

## QUARTERLY ACTIVITES REPORT AS AT 30 JUNE 2013

### ASX Code: AZQ

#### Securities on Issue

33.6m Ordinary Shares (quoted)  
4.3m Options (unlisted)

#### Directors

Andrew Caruso  
(Executive Chairman)

Paul Kopejka  
(Non-Executive Director)

Francis De Souza  
(Non-Executive Director)

Joseph van den Elsen  
(Non-Executive Director)

#### Contact details

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## FOURTH QUARTER – HIGHLIGHTS

### **Titiribi Coal Project**

- ➔ Phase 1 Drilling completed during the quarter.
- ➔ Maiden JORC Coal Resource estimate completed in July 2013 of 8.1Mt at Titiribi Project classified as 5.2Mt measured, 0.7Mt Indicated and 2.2Mt Inferred.
- ➔ Coal quality analysis performed during and subsequent to quarter end indicates Titiribi hosts a medium to high volatile semi-soft coking coal with relatively low ash, low phosphorous and average sulphur values with Free Swelling indices (FSI) up to 8.5 and gross calorific values averaging around 7,000 kCal/kg.
- ➔ During July 2013, entered into a conditional, binding Heads of Agreement to acquire a 90% interest in a ~5,000 hectare coal mining concession located near the Gulf of Uraba in the Department of Antioquia, Colombia.

### **Corporate**

- ➔ Successful negotiation and completion of an agreement with Resource Capital Fund V L.P. for the issue of a 2-year unsecured loan note raising AUD\$1.22m.
- ➔ Subsequent to the end of the quarter, the Company successfully executed a \$650,000 loan note agreement with its Executive Chairman.
- ➔ With effect from 29 July 2013, Mr Paul Kopejka stepped down as Executive Chairman and will continue with the Company as a Non-Executive Director.
- ➔ Also with effect from 29 July 2013, Mr Andrew Caruso was appointed Executive Chairman of the Company. Mr Caruso was previously Managing Director and Chief Executive Officer of the Company.

### **Financial**

- ➔ At 30 June 2013 the Company had cash reserves of A\$0.88 million.
- ➔ At 30 June 2013 the Company had a market capitalisation of \$2.02 million (based on a share price of \$0.06).

## PROJECT ACTIVITIES

### TITIRIBI COAL PROJECT

#### Completion of Phase 1 Drilling

During June 2013, the Company completed the Phase 1 Drilling program, which included a total of 24 drill holes comprising 17 HQ diamond drill holes (totalling 2,898m) and 7 open holes (totalling 896m) within the El Balsal, El Silencio and Lara concessions.

#### Maiden JORC Coal Resource estimate

Subsequent to the end of the quarter, the Company announced its maiden JORC Resource estimate of 8.1Mt. The estimate was developed by the Company's independent consultants, Behre Dolbear and Company Inc. ('Behre Dolbear'). The categorization of the Resource is summarised in the table below for each concession area.

| JORC Resource Category | El Balsal / El Silencio<br>(Mt) | Lara<br>(Mt) | Total<br>(Mt) |
|------------------------|---------------------------------|--------------|---------------|
| Measured               | 5.2                             | 0            | 5.2           |
| Indicated              | 0.7                             | 0            | 0.7           |
| Inferred               | 0.4                             | 1.8          | 2.2           |
| Total                  | 6.3                             | 1.8          | 8.1           |

Table 1 - Titiribi Project JORC Coal Resource

The estimate is a culmination of extensive analysis of the Company's Phase 1 work program which included historical data review, photo geological interpretation, mapping, surface sampling, ground geophysics resistivity programs, tri-cone and core drilling and geological logging, down hole geophysical logging and core sample analysis.

Coal exhibiting coking properties has been discovered in the three concessions. Resistivity surveys and drilling has shown that the coal measures are underlain by an andesite intrusion that has improved the coal ranking to coking coal. This intrusion also cuts off some of the lower-most coal bearing strata.

Preliminary surface geophysical (resistivity) work on surrounding concessions, coupled with coal outcrop data, photo geological mapping and projections from existing drilling strongly suggest that coal resource estimates can be expanded beyond existing estimates.

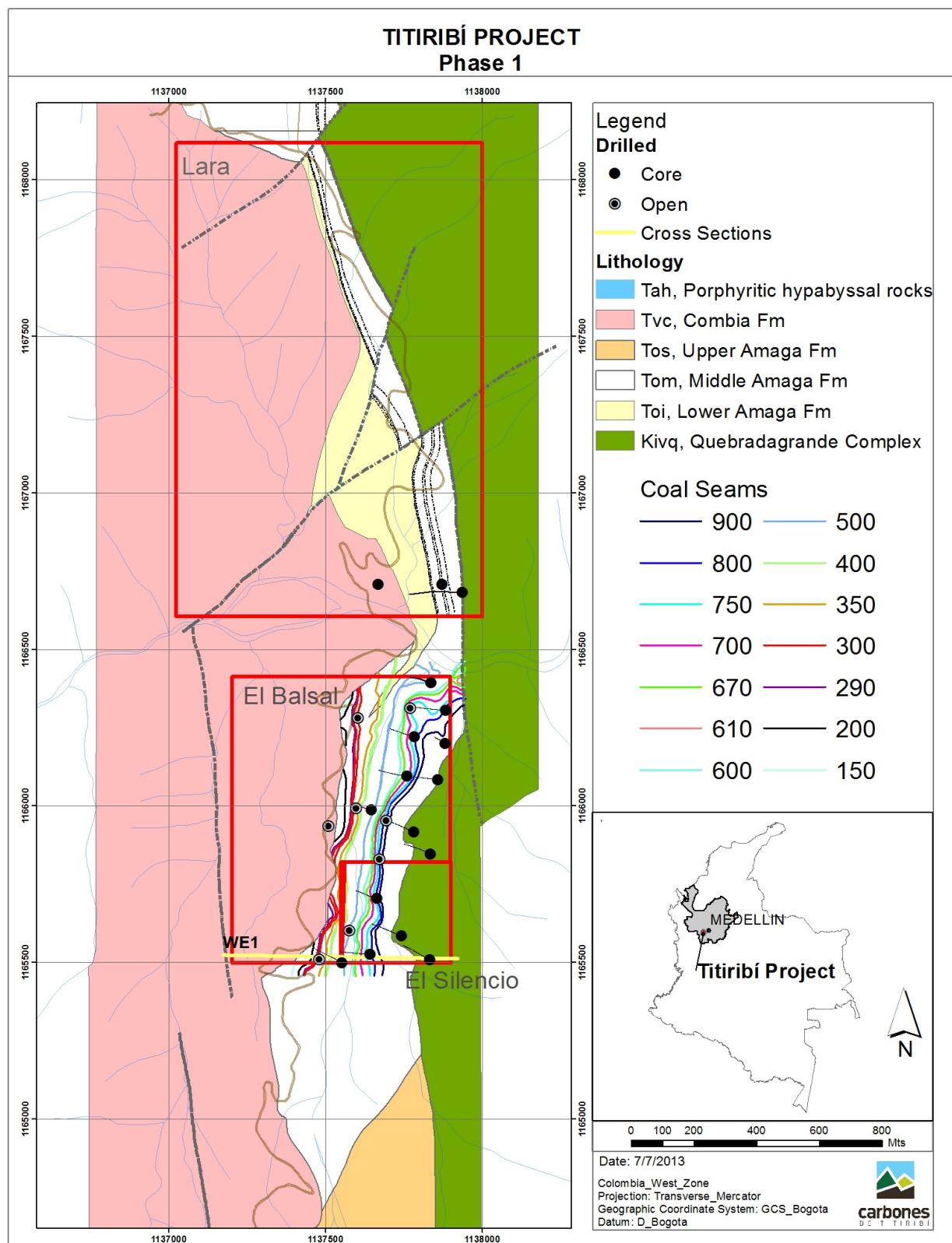


Figure 1: Location map illustrating geology, correlated coal seams and cross-sections

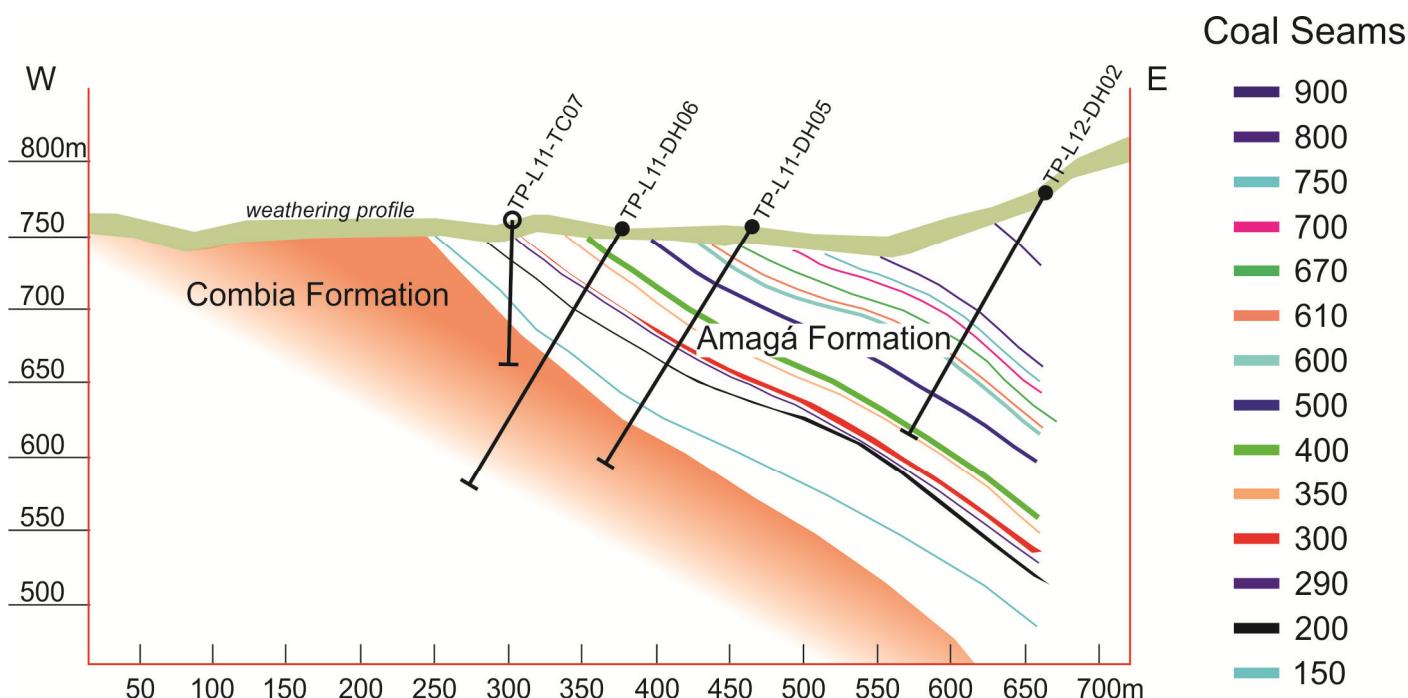


Figure 2: Cross Section WE-1 in the southern part of El Balsal/El Silencio – looking north

### Coal Quality

Analytical data from the 14 cored holes at El Balsal and El Silencio, comprising 85 coal samples, have been used to determine the coal quality model. Definitive coal quality results received from independent verification and testing specialists, the SGS Group, have been reviewed by Behre Dolbear to ascertain product and marketability. The review included study of 10 QA/QC samples. Some 15 samples were excluded due to insufficient sample recovery (< 80%). The table below provides a breakdown of the quality information on a weighted average basis across all intercepted seams.

| Raw Coal Quality <sup>1</sup>                           | Weighted Average <sup>2</sup> |
|---|-------------------------------|
| Total Moisture (% as received)                          | 8.1                           |
| Ash (% as tested)                                       | 8.5                           |
| Free Swelling Index (FSI) (% as tested)                 | 6.7                           |
| Phosphorous in Coal (% as tested)                       | 0.004                         |
| Volatile Matter <sup>3</sup> (% as tested)              | 36.0                          |
| Total Sulphur (% as tested)                             | 1.08                          |
| Calorific Value (CV) (Kcal/kg % as tested) <sup>4</sup> | 6,937                         |

Table 2 – Coal quality – weighted average of coal seams sampled and assayed

These results indicate that the Titiribí Project is host to a medium to high volatile semi-soft coking coal with relatively low ash, low phosphorous and average sulphur values with Free Swelling indices (FSI) up to 8.5 and gross calorific values averaging around 7,000 kCal/kg.

## Further Work

The Company has made significant progress on mine planning work with indication that the extraction of coal will likely be via open pit mining. Completion of the mine planning work and the Project Economic Study is anticipated by early August 2013.

In addition, the Company plans to resume exploration drilling in the Lara concession area in the second half of 2013, which is aimed at increasing confidence levels within Lara and expanding the overall Resource base for the Titiribi project.

Preliminary discussions have been held with local off-take and marketing parties in relation to the potential sale of coal from Titiribi. The potential marketability of the coal in local and export markets continues to be assessed by the Company and will provide guidance towards the completion of the Project Economic Study.

## MCPHEES GOLD PROJECT

The conditional agreement to sell the McPhees Gold Project automatically lapsed on 1 July 2013 due to the conditions precedent not being satisfied within the agreed timeframe.

The Company is currently exploring opportunities to divest its interest in the underlying tenements.

## QUARTZ HILL PROJECT

During June 2013, the Company sold its applications for Exploration Licences EL29137, EL29143 and EL29144, which are adjacent to the Quartz Hill Project, for nominal consideration to a subsidiary of Cazaly Iron Pty Ltd.

The abovementioned actions are consistent with the Company's current strategy which is focussed on the fast-track exploration and development of the Titiribi Coal Project and acquisition of new projects in Colombia.

## CORPORATE

During May 2013, the Company entered into a loan note agreement with mining-focused private equity investor Resource Capital Fund V L.P ('RCF') for the issue of a 2-year unsecured loan note ('the RCF Note') raising A\$1,220,000.

The RCF Note is convertible at RCF's election into ordinary fully paid shares in the Company at a conversion price of A\$0.18 per share. The Company has the ability to redeem the RCF Note on or after 9 May 2014 by giving the requisite notice to RCF.

The RCF Note carries a coupon rate of 14% per annum, payable quarterly in arrears. At the Company's election, coupons can be paid in the form of AZQ 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 4 July 2013, at which the requisite shareholder approvals were obtained to enable conversion of the RCF Note.

Subsequent to the end of the quarter, the Company entered into a loan note agreement with an entity associated with its Executive Chairman, 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 RCF Note, as outlined above and is convertible at the election of the noteholder into fully-paid ordinary shares in the Company at a conversion price of A\$0.18 per share.

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 AZQ 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 has undertaken to obtain the requisite shareholder approvals to enable conversion within 3 months of the issue 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.

With effect from 29 July 2013, Mr Paul Kopejtka stepped down as Executive Chairman and will continue with the Company as a Non-Executive Director. Also with effect from 29 July 2013, Mr Andrew Caruso will be appointed Executive Chairman of the Company. Mr Caruso is currently Managing Director and Chief Executive Officer of the Company.

## FINANCIAL

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At 30 June 2013 the Company had cash reserves of \$0.88 million.

### ***Competent Persons Statement***

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by Mr Gardar Dahl, who is a Certified Professional Geologist and member of the American Institute of Professional Geologists, a Recognised Overseas Professional Organisation included in a list promulgated by the ASX from time to time.

Mr. Dahl is a Senior Associate with Behre Dolbear and Company (USA), Inc. Mr Dahl has sufficient experience which 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 2004 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.

### **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](http://www.ascotresources.com) or contact:

#### **Andrew Caruso**

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