ASCOT RESOURCES LIMITED
Independent Expert's Report

22 January 2016

BDO

Financial Services Guide

22 January 2016

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 (**'we'** or **'us'** or **'ours'** as appropriate) has been engaged by Ascot Resources Limited (**'Ascot'**) to provide an independent expert's report on the Proposed Transaction to issue shares to Resource Capital Funds V L.P (**'RCF'**) on conversion of existing Convertible Loans from RCF to Ascot. You will be provided with a copy of our report as a retail client because you are a shareholder of Ascot.

Financial Services Guide
In the above circumstances we are required to issue a Financial Services Guide (**'FSG'**) to you, as a retail client. This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and
- Our internal and external complaints handling procedures and how you may access them.

Information about us
BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide
We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice
We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

Fees, commissions and other benefits that we may receive
We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately $18,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Other Assignments
BDO Corporate Finance (WA) Pty Ltd prepared an independent expert's reports for Ascot:

- dated 11 April 2014 relating to the proposed acquisition of the Wonmunna Iron Ore Project, owned by Ochre Group Holdings Limited for a fee of $28,000; and
- dated 13 October 2014 relating to a proposed issue of shares to RCF for a fee of $18,000.

BDO Corporate Tax (WA) Pty Ltd performed professional services in relation to the review of the Ascot Income Tax Return and Fringe Benefits Tax advice for a fee of $7,500 in May 2014. For the June 2014 financial statements a review of the income tax computation including a review of deferred tax assets and liabilities occurred for a fee of $2,000. BDO Corporate Tax (WA) Pty Ltd performed professional services in relation to the preparation and lodgement of the Ascot Income Tax Return for a fee of $6,500 in April 2015. For the June 2015 financial statements a review of the income tax computation including a review of deferred tax assets and liabilities occurred for a fee of $2,750. BDO Corporate Tax (WA) Pty Ltd also provided additional tax services for a fee of $1,650 during February and March 2015.

Remuneration or other benefits received by our employees
All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Ascot for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals
We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution
Internal complaints resolution process
As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme
A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ('**FOS**'). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details
You may contact us using the details set out on page 1 of the accompanying report.

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22 January 2016

The Directors
Ascot Resources Limited
512 Hay Street
Subiaco WA 6008

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

Ascot Resources Limited ('**Ascot**') proposes to issue 815,660 shares during the two quarters to 30 June 2016 and 12,200,000 shares on 30 June 2016 to Resource Capital Funds V L. P. ('**RCF**') ('**Proposed Transaction**'). The issue will be the result of the issue of shares in lieu of interest and the conversion of a convertible note originally issued to RCF under the terms of a Loan Note Agreement dated 17 May 2013 ('**Loan Note**').

On 22 September 2015 Ascot and RCF entered into an Amendment Deed which extended the maturity date of the Loan Note until 30 June 2016 and reduced the conversion price to $0.10 per share ('**September 2015 Amendment Deed**').

We understand that the Proposed Transaction is subject to approval by the shareholders of Ascot, which is to be sought under item 7 of section 611 of the Corporations Act 2001 ('**The Act**'), as the issue of shares in June 2016 is expected to result in RCF increasing its interest in the issued shares of Ascot from an interest which will be greater than 20% prior to the Proposed Transaction by an amount which will be in excess of the 3% every 6 months which is allowed under the Act.

Our report will provide an opinion as to whether we consider the Proposed Transaction to issue shares to RCF (and by which RCF will increase its interest in Ascot by an amount in excess of 3% of the total issued capital of Ascot from an interest in excess of 20% prior to the Proposed Transaction) to be fair and reasonable for Ascot shareholders.

Refer to Section 4 of our report for further details surrounding the Proposed Transaction.

2. Summary and Opinion

2.1 Purpose of the report

The directors of Ascot have requested that BDO Corporate Finance (WA) Pty Ltd (‘**BDO**’) prepare an independent expert’s report (‘**our Report**’) to express an opinion as to whether or not the Proposed Transaction is fair and reasonable to the non-associated shareholders of Ascot (‘**Shareholders**’).

Our Report is prepared pursuant to section 611 of the Act and is to be included in the Explanatory Memorandum for Ascot in order to assist the Shareholders in their decision whether to approve the Proposed Transaction.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission (‘**ASIC**’) Regulatory Guide 74 ‘Acquisitions Approved by Members’ (‘**RG 74**’) , Regulatory Guide 111 ‘Content of Expert’s Reports’ (‘**RG 111**’) and Regulatory Guide 112 ‘Independence of Experts’ (‘**RG 112**’).

In arriving at our opinion, we have assessed the terms of the Proposed Transaction as outlined in the body of this report. We have considered:

- How the value of an Ascot share prior to the Proposed Transaction on a controlling basis compares to the value of an Ascot share following the Proposed Transaction on a minority basis;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Proposed Transaction; and
- The position of Shareholders should the Proposed Transaction not proceed.

2.3 Opinion

We have considered the terms of the Proposed Transaction as outlined in the body of this report and have concluded that the Proposed Transaction is fair and reasonable to Shareholders.

In our opinion, the Proposed Transaction is fair because the value of an Ascot share prior to the Proposed Transaction on a controlling basis is in a similar range to the value of an Ascot share following the Proposed Transaction on a minority basis. We consider the Proposed Transaction to be reasonable because the advantages of the Proposed Transaction to Shareholders are greater than the disadvantages. In particular, the following were key considerations in our determination of reasonableness:

- An improved working capital position arising from the reduced cash flow strain as a result of interest payable on and repayment of the Loan Note being settled through the issue of shares;
- A reduction in existing debt will strengthen the Company’s balance sheet and may increase the Company’s ability to raise the additional funds required for its long term development strategy; and
- Maintenance and strengthening of Ascot’s relationship with RCF as a key strategic investor.

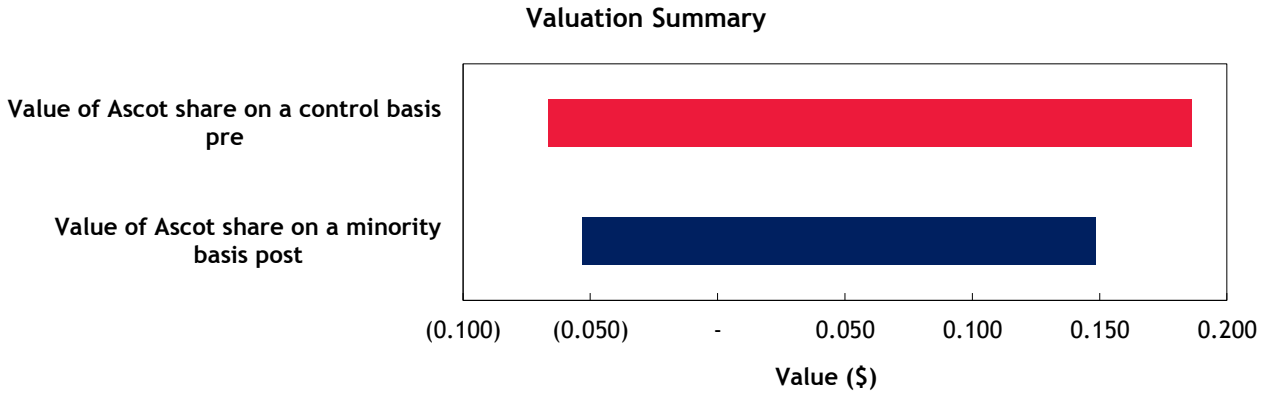
2.4 Fairness

In section 12 we determined how the value of an Ascot share prior to the Proposed Transaction on a controlling basis compares to the value of an Ascot share following the Proposed Transaction on a minority basis. This is set out below:

	Ref	Low $	Preferred $	High $
Value of an Ascot share prior to the Proposed Transaction on a controlling basis	10.3	(0.0668)	0.0004	0.1862
Value of an Ascot share following the Proposed Transaction on a minority basis	11.3	(0.053)	0.007	0.149

Source: BDO analysis

The above valuation ranges are presented graphically below:



The above pricing indicates that, in the absence of any other relevant information, the Proposed Transaction is fair for Shareholders as the preferred value of an Ascot share prior to the Proposed Transaction on a controlling basis is higher than the preferred value of an Ascot share following the Proposed Transaction on a minority basis.

We note that there is considerable overlap in the valuation ranges.

2.5 Reasonableness

We have considered the analysis in section 13 of this report, in terms of both the:

- advantages and disadvantages of the Proposed Transaction; and
- other considerations, including the position of Shareholders if the Proposed Transaction does not proceed and the consequences of not approving the Proposed Transaction.

In our opinion, the position of Shareholders if the Proposed Transaction is approved is more advantageous than the position of Shareholders if the Proposed Transaction is not approved. Accordingly, we believe that the Proposed Transaction is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	**Advantages**	**Section**	**Disadvantages**
13.4	The Proposed Transaction is fair	13.5	Dilution of existing shareholders' interests
13.4	The Proposed Transaction will put the Company under less cash flow strain		
13.4	The ability of Ascot to raise additional funds may increase		
13.4	Strengthens the Company's relationship with one of its cornerstone investors		

Other key matters we have considered include:

Section	Description
13.1	Alternative Proposal
13.2	Practical level of control
13.3	Consequences of not approving the Proposed Transaction

3. Scope of the Report

3.1 Purpose of the Report

Section 606 of the Act expressly prohibits the acquisition of shares by a party if that acquisition will result in that person (or someone else) increasing their interest:

- from 20% or below to more than 20%; or
- from a starting point that is above 20% and below 90%,

unless a full takeover offer is made to all shareholders.

As at the date of the report, RCF and its associates own 34,364,337 shares in Ascot, representing an interest of 24.57%. However, following the Proposed Transaction, RCF may receive up to 13.052 million shares through the exercise of the Loan Note and the issue of shares in lieu of interest payments, giving them a maximum interest of 31.00%.

Section 611 permits such an acquisition if the shareholders of that entity have agreed to the issue of such shares. This agreement must be by resolution passed at a general meeting at which no votes are cast in favour of the resolution by any party who is associated with the party acquiring the shares, or by the party acquiring the shares. Section 611 states that shareholders of the company must be given all information that is material to the decision on how to vote at the meeting.

RG 74 states that the obligation to supply shareholders with all information that is material can be satisfied by the non-associated directors of Ascot by either:

- undertaking a detailed examination of the Acquisition themselves, if they consider that they have sufficient expertise; or
- by commissioning an Independent Expert's Report.

The directors of Ascot have commissioned this Independent Expert's Report to satisfy this obligation.

3.2 Regulatory guidance

Neither the Australian Securities Exchange Listing Rules nor the Act defines the meaning of 'fair and reasonable'. In determining whether the Proposed Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that where the Proposed Transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism to effect it. RG 111 suggests that where a transaction is a control transaction, it should be analysed on a basis consistent with a takeover bid.

In our opinion, the Proposed Transaction is a control transaction as defined by RG 111 and we have therefore assessed the Proposed Transaction as a control transaction to consider whether, in our opinion, it is fair and reasonable to Shareholders.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable

and willing, but not anxious buyer and a knowledgeable and willing, but not anxious seller, acting at arm's length. When considering the value of the securities which are the subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between value of an Ascot share prior to the Proposed Transaction on a controlling interest basis and the value of an Ascot share following the Proposed Transaction on a minority interest basis (fairness – see Section 12 'Is the Proposed Transaction Fair?'); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the Proposed Transaction, after reference to the value derived above (reasonableness – see Section 13 'Is the Proposed Transaction Reasonable?').

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('**APES 225**').

A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

BDO

4. Outline of the Proposed Transaction

Original details of the Loan Note:

The details of the Loan Note were originally as follows:

- on 17 May 2013 Ascot entered into a two year unsecured loan note to raise $1,220,000;
- the Loan Note was convertible at RCF's election at a conversion price of $0.18 per share;
- the Loan Note carried a coupon rate of 14% per annum, payable quarterly in arrears; and
- at Ascot's election the coupon may be paid in the form of Ascot shares, cash or a combination of cash and shares.

Subsequent amendments to the Loan Note:

On 20 May 2015, Ascot announced that it had reached agreement with RCF for the maturity date of the Loan Note to be extended from 17 May 2015 to 17 September 2015.

Also on 20 May 2015, RCF converted a separate convertible note agreed to in December 2013 to equity in Ascot at a conversion price of $0.12 per share.

22 September 2015, Ascot announced that it had reached an agreement with RCF to further amend the Loan Note as follows:

- maturity date extended from 17 September 2015 to 30 June 2016; and
- should RCF elect to convert the Loan Note into Ascot shares they will convert at $0.10 per share, a reduction from $0.36 per share (on a consolidated basis)*.

* In May 2014, Ascot's shareholders approved a one for two share consolidation.

4.1 Shareholding of Ascot following the Proposed Transaction

Based on the information provided to us by Ascot in relation to the Proposed Transaction, the number of shares involved in the Proposed Transaction is as set out below. We note that this information is subject to any additional issues prior to conversion on 30 June 2016.

Dilution Scenario	RCF	Other Shareholders	Total
Existing shareholding			-
Issued shares as at the date of our Report	34,364,337	105,521,136	139,885,473
% holdings as at the date of our Report	24.57%	75.43%	100.00%
Loan Note			
Shares issued on conversion of principal on Loan Note	12,200,000	-	12,200,000
Shares issued in lieu of interest on Loan Note	851,660	-	851,660
Total number of shares outstanding following conversion	**47,415,997**	**105,521,136**	**152,937,133**
% holdings following conversion	**31.00%**	**69.00%**	**100.00%**

5. Profile of Ascot

5.1 History

Ascot Resources formerly known as Epic Resources Limited, was incorporated on 24 September 2010, listed on the Australian Securities Exchange ('**ASX**') on 14 February 2011 and changed its name to Ascot on 10 December 2012. The Company is focused on coal and iron ore exploration and development in Australia (iron ore) and Colombia (coal).The current directors of Ascot are:

- Mr Paul Kopejtka, Executive Chairman;
- Mr Andrew Caruso, Executive Director;
- Mr Francis De Souza, Non-Executive Director;
- Mr Shahb Richyal, Non-Executive Director;
- Mr Nathan Featherby, Non-Executive Director;
- Mr Mike Young; Non-Executive Director; and
- Mr Chris Corbett; Non-Executive Director.

5.2 Recent developments

At its Annual General Meeting on 13 November 2015, the shareholders of Ascot voted in support of a resolution to request delisting of the Company from the ASX. The notice of meeting recommended this course of action based on the directors being of the opinion that the value of the Wonmunna Project was not reflected in the price of the Company's shares. By delisting, the Company sought to avoid ongoing compliance costs and allows management to focus on value-adding activities.

On 27 November 2015 Ascot announced that 78 shareholders holding unmarketable parcels of shares had taken up the Company's offer to buy-back their shares for $0.05 per share. Following the end of the buy-back process 447,834 shares held in unmarketable parcels were bought back.

The Company was officially delisted from the ASX on 24 December 2015.

5.3 Projects

The Company's major asset is the Wonmunna Iron Ore Project. It also owns a 90% joint venture interest in the Titiribi Coal Project. Set out below is a short description of Ascot's projects.

Wonmunna Iron Ore Project

On 22 September 2014, Ascot completed the acquisition of Wonmunna from Ochre Group Holdings Limited ('**Ochre**') following the completion of due diligence and the signing of a Sale Purchase Agreement.

Wonmunna is located in the East Pilbara region of Western Australia, 80 km northwest of Newman and 375 km south of Port Hedland. The Project comprises one granted exploration license, E47/1137 and three mining leases, M47/1423, M47/1425 and M47/1425. Located adjacent to the project area are two major operating iron ore mines, Rio Tinto's West Angelas and Hope Downs, both of which are located within 20 km of the lease boundary.

Wonmunna comprises four primary deposits, North Marra Mamba, Central Marra Mamba, East Marra Mamba and South Marra Mamba and the area is intersected by the Great Northern Highway which provides direct access to Port Hedland.

Since acquiring the Wonmunna Project the Company's focus has been on developing a viable business case and positioning itself best for financing into production. The Company Update on 6 October 2015 stated that when market conditions improve the Wonmunna Project will be in an advanced stage and able to be brought into production relatively quickly.

On 6 October 2015, Ascot's directors decided that further activity on the Wonmunna Project will be limited to enhancing the value of the project through targeted exploration, resource drilling and value improvement initiatives. The Company will also focus on obtaining any further necessary approvals to underpin a potential future project financing package. Ascot has made this decision in light of the uncertain state of the iron ore market and volatile market conditions in general, with activity to be limited until the outlook stabilises and improves.

Titiribi Project

Ascot holds a 90% interest in the Carbones de Titiribi Joint Venture Coal Project ('**Titiribi**') which is located in the Department of Antioquia, Colombia. The project site is located 70 km from the state capital of Medellin and spans a total area of approximately 212 hectares. Titiribi consists of three mining concessions:

- El Silencio;
- El Balsal; and
- Lara.

In December 2013, the Carbones de Titiribi Joint Venture project acquired an additional four mining concessions covering the areas known as Arrayanal, Floresta, Arbolitos and Rio Amagá, representing a 250% increase in the joint venture's existing landholding.

Ascot has continued to progress its submission for environmental approval of a potential underground mine at Titiribi, maintaining a small presence in Columbia to advance its interests and retain optionality in the event of improvements in the coal markets.

Uraba Coal Project

In July 2013, Ascot entered into a conditional, binding Heads of Agreement with Hampshire Mining Pty Ltd, for the acquisition of a 90% interest in a coal concession located within the Uraba region of the Department of Antioquia, Colombia. The Uraba concession covers an area of approximately 5,000 hectares and outlines a coal-bearing zone that is approximately 21 km long and 2.5 km wide.

In June 2015, Ascot agreed to pay $20,000 for Carb Uraba SAS, which holds three applications covering 6,000 hectares. Ascot also entered into a Deed or Release and agreed to pay $30,000 to Hampshire Mining Pty Ltd for the use of technical information and a 'first option' in relation to the potential acquisition of a 90% interest in Carbone de Golfo. This agreement released Ascot from an obligation to pay $450,000.

5.4 Project Funding

The key funding events for Ascot in relation to its projects are summarised below.

Date	Item
17 May 2013	Ascot entered into a term sheet with RCF for the issue of a 2 year unsecured loan note raising $1,220,000. The funds were to be used for the completion of the Company's maiden Coal Resource estimate in accordance with JORC, at its 90% owned Titiribi coal project in Columbia. The note is convertible at RCF's election at a conversion price of $0.18 per share (pre consolidation), carrying a coupon rate of 14% per annum payable quarterly in arrears.
19 August 2013	Sedgman Limited agreed to a $1,000,000 investment in Ascot through: • A two year unsecured loan note for $500,000 (subsequently repaid), converting at Sedgman's election at a conversion price of $0.18 per share. The note carried a coupon rate of 14% per annum, payable quarterly in arrears in the form of Ascot shares, cash or a combination of cash and shares • A share placement of 5 million shares at $0.10 per share raising $500,000.
30 October 2013	Ascot raised $220,500 through a share placement of 4.9 million fully paid ordinary shares at an issue price of $0.045 per share. The proceeds provided the Company working capital to fund its existing operations and feasibility work at Titiribi coal project.
17 December 2013	Ascot entered into a term sheet with RCF for the issue of a 17 month unsecured loan note, raising $400,000. The loan note is convertible at RCF's election at a conversion price of $0.06 per share. The note carries a coupon rate of 14% per annum payable quarterly in arrears and at Ascot's election, whether it is paid in Ascot shares, cash, or a combination of cash and shares.
6 March 2014	RCF agreed to invest $750,000 by way of an equity placement, subscribing to 9,803,922 fully paid ordinary shares at $0.0765 per share. Ascot issued an additional 1,049,646 shares as payment for a $75,000 establishment fee.
5 September 2014	Ascot entered an agreement with Gunvor Group for a $5 million equity capital investment through the issue of 20 million new shares at an issue price of $0.25 per share. On the same day Ascot executed a Share Placement Agreement with RCF for a $5 million equity capital investment. RCF will subscribe to 20 million new shares, at an issue price of $0.25 per share, over two tranches: • **Tranche 1**: Comprises 18.8 million shares issued on completion of the acquisition of Wonmunna and satisfaction of the condition precedent to the issue of Gunvor shares. • **Tranche 2**: Comprises 1.2 million shares. This issue of these shares will result in RCF obtaining a relevant interest in Ascot in excess of 20% and as a result approval was sought (and received) at the 2014 Annual General Meeting held on 27 November 2014.
20 May 2015	RCF elected to convert an amount of $400,000 subscribed under a loan note agreement, entered into on 17 December 2013, into fully paid ordinary shares at a conversion price of $0.12 per share. Ascot announced that RCF agreed to extend the maturity date of a loan note agreement entered into on 6 May 2013 from 17 May 2015 to 17 September 2015.

Date	Item
22 September 2015	Ascot and RCF reached an agreement to amend the loan note agreement entered into on 6 May 2013. The maturity date is to be extended from 17 September 2015 to 30 June 2016 and the conversion price will be reduced from $0.36 per share (post consolidation) to $0.10 per share.

5.5 Historical Balance Sheet

Statement of Financial Position	Audited as at 30-Jun-15 $	Audited as at 30-Jun-14 $
CURRENT ASSETS		
Cash and cash equivalents	3,155,239	2,013,066
Trade and other receivables	-	14,916
Other assets	68,362	64,778
TOTAL CURRENT ASSETS	3,223,601	2,092,760
NON-CURRENT ASSETS		
Plant and equipment	34,441	56,790
Exploration and evaluation expenditure	38,389,097	5,317,387
TOTAL NON-CURRENT ASSETS	38,423,538	5,374,177
TOTAL ASSETS	41,647,139	7,466,937
CURRENT LIABILITIES		
Trade and other payables	483,829	2,325,551
Interest bearing loans and borrowings	1,718,530	2,266,909
TOTAL CURRENT LIABILITIES	2,202,359	4,592,460
NON-CURRENT LIABILITIES		
Trade and other payables	16,314,239	-
Interest bearing loans and borrowings	-	493,193
Provisions	78,531	49,758
TOTAL NON-CURRENT LIABILITIES	16,392,770	542,951
TOTAL LIABILITIES	18,595,129	5,135,411
NET ASSETS	23,052,010	2,331,526
EQUITY		
Contributed equity	32,381,079	8,366,925
Reserves	6,925,676	1,575,875
Accumulated losses	(16,279,998)	(7,636,527)
Non-controlling interest	25,253	25,253
TOTAL EQUITY	23,052,010	2,331,526

Source: Audited financial statements for the years ended 30 June 2015 and 30 June 2014.

We note that the Company's auditor issued an Emphasis of Matter in the audited financial statements for the year ended 30 June 2015. This was described as follows:

"Without modifying our opinion, we draw attention to Note 3 (a) to the consolidated financial report which indicates that the Group incurred a net loss of $8,643,471 during the year ended 30 June 2015. As of that date, the Group has a cash balance of $3,155,239. However, in order to continue operations for the next 12 months the Group is dependent upon raising additional finance. These conditions, along with other matters as set forth in Note 3 (a), indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business."

We note the following in relation to Ascot's Statement of Financial Position:

- Cash and cash equivalents decreased from $3.15 million at 30 June 2015 to $1.91 million at 30 September 2015. The decrease is attributable to cash outflows of $0.36 million related to exploration and evaluation expenditure, $0.39 million related to administration expenses and repayment of a note agreement with Sedgman Limited totalling $0.5 million for the quarter ending 30 September 2015.
- Exploration and evaluation expenditure comprises expenditure relating to the Wonmunna, Titiribi and the Uraba Coal Project.
- Interest bearing loans as at 30 June 2015 comprised:
  - $1,219,609 representing the convertible note from RCF of $1,220,000 plus interest
  - $498,921 for a two year unsecured note from Sedgman Limited (subsequently repaid).
- The non-current trade and other payables balance comprises a stamp duty accrual, accrued interest and deferred consideration relating to the acquisition of the Wonmunna iron ore project from Ochre. Deferred consideration to Ochre for the acquisition of Wonmunna totals $19.95 million and is payable 5 years from the first shipment of ore with interest accruing on a semi-annual basis at 5.88%. It is shown in the balance sheet at net present value.

5.6 Historical Statement of Profit or Loss and Other Comprehensive Income

Statement of Comprehensive Income	Audited for y/e 30-Jun-15 $	Audited for y/e 30-Jun-14 $	Audited for y/e 30-Jun-13 $
Revenue			
Revenue and other income	87,540	52,413	103,443
Gain on payment of deferred consideration	-	209,000	-
Expenses			
Directors fees and other benefits	(18,000)	(63,647)	(332,192)
Share-based payments	(5,591,239)	(1,175,840)	(232,085)
Professional and consulting fees	(240,946)	(486,294)	(580,867)
Employment expenses	(1,113,963)	(1,144,128)	(195,780)
Management fees	-	-	(448,580)
Impairment of Exploration & evaluation expenditure	-	(46,833)	(335,831)
Exploration & evaluation expenditure (Wonmunna)	-	(473,702)	-
Other expenses	(1,766,863)	(1,118,060)	(645,251)
Loss before income tax	(8,643,471)	(4,247,091)	(2,667,143)

Statement of Comprehensive Income	Audited for y/e 30-Jun-15 $	Audited for y/e 30-Jun-14 $	Audited for y/e 30-Jun-13 $
Income tax expense	-	-	-
Loss after income tax	**(8,643,471)**	**(4,247,091)**	**(2,667,143)**
Foreign currency translation	(49,160)	9,871	(4,496)
Total loss from continuing operations	**(8,692,631)**	**(4,237,220)**	**(2,671,639)**

Source: Audited financial statements for the years ended 30 June 2015, 30 June 2014 and 30 June 2013.

We note the following in relation to Ascot's Historical Statement of Profit or Loss and Other Comprehensive Income:

- Revenue for the year ended 30 June 2015 comprises interest income.
- Gain on payment of deferred consideration of $0.21 million for the year ended 30 June 2014 relates to the satisfaction of the first Milestone of the Titiribi Coal Project on 24 January 2014. The Company entered into a Binding Heads of Agreement with Ascot Equities Pty Ltd on 6 August 2012 for the acquisition of 100% of Carbones de Columbia SL. On 17 March 2014, Ascot Equities Pty Ltd were issued 4.75 million shares on a post consolidation basis on completion of the first milestone, resulting in a gain on payment of deferred consideration of $0.21 million. The first milestone relates to the required delineation of a 10 million tonnes JORC compliant Inferred Coal Resource within the areas covered by Titiribi Project licenses prior to 27 February 2014.
- Share based payments of $5.59 million for the year ended 30 June 2015 relate to employee and executive incentives granted during the financial year. 50 million executive incentives were issued on 23 May 2014 at no consideration and 2.51 million employee incentives on 13 October 2014 at no consideration. The incentives were issued in three tranches and are subject to non market-based vesting conditions.
- Employment expenses increased from $0.20 million for the year ended 30 June 2013 to $1.11 million for the year ended 30 June 2015. The increase is due to Ascot increasing its human resource capability as a result of acquiring the Wonmunna Project along with further exploration work conducted at its Titiribi Coal Project.
- Management fees of $0.45 million for the year ended 30 June 2013 relates to a payment made to Hampshire Mining Spain SL, a related party of which Mr Paul Kopejtka is a director. The payment was in relation to the provision of management services, including project management, concession management, legal, accounting and administrative services to the Company for the Titiribi Coal Project. Management has advised this service was cancelled and no further fees are payable.
- 'Exploration and evaluation expenditure (Wonmunna)' of $0.47 million for the year ended 30 June 2014 related to the development of the Wonmunna Project.
- Other expenses comprise depreciation, administration costs, travel expenses, compliance and regulatory expenses, financing expenses, exchange loss and interest expenses. The increase from $1.12 million for the year ended 30 June 2014 to $1.77 million for the year ended 30 June 2015 is largely due to an increase in interest payments from $0.36 million to $1.26 million.

5.7 Capital Structure

The share structure of Ascot as at 15 January 2016 is outlined below:

	Number
Total ordinary shares on issue	139,885,473
Top 20 shareholders	126,649,416
Top 20 shareholders - % of shares on issue	90.54%

Source: Ascot's share registry provided by Management

The range of shares held in Ascot as at 15 January 2016 was as follows:

Range of Shares Held	Number of Ordinary Shareholders
1 - 1,000	9
1,001 - 5,000	53
5,001 - 10,000	28
10,001 - 100,000	158
100,001 - and over	65
TOTAL	**313**

Source: Ascot's share registry provided by Management

The ordinary shares held by the most significant shareholders as at 15 January 2016 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Ochre Group Holdings Limited	50,000,000	35.74%
Merrill Lynch Australia Nominees PL (RCF)	33,839,513	24.19%
C-Sand Pte Ltd	19,625,811	14.03%
Sedgman Limited	3,731,443	2.67%
Taswa PL	3,220,000	2.30%
Subtotal	110,416,767	78.93%
Others	29,468,706	21.07%
Total ordinary shares on Issue	**139,885,473**	**100.00%**

Source: Ascot's share registry provided by Management

The most significant option holders of Ascot as at 15 January 2016 are outlined below:

Current Options on Issue	Exercise Price	Expiry Date	Number
Pursuit Capital Options	$0.20	28/11/2016	400,000
Employee Incentive Options	$0.40	22/02/2016	3,136,335

Source: Ascot's share registry provided by Management

We note that the exercise price for all options, as listed in the table above, is greater than the last listed market price, prior to delisting, so all options are out-of-the-money. Therefore, no options are assumed to be exercised and we have not considered the fully diluted effect that the options being exercised might have on the Company.

6. Profile of Resource Capital Funds

6.1 History

Resource Capital Funds is a private equity firm comprising a number of private equity funds (the '**Funds**') with mandates to make investments exclusively in the mining sector across a diversified range of hard mineral commodities and geographic regions.

The Funds are managed by RCF Management L.L.C. ('**RCFM**') which has its principal office in Denver and additional offices in Perth, New York (Long Island) and Toronto. Resource Capital Fund VI L.P. is the sixth Resource Capital Fund, with committed capital of $2.04 billion, and is currently being invested by RCFM. RCFM also currently manages three other active private equity funds, Resource Capital Fund V L.P., Resource Capital Fund IV L.P. and Resource Capital Fund III L.P. The committed capital of the Funds is sourced primarily from US-based institutional investors.

Resource Capital Funds pioneered the concept of mining-focused private equity funds and strives to produce superior returns to its investors, portfolio companies and fellow equity investors.

Resource Capital Funds was founded in 1998 and, since inception, has supported 143 mining companies (and several mining-services companies) involving projects located in 45 countries, relating to 29 commodities.

RCFM has experience in building management teams specifically suited to develop and/ or operate assets and has the resources and networks to draw upon to source top talent from around the world.

In addition to providing financing, Resource Capital Funds has the in-house technical and financial expertise to actively guide a mining company's management team through the process of raising capital in the public equity and project financing markets.

RCFM's management team consists of individuals with extensive commercial and technical experience in the mining industry.

Information about Resource Capital Funds can be found on its website www.resourcecapitalfunds.com.

7. Economic analysis

Australia

The Australian economy continued to grow over 2015, and growth is expected to be between 2% and 3% over the year to June 2016, further increasing to 3.75% by June 2017. The rate of unemployment has had little change recently and is expected to remain around current levels.

Commodity prices are now around 50% below their peak in 2011 reflecting a combination of lower growth in demand and, more importantly, significant increases in supply.

Since 2009, changes in the Australian Dollar ('**AUD**') have reflected fluctuations in global sentiment and the decline in commodity prices alongside increased uncertainty about the outlook for China. The AUD has declined noticeably against a rising US dollar over the past year. Further depreciation seems both likely and necessary, as a lower exchange rate will be needed to achieve balanced growth in the economy.

Low interest rates in Australia are acting to support borrowing and spending. Credit is recording moderate growth overall, with stronger borrowing by businesses and growth in lending to the housing market easing over recent months. Prices for equities and commercial property have also been supported by lower long-term interest rates. At its most recent meeting, the Reserve Bank of Australia ('**RBA**') decided to leave the cash rate unchanged at 2.0%. However, Glenn Stevens has stated that the RBA expects to increase its policy rate in the coming periods.

Overall, the economy is likely to be operating with a degree of spare capacity for some time yet. With slow growth in labour costs, inflation is forecast to remain consistent with the RBA target over the next one to two years, despite a lower exchange rate.

Source: www.rba.gov.au *Statement by Glenn Stevens, Governor: Monetary Policy Decision 1 December 2015*

Colombia

Latin America's fourth-largest economy grew by 4.6 percent in 2014, above the regional average of 1.5 percent, driven by construction and services that offset a contraction in the mining sector. Economic growth slowed in 2015 following a significant decline in oil prices and a depreciation of the peso. In Colombia, oil accounts for over 55% of total exports and 10% of government revenue. Economic recessions in neighbouring countries, Ecuador and Venezuela, and lower than expected growth in the US have also impacted on export revenues.

The devaluation of the peso and the effect of El Niño pushed inflation above the central bank's target range putting pressure on consumer prices. Annual inflation increased to 4.74 percent in August 2015, the fastest pace since 2009, as the weaker peso caused a rise in the price of imported goods.

Unemployment reached a record low of 9.1% in 2014, following reforms to reduce non-wage labour costs. Despite the slowdown in economic activity, unemployment continued to fall in the first half of 2015 to 8.8% in July 2015.

Agreements from peace negotiations have been reached on four out of five topics, with the last expected in March 2016. The peace talks set to conclude with an agreement surrounding the disarmament and demobilization of the guerrilla fighters will boost confidence and generate investment and jobs.

Economic growth is projected to gradually recover in 2016 and 2017 with investment and non-oil exports expected to recover.

Source: BBWA Research, Colombia Economic Outlook 30 April 2015, OECD Colombia Economic Forecast Summary, November 2015.

8. Industry analysis

8.1 Overview

Iron ores are rocks from which metallic iron can be economically extracted. The principal iron ores are hematite (Fe_2O_3) and magnetite (Fe_3O_4).

Hematite is a pure iron oxide mineral, with pure hematite mineral containing 69.9 % iron. Hematite ores dominate the world production of iron ores with approximately 96% of Australia's iron ore exports being high grade hematite. High grade hematite ore involves a relatively simple crushing and screening process before being exported. Australia's hematite averages from 56% to 62% iron.

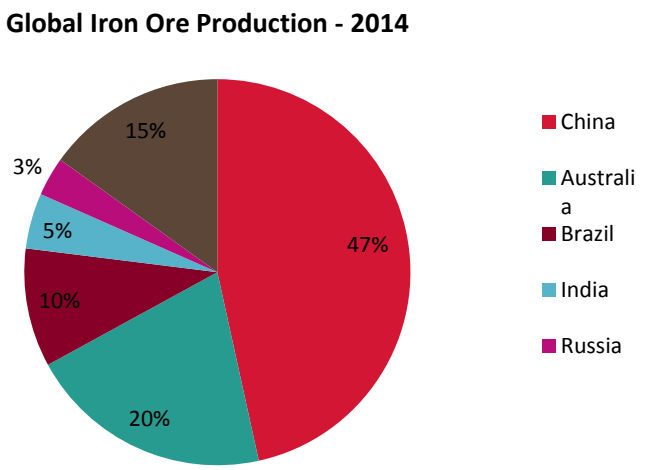
Magnetite is an iron oxide mineral containing 72.4% iron. While the iron ore content is higher than hematite, the presences of impurities results in a lower ore grade, making it more costly to produce the concentrates.

Iron is the world's most used metal with approximately 98% of world iron ore production being used to make steel. It is primarily used in structural engineering, automobiles and other general industrial applications. Commercial development of iron ore deposits are largely constrained by the position of the iron ore relative to its market and the cost of establishing proper transportation infrastructure such as ports and railways.

There are three main categories of iron ore exports:

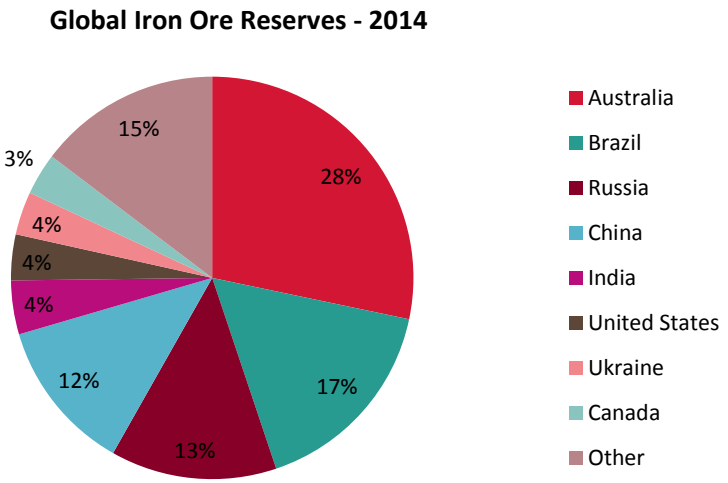
- **Fines**: fines are the smallest size category and typically have a granular size less than 9.50mm. They are the most heavily traded category of iron ore;
- **Lump Ore**: lump ore consists of golf ball sized pieces, and generally has a higher iron content than fines; and
- **Pellets**: particle sizes range from 9.50mm to 16.00mm. Pellets are made by agglomeration of finely ground and concentrated ore.

In 2014, an estimated 3.22 billion metric tonnes of iron ore was produced. The chart below shows the countries in which the majority of iron ore was produced in 2014:



Source: US Geological Survey

The chart below shows the location of the world's iron ore reserves, with Australia and Brazil accounting for nearly half the world's reserves.



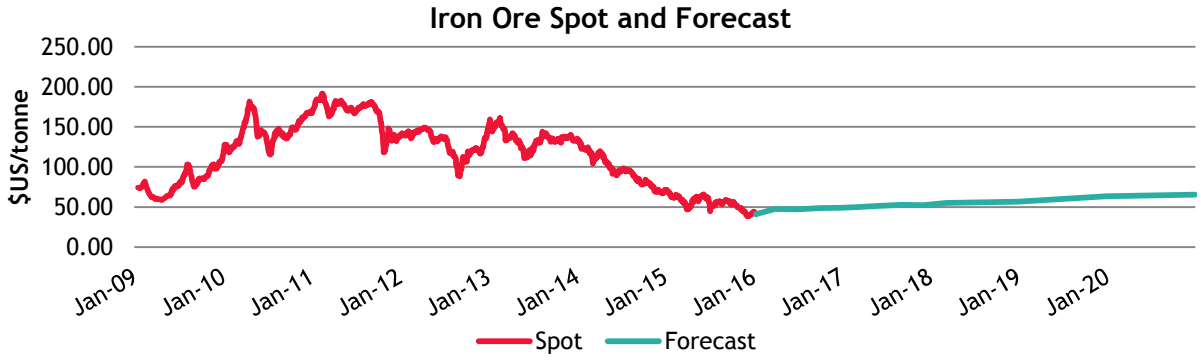
Source: US Geological Survey

8.2 Global Market

Recent trends show a majority of the demand for iron ore being sourced from China, which has led some analysts to believe that Chinese steel demand has peaked after reaching and exceeding levels experienced by some of the largest OECD countries. There is however, still considerable scope for an expansion in steel consumption in China's interior and more distant provinces albeit at a slower rate compared to the larger Chinese cities such as Beijing and Tianjin. The central government is focusing its attention on developing these outer parts of China, and with the expansion of business to these areas to take advantage of low cost labour, it is inevitable that Chinese demand for iron ore will continue to expand. Other countries such as Brazil, India and Indonesia are likely to follow on China's development path, albeit on a smaller scale.

8.3 Price Trends

Historical iron ore prices and forecasts to 2020 are illustrated in the chart below.



Source: Bloomberg, BDO Analysis and Consensus Economics

Historical prices

The sharp increase in iron ore price movements from May 2009 was marked by a surge in Chinese, Japanese and Korean steel mill demand. During that period, annual iron ore price contracts increased by 65% to 97% compared to the previous year. Iron ore prices subsequently fell during the global financial crisis with a reduction in world market sentiment and hence demand for iron ore. April 2010 saw an increase in price as miners moved to quarterly pricing and global economies began to recover.

Additionally, iron ore experienced a sharp rise in price in mid-2010 when Indian state Karnataka banned all iron ore exports. India is currently the world's fourth largest iron ore supplier with approximately a quarter of its 100+ million tonnes of exports originating from Karnataka. The iron ore price increased in mid-2011 on the back of anticipated ore shortages which prompted restocking by the world's larger steel mills. The above observed decline in the iron ore price in late 2011 can be attributed to the slowdown in Chinese demand. Chinese imports decreased at the end 2011 which is reflective of falling steel prices over the same period.

Iron ore prices recovered in July 2013 and the increase in the price was driven by heavy steel re-stocking in China following improvements in the Chinese property sector and miscalculations from Chinese steel makers. Steel makers often run down their stockpiles in the hope that the price of steel will fall and they can buy at a cheaper rate, however when the price did not fall the steel makers were caught out and had to purchase significant amounts of steel. Adding to this increase in demand was a decrease in supply as bad weather in Brazil slowed production.

In October 2013 through to December 2013, global iron ore prices stabilised with a monthly average range of US$133-US$137. Weaker iron ore prices compared to those recorded in July 2013 and August 2013 was driven by a slowdown in steel production and consumption in China. According to the World Steel Organisation, pig iron production in China fell by 6 million tonnes in November to 53 million tonnes, representing the lowest level since November 2012.

At the beginning of 2014, global iron ore prices fell to US$110, and in May 2014, iron ore prices dropped below US$100 for the first time in almost two years. Factors behind the decrease were predominantly due to the slowdown in steel production in China along with a large oversupply of iron ore. Inventories at ports in China were at record levels, increasing from 84 million tomes to a two year high of 106 million tonnes.

The price of iron continued to fall in the second half of 2014 to US$71.26 on 31 December. The main factors placing downwards pressure on prices in 2014 was the health of China's economy and the ramp up in production by the three major producers; BHP Billiton, Rio Tinto and Vale. In 2014 China's economy grew at its slowest rate in two decades. The slowdown in steel consumption in China was influenced by a number of drivers including a fall in GDP growth, tightening of credit policy which resulted in increased borrowing costs for iron ore buyers and a drop in China's Purchasing Managers' Index. The three major producers; Rio Tinto Limited, BHP Billiton Limited and Vale S.A. all increased production flooding the market with high quality iron ore with the benefit from decades of mining and infrastructure allowing them to lower production costs and operate at these lower prices.

In April 2015, the price of iron dropped below US$50, a record low, as oversupply and the health of China's economy remained a concern. Stimulus measures by China's government have had little effect and the stock market declines are eroding investors' confidence.

In December 2015, the price of iron ore reached another record low of US$37. Prices had dropped below US$40 since the start of the mining boom in 2005 and are below the break-even price for many producers.

The price falls were largely driven by a slowdown in construction activity in China and a ramp up in production from Australia and Brazil.

Forecast prices

The iron ore price averaged US$55.54 in 2015 and closed at US$43.57 on 31 December 2015. Steel production out of China is expected to fall as policy makers attempt to shift the economy away from investment-led growth to one driven by consumer demand and services. Increasing supply from Australia and Brazil is expected to drive down spot prices in 2016 as low cost producers including BHP Billiton, Rio Tinto and Vale continue with expansion plans to defend market share. Iron ore prices are forecast to trend upwards over the next five years to US$65 a metric tonne by 2020.

Sources: IBISWorld, Consensus Economics, US Geological Survey

9. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings (‘**FME**’)
- Discounted cash flow (‘**DCF**’)
- Quoted market price basis (‘**QMP**’)
- Net asset value (‘**NAV**’)
- Market based assessment

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information. In our assessment of the value of an Ascot share we have chosen to employ the methodologies as set out in the following paragraphs.

9.1 Assessment of the value of an Ascot share prior to the Proposed Transaction

In our assessment of the value of an Ascot share prior to the Proposed Transaction, we have chosen to employ the following methodologies:

- NAV approach as our primary methodology; and
- QMP approach as our secondary methodology.

We have chosen these methodologies for the following reasons:

- As Ascot is an exploration company, its core value is in the exploration assets that it holds. We have instructed independent specialists to provide independent market valuations of the Company’s exploration assets. We have considered this in the context of Ascot’s other assets and liabilities on a NAV basis;
- We have instructed CSA Global Pty Ltd (‘**CSA**’) to act as independent specialist and to provide an independent market valuation of the Wonmunna Project in accordance with the ‘Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports 2005’ (**‘the Valmin Code’**). CSA’s full report may be found in Appendix 4;
- We have instructed HDR Pty Ltd (‘**HDR**’) to act as independent specialist and to provide an independent market valuation of the Company’s material exploration assets in accordance with the Valmin Code. HDR’s full report may be found in Appendix 3.
- Ascot does not generate regular trading income. Therefore there are no historic profits that could be used to represent future earnings. This means that the FME valuation approach is not appropriate; and
- Ascot has no foreseeable future net cash inflows and therefore the application of the DCF valuation approach is not appropriate. Under RG111, it is considered that it is only appropriate to use a DCF where reserves are present. Ascot is yet to delineate reserves on any of its exploration assets.
- The QMP basis is a relevant methodology as there has been a regulated and observable market where Ascot’s shares can be traded. However, in order for the QMP methodology to be considered

appropriate, the Company's shares should be liquid and the market should be fully informed as to its activities. We have considered these factors in section 10.2 of our Report.

9.2 Assessment of the value of an Ascot share following the Proposed Transaction

Primary approach

We have provided two alternative valuation approaches in assessing the NAV of an Ascot share following the Proposed Transaction. The value of an Ascot share following the Proposed Transaction using our primary approach will involve the following items:

- The value of Ascot prior to the Proposed Transaction;
- Incorporate the effects of the Proposed Transaction in the context of Ascot's other assets and liabilities on a NAV basis; and
- The number of shares on issue will incorporate the shares to be issued in lieu of interest and upon conversion of the Loan Note. As outlined in section 4 of our Report, the conversion price of the principal on the Convertible Loan is set at $0.10. Additionally, the price per share for the satisfaction of interest is also set at $0.10. Shareholder approval is being sought for the maximum number of shares to be issued; therefore we have also assessed the value of an Ascot share following the Proposed Transaction assuming all interest payable on the Loan Note is satisfied by the issue of shares.

Secondary approach

The value of an Ascot share following the Proposed Transaction using our secondary approach will involve the following items:

- The value of Ascot following the Proposed Transaction;
- Incorporate the effects of the Proposed Transaction on Ascot's equity value; and
- Incorporate the effects of the Proposed Transaction on Ascot's level of debt.

We have also incorporated the effects of the proposed issue of shares under the assumption that the maximum number of shares is issued.

10. Valuation of Ascot prior to the Proposed Transaction

10.1 Net Asset Valuation of Ascot

The value of Ascot's assets on a going concern basis is reflected in our valuation below:

NAV prior to the Transaction	Note	Audited as at 30-Jun-15 $	Low Valuation $	Preferred Valuation $	High Valuation $
CURRENT ASSETS					
Cash and cash equivalents	1	3,155,239	1,893,848	1,893,848	1,893,848
Other assets		68,362	68,362	68,362	68,362
TOTAL CURRENT ASSETS		**3,223,601**	**1,962,210**	**1,962,210**	**1,962,210**
NON-CURRENT ASSETS					
Plant and equipment		34,441	34,441	34,441	34,441
Exploration and evaluation expenditure	2	38,389,097	6,750,000	16,150,000	42,150,000
TOTAL NON-CURRENT ASSETS		**38,423,538**	**6,784,441**	**16,184,441**	**42,184,441**
TOTAL ASSETS		**41,647,139**	**8,746,651**	**18,146,651**	**44,146,651**
CURRENT LIABILITIES					
Trade and other payables		483,829	483,829	483,829	483,829
Interest bearing loans & borrowings	3	1,718,530	1,218,530	1,218,530	1,218,530
TOTAL CURRENT LIABILITIES		**2,202,359**	**1,702,359**	**1,702,359**	**1,702,359**
NON-CURRENT LIABILITIES					
Trade and other payables		16,314,239	16,314,239	16,314,239	16,314,239
Provisions		78,531	78,531	78,531	78,531
TOTAL NON-CURRENT LIABILITIES		**16,392,770**	**16,392,770**	**16,392,770**	**16,392,770**
TOTAL LIABILITIES		**18,595,129**	**18,095,129**	**18,095,129**	**18,095,129**
NET ASSETS		**23,052,010**	**(9,348,478)**	**51,522**	**26,051,522**
Shares on issue	4	137,588,776	139,885,473	139,885,473	139,885,473
Value per Share ($)			**($0.0668)**	**$0.0004**	**$0.1862**

Source: BDO analysis

We have been advised that there has not been a significant change in the net assets of Ascot since 30 June 2015, apart from the adjustments set out in the following sections.

The table above indicates the net asset value of an Ascot share is between negative 6.68 cents per share or ($0.0668) and 18.62 cents per share or $0.1862, with a preferred value of 0.04 cents per share or $0.0004.

The following adjustments were made to the net assets of Ascot as at 30 June 2015 in arriving at our valuation:

Note 1- Cash and cash equivalents

Cash on Hand	Note	$m
Balance as at 30 June 2015		**3,155,239**
Movement of cash:		
Repayment of Sedgman Limited	3	(500,000)
Exploration and evaluation expenditure		(357,000)
Administration expenses		(394,000)
Interest received		8,000
Exchange rate adjustments		4,000
Net increase/(decrease)		**(1,239,000)**
Balance as at 30 September 2015		**1,916,239**
Other major movements subsequent to 30 September 2015		
Cash paid for 447,834 shares cancelled		(22,391)
Adjusted cash balance		**1,893,848**

Note 2a: Valuation of Ascot's exploration assets

We instructed HDR to provide an independent market valuation of the Company's 90% interest in the Titiribi Coal Project located in Colombia. HDR considered a number of different valuation methods when valuing the Titiribi Coal Project and has taken guidance from the appraised valuation method and comparable transactions method. We consider the methodologies used by HDR to be appropriate given the stage of development of the Titiribi Coal Project. A copy of HDR's report is attached in Appendix 3.

The range of values for Ascot's 90% interest in the Titiribi Coal Project as calculated by HDR is set out below:

Ascot Resources Limited Mineral Asset Valuation	Interest %	Low value $m	Preferred value $m	High value $m
Titiribi Coal Project	90	3.0	4.1	5.2

Note 2b: Independent valuation of the Wonmunna Project

We have instructed CSA to provide an independent market valuation of the Wonmunna Project. CSA has used the following methods in its valuation:

- The Market Value (Comparable Transactions) Method which considers the costs and results of historical exploration; and
- The Appraisal Value (Multiples of Exploration Expenditure) Method.

The comparable transaction method involves calculating a value per common attribute in a comparable transaction and applying that value to the subject asset. A common attribute could be the amount of resource or the size of a tenement. We are satisfied with the valuation methodologies adopted by CSA

which are in accordance with industry practices and in accordance with the requirements of the Valmin Code. A copy of CSA's report is attached in Appendix 4.

The range of values for the Wonmunna Project, as assessed by CSA, is set out below:

Ascot Resources Limited	Interest	Low value	Preferred value	High value
Mineral Asset Valuation	%	$m	$m	$m
Wonmunna Project	100	3.7	12.0	36.9

The following table is a summary of the two material projects held by Ascot that were independently valuated per Note 2a and 2b above:

Ascot Resources Limited	Low value	Preferred value	High value
Mineral Asset Valuation	$m	$m	$m
Valuation of the Titiribi Coal Project	3.0	4.1	5.2
Valuation of the Wonmunna Project	3.7	12.0	36.9
Total valuation of the Wonmunna Project & Titiribi Coal Project	**6.7**	**16.1**	**42.1**

Uraba Coal Project

Ascot's interest in the Uraba Coal Project (refer page 9 above) has not been included in the independent technical valuations as it is not material. We have included this at book value of $50,000.

Note 3: Repayment of Sedgman Ltd convertible note

We have reduced the interest bearing loans and borrowings balance by $500,000 as the Sedgman Ltd convertible note was repaid in full on 26 August 2015.

Note 4: Shares on issue

We have adjusted the number of shares on issue as per below:

	Number of shares
Current shares on issue as at 30 June 2015	**137,588,776**
Shares issued in lieu of interest payment RCF note agreement - June 2015 quarter	679,155
Shares issued in lieu of interest on Sedgman Limited loan note June 2015 quarter	278,342
Shares issued in lieu of interest on Sedgman Limited loan note to 26 Aug 2015	173,762
Shares issued in lieu of interest payment RCF loan note agreement – September 2015 quarter	696,618
Unmarketable parcels buy back	(447,834)
Total number of shares on issue	**138,968,820**
Shares issued in lieu of interest payment RCF note agreement – December 2015 quarter	916,653
Adjusted number of shares on issue	**139,885,473**

10.2 Quoted Market Prices for Ascot Securities

To provide a comparison to the valuation of Ascot in Section 10.1, we have also assessed the quoted market price for an Ascot share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that when considering the value of a company's shares for the purposes of approval under Item 7 of s611 the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

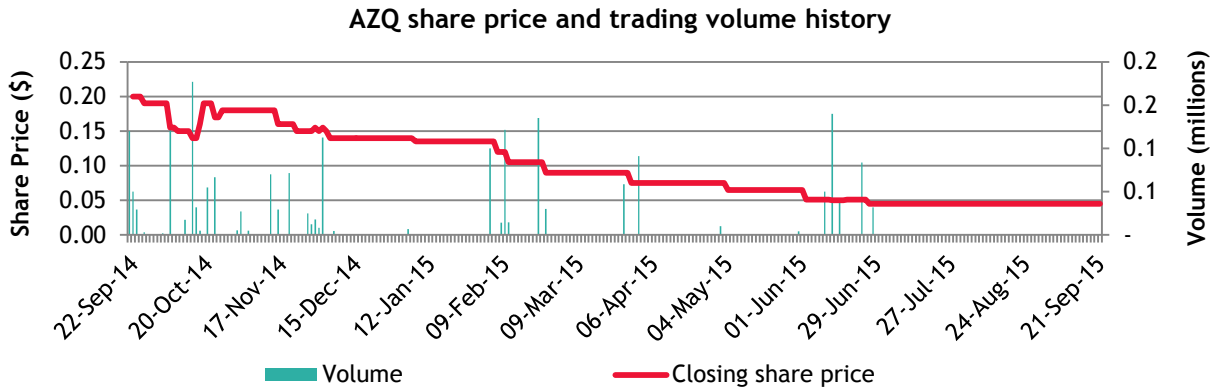
Whilst RCF will not be obtaining 100% of Ascot, RG 111 states that the expert should calculate the value of a target's shares as if 100% control were being obtained. RG 111.13 states that the expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been considered in Section 13.

Therefore, our calculation of the quoted market price of an Ascot share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

Minority interest value

Our analysis of the quoted market price of a Ascot share is based on the pricing prior to the announcement of the Proposed Transaction. This is because the value of an Ascot share after the announcement may include the effects of any change in value as a result of the Proposed Transaction. However, we have considered the value of an Ascot share following the announcement when we have considered reasonableness in Section 13.

Information on the Proposed Transaction was announced to the market on 22 September 2015. Therefore, the following chart provides a summary of the share price movement over the 12 months to 21 September 2015 which was the last trading day prior to the announcement.



Source: Bloomberg

The daily price of Ascot shares for the twelve months prior to 21 September 2015 has ranged from a low of $0.045 on 21 September 2015 to a high of $0.200 on 24 September 2014. The daily share price of Ascot shares have displayed a downward trend before plateauing at $0.045 on 25 June 2015. The highest single day of trading was on 16 October 2014, where 176,736 shares were traded.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement $ (movement)			Closing Share Price Three Days After Announcement $ (movement)		
22/07/2015	Quarterly Activities Report and Appendix 5B	0.045	▸	0.0%	0.045	▸	0.0%
20/05/2015	RCF Loan Note Conversion	0.065	▸	0.0%	0.065	▸	0.0%
23/04/2015	Quarterly Activities and Cash flow Report	0.075	▸	0.0%	0.075	▸	0.0%
31/03/2015	Approval of Mining Proposal for Wonmunna Project	0.075	▸	0.0%	0.075	▸	0.0%
30/01/2015	Quarterly Activities Report and Appendix 5B	0.135	▸	0.0%	0.135	▸	0.0%
06/01/2015	Maiden Ore Reserve for Wonmunna Iron Ore Project	0.135	▾	3.6%	0.135	▸	0.0%
29/10/2014	Quarterly Activities Report and Cash flow Statement	0.180	▸	0.0%	0.180	▸	0.0%
21/10/2014	Grant of Native Vegetation Clearing Permit	0.190	▸	0.0%	0.180	▾	5.3%
16/10/2014	Commencement of Geotechnical Drilling at Wonmunna	0.160	▲	14.3%	0.190	▲	18.8%
23/09/2014	Completion of Wonmunna Acquisition & Capital Raising	0.200	▸	0.0%	0.190	▾	5.0%

On 23 September 2014, the Company announced that they had completed the acquisition of Wonmunna Iron Ore Project from Ochre Group Holdings Limited. On the day of the announcement, the Company's share price remained unchanged; however in the subsequent three days decreased by 5% to $0.190.

On 16 October 2014, the Company announced the commencement of geotechnical drilling. On the day of the announcement, the Company's share price remained unchanged; however in the subsequent three days fell by 5.3% to $0.180.

On 21 October 2014, the Company advised that the Native Vegetation Clearing Permit for the Project has been granted by the Department of Mines and Petroleum. On the day of the announcement, the

Company's share price decreased by 3.6% to $0.135, and in the subsequent three days remained unchanged.

On 6 January 2015, the Company released an update on its Wonmunna Iron Ore Project reporting a maiden Probable Ore Reserve estimate in accordance with JORC (2012) guidelines of 28.9 million tonnes at 58% Fe. On the day of the announcement, the Company's share price increased by 14.3% to $0.160, and in the subsequent three days it increased by a further 18.8% to $0.190.

To provide further analysis of the market prices for an Ascot share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 21 September 2015.

Share Price per unit	21-Sep-15	10 Days	30 Days	60 Days	90 Days
Closing price	$0.045				
Volume weighted average price (VWAP)		$0.045	$0.045	$0.045	$0.049

Source: Bloomberg, BDO analysis

The above weighted average prices are prior to the date of the announcement of the Proposed Transaction, to avoid the influence of any increase in price of Ascot shares that has occurred since the Proposed Transaction was announced.

An analysis of the volume of trading in Ascot shares for the twelve months to 21 September 2015 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	$0.045	$0.045	-	0.00%
10 Days	$0.045	$0.045	-	0.00%
30 Days	$0.045	$0.045	-	0.00%
60 Days	$0.045	$0.045	31,875	0.02%
90 Days	$0.045	$0.065	350,000	0.25%
180 Days	$0.045	$0.135	925,000	0.66%
1 Year	$0.045	$0.200	2,055,896	1.47%

Source: Bloomberg, BDO analysis

This table indicates that Ascot's shares display a low level of liquidity, with only 1.47% of the Company's weighted average number of shares on issued being traded in a twelve month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Ascot, we do not consider there to be a deep market for the Company's shares given than only 1.47% of its weighted issued capital was traded in the year.

Our assessment is that a range of values for Ascot shares based on market pricing, after disregarding post announcement pricing, is between $0.045 and $0.050.

Control Premium

We have reviewed the control premiums paid by acquirers of mining companies listed on the ASX. We have summarised our findings below:

Year	Number of Transactions	Average Deal Value (AU$m)	Average Control Premium (%)
2015	4	670.56	54.59
2014	13	135.34	43.81
2013	15	54.16	64.64
2012	19	131.07	49.97
2011	18	653.45	48.88
2010	24	805.80	46.75
2009	25	112.87	49.28
2008	8	591.43	38.87
	Median	**363.38**	**49.08**
	Mean	**394.33**	**49.60**

Source: Bloomberg and BDO Analysis

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the Proposed Transaction;
- Level of liquidity in the trade of the acquiree's securities.

The long term average of announced control premium paid by acquirers of mining targets in Australia is approximately 50%. The table above indicates that there has been an increasing trend of control premia paid by acquirers of mining companies since 2008, in particular in 2013 where the average control premium paid was 64.64% with six transactions in excess of 80%.

If the Proposed Transaction is approved, RCF and its' associates will obtain a holding in Ascot of up to 31.00% and as a result should be expected to pay a control premium. In determining the premium for

control to be paid by RCF we have taken into account the above analysis and consider an appropriate control premium to be applied to Ascot's shares to be 20% to 30%.

Quoted market price including control premium

Applying a control premium to Ascot's quoted market share price results in the following quoted market price value including a premium for control:

	Low	Preferred	High
	$	$	$
Quoted market price value	0.045	0.048	0.050
Control premium	20%	25%	30%
Quoted market price valuation including a premium for control	**$0.054**	**$0.059**	**$0.065**

Source: BDO analysis

Therefore, our valuation of an Ascot share based on the quoted market price method and including a premium for control is between $0.054 and $0.065, with a preferred value of $0.059.

10.3 Assessment of Ascot Value

The results of the valuations performed are summarised in the table below:

	Low	Preferred	High
Net assets value (Section 10.1)	**($0.0668)**	**$0.0004**	**$0.1862**
ASX market prices (Section 10.2)	**$0.054**	**$0.059**	**$0.065**

Source: BDO analysis

We note the value obtained under the NAV methodology is higher than the value obtained under the QMP methodology in the top end of the value range. The difference between the valuation obtained under the NAV and QMP approaches can be explained by the following:

- Our NAV methodology includes independent market valuations of Ascot's Wonmunna Project and Titiribi Coal Project. HDR and CSA have relied on a combination of valuation methods to reflect the potential value of the Wonmunna Project and Titiribi Coal Project;
- The spot price of iron ore has fallen since the pre announcement valuation date used under the QMP methodology, compared to the more recent valuation date used by CSA in its valuation of the Wonmunna Project. This may be reflected in a lower NAV on a preferred and low end of the valuation range; and
- Under RG111.69 (d), the QMP methodology is considered appropriate when a liquid and active market exists for the securities. From our analysis of the QMP of an Ascot share we note that 1.47% of the Company's weighted average issued capital had been traded in the twelve months up to the date of the announcement of the Proposed Transaction, which represents a low level of liquidity over the twelve month period. We also note that Ascot has now delisted from the official

list of the ASX. Ascot's Board proposed the delisting as they believed that the share price did not represent the value of the Wonmunna Iron Ore Project.

Based on the above points and the lack of a 'deep' market for the trading of Ascot shares, we consider the net asset value to be the most appropriate methodology which is supported by the QMP valuation which is within the range. We consider the value of an Ascot share prior to the Proposed Transaction to be between negative $0.0668 (liability) and $0.1862 with a preferred value of $0.0004.

11. Valuation of Ascot following the Proposed Transaction

Primary approach

The value of Ascot on a going concern basis following the Proposed Transaction is set out below:

	Notes	Low value $'000	Preferred value $'000	High value $'000
Net Assets of Ascot prior to the Proposed Transaction		(9,348,478)	51,522	26,051,522
Add: Loan Note liability	1	1,219,609	1,219,609	1,219,609
Net Assets of Ascot following the Transaction (control basis)		**(8,128,869)**	**1,271,131**	**27,271,131**
Discount for minority interest	2	-	20.0%	16.7%
Net Assets of Ascot following the Transaction (minority interest basis)		**(8,128,869)**	**1,016,905**	**22,725,943**
Shares on issue	3	**152,937,133**	**152,937,133**	**152,937,133**
Value per share (cents)		**($0.053)**	**$0.007**	**$0.149**

The table above indicates the net asset value of an Ascot share following the Proposed Transaction on a minority basis is between negative $0.053 (liability) and $0.149 with a preferred value of $0.007. In arriving at this value, the following adjustments were made to the net assets of Ascot following the Proposed Transaction.

Note 1 -Loan Note liability currently on the balance sheet

We have added back the liability currently on Ascot's balance sheet for the Loan Note as this liability will not exist if the Proposed Transaction is approved and RCF elects to convert the Loan Note.

Note 2: Minority discount

The net asset value of an Ascot share following the Proposed Transaction is reflective of a controlling interest. However, if the Proposed Transaction is approved, Shareholders will continue to be minority interest shareholders in Ascot as RCF will hold a controlling interest.

Therefore, we have adjusted our valuation of an Ascot share following the Proposed Transaction, to reflect a minority interest holding. A minority interest discount is the inverse of a premium for control and is calculated using the formula 1 – (1/1+control premium). As discussed in section 10.2, we consider an appropriate control premium for Ascot to be in the range of 20% to 30%, giving rise to a minority interest discount in the range of 16.7% to 23.1%. We note that no discount applies for the net liability position for the low value of the range.

Note 3: Number of shares on issue

We have adjusted the number of shares on issue to incorporate the additional shares that may be issued to RCF in lieu of interest on the Loan Note. This is set out in the table below:

Number of Shares on Issue after the Proposed Transaction	Notes	('000)
Number of shares on issue prior to the Proposed Transaction		139,885,473
Issued to RCF V in lieu of interest for 2 quarters to 30 June 2016	a	851,660
Issued to RCF V on conversion of principal of Notes at 30 June 2016	b	12,200,000
Number of Shares on issue following the Proposed Transaction		**152,937,133**

Options (including Employee Incentive Options) currently on issue are out of the money (refer section 5.7 above) and as such we have not considered them in our dilutionary scenario post the Proposed Transaction.

Note a - Shares issued in lieu of interest for 2 quarters to 30 June 2016

Per the terms of the Loan Note agreement, at the Company's election, interest can be paid in the form of Ascot shares, cash or a combination of cash and shares. The Loan Note agreement states that, as the Company has been delisted, the number of shares to be issued is to be calculated using a fixed conversion price of $0.10 per share.

Up until 31 December 2015, Ascot had elected to convert all interest payable on the Loan Note into shares on a quarterly basis.

For the two quarters to 30 June 2016 it has been assumed that Ascot will elect to convert interest payable on the Loan Note into shares.

Note b - Shares issued on conversion of the Loan Note

The face value of the Loan Note is $1.22 million. The conversion price applicable to the Principal is $0.10 per the terms of the amended loan note agreement.

11.2. Secondary approach

Under Australian Accounting Standards, the fair value of a convertible note/loan is apportioned between debt and equity. The debt component of a convertible note/loan that converts into a fixed number of shares is valued at the present value of its cash flows (coupons and principal). The discount rate used in the present value calculation is the interest rate that the issuer could obtain from the market on a similar debt instrument without the conversion feature. The equity component of the convertible note/loan is the residual between the face value of the note/loan and the value of the debt.

Similarly, for a convertible note/loan that is convertible to a variable number of shares, the fair value of the instrument is apportioned between debt and equity. However, the valuation methodology differs in that the equity component of the instrument is fair valued, with the residual between the face value and the value of the equity being classified as debt.

Although the Loan Note has a fixed conversion price we do not consider it is appropriate to 'present value' the coupon and principal repayments. In order to perform this present value calculation, we need to determine the interest rate which Ascot could borrow funds in the market without a conversion feature. Given Ascot does not have existing reserves, the economic viability of its resources is unknown and creates uncertainty surrounding Ascot's ability to continue operating as a going concern. Therefore, at present we

do not consider that any lenders would fund Ascot without having the ability to convert those funds into shares.

Therefore, we have valued the Loan Note using the Black Scholes Pricing Model to value the equity, with the residual between the equity value and the face value being classified as debt.

The key inputs used in our Black Scholes equity value are detailed below:

Underlying share price

We have used an underlying share price of $0.021, being the 30 day VWAP as at our valuation date of 31 December 2015. We have used this value as our underlying share price as a result of the conversion price being based on the trading price of an Ascot share.

Exercise price

The exercise price is the conversion price of the Loan Note being $0.10 per share.

Life of the Convertible Loans

The maturity date for the Loan Note is 30 June 2016, resulting in a term of 0.50 years.

Volatility

Recent volatility of the share price of Ascot shares was calculated over a one year period, using data extracted from Bloomberg. We expect the annual share price volatility of an Ascot share to be approximately 55% over the term of the Loan Note.

Risk-free rate of interest

We have used the one-year Australian Government Bond Rate at 31 December 2015 of 2.02% as a proxy for the risk free rate.

Dividend Expected on the Shares

Ascot is currently unlikely to pay a dividend during the life of the Loan Note.

Number of equity instruments granted

The number of equity instruments input to our option pricing model is derived by dividing the principal amount of the Notes by the conversion price. Based on this calculation, the Company will issue 12.2 million shares upon conversion of the Loan Note.

Conclusion

We set out below our conclusion as to the values of the equity component of the Loan Note.

Item	Loan Note
Underlying share price	$0.021
Exercise price	$0.10
Life of the Loan Note	0.50 years
Volatility (%)	55%
Risk-free rate of interest (%)	2.02%
Dividends expected on the shares (%)	-
Number of instruments	12.2 million

Item	Loan Note
Valuation per instrument	nil
Valuation of Equity	nil

Source: BDO analysis

Based on our analysis above, the value of the debt and equity component of the Loan Note is set out in the table below.

Item	Loan Note $'000
Value of Equity	nil
Value of Debt	1,220
Face value of Loan Note	**1,220**

Source: BDO analysis

These debt and equity values are reflected in our secondary valuation approach set out as follows:

	Notes	Low value $'000	Preferred value $'000	High value $'000
Net Assets of Ascot prior to the Proposed Transaction		**(9,348,478)**	**51,522**	**26,051,522**
Add: Loan Note liability currently on balance sheet	1	1,218,530	1,218,530	1,218,530
Less: Debt component of the Loan Note	2	(1,208,000)	(1,208,000)	(1,208,000)
Less: Present value of interest on Loan Note	3	(83,077)	(83,077)	(83,077)
Net Assets of Ascot following the Proposed Transaction		**(9,421,025)**	**(21,025)**	**25,978,975**
Discount for minority interest		23.1%	-	16.7%
Net Assets of Ascot following the Proposed Transaction (minority interest basis)		**(9,421,025)**	**(21,025)**	**21,649,146**
Adjustment for embedded call option value of the Loan Note	4	-	-	-
Ordinary shareholder value		**(9,421,025)**	**(21,025)**	**21,649,146**
Shares on issue (number)	5	140,737,133	140,737,133	140,737,133
Value per share (¢)		($0.0669)	($0.0001)	$0.1538

The table above indicates the net asset value of an Ascot share following the Proposed Transaction is in the range from negative $0.0669 (liability) to $0.1538 with a preferred value of negative $0.0001 (liability).

Note 1: Loan Note liability currently on balance sheet

We have added back the Loan Note liability already included on Ascot's balance sheet. The amount added back is discussed in section 11.1.

Note 2: Debt component of the Loan Note

We have increased the debt on Ascot's balance sheet to reflect the value of the debt component on the Loan Note calculated above.

Note 3: Present value of interest payable on the Loan Note

The Loan Note have an interest rate of 14% per annum. We have calculated the total interest incurred on the Loan Note over the period 31 December 2015 to 30 June 2016 to be $85,634. We have discounted this to present value using a discount rate of 13% per annum based on the straight bond component of the Loan Note facility. The rate was based on comparable market debt with consideration given to the unique risk factors such as stage and location of the project and the secured nature of debt.

Present Value of Interest on Loan Note	Actual Interest	Discount Rate	Present Value
Present value of interest to expiry on Loan Note	$85,634	13%	$83,077

Source: BDO Analysis

Note 4: Adjustment for embedded call option value of the Loan Note

We have adjusted the ordinary shareholder value for the value of the embedded call option component of the Loan Note. See above for the valuation of the embedded call option.

Note 5: Shares on issue

We have not increased the number of shares on issue for the conversion of the Loan Note as this is reflected through the reduction in equity as a result of the call option value and the increase in the liabilities arising from the debt component of the Loan Note.

However we have adjusted the number of shares on issue for the shares to be issued on conversion of the interest on the Loan Note for two quarters to 30 June 2016, which is estimated to be 851,660.

11.3. Valuation of Ascot following the Proposed Transaction

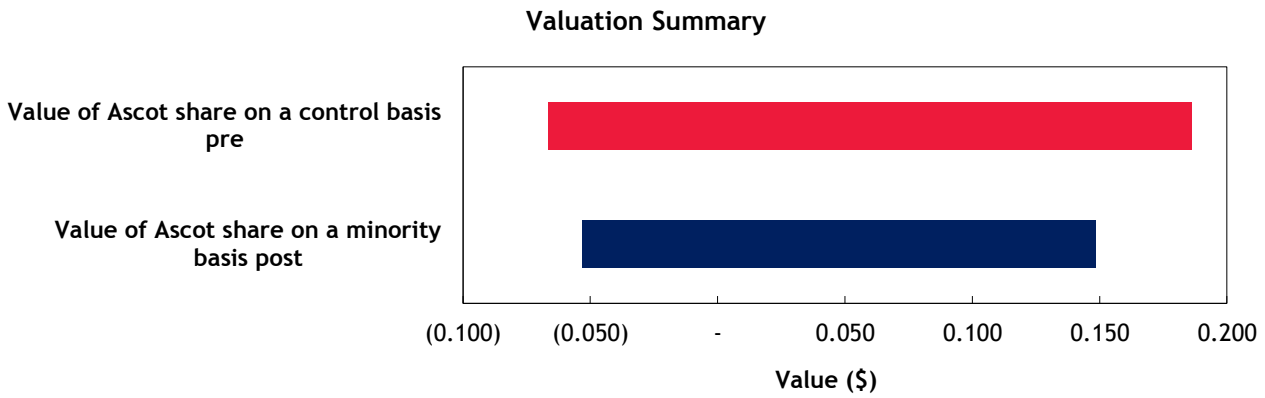
We note that the value of an Ascot share under the secondary approach is marginally higher than the valuation under the primary approach on the high end of the value range. Given the short life of the Loan Note, we consider the value of an Ascot share derived under the primary approach to be more appropriate as this more accurately reflects the substance of the instrument being closer to a near term placement than to a longer life debt instrument. Therefore, in our assessment of the fairness of the Proposed Transaction, we have considered the post Proposed Transaction value of an Ascot share determined under the primary approach. Therefore, we consider the value of an Ascot share on a control basis following the Proposed Transaction to be in the range from negative $0.053 (liability) to $0.149 with a preferred value of $0.007.

12. Is the Proposed Transaction fair?

The value of an Ascot share prior to the Proposed Transaction on a control basis and the value of an Ascot share following the Proposed Transaction on a minority basis is compared below:

	Ref	Low $	Preferred $	High $
Value of an Ascot share prior to the Proposed Transaction on a controlling basis	10.3	(0.0668)	0.0004	0.1862
Value of an Ascot share following the Proposed Transaction on a minority basis	11.3	(0.053)	0.007	0.149

The above valuation ranges are graphically presented below:



The above pricing indicates that, in the absence of any other relevant information, the Proposed Transaction is fair for Shareholders as the preferred value of an Ascot share prior to the Proposed Transaction on a controlling basis is in higher than the preferred value of an Ascot share following the Proposed Transaction on a minority basis.

We note that there is considerable overlap in the valuation ranges.

13. Is the Proposed Transaction reasonable?

13.1 Alternative Proposal

We are unaware of any alternative transactions that might offer the Shareholders of Ascot a premium over the value ascribed to, resulting from the Proposed Transaction.

13.2 Practical Level of Control

If the Proposed Transaction is approved then in 30 June 2016 RCF and its associates may hold a maximum interest of approximately 31.00% in Ascot. In addition to this, Ascot will have one Board member nominated by RCF.

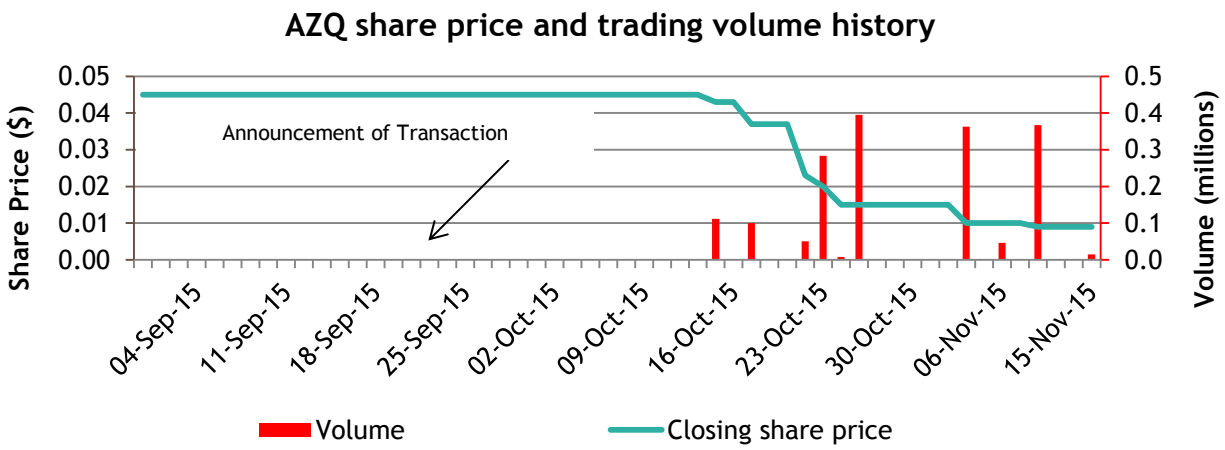
When shareholders are required to approve an issue that relates to a company there are two types of approval levels. These are general resolutions and special resolutions. A general resolution requires 50% of shares to be voted in favour to approve a matter and a special resolution requires 75% of shares on issue to be voted in favour to approve a matter. If the Proposed Transaction is approved then RCF may be able to block special resolutions, but cannot pass general or special resolutions. Ochre will remain as the largest shareholder following the Proposed Transaction and will have the ability to block special resolutions. Therefore, RCF's level of control will not increase significantly.

Ascot's Board currently comprises seven directors. This means that RCF's nominated director makes up 14.29% of the Board.

13.3 Consequences of not Approving the Proposed Transaction

Impact on share price following announcement of the Proposed Transaction and prior to delisting

We have analysed movements in Ascot's share price following the announcement of the Proposed Transaction. A graph of Ascot's share price since the announcement is set out below.



Source: Bloomberg

The announcement of the Proposed Transaction was made to the market on 22 September 2015. On that day no shares were traded and Ascot's share price closed at $0.045, there was no increase in price compared to the last full trading day. Ascot's shares were not traded again until 15 October 2015 where

the closing price was $0.043. From 15 October 2015 until 15 November 2015 there has been a significant downtrend in Ascot's share price. On 15 November 2015 the closing share price was $0.009. As of 24 December 2015, Ascot has been delisted from the ASX. Anticipation of this event occurring may have triggered the declining share price.

We note that as Ascot is now delisted there is no longer an active market for Ascot shares.

13.4 Advantages of Approving the Proposed Transaction

We have considered the following advantages when assessing whether the Proposed Transaction is reasonable.

Advantage	Description
The Proposed Transaction is fair	RG 111 states that an offer is reasonable if it is fair. We consider that the offer is fair because the preferred value is higher following the Proposed Transaction on a minority interest basis. We note that when the preferred value following the Proposed Transaction is considered without discount for minority interest the preferred value exceeds the preferred value pre the Proposed Transaction (also considered on a control basis) by a greater amount.
The Proposed Transaction will put the Company under less cash flow strain	The conversion of the Loan Note will result in the issue of up to an additional 13,051,660 shares in principal and convertible interest. Upon conversion, the Loan Note will be deemed as having been repaid. Accordingly, the Company will not have to repay the whole of the Loan Note in cash, which puts the Company under less cash flow strain. If the issue of shares under the Loan Note is not approved, the Company will be required to repay the loan to RCF. The Company's cash reserves are sufficient to repay existing debt, however the intended use of the funds when they were raised via placements was to progress the development of the Company's projects rather than to repay debt. If the issue of shares under the Loan Note is not approved, the Company may need to seek an alternative source of funds from which to repay the existing debt. Alternative sources of funds may be on terms that are less advantageous to the Company than the Loan Note.
The ability of Ascot to raise additional funds may increase	If RCF elects to convert the Loan Note into shares, the level of the Company's borrowings will fall. The reduced level of gearing and improved cash position strengthens the Company's net asset balance, which may increase the Company's ability to raise additional funds required to fund its long term development strategy.
Strengthens the Company's relationship with one of its cornerstone investors	Resource Capital Funds is a private equity firm that invests in a diverse range of commodities. The primary goal of private equity firms is to generate a return on its investment. Since private equity firms receive shares in the companies they invest in, their return is generated by an increase in the value of those companies. RCF has actively participated in the Company's past capital raisings. RCF has been repaid some its previous convertible loans and interest on such loans via the issue of shares in Ascot. RCF's existing shareholding and holding of the Loan Note indicates a strong financial support for

Ascot and for the Wonmunna Project. The potential conversion and further issue of shares under the Loan Note will increase the voting interest of RCF and its associates in the Company, which accordingly, may increase its major shareholder support in the future.

13.5 Disadvantages of Approving the Proposed Transaction

If the Proposed Transaction is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

Disadvantage	Description
Dilution of existing shareholders' interests	If the issue of shares under the Proposed Transaction is approved and Ascot elects to issue shares in lieu of interest and RCF elects to convert the Loan Note into shares, the interest of RCF and its associates in the Company will increase from approximately 24.57% to approximately 31.00% and existing Shareholders' interests diluted from 75.43% to 69.00%. This dilution may give RCF and its associates the power to block special resolutions and will reduce Shareholders' collective influence on the operations of the Company. It may also discourage other parties from seeking to acquire Ascot shares.

14. Conclusion

We have considered the terms of the Proposed Transaction as outlined in the body of this report and have concluded that the Proposed Transaction is fair and reasonable to the Shareholders of Ascot.

In our opinion, the Proposed Transaction is fair because the preferred value of an Ascot share prior to the Proposed Transaction on a controlling basis is lower than the value of an Ascot share following the Proposed Transaction on a minority basis.

We consider the Proposed Transaction to be reasonable because the advantages of the Proposed Transaction to Shareholders are greater than the disadvantages. In particular, the following were key considerations in our determination of reasonableness:

- An improved working capital position through reduced cash flow strain through the Loan Note being settled through the issue of shares;
- A reduction in existing debt will strengthen the Company's balance sheet and may increase the Company's ability to raise additional funds required to fund its long term development strategy; and
- Strengthening and maintenance of Ascot's relationship with RCF as a key strategic investor.

15. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;

- Audited financial statements of Ascot for the years ended 30 June 2015, 30 June 2014 and 30 June 2013;
- Management accounts for the period ended 30 November 2015;
- Independent Valuation Report of Ascot's Wonmunna Project dated [ ] performed by CSA Global Pty Ltd;
- Independent Valuation Report of Ascot's Titiribi Coal Project dated [ ] performed by HDR Pty Ltd;
- Loan note agreement between Ascot and RCF dated May 2013 and amendments;
- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of Ascot.

16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of $18,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Ascot in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the Ascot, including the non-provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Ascot and RCF and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Ascot and RCF and their respective associates.

A draft of this report was provided to Ascot and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

17. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of

independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty five years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 250 public company independent expert's reports under the Corporations Act or ASX Listing Rules. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Natural Resources Leader for BDO in Australia.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 16 years' in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

18. Disclaimers and consents

This report has been prepared at the request of Ascot for inclusion in the Explanatory Memorandum which will be sent to all Ascot Shareholders. Ascot engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider whether or not the proposed issue of shares to RCF under Tranche Two and or through conversion of the Convertible Loans is fair and reasonable to Shareholders.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Explanatory Memorandum. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Explanatory Memorandum other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to RCF. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

We note that the forecasts provided do not include estimates as to the effect of any future emissions trading scheme should it be introduced as it is unable to estimate the effects of such a scheme at this time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Proposed Transaction, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Ascot, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by Ascot.

The valuers engaged for the mineral asset valuations were CSA Global Pty Ltd and HDR Pty Ltd, who possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuations are appropriate for this report. We have received consent from the valuers for the use of their valuation reports in the preparation of this report and to append a copy of their reports to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

BDO Corporate Finance (WA) Pty Ltd

Sherif Andrawes

Director

Adam Myers

Director

Appendix 1 – Glossary of Terms

Reference	Definition
The Act	The Corporations Act
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
Ascot	Ascot Resources Limited
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
The Company	Ascot Resources Limited
CSA	CSA Global Pty Ltd
DCF	Discounted Future Cash Flows
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FME	Future Maintainable Earnings
The Funds	The private equity funds operated by RCF.
HDR	HDR Corporation Pty Ltd
Interest Conversion	The issue of shares in lieu of interest payable under the Convertible Loan Note with RCF.
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
Loan Note	The convertible loan agreement between Ascot and RCF entered into in May 2013. The loan has a $1.22 million face value, convertible into shares at $0.10 per share. Accrued interest is convertible into shares at $0.10 per share.
NAV	Net Asset Value
Our Report	This Independent Expert's Report prepared by BDO

Principal Conversion	The issue of shares on the conversion of the principal outstanding on the Loan Note with RCF.
The Proposed Transaction	The potential issue of Interest Conversion and Principal Conversion shares to RCF.
QMP	Quoted market price
RCF	Resource Capital Funds V L.P
RCFM	RCF Management L.L.C
RG 74	Acquisitions approved by Members (December 2011)
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
Shareholders	Shareholders of Ascot not associated with RCF
Titiribi	Ascot's 90% interest in the Carbones de Titiribi Joint Venture Coal Project
Valmin Code	The Code of Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.
VWAP	Volume Weighted Average Price
WACC	Weighted Average Cost of Capital
Wonmunna	Ascot's Wonmunna Iron Ore Project

Appendix 2 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a 'deep' market in that security.

3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax (‘**EBIT**’) or earnings before interest, tax, depreciation and amortisation (‘**EBITDA**’). The capitalisation rate or ‘earnings multiple’ is adjusted to reflect which base is being used for FME.

4 *Discounted future cash flows (‘DCF’)*

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start-up phase, or experience irregular cash flows.

5 *Market Based Assessment*

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

Appendix 3 – Independent Valuation Report - HDR

Independent Mineral Asset Valuation Report

Titiribí Coal Project, Colombia

Ascot Resources

Prepared for BDO Corporate Finance (WA) Pty Ltd

December 31, 2015

Ascot Resources Limited

Independent Mineral Asset Valuation Report - Titiribí Coal Project, Colombia

HDR Pty Ltd ("HDR")

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31 December 2015

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Key Abbreviations

ASL	Above Sea Level
Anticline	An anticline is a fold that is convex, with older layers closer to the centre or core
ASIC	Australian Securities and Investment Commission
ASX	Australian Securities Exchange
Ascot	Ascot Resources Limited
$ or A$	Australian dollars
AusIMM	Australasian Institute of Mining and Metallurgy
BDO	BDO Corporate Finance (WA) Pty Ltd
cc	Cubic Centimetre
Cretaceous	Geological period (70 million years to 140 million years ago)
CDG	Carbones del Golfo S.L
EEM	Exploration expenditure multiples (method of mineral valuation)
FY	Australian Financial Year, runs between July and June
Formation	A formation consists of a certain number of rock strata units that have a comparable lithology, facies, or other similar properties
gm.	Gram
Gemi	Gemi S.A.
Ha	Hectare(s)
JORC	2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
km	Kilometre(s)
km^2	Square kilometre(s)
M	Million
Member	A lithostratigraphic unit of subordinate rank, comprising some specially developed part of a Formation
Mesozoic	Geological era (70 million years to 250 million years ago)
Mt	Millions of tonnes
Mtpa	Millions of tonnes per annum
NPV	Net present value
NTA	Net tangible assets
HDR	HDR Pty Ltd
RD	Relative density
T	Tonne
USD or US$	United States Dollar
VALMIN	2005 Edition of the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports

Executive Summary

BDO Corporate Finance (WA) Pty Ltd ("BDO") has engaged HDR Pty Ltd ("HDR") to prepare an independent opinion on the market valuation of Ascot Resources Ltd ("Ascot" or the "Company") interest in the Titiribí Coal Project in Colombia. HDR understands that this report will be relied on by BDO within its Independent Expert's Report ("IER") as part of the proposed transaction to be presented to Ascot's shareholders.

Ascot is a publically listed iron ore and coal explorer and developer (ASX: AZQ). Its major asset in Colombia is its 90% interest in the Titiribí Coal Project ("Titiribí" or the "Project") in the Department of Antioquia. Ascot owns 90% of the subsidiary company Carbones de Titiribí SAS ("CdT"), a company incorporated in Colombia, that in turn is the holder of the Licences.

CdT acquired rights to six concessions (El Silencio, El Balsal, Lara, Arrayanal & Floresta, Arbolitos and Rio Amagá) comprising the Titiribí Project in two phases.

The Titiribí area has been explored by several explorers in the past. The first systematic exploration of the area was carried out in 1926 when Emil Grosse conducted surface mapping of the area.

More recently, in 2012, Ascot contracted Medellin based consulting firm GEOMinas to remap the area using photo geological techniques. GEOMinas also interpreted several cross-cutting faults in both Northern (Lara) and Southern (El Balsal / El Silencio) tenements.

This was followed up by a field geophysical study in 2013, with an objective to determine the resistivity and magneto-telluric makeup of the rocks. A total of 23 holes were drilled in the El Basal, El Silencio, and Lara tenements; 17 HQ diamond drill holes (2,897 m) and 6 open holes (844 m). Slim hole geophysical tools were used for core logging purpose.

The data generated from the drilling was used by Behre Dolbear to create a Geological Model and Mineral Resource estimate.

Several standard tests were conducted on coal samples to determine its coking characteristics. Definitive coal quality results received from independent testing specialists, SGS Group, was reviewed by Behre Dolbear and coal quality consultants, Bluefield Group, to ascertain product and marketability. The coal quality results suggest coking properties for the coal, with Free Swelling Indices (FSI) ranging from 1.5 to 8.5. In-situ coal is expected to be a medium to high volatile coking coal with relatively low phosphorous and medium sulphur values. The expected gross calorific values are between 5,000 kcal/kg to 7,000 kcal/kg on an as-received basis.

Ascot announced a maiden JORC-compliant Mineral Resource Estimate of 8.1Mt in late 2013. This was further increased to 18.8Mt following Ascot's acquisition of neighbouring concessions.

The current Mineral Resource estimate for Titiribí Project has been given in Table below.

Tenement	Resource (Mt)			
	Measured	Indicated	Inferred	Total
El Balsal	3.59	0.27	0.24	**4.10**
El Silencio	1.58	0.45	0.15	**2.18**
Lara			1.80	**1.80**
Arrayanal	2.70	8.02		**10.72**
Total	**7.87**	**8.74**	**2.19**	**18.80**

Ascot completed a conceptual study in 2013, which outlined mining methods, product quality, coking coal potential, logistic options and their cost benefit analysis along with base case project economics. In addition to this, Ascot continued its work towards land negotiations and preparatory work for the grant of mining and environment approvals. Studies suggested that the Titiribí project can be a low cost operation with operating costs at US$44/t ex. mine gate or US$84/t FOB Buenaventura Port. Capex estimates ranged from US$8M to US$14M depending on scenarios.

In HDR's Opinion, the Titiribí Project is an advanced exploration project as some of the tenements comprising the Titiribí Project have been explored in detail and a Mineral Resource Estimate in accordance with JORC (2012) has been reported. However, a definitive feasibility study has not yet been completed.

Information on the project economics is not at an advanced stage to allow for a determination of meaningful NPV using valuation methods based on an Income Approach. HDR has preferred to apply a combination of two methods to value the project. The valuation methods applied includes Comparable Transactions and an Appraised Value method based on past and forecast exploration expenditure with an appropriate multiplier applied to these expenditures.

Based on Comparable Market Transaction and Appraised value method, HDR has derived a valuation range for 100% of the Titiribí Project of between A$3.35M and A$5.8M with a preferred value of A$4.55M. This results in the fair market value of Ascot's 90% interest in the Titiribí Project being in the range A$3.0M and A$5.2M with a preferred value of A$4.1M. A summary of HDR's valuation of the Titiribí Project is presented in Table below.

Valuation Summary (Titiribí Project)

Approach	Method	Values (A$M)		
		Low	High	Preferred
Cost-based	Appraised Valuation	3.3	5.0	4.2
Market-based	Market Comparable	3.4	6.6	4.9
Titiribí Project (100% Equity)		3.4	5.8	4.6
Ascot's Share (90%)		**3.0**	**5.2**	**4.1**

1 Introduction

BDO Corporate Finance (WA) Pty Ltd ("BDO") has engaged HDR Pty Ltd ("HDR") to prepare an independent opinion on the market valuation of Ascot Resources Ltd ("Ascot" or the "Company") interest in the Titiribí Coal Project in Colombia. HDR understands that this report will be relied on by BDO within its Independent Expert's Report ("IER") as part of the proposed transaction to be presented to Ascot's shareholders.

Ascot is a publically listed iron ore and coal explorer and developer (ASX: AZQ). Its major asset in Colombia is its 90% interest in the Titiribí Coal Project ("Titiribí" or the "Project") in the Department of Antioquia. Ascot owns 90% of the subsidiary company Carbones de Titiribí SAS ("CdT"), a company incorporated in Colombia, that in turn is the holder of the Licences.

1.1 Scope

BDO has requested that HDR provide an independent assessment and valuation of the following:

- An independent opinion on the market valuation of Ascot's 90% interest in the Titiribí Coal Project.

1.2 Reporting standard

The Report is prepared in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Experts ("the VALMIN Code") as issued in 1995 and updated in 2005. For the purposes of this Report, value is defined as "fair market value", being the amount for which a mineral asset should change hands between a willing buyer and a willing seller in an arm's length transaction where each party is assumed to have acted knowledgeably, prudently and without compulsion.

1.3 Data sources

This review is based on the information provided by Ascot, the technical reports of consultants and previous explorers, as well as other published and unpublished data relevant to the area. HDR has carried out, to a limited extent, its own independent assessment of the quality of the geological data. The status of agreements, royalties or concession standing pertaining to the assets was, however, not investigated and HDR was not required to do so.

In developing our assumptions for this Report, HDR has relied upon information provided by the Company and information available in the public domain. Key sources are outlined in this Report and all data included in the preparation of this Report has been detailed in the references section. HDR has accepted all information supplied to it in good faith as being true, accurate and complete, after having made due enquiry as of December 2015.

1.4 Competent Persons and Experts statement

Mineral asset valuation in this report was prepared by, or under the supervision of Manish Garg (B.Eng (Minerals Engineering), MAusIMM, GAICD). Mr Garg has sufficient assessment and valuation experience, which is relevant to the activity that they are undertaking to qualify as an Expert as defined in the 2005 Edition of the "Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports" (VALMIN Code).

1.5 Disclaimer and warranty

This Report was commissioned by Ascot on a fee-for-service basis according to HDR's schedule of rates. HDR's fee is not contingent on the outcome of its valuation or the success or failure for the transaction for which the report was prepared. None of HDR's consultants or their immediate families involved in the preparation of this valuation report have (or had) a pecuniary or beneficial interest in Ascot prior to or during the preparation of this report.

A draft version of this report was provided to the directors of Ascot for comment in respect of omissions and factual accuracy. As recommended in Section 39 of the VALMIN Code, Ascot has provided HDR with an indemnity under which HDR is to be compensated for any liability and/or any additional work or expenditure, which:

- results from HDR's reliance on information provided by Ascot and/or Independent consultants that is materially inaccurate or incomplete, or
- relates to any consequential extension of workload through queries, questions or public hearings arising from this report.

This report may contain or refer to forward-looking information based on current expectations, including, but not limited to timing of mineral Resource estimates, future exploration or project development programs and the impact of these events on the Ascot. Forward-looking information is subject to significant risks and uncertainties, as actual results may differ materially from forecasted results. Forward-looking information is provided as of the date hereof and HDR assumes no responsibility to update or revise them to reflect new events or circumstances.

The conclusions expressed in this updated valuation report are appropriate as at December 2015. The valuation is only appropriate for this date and may change in time in response to variations in economic, market, legal or political factors, in addition to ongoing exploration results. All monetary values outlined in this report are expressed in Australian dollars ($ or A$) unless otherwise stated. HDR services exclude any commentary on the fairness or reasonableness of any consideration in relation to this acquisition.

1.6 Note on Concession Status and Material Contracts

HDR has not independently verified the current ownership status and legal standing of the material tenements that are the subject of this Report. Instead it has relied on legal advice provided by

- Baker & McKenzie Lawyers in Colombia

regarding the status of the material tenements underlying the mineral assets involved in the transaction and this advice confirms that the material tenements are in good standing in all material respects.

2 Colombia Overview

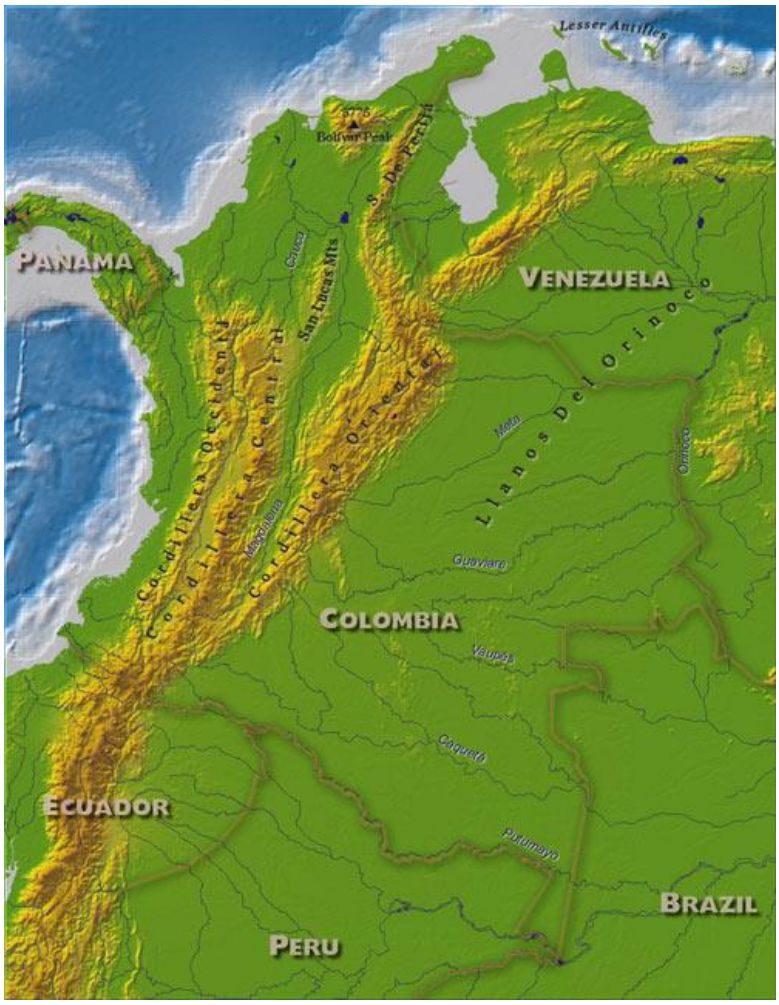
Colombia has the largest identified coal resources in South America. Geographically, Colombia is a country largely dominated by the northern extension of the Andes Mountain Chain. The Andes Mountains split into three distinct mountain ranges as they enter the southern part of the country. These relatively young mountains are steep sided and have high elevations.

These three distinct mountain ranges are identified as three distinct cordilleras. (Figure 2:1), Cordillera Occidental (West Cordillera), Cordillera Central (Central Cordillera) and Cordillera Oriental (East Cordillera).

The West Cordillera is separated by the valley of the Río Cauca from the Central Cordillera. A relatively wide valley of Río Magdalena lies on the eastern side of West Cordillera and separates it from the Central Cordillera. A hilly coastal area constructed from massive tertiary sediments lies between the West Cordillera and the Pacific Ocean.

The Northern Andes contain an abundance of tertiary aged coal deposits with huge reserves. Metamorphic clay schists and chert schists, covered by massive basaltic volcanic caps build up the West Cordillera.

Figure 2:1 Cordilleras in Colombia



Typical Rock types present in the Central Cordillera are metamorphic rocks such as phyllite, quartzite and metamorphic conglomerates. The metamorphic rocks are discordantly overlaid by Devonian and Lower Carboniferous continental sediments as well as Upper Carboniferous and Permian marine sediments. In the east edge is a mixture of Triassic ignimbrites and Cretaceous conglomerates, graywackes, pyroclastics and lime-sandstones.

The East Cordillera has a complex structure. At three places, its pre-Triassic basement outcrops to the surface. From the south to the north these are at Garzón, Quetamé and at Santander. The rock contains highly metamorphosed gneisses and granulites.

Compared to other regions in the South American continent, the unique geological conditions prevalent in Colombia were more conducive to coal formations .Coal was deposited in Colombia at two separate times during the past 65 million years: at the beginning of the Tertiary Age (Paleocene) and mid-way through the Tertiary during Oligocene-early Miocene times. Both of these periods saw warm temperatures, abundant rainfall and higher Carbon Dioxide (CO_2) levels, all of which promoted the development of coal in swamps in the lowland interface between the mountains and the oceans. These coal deposits are located at nine different identified basins (Figure 2:2 and Table 2:1).

According to estimates given by the Ministry of Mines and Energy, Government of Colombia, Colombia has a total known coal resource base of 6.6Bt of which 75% of its coal resources are of thermal grade.

Table 2:1 Coal Inventory in Colombia

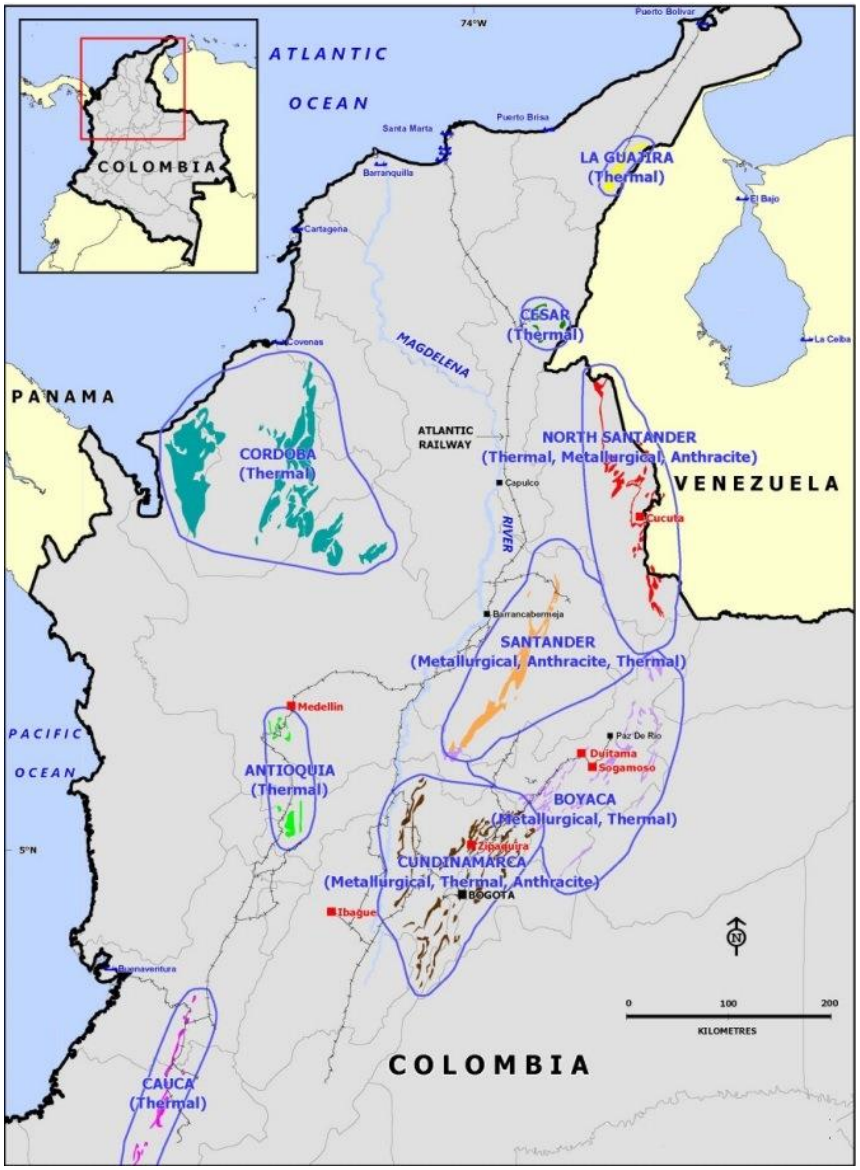
Region / Zone	Coal Resources (Mt)
La Guajira	3,728
Cesar	1,815
Córdoba	379
Cundinamarca	225
Boyacá	157
Norte de Santander	107
Antioquia	87
Santander	55
Valle del Cauca	41
Total	6,593

Source: Ministry of mines and energy, Republic of Colombia

Most of the thermal coal deposits present in Colombia are located within the north eastern plains of the country, with the largest situated in the Guajira and Cesar departments. These coal mines have very large resource base with favourable stripping ratio. Colombian surface mineable coal seams are reasonably flat lying or if dipping steeply, they have relatively limited depth of cover. Thermal coal produced in Colombia is generally bituminous in rank and has low ash and sulphur content. Emerging coking coal provinces are located in the central and southern regions, where infrastructure is limited. Most of the coking coal produced in Colombia comes from underground mining operations with very difficult geological conditions. These underground coal seams are dipping at an angle of 30^0 or greater which restricts the deployment and manoeuvring of underground mining equipment. Most of the underground coal mines are being worked out by

artisanal methods. The most common method used in Colombia is that of sub-level stoping. This method allows mining seams as thin as 0.8 m to be mined using pneumatic picks and small-scale rail haulage to produce the coal. These underground coal mines have very limited production capacity.

Figure 2:2 Coal Basins in Colombia



Source: modified after New Age Exploration Limited presentation

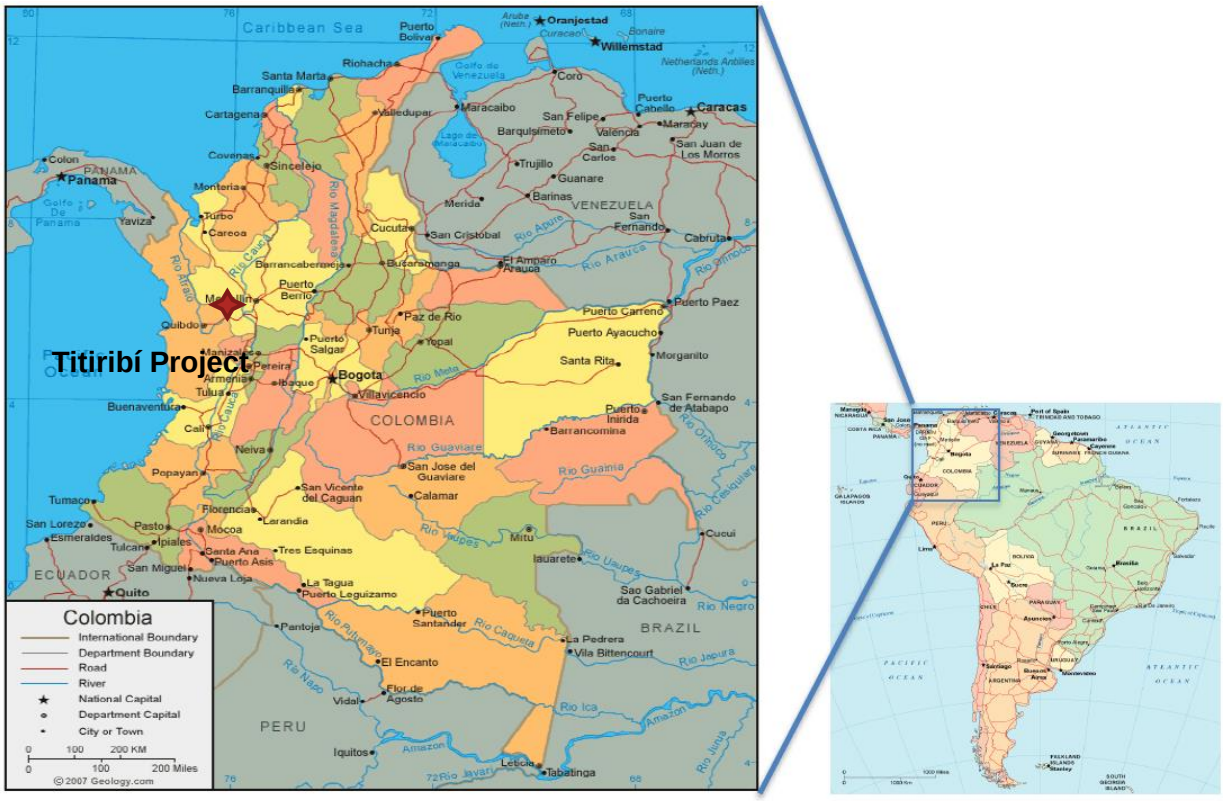
Colombia is the largest producer of coal in South America and 5th largest exporter in the world. Coal production is mostly controlled by large, global mining companies who own and manage their own production and raw material supply chains, including rail and port capacity. Carbones del Cerrejon (33Mtpa), the largest Colombian producer, is owned in equal shares by Anglo American, BHP Billiton and Glencore. Other major producers include, Drummond International, Glencore and Murray Energy Corp.

3 Titiribí Coal Project

3.1 Location, Infrastructure and Tenure

The Titiribí project is located in the Antioquia Department in the northwest part of Colombia (Figure 3:1). The Antioquia Department is spread into an area of 63,612 Km^2 and borders with Córdoba Department and the Caribbean Sea to the north, Department of Caldas and Risaralda to the south, Chocó Department to the west and Bolivar, Santander and Boyaca Departments to the east. Antioquia is one of the 32 departments of Colombia with an approximate population of 6.6M people. Antioquia is divided in to 9 sub regions containing 126 different municipalities. Medellin is the capital city of the department, which is also the second most populous city after the Colombian capital Bogota, with a population of approximately 3M.

Figure 3:1 Titiribí Project location



The Titiribí Project lies in the south western part of the state within and adjacent to the Municipal Boundaries of the Titiribí region. In addition to gold and other precious metals, the Titiribí region also hosts high rank coal, mainly found in the middle member of Amagà Formation.

The Titiribí Project lies in the southern Antioquia region at approximately 70km southwest of the capital city Medellin. The Project is accessed from the city of Medellin via highways #25 and #60 to the town of Titiribí. The project is accessible by 5.2km of unpaved gravel road to the east of the town of Titiribí. Figure 3:2 shows the route of the road accessing the Project from Medellín. The route is hard-surfaced from Medellín to the town of Titiribí, and an unpaved road connects the town of Titiribí to the Project area.

Figure 3:2 Location and Access to Titiribí Project

Source: Google Maps, HDR

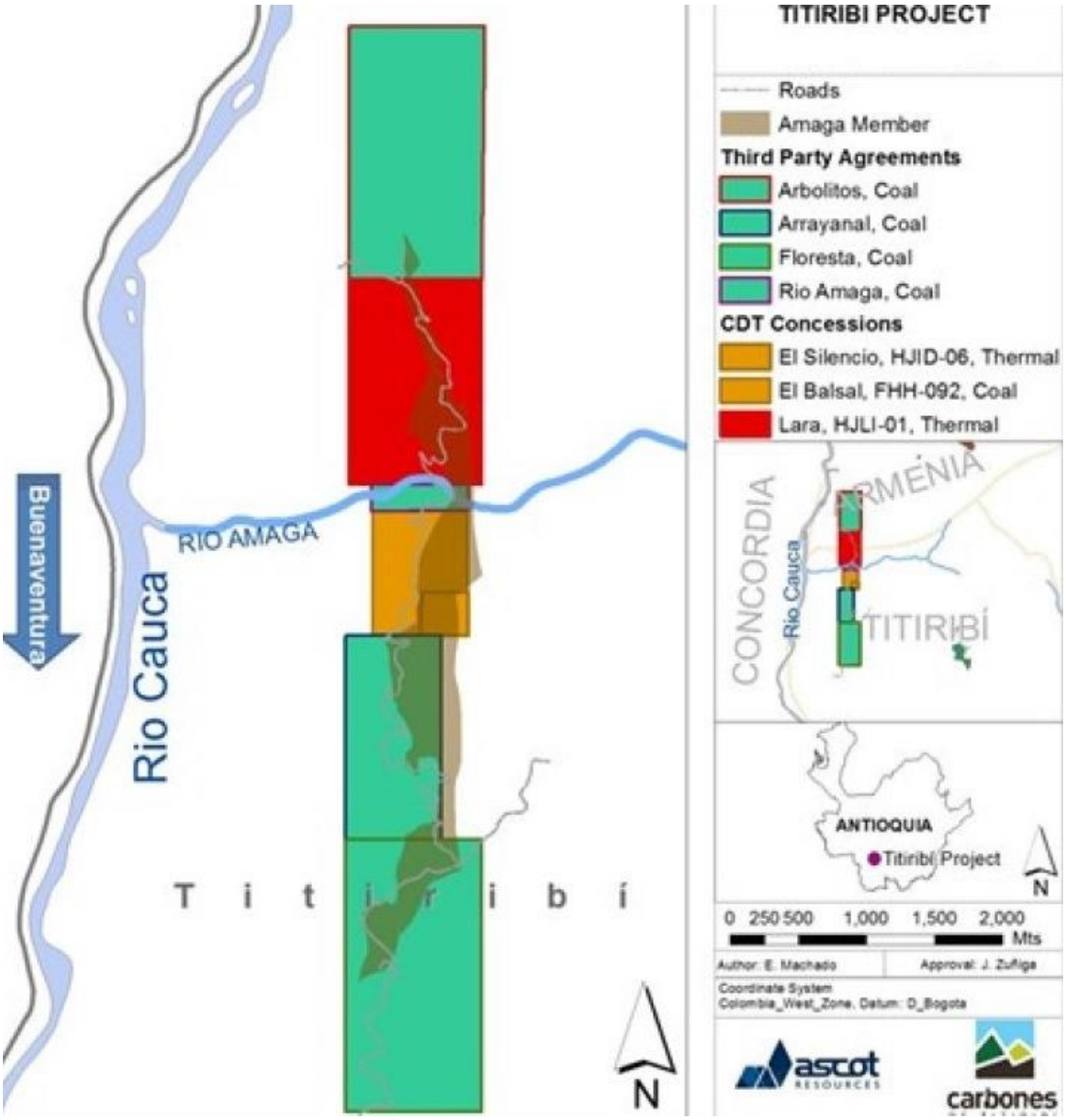
Coal-bearing strata are located on the western flank of the Cordillera Occidental on the eastern side of the Cauca River. This area is dominated by high ridges with steep flanks that are bounded by relatively flat, small valleys. The major rivers flow north to south with minor tributaries entering in a roughly perpendicular direction from east and west. The Rio Cauca is a dominant physiographic feature in the area, flowing from south to north. River Rio Amagà, a tributary of Rio Cauca flows through the concession area.

The Titiribí region enjoys tropical climate, and for most of the year experiences a spring-like climate. Rainfall is not uncommon throughout the year but the rainy season generally falls between October to December. Temperatures are sub-tropical ranging from 12°C to 30°C.

3.2 Ownership and Licenses

HDR has prepared this report upon the understanding that Ascot has a 90% interest in CdT which owned tenements (HJBN-04, HJID-06 and HJLI-01) and have a binding arrangement with third party for transfer of remaining tenements (Figure 3:3).

Figure 3:3 Titiribí Project Tenements



Source: Ascot Resources ASX Announcement dated 17 December 2013

The project consists of 4 exploration licenses, as set out in Table 3:1 below, covering a total land area of approximately 503 Ha.

Table 3:1 Titiribí Project Tenements

Name of Tenement	Status	Date Granted	Tenure
Concession 7569 - HJBN-04	Granted	9 Dec 2008	30 years
Concession 7425 - El Silencio HJID-06	Granted	16 March 2009	30 years
Concession 7569B - Lara HJLI-01	Granted	26 May 2009	30 years
Concession 5849 – Arrayanal, Floresta & Arbolitos	Granted	14 Dec 2009	30 years

HDR has not independently verified the current ownership status and legal standing of the material tenements that are the subject of this Report. Instead it has relied on legal advice provided by:

- Baker & McKenzie Lawyers in Colombia

regarding the status of the material tenements underlying the mineral assets involved in the transaction and this advice confirms that the material tenements are in good standing in all material respects.

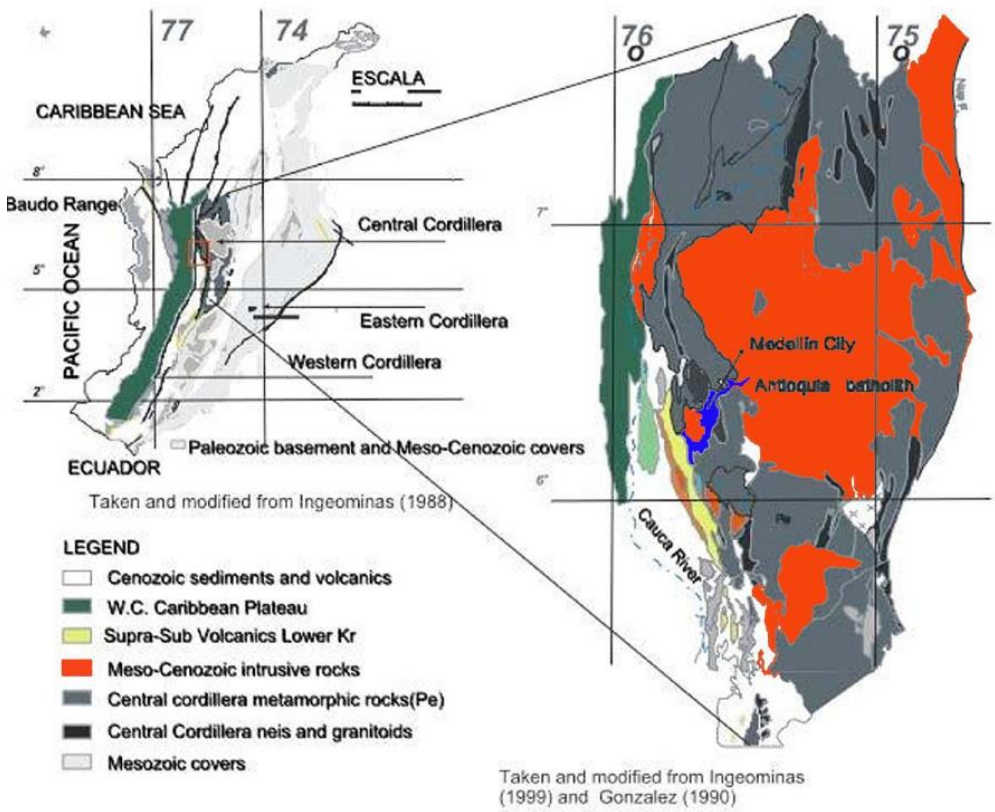
4 Regional Geology

4.1 Geological Settings

Antioquia lies in the northern part of the western limb of the Andes Mountain, commonly known as the Cordillera Occidental. The Cordillera Occidental is known to host a number of minerals occurrences, including coal. The coal was deposited at two different periods, the Miocene and the Oligocene (between 5M and 34M years ago). In the lowland, located along the margins of the Andes, swamps were developed which facilitated the formation of coal seams in this area. Significant variations in the number of coal seams have been observed within the province. Subsequent to the coal being deposited, continued compression between the South American continent and the subducting Nazca plate caused the younger sediments to be folded and faulted with the long axis of folding and faulting oriented parallel to the Pacific coastline. Primary faults in this area are generally oriented north to south with a 60^0 dip to the east. Compression has been further enhanced by the emplacement of an intrusion near the centre of the Department of Antioquia. Figure 4:1 shows the extent of igneous rocks in the vicinity of Medellin. Subsequent geological events have resulted in cross faulting at an angle to these major faults. These faults may be either reverse or normal in nature.

Regionally, the topography of the area is predominated by high ridges with steep flanks that are bounded by relatively flat small valleys. The major rivers flow north to south with the minor tributaries entering in a roughly perpendicular direction from east and west.

Figure 4:1 Intrusive rocks in Antioquia Region

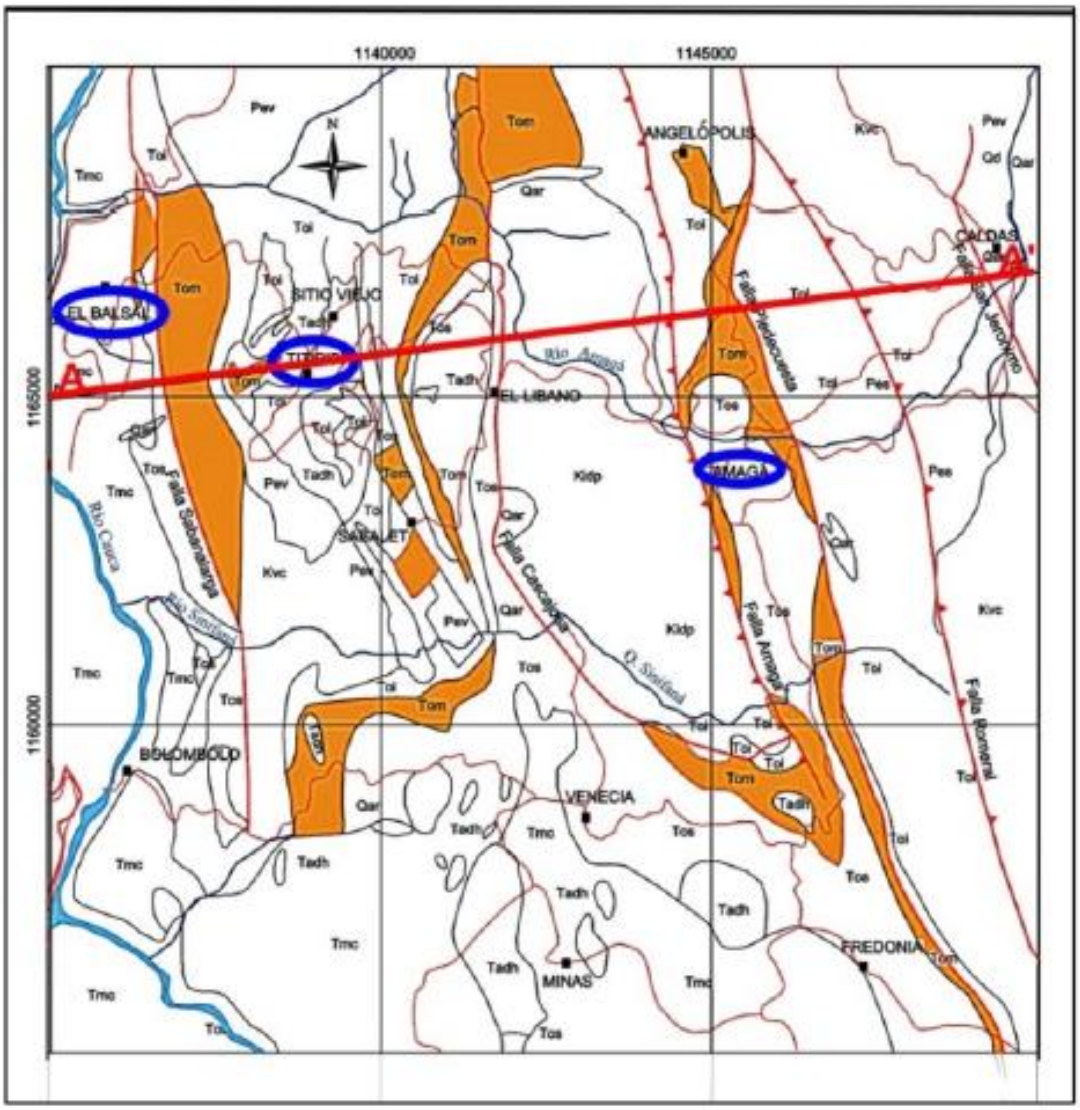


Source: Behre Dolbear - Titiribí Project Field Report

There are smaller igneous intrusions which occur in the vicinity of the Titiribí area which also act as host rocks for gold deposits found in the area. These intrusive and associated rocks also created conditions which were conducive to the formation of coking coal in the Amagà area, which is present in the east of the Titiribí Project, historically known for producing excellent quality coking coal.

The generalized geological map of the Southern Antioquia area (Figure 4:2) shows the coal-bearing Amagá Formation (Tcm) in brown. El Balsal, Titiribí and Amagá coal areas are shown circled in blue. The area is severely faulted with the general strike of the faults observed to be in a north-south orientation. Emplacement of a large intrusion created westward-directed compressional forces in the Titiribí area and forced rocks of the Quebradagrande Complex to be thrust over the younger coal bearing rocks of the Middle Member of the Amagá Formation.

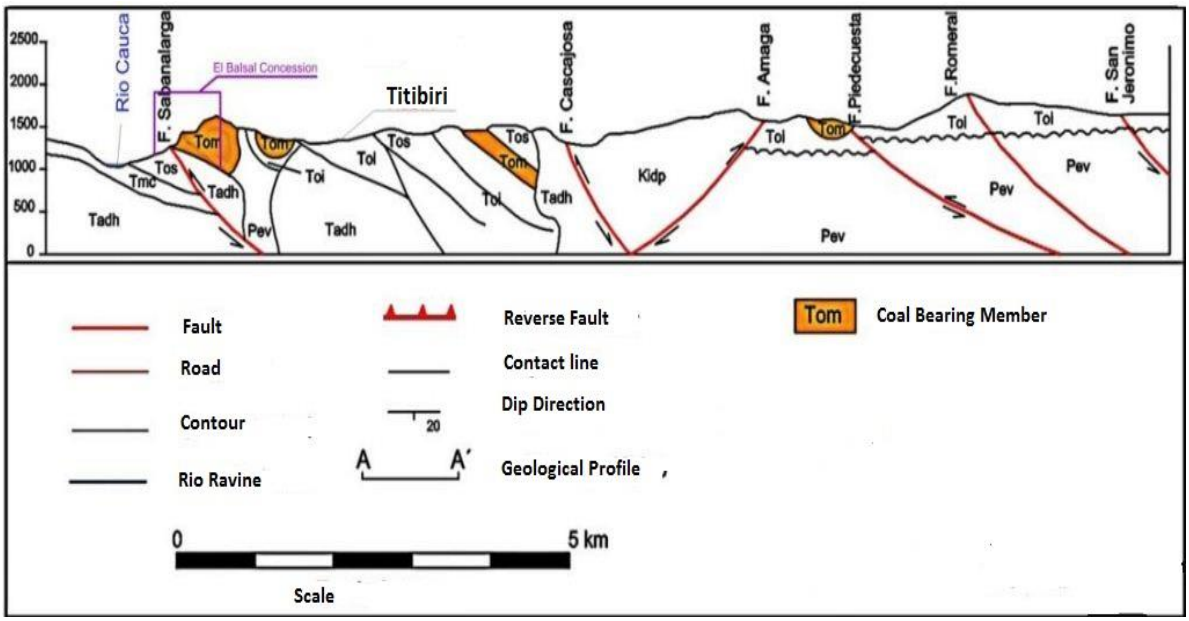
Figure 4:2 Generalised Coal Area in Southern Antioquia



Source: Behre Dolbear - Titiribí Project JORC Report

Figure 4:3 shows a cross-section across the area depicting the presence of the coal bearing Amagà Formation in the southern part of Antioquia.

Figure 4:3 Sectional map of coal bearing Amagà formation



Source: HDR Behre Dolbear - Titiribí Project JORC Report

The Amagà Formation is tertiary in age and was deposited during the late Oligocene and middle Eocene geological era. It was deposited in a low elevation, fluvial environment. This coal formation (Amagà) crops out over approximately 700 km^2 within the Department of Antioquia. Based on the presence of coal layers, the Amagà formation has been subdivided into three members: lower member (Toi, Conglomeratic containing mainly diorite, chert, and milky quartz with insignificant coal), Middle member (Tom, alternate layers of sandstones and claystone, generally coal rich) and upper member (Tos, no coal).

Out of three members explained above, the middle member (Tom) is most significant in terms of coal. Thicker coal seams occur in this formation. These seams tend to be limited in areal extent by later faulting, thicknesses range from 0.5m to slightly over 5m. The upper portion of this member is gradational with the overlying Upper Member.

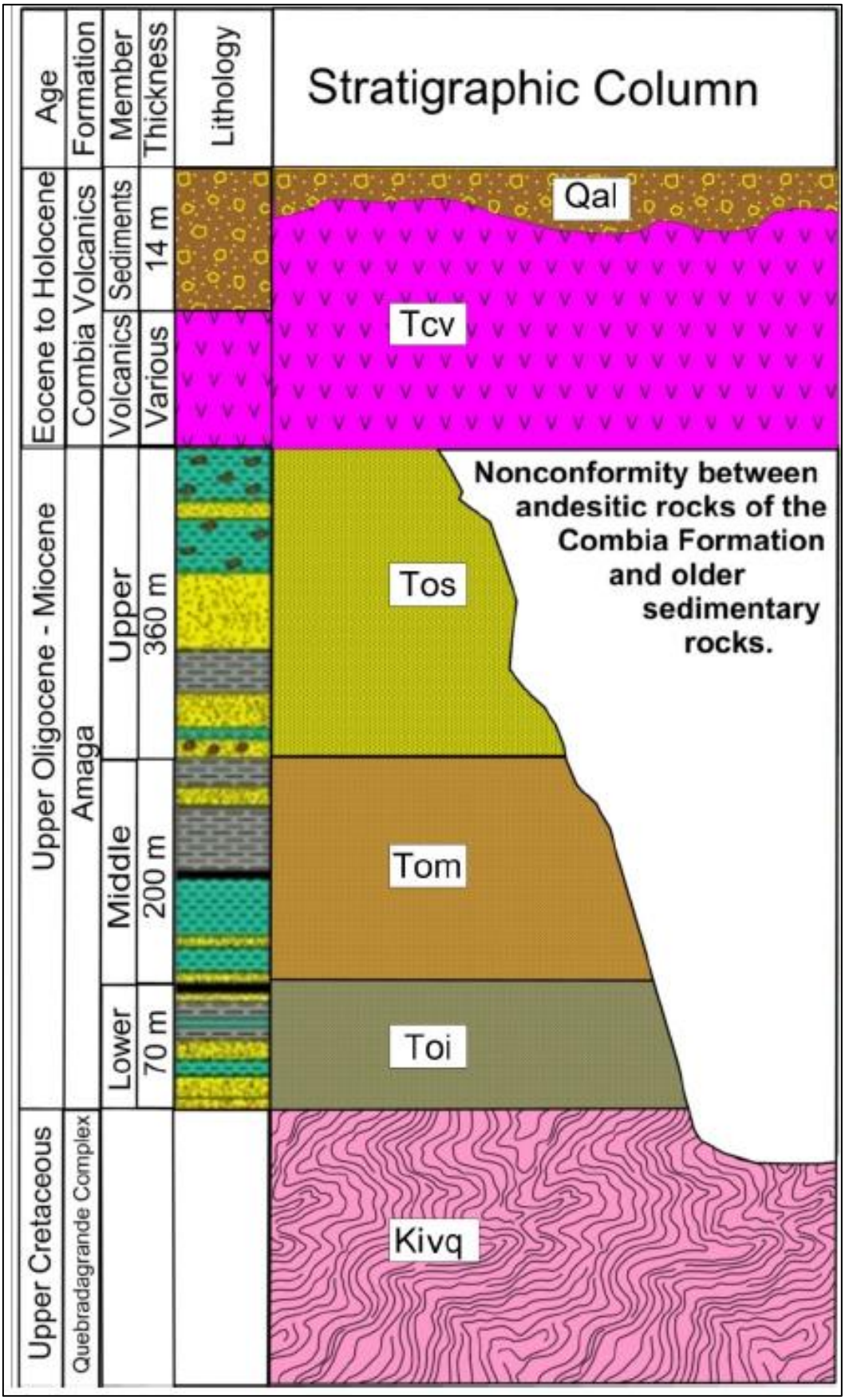
The Combia Volcanic overly the Amagà Formation in part of the area. It ranges in age from Eocene to Holocene and is probably responsible in part for forming conditions conducive to the formation of coking coal.

4.2 Generalised Stratigraphy

Rock units in the Titiribí area comprise the Quebradagrande Complex (Cretaceous), the Upper, Middle, and Lower Amagá Formation (Tertiary), and the overlying Combia Formation (Tertiary), as well as unconsolidated Recent alluvium and colluvium (Gemi, 2013).

The Middle Member of the Amagá is coal bearing and has been exploited by small artisanal mines in the area. Figure 4:4 shows the general stratigraphic section for the coal-bearing Amagá Formation in the Titiribí area.

Figure 4:4 Generalised Stratigraphic Column - Amagá Formation



Source: Behre Dolbear - Titiribí Project JORC Report

The Amagá Formation is Tertiary in age and is the major coal-bearing formation in the Titiribí area. It was deposited during the late Oligocene and into the middle Eocene and consists of three members that have been mapped in central and southern Antioquia. These members are referred to as the:

- Lower Member (Toi)
- Middle Member (Tom)
- Upper Member (Tos)

The Amagá Formation rests discordantly on the earlier Quebradagrande volcanic and metamorphic rocks. In places, the formation has been intruded by later (Miocene-Pliocene aged) igneous rocks of the Combia Formation. The Amagá crops out over approximately 700km² within the Department of Antioquia.

Lower Member of Amagá Formation (Toi)

This member consists of conglomeratic zones interleaved with sandstone and siltstone. The conglomerate is composed of metamorphic rocks, diorite, chert, and milky quartz derived from the basement rocks in the area. The sandstone units are lenticular and cross stratified in some areas. Minor coal seams, ranging from 0.05m to 0.10m thick, have been identified in the upper part of the member.

Middle Member of Amagá Formation (Tom)

Sandstone and siltstone of the Middle Member are gradational with those of the underlying Lower Member. Thicker coal seams occur in this member with thicknesses ranging from fractions of a metre to more than 10m in the northern part of El Balsal Concession. Generally, the thicker seams occur in the lower part of the section while thin coals appear higher in the stratigraphy. Seams tend to be limited in areal extent by post-depositional faulting. The upper portion of this member is gradational with the overlying Upper Member.

Upper Member of Amagá Formation (Tos)

The Upper Member is characterised by the absence of coal. It is composed of dark grey, fine-grained sandstone, siltstone, and shale. Limey concretions are common in the upper part of this member. Thin conglomeratic beds have been mapped in the lower part of this member and include fragments of coal in the matrix.

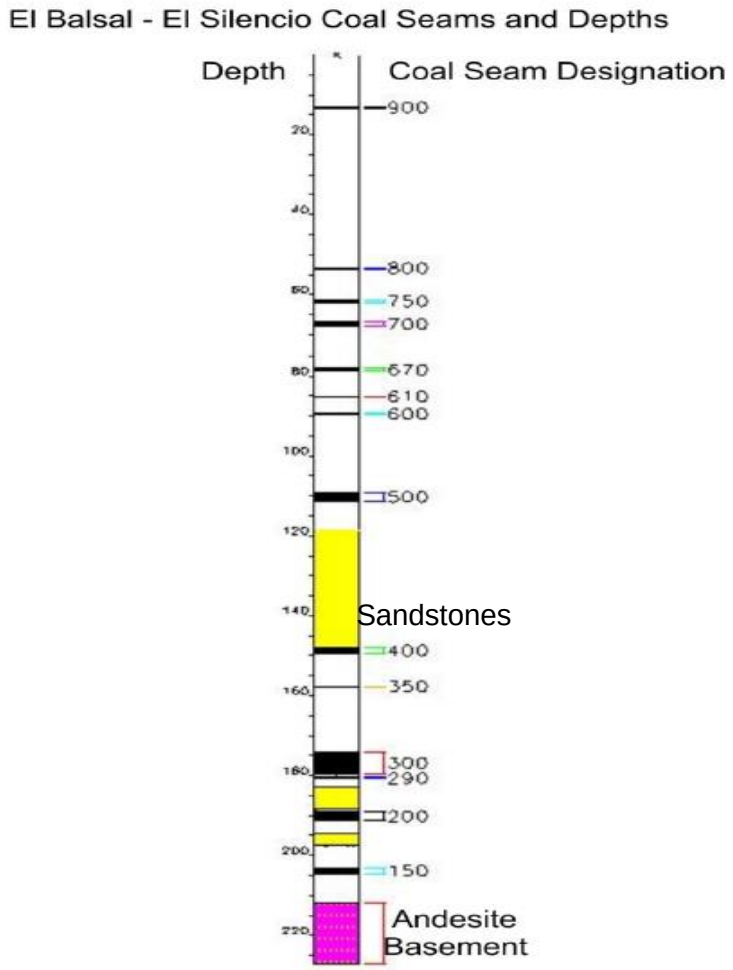
4.3 Local Geology

According to Behre Dolbear's JORC Report on the Titiribí coal concession, at least 14 coal seams crop out in this formation within the El Balsal/El Silencio concession areas. The Amagà formation is approximately 550m in thickness and sharply defined by the volcanic rocks that enclose the formation. The middle member is transitional between the upper and lower members and hosts coal of potential commercial value.

The coal seams in El Balsal/El Silencio Concession strike north-south and dip to the east basically sub-parallel to the two major thrust faults they are sandwiched between. Most surface geological mapping in the El Balsal/El Silencio Concessions has interpreted the main thrusts, but no significant cross-cutting faulting. Recent mapping by Gemi (2012) interpreted a cross-cutting fault, but this was not supported by subsequent drilling in 2013.

Within the El Balsal / El Silencio concession, Middle Amagá coal stratigraphy was developed by Behre Dolbear based on drilling data gathered from the exploration program. Out of 14 different coal seams identified by Behre Dolbear, 5 seams were categorised as main seams with thicknesses ranging from 1.8m to 6.2m (Figure 4:5).

Figure 4:5 Stratigraphic column of El Basel Concession



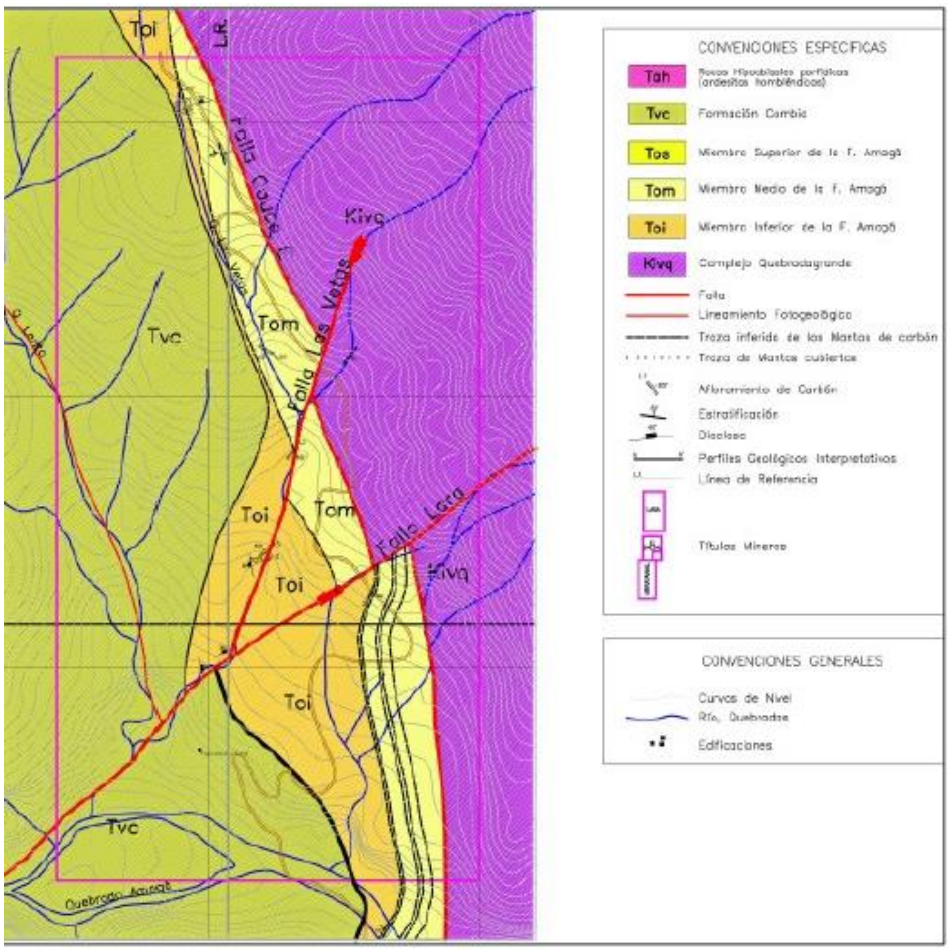
Source: Behre Dolbear - Titiribí Project JORC Report

At the Lara Concession, the local geology is similar to that of the El Balsal / El Silencio Concession except that there have been several significant cross faults mapped within the concession. The coal-bearing Middle Member of the Amagá Formation (Tom) crops out in the eastern part of the Lara Concession, as shown in Figure 4:6.

Unlike the southern areas, the Lower Member of the Amagá Formation (Toi) has been mapped in this area. The sedimentary rocks of the Amagá Formation are in faulted contact with the Quebradagrande Complex in the east and are overlain by the Combia Formation to the west.

Andesite intrusive rocks are exposed in road cuts on the extreme northern part of the concession and resistivity surveys conducted in 2013 strongly suggest their presence near the middle and southern part of the concession. The presence of the igneous intrusions likely accounts for the cross-cutting strike-slip faults mapped at angles to the major faults in this area.

Figure 4:6 Generalised Surface Geology, Lara Concession



Source: Behre Dolbear - Titiribí Project JORC Report

Lara Concession has not been fully explored but exhibits coal outcropping adjacent to ranch roads located immediately north of the El Basal and El Silencio tenements. A single drill hole in the southern part of the Lara Concession intersected 8 separate coal seams having an aggregate thickness of 21m. Two other drill holes were drilled into the andesite that underlays the coal measures but no coal was encountered during this drilling.

5 Recent Exploration

The Titiribí area has been explored by several explorers in the past. The first systematic exploration of the area was carried out in 1926 when Emil Grosse conducted surface mapping of the area.

During 2009, Gemi (a geological services and engineering company located in Medellín, Colombia) carried out geological mapping of the area using surface traverses. During exploration, Gemi used heavy equipment, mainly to dig trenches in order to examine the coal and enclosing sedimentary rocks. Gemi identified nine coal seams in the Concession area with relatively steep dips and prepared a detailed geological map. This map projected potential locations for coal seams. Unfortunately, the projected locations for the coal seams were in error and the map did not honour the topography within the boundaries.

Subsequently in 2012, Ascot – via its 90% owned JV, CdT – took up the Project and contracted Medellín based consulting firm GEOMinas to remap the area using photo geological techniques. GEOMinas also interpreted several cross-cutting faults in both Northern (Lara) and Southern (El Balsal/El Silencio) tenements.

This was followed up by a field geophysical study in 2013, with an objective to determine the resistivity and magneto-telluric makeup of the rocks. The studies were conducted by HGS and overseen by HGS's representative in Colombia. Resistivity soundings were taken at 25m spacing on a series of lines running generally west to east. Resistivity surveys indicated that the coal is underlain by an Andesite intrusion that has improved the coal rank and has transformed much of the coal into coking coal. The study indicated that the intrusion has also cut-off some of the lower-most coal bearing strata. This was confirmed by subsequent drilling.

During 2013, CdT completed a drilling campaign on the El Basal, El Silencio, and Lara tenements (Figure 5:1). A total of 23 holes were drilled in the El Basal, El Silencio, and Lara tenements; 17 HQ diamond drill holes (2,897m) and 6 open holes (844m) were drilled. Most of the holes were angle drilled in order to help minimise thickness variations. All holes were logged with slim hole geophysical tools and compared to the geologist's lithology logs. Geophysical logs included gamma ray, gamma-gamma density, verticality, coal density, temperature, and calliper.

Figure 5:1 Drilling on Titiribí Project (2013)

Source: Ascot Resources

The data generated from the drilling was used by Behre Dolbear to create a Geological Model and the Mineral Resource estimate for El Basal, El Silencio, and Lara tenements.

Following this, CdT also conducted a preliminary surface geophysical (resistivity) survey on surrounding tenements, coupled with coal outcrop data, photo geological mapping and projections from existing drilling. The results from these activities strongly suggested the upside potential for the expansion of the resource bearing area. As a result of this, Ascot entered into a binding arrangement for three additional concessions immediately adjacent to the north and south of the El Basal, El Silencio, and Lara tenements.

The analysis of geological mapping and non-invasive geophysical exploration work was extended into the Arrayanal Concession, which presented a significant opportunity to increase the resource base. The geological model was reviewed and the projected tonnage in the Arrayanal Concession was also included in the updated resource estimate.

Table 5:1 below summarises exploration activity conducted on the Titiribí Project.

Table 5:1 Exploration Activities conducted by CdT on Titiribí Project

Activity	Scope	Results
Historical Data Review (July – October 2012)	Grosse (1926), INGEOMINAS (1983), ECOCARBÓN (1995).	• Confirmation of coal seam outcrops in the Amagà Formation. • Limited historical mining had taken place at El Silencio and El Balsal. • Historical Colombian resource estimate for underground coal mining.
Photo Geological Interpretation And Mapping ((July – October 2012)	Photos (approximately 1:10,000 m scale) - GEMI 2011 & 2012. Landsat image (30 m resolution). IGAC topography (10,000 m scale) interpolated at 10 m.	1:5,000 m scale mapping: • The Middle unit of the Amagà Formation as the most prospective for mineable coal seams • Geological contacts • Key internal structures • Occurrence, thickness, character, and preliminary distribution and correlation of coal seam.
Ground Geophysics Resistivity (April – May 2013)	Audio-frequency Magneto-telluric Technique (AMT) and Controlled Source Audio-frequency Magneto-telluric Technique (CSAMT) using STRATAGEM instrumentation (Scintrex	Definition of: • Amagà Formation boundaries • Internal Structures • Depth of weathering

	Ltd, Canada). El Balsal and El Silencio – 5,919 m Lara – 4,176 m, Arrayanal – on model of coal resources in southern El Balsal and El Silencio. Direct current imaging collected via earthed electrodes (Lund) to provide tighter control to a depth of about 120 m from surface. • El Balsal and El Silencio – 4,250 m, Lara – 2,970 m, typically collected at 25 m intervals, lines 100 m apart oriented approximately east-west. • Bostick and Occam's Razor inversion processes were undertaken for comparison.	
Drilling (January – June 2013)	20 hole program at El Balsal, El Silencio, and Lara tenements for 3,262 m • 14 HQ diamond holes for 2,418 m • 6 open tricone holes for 844 m	All drill holes at El Basal and El Silencio and one drill hole at Lara had multiple coal intercepts with apparent (drill) thickness exceeding 0.8 m.
Geological logging (January to June 2013)	23 hole program at El Balsal, El Silencio, & Lara tenements for 3,262 m • 14 HQ diamond holes for 2,418 m • open tricone holes for 844 m • 3 HQ diamond holes at Lara for 479 m.	Permit correlation of some 14 individual coal seams Define the depths and apparent thickness of coal seams and geological marker beds and structures Support coal sample recovery calculations.
Drill Core Coal and Partings Analysis (January- May 2013)	El Balsal and El Silencio • 85 core samples • 10 QA/QC samples • 21 partings samples Lara – 9 core samples.	Permit coal quality study and determine JORC-compliant coal samples for resource estimation.

Source: Ascot Resources, Behre Dolbear JORC Report, Quarterly Activities Report –Ascot Resources

6 Coal Resource Estimates

The surface topographic model was prepared by Behre Dolbear. It is comprised of inputs form Colombian geographic data (1979), calibrated by 5 local topographic stations, resistivity survey points, drill hole locations, and local road surveys which were all surveyed by Estudio T-Rural.

During 2013, a total of 23 holes were drilled in the El Basal, El Silencio, and Lara tenements; 17 HQ diamond drill holes (totalling 2,897m) and 6 open holes (totalling 844m). The data generated from drilling and downhole geophysical logging done by Weatherford International, was interpreted by Behre Dolbear. This was used in combination with resistivity data and geological drilling & logging to determine the depth and thickness of coal seams. This was followed by construction of the geological resource model to estimate Coal Resources using Minex® software by The Americas Group, Inc., working under instruction of Behre Dolbear.

More than 95% of the Coal Resource estimate is above a depth of 300m. However, additional Inferred Coal Resources were estimated at more than 300m depth (0.23Mt and 0.15Mt for El Balsal and El Silencio) and reported separately. Because of the variability in the amount of parting material within each of the coal seams and the fact that not all of the partings were analysed, Behre Dolbear used an average density of 1.30t/m^3 to estimate Coal Resources.

Behre Dolbear estimated a Coal Resource of 18.80Mt for the Titiribí Project (Table 6:1) reported in accordance with JORC (2012). The Coal Resource estimate is classified as 7.87Mt Measured, 8.74Mt Indicated and 2.18Mt Inferred.

Table 6:1 Coal Resource Estimate Titiribí (JORC 2012)

Tenement	Resource (Mt)			
	Measured	Indicated	Inferred	Total
El Balsal	3.59	0.27	0.24	4.10
El Silencio	1.58	0.45	0.15	2.18
Lara			1.80	1.80
Arrayanal	2.70	8.02		10.72
Total	**7.87**	**8.74**	**2.19**	**18.80**

Source: Behre Dolbear - Titiribí Project JORC Report

The Measured and Indicated Coal Resource tonnages at the Arrayanal tenement were determined by projecting geological modelling results from the southern extremes of the adjoining El Balsal and El Silencio tenements into the northern part of the Arrayanal tenement. This was based upon the drill holes in the extreme southern part of El Balsal and El Silencio. Behre Dolbear used the radii of influence from those drill holes to identify Measured Resources (radius 0 to 150m) and Inferred Resources (radius 150m to 400m). These areas of influence underpin estimates of 2.70Mt Measured and 8.02Mt Indicated in the Arrayanal tenement.

These projections were supported by geological mapping and resistivity analysis. Behre Dolbear believes that coal continues into the western and southern parts of the Lara tenement and to the south of the Indicated tonnage area in the Arrayanal tenement.

6.1 Coal Quality

Analytical data from the 14 cored holes at the El Balsal and El Silencio tenements, comprising 85 coal samples, was used to construct a coal quality model to define the coal quality or the Coal Resource. Definitive coal quality results received from independent testing specialists, SGS Group, was reviewed by Behre Dolbear and coal quality consultants, Bluefield Group, to ascertain likely product qualities and marketability. The review included a study of 10 Quality Assurance and Quality Control (QA/QC) samples. Some 15 samples were excluded due to insufficient sample recovery. Table 6:2 provides a breakdown of coal quality, on a weighted average basis across all intercepted seams.

Table 6:2 In-situ Coal Quality, Titiribí Project

Seam ID	Number of Seam Samples	Thickness (m)	Moisture (%)	FSI	Relative Density (t/m3)	Moisture (%)	AR Ash (%)	AR Sul (%)	AR Vol (%)	AR FC (%)	AR Kcal/kg
800	1	1.21	1.9	8.5	1.3	6.23	10.75	1.56	36.82	46.2	7,088
750	2	0.86	1.61	8.3	1.27	3.39	10.75	2.35	37.57	48.29	7,313.1
700	2	1.9	1.08	8.3	1.4	5.4	22.72	1.76	33.42	41.31	6,254.88
670	2	1.46	5.1	4.3	1.23	10.81	5.2	1.31	33.97	50.01	6,671.66
610	3	0.86	1.5	8	1.41	6.98	18.44	3.76	32.93	42.67	6,395.88
600	6	1.62	1.99	8.5	1.24	7.07	10.8	1.62	35.73	46.4	6,966.4
500	6	2.85	1.74	7	1.24	6.88	7.41	1.26	36.6	49.11	7,280.77
450	1	0.55	2.77	8.5	1.2	5.96	3.71	0.97	36.75	53.58	7,691
400	6	3.57	2.46	6.8	1.27	9.01	8.1	1.13	37.5	45.39	6,923.12
300	8	5.15	2.24	6	1.27	8.51	7.99	0.67	35.91	47.59	6,852.06
290	2	0.64	2.6	1.8	1.52	11.63	22.95	1.56	30.37	35.05	5,152.3
250	1	0.5	N.D.	N.D.	1.49	8.74	19.95	1.93	32.86	38.44	5,693.01
200	5	1.8	2.41	7	1.29	9.2	7.38	1.59	35.76	47.66	6,919.94
150	4	2.71	2.12	7	1.29	9.28	6.07	0.71	35.14	49.51	7,126.29
Minimum Value	1	0.5	1.08	1.75	1.2	3.39	3.71	0.67	30.37	35.05	5,152.30
Median Value	3	1.54	2.12	7	1.28	7.79	9.42	1.56	35.74	47	6,921.53
Maximum Value	8	5.15	5.1	8.5	1.52	11.63	22.95	3.76	37.57	53.58	7,691

Source: Behre Dolbear - Titiribí Project JORC Report

6.1.1 Coking Coal Assessment

As a part of resource estimation for the Titiribí Project, drill core samples were tested for their coking coal properties. The following coal tests were conducted on the coal samples

CSN/FSI: Titiribí Project coal FSI ranges from as little as 0.5 for one of the thinner coal seams to as high as 9 for the thicker seams. The average FSI value is 7.5.

Vitrinite Percentage (%): Detailed core logging resulted in an estimate of vitrain proportions in the range of 60% to 75%. Vitrain bands, exceeding 3.5cm in thickness, are common in the lower coal zones.

Reflectance: Reflectance tests were conducted on 10 samples taken from seam 300. They were divided into Miscellaneous Reflectance testing, Reflectance of Reactive Macerals Reflectance of Inert Macerals and Summary of Miscellaneous coking coal Factors based on Reflectance criteria. The test results are summarised in Table 6:3 below.

Table 6:3 Reflectance Tests Summary, Titiribí Project Coal

Reflectance Test type	Minimum Value (%)	Maximum Value (%)	Average (%)
Coal Reflectance Tests	1.6	54.3	15.6
Coal Reactive Reflectance (Total Reactive %)	84.1	91.4	89.6
Coal Inerts Reflectance Tests (Total inerts %)	8.6	15.9	10.4
Coal Reflectance Mean_Max_Reflectance			

Source: Behre Dolbear - Titiribí Project JORC Report

Audibert-Arnu Dilatometer: Dilatometer testing was carried out on samples from seam 300 from the Titiribí Project core holes. The results are tabulated below (Table 6:4).

Table 6:4 Audibert-Arnu Dilatometer Results, Titiribí Coal

	COAL_DILATATION, MAX_CONTRACTION (%)	COAL_DILATATION MAX_EXPANSION (%)	COAL_DILATATION SOFTENING_TEMP (°C)	COAL_DILATATION CONTRACTION_TEMP (°C)	COAL_DILATATION EXPANSION_TEMP (°C)
Minimum	-35.0	-32.0	364	416	439
Average	-26.5	-11.5	371	421	454
Maximum	-21.0	48.0	389	500	500

Source: Behre Dolbear - Titiribí Project JORC Report

Giesler Plastometer: Test Rest results indicated that the fluidity of coal is low with Plastometer Maximum fluidity ranging from 4ddpm to 9ddpm with an average value of 6ddpm.

6.1.2 Coking Coal Quality

Preliminary coal quality analysis shows that the coal has coking properties with Free Swelling Indices ranging from 1.5 to 8.5. Coal quality results indicate the coal is a medium to high volatile

coking coal with relatively low phosphorous and sulphur values, with expected gross calorific values between 5,000kcal/kg to 7,000kcal/kg on an as-received basis.

The coal quality for the Titiribí Project coal has been summarised in Table 6:5 below.

Table 6:5 Raw Coal Quality - Titiribí Project

	Moisture (%)	Ash (%)	FSI	P (%)	VM[3] (%)	TS (%)	CV, Adb kcal/kg
Raw Coal	8.1	8.5	6.7	0.004	36	1.08	6,937

Notes

1. The quality results are based on core samples with no allowance for roof/ floor dilutions and losses. No Wash testing was performed. Subject to core recovery estimates being accepted
2. Weighted average of al seam analysis data
3. ASTM method used that typically gives higher values than ISO/AS methods

Source: Corporate Presentation - Ascot Resources January 2014

7 Preliminary Prefeasibility Study

Ascot completed a Preliminary Prefeasibility Study (PFS) in 2013, which outlined mining methods, product quality, its coking coal potential, logistic options and their cost benefit analysis along with base case project economics. In addition to this, Ascot continued its work towards land negotiations and preparatory work for the grant of mining and environment approvals.

Furthermore, Ascot engaged Sedgman Limited (ASX: SDM) to carry out detailed trade-off studies to further investigate the best option for Project economics. As a part of their engagement, Sedgman reviewed and confirmed capital and operating costs for each of the cases undertaken in the PFS.

The near surface occurrences of coal within the concession area make it amenable to be exploited by conventional open pit mining method. The average stripping ratio for the mine was estimated at 6.5bcm/t. The mining activities will be outsourced to local mining contractors. The coal product may be washed at site or sold as ROM tonnage.

As part of the PFS, Ascot investigated two possible scenarios for mine development:

Scenario A

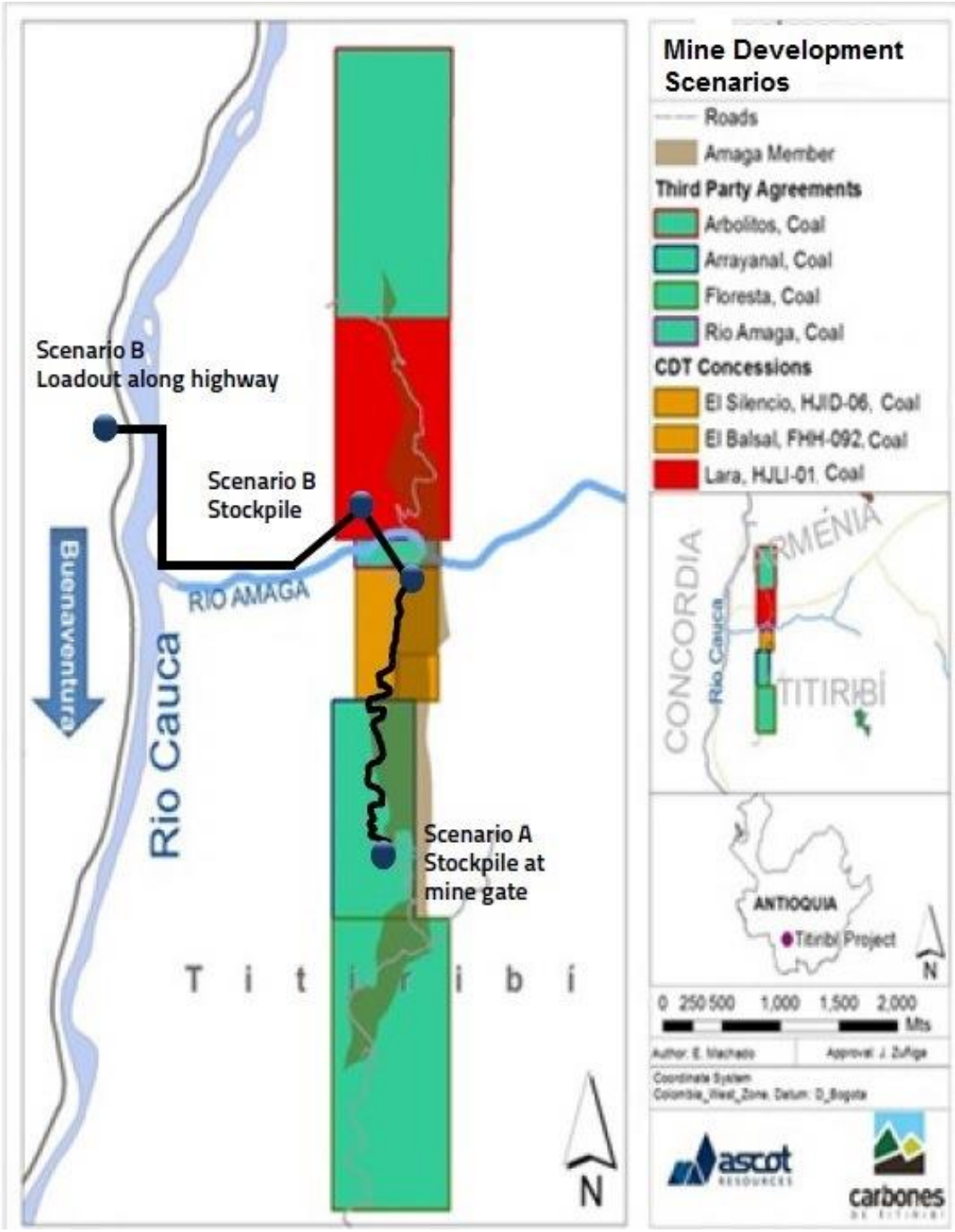
Upgrade 2km road leading from stockpile area (to be constructed within Arrayanal tenement) to main highway and sell all product coal on free carrier basis (FCA).

Scenario B

Build a 2km bridge conveyor on River Cauca and sell 90% of product/ ROM coal on FOB basis at Buenaventura Port while remaining coal to be sold at mine gate for cement producers. The Port of Buenaventura is connected to established Pacific markets.

The potential logistics for both of the scenarios have been shown in Figure 7:1.

Figure 7:1 Mine Development Scenarios



Source: Corporate Presentation - Ascot Resources January 2014

Coal stockpiling, hauling of coal from mine site to port of Buenaventura is proposed to be done by third party logistic companies. Ascot has received quotes form 9 trucking companies and 2 port facility operators.

The Port of Buenaventura is located at a distance of 520km south-west of the Titiribí Project and is Colombia's largest metallurgical export port (by volume). The port's current export capacity is 4Mtpa, with expansion plans (currently underway) to 10 Mtpa. On account of low oil/fuel prices,

good utilisation and low labour costs, trucking & road transport costs are relatively low in Colombia. Moreover, Ascot is investigating to reduce the cost further by backhauling from port.

Preliminary studies have confirmed the Titiribí project can have a low cost operation with operating costs at US$44/t FCA mine gate (Scenario A) or US$84/t , FOB Buenaventura (Scenario B). Capital expenditure estimates for both scenarios have been estimated as US$8M and US$14M for Scenario A and Scenario B respectively. The project economics for both scenarios have been summarised in Table 7:1 below.

Table 7:1 Project Scenarios and their Economics

Physicals	Scenario A	Scenario B
Mining Method	Open Cut	Open Cut
Mining Commencement	2015	2015
Average Coal Recovery	85%	85%
Annual Marketable Coal	250Ktpa	250Ktpa
Capex and Opex		
Construction Capital (US$M)	8	14
Mining and Processing (US$/t)	44	45
Transport, Handling and Logistics[1] (US$/t)	0	39
Total Operating cost[2] (US$/t)	44	84

1. *Transport and logistic apply to semi soft coking and export thermal sales only*
2. *Includes allocation for 5% government royalty*

Source: Corporate Presentation - Ascot Resources January 2014

Ascot has had discussions with major commodity traders (including Cementos Argos, the largest cement producer in Colombia) for a potential future off take agreement.

8 Valuation

8.1 Valuation Approaches

There are a number of recognised methods used in valuing mineral assets. The applicability of these methods depends on several project-specific factors including the level of maturity of the mineral assets and the availability and reliability of the information about the project.

In determining the appropriate method(s) to be used for valuation of these assets, HDR has taken into consideration the classification of these assets as defined in the VALMIN Code and the different methodologies that are generally accepted as industry practice for each classification. Generally, there are three broad methods of valuation that are used for valuing mineral assets. These are i) the cost approach, ii) the income approach, and iii) the market approach, with each being suitable for the relevant status of the exploration or mining project from grass roots exploration through to operating mine, respectively. The asset classifications that may be applied to a project are set out in Table 8:1 below.

Table 8:1 Typical Valuation Methods

Classification	General Description	Valuation Methods
Exploration Areas	Properties where mineralisation may or may not have been identified, but a Resource has not been identified.	Rule of Thumb, Geo-scientific method, Comparable Transactions
Advanced Exploration Areas	Properties where considerable exploration has been undertaken and specific targets identified. Resource estimation may or may not have been made. Good understanding of mineralisation present.	Geo-scientific method, Appraised Value Method, Comparable Transactions
Pre- development Projects	Properties where mineral resources have been identified but decision to proceed with development have not been made. Includes properties held on retention titles.	The above methods and DCF/NPV valuation

Source: VALMIN CODE, 2005

A summary of each of these methodologies is outlined in Appendix A.

The valuation approaches that are generally adopted for exploration areas are broadly defined as inferential methods that rely on comparative or subjective inputs such as the rule of thumb or appraised value methods. These include the estimated coal content and a value of the coal derived from recent transactions. Typically, such a method values the property in $ per unit area or $ per tonne resource. The value would be discounted by any specific site factors as well as the status of the resource classification.

An understanding of the geology of the coal deposit, structure and defined resources places the coal area in the Advanced Exploration or Pre-Development classification phase. A large range of valuation methods are recognized for this status with some requiring a degree of subjective estimation. All have been used by valuation practitioners and usually a combination of methods is used as a cross check to the reasonableness of the input assumptions.

In HDR's opinion, the Titiribí Project is an advanced exploration project as some of the tenements comprising the Titiribí Project have been explored in detail and a Coal Resource estimate in accordance with the JORC (2012) Code has been reported. However, a definitive feasibility study has not been completed. Information on the project economics is not at an advanced enough stage to allow for a determination of a meaningful NPV of the project using valuation methods based on Income Approach.

Therefore, HDR has preferred to apply a combination of two methods to value the project due to the uncertainties attached to its progress, despite its comprehensive resource base. The valuation methods applied include Comparable Transactions and Appraised Value – which has been based on past and forecast exploration expenditure with an appropriate multiplier applied.

8.2 Comparative Market Transaction Method

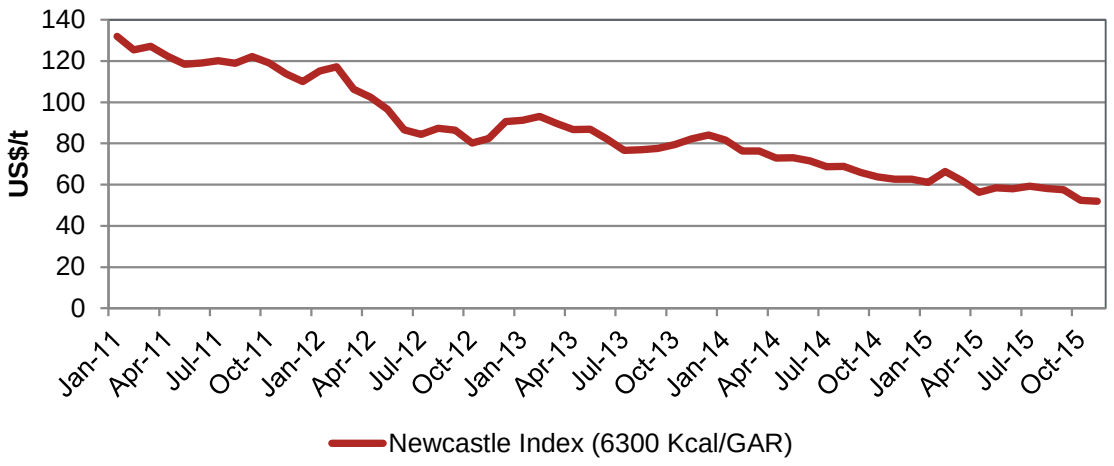
To determine the fair market value for the resources for the Titiribí Project, HDR has reviewed recent market transactions for the tenements with identified coal assets in Colombia and elsewhere in South America. To find out implied value relevant to current time and circumstances, HDR has considered only those transactions which involved the sale and purchase of coal assets that occurred during recent time.

HDR was able to identify five (5) transactions relating to coal projects in Colombia with a defined Coal Resource Estimate, and one coal project in Chile, which were reported to international reporting standards (JORC, NI43-101 etc.). These market transactions are listed in Table 8:2. HDR also notes that majority of transactions listed in Table 8:2 is not directly comparable to the Titiribí Project. Therefore, to increase the number of observation and to determine appropriate multipliers, HDR has also looked for those assets where Reserve and Resources are not defined but small scale mining is in operations. These transactions are listed in Table 8:3.

Furthermore, HDR notes that the thermal coal prices have been in decline since 2011 (Figure 8:1). Newcastle thermal coal prices reached a record high in 2008 with a weekly closing price of US$192 /t. They collapsed during the Global Financial Crisis (GFC) to just US$60 /t in 2009 before rallying again on global reflation efforts following the GFC. They posted another high in early 2011 with a weekly closing price of 138.50 US$/t before the start of a long drawn out decline that continues to the present day. Thermal coal prices have fallen markedly due to oversupply and weakened demand from China. This situation is due to a number of factors, including: Surplus thermal coal from the USA being exported; availability of low-priced shale gas; and higher

coal export volumes from traditional coal suppliers like Indonesia, Australia, Russia and Colombia.

Figure 8:1 Recent Trends in Newcastle Coal Benchmark Index



Source: McCloskey

The low coal price has impacted coal producers globally, with large numbers of coal projects being either cancelled or postponed, especially in the higher cost quartile jurisdictions like Australia and the USA.

Therefore, to minimise the coal price effect in the comparable transactions, HDR has opted to normalize transactions based on the coal prices at the time of transaction to the coal price as on November 2015. This has been done by adjusting of the implied value of the transaction based on current prices and the spot price of coal at the time of the transaction.

Additionally, HDR notes that during the analysis period, the Australian dollars has depreciated by more than 35% over the past year. Therefore to find out the implied value in term of Australian dollars the implied value of the transaction was adjusted by exchange rate factors which were determined by ratio of the current exchange rate and the A$/US$ exchange rate prevailing at the date of transaction.

Table 8:2 Comparable Market Transaction, Titiribí Concession

Date	Buyer	Project	Coal Type	Interest sold (%)	Project Stage	Total Resource (Mt)	Reserve (Mt)	Adjusted Value for current coal price in A$*	
								(A$/t of Reserve)	(A$/t of Resource)
Aug-15	Murray Energy	La Francia and El Hatillo Mines, 3 undeveloped mines, infrastructure	Thermal	100%	Operating	N/A	184	N/A**	N/A**
Nov-13	Yildirim Holdings	San Juan Mine	Thermal	100%	Operating	5641	671.8	0.075	0.06
Nov-13	Yildirim Holdings	Canaverales and Papayal	Thermal	100%	Pre Feasibility	122	42.9	0.41	0.30
Oct-13	Carbon Energy	Mulpun UCG Project, Chile	Thermal	100%	Pre- Feasibility	103 (63 Measured +Indicated)	N/A	0.145	0.10
Aug-11	Colombia Clean Power & Fuels	Ruku Concession	Coking	70%	Pre Feasibility/ Operating intermittently	4.2	0	N/A	0.41
Mar-11	Pacific Coal	Cerro Largo Mine	Thermal	100%	Operating	16.6	0	N/A	2.60

Source: Company Announcements

- * To minimise the coal price effect in the comparable transactions, HDR has opted to normalize transactions based on the coal prices at the time of transaction to the current coal prices (Either Thermal Coal or Coking Coal prices were used, depending on type of asset).
- **The sale price of asset owned by Goldman Sachs (Colombian Natural Resources) has not been disclosed. The Wall Street Journal said Murray picked them up for about US$10 million.

Table 8:3 Transactions of Assets with small scale mining operations

Date	Project	Buyer	Seller	Location	Interest (%)	Coal type	Area (ha)	Price Adjustment factor	FX Adjustment factor	Implied value (A$/ha)
Oct-14	Peru Anthracite coal Project	AIM Exploration Inc.	Percana SA	Otuzco, Peru	60%	Anthracite	1,000	72%	1.24	9,817
May-12	East Colombian Project	Continental Coal	Undisclosed	Eastern Colombia	50%	Coking and Thermal	1,500	44%	1.52	13,316
Feb-12	Hunza Mining tenement	MMEX Mining Corporation	Undisclosed	Boyaca, Colombia	50%	Coking and Thermal	568	48%	1.38	10,077
Feb-11	Otanche coal concession	Colombia Energy Resources In.	Undisclosed	Boyaca, Colombia	100%	Coking and Thermal	3,283	28%	1.42	316

To determine fair market value of the Titiribí Project and to determine lower and upper valuation bounds, HDR has analysed all of the transactions listed in Table 8:1 and Table 8:2.

Analysis of transactions listed in Table 8:2

The Murray - Goldman Sachs deal included two mines, more than 184 Mt of coal reserves, a coal port facility, a stake in a railroad, 11 locomotives, 530 railcars, and other assets. This was sold to Murray Energy as a strategic move by investment banking firm to divest coal mining business. The asset involved in the deal was far superior to the Titiribí project and it's not comparable. Similarly San Juan and Cerro Largo Projects are operating mines and hence HDR considers these projects to be superior/significantly advanced as compared to the Titiribí Project.

Yildirim Holdings transaction involving the Canaverales and Papayal Projects is an advanced project as compared to the Titiribí Project as the economical Mining Reserves has been estimated for these projects. However, these are thermal coal projects – compared with the potential coking coal at Titiribí.

The acquisition of the Mulpun UCG Project, Chile by ASX listed Carbon Energy was originally announced in December 2009, however the deal went ahead in October 2013. The Mulpun deposit was originally envisaged to be exploited by conventional mining method which was subsequently decided to be developed as an underground coal gasification project. The project had a defined JORC complaint resource of 103 Mt consisting of 63 Mt of Measured and Indicated Resources. In HDR's opinion, Titiribí project is a better project on account of its superior coal type and ease of mining and hence should be valued at higher unit rate.

HDR considers the Ruku Project to be comparable to the Titiribí Project in terms of coal quality, resource size and type of deposit (steeply-dipping, multi-seam), although artesian mining was intermittently carried out at the Ruku Project in the past.

Analysis of transactions listed in Table 8:3

Anthracite coal assets acquired by AIM Exploration Inc. is an exploration asset encompassing a total area of 1,000 ha. The Peruvian asset consists of three separate mining concessions, all are within one contiguous block of property, and all three concessions are located in the Province of Otuuzco, La Libertad region. These concessions do not have any defined coal Resources and Reserves. However, at the time of acquisition there were 20 small tunnels on the property producing anthracite coal which was being exploited by illegal miners. These Mining Concessions were acquired based on the assumption the properties are rich in high grade Anthracite Coal, testing of the coal samples was performed indicating the presence of high grade anthracite coal. Although, the evidence of artesian mining confirms the presence of anthracite coal on site however, in HDR's opinion the Otuuzco Project is inferior to the Titiribí Project because of its inferior grade, locational disadvantage (the project is located 100 km from the west coast of Peru) and absence of infrastructure.

The East Colombian project was a small scale mine with no delineated Reserves and Resources. At the time of acquisition a small scale mining was going on. The project had a historical non JORC complaint resource. The concession covered by an area of 1500 ha with an intermittent operation for last 20 years was going on. Access of coal seams was made through a series of declines to mine 2 seams with a total economic thickness of 1.7m. Although in terms of nature of deposits and the method of mining, both Titiribí Project and East Colombia project are very much

similar, however in HDR's option, East Colombian project is a superior asset because of the active exploitation history and better location.

The Hunza mining tenement is located in the Boyacá Province of east-central Colombia. The property is accessible by road and consists of three coal titles. The project does not have any identified coal resources and reserves. At the time of acquisition, active artisanal underground mining was conducted on one of the titles. In HDR's opinion, the Hunza mining tenement is a comparable project to the Titiribí Project, despite of the fact that at Hunza mining does not have JORC complaint resources.

The Otanche coal concession consists of three contiguous areas, out of which mining permits for two concessions were obtained. The majority of the area has been the subject of exploration. The exploration drilling identified the presence of a predominantly low and mid-volatile metallurgical coal along with high grade thermal coal. In HDR's opinion, the Otanche coal concession is an exploration project and should be valued at lower rate.

Considering the location, geological factors and other micro and macro-economic parameters which could affect the project economics, HDR considers that while the Ruku Project is the closest comparable project to the Titiribí Project, however the Titiribí Project is inferior to the Ruku Project as the coking coal produced from Ruku has been characterised as high quality, low volatile Hard-Coking Coal with lower sulphur impurity, which is superior to the coal from the Titiribí Project. The Ruku Project has been operated intermediately in the past and has better logistics (closer to the Port). In HDR's opinion Ruku project is superior to the Titiribí Project. Therefore, HDR has assigned a discount of approximately 15% to the implied value of Ruku concession to determine the upper bound for the implied value of the Titiribí Project at A$0.35/t.

On the lower side, the valuation of Titiribí Project should be at a discount to the implied value of Hunza Mining concessions around A$7,000 per hectare, a 30% discount to the implied value of Hunza Mining, which equates to an implied value of A$0.18/t (area of Titiribí Project is 503 ha and it contains 18.8 Mt of coal Resources).

Therefore in HDR opinion, the implied value for the Titiribí Project should be within the range of $0.18/t to $0.35/t with a preferred value of A$0.26/t of Resources. This valuation range can be considered appropriate for the project at its current stage of development.

Therefore, in HDR's opinion, a range of **A$3.4M to A$6.6M** with a preferred value of **A$4.9M** is deemed appropriate, based on the market comparable approach, reflecting the uncertainty of potential Coal Resource delineation and eventual extraction of a number of seams. A summary of HDR's market based valuation is presented in Table 8:4.

Table 8:4 Market based valuation of Titiribí coal project, Colombia

Item	Resource (Mt)	Market value (A$M)		
		Lower	Higher	Preferred
Titiribí Project	18.8	A$0.18/t	A$0.35/t	A$0.26/t
Project Value ($M)		3.4	6.6	4.9

8.3 Appraised Value Method

The cost approach or Appraised Value method is founded on the assumption that the intrinsic value of the exploration tenement is based on the exploration potential. This includes the amount of expenditure that has been meaningfully used in the past to define a target or resource and the future costs in advancing the exploration to a Pre-Feasibility stage. A prospectivity enhancement multiplier is applied to the exploration expenditure, usually limited to the past three to four years and immediate year, and is based on the overall attractiveness of the exploration area for progressing to a reserves status. The multiplier ranges from 0.5 to 5.0.

From information provided by the company and a review of the exploration programme by HDR, the effective exploration expenditure is shown in Table 8:5.

Table 8:5 Exploration Program - Direct Expenditure

Year	Amount A$
FY2013	105,000
FY2014*	2,786,039
FY2015	244,128
FY 2016 Projected	167,714
Total	3,302,881

* Excludes acquisition cost of $1,403,608

** Expenditure in US$ is converted into A$ on the basis of annual exchange rate published by ATO

HDR has applied a prospectivity enhancement multiplier (Lawrence/Minval/PEM schema) of 1.0 to 1.5 based on the fact that project has progressed from an early stage exploration project to an advance exploration project with a JORC (2012) Measured & Indicated Resource.

Therefore, for the Appraised Value Method a possible value of A$3.3M to A$5.0M is attributed as shown in Table 8:6 below.

Table 8:6 Appraised Value – Titiribí Project

Exploration Expenditure (A$'000)				Base Value (A$'000)	Enhancement Multiplier		Value of 100% Asset (A$'000)	
FY13	FY14	FY15	FY 16		Lower	Higher	Lower	Higher
105	2,786	244	167	3,302	1.0	1.5	3,302	5,000

8.4 Valuation summary – Titiribí Project

In forming its opinion of the fair market value of the Titiribí Project, HDR has taken guidance from the appraised valuation method and comparable transactions method. In consideration of comparable transactions, HDR has taken into account the current market, locality and technical and strategic factors which HDR has assessed to have an impact on the development of the concession.

Based on Comparable Market Transaction and Appraised value method, HDR has derived a valuation range for 100% of the Titiribí Project of between A$3.4M and A$5.8M with a preferred value of A$4.6M.

This results in the fair market value of Ascot's 90% interest in the Titiribí Project being in the range A$3.0M and A$5.2M with a preferred value of A$4.1M. A summary of HDR's valuation of the Titiribí Project is presented in Table 8:7 below.

Table 8:7 Valuation Summary (Titiribí Project)

Approach	Method	Values (A$M)		
		Low	High	Preferred
Cost-based	Appraised Valuation	3.3	5.0	4.2
Market-based	Market Comparable	3.4	6.6	4.9
Titiribí Project (100% Equity)		3.4	5.8	4.6
Ascot's Share (90%)		**3.0**	**5.2**	**4.1**

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Appendix A Valuation Approaches and Methods

Valuation considerations

To ensure compliance with the ASX's listing rules and Australian Corporations Law, this Report has been prepared in accordance with the VALMIN Code.

Under the VALMIN Code, mineral assets are classified according to their maturity. A *mineral asset* includes all property held for the purpose of near term or eventual mineral extraction, including but not limited to:

- real property
- intellectual property
- concessions, plant, equipment and associated infrastructure.

Most mineral assets can be classified as outlined in Table below.

Mineral asset classification

Project development stage	Criterion
Exploration areas	Mineralisation may or may not have been defined, but where a Mineral Resource has not been identified.
Advanced exploration areas	Considerable exploration has been undertaken and specific targets identified. Sufficient work has been completed on at least one prospect to provide a good geological understanding and encouragement that further work is likely to result in the determination of a Mineral Resource.
Pre-development / Resource	Mineral Resources and/or Ore Reserves have been identified estimated. A positive development decision has not been made. This includes properties where a development decision has been negative and properties are either on care and maintenance or held on retention titles.
Development	Committed to production but not yet commissioned or not initially operating at design levels.
Operating	Mineral properties, in particular mines and processing plants, which have been fully commissioned and are in production.

Source: VALMIN, 2005

Under the VALMIN Code, *value* is the fair market value of a mineral asset (2005). Fair market value is the amount of money or the cash equivalent that a willing buyer and seller would exchange on the valuation date in an arm's length transaction (VALMIN, 2005). Each party is assumed to have acted knowledgeably, and without compulsion. In essence, fair market value is comprised of:

- Underlying or 'technical value' - a mineral asset's future economic benefit under a set of assumptions, excluding any premium or discount for market, strategic, or other considerations
- Market component - a premium relating to market, strategic or other considerations, which can be either positive, negative, or zero.

The market value should include all material information to the asset. For projects with extensive technical detail, the valuer determines materiality of information based on whether its inclusion would result in the valuation reaching a different conclusion.

There is no single method of valuation which is appropriate for all situations. Rather, there are several valuation methods, each of which have some merit and are more or less applicable depending on the circumstances. Mineral assets are generally valued based on approaches that assess income, cost, and the open market. As the VALMIN Code is not prescriptive in this regard, the 2008 Edition of The South African Code for the Reporting of Mineral Asset Valuation (SAMVAL) and the Canadian 2003 Edition of the Standards and Guidelines for Valuation of Mineral Properties (CIMVAL) provide insight into applicable approaches, as shown in the Table below.

Valuation approaches for different types of mineral assets

Approach	Project development stage			
	Exploration	Resource	Development	Operating
Income	No	Rarely	Yes	Yes
Cost	Yes	Rarely	No	No
Market	Yes	Yes	Yes	Yes

Source: CIMVAL, 2003

Market-based approach

The market-based approach uses the transaction prices of projects in similar geographical, geopolitical, and geological environments to derive a market value using a process similar to that in the real estate industry (CIMVAL, 2003). The market-based approach may use the assumption either of joint venture terms or outright acquisitions, and can be presented in range of unitised values including on a dollar per ounce or tonne of contained metal/mineral; dollar per square kilometre; or as a percentage of the prevailing commodity price.

In the HDR's opinion, a market-based approach is well suited to establishing a likely value for mineral deposits and exploration projects, as it inherently takes into account all value drivers.

Related comparable transactions

Recent comparable transactions can be relevant to the valuation of projects and concessions. While it is acknowledged that it can be difficult to determine to what extent the properties and transactions are indeed comparable, unless the transactions involve the specific parties, projects or concessions under review, this method can provide a useful benchmark for valuation purposes. The timing of such transactions must be considered as there can be substantial change in value with time.

HDR has considered whether any comparable relevant transactions have taken place in recent years which can be used as a basis for estimation of value of the mining assets assessed herein.

As no two mineral assets are the same, the Expert must be cognisant of the quality of the assets in the comparable transactions, with specific reference to:

- the grade of the resource
- the metallurgical qualities of the resource

- the proximity to infrastructure such as an existing mill, roads, rail, power, water, skilled work force, equipment, etc.
- likely operating and capital costs
- the amount of pre-strip (for open pits) or development (for underground mines) necessary
- the likely ore to waste ratio (for open pits)
- the size of the concession covering the mineral asset, and
- the overall confidence in the resource.

Alternative offers and joint venture terms

If discussions have been held with other parties and offers have been made on the project or concessions under review, then these values are certainly relevant and worthy of consideration. Similarly, joint venture terms where one party pays to acquire an interest in a project, or spends exploration funds in order to earn an interest, provide an indication of value.

Rules of thumb or yardsticks

Certain industry ratios are commonly applied to coal mining projects to derive an approximate indication of value. The most commonly used ratios are dollars per tonne of coal in resources, dollars per tonne of coal in reserves, and dollars per tonne of annual production. The ratios used commonly cover a substantial range which is generally attributed to the 'quality' of the coal, the infrastructure to reach markets and the status of the tonnes estimates. Low cost of production tonnes are clearly worth more than high cost tonnes. Where a project has substantial future potential not yet reflected in the quoted resources or reserves a ratio towards the high end of the range may be justified.

Other Expert Valuations

Where other independent experts or analysts have made recent valuations of the same or comparable properties, these opinions clearly need to be reviewed and to be taken into consideration.

Cost-based Approaches

Appraised Valuation or Multiple of exploration expenditure method (MEE)

Past expenditure, or the amount spent on exploration of a concession is commonly used as a guide in determining the value of exploration concessions, and 'deemed expenditure' is frequently the basis of joint venture agreements. The assumption is that well directed exploration has added value to the property. This is not always the case and exploration can also downgrade a property and therefore a 'prospectively enhancement multiplier' (PEM), which commonly ranges from 0.5-3.0, is applied to the effective expenditure. The selection of the appropriate multiplier is a matter of experience and judgement.

To eliminate some of the subjectivity with respect to this method, HDR applies a scale of PEM ranges as follows to the exploration expenditure:

Prospectively enhancement multipliers

PEM	Rationale
0.5 -1.0	Previous exploration indicates the area has limited potential.
1.0 -1.5	The existing (historical and/or current) data consists of pre-drilling exploration and the results are sufficiently encouraging to warrant further exploration.
1.5 -2.0	The prospect contains one or more defined targets warranting additional exploration.
2.0 -2.5	The prospect has one or more targets with significant drill hole intersections.
2.5 -3.5	Exploration is well advanced and in-fill drilling is required to define a Resource.
5.0	A Resource has been defined but a (recent) pre-feasibility study has not yet been completed

Source: HDR

Over-riding any mechanical or technical valuation method for exploration ground must be recognition of prospectivity and potential, which is the fundamental value in relation to exploration properties.

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Appendix 4 – Independent Valuation Report - CSA

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Date: 11th January 2016
Report No: R107.2016

Independent Technical Assessment and Valuation

ASCOT RESOURCES LTD

Valuation of Mineral Assets

Western Australia

By
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&

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Executive Summary

Wonmunna Iron Ore Pty Ltd (WIO), a wholly owned subsidiary of Ascot Resources Ltd ("Ascot" or "the Company"; ASX: AZQ) is the 100% beneficial owner of the Wonmunna Project. The project is a pre-development direct shipping iron ore project located in the Pilbara Region of Western Australia. CSA Global Pty Ltd ("CSA") was commissioned by BDO Corporate Finance (WA) Pty Ltd ("BDO") to prepare a technical project review and independent valuation of the Wonmunna Project.

This review and valuation report ("Report") was written for inclusion in an Independent Expert's Report ("IER") to be prepared by BDO as part of a notice of meeting for shareholders of Ascot and will provide an opinion to Ascot shareholders and as such it will be a public document. BDO's report will address the proposed issue of shares to Resources Capital Funds V L.P ('RCF') on the 30th June 2016.

The Wonmunna Project comprises an Exploration License (E47/1137) and three Mining Leases (M47/1423, 1424 and 1425). Ascot, via WIO, is the 100% beneficial owner of all four tenements, which form a contiguous block, located in the Pilbara Region of Western Australia. The tenements are accessed via the Great Northern Highway and are approximately 75 km northwest of the town of Newman.

CSA has completed a review of the technical aspects of the project including previous work, geology and prospectivity, to inform the valuation. It is the professional opinion of CSA that the Wonmunna Project is a pre-development iron ore project. Whilst there has been significant work completed thus far at the project, further work is required to improve the geological understanding, to fully test identified targets and assess new targets, to enable the improvement of Mineral Resources estimates, and to consider the commercial viability of the mineral assets and undertake feasibility studies to identify the appropriate mining, processing and infrastructure options.

Inferred and Indicated Mineral Resources have been estimated for four deposits within the project in accordance with JORC 2012; North Marra Mamba ("NMM"), East Marra Mamba ("EMM"), Central Marra Mamba ("CMM") and south Marra Mamba ("SMM"). Mineral Resources for the NMM and CMM deposits were estimated by Coffey Mining in 2012, CSA completed a Mineral Resource estimate for EMM in 2011 and the SMM Mineral Resource was estimated by QG Consulting in 2009 and then updated with new density data in 2012. The resources from all deposits are summarised in Table 1.

The valuation presented in this Report was completed on behalf of BDO using information provided by and with the full support of Ascot. The applicable valuation date is 15th December 2015. The Report has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports ("VALMIN Code").

CSA has chosen to use the Market Value ('comparable transactions') method as the primary approach to value the Wonmunna Project. The selected transactions indicate a range of Australian Dollar ("AUD$") values for the project from **$3.7M** to **$36.9M** with CSA's Preferred Value being **$12.0M**.

A preferred value towards the lower end of the range was chosen to reflect the relatively low-grade of the deposits, the limited infrastructure solutions currently available for the transport and shipping of ore and because one third of the Mineral Resource inventory remains classified as Inferred.

As a cross check, the Appraised Value method, employing multiples of past exploration expenditure, was also used to assess value. This approach indicated a range of values from $39M to $50M with a preferred value of $44M. CSA concluded that this result does not provide a reasonable comparison with comparable transactions it is too high as it does not reflect the current iron ore pricing environment.

Table 1: Resource Summary Table for the Wonmunna Project

Deposit	JORC Category	Fe cut-off	Million Tonnes	Fe %	SiO_2 %	Al_2O_3 %	P %	LOI %
NMM Deposit	Inferred	50%	**1.9**	**59.2**	4.2	2.5	0.08	8.8
		60%	**0.7**	**60.8**	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
	Inferred + Indicated	50%	**41.6**	**57.2**	5.6	3.2	0.08	8.7
		60%	**8.1**	**61.0**	3.3	1.9	0.08	7.0
CMM Deposit	Inferred	50%	**3.8**	**57.0**	5.2	3.3	0.11	9.3
		60%	**2.9**	**61.1**	3.0	1.9	0.11	7.4
	Indicated	50%	**14.4**	**57.1**	5.6	3.3	0.10	9.0
		60%	**0.8**	**60.8**	3.2	2.0	0.11	7.3
	Inferred + Indicated	50%	**18.2**	**57.0**	5.5	3.3	0.10	9.1
		60%	**3.6**	**61.0**	3.0	1.9	0.11	7.4
SMM Deposit	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 Deposit	Inferred	50%	**7.2**	**54.0**	7.9	4.6	0.08	9.5
		60%	**0.1**	**60.1**	3.5	2.2	0.08	7.9
Total Resources	**Inferred + Indicated**	50%	**84.2**	**56.5**	**6.0**	**3.5**	**0.08**	**9.1**
	Inferred + Indicated	60%	**13.5**	**61.0**	**3.2**	**1.9**	**0.09**	**7.2**

Note: The information is extracted from the ASX announcement entitled Ascot to Acquire Wonmunna DSO Iron Ore Project in the Pilbara, Western Australia *created on 18th March 2014 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, for the 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.

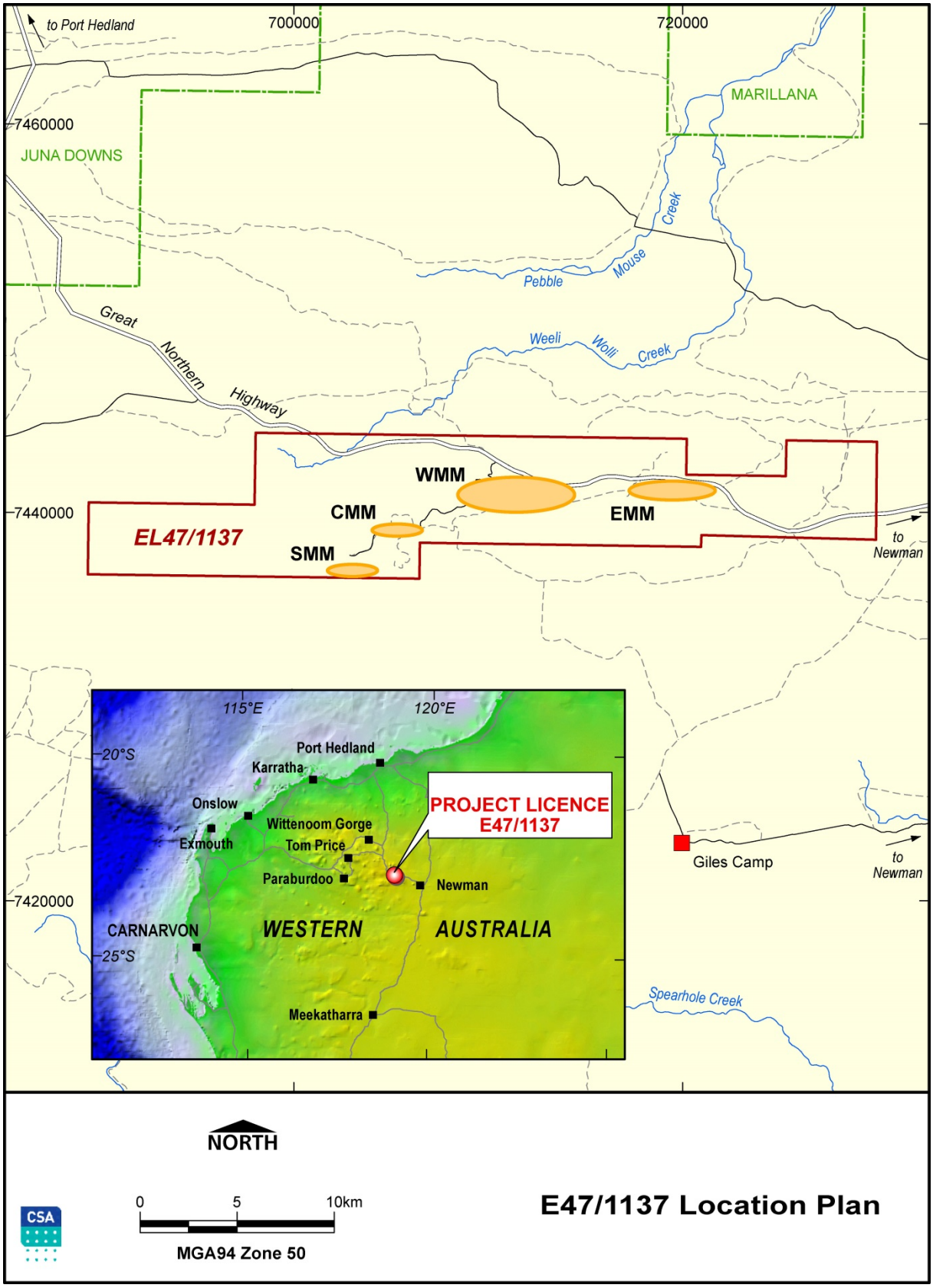

Figure 1: Location of Ascot's Wonmunna Project considered in this Valuation Report

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1 Introduction

1.1 Context, Scope and Terms of Reference

Ascot Resources Ltd ("Ascot" or "the Company"; ASX: AZQ) is the 100% beneficial owner of the Wonmunna Project (via WIO) , located in the Pilbara Region of Western Australia. CSA Global Pty Ltd ("CSA") was commissioned by BDO Corporate Finance (WA) Pty Ltd ("BDO") to prepare a technical project review and independent valuation of the Wonmunna Project.

This review and valuation report ("Report") was written for inclusion in an Independent Expert's Report ("IER") to be prepared by BDO as part of a notice of meeting for shareholders of Ascot and will provide an opinion to Ascot shareholders and as such, it will be a public document. BDO's Report will address the proposed issue of shares to Resources Capital Funds V L.P ('RCF') on the 30th June 2016.

The Wonmunna asset discussed in this Report is located in Western Australia (see Figure 1). The material data for the project area is discussed in the Report and tenement details are provided in Appendix 1, and summarised in the relevant sections below. CSA understands that the project tenements are held in good standing at the time of this Report. CSA makes no other assessment or assertion as to the legal title of tenements and is not qualified to do so. A brief overview of the project is outlined in Section 2. The Independent Valuation of the Wonmunna Project is outlined in Section 3 below.

1.2 Compliance with the VALMIN Code 2005

This Valuation has been prepared in accordance with the VALMIN Code 2005, which is binding upon Members of the Australasian Institute of Mining and Metallurgy ("AusIMM") and the Australian Institute of Geoscientists ("AIG").

The author has taken due note of the rules and guidelines issued by such bodies as the Australian Securities and Investments Commission ("ASIC") and the ASX, including ASIC Regulatory Guide 111 – Content of Expert Reports and ASIC Regulatory Guide 112 – Independence of Experts.

1.3 Author of the Report – Qualifications, Experience

This Report has been prepared by CSA Global Pty Ltd, a privately-owned consulting company that has been operating from Perth, Western Australia for 30 years.

CSA provides multi-disciplinary services to clients in the global resources industry. CSA services include project generation, exploration, resource estimations, project evaluation, development studies, operations assistance, and corporate advice, such as valuations and independent technical documentation. CSA has worked for major clients globally and many junior resource companies. CSA has been involved in the preparation of independent reports for Canadian, Australian, United States and United Kingdom listed companies.

The principal authors of this Report are CSA's Director – Operations Mr Daniel Wholley and Mr Trivindren Naidoo, Principal Geologist CSA Global.

Mr Wholley BAppSc (Geol.) is a member of the Australian Institute of Geoscientists ("MAIG") has over 20 years' experience in the exploration and evaluation of mineral properties, in grass roots to advanced

exploration; near-mine and resource definition with associated management skills, within Australia and overseas. Mr Wholley has completed iron ore exploration, evaluation and development in the Yilgarn, Pilbara, Far North Queensland, the Northern Territory, Republic of Congo, Sierra Leone and Thailand. Mr Wholley has the relevant qualifications, experience, competence and independence to be considered an "Expert" under the definitions provided in the VALMIN Code and a "Competent Person" as defined in the JORC Code.

Mr Naidoo is an exploration geologist with over 15 years' experience in the minerals industry, including 10 years as a consultant specialising in project evaluations and technical reviews as well as code-compliant reporting (JORC, VALMIN, NI43-101 and CIMVAL) and valuation. His knowledge is broad-based, and he has wide-ranging experience in the field of mineral exploration, having managed or consulted on various projects ranging from first-pass grassroots exploration to brownfields exploration and evaluation, including the assessment of operating mines. He is a Registered Professional Natural Scientist (Pr.Sci.Nat) in the field of Geology with the South African Council for Natural Scientific Professions (SACNASP), as well as a Member of the AusIMM and the Geological Society of South Africa (GSSA). Mr Naidoo has the relevant qualifications, experience, competence and independence to be considered an "Expert" under the definitions provided in the VALMIN Code and a "Competent Person" as defined in the JORC Code.

Peer review of this Report has been undertaken by CSA's Manager of Exploration Mr Graham Jeffress, BSc. (Hons), RPGeo who is a geologist with over 25 years' experience in the international minerals industry. Mr Jeffress is a Member of the AIG and a Fellow of the AusIMM, and has been involved in numerous consulting assignments during his six years with CSA including many expert reports.

1.4 Independence

CSA is an independent geological and mining consultancy. This Report is prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report. The fee for the preparation of this Report is approximately $4,000 which will be paid by Ascot.

Neither CSA, nor the authors of this Report, has or has had previously, any material interest in Ascot or the mineral properties in which Ascot has an interest. No member or employee of CSA is, or is intended to be, a director, officer or other direct employee of Ascot. The authors of this Report do not have and have never had any shareholding in Ascot. To the best of CSA's knowledge no member or employee of CSA has, or has had any material shareholding in Ascot.

CSA's relationship with Ascot is solely one of professional association between client and independent consultant. CSA has had prior dealings with Ascot and the previous owners Ochre as an independent consultant dating back to 2011. Since this time CSA has provided ad hoc exploration management services to both Ascot and Ochre on an as required basis. The services provided by CSA included managing programs of resource drilling, estimating of Mineral Resources, and assistance with statutory reporting. At all times CSA acted as an independent provider of technical services on a programme by programme basis. CSA is currently engaged by Ascot to provide technical services on a geotechnical drilling program and for exploration management for Wonmunna. CSA's further involvement with Ascot will be based on normal commercial practices and technical performance and is in no way contingent on the results of this Report.

1.5 Principal Sources of Information

This Report has been based upon information available up to and including 15th December 2015 ("Valuation Date"). The information was provided to CSA by Ascot or has been sourced from the public domain, and includes both published and unpublished technical reports prepared by consultants, and other data relevant to the project area.

The author has endeavoured, by making all reasonable enquiries, to confirm the authenticity and completeness of the technical data upon which this Report is based. Ascot and BDO were provided a final draft of this Report and requested to identify any material errors or omissions prior to its lodgement.

CSA staff have completed multiple site visits to the Wonmunna Project for various engagements as an independent consultant for the purposes of exploration and evaluation, most recently in April 2014. The principal author has not visited the site but has interviewed several CSA staff that have, and is satisfied with the quality of the records of exploration. As such, a site visit by the author was deemed unnecessary for the purposes of this report.

The statements and opinions contained in this Report are given in good faith and in the belief that they are not false or misleading.

1.6 Declarations

This Report has been prepared by CSA at the request of, and for the sole benefit of BDO. Its purpose is to provide an independent technical assessment and valuation of Ascot's Wonmunna Project in Western Australia. The Report is to be included in its entirety or in summary form within an IER to be prepared by BDO in connection with a notice to Ascot shareholders**.** It is not intended to serve any purpose beyond that stated and should not be relied upon for any other purpose.

CSA has consented to the inclusion of the Report within the IER in the form and context in which it is to appear. Neither the whole nor any part of the Report, nor any reference to it, may be included in or with, or attached to any other documents, circular, resolution, letter or statement without the prior written consent of CSA as to the form and context in which it is to appear.

This Report has been compiled based on information available up to and including the date of this Report. The statements and opinions are based on the reference date of 15th December 2015 and could alter over time depending on exploration results, mineral prices and other relevant market factors.

The information in this Report that relates to exploration results at Wonmunna is based upon information compiled by Mr Daniel Wholley who is a full time employee of CSA. Mr Wholley has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Persons as defined in the JORC Code 2012. Mr Wholley consents to the inclusion in the Report of the matters based on their information in the form and context in which it appears.

2 Wonmunna Project

2.1 Property Location, Access and Infrastructure

The Wonmunna Project is located approximately 75 km northwest of the town of Newman in the Pilbara region of Western Australia (Figure 2).

Access to Wonmunna is via the sealed the Great Northern Highway, north from Newman for 75 km, then via 5 km–10 km of unsealed exploration tracks through the prospect.

2.2 Description of the Mineral Assets

The tenement consists of Exploration Licence E47/1137 covering an area of 54 graticular blocks (recently reduced from 68 via a partial surrender), and is beneficially held by Ascot through WIO. The tenement was granted on 29/08/2002. Three new mining leases were subsequently applied for within this licence: M47/1423, M47/1424 and M47/1245 and which were granted on 30/04/2012. Tenements are summarised in Table 2.

The tenement area is situated within the East Pilbara Shire (Figure 2) entirely within Vacant Crown Land. It is covered by the Newman (SF50-16) 1:250,000 map sheet and Ophthalmia (2751) 1:100,000 map sheet.

Table 2: Wonmunna Project Tenements

Tenement ID	Beneficial Holder	Status	Blocks	Area (ha).	Grant Date	Expiry Date	Rent	Expenditure Commitment
E47/1137	Wonmunna Iron Ore Pty Ltd	Granted	54		29/08/02	28/08/16	$31,701	$204,000
M47/1424		Granted		1514	30/04/12	29/04/2033	$23,769	$151,400
M47/1423		Granted		670	30/04/12	29/04/2033	$10,519	$67,000
M47/1425		Granted		529	30/04/12	29/04/2033	$8,305	$52,900

The tenements are held in the name of Ochre Group Holdings pending transfer to WIO. WIO is the beneficial owner of the tenements as result of finalising the transaction between WIO and Ochre on the 22nd September 2014.

CSA reviewed the status of the licences using the WA Department of Mines and Petroleum eMiTs (Mineral Titles Online) system on 15thDecember 2015. All tenements have met or exceeded their expenditure commitments and are on track to do so again in this current year. Similarly rents for each licence have also been paid in full for the current licence terms. CSA makes no other assessment or assertion as to the legal title of tenements and is not qualified to do so.

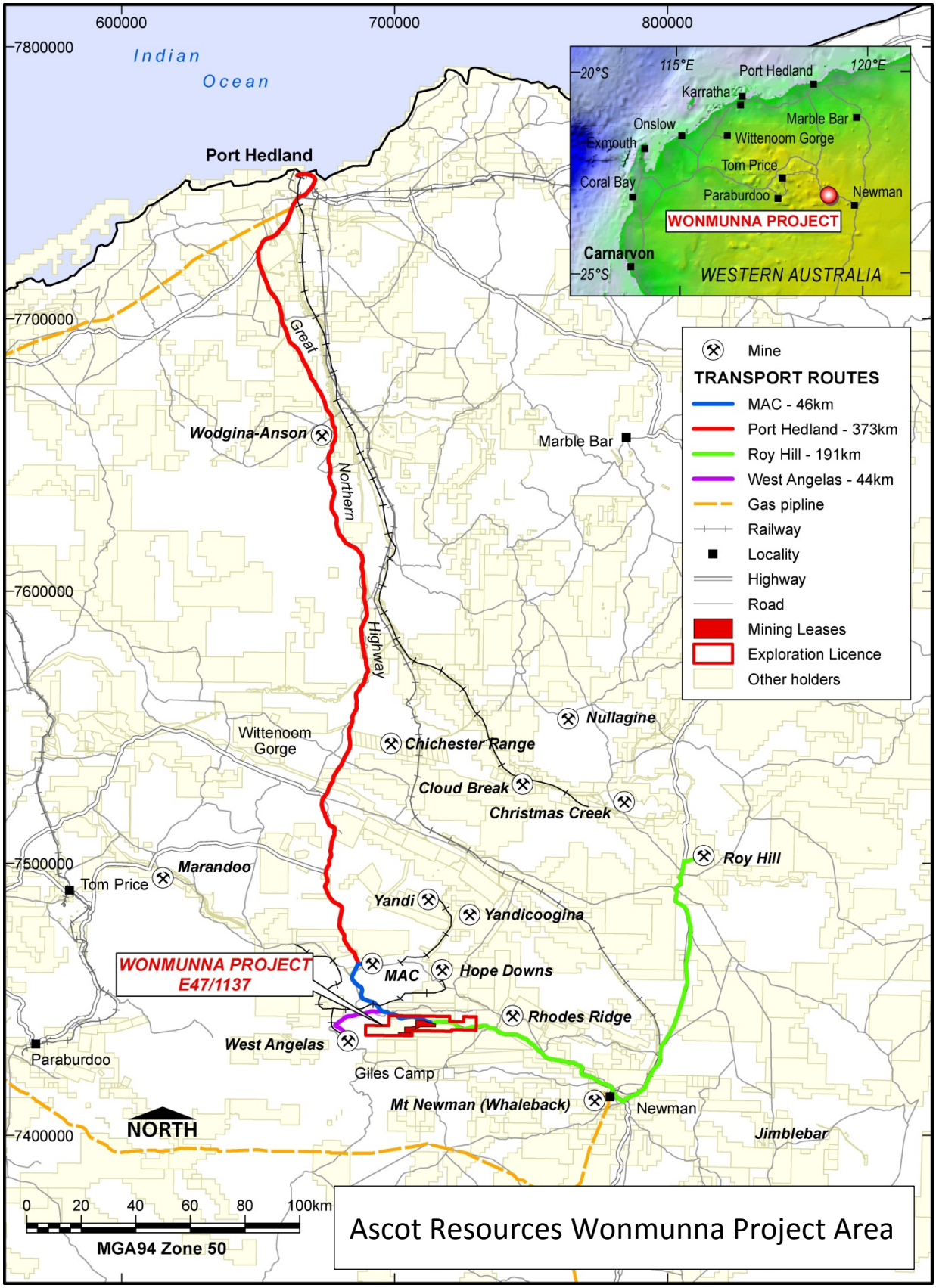

Figure 2: Project Location Plan for Ascot's Wonmunna Project in Western Australia.

2.3 Project Details

2.3.1 Geology

The project is situated within the Neoarchaean-Palaeoproterozoic Hamersley Basin and forms part of the West Pilbara Mineral Field. The tenement area is located in the hinge zone of a major regional antiform, the Wonmunna Anticline, which has exposed older Fortescue Group sediments and mafic intrusives in a window within Hamersley Group sediments (Figure 4).

The stratigraphy of the Fortescue Group (Trendall, 1990) in the tenement area consists of (from oldest to youngest): the Jeerinah Formation which is made up of the Woodiana Sandstone (60 m thick), the Warrie Member (80 m thick) consisting of shale, a ferruginous chert and dolomite, and the Roy Hill Shale (30 m thick) comprised of carbonaceous shale and mafic volcanics. Fine to coarse grained dolerite has intruded the Jeerinah Formation to form large sills that dominate outcrop in the tenement area.

The Hamersley Group contains five major banded iron formation (BIF) units, of which two, the Marra Mamba Iron Formation and the Brockman Iron Formation, host nearly all of the iron mineralisation, including most of the exploited iron ore deposits, in the Pilbara Mineral Province. The Marra Mamba Iron Formation is made up of three members (from oldest to youngest): the basal Nammuldi Member, the central MacLeod Member and the uppermost Mount Newman Member. The Nammuldi Member contains chert-rich BIF and thin discrete shale bands and is up to 130 m thick. The MacLeod Member contains BIF, chert and carbonates with numerous interbedded shale bands and is up to 35 m thick. The uppermost Mount Newman Member comprises BIF interbedded with carbonate and shale bands and is up to 60 m thick. Most iron mineralisation is hosted within the Mount Newman Member.

The Wittenoom Formation overlies the Marra Mamba Iron Formation and its lowermost member is the West Angelas Member. The West Angelas Member, which is made up of shales and thin, BIFs and chert, is best known from the West Angelas area, 10 km west of Wonmunna. Above the West Angela Member is the dolostone-dominated Paraburdoo Member of the Wittenoom Formation. The Wittenoom Formation is overlain by the Mount Sylvia and Mount McRae Shales and then by the iron formations of the Brockman and Weeli Wolli Formations.

The metamorphic grade in the Wonmunna area is lower greenschist facies. The rocks have been complexly folded resulting in basin and dome structures with a dominant fold axis trending at 090°. The fold axial surfaces generally dip shallowly to the south. Cross folding occurs at a larger scale and is more open in style. Thrust faults are present in the area, variously dissecting the stratigraphy and juxtaposing and/or duplicating different sequences.

Surface laterite, which is probably the remnant of the original Hamersley Surface, is well developed in the south-west of the tenement area. The ferruginous duricrust, consisting of transported and residual ferruginous gravel and nodular lateritic materials, caps the basement geology. Partial erosion of the regolith has formed mesas with breakaways, exposing the underlying geology.

2.3.2 Mineralisation

The majority of mineralisation at Wonmunna is best described as bedded goethite and enriched haematite of the Mount Newman Member BIF. In outcrop, the BIF unit has maintained its primary sedimentary fabric but has been completely altered to intercalated layers of goethite and hematite

with some remaining silica-rich layers (). The mineralisation is primarily the result of supergene iron enrichment.

In addition to bedded mineralisation, several pockets of detrital mineralisation and enriched duricrust occur along the edges of breakaways and in alluvial valleys. This material is comprised of variously mineralised clasts of the Marra Mamba BIF in a matrix of polymictic alluvial/colluvial clays and sand. This mineralisation style is volumetrically small, lower grade and of less commercial interest than the bedded style due to a high alumina content. There may be potential, however, to beneficiate the lower grade material to produce a higher-grade product.

There has been limited historical copper production from the Wanna Munna copper workings which are located immediately north of the tenement area.

Figure 3: Outcropping Mineralisation at NMM West Deposit

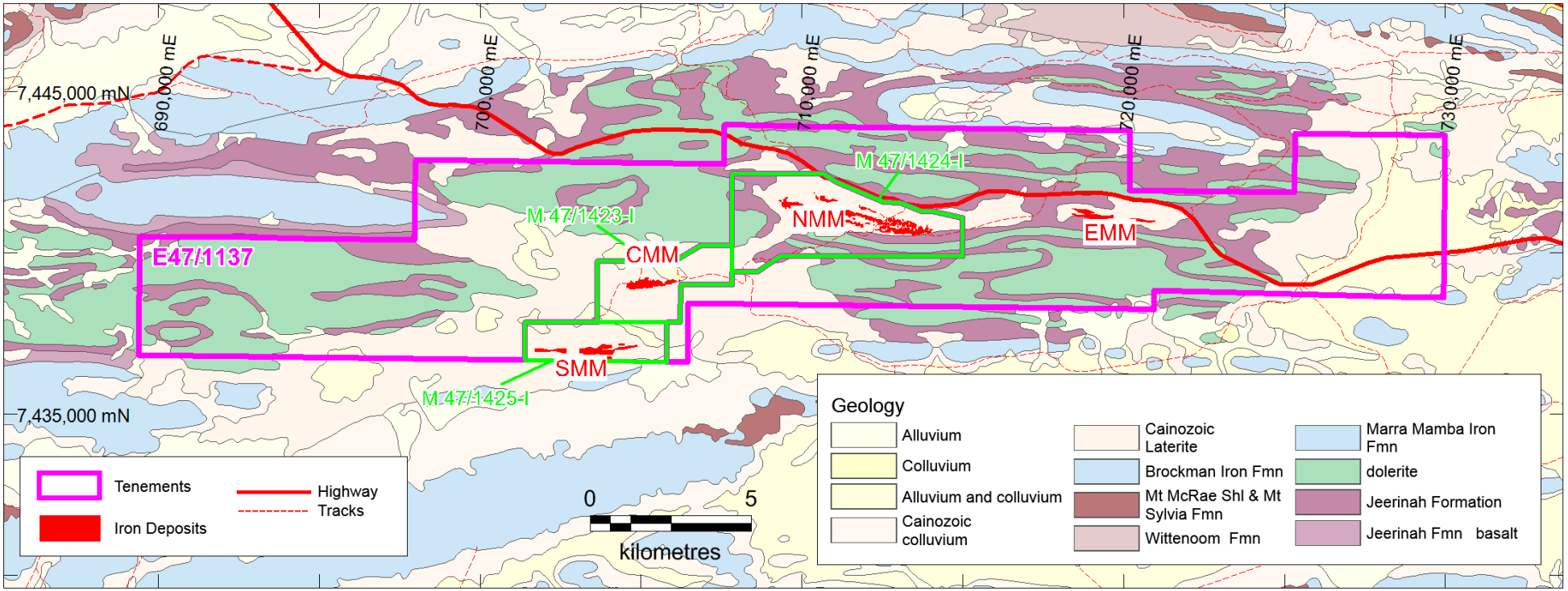

Figure 4: Geology Map of the Wonmunna Project Area. Also shown are the three Mining Leases granted 30/04/2012.

2.4 Historical Exploration

A number of companies have held tenure in the Wonmunna area, dating back to the 1960's. Initially the area was targeted for base metal mineralisation and is summarised below.

US Metals Refining Co (1963–1964): Costeaning in several areas of the tenement, including the Bull, Sleepy Hollow and Ironstone prospects, revealed widespread secondary copper mineralisation. No follow-up work was completed.

Western Mining Corporation Ltd (1967–1975): As part of a regional evaluation of the Jeerinah Formation for copper, WMC completed detailed work at Wonmunna including soil geochemistry and drilling. A drilling programme comprised 112 rotary drillholes on 19 short drill traverses at Wanna Munna, Bull, Sleepy Hollow and Ironstone prospects. Two diamond drillholes were completed at Bull prospect. This drilling located widespread secondary copper mineralisation to 10.7m @ 3.4% Cu. No further follow-up was completed.

Forsayth NL (1989): Targeted the area for gold mineralisation, Forsayth completed a stream sediment geochemical survey which returned widespread gold anomalism (up to 1.6ppm Au) in bulk leach extractable gold (BLEG). Limited follow-up soil geochemistry and rock-chip sampling located a quartz vein at a shale-dolerite contact assaying up to 1.5g/t Au. No further follow-up work was completed. A stream sediment survey also identified strong anomalies of copper (to 1250ppm) and zinc (to 1100 ppm), for which no follow-up work was completed.

2.5 Recent Exploration

More recent exploration commenced in 2004 when Talisman Mining was granted tenure at the project.

2.5.1 Talisman 2004-2010

Talisman Mining originally targeted the tenement for base metal (Cu/Zn/Ag) mineralisation. Surface sampling and reconnaissance RC percussion drilling was completed at Bull, Tavros, Sleepy Hollow, Layoff and Schwanny's prospects. This drilling encountered Cu/Zn/Ag mineralisation at Bull and Tavros prospects, with weak mineralisation found at Schwanny's Prospect.

Poondano Exploration Pty Ltd, a subsidiary of Mount Gibson Iron Ltd, drilled 21 holes (maximum depth 50m) to test outcropping pisolite above the Jeerinah Formation in the centre of E47/1137 in 2005. Results were encouraging with the best results of 22m from 14m at 60.8% Fe. At the time Poondano had an agreement to explore for iron ore and Talisman would receive a royalty should any mining result. The agreement was cancelled in 2006.

In 2007, Talisman's focus shifted from base metals to iron ore mineralisation with the realisation that the Wonmunna area had potential for two styles of iron ore mineralisation, namely Channel Iron Deposits (CID) and haematite-goethite mineralised Marra Mamba Formation.

In 2009, Talisman completed resource definition RC percussion drilling of the Marra Mamba Iron Formation at the North Marra Mamba (NMM) prospect, Central Marra Mamba (CMM) and South Marra Mamba (SMM) prospects (Figure 4). A total of 600 holes for 29,865m were completed 333 holes for 15,787m at NMM, 82 holes for 3,980m at CMM and 185 holes for 10,098m at (SMM). Six diamond core holes (PQ3 diameter) were also completed at CMM and SMM prospects during the reporting period for metallurgical and ore-characterisation test work.

As a result of this drilling, Inferred Mineral Resources were estimated by the Quantitative Group ("QG") in 2009. A summary of these resources is provided in Table 3.

Table 3: Resource Summary based on QG Mineral Resource Estimate 2009.

	Fe cut-off	Million tonnes	Fe %	SiO2 %	Al2O3 %	P %	LOI %
NMM Resource	50%	47.2	55.9	6.9	3.7	0.07	8.9
NMM DSO Resource	60%	6.2	61.4	3.0	1.8	0.07	7.2
CMM Resource	50%	15.2	56.8	5.7	3.3	0.10	9.5
CMM DSO Resource	60%	2.4	61.2	3.3	1.7	0.10	7.4
SMM Resource	50%	15.9	55.3	6.7	3.8	0.07	9.7
SMM DSO Resource	60%	1.4	61.2	2.9	1.6	0.06	7.6
Total Resources	50%	78.3	56.0	6.6	3.6	0.08	9.2
Total DSO Resources	60%	10.0	61.3	3.1	1.7	0.08	7.3

2.5.2 AMC 2009 - Scoping Study

Using the QG Mineral Resources as the basis, a Scoping Study was undertaken by AMC Consultants in 2009. AMC assessed a number of options including a 1, 2 and 5 million tonne per annum (Mtpa) operations using a high-grade (+60% Fe) option and a low grade (58% Fe) option using contractor or owner operator mining. Table 4 includes the inputs and likely Opex and Capex from the most favourable scenario.

The conclusions drawn from the study were:

- The project is potentially economic, based on either high-grade or low-grade ore if
  a. the ore is transported 25 km to a nearby mine;
  b. the project is owner or contract mined and processed; and,
  c. the production rate is 2 Mtpa or 5 Mtpa.
- The best results are achieved for a 5 Mtpa production rate. The best cashflow is achieved for owner mining/processing. The maximum cashflow is achieved at 5 Mtpa, owner operating, low-grade option.
- The project is potentially uneconomic if
  a. there is ore haulage by truck 393 km to the nearest port, and
  b. the process rate is 1 Mtpa, unless there is a high price for iron available at the time the project is started.
- Marketing and locating a suitable buyer for the product is a key activity for the success of the Wonmunna Project.

Table 4: Summary Table for AMC Inputs for the 2009 Scoping Study (5 Mtpa, low-grade, owner operating/processing)

Models used: 50% COG, NMM, CMM and SMM Throughput Mtpa: 5 Cut-off 57% Mining Operator : Owner Processing Operator : Owner			
Ore and Mineralised Waste	**Tonnes Processed above COG**		**Comments**
Tonnes	26,371,347	-	60% cut-off
Fe %	58.33	-	
SIO3 %	5.00	-	
Al2O4 %	2.73	-	
P %	0.08	-	
LOI %	8.55	-	
Waste tonnes	79,319,943	-	
Strip ratio	3.01	-	
Lump Ratio	60%	-	
Fe Prices Lump US$ dmtu	0.60	-	
Fe Price Fines US$ dmtu	0.52	-	
Exchange Rate US$:A$	0.75	-	
Average L/F A$ dmtu price	0.75	-	
Lump Royalty	7.50%	-	
Fine Royalty	3.50%	-	

	A$ Total	**Unit Costs /Ore Tonne ($)**	**Comment**
Revenue	**1,164,108,021**	**44.14**	
OPEX			
Site Operating Costs			
Mining ore L&H	26,276,222	1.00	
Mining waste L&H	50,731,468	1.92	per ore tonne**
Processing	57,489,536	2.18	
Road transport	52,742,694	2.00	
G&A Infrastructure	46,677,284	1.77	
Bore field	1,582,281	0.06	
Accommodation operating	48,259,565	1.83	Camp option
Selling Expenses			
Buyer rail and port	153,744,953	5.83	
Buyer marketing expense	59,599,244	2.26	
Buyer markup	31,909,330	1.21	
Closure Costs	5,284,565	0.20	
Royalty Costs			
Lump Royalties	55,157,504	2.09	
Fines Royalties	15,003,612	0.57	
Total Operating Costs	**604,458,259**	**22.92**	
CAPEX			
Mining Capital Cost	22,960,000	0.87	
Processing Capital Cost	21,500,000	0.82	
Infrastructure Capital Cost	22,370,000	0.85	
Borefield Capital Cost	1,610,000	0.06	
Accommodation Capital Cost	15,900,000	0.60	Camp option
Total Capital Costs	**84,340,000**	**3.20**	

2.5.3 Rico Resources 2010–2014

In January 2010 Rico Resources purchased the iron ore assets of Talisman Mining Ltd for a consideration of $43.7M in mixture of cash and shares. In that year Rico completed a number of exploration activities including some detailed geological mapping, updated aeromagnetic surveys and interpretation, and surface sampling.

In 2011 Rico commenced a large drilling programme to better define the Mineral Resources. The resource definition drilling programme comprised 626 RC percussion drill holes for 26,511m and 6 diamond core holes for 356m at the NMM and CMM deposits. Also, a first-pass RC percussion drilling programme with a total of 29 drill holes for 1142m was completed at Eastern Marra Mamba (EMM)

prospect (Figure 4). Down hole geophysical logging was carried out on all holes as well as some historic holes. The survey included measurements of natural gamma radiation, rock density using gamma-gamma and calliper for hole size.

Detailed geological mapping at various sites revealed additional information about the character of the sometimes complex lithology at Wonmunna.

As a result of this drilling and mapping, the Wonmunna Mineral Resources were updated by Coffey Mining in 2012. The drilling and resource work resulted in a substantial upgrade to the resources at Wonmunna. The Resources estimated at the project as at the 15th December 2015 are summarised in Table 5.

Table 5: Resource Summary as at the 15th December 2014

Deposit	JORC Category	Fe cut-off	Million Tonnes	Fe %	SiO_2 %	Al_2O_3 %	P %	LOI %
NMM Deposit*	Inferred	50%	**1.9**	**59.2**	4.2	2.5	0.08	8.8
		60%	**0.7**	**60.8**	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
	Inferred + Indicated	50%	**41.6**	**57.2**	5.6	3.2	0.08	8.7
		60%	**8.1**	**61.0**	3.3	1.9	0.08	7.0
CMM Deposit*	Inferred	50%	**3.8**	**57.0**	5.2	3.3	0.11	9.3
		60%	**2.9**	**61.1**	3.0	1.9	0.11	7.4
	Indicated	50%	**14.4**	**57.1**	5.6	3.3	0.10	9.0
		60%	**0.8**	**60.8**	3.2	2.0	0.11	7.3
	Inferred + Indicated	50%	**18.2**	**57.0**	5.5	3.3	0.10	9.1
		60%	**3.6**	**61.0**	3.0	1.9	0.11	7.4
SMM Deposit**	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 Deposit***	Inferred	50%	**7.2**	**54.0**	7.9	4.6	0.08	9.5
		60%	**0.1**	**60.1**	3.5	2.2	0.08	7.9
Total Resources	**Inferred + Indicated**	50%	**84.2**	**56.5**	**6.0**	**3.5**	**0.08**	**9.1**
	Inferred + Indicated	60%	**13.5**	**61.0**	**3.2**	**1.9**	**0.09**	**7.2**

* ***Resources estimated by Coffey Mining in 2012.***

** ***Resources estimate update by Quantitative Group 2012.***

*** ***Resource estimate by CSA Global 2012***

Note: The information is extracted from the ASX announcement entitled Ascot to Acquire Wonmunna DSO Iron Ore Project in the Pilbara, Western Australia created on 18th March 2014 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 or Ore Reserves, 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.

2.5.4 Native title – 2007 Onwards

Work programme heritage surveys were undertaken with the local traditional owners, the Karlka Nyiyaparli Group in 2007, 2008 before the 2008 drilling programme. A further survey was undertaken on behalf of the Ngarlawangga Native title claimants before the 2011 drilling programmes. In the latter survey seventeen out of 140 drill pad locations were not able to be cleared due to the proximity of Aboriginal archaeological sites.

An important milestone for the project was the Native Title agreement with the Ngarlawangga Native title claimants as part of the granting of Mining Leases M47/1423, 1424 and 1425 in April 2012. This agreement provides a framework for the Traditional Owners and the Project Owners to negotiate Native Title issues during the development of the project should it occur.

2.5.5 Ground Water Survey – 2011 Onwards

A groundwater monitoring network was installed across the site as recommended by RPS Aquaterra in 2011. These bores were installed to ascertain, with certainty, the range in depths of the water table over a full annual cycle. A number of water bores will also need to be completed in the wider area to provide information on groundwater levels and to assess if Weeli Wolli Creek is supported by groundwater flow in places. This work is ongoing and continues to provide important information.

2.5.6 Environment Surveys – 2011/2012

Two reports were prepared by Phoenix Environmental Sciences looking at vertebrate fauna and short-range endemic invertebrate fauna for the Wonmunna Project in 2011. The vertebrate survey recorded 169 vertebrate species including five conservation significant fauna, namely the Western Pebble Mouse, Australian Bustard, Bush Stone-curlew, Rainbow Bee-eater and the Star Finch.

The short-range endemic study identified 1049 individual specimens of which all but three are generally not restricted to the study area. The exceptions (one millipede and two crustaceans) were recorded mainly from the Rico voluntary environmental exclusion buffer along Weeli Wolli Creek.

A follow-up targeted fauna survey in 2012 looked at populations of the Western Pebble Mouse. Of particular concern were possible sightings of the Western Chestnut Mouse. However an additional follow-up survey did not catch any Western Chestnut Mice, and this issue was considered closed.

A level 2 flora and vegetation survey was completed by G&G Environmental Pty Ltd covering two seasons in May 2011 and September 2011. The work was completed to assess the diversity of Flora present within the project to ensure no rare or threatened species were present. It provides an excellent baseline of understanding of the both native flora and weed species present prior to disturbance by mining, which will enable good management practice as the project develops.

The key conclusion from this work is that the proposed mine will not impact on any known threatened species and that none of the vegetation at Wonmunna is considered regionally significant. This is a very positive outcome for future development of the project should it occur.

The report also concluded that some pockets of the vegetation may be locally significant and should be protected where possible. The report provided a number of recommendations for further work and some management strategies to ensure the current vegetation is not negatively impacted.

2.6 Prospectivity

The Wonmunna Project has been explored in detail for base metals (copper, lead and zinc), precious metals (gold and silver) and iron ore. The exploration for base metals and precious metals indicates there are numerous small lower grade targets within the tenure; however there is little scope to define an economic base metal or precious project within the tenements.

Iron ore exploration has been highly successful. Exploration to date has included geophysical surveys, exploration drilling (RC percussion), resource definition drilling (RC percussion and diamond core), detailed geological and structural mapping, geochemical sampling and a number of supporting technical studies (environmental, heritage, scoping study, metallurgical work).

The detailed level of work has resulted in the estimation of substantial Indicated and Inferred Mineral Resources. However, given the detailed level of work there is limited scope to substantially increase the resources within the project. There is also limited conceptual potential for additional discoveries undercover in the eastern parts of the exploration licence, and to the immediate west of the SMM Deposit.

Additional value may be added through more detailed evaluation of the known projects. This could include upgrading the known Mineral Resources to higher resource categories or through more detailed technical studies as part of feasibility studies.

3 Valuation

Valuation of mineral exploration assets is subjective. If exploration results in the identification or upgrading of Mineral Resource the valuation will likely be higher, or alternatively when exploration is unsuccessful then the valuation will likely be lower.

There are a number of generally accepted procedures for establishing the value of exploration tenements and, where relevant, the use of more than one approach to enable a balanced analysis and cross check on the results is recommended.

The valuation is always presented as a range, with the Preferred Value identified. The Preferred Value need not be the median value and is determined by the independent expert based on their experience.

3.1 Methodology and Assumptions

Mineral assets are defined in the VALMIN Code as all property including, but not limited to real property, intellectual property, and/or mining and exploration tenements held or acquired in connection with the exploration, development and/or production from those tenements together with all plant, equipment and infrastructure owned or acquired for the development, extraction and processing of minerals in connection with those tenements.

Business valuers typically define market value as “the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious buyer, and a knowledgeable, willing but not anxious seller acting at arm’s length.” The accounting criterion for a market valuation is that it is an assessment of “fair value”, which is defined in the accounting standards as “the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm’s length transaction.” The VALMIN Code defines the value of a mineral asset as its Fair Market Value, which is “the estimated amount of money or the cash equivalent or some other consideration for which, in the opinion of the expert or specialist reached in accordance with the provisions of the VALMIN Code, the mineral asset should change hands on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, wherein each party has acted knowledgeably, prudently and without compulsion.”

Fair Market Value usually consists of two components, the underlying or technical value, and a premium or discount relating to market, strategic or other considerations. The VALMIN Code recommends that a preferred or most-likely value be selected as the most likely figure within a range after taking into account those factors which might impact on value.

The concept of Fair Market Value hinges upon the notion of an asset changing hands in an arm’s length transaction. Fair Market Value must therefore take into account, inter alia, market considerations, which can only be determined by reference to “comparable transactions”. Generally, truly comparable transactions for mineral assets are difficult to identify due to the infrequency of transactions involving producing assets and/or resources, the great diversity of mineral exploration properties, the stage to which their evaluation has progressed, perceptions of prospectivity, tenement types, the commodity involved and so on.

For exploration tenements, the notion of value is very often based on considerations unrelated to the amount of cash which might change hands in the event of an outright sale, and in fact, for the majority of tenements being valued, there is unlikely to be any “cash equivalent or some other consideration”.

Whilst acknowledging these limitations, CSA has identified what it considers to be comparable transactions that have been used in assessing the values to be attributed to the mineral assets.

CSA's valuations are based on information provided by Ascot and public domain information. This information has been supplemented by independent enquiries, but has not been independently verified. No audit of any financial data has been conducted. The valuations discussed in this Report have been prepared at a valuation date of 15th December 2015. It is stressed that the values are opinions as to likely values, not absolute values, which can only be tested by going to the market.

3.2 Valuation Methods for Exploration Projects

The choice of valuation methodology applied to mineral assets, including exploration licences, will depend on the amount of data available and the reliability of that data.

The VALMIN Code classifies mineral assets into categories that represent a spectrum from areas in which mineralisation may or may not have been found through to operating mines which have well-defined Ore Reserves, as listed below:

"**Exploration Areas**" – properties where mineralisation may or may not have been identified, but where a Mineral Resource has not been identified.

"**Advanced Exploration Areas**" – properties where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made but sufficient work will have been undertaken on, at least, one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the projects to the resource category.

"**Pre-Development Projects**" – properties where Mineral Resources have been identified and their extent estimated (possibly incompletely) but where a decision to proceed with development has not been made.

"**Development Projects**" – properties for which a decision has been made to proceed with construction and/or production, but which are not yet commissioned or are not yet operating at design levels.

"**Operating Mines**" - mineral properties, particularly mines and processing plants that have been commissioned and are in production.

Each of these different categories will require different valuation methodologies, but regardless of the technique employed, consideration must be given to the perceived Fair Market Valuation.

The Fair Market Value of exploration properties and undeveloped Mineral Resources can be determined by four general approaches, viz.:

- The Appraised Value (Multiples of Exploration Expenditure) Method which considers the costs and results of historical exploration.
- The Market Approach (Comparable Transactions) Method which looks at recent arm's length transactions for comparable properties and/or comparable resources.
- The Geoscience Factor ("Kilburn") Method which seeks to rank and weight geological aspects, including proximity to mines and other deposits, the significance of the mineralised district and the commodity sought.
- The Income Approach, which is relevant to exploration properties on which undeveloped Mineral Resources (Indicated or Measured) or Ore Reserves are present or to operating mines. When sufficiently detailed studies into the mining and processing of the Mineral

Resources and/or Ore Reserves have been completed, value can be derived with a reasonable degree of confidence by forecasting the cashflows that would accrue from mining the deposit and discounting these to the present day to determine their Net Present Value (NPV).

For this Report the former two methods have been used.

3.2.1 Appraised Value or Multiples of Exploration Expenditure Method

This method considers the costs and results of historical exploration.

The Appraised Value method utilises a Multiple of Exploration Expenditure ("MEE"), which involves the allocation of a premium or discount to past expenditure through the use of the Prospectivity Enhancement Multiplier ("PEM"). This involves a factor which is directly related to the success (or failure) of the exploration completed to date, during the life of the current tenements.

Guidelines for the selection of a PEM value have been proposed by several authors in the field of mineral asset valuation (Onley, 1994). Table 6 lists the PEM and criteria used in this Report.

Table 6: Prospectivity Enhancement Multiplier (PEM) Factors

PEM Range	Criteria
0.2–0.5	Exploration (past & present) has downgraded the tenement prospectivity, no mineralisation identified
0.5–1.0	Exploration potential has been maintained (rather than enhanced) by past and present activity from regional mapping
1.0–1.3	Exploration has maintained, or slightly enhanced (but not downgraded) the prospectivity
1.3–1.5	Exploration has considerably increased the prospectivity (geological mapping, geochemical or geophysical activities)
1.5–2.0	Scout drilling (RAB, aircore, RCP) has identified interesting intersections of mineralisation
2.0–2.5	Detailed drilling has defined targets with potential economic interest
2.5–3.0	A Mineral Resource has been estimated at Inferred JORC category, no concept or scoping study has been completed
3.0–4.0	Indicated Mineral Resources have been estimated that are likely to form the basis of a Pre-feasibility Study
4.0–5.0	Indicated and Measured Resources have been estimated and economic parameters are available for assessment

3.2.2 Market Approach or Comparable Transactions Method

This method looks at prior transactions for the property and recent arm's length transactions for comparable properties.

The Comparable Transaction method provides a useful guide where a mineral asset that is comparable in location and commodity has in the recent past been the subject of an "arm's length" transaction, for either cash or shares.

Values are most commonly derived on either the basis of:

a) value/unit material of the JORC Code category of Resources/Reserves within the tenement that were acquired or sold in the relevant transactions; or,

b) Value/unit area of the tenements prior to identification/estimation of Mineral Resources.

In an exploration joint venture or farm-in, an equity interest in a tenement or group of tenements is usually earned in exchange for spending on exploration, rather than a simple cash payment to the tenement holder.

The joint venture or farm-in terms, of themselves, do not represent the value of the tenements concerned. To determine a value, the expenditure commitments should be discounted for time and the probability that the commitment will be met. Whilst some practitioners invoke complex assessments of the likelihood those commitments will be met, these are difficult to justify at the outset of a joint venture, and it seems more reasonable to assume a 50/50 chance that a joint venture agreement will run its term.

Therefore, in analysing joint venture terms, a 50% discount may be applied to future committed exploration, which is then "grossed up" to a 100% interest (based on the interest to be earned) to derive an estimate of the value of the tenements at the time that the agreement was entered into.

Where a progressively increasing interest is to be earned in stages, it is likely that a commitment to the second or subsequent stages of expenditure will be so heavily contingent upon the results achieved during the earlier phases of exploration that assigning a probability to the subsequent stages proceeding will in most cases be meaningless.

A commitment to a minimum level of expenditure before an incoming party can withdraw must reflect that party's perception of minimum value and should not be discounted. Similarly, any up-front cash payments should not be discounted.

The terms of a sale or joint venture agreement should reflect the agreed value of the tenements at the time, irrespective of transactions or historical exploration expenditure prior to that date. Hence the current value of a tenement or tenements will be the value implied from the terms of the most recent transaction involving it/them, plus any change in value as a result of subsequent exploration.

Where the tenements comprise applications over previously open ground, little to no exploration work has been completed and they are not subject to any dealings, it is thought reasonable to assume that they have minimal, if any value, except perhaps, the cost to apply for, and therefore secure a prior right to the ground, unless of course there is competition for the ground and it was keenly sought after. Such tenements are unlikely to have any value until some exploration has been completed, or a deal has been struck to sell or joint venture them, implying that a market for them exists.

High quality mineral assets are likely to trade at a premium over the general market. On the other hand exploration tenements that have no defined attributes apart from interesting geology or a "good address" may well trade at a discount to the general market. Market values for exploration tenements may also be impacted by the size of the land holding, with a large, consolidated holding in an area with good exploration potential attracting a premium due to its appeal to large companies.

3.3 Iron Ore Price

CSA has examined the historical price for iron ore fines for the period 2009 to December 2015 (Figure 5) to assess the extent to which it may have affected the pricing of relevant transactions.

Prior to 2009, iron ore was not traded in an open market like other commodities, instead large miners (iron ore sellers) and steel mills (iron ore buyers) negotiated the price to be paid on an annual basis. This price was then used by others as a benchmark price for that year. The price paid reflected the grade of iron in the ore but also, equally importantly, the deleterious element chemistry of the ore as well as physical parameters such as the lump:fines ratio of the ore. The key deleterious elements are silica, alumina, phosphorus and sulphur. The grade of these deleterious elements is required to be below threshold values otherwise price penalties are incurred.

Over the last six years, the largest sellers and buyers have moved away from an annual benchmarking process towards an indexed market that adjusts the price on a quarterly basis. There is also a spot market where iron ore can be sold in a relatively open market and where prices can fluctuate based on demand. This market is generally used by smaller producers to sell iron ore that is not under long term contract or by buyers looking to acquire additional feedstock outside their existing contracts.

No matter what method is used for pricing, the key attributes that affect iron ore pricing are the particle size (lump content), iron content and deleterious element contents. For simplicity CSA has chosen to use the fines price as a benchmark, as the Wonmunna mineralisation will most likely produce a fines product. The graph presented in Figure 5 shows the prices for 62% Fe iron ore fines CFR* Tianjin China. The specifications for this ore type are:

- Fe content 62%
- SiO_2 content 4.5%
- Al_2O_3 content 2.0%
- Phosphorus content 0.075%
- Sulphur content 0.02%
- Grainsize 90%, <10mm (>40% above 150µm)

**CFR – Cost and Freight to port*

Should the iron ore grade be below 62%, or the deleterious element chemistry above the threshold values, then the price is reduced commensurate with the level of deviation from the desired specifications, by normalising back to the standard specification.

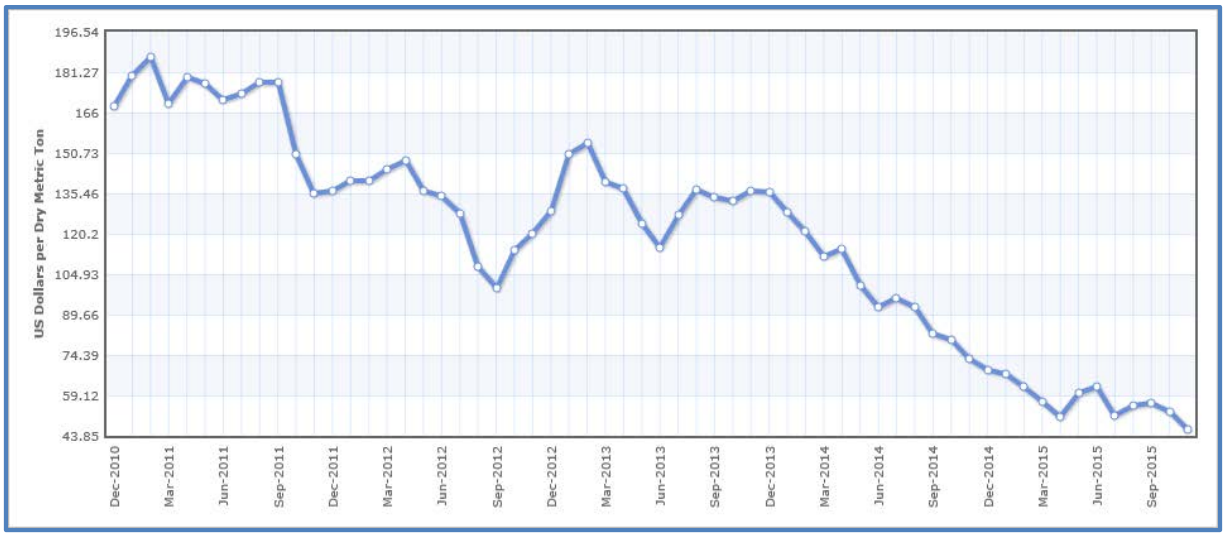

Figure 5: 62% Fe Iron Ore Fines CFR China Monthly Spot Price Chart Dec 2010-Nov 2015

(Source: Index Mundi Website December 2015)

3.4 Valuation of the Wonmunna Project

3.4.1 Previous Valuations

CSA Global is aware that a project valuation was completed for the Wonmunna and Uaroo projects (Stevens 2010) as part of the sales process when, a previous owner of the project, Talisman Ltd sold the asset to E-Comm Multi Ltd (subsequently renamed Rico Resources Ltd and then Ochre Group Holding Ltd) in 2010. The Fair Market Value for these assets at that time was stated to lie between $32.8M and $72.2M with a Preferred Value of $47.1M.

The assets at this time were at a much earlier stage of investigation with smaller Inferred Mineral Resources defined at the NMM, CMM and SMM deposits. Since this valuation, an additional $7.4 million dollars have been spent on the project, which has delivered an increase in total resources and a substantial resource upgrade to 64% of the resources in the Indicated Resources category. Other significant value-additive project work since the last valuation includes the granting of three Mining Leases covering the main resource areas, the signing of a Native Title agreement with the traditional owners and detailed environmental baseline studies.

CSA Global has valued this property on three previous occasions after the valuation discussed above.

In August 2013 for inclusion in a scheme of arrangement when Ochre Group Holdings merged with Emerald Oil and Gas. This valuation indicated a range of values in Australian Dollars from $44M to $62.2M with a preferred value of $53.1. The increase in valuation reflects the larger and higher category Mineral Resource inventory and a relatively high iron ore price.

A subsequent valuation was completed in March 2014 to support a notice to shareholders of Ascot Resources in relation to the purchase of the Wonmunna Assets from Ochre Group Holdings. The valuation indicated a range of values from $38.9M to $109M with a preferred value of $56M.

The small increase in value between August 2013 and March 2014 was predicated on new, higher-value iron transactions that occurred during the period between the two transactions which provided a higher upper end to the valuation range. During the same period the Iron price fell by 15% but this was offset to some extent by a 5% fall in the USD/AUD exchange rate.

The third valuation was completed October 2014. After the March 2014 valuation the iron price fell sharply and has continued to fall which further damaged the iron ore industry and negatively impacted the valuation reported in October. The preferred value was given as AUD $34M, the sharp fall in iron ore pricing had a strongly negative impact on the sentiment in the iron ore sector and thus lower valuations for iron projects.

The valuation reported here uses the same methodology and transactions as those used in the September 2014 valuation, as well as subsequent market transactions which have all been corrected for falls in iron ore price and exchange rate. The continued reduction in iron ore price has had a strongly negative impact on the iron industry resulting in much lower project values.

3.4.2 Selection of Valuation Method

The Wonmunna Project, in which Ascot has a 100% interest, is best described as a Pre-development Project.

After consideration of the various valuation methods outlined in Section 3.2 and the geological / exploration information, CSA has elected to apply the Market Approach method as the primary valuation tool and the Appraised Value (using a MEE) as cross check.

The project has been the subject of a preliminary feasibility study ("PFS") and estimation of a Probable Ore Reserve in early 2015. At the time the PFS and Reserve were completed the iron ore price was between US$60 and US$70 per tonne. However, in the current iron ore price environment (*circa* US$40 per tonne) the project would not be economically viable. As such, CSA is of the opinion that using the PFS and Reserve as the basis of a discounted cash flow valuation is not appropriate, and instead have elected to use the valuation methodology discussed below.

3.4.3 Market Approach – Analysis of Comparable Transactions

The Wonmunna Project until 2012 comprised a single tenement E47/1137. In 2012 three Mining Leases were granted (M47/1223, 1224 and 1225) within E47/1137; the Mining Leases cover the NMM, CMM and SMM deposits. Given that this tenement package is contiguous, is relatively well explored with limited potential for additional significant discoveries of more iron mineralisation, it can be considered a single project with the main value driver being the currently known resources.

CSA has completed a search for publicly available market transactions within Western Australia involving iron projects with Indicated and Inferred Mineral Resources with similar grades to Wonmunna, going back to 2009. The transactions deemed to be comparable were all located in Pilbara region and similarly constrained by access to infrastructure at the time of the transaction.

Note that individual market transactions are rarely completely identical to the relevant project area or may not necessarily contain all the required information for compilation. In practice, a range of implied dollar values per tonne of iron will be defined as suitable for use. The transactions identified along with the Implied Value per tonne of contained iron values are summarised in Appendix 2.

For each of the reviewed transactions the Australian Dollar (AUD $) value of the transaction has been converted to its US Dollar (USD $) equivalent based on the exchange rate at the time of the transaction due to iron prices being quoted in USD $.

As way of levelling out the effect of differing resource grades involved in each transaction it was decided to calculate an Implied Value per tonne of contained iron ("Implied Value"). The Implied Value is calculated by dividing the dollar value of the transaction by the contained iron tonnage of the deposit, and then correcting this value for fluctuations in iron price. The correction for iron price was calculated using the equation below:

Corrected Implied Value = Implied Value / (iron ore price at the time of transaction/ Iron ore price at 15 December 2015)

The transactions chosen for review have been restricted to iron projects in Western Australia with Indicated and Inferred Resources (as defined by the JORC Code 2004) with iron grades in the 56–60% Fe range. Other factors such as access to road, port, rail and power infrastructure or strategic value have also been considered. To make the transactions as comparable as possible, CSA have focussed on projects located in Western Australia with the majority being in the Pilbara region where the Wonmunna Project is located.

A range of pre-development iron ore project transactions considered relevant to the Wonmunna Project were identified and are outlined below and in more detail in Appendix 2:

- Atlas Iron acquiring Warrick Resources in 2009.
- E-Comm Multi purchasing the Wonmunna Project from Talisman in 2010.
- Mineral Resources acquiring Polaris Metals in 2010.
- FerrAus purchase of Southeast Pilbara assets from Atlas Iron June 2011.

- Atlas Iron acquiring Giralia Resources in 2011. CSA has separated out the three main DSO iron ore projects as separate transactions based on Price Waterhouse Coopers valuation of the assets.
- Rio Tinto purchasing the Koodaideri South Project from Iron Ore Holdings in 2011.
- Mineral Resources purchasing Phil's Creek, Yandicoogina and Lamb Creek Projects from Iron Ore Holdings in 2011.
- Atlas Iron acquiring the 25% stake in the Daltons JV from Haoma in 2012.
- Maiden Iron Ltd acquiring a 100% interest in the North Marillana Project from Iron Ore Holdings in September 2013.
- Developed Iron Ore acquiring 100% of the iron rights for the Mount Philip Project from Midas Resources Ltd in December 2013.
- Mount Gibson purchase of 100% of the Shine Project from Gindalbie Ltd in March 2014.
- BC iron makes takeover bid for 100% of Iron Ore Holdings in August 2014.
- Todd Corporation option to acquire the Pilbara Iron Ore Project from Flinders Mines in May 2015.

In reviewing the comparable transactions, CSA has considered the differences between the current spot prices for iron ore and those prevailing at the time of the transactions as well as weighing up the stage of development of the project and the resource estimation classifications.

CSA believes the most relevant measure to compare the projects is the Implied Value per tonne of contained iron. Figure 6 below provides a comparison of the value per tonne of contained iron for the transactions reviewed for this valuation.

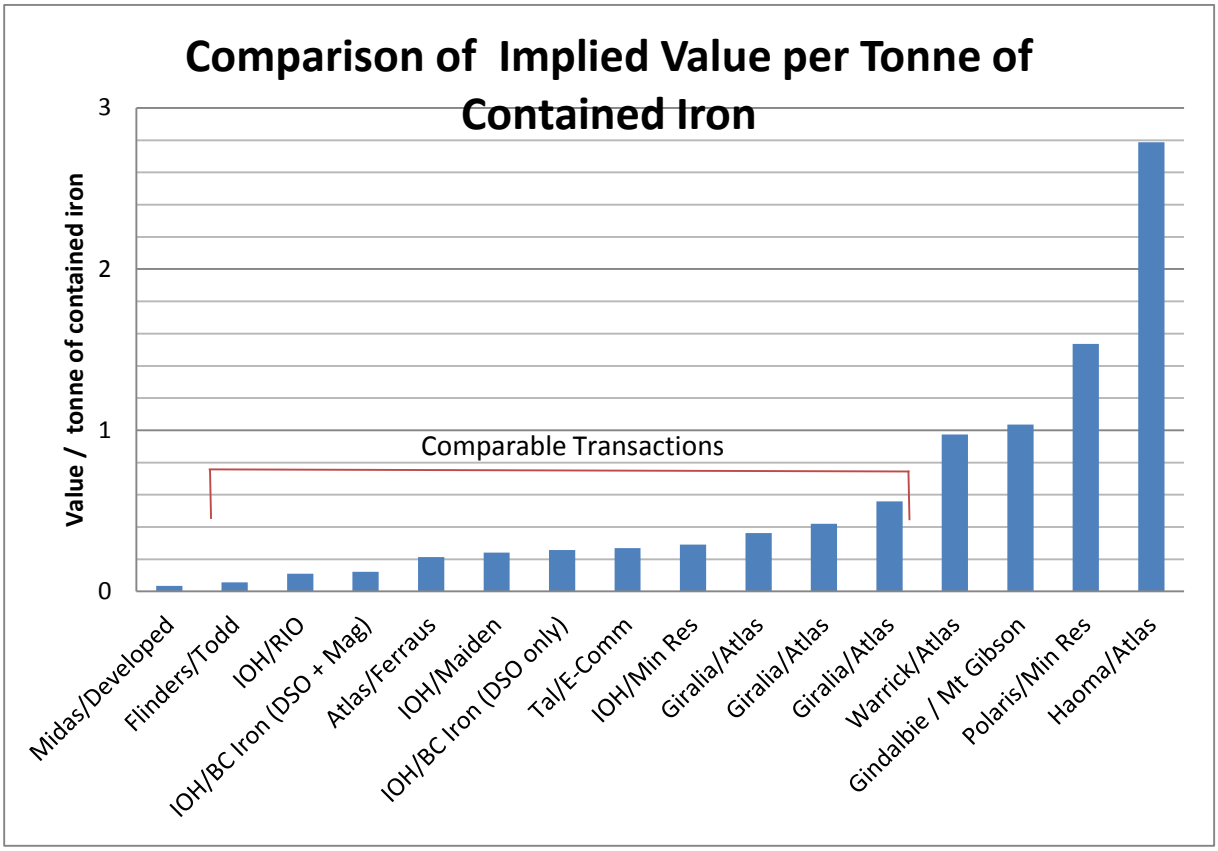

Figure 6: Comparison of USD$ Value per tonne of Contained Iron.

Developed Iron Ore's offer to purchase Midas' Mt Philip Project in Queensland provided the lowest Implied Value of the reviewed transactions. The project is located 50 km southeast of Mt Isa and comprises a low-grade haematite deposit. The project had an Indicated Mineral Resource of 19.1 Mt grading 41% Fe and Inferred Mineral Resource of 11.4 Mt grading 33.8% Fe. The deposits have high silica, low phosphorus and alumina and would require beneficiation to create a saleable product. Due to the low grade of these deposits and uncertainty over the beneficiation methods this transaction was not deemed to be comparable.

Todd Corporation's agreement of an option to purchase the Pilbara Iron Ore Project from Flinders Mines in May 2015 yielded an Implied Value of US$0.06/t. The project contained a very large 1,042 Mt Measured, Indicated and Inferred Mineral Resource grading 55.6% Fe, 9.3% SiO_2, 4.7% Al_2O_3 and 0.07% P, and is located approximately 70km NW of Tom Price. This is the most recent transaction reviewed and the relatively low Implied Value for such an advanced project is a strong reflection of current sentiment for values in the iron ore industry. CSA Global believe that this project is comparable to Wonmunna, and has chosen this transaction as the lower end of the valuation range.

Also at the low end of comparable transactions, Rio Tinto purchased the Koodaideri South Project from Iron Ore Holdings Ltd for an Implied Value of USD$0.11/t. The project contained a large 106 Mt Inferred Mineral Resource grading 58.6% Fe, 5.1% SiO_2, 2.5% Al_2O_3 and 0.14% P. The project was located approximately 30 km from the Rio Tinto Yandicoogina mine. Given the high phosphorus content and the location it is unlikely the deposit could have been developed as a stand-alone operation. However it would be useful as blending product for Rio at their nearby operations. As the deposit was classified entirely as Inferred and has very high phosphorus levels CSA believes this transaction is not comparable to the Wonmunna Project.

BC Iron's takeover offer for Iron Ore Holdings in August 2014 was finalised in November 2014, with BC Iron moving to compulsory acquisition of the outstanding shares after achieving 90% acceptance. The project comprises a substantial DSO resource of 542 Mt grading 57.4% Fe and includes a Proven and Probable Reserve of 269 Mt grading 58.1% Fe. In addition the project has an Inferred Mineral Resource for magnetite of 1.1 Bt grading 30.1% Fe. The Implied Value based solely on the DSO Resources is US$0.0.26/t, however if the iron contained in the magnetite resources is included then the Implied Value falls to US$0.12/t. It is likely the majority of value for the transaction lies with the DSO, as the main reason BC Iron has purchased the project is to add mine life to their current DSO operation. This is a recent transaction and the relatively low Implied Value for such an advanced project is a strong reflection of current sentiment for values in the iron ore industry.

Maiden Irons' purchase of the North Marillana project from Iron Ore Holdings ("IOH") in September 2013 yielded an Implied value for contained iron of US$0.24/t. The project had an Indicated Resource of 15.6 Mt grading 54% Fe, 6.7% SiO_2, 5.7% Al_2O_3 and 0.6% P. Although relatively low in iron and high in alumina, the project is located directly adjacent to railway infrastructure, and is considered comparable.

The next lowest Implied Value (US$0.0.21/t) was the result of Atlas Iron selling its southeast Pilbara DSO iron assets to FerrAus as a defensive strategy to stop Wah Nam acquiring FerrAus. Given the strategic intent of this transaction CSA believes this was low value, but still a useful comparable transaction.

The sale of the Wonmunna asset in 2010 to Ochre provides an Implied Value of USD$0.27/t. Given the asset has had over AUD$7.4M spent on it since then, this has resulted in substantial upgrades to resources and project dynamics. This transaction occurs at the lower end of the implied value curve and CSA believes this was reasonable price for the project at the time.

Atlas Iron purchased 100% of Giralia Resources Ltd in March 2011. The purchase included a suite of DSO projects including McPhee Creek, Mt Webber and Western Creek in the Pilbara as well as the Yerecoin magnetite project in the Yilgarn, the Balla Balla magnetite project and several gold and precious metal projects in WA. The values ascribed to the DSO projects in this valuation were those presented by PWC for each project in the independent expert report for the takeover. Using the PWC values suggests an Implied Value of US$0.36/t for Western Creek, US$0.42 for Mt Webber and US$0.56 for McPhee creek. CSA believes only the first two projects are relevant to include as comparable as they are similar in size and grade to Wonmunna, whereas McPhee Creek was substantially larger and of far more strategic value to Atlas.

The four projects with substantially higher Implied Values were reviewed but have not been used to value the Wonmunna asset for the reasons provided below.

The maximum Implied Value of USD$2.79/t relates to Atlas Iron Ltd buying out Haoma's 25% stake in the Daltons JV in which they already owned the other 75%. The project had a 22 Mt Probable Reserve grading 58% Fe based on Indicated Mineral Resources. Given Ore Reserves had been estimated and the 25% stake had considerable strategic value it is felt this transaction is not comparable.

The second highest Implied Value at USD$1.54/t involving Mineral Resources takeover of Polaris is also considered anomalously high due to a control premium being paid and also to the advanced nature of the infrastructure solution for the project. At the time of the sale the project had a relatively small Inferred Mineral Resource of 42.6 Mt grading 58% Fe. However, the project had demonstrated potential for larger resources, was in the process of resource upgrades, had completed parts of a prefeasibility study for the project and had commenced mining approvals. Polaris had also negotiated access to the Westnet rail network and was in advanced talks with the Kwinana Port and had strong indications that port capacity would be made available. Although the project had a relatively small resource base, the advanced nature of study and the likelihood of rail and port capacity provided this project with a higher Implied Value than that which is appropriate for Wonmunna. As such this transaction has not been used in the determining an Implied Value range for Wonmunna.

The third highest transaction is the purchase of the Shine project by Mount Gibson from Gindalbie. The resources are substantially higher grade, and are a mixture of mostly Measured and Indicated Resources suggesting a much higher confidence level in the resource. The project has already undergone significant feasibility study and has regulatory approvals in place for development. It was a somewhat strategic acquisition for Mount Gibson as it secured a potential ore source to replace production from Tallering Peak mine, which was to be closed in the second half of 2014.

The fourth highest Implied Value (USD$0.97/t) in the comparable transaction list is from Atlas's takeover of Warrick Resources. The sale involved the acquisition of the entire company, in which Atlas already owned 20%. Although the resources were comparable to the Wonmunna Project, the transaction also came with 5000 km^2 of exploration tenure in the Pilbara. The tenement package was prospective for additional iron ore discoveries and was in line with Atlas's strategic growth plans. Additionally, given that Atlas was already a 20% shareholder, it could be argued this was not an arm's length transaction. For these reasons CSA does not believe it is comparable.

Noting the exclusions outlined above, CSA concludes that relevant market transactions for Wonmunna have Implied Values per tonne of contained iron of between USD$0.06 per tonne and USD$0.56 per tonne, with a preferred Implied Value of USD$0.18 per tonne.

The tonnage of contained iron at Wonmunna is 47.6 Mt, based on total resources of 84.3 Mt at 56.5% Fe. Based on these values CSA believes the value for the Wonmunna asset lies between **USD$2.7M and USD$26.6M** with a **Preferred Value of USD$8.7M** as summarised in Table 7.

The Preferred Value is positioned at the lower quartile of the range. This point has been selected to reflect the fact that:

- one third of the Mineral Resources are in the Inferred category;
- Iron ore price is low;
- significant parts of the resources have relatively high phosphorus levels;
- there is limited potential for discovery of additional resources in the areas of known mineralisation; and,
- the project has limited identified transport or port options, as a stand-alone project.

Table 7: Summary of Value (USD$) per tonne of Contained Iron Selected for Comparable Transactions Valuation and Valuation Ranges

Wonmunna Project	Low Value	High Value	Preferred Value
47.6 Mt of contained iron	0.06	0.56	0.18
Valuation (US$)	$2.7M	$26.6M	$8.7M

3.4.4 Appraised Value Method – Multiples of Exploration Expenditure (MEE)

Reported exploration expenditure on the Wonmunna Project tenements by Talisman and Ascot is reported as AUD$14.1M. These costs have been incurred in the last ten years, which represents the life of the current licence. CSA has not corrected these costs for inflation as the majority of this expenditure (AUD$13.4M) has been incurred since 2008.

Based on the recorded exploration expenditure and the generally positive results of the work, a range of expenditure-weighted PEM values of **2.8** to **3.6** has been determined as shown in Table 8.

When these PEM values are applied to the historical expenditure at Wonmunna it provides a range of values from **AUD$39M** to **AUD$50M**, within which range CSA has selected a Preferred Value of **AUD$44M,** using a work-related expenditure weighted PEM of **3.1.**

This value is in excess of the comparable transactions values. CSA Global concluded that methodology provides a valuation that is too high, largely because of the considerable amount spent on the project during periods of higher iron price. And the cost of the drilling work in 2010 and 2011 to define the Indicated Resources occurred at a time of anomalously high drilling, logistical and field costs, and does not reflect the current iron ore pricing environment. In the current pricing environment CSA believes it attributes too greater price on the project which is not in line with the market for iron projects.

Table 8: PEM Factors for the Wonmunna Project

Work Undertaken by Year	Results of work	expenditure (AUD k)	PEM Low	PEM Value low (AUD k)	PEM High	PEM Value High (AUD k)	PEM Pref.	PEM Value Preferred (AUD k)
2002-2003								
first pass reconnaissance mapping and surface sampling and	delineated widespread copper oxide mineralisation and gossan	20	1	20	1.3	26	1.1	22
2003 - 2004								
More detailed reconnaissance of known copper targets	No know copper or base metal targets delineated	70	1	70	1.3	91	1.1	77
2004 - 2005								
shallow RC drilling for iron ore 21 holes for 240m.	intersected thin iron ore lenses of channel iron deposits	70	1	70	1.5	105	1.3	91
2005 - 2006								
Aeromagnetic Survey	Provides better understanding of geology and highlights the presence of Marra mamba mineralised areas	30	1	30	1.5	45	1.5	45
Stream sediment geochemistry program 503 samples. Targeting base metals	located moderate base metal anomalism	30	1	30	1.5	45	1.3	39
Soil geochemical sampling program, 282 samples. Targeting base metals	defines moderate zones of base metal anomalism	20	1	20	1.5	30	1.3	26
Base metal Drilling	minor base metal mineralisation intersected	20	1	20	1.3	26	1	20
Iron ore drilling	Good results intersecting thick high grade iron mineralisation	70	1.5	105	2	140	2	140
2006 - 2007								
Stream sediment geochemistry program, 56 samples. Targeting base metals .Soil geochemical sampling program, 3180 samples. Targeting base metals	Delineated widespread base metal anomalism associated with Jeerinah shale. Low to moderate grade	90	1	90	1.5	135	1.3	117
Base Metal Drilling	Limited success with thin low grade intercepts	320	1	320	1.5	480	1.3	416
2007 - 2008								
Detailed drilling of iron targets delineated previously. Large RC and diamond drilling program	highly successful, delineated three main iron deposits within the tenure and completed resource estimation	4,150	3	12450	3.5	14525	3.2	13280
2008 - 2009								
Large resource definition RC drilling program.	Very successful increasing resource substantially	1,070	3	3210	3.5	3745	3.2	3424
Resource updates and Scoping study by AMC	indicated several economic development scenarios	160	3	480	3.5	560	3.2	512
2009 - 2010								
Refining scoping study, additional met testwork,	Work improved scoping study and project was sold for $42 M	320	2	640	3	960	2	640
2010 -2011								
RC drilling program and environmental work new resource work	Continued success, resources upgrade in part	1000	3	3000	4	4000	3.2	3200
2011-2012								
Detailed infill drilling program at Nmm and CMM deposit, New resource estimation work, additional met testwork, environmental base line studies, signed native title agreements and converted tenure to mining leases	Very successful year significant resource upgrade to indicated resources, numerous baseline studies complete commence PFS	6110	3	18330	4	24440	3.5	21385
2012 - 2013								
Environmental Monitoring, water monitoring and rehabilitation. Soil characterisation work		290	1	290	2	580	1	290
Scout drilling		150	1	150	1.5	225	1	150
2013 - 2014								
Regional review, photogeology, reprocessing of geophysics, reconnaissance, DID prospectivity assessment and field checking; updated MRE for EMM (no material change)	A number of new exploration targets have been identified, mostly detrital iron mineralisation	136	1	136	1.5	204	1.5	204
Totals and weighted averages	**Totals and Weighted Averages**	**14,126**	2.8	**39,461**	**3.6**	**50,362**	**3.1**	**44,078**

3.5 Preferred Value of the Projects

CSA has concluded that Ascot's Wonmunna Project is a Pre-development Project with sound fundamentals as an iron ore project. The project has Indicated and Inferred Mineral Resources and a Scoping Study completed in 2009 proposed potentially viable options for development. However, the project is not well located for infrastructure solutions other than road transport. The project is almost equidistant from operating mines at West Angelas, Hope Downs and Mining Area C (MAC); all of which are serviced by rail and port infrastructure and could be seen as potential strategic development partners. There is limited potential for additional resources within the project and more work is required to assess the economic potential of the project.

It is CSA's opinion that the Market Value of Ascot's Wonmunna assets is best ascribed using the Market Approach (Comparable Transactions). As a validation of the Market Approach method the Appraised Value (MEE) Approach was also used. The latter method provides a valuation that is too high, based on the current market conditions for iron ore projects.

Using the Market Approach using the Comparable Transaction method the Fair Market Value of Ascot's Wonmunna Project, on the Valuation Date of 15th December 2015, lies in a range from **USD$2.7M** to **USD$26.6M**, with a Preferred Value of **USD$8.7M**.

The Australian Dollar equivalent values for the project, using an exchange rate of 1 USD = 1.39 AUD (15th December 2015), is in the range from a low of **AUD$3.7M** to a high value of **AUD$36.9M** with Preferred Value of **AUD$12.0M**.

Table 9: Summary Valuation of Ascot's Wonmunna Project in Australian Dollars

Project	Mineral Asset	Ownership	Granted Area	Valuation		
		%	km^2	Low	High	Preferred
				AUD $M	AUD $M	AUD $M
Wonmunna	Pre-development Project	100	210	3.7	36.9	12.0

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

There is significant range in the values derived for Ascot's projects. CSA has considered this range and concludes that it provides a reasonable representation of possible valuation outcomes for the project, given the uncertainties inherent in valuing early-stage exploration and pre-development projects.

It is stressed that the valuation is an opinion as to likely values, not absolute values, which can only be tested by going to the market.

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Appendix 1: Tenement Schedule

Tenement ID	Holder	Manager	Status	Blocks	Area (ha).	Grant Date	Expiry Date	Rent	Expenditure Commitment
E47/1137	Ochre Group Holdings Ltd*	Ascot Resources Ltd*	Granted	68		29/08/02	28/08/16	$32,334	$204,000
M47/1424			Granted		1514	30/04/12	29/04/2033	$23,769	$151,400
M47/1423			Granted		670	30/04/12	29/04/2033	$10,519	$67,000
M47/1425			Granted		529	30/04/12	29/04/2033	$8,305	$52,900
				Totals	2713			$74,927	$475,300

* Pending Stamping and registration of transfers between Ochre and Ascot.

Appendix 2: Market Transactions Involving Iron Ore Projects at the Pre-development Stage

Deal Name	Project	State	Date	Asset Details	Transaction Details	Resource Category	Resource Size (tonnes)	Iron Grade (Fe%)	Contained Iron (tonnes)	Spot Price (US$)	USD:AUD Exchange Rate	Price 100% Basis (A$)	Price 100% Basis (US$)	Implied Value / tonne contained iron (US$)	Correction for spot price	Implied Value / per tonne of contained iron) corrected for spot price
Midas / Developed	Mt Phillips	Qld	Dec-13	Midas Resources was 100% owner of MDL471, 54km SE of Mt Isa in Queensland. The tenement contained known iron ore resources an indicated resource of 19.1Mt grading 41.42% Fe and Inferred resources of 11.4Mt at 33.82% Fe	In September 2013 Midas was offered $1.5 in cash in two payments and a 0.5% royalty. An initial $500,000 payment due 60days after due diligence is completed and $1M six months after the initial transfer. The deal was for iron ore rights only Midas retained the other mineral rights on the tenement.	Indicated and Inferred resource	30,500,000	37.0%	11,285,000	135.79	0.89	1,500,000	1,335,000	0.12	-0.29	0.03
Flinders / Todd	Pilbara Iron Ore Project	WA	May-15	The Pilbara Iron Ore Project (PIOP) comprises two 100% Flinders owned tenements located approximately 70km NW of Tom Price. Flinders announced an upgraded total Inferred and Indicated Resource of 1,042 million tonnes at 55.6% Fe fot the PIOP.	Todd paid an option payment of A$10m to secure the exclusive option to acquire 100% of the project, valid until 31 December 2016. On electing to exercise the option to purchase, Todd would need to pay a further A$55m, as well as a production royalty.	Measured, Indicated and Inferred resource	1,042,000,000	55.6%	579,352,000	60.23	0.78	65,000,000	50,459,500	0.09	-0.05	0.06
IOH / RIO	Koodaideri South	WA	Sep-11	The Koodaideri South project is located 10 km north of BHP Yandi and 30km north west of RTIO Yandicoogina mine in the Pilbara region. The project contains an Inferred Mineral Resource of106Mt at 58.6% Fe and 0.14% phos, 5.1$SiO2 and 2.5% Al2O3. is very well located for infrastructure both rail and road	Rio Tinto acquired a 100% interest in the Koodaideri south projects for $32 million in cash and a 2% FOB royalty.	Inferred	106,000,000	58.6%	62,116,000	177.23	0.97	32,000,000	31,168,000	0.50	-1.77	0.11
IOH / BC Iron (DSO + Mag)	Iron Valley / bungaroo south	WA	Aug-14	IOH holds a 100% interest in several iron properties with defined resources and reserves. These include DSO and Magnetite iron ore projects. The DSO projects are mixture of Inferred, Indicated and measured Mineral Resources totalling 542Mt at 57.4% Fe and with moderate Silica and alumina grades and realitvely high Phosphorus. The main project areas are Bungaroo South and iron valley which contain a proven and probable reserve of 269Mt at 58.1%Fe.In addition to the DSO IOH had defined 1.1Bt magnetite Inferred resource grading 30.4% Fe.	BC offered to purcahse all of the IOH shares for 0.44 BC shares for each IOH share plus $0.1 AUD for each share. At the time of the purcahse BC share were trading at $3.31 providing an implied vlaue for each IOH share $1.56. IOH also had $52M in cash or cash equivlaents at the time of the transaction.	combined	DSO tonage 542Mt at 57% + Mag tonnage 1.1Bt at 30% Fe		645,508,000	92.63	0.93	204,000,000	187,131,000	0.29	-0.40	0.12

Deal Name	Project	State	Date	Asset Details	Transaction Details	Resource Category	Resource Size (tonnes)	Iron Grade (Fe%)	Contained Iron (tonnes)	Spot Price (US$)	USD:AUD Exchange Rate	Price 100% Basis (A$)	Price 100% Basis (US$)	Implied Value / tonne contained iron (US$)	Correction for spot price	Implied Value / per tonne of contained iron) corrected for spot price
Atlas / Ferraus	SE Pilbara	WA	Jun-11	Atlas Sold Ferraus A suite of seven iron projects in the SE Pilbara region of WA. Collectively the projects contained combined Inferred Resources of 159Mt grading 56.5% Fe.	The projects changed hands as part of defensive strategy to avoid ferraus being acquired by Wah Nam by Atlas taking a significant blocking stake in the company. The projects changed hands for a consideration of $79M	Inferred	158,000,000	56.5%	89,270,000	170.88	1.06	79,000,000	83,740,000	0.94	-3.17	0.21
IOH / Maiden	North Marillana	WA	Sep-13	The North Marillana project comprises relatively low grade CID iron Ore. The project comprise four Mining leases located in the Pilbara Region Of WA north of BHP Yandi mine. The tenements include an Indicated Resource of 15.6Mt grading 54% Fe.	Maiden Iron has agreed to a $2.5M cash payment and additional $5.25M upon commencement of mining at the project. In addition a 2.5% royalty will be paid to IOH for the iron ore produced during mining.	Indicated	15,600,000	54.0%	8,424,000	134.19	0.93	7,500,000	6,975,000	0.83	-2.02	0.24
IOH / BC Iron (DSO only)	Iron Valley/bungaroo south	WA	Aug-14			Inf, Ind, Meas resources and Prov/prob reserve	542,000,000	57.4%	311,108,000	92.63	0.93	204,000,000	189,924,000	0.61	-0.84	0.26
Tal / E-Comm	Wonmunna	WA	Jan-10	The Wonmunna project is located 70km north west of Newman in the Pilbara of WA. The project comprised 175sqkmAt the time of the transaction the project had defined Inferred Mineral resource of 78MT @56% Fe using a 50% Fe cut off additional exploration upside had been recognised for Fe.	In February 2011 Rico paid $35.25M in cash and 35.5M rico shares (valued at $7.1M). For a 100% interest in the project.	Inferred	78,000,000	56.0%	43,680,000	125.91	0.90	42,350,000	37,945,600	0.87	-1.93	0.27
IOH / Min Res	Phil's Creek, Yandicoogina, Lamb Creek	WA	Sep-11	The iron ore assets involved in this sale included Phil's creek - Indicated Resource of 15.5MT @ 55.6%Fe and 0.1%P. Lamb Creek - Indicated 15.2MT @ 60%Fe and 0.13% P and Inferred resources of 24.5MT @ 54.9% Fe and 0.9%P. The Yandicoogina Asset had no defined resources.	The 100% stake in the projects was acquired for a consideration of $42Million in Cash paid over a 90 day period.	Indicated	55,200,000	56.3%	31,077,600	177.23	0.97	42,000,000	40,908,000	1.32	-4.66	0.29

Deal Name	Project	State	Date	Asset Details	Transaction Details	Resource Category	Resource Size (tonnes)	Iron Grade (Fe%)	Contained Iron (tonnes)	Spot Price (US$)	USD:AUD Exchange Rate	Price 100% Basis (A$)	Price 100% Basis (US$)	Implied Value / tonne contained iron (US$)	Correction for spot price	Implied Value / per tonne of contained iron) corrected for spot price
Giralia / Atlas	Western Creek	WA	Mar-11	Giralia had a suite of iron assets in the Pilbara and the Yilgarn region of western Australia. Principal pre-development assets were McPhee Creek 265 MT (Ind 65MT, Inf 194MT) at 56% Fe 0.12%P and Daltons Mt Webber 35MT (Ind 29MT, Inf 6MT) at 57.2%Fe and 0.06%P. Other assets were Yerecoin a magnetite resource in the Yilgarn. Western Creek Resource 52.4MT Inferred 56.9% 0.6%phos	Atlas acquired Giralia and all of the iron ore and other mineral assets for a total consideration of $825M it was an all scrip deal Atlas shares which were trading at $2.90 at the time of the acquisition. Ravensgate and PWC indicted a preferred value for McPhee creek at $347.7M and $45.4M for Western Creek. Daltons Mt Webber $35.3M	Inferred	52,400,000	56.9%	29,815,600	169.36	1.03	45,400,000	46,898,200	1.57	-5.25	0.36
Giralia / Atlas	Mt Webber	WA	Mar-11			Indicated	35,000,000	57.2%	20,020,000	169.36	1.03	35,300,000	36,464,900	1.82	-6.08	0.42
Giralia / Atlas	McPhee Creek,	WA	Mar-11			Inferred and Indicated	265,000,000	56.0%	148,400,000	169.36	1.03	347,700,000	359,174,100	2.42	-8.07	0.56
Warrick / Atlas	Western Creek, Caramulla, Jimblebar	WA	Nov-09	Warrick had very large tenement holding with 45.5 Mt of Inferred resource defined Western Creek, Jimblebar Caramulla ranging from 53%.9 -57.5% Fe. There was also 120-260Mt of exploration target in the surrounding tenure ranging 57-64% Fe. A total of 5000sqkm of Pilbara tenure was part of the deal.	Atlas acquired all of the mineral Assets of Warrick resources for one Atlas Share for every three Warrick Shares. At the time of the offer this equated to %%c per Warrick share, based on Atlas at $1.65. making an effective sale price of $64M	Inferred	45,500,000	55.0%	25,025,000	99.26	0.97	64,000,000	61,888,000	2.47	-3.81	0.97
Gindalbie / Mt Gibson	Shine	WA	Mar-14	The shine project has hematite resources(Measured, Indicated and Inferred)of 7.8Mt at 59.0% Fe, with high silica (8.7%) and moderate phos (0.08%), low alumina (1.85%). The projects are located in the Yilgarn Region 250km east of Geraldton in Western Australia	ON the 7th March Mount Gibson completed the deal for the iron ore rights to the shine project for $15M in cash and trailing royalty. An initial Payment of $12M followed by the remaining $3M at commencement of mining. The Royalty provides that Gindalbie will receive 20c in the dollar for every dollar above $115 for Platts 62% Fe, per tonne sold.	Measured Indicated (and Inferred)	7,800,000	59.0%	4,602,000	111.83	0.91	15,000,000	13,650,000	2.97	-5.53	1.04

Deal Name	Project	State	Date	Asset Details	Transaction Details	Resource Category	Resource Size (tonnes)	Iron Grade (Fe%)	Contained Iron (tonnes)	Spot Price (US$)	USD:AUD Exchange Rate	Price 100% Basis (A$)	Price 100% Basis (US$)	Implied Value / tonne contained iron (US$)	Correction for spot price	Implied Value / per tonne of contained iron) corrected for spot price
Polaris / Min Res	Yilgarn iron project	WA	Jan-10	principal asset was the Yilgarn Iron Ore Project comprising about 1,000 km2 of tenements, and an Inferred Mineral Resource of 42.6Mt grading 58.6% Fe at the Carina, J4 and J5 deposits. At the Carina Extended prospect, rock chip sampling over a 700m strike length returned assays in the range 57.9% Fe to 61.6% Fe. Polaris had two other exploration assets which did not add significant value to the deal and had no resources defined.	Min Res acquired the assets of Polaris for an All scrip deal of 1 Min Res Share for every 10 Polaris share plus 10.1 cent cash for each Polaris share. final bid price of the equivalent of 82.1¢/share base on Min Res at $7.20 per share. Based on this transaction, POL was valued at $145M, or the equivalent of $5.80/t Fe in Resources, however, given the large tenement holding, and prospects for the discovery of additional resources at Carina Extended, at least, this is likely to be a maximum value. Polaris had $7 Million in cash at the time of the takeover	Inferred	42,600,000	58.6%	24,963,600	125.91	0.90	138,000,000	123,648,000	4.95	-11.01	1.54
Haoma / Atlas	Daltons		Mar-12	Atlas acquired the remaining 25% of the Daltons JV from Haoma. This was an advanced asset with a defined probable reserve of 22.8Mt at 58% Fe	The 25% stake in the JV was acquired for $33m, of which $10m was cash and the remaining $23M in Atlas shares. Atlas shares were valued at $2.88 at the time of the offer. Right to the non iron ore assets remains with Haoma. This deal gave Atlas a 100% stake in the project and thus had some strategic value	Probable reserve	22,800,000	58.0%	13,224,000	144.66	1.03	132,000,000	136,488,000	10.32	-27.90	2.79

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