related work was undertaken on the McPhees Gold Project during the quarter. Ascot continues to evaluate its options, including the potential divestment of the project.

MINING TENEMENTS

For details of mining tenements held, acquired or disposed of by Ascot during the quarter, refer to Appendix 1 of this report.

CORPORATE

Fundraising

In November 2013, Ascot successfully raised \$220,500 (before costs) through a placement to sophisticated and professional investors of circa 4.9 million ordinary shares at an issue price of \$0.045 per share.

The Company also secured additional funding of \$400,000 from specialist mining private equity firm and existing cornerstone investor Resource Capital Fund V L.P. through the issue of a 17-month unsecured loan note (**the Note**). The Note is convertible at RCF's election at a price of \$0.06 per share and carries a coupon rate of 14% per annum, payable quarterly in arrears, at Ascot's discretion, in cash or Ascot shares (or a combination thereof), with any shares being issued at 5% discount to prevailing market prices.

Ascot has undertaken to obtain requisite shareholder approvals to enable conversion of the note by RCF within 3 months of its issue, otherwise the Note becomes immediately repayable. A general meeting of shareholders will be convened during Q3 FY14.

The net proceeds from Ascot's capital management initiatives were, and will continue to be, used as working capital to fund 2014 operations and ongoing works at the Company's flagship Titiribi Project.

Annual General Meeting

Ascot's annual general meeting was held on 28 November 2013. All resolutions were passed, including the election and re-election of Andrew Caruso and Francis de Souza, respectively, as directors of the Company.

FINANCIAL

At 31 December 2013 the Company had cash reserves of A\$0.43 million.

JORC 2012 Compliance Statement

The information in this report that relates to Exploration Results or Mineral Resources is extracted from the report entitled '130% Resource Upgrade at Titiribi Coal Project' created on 24 January 2014 released to ASX and is available to view on www.ascotresources.com. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement

About Ascot Resources Limited

Ascot Resources Limited ('Ascot') is an ASX listed coal explorer and developer. Its major asset is its 90% JV interest in the Titiribi Coal Project located in the Department of Antioquia, Colombia. The region is known for its high quality coal. With the Project site being located only 70km from State Capital Medellin, it is close to existing utilities and infrastructure. It is Ascot's intention to grow the company via asset acquisition and it will continue to actively evaluate new business opportunities within Colombia.

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

Andrew Caruso

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APPENDIX 1 - MINING TENEMENTS

Pursuant to ASX Listing Rule 5.3.3, the Company provides the following information in relation to mining tenements held at the end of the quarter and acquired or disposed of during the quarter and their locations.

Mining tenements held as at 31 December 2013 and their location

Tenement/ Concession No.	Status	Location	Registered Holder
FHH-092	Granted	Antioquia, Colombia	Carbones de Titiribi SAS
HJID-06	Granted	Antioquia, Colombia	Carbones de Titiribi SAS
HJLI-01	Granted	Antioquia, Colombia	Carbones el Basal SAS
E45/3648	Granted	Pilbara, Western Australia	Ascot Resources Ltd
E45/2783	Granted	Pilbara, Western Australia	Ascot Resources Ltd

Mining tenements acquired or disposed of during the quarter and their location

During the quarter, agreements were entered into under which Carbones de Titiribi SAS ('CdT') will acquire the areas known as Arrayanal, Rio Amaga, and Floresta and Arbolitos, each of which are located in Antioquia, Colombia. Ascot holds 90% of the issued capital in CdT. Each of these areas form part of concession application numbers 5849 and 5837 but have yet to be allocated individual concession numbers.

No tenements were disposed of during the quarter.

Beneficial percentage interests held in farm-in or farm-out agreements as at 31 December 2013

Nil

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter

Nil