A.C.N. 146 530 378

HALF YEAR FINANCIAL REPORT

31 December 2018

Directors & Officers

Mr Paul Kopejtka - Non-executive Chairman
Mr Chris Corbett – Non-executive Director
Mr Shahb Richyal – Non-executive Director

Mr Nick Longmire – Company Secretary

Registered Office

U3/154 Hampden Road
Nedlands WA 6009
Australia

Telephone: +61 8 9386 3496
Facsimile: +61 8 9386 6440

E-mail: admin@ascotresources.com
Website: www.ascotresources.com

Domicile and Country of Incorporation

Australia

Bankers

National Australia Bank
1232 Hay Street
West Perth WA 6005
Website: www.nab.com.au

Auditors

Pitcher Partners BA&A Pty Ltd
Level 11, 12-14 The Esplanade
Perth WA 6000
Website: www.pitcher.com.au

Share Registry

Security Transfer Australia
770 Canning Highway
Applecross WA 6153
Website: www.securitytransfer.com.au

1. DIRECTORS

The names of Ascot Resources Limited (the Company) and its controlled entities (the Group), directors in office during the period and until the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

Paul Kopejtka	*Non-executive Chairman*
Chris Corbett	*Non-executive Director*
Shahb Richyal	*Non-executive Director*

2. PRINCIPAL ACTIVITIES

The Groups principal activities during the period were coal exploration in Colombia and the divestment of the Group's iron ore assets in Australia.

3. REVIEW OF OPERATIONS

Wonmunna Iron Ore Project, Western Australia

On 12 June 2018, the Company announced that it had reached agreement with Australian Aboriginal Mining Corporation Pty Ltd ("AAMC") to sell its shares in Wonmunna Iron Ore Pty Ltd ("WIO"). WIO is the legal and beneficial owner of the Project (the "Transaction"). The consideration for the sale is $20 million, received in the following instalments:

- a deposit of A$250,000 which was placed in an escrow account pending completion of the Transaction ("Completion").
- A$7,000,000 (which includes the release of the deposit) on Completion;
- the following payments to the Company or its nominee, upon AAMC achieving the following milestone events:
  - A$5,500,000, as Production Payment 1, by no later than 12 consecutive calendar months after the Date of Commercial Production;
  - A$5,500,000, as Production Payment 2, by no later than 24 consecutive calendar months after the Date of Commercial Production;
  - A$2,000,000, as Production Payment 3, on or before the date which is the later of 36 consecutive calendar months after the Date of Commercial Production and the Production Payment 3 Date.

Commercial Production is defined as the date which is 60 days following the date on which an aggregate amount of 35,000 wet tonnes or more of iron ore product has been produced from the Project and delivered or made available to a purchaser of the iron ore product.

Production Payment 3 Date means the earlier of:

a) 60 days following the date on which an aggregate amount of six million wet tonnes or more of Iron Ore Product has been produced from the Project and delivered or made available to a purchaser of the Iron Ore Product; and

(b) 48 months after the Date of Commercial Production.

On 7 December, the Company announced that the purchaser, AAMC, has satisfied its conditions precedent required for the completion of the sale process. The Group completed its conditions precedent on 26 September 2018.

The sale was completed on 13 December 2018.

Titiribi Coal Project, Colombia

Operations in Colombia were limited to maintaining the concessions in good standing during the period.

The Company has reviewed the carrying value of the exploration and evaluation expenditure ($4 million) at balance date. With the mining concessions reverting back to the 10% joint venture partner, Carbones El Basal SAS, on 27 July 2019, the Company has taken the decision to write off the capitalised exploration and evaluation expenditure as it is highly likely that this expenditure will not be recovered.

4. FINANCIAL RESULTS

The financial results of the Group for the half year ended 31 December 2018 are:

	31-Dec-18	30-Jun-18
Cash and cash equivalents	**1,150,395**	417,275
Net assets	**5,500,850**	4,742,802
	31-Dec-18	31-Dec-17 (Restated*)
Revenue	**6,525,689**	3,801
Net profit/ (loss) after tax	**652,918**	(1,591,938)

*Certain amounts shown here do not correspond to the 31 December 2017 financial statements and reflect adjustments made as detailed in note 14.

5. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 13 December 2018, the Group completed the Sale of the Wonmunna Iron Ore Project located in Western Australia. The Group has now divested its iron ore assets.

With regard to Colombia, the board has reviewed the carrying value of the exploration and evaluation expenditure ($4 million) at balance date. With the mining concessions reverting back to the 10% joint venture partner, Carbones El Basal SAS, on the 27 July 2019, the Company has taken the decision to write off the capitalised exploration and evaluation expenditure as it is highly likely that this expenditure will not be recovered.

6. SIGNIFICANT EVENTS AFTER BALANCE DATE

There has not arisen in the interval between the end of the financial period and the date of this report, any item, transaction or event, of a material or unusual nature, likely, in the opinion of the Directors of the Company, to affect substantially the operations of the Group, the results of those operations, or the state of the affairs of the Group in subsequent financial periods, other than those matters already disclosed in this interim financial report.

7. ROUNDING OF AMOUNTS

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar.

8. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the review for the half-year is provided with this report.

Signed in accordance with a resolution of the Directors.

Paul Kopejtka
Non-Executive Chairman
18 March 2019

PITCHER PARTNERS

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF ASCOT RESOURCES LIMITED

In relation to the independent review for the half-year ended 31 December 2018, to the best of my knowledge and belief there have been:

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

(ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants*.

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

Pitcher Partners BA&A Pty Ltd

PITCHER PARTNERS BA&A PTY LTD

JOANNE PALMER
Executive Director
Perth, WA
18 March 2019

	Notes	31 December 2018	31 December 2017 (Restated*)
Continuing operations			
Revenue and other income		**46,915**	3,801
Profit on sale of subsidiary	**4**	**6,478,774**	-
Directors fees and other benefits		**(15,000)**	(30,000)
Commercial settlement	**5**	**(1,051,841)**	-
Professional & Consulting Fees		**(25,579)**	(65,560)
Employment expense		**-**	(39,073)
Impairment of exploration and evaluation expenditure	**8**	**(4,099,886)**	(310,362)
Fair value adjustments		**(340,043)**	-
Unwinding of discount on RCF convertible note	**10**	**(124,432)**	-
Finance charges		**(135,759)**	(1,079,594)
Other expenses	**6**	**(80,231)**	(71,150)
Profit/(loss) before income tax from continuing operations		**652,918**	(1,591,938)
Income tax expense		**-**	-
Profit/(loss) after income tax from continuing operations		**652,918**	(1,591,938)
Profit/ (loss) for the year attributable to:			
Members of the parent entity		**1,062,907**	(1,588,007)
Non-controlling interests		**(409,989)**	(3,931)
Profit/(loss) from continuing operations		**652,918**	(1,591,938)
Other comprehensive income			
Exchange difference on translating foreign operations		**52,199**	8,177
Other comprehensive profit/ (loss) for the period		**705,117**	(1,583,761)
Total comprehensive profit/ (loss) for the period attributable to:			
Members of the parent entity		**705,117**	(1,583,761)
		705,117	(1,583,761)
Earnings/(loss) per share from continuing operations attributable to the ordinary equity holders of the Company:		Cents	Cents
Basic earnings/(loss) per share		**0.37**	(0.92)
Diluted earnings/(loss) per share		**0.37**	(0.92)
Profit/ (loss) per share attributable to the ordinary equity holders of the Company:			
Basic earnings/(loss) per share		**0.37**	(0.92)
Diluted earnings/(loss) per share		**0.37**	(0.92)

*Certain amounts shown here do not correspond to the 31 December 2017 financial statements and reflect adjustments made as detailed in note 14.

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

	Notes	31 December 2018	30 June 2018
Current Assets			
Cash & cash equivalents		**1,150,395**	417,275
Trade & other receivables	**7**	**5,885**	690
Assets held for sale		**-**	10,701,624
Other assets		**38,027**	299,143
Total Current Assets		**1,194,307**	11,418,732
Non-Current Assets			
Trade & other receivables	**7**	**11,126,456**	-
Plant & equipment		**7,936**	14,881
Exploration & evaluation expenditure	**8**	**-**	4,000,000
Total Non-Current Assets		**11,134,392**	4,014,881
TOTAL ASSETS		**12,328,699**	15,433,613
Current Liabilities			
Trade & other payables	**9**	**305,880**	782,642
Liabilities held for sale		**-**	42,066
Stamp duty payable		**-**	1,100,708
Interest bearing loans & borrowings	**10**	**-**	2,919,257
Total Current Liabilities		**305,880**	4,844,673
Non-Current Liabilities			
Deferred payable	**9**	**335,788**	-
Deferred consideration	**9**	**6,186,181**	5,846,138
Total Non-Current Liabilities		**6,521,969**	5,846,138
TOTAL LIABILITIES		**6,827,849**	10,690,811
NET ASSETS		**5,500,850**	4,742,802
Equity attributable to the equity holders of the Company			
Contributed equity	**12**	**36,752,366**	36,699,435
Reserves		**1,262,350**	1,210,151
Accumulated losses		**(31,884,751)**	(32,947,658)
Non-controlling interest		**(629,115)**	(219,126)
TOTAL EQUITY		**5,500,850**	4,742,802

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

	Issued Capital	Share-based Payment Reserve	Foreign Currency Translation Reserve	Equity reserve	Accumulated Losses	Non-controlling interest	Total Equity
At 1 July 2018	**36,699,435**	**907,263**	**(80,426)**	**383,314**	**(32,947,658)**	**(219,126)**	**4,742,802**
Comprehensive income:							
Profit for the year	**-**	**-**	**-**	**-**	**1,062,907**	**(409,989)**	**652,918**
Other comprehensive income/(loss) for the year	**-**	**-**	**52,199**	**-**	**-**	**-**	**52,199**
Total comprehensive loss for the year	**-**	**-**	**52,199**	**-**	**1,062,907**	**(409,989)**	**705,117**
Issue of share capital	**52,931**	**-**	**-**	**-**	**-**	**-**	**52,931**
At 31 December 2018	**36,752,366**	**907,263**	**(28,227)**	**383,314**	**(31,884,751)**	**(629,115)**	**5,500,850**

	Issued Capital	Share-based Payment Reserve	Foreign Currency Translation Reserve	Equity reserve	Accumulated Losses	Non-controlling interest	Total Equity
At 1 July 2017 (Restated*)	36,437,081	907,263	(63,900)	383,314	(39,201,917)	(201,501)	(1,739,660)
Comprehensive income:							
Profit for the year	-	-	-	-	(1,588,007)	(3,931)	(1,591,938)
Other comprehensive income/(loss) for the year	-	-	8,177	-	-	-	8,177
Total comprehensive loss for the year	-	-	8,177	-	(1,588,007)	(3,931)	(1,583,761)
Issue of share capital	158,218	-	-	-	-	-	158,218
At 31 December 2017 (Restated*)	36,595,299	907,263	(55,723)	383,314	(40,789,924)	(205,432)	(3,165,203)

*Certain amounts shown here do not correspond to the 31 December 2017 financial statements and reflect adjustments made as detailed in note 14.

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Notes	31 December 2018	31 December 2017
Cash flows used in operating activities			
Payment to suppliers & employees		**(1,113,488)**	(282,127)
Interest received		**9,852**	3,801
Interest paid		**-**	-
Net cash flows used in operating activities		**(1,103,636)**	(278,326)
Cash flows used in investing activities			
Proceeds from sale of subsidiary		**7,000,000**	-
Transaction costs to facilitate sale		**(687,797)**	-
Payment of outstanding stamp duty		**(1,138,280)**	-
Payment for exploration & evaluation expenditure		**(295,102)**	(374,836)
Net cash flows from/ (used in) investing activities		**4,878,021**	(374,836)
Cash flows from financing activities			
Repayment of convertible note		**(3,043,689)**	-
Net cash flows used in financing activities		**(3,043,689)**	-
Net increase / (decrease) in cash and cash equivalents		**731,496**	(653,162)
Cash and cash equivalents at beginning of period		**418,899**	1,675,166
Cash and cash equivalents at end of period		**1,150,395**	1,022,004

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. CORPORATE INFORMATION

The financial report of Ascot Resources Limited (referred to as "Ascot" or the "Company") and its controlled entities (together referred to as the "Group") is a half year report for the period from 1 July 2018 to 31 December 2018 (the "Period").

For details on the Group's principal activities refer to the Directors Report on pages 4 to 6.

The address of the registered office of the Company is Unit 3, 154 Hampden Road, Nedlands WA 6009.

The financial report of Ascot Resources Limited for the Period was authorised for issue in accordance with a resolution of the Directors on 15 March 2019.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of compliance

This general purpose condensed consolidated financial report of the Company for the Period has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Standard IAS 34 *Interim Financial Reporting*.

The half-year financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

The accounting policies applied in this half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2018 and the corresponding half-year except as described below in Note 2(a).

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2018 and any public announcements made by the Company during the half-year in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost. All amounts are presented in Australian dollars.

The accounting policies adopted in the preparation of this financial report for the Period under review are consistent with those adopted in the annual financial statements for the year ended 30 June 2018 except for the adoption of new standards and interpretation effective as of 1 July 2018 applied retrospectively. The adoption of these Standards and Interpretations has had no material impact.

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting Period.

In accordance with ASIC Corporations Instrument 2016/191, the amounts in the Director's Report and in the financial statements have been round to the nearest dollar.

New Accounting Standards

The following Australian Accounting Standards have been issued or amended and are applicable to the half year financial statements of the Group:

AASB No.	Title	Application for annual reporting periods beginning
AASB 9	Financial Instruments	1 January 2018
AASB 15	Revenues from Contracts with Customers	1 January 2018

AASB 9 'Financial Instruments'

AASB 9 supersedes pronouncement AASB 139 'Financial Instruments: Recognition and Measurement' and was adopted by the Group effective 1 July 2018. The standard brings together all three aspects of the accounting for financial instruments: classification and measurement, impairment; and hedge accounting.

The Group has applied AASB 9 retrospectively. As at the date of initial application 1 July 2018, the Group have trade receivable and GST receivable.

As the Group does not hold any equity instruments as financial assets, the Group will determine whether to adopt the irrevocable election to value such instruments at fair value through OCI at a future date.

Consequently, as at the date of initial application, and following assessment by management, there is no material impact on the transactions and balances recognised in the financial statements.

The Group's accounting policy for financial instruments from 1 July 2018 is as follows:

- Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit and loss.
- The classification of financial instruments at initial recognition depends on the financial asset's contractual cashflow characteristics and the Company's business model for managing them. With the exception of the Group's trade receivables that do not contain a significant financing component, the Group initially measures the financial asset at its fair value plus, in the case of a financial asset not at fair value through profit and loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined in accordance with the Group's accounting policy for revenue recognition.

The Group applies the simplified approach in calculating ECLs in respect to trade receivables. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. In determining the provision required, the Group utilises its historical credit loss experience, adjusted only where appropriate for forward-looking factors specific to the debtors and economic environment.

Financial liabilities are classified, at initial recognition, as financial liabilities through fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade creditors and other payables.

AASB 15 'Revenue from Contracts with Customers'

AASB 15 supersedes AASB 111 Construction Contracts, AASB 118 Revenue and related interpretations and it applies with limited exceptions, to all revenue arising from contracts with its customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires the Group to exercise judgement, taking into account all the relevant facts and circumstances when applying each step of the model to contracts with customers. As the group does not generate revenue from its operation there is no material impact on the transactions and balances recognised in the financial statements. The Group's accounting policy for revenue and other income from 1 July 2018 is as follows:

- Revenue is measured at the fair value of the consideration received or receivable after taking into account any discounts and rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is recognised as interest revenue. There is no change to the accounting policy for interest as set out in the 30 June 2018 financial report.

Revenue from contracts with customers is recognised when control of the services are transferred to the customer at an amount of that reflects the consideration to which the Group expects to be entitled in exchange for those services.

Several other amendments and interpretations apply for the first time at 1 July 2018, but do not have an impact on the financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

(b) Going Concern

The Group successfully completed the Wonmunna Iron Ore Project Sale in December 2018. The receipt of $7 million at completion provided sufficient funding to settle the liabilities which were creating significant uncertainty for the Group to continue as a going concern in prior periods. Concurrently, during the period, the Group successfully renegotiated the liability to Ochre Group Holdings Limited (Ochre) so that amounts payable to them are contingent upon receipt of future payments from Australian Aboriginal Mining Corporation Pty Ltd (AAMC), the first of which is forecast to be received in July, 2020.

In light of the above, the Directors have reviewed its current working capital position and cash flow forecasts and are of the opinion that the use of going concern basis of accounting is appropriate as the Directors believe the Group will be able to pay its debts as and when they fall due.

(c) Accounting standards issued but not yet effective

In the half year ended 31 December 2018, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2019.

It has been determined by the Company that, there is no material impact of the new and revised standards and interpretations on its business and therefore no change is necessary to the Company's accounting policies.

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2018. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

No retrospective change in accounting policy or material reclassification has occurred requiring the inclusion of a third Statement of Financial Position as at the beginning of the comparative financial period, as required under AASB 101.

3. OPERATING SEGMENTS

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

The Company engages in the business of iron ore and coal exploration and evaluation in Australia and Colombia respectively and management identifies its operating segments based on geographical location. During the six months to 31 December 2018, there were two operating segments, which were:

1. Colombia – Prospective coal permits; and
2. Australia – Prospective iron ore permits

On 13 December 2018, the Group completed the sale of the Wonmunna Iron Ore Project located in Western Australia. The Group has now divested its iron ore assets. As at 31 December 2018, there is only one operating segment.

The revenues and loss generated by each of the Company's operating segments and segment assets for comparatives are summarised as follows:

Six months to 31 December 2017	**Colombia**	**Australia**	**Total**
Revenue and other income	-	3,801	3,801
Segment operating loss (Restated)*	(93,081)	(1,498,857)	(1,591,938)
Year ended 30 June 2018			
Segment Assets	4,065,673	11,367,940	15,433,613
Segment Liabilities	(325,152)	(10,365,659)	(10,690,811)

*Certain amounts shown here do not correspond to the 31 December 2017 financial statements and reflect adjustments made as detailed in note 14.

4. PROFIT ON SALE OF SUBSIDIARY

	31 December 2018	**31 December 2017**
Proceeds from sale	**20,000,000**	-
Fair value adjustment at initial recognition of $13m receivable	**(1,910,607)**	-
	18,089,393	-
Net assets derecognised at date of loss of control	**(10,838,877)**	-
Transaction costs to facilitate sale	**(771,742)**	-
Profit on sale of subsidiary	**6,478,774**	-

5. COMMERCIAL SETTLEMENT

	31 December 2018	**31 December 2017**
Commercial settlement	**1,100,000**	-
Fair value adjustment on $300,000 payable	**(48,159)**	-
Total expenses	**1,051,841**	-

On 20 August 2018, Gunvor Singapore Pte Ltd (Gunvor) and the Company entered into a Settlement Deed to facilitate the termination and release of the Gunvor Consultancy Agreement.

In September 2014, the Company and Wonmunna Iron Ore Pty Ltd (WIO) entered into the Gunvor Consultancy Agreement, in which WIO appointed Gunvor as an exclusive service provider to provide consultancy services as its agent in order to enter into ore sale agreements and shipping contracts. WIO's obligations under the Consultancy Agreement were guaranteed by the Company. The Consultancy Agreement was linked to the Wonmunna Iron Ore Project and, in addition, Gunvor claimed that WIO and the Company owed certain unpaid amounts to Gunvor under the Consultancy Agreement. One of the Conditions Precedent to the Wonmunna Iron Ore Project sale was that the Gunvor Consultancy Agreement was terminated and the Company and WIO were released from all claims and liabilities arising from the Gunvor Consultancy Agreement.

The payment to Gunvor consisted of $800,000 at the Wonmunna Iron Ore Project Sale Completion date (13 December 2018) with the balance of $300,000 (fair value at 31 December 2018, $251,841) due and payable after the receipt of Production Payment 1 from AAMC.

6. OTHER EXPENSES

	31 December 2018	31 December 2017
Depreciation expenses	**6,945**	7,436
Administration costs	**73,286**	67,343
Exchange loss/(gain)	**-**	(3,629)
Total expenses	**80,231**	71,150

7. TRADE & OTHER RECEIVABLES

Current	31 December 2018	30 June 2018
Other receivables	**5,885**	690
	5,885	690
Non-current		
AAMC Receivable	**11,126,456**	-
	11,126,456	-

Movement during the year	31 December 2018	30 June 2018
AAMC Receivable recorded at fair value on initial recognition	**11,089,394**	-
Fair value movement	**37,062**	-
Fair value remeasurement at the end of the year	**11,126,456**	-

As part of the share sale agreement with AAMC for the purchase of the Wonmunna Iron Ore project there are amounts receivable due to Ascot with specific milestones to be met:

- A$5,500,000, as Production Payment 1, by no later than 12 consecutive calendar months after the Date of Commercial Production;
- A$5,500,000, as Production Payment 2, by no later than 24 consecutive calendar months after the Date of Commercial Production;
- A$2,000,000, as Production Payment 3, on or before the date which is the later of 36 consecutive calendar months after the Date of Commercial Production and the Production Payment 3 Date.

Commercial Production is defined as the date which is 60 days following the date on which an aggregate amount of 35,000 wet tonnes or more of iron ore product has been produced from the Project and delivered or made available to a purchaser of the iron ore product.

The receivables from AAMC are secured by a mortgage over the tenements that are owned by WIO.

These amounts have been treated as a receivable on the Balance Sheet and have been valued at fair value at initial recognition and remeasured at 31 December 2018 through profit and loss.

8. EXPLORATION & EVALUATION EXPENDITURE

	31 December 2018	30 June 2018
Carrying amount of exploration & evaluation expenditure	**-**	4,000,000
	-	4,000,000

The Company has reviewed the carrying value of the exploration and evaluation expenditure ($4 million) at balance date. With the mining concessions reverting back to the 10% joint venture partner, Carbones El Basal SAS, on 27 July 2019, the Company has taken the decision to write off the capitalised exploration and evaluation expenditure as it is highly likely that this expenditure will not be recovered.

Movement during the year	**31 December 2018**	30 June 2018
Balance at the beginning of the year	**4,000,000**	14,700,000
Additions	**99,886**	426,291
Transferred to assets held for sale	**-**	(10,700,000)
Impairment	**(4,099,886)**	(426,291)
Carrying amount at the end of the year	**-**	4,000,000

9. TRADE AND OTHER PAYABLES

Current	**31 December 2018**	30 June 2018
Trade and sundry creditors and accruals	**305,880**	532,642
Deferred income	**-**	250,000
	305,880	782,642

Trade payables and accruals are non-interest bearing and are predominantly settled on 30-day terms.

Non-current	**31 December 2018**	30 June 2018
Deferred payables	**335,788**	-
Deferred Consideration	**6,186,181**	5,846,138
	6,521,969	5,846,138

Movement during the year	**31 December 2018**	30 June 2018
Balance at the beginning of the year	**5,846,138**	13,583,557
Interest expense on deferred consideration before remeasurement of financial liability	**-**	564,909
Fair value adjustment for period	**340,043**	(8,302,328)
Carrying amount at the end of the year	**6,186,181**	5,846,138

The Company signed an Implementation Deed with Ochre on 20 August 2018. This agreement went unconditional when completion of the sale of the Wonmunna Iron Ore Project to AAMC occurred on 13 December 2018. In this agreement, Ochre agreed to waive any liabilities that were still owed by the Company relating to the 2014 Sale and Purchase agreement (the additional consideration). The amount disclosed here represents the fair value of the amounts expected to be paid should the production payments from AAMC be received.

10. INTEREST BEARING LOANS & BORROWINGS

Current	**31 December 2018**	30 June 2018
Convertible note	**-**	2,919,257
	-	2,919,257

Movement during the year	**31 December 2018**	30 June 2018
Balance at the beginning of the year	**2,919,257**	2,749,279
Unwinding of discount	**124,432**	169,978
Repayment of loan in full	**(3,043,689)**	-
Carrying amount at the end of the year	**-**	2,919,257

On 8 October 2016, the Company entered into a new $3m Convertible Loan Facility Agreement with RCF V Annex Fund L.P. (2016 Facility). The 2016 Facility was approved by shareholders at the Company's 2016 Annual General Meeting and proceeds from the facility were used to repay bridging loans.

RCF V Annex Fund L.P. held a general security deed over the assets of Ascot and its wholly owned subsidiary Wonmunna Iron Ore Pty Ltd, a share mortgage over Ascot's shares in WIO and mining mortgages over the

Wonmunna project tenements as security for the 2016 Facility.

The principal of the convertible note was repaid in full on 13 December 2018.

11. FAIR VALUE MEASUREMENTS

(a) Fair value hierarchy

The following table provides the fair value classification of those assets and liabilities held by the group that are measured either on a recurring or non-recurring basis at fair value.

Year ended 31 December 2018	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets				
Other receivables	**-**	**-**	**11,126,456**	**11,126,456**
Total financial assets	**-**	**-**	**11,126,456**	**11,126,456**
Financial liabilities				
Other deferred payables	**-**	**-**	**335,788**	**335,788**
Deferred consideration	**-**	**-**	**6,186,181**	**6,186,181**
Total financial liabilities	**-**	**-**	**6,521,969**	**6,521,969**

Year ended 30 June 2018	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial liabilities				
Deferred consideration	-	-	5,846,138	5,846,138
Total financial liabilities	-	-	5,846,138	5,846,138

(b) Valuation techniques and significant unobservable inputs used in level 3 fair value measurements

31 December 2018	Fair value $'000	Valuation technique	Description of valuation technique and inputs used
Other receivables (initial recognition)	**11,126,456**	Net present value calculation	The fair value of other receivables is calculated using discounted cash flow analysis

Significant unobservable inputs used in calculating the deferred consideration are as follows:

- Commercial production date: 31 July 2019
- Production payment 1 due date: 31 July 2020
- Production payment 2 due date: 31 July 2021
- Production payment 3 due date: 31 July 2022 (assuming AAMC will achieve 6 million wet tonnes within 36 months of Commercial Production)
  Discount rate: 7% (pre-tax nominal)

31 December 2018	Fair value $'000	Valuation technique	Description of valuation technique and inputs used
Other deferred payables (initial recognition)	**335,788**	Net present value calculation	The fair value of other contingent payables is calculated using discounted cash flow analysis

Significant unobservable inputs used in calculating the deferred consideration are as follows:

- Commercial production date: 31 July 2019

- Payable due after receipt of AAMC Production Payment 1 (current estimate 31 July 2020)
- Discount rate: 7% (pre-tax nominal)

Deferred consideration	**6,186,181**	Net present value calculation	The fair value of contingent consideration is calculated using discounted cash flow analysis

Significant unobservable inputs used in calculating the deferred consideration are as follows:

- Commercial production date: 31 July 2019
- Convertible note 1 payment date: 31 July 2021 (receipt of Production Payment 2)
- Convertible note 2 payment date: 31 July 2022 (assuming AAMC will achieve 6 million wet tonnes within 36 months of Commercial Production)
- Discount rate: 7% (pre-tax nominal)

(c) Reconciliation of recurring level 3 fair value movements

For each asset and liability categorised as level 3 provide a reconciliation:

31 December 2018	**Level 3 Other receivables**	**Level 3 Other deferred payables**	**Level 3 Deferred consideration**
Opening balance	**-**	**-**	**5,846,138**
Fair value at initial recognition	**11,089,394**	**334,669**	**-**
Total gains and losses recognised in profit or loss	**37,062**	**1,119**	**340,043**
Closing balance	**11,126,456**	**335,788**	**6,186,181**

Total gain and losses recognised in profit and loss			
Finance costs	**-**	**-**	**-**
Remeasurement of financial liability	**(37,062)**	**(1,119)**	**(340,043)**
	(37,062)	**(1,119)**	**(340,043)**

12. CONTRIBUTED EQUITY

	31 December 2018		**30 June 2018**	
Share Capital	**$**	**No.**	**$**	No.
Fully paid ordinary Shares	**36,752,366**	**175,628,599**	**36,699,435**	171,872,435

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

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

There are no preference shares on issue.

Movement in ordinary shares on issue

	$	**No.**	**$**
Balance as at 30 June 2018	36,699,435	174,872,435	
Interest on RCF loan note September 2018 quarter (a)	52,931	756,164	$0.07
Balance as at 31 December 2018	**36,752,366**	**175,628,599**	

(a) Issued under the terms of the Loan Note Agreement between the Company and RCF as payment of interest for the September 2017 quarter. Interest from 1 October 2018 to date of repayment has been accrued.

Options

As at 31 December 2018, there were no options over unissued ordinary shares on issue.

13. DIVIDENDS

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

14. RESTATEMENT OF PRIOR PERIOD

Ascot Resources Ltd, while preparing the financial statements of the Group for the year ended 30 June 2018, noticed an error in the accounting for the convertible note issued in the year ended 30 June 2017. This resulted in the restatement of the following line items at 1 July 2017:

- Financial liability was reduced by $9,094;
- Loss was increased by $374,220; and
- Equity (Equity Reserve) was increased by $383,314.

This also resulted in the change of the following line item for the half year ended 31 December 2017.

- Finance charges increased by $29,678.

In addition, the following error was noted in respect of the 10% non-controlling interest (NCI) in Carbones de Titiribi SAS, where the NCI had not been allocated its share of the impairment loss. This resulted in the restatement of the following line items at 1 July 2017.

- Accumulated losses reduced by $226,754; and
- Non- controlling interest increased by $226,754.

This also resulted in the change of the following line item for the half year ended 31 December 2017.

- Accumulated losses reduced by $3,931; and
- Non- controlling interest increased by $3,931.

Financial report line item / balance affected	**Actual 1 July 2017**	**Correction**	**Restated Actual 1 July 2017**
Equity			
Equity Reserve	-	383,314	383,314
Accumulated losses	(39,054,451)	(147,466)	(39,201,917)
Non-controlling interest	25,253	(226,754)	(201,501)

Financial report line item / balance affected	**Actual 31 December 2017**	**Correction**	**Restated Actual 31 December 2017**
Profit and loss extract			
Finance charges	(1,049,916)	(29,678)	(1,079,594)
Loss from ordinary activities before tax	**(1,562,260)**	**(29,678)**	**(1,591,938)**
Members of the parent entity	(1,562,260)	(25,747)	(1,588,007)
Non-controlling interests	-	(3,931)	(3,931)
Statement of Changes in Equity extract			
Accumulated losses	(1,562,260)	(25,747)	(1,588,007)
Non-controlling interest	-	(3,931)	(3,931)

15. CONTINGENT LIABILITIES

Payments due to Ochre Group Holdings Ltd

Under the Sale and Purchase Agreement with Ochre for the Wonmunna Iron Ore Project ('SPA"), the Company was required to pay a 1% royalty on gross sales relating to the Wonmunna Iron Ore Project, 12 months post first sale. On 22 July 2016, Ascot, WIO and Ochre entered into a Deed amending the SPA. Pursuant to the amending Deed the royalty payable to Ochre on gross sales of product from the Project was increased from 1% to 1.25%.

At completion of the sale of the Wonmunna Iron Ore Project (13 December 2018), the Ochre royalty transferred with the subsidiary, WIO, to the buyer, AAMC. The Company has no further obligations relating to the royalty.

16. SIGNIFICANT EVENTS AFTER BALANCE DATE

There has not arisen in the interval between the end of the financial period and the date of this report, any item, transaction or event, of a material or unusual nature, likely, in the opinion of the Directors of the Company, to affect substantially the operations of the Group, the results of those operations, or the state of the affairs of the Group in subsequent financial periods, other than those matters already disclosed in this interim financial report.

In the Directors' opinion:

(a) The financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the financial position as at 31 December 2018 and the performance for the half year ended 31 December 2018; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

(b) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the Board of Directors.

Paul Kopejtka
Non-Executive Chairman
18 March 2019

ASCOT RESOURCES LIMITED
ABN 85 146 530 378

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

We have reviewed the accompanying half-year financial report of Ascot Resources Limited (the 'Company') and its controlled entities (the 'Group'), which comprises the condensed consolidated statement of financial position as at 31 December 2018, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Basis for Qualified Conclusion

During the audit of the financial report for the year ended 30 June 2018, we were unable to obtain sufficient and appropriate audit evidence to support the carrying value of exploration and evaluation expenditure totalling $176,254 in respect of the Titiribi Coal Project in Colombia.

Since opening balances affect the determination of the results of operations and cashflows, we are unable to determine whether any adjustments to the results of operations, cashflows and opening accumulated losses might be necessary for the half-year ended 31 December 2018.

ASCOT RESOURCES LIMITED
ABN 85 146 530 378

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

In addition, as at 31 December 2018 the Company owned 100% of the issued share capital of Carbones de Colombia SL and Carb Uraba SAS and 90% of the issued share capital of Carnones de Titiribi SAS. Included in the Group condensed consolidated statement of financial position and Group condensed consolidated statement of profit or loss and other comprehensive income relating to the consolidation of these entities are assets and liabilities of $56,671 and $304,478 respectively and a loss of $98,435.

We were unable to obtain sufficient and appropriate evidence to support the carrying values of the above mentioned assets and liabilities and the loss that was incurred. Accordingly, the carrying values of the assets and liabilities and the loss may be materially different to the amounts shown in the condensed consolidated statement of financial position. Our review conclusion on the current half-year financial report is modified because of the possible effect of these matters and on the comparability of the current half-year's and the comparative period's results.

Qualified Conclusion

Based on our review, which is not an audit, except for the matters described on the *Basis for Qualified Conclusion* section of our report, nothing has come to our attention that causes us to believe that the half-year financial report of Ascot Resources Limited does not give a true and fair view of the financial position of the Group as at 31 December 2018, and of its financial performance and its cash flows for the half-year period ended on that date, in accordance with the *Corporations Act 2001*.

Emphasis of Matter – Going Concern Basis of Preparation

During our 30 June 2018 audit, we were unable to obtain sufficient appropriate audit evidence confirming that the Group would be able to successfully extend its stamp duty obligation from the existing November 2018 payment date or to extend the payment date of the convertible notes, and consequently disclaimed the audit report. On 13 December 2018, the Group successfully completed the sale of the Wonmunna Iron Ore Project and repaid all outstanding amounts, including the stamp duty and the convertible notes (refer note 2(b)), consequently there is no material uncertainty in relation to going concern as at 31 December 2018. Our conclusion is not further modified in respect of this matter.

Pitcher Partners BA&A Pty Ltd

PITCHER PARTNERS BA&A PTY LTD

JOANNE PALMER
Executive Director
Perth, 18 March 2019