ABN 85 146 530 378

ANNUAL REPORT

30 JUNE 2019

TABLE OF CONTENTS
For the Year Ended 30 June 2019

CORPORATE DIRECTORY
For the Year Ended 30 June 2019

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 and Principal Place of Business
Unit 3, 154 Hampden Rd
Nedlands WA 6009
Telephone: +61 8 6365 5112

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

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 Pty Ltd
770 Canning Highway
Applecross WA 6153
Website: www.securitytransfer.com.au

The Directors submit their report together with the financial report of the consolidated entity consisting of Ascot Resources Limited (the "Company" or "Ascot") and its controlled entities, for the financial year ended 30 June 2019.

1. DIRECTORS

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

Paul Kopejtka

Non-Executive Chairman

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

Mr. Kopejtka has a Bachelor's Degree in Chemical Engineering and is a member of the Australian Institute of Company Directors. Mr. Kopejtka currently holds 18,224,711 shares and no options in Ascot Resources Ltd.

Chris Corbett

Non-Executive Director

Mr. Corbett joined Resource Capital Funds in 2008 after working as a financial analyst and commercial manager within the business development department at Wesfarmers Limited. Prior to this he worked as an engineer for Byrnecut Mining Pty Ltd where he gained technical experience in shaft sinking and equipping and underground mine development and production.

Mr. Corbett has a B.Eng. (Mech, First Class Honors) and a B.Comm. from the University of Western Australia, Grad. Dip. in Mining from the Western Australian School of Mines and a Grad. Dip. in Applied Finance and Investment from FINSIA. Mr. Corbett also serves on the Board of Directors of portfolio company Wolf Minerals Ltd. Mr. Corbett currently holds no shares or options in Ascot Resources Ltd.

Shahb Richyal

Non–Executive Director

Mr. Shahb Richyal is a member of the principal investments (and acquisition financing) team at Gunvor Group (Gunvor). He is currently based in Singapore and responsible for the Asia Pacific region. Mr. Richyal has over 10 years' professional experience, the majority of which has been covering the natural resources sector in a principal investment, M&A and capital markets advisory capacity.

Prior to joining Gunvor, Mr. Richyal held positions with Morgan Stanley (Investment Banking Division), Dresdner Kleinwort (Strategic Advisory & M&A) and PricewaterhouseCoopers. Mr. Richyal is a qualified chartered accountant (member of the Institute of Chartered Accountants of Scotland) and holds a MChem (Honours) from the University of Oxford. Mr. Richyal currently holds no shares or options in Ascot Resources Ltd.

2. COMPANY SECRETARY

Nick Longmire
Company Secretary
Mr. Longmire has over 20 years' experience in the resources sector in wide variety of finance and commercial roles including Company Secretary of a publicly listed companies.

Mr. Longmire holds a Bachelor of Commerce from Murdoch University and is a member of the Institute of Chartered Accountants of Australia and New Zealand.

3. DIVIDENDS

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

4. DIRECTORS' MEETINGS

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

Directors	Appointed/Resignation	Number Eligible to Attend	Number Attended
Paul Kopejtka	Appointed December 2012	2	2
Chris Corbett	Appointed 21 September 2015	2	1
Shahb Richyal	Appointed 6 October 2014	2	2

5. 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.

6. REVIEW OF OPERATIONS

General
The Company's focus during the financial year has been to minimise expenditure, maintain its tenement and concession holdings in good standing and assess opportunities to dispose of all or part of the operations.

Wonmunna Iron Ore Project (Western Australia) (the "Project")
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 reviewed the carrying value of the exploration and evaluation expenditure ($4 million) at 30 June 2019. With the mining concessions reverting back to the 10% joint venture partner, Carbones El Basal SAS, on 27 July 2019, the Company elected to write off the capitalised exploration and evaluation expenditure as it is was considered likely that this expenditure will not be recovered.

The Company is in the process of winding down operations. Under the joint venture agreement with its partner, Carbones El Basal SAS, the Company is obligated to transfer the tenements to Basal for a nominal fee. This process has commenced.

Corporate

During the year, the Company has undertaken a number of initiatives to reduce costs. The Company relinquished its storage facility in Malaga, Western Australia and its administration office in Nedlands, Western Australia. The Company now utilises a corporate services firm to carry out its administration function.

7. RESULTS OF OPERATIONS

The financial results of the Company for the year ended 30 June 2019 are:

	30-Jun-19	30-Jun-18
Cash and Equivalents	**1,025,441**	**417,275**
Net Assets	**4,926,248**	**4,742,802**
Income (A$)	**15,816**	**8,319,536**
Net profit after tax	**91,220**	**6,236,634**
Profit (cents per share)	**0.05**	**3.61**
Dividend (cents per share)	**-**	-

8. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than changes noted elsewhere within the Director's Report, there were no significant changes in the state of affairs during the year.

9. SIGNFICANT EVENTS AFTER BALANCE DATE

In August 2019, the Group was advised by AAMC that commercial production from the Project is not expected to be achieved until February 2020.

10. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Directors will continue to evaluate new resource opportunities as they are identified by, or presented to, the Company. Further information in respect to these opportunities and other developments affecting the Company will be made available to the shareholders in accordance with the Company's continuous disclosure obligations under the Corporations Act.

11. ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company holds various tenements and concessions issued by the relevant authorities that regulate its exploration activities both in Colombia. These permits include requirements, limitations and prohibitions on exploration activities in the interest of environmental protection. The holder of such tenements and conditions must therefore adhere to the various conditions which regulate environment rehabilitation of areas disturbed during the course of the Company's exploration activities.

There have been no known breaches of the Company's tenement or concession conditions or any environmental regulations to which it is subject.

12. OPTIONS

At the date of this report there were no unissued ordinary shares of Ascot under option. No shares were issued as a result of the exercise of options during the year.

13. PROCEEDINGS ON BEHALF OF THE COMPANY

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

14. 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.

15. INDEMNIFYING OFFICERS AND AUDITORS

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

16. NON-AUDIT SERVICES

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

17. AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the financial year ended 30 June 2019 has been received and can be found on page 50 of the financial report.

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

Paul Kopejtka
Non-Executive Chairman,
Perth, Western Australia
31 October 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 30 June 2019

Continuing operations	**Notes**	**30-Jun-19**	30-Jun-18
Other income	**6**	**15,816**	17,208
Net loss on financial assets at fair value through profit and loss	**27**	**(565,082)**	8,302,328
Net loss on financial liabilities at fair value through profit and loss	**27**	**(396,914)**	-
Directors fees and other benefits		**(24,000)**	(55,000)
Commercial Settlement	**7**	**(1,051,841)**	-
Professional & Consulting Fees		**(111,636)**	(439,557)
Employment expense		**-**	(38,688)
Impairment of exploration and evaluation expenditure	**14**	**-**	(176,254)
Finance costs		**(256,399)**	(945,913)
Other expenses	**7**	**(95,618)**	(139,862)
(Loss)/profit/before income tax from continuing operations		**(2,485,674)**	6,524,262
Income tax expense	**8**	**-**	-
(Loss)/profit/after income tax from continuing operations		**(2,485,674)**	6,524,262
Discontinued operations			
Net profit/ (loss) from discontinuing operations	**26**	**2,576,894**	(287,628)
Profit/(loss) from discontinued operations		**2,576,894**	(287,628)
Income tax expense		**-**	-
Profit/ (loss) after income tax from discontinued operations		**2,576,844**	(287,628)
Net profit		**91,220**	6,236,634
Profit/ (loss) for the year attributable to:			
Members of the parent entity		**471,104**	6,254,259
Non-controlling interests		**(379,884)**	(17,625)
Profit from continuing operations		**91,220**	6,236,634
Other comprehensive income			
Exchange difference on translating foreign operations		**39,295**	(16,526)
Other comprehensive profit for the period		**130,515**	6,220,108
Total comprehensive profit/ (loss) for the period attributable to:			
Members of the parent entity		**510,399**	6,237,733
Non-controlling interests		**(379,884)**	(17,625)
		130,515	6,220,108
Earnings/(loss) per share from continuing operations attributable to the ordinary equity holders of the Company:		**Cents**	Cents
Basic earnings/(loss) per share	**19**	**(1.42)**	3.77
Diluted earnings/(loss) per share	**19**	**(1.42)**	3.46
Earnings/(loss) per share from discontinued operations attributable to the ordinary equity holders of the Company:			
Basic earnings/(loss) per share	**19**	**1.47**	(0.17)
Diluted earnings/(loss) per share	**19**	**1.47**	(0.13)
Earnings/(loss) per share attributable to the ordinary equity holders of the Company:			
Basic earnings/(loss) per share	**19**	**0.05**	3.61
Diluted earnings/(loss) per share	**19**	**0.05**	3.33

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the notes to the financial statements set out on pages 11-41.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

	Notes	30-Jun-19	30-Jun-18
Current Assets			
Cash & cash equivalents	9	**1,025,441**	417,275
Trade & other receivables	10	**4,708**	690
Assets held for sale	11	**16,986**	10,701,624
Other assets	12	**17,772**	299,143
Total Current Assets		**1,064,907**	11,418,732
Non-Current Assets			
Financial assets measured at fair value through profit and loss	10	**10,524,312**	-
Plant & equipment	13	**-**	14,881
Exploration & evaluation expenditure	14	**-**	4,000,000
Total Non-Current Assets		**10,524,312**	4,014,881
TOTAL ASSETS		**11,589,219**	15,433,613
Current Liabilities			
Trade & other payables	15	**82,034**	782,642
Liabilities held for sale	11	**3,217**	42,066
Stamp duty payable	15	**-**	1,100,708
Interest bearing loans & borrowings	16	**-**	2,919,257
Total Current Liabilities		**85,251**	4,844,673
Non-Current Liabilities			
Financial liabilities measured at fair value through profit and loss	15	**6,577,720**	5,846,138
Total Non-Current Liabilities		**6,577,720**	5,846,138
TOTAL LIABILITIES		**6,662,971**	10,690,811
NET ASSETS		**4,926,248**	4,742,802
Equity attributable to the equity holders of the Company			
Contributed equity	17	**36,752,366**	36,699,435
Reserves	18	**1,249,446**	1,210,151
Accumulated losses		**(32,476,554)**	(32,947,658)
Non-controlling interest		**(599,010)**	(219,126)
TOTAL EQUITY		**4,926,248**	4,742,802

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the financial statements set out on pages 11-41.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended 30 June 2019

	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	**-**	**-**	**-**	**-**	**471,104**	**(379,884)**	**91,220**
Other comprehensive income/(loss) for the year	**-**	**-**	**39,295**	**-**	**-**	**-**	**39,295**
Total comprehensive loss for the year	**-**	**-**	**39,295**	**-**	**471,104**	**(379,884)**	**130,515**
Issue of share capital	**52,931**	**-**	**-**	**-**	**-**	**-**	**52,931**
At 30 June 2019	**36,752,366**	**907,263**	**(41,131)**	**383,314**	**(32,476,554)**	**(599,010)**	**4,926,248**

	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	-	-	-	-	6,254,259	(17,625)	6,236,634
Other comprehensive income/(loss) for the year	-	-	(16,526)	-	-	-	(16,526)
Total comprehensive loss for the year	-	-	(16,526)	-	6,254,259	(17,625)	6,220,108
Issue of share capital	262,354	-	-	-	-	-	262,354
At 30 June 2018	36,699,435	907,263	(80,426)	383,314	(32,947,658)	(219,126)	4,742,802

*Certain amounts shown here do not correspond to the 30 June 2017 financial statements and reflect adjustments made as detailed in note 28.

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements set out on pages 11-41.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended 30 June 2019

	Notes	30-Jun-19	30-Jun-18
Cash flows from operating activities			
Payment to suppliers & employees		**(442,280)**	(925,531)
Payment of commercial settlement	**7**	**(800,000)**	-
Interest received		**7,791**	6,019
Interest paid		**(6)**	(1,028)
Net cash flows used in operating activities	**9**	**(1,234,495)**	(920,540)
Cash flows from investing activities			
Proceeds from sale	**26**	**7,000,000**	-
Transaction costs to facilitate sale		**(694,766)**	-
Payment of outstanding stamp duty		**(1,138,280)**	-
Payment for exploration & evaluation expenditure		**(266,364)**	(335,727)
Net cash flows from/ (used in) investing activities		**4,900,590**	(335,727)
Cash flows from financing activities			
Repayment of convertible notes	**16**	**(3,043,689)**	-
Net cash flows used in financing activities		**(3,043,689)**	-
Net increase/ (decrease) in cash and cash equivalents		**622,406**	(1,256,267)
Cash and cash equivalents at beginning of period		**418,899**	1,675,166
Cash and cash equivalents at end of period	**9**	**1,041,305**	418,899

The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 11-41.

1. REPORTING ENTITY

The Company is a for profit entity. The address of its registered office and principal place of business is disclosed in the Corporate Directory of the annual report. The financial statement of the Company and its controlled entities is for the financial year ended 30 June 2019.

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

2. BASIS OF PREPARATION

a) Statement of compliance

The financial report is a general purpose consolidated financial report comprising the Company and its subsidiaries (collectively, the Group) for the year ended 30 June 2019 which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial report of the Group also complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board.

The consolidated financial statements were approved by the Board of Directors on 27 September 2019.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial assets and liabilities which have been measured at fair value.

c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

d) Rounding of amounts

The parent entity and the consolidated entity have applied the relief available under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly, the amounts in the consolidated financial statements and in the Directors' report have been rounded to the nearest dollar.

e) Comparatives

Prior period comparatives are for the period from 1 July 2017 to 30 June 2018. Classification of prior year amounts have been restated when required for consistency with current year disclosures.

f) New and amended standards adopted by the Company

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

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 expected credit losses 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.

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.

g) Early adoption of standards

The Company has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2018. For further information refer to Note 4.

3. SIGNIFICANT ACCOUNTING POLICIES

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

a) Going concern

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

Going concern

As disclosed in the prior year's financial report, as at 30 June 2018, the Board was confident of completing the sale of Wonmunna Iron Ore Pty Limited to Australian Aboriginal Mining Corporation Pty Ltd (AAMC) but there existed a number of conditions precedent that were yet to be met.

Notwithstanding the above, in approving the 2018 financial report, the Directors' were confident the Group could continue as a going concern despite the Group not holding the unconditional right to defer a stamp duty payment due to the OSR in November 2018 and amounts owing under the RCF convertible note in December 2018, neither of which could be settled without completing the sale transaction with AAMC and receipting the first settlement payment of $7 million on completion.

The auditors 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 their audit report.

Subsequent to the issuance of the disclaimer of opinion on the 30 June 2018 financial report, 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 December 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.

b) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities which the parent entity controls. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

A list of controlled entities is contained in Note 21(b).

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the financial report as well as their results for the period then ended.

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Subsidiaries are consolidated from the date on which control is established and are de-recognised from the date that control ceases.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

c) Revenue recognition

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

d) Income tax

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

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit.

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

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

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

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

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

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

e) Other taxes

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

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

f) Cash and cash equivalents

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

g) Plant and equipment

(i) Owned assets

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

The estimated useful lives in the current financial year are as follows:

- Plant and equipment: 3 years

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

h) Exploration and evaluation

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

(i) The rights to tenure of the area of interest are current; and

(ii) At least one of the following conditions is also met:

a) The exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

b) Exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest is continuing.

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

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

i) Contributed equity

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

j) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

k) Foreign currency translations and balances

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

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

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

l) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight-line basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

m) Share-based payments

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

The fair value of options is recognised as an expense with a corresponding increase in equity (share option reserve). The fair value is measured at grant date and recognised over the period during which the holder become unconditionally entitled to the options. Fair value is determined using a Black- Scholes option pricing model. In determining fair value, no account is taken of any performance conditions other than those related to the share price of the Company ("market conditions"). The cumulative expense recognised between grant date and vesting date is adjusted to reflect the directors' best estimate of the number of options that will ultimately vest because of internal conditions of the options, such as the employees having to remain with the company until vesting date, or such that employees are required to meet internal sales targets. No expense is recognised for options that do not ultimately vest because internal conditions were not met. An expense is still recognised for options that do not ultimately vest because a market condition was not met.

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

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

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

n) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB15 Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through the profit or loss

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at 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. The Group's financial liabilities include trade and other payables and contingent consideration.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at fair value through profit or loss include financial liabilities held for trading; and
- financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method (EIR). Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate method. Amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 16.

Financial guarantee contracts
Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

o) Fair value measurement

For financial reporting purposes, 'fair value' is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants (under current market conditions) at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

When estimating the fair value of an asset or liability, the entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to

valuation techniques used to measure fair value are categorised into three levels according to the extent to which the inputs are observable:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

p) Critical accounting estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

(i) Exploration & Evaluation Expenditure (refer Note 14)
The Company's accounting policy for exploration and evaluation is set out in note 3(h) above. If, after having capitalised expenditure under this policy, the Directors conclude that the Company is unlikely to recover the expenditure by future exploration or sale, then the relevant capitalised amount will be written off to the Statement of Comprehensive Income.

(ii) Contingent receivables
Contingent receivables relate to the sale Wonmunna iron ore project to AAMC and is revalued each reporting period using the Company's best estimate of fair value. See note 10 for further details.

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

(iv) Contingent payables
Contingent consideration forms part of the Wonmunna iron ore project acquisition with Ochre Group Holdings Ltd and is revalued each reporting period using the Company's best estimate of fair value. See note 15 for further details.

(v) Discontinued operations
The Company reviews its existing operations on an ongoing basis to assess whether they still form part of the continuing operations. Where its felt that the assets are now held for sale, the Company will reclassify the assets and liabilities to assets and liabilities held for sale.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

Standard/Interpretation	Effective for annual reporting periods beginning on or after
AASB 16 Leases AASB 16 will replace AASB 117: Leases and introduces a single lessee accounting model that will require a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis.	1 January 2019

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

5. SEGMENT INFORMATION

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 year to 30 June 2019, 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 30 June 2019, 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:

Year to 30 June 2018	Colombia	Australia	Total
Revenue and other income	-	8,319,536	8,319,536
Segment operating profit/(loss)	(176,254)	6,412,888	6,236,634
Impairment of exploration expenditure	176,254	250,037	426,291
Segment Assets	4,000,000	11,433,613	15,433,613
Segment Liabilities	(325,152)	(10,365,659)	(10,690,811)

6. OTHER INCOME

	30-Jun-19	30-Jun-18
Interest income	**7,791**	6,019
Other income	**7,490**	-
Foreign exchange gain	**535**	11,189
Total other income	**15,816**	17,208

7. EXPENSES

COMMERCIAL SETTLEMENT

	30-Jun-19	30-Jun-18
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 due and payable after the receipt of Production Payment 1 from AAMC.

OTHER EXPENSES

	30-Jun-19	30-Jun-18
Depreciation expenses	**14,880**	(768)
Administration costs	**75,478**	115,105
Travel expenses	**-**	21,000
Compliance and regulatory expenses	**5,260**	4,525
Total expenses	**95,618**	139,862

8. INCOME TAX EXPENSE

(a) Income tax expense	30-Jun-19	30-Jun-18
The components of income tax expense/(benefit) comprise:		
- Current tax	-	-
- Deferred tax	-	-
	-	-
(b) Reconciliation of income tax expense/(benefit) to prima facie tax payable on accounting profit/(loss)		
Accounting profit/(loss) before tax	**91,220**	6,236,634
Prima facie tax payable/(benefit) at Australian rate of 27.5% (2017: 27.5%)	**27,366**	1,715,074
Adjusted for tax effect of the following amounts:		
- Non-deductible/taxable items	**4,486,962**	90,237
- Non-taxable/ (deductible items)	**(2,500,676)**	-
- Difference in overseas corporate tax rate	**7,834**	(11,412)
- Tax benefits not brought to account	**(195,385)**	(1,793,899)
- Tax losses utilised previously not brought into account	**(1,826,101)**	-
Income tax expense/(benefit)	**-**	-

(c) Deferred tax assets and liabilities not brought to account		
The directors estimate that the potential deferred tax assets and liabilities carried forward but not brought to account at year end at the Australian corporate tax rate of 27.5% are made up as follows:		
On income tax account:		
- Carried forward tax losses	**855,733**	2,995,487
- Deductible temporary differences	**140,165**	790,227
- Taxable temporary differences	**(5,331)**	(736,550)
Unrecognised net deferred tax assets	**990,567**	3,049,164

The Company estimates it has accumulated income tax losses of $855,733 (2018: $2,995,487). The benefit of these losses and timing difference will only be obtained if:

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

9. CASH AND CASH EQUIVALENTS

	30-Jun-19	30-Jun-18
Cash at bank	**1,025,441**	404,375
Short-term deposit	**-**	12,900
	1,025,441	417,275

For the purpose of the cash flow statement, cash and cash equivalents comprise the following amounts:

	30-Jun-19	30-Jun-18
Cash at bank	**1,025,441**	404,375
Short-term deposit	**-**	12,900
Cash at bank attributable to assets held for sale	**15,864**	1,624
	1,041,305	418,899

Reconciliation of net profit/(loss) after income tax to net cash flows from/ (used in) operating activities

	Note	30-Jun-19	30-Jun-18
Net profit/(loss) after income tax		**91,220**	6,236,634
Adjustments for:			
Depreciation		**14,880**	(768)
Other receivable written off	**26**	**71,867**	-
Impairment of exploration expenditure	**26**	**4,179,553**	426,291
Net foreign exchange differences		**(535)**	(11,188)
Profit from sale (note 26)		**(6,447,595)**	-
Finance costs		**256,399**	945,913
Remeasurement of financial asset		**565,082**	(8,302,328)
Remeasurement of financial liability		**396,914**	-
Extinguishment of financial liability		**(380,719)**	-
Other expenses		**782,280**	-
Change in assets and liabilities			
(Increase)/decrease in trade & other receivables		**(5,141)**	(319)
(Increase)/decrease in other assets		**(40,591)**	(19,016)
Increase/(decrease) in trade & other payables		**(718,109)**	(179,073)
Increase/(decrease) in provisions		**-**	(16,686)
Net cash flows used in operating activities		**(1,234,495)**	(920,540)

10. TRADE & OTHER RECEIVABLES

Current	30-Jun-19	30-Jun-18
Other receivables	**4,708**	690
	4,708	690
Non-current		
Financial assets measured at fair value through profit and loss	**10,524,312**	**-**
	10,524,312	**-**

Movement during the year	30-Jun-19	30-Jun-18
Receivable due from production payments 1 -3	**13,000,000**	
Initial fair value adjustment through profit and loss	**(1,910,606)**	
Contingent receivable recorded at fair value on initial recognition	**11,089,394**	**-**
Fair value movement	**(565,082)**	**-**
Fair value remeasurement at the end of the year	**10,524,312**	**-**

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 recognised as a receivable on the Statement of Financial Position and have been valued at fair value at initial recognition and remeasured at 30 June 2019 through profit and loss.

a. Trade receivables past due but not impaired

There were no trade receivables past due nor impaired.

b. Fair value and credit risk

Due to the short-term nature of other receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 20 for more information on the risk management policy of the Company and the credit quality of the Company's trade receivables.

11. ASSETS AND LIABILITIES HELD FOR SALE

Assets held for sale

		30-Jun-19	30-Jun-18
Cash		**15,864**	1,624
Other receivables		**1,122**	
Exploration and evaluation expenditure		**-**	10,700,000
		16,986	10,701,624

Movement during the year		**30-Jun-19**	30-Jun-18
Balance at the beginning of the year		**10,701,624**	-
Exploration and evaluation expenditure transferred to assets held for sale		**-**	10,700,000
Carrying value transferred to profit on sale of non-current asset		**(10,701,624)**	-
Cash and other receivable transferred to assets held for sale		**16,986**	1,624
Carrying amount at the end of the year	**26**	**16,986**	10,701,624

Liabilities held for sale

		30-Jun-19	30-Jun-18
Trade and other payables		**3,217**	42,066
		3,217	42,066

Movement during the year		**30-Jun-19**	30-Jun-18
Balance at the beginning of the year		**42,066**	-
Carrying value transferred to profit on sale of non-current asset		**(42,066)**	42,066
Trade creditors and other payables transferred to liabilities held for sale		**3,217**	-
Carrying amount at the end of the year	**26**	**3,217**	42,066

12. OTHER ASSETS

	30-Jun-19	30-Jun-18
Deposits	-	33,402
Prepayments	**17,772**	15,741
Deposits held in trust	-	250,000
	17,772	299,143

13. PLANT AND EQUIPMENT

Office Equipment	**30-Jun-19**	30-Jun-18
At cost	**65,447**	65,447
Accumulated depreciation	**(65,447)**	(56,001)
Total office equipment	-	9,446

Fixtures & Fittings	**30-Jun-19**	30-Jun-18
At cost	**10,466**	10,466
Accumulated depreciation	**(10,466)**	(5,031)
Total Fixtures & Fittings	-	5,435
Total Plant and equipment	-	14,881

Movement during the year	**Office Equipment**	**Fixtures & Fittings**	**Total**
Balance at the beginning of the year	**9,446**	**5,435**	**14,881**
Additions	-	-	-
Depreciation expense	**(9,446)**	**(5,435)**	**(14,881)**
Carrying amount at the end of the year	-	-	-

14. EXPLORATION AND EVALUATION EXPENDITURE

	30-Jun-19	30-Jun-18
Carrying amount of exploration & evaluation expenditure	-	4,000,000
	-	4,000,000

Movement during the year	**30-Jun-19**	30-Jun-18
Balance at the beginning of the year	**4,000,000**	14,700,000
Additions	**179,553**	426,291
Transferred to discontinued operations	-	(10,700,000)
Impairment (note 26)	**(4,179,553)**	(426,291)
Carrying amount at the end of the year	-	4,000,000

15. TRADE AND OTHER PAYABLES

	30-Jun-19	30-Jun-18
Current		
Trade and sundry creditors (a)	**6,959**	512,642
Accruals (b)	**75,075**	20,000
Unearned income	-	250,000
	82,034	782,642
Other Payables		
Stamp duty payable	-	1,100,708
	-	1,100,708

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

Due to the short-term nature of these payables, their carrying amount is assumed to approximate their fair value.

Non-current	**30-Jun-19**	30-Jun-18
Financial liabilities measured at fair value through profit and loss - Deferred payables (a)	**361,162**	-
Financial liabilities measured at fair value through profit and loss - Contingent payable (b)	**6,216,558**	5,846,138
	6,577,720	5,846,138

Contingent payable

Movement during the year	**30-Jun-19**	30-Jun-18
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	**370,420**	(8,302,328)
Carrying amount at the end of the year	**6,216,558**	5,846,138

a) Deferred payables consist of an amount of $300,000 owing to Gunvor (refer note 26 for further explanation) and an amount owing to a third party which becomes due and payable upon receipt of production payment 1. Both amounts are non-interest bearing. Deferred payables are measured at fair value through profit and loss.

b) 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.

Subject to the Production Payment 1 distribution being made (or earlier on the occurrence of certain events prior to the Production Payment 1 distribution being made) the Company will issue Ochre a convertible note to secure repayment of a principal amount of $7,500,000, on the terms of a Convertible Note Deed between Ascot and Ochre. The principal amount is repayable in two tranches of $5,500,000 and $2,000,000 which mature on receipt of Production Payment 2 (in the amount of $5,500,000) and Production Payment 3 (in the amount of $2,000,000) by the Company. Ochre may elect to convert all or part of the principal amount of the convertible note into Shares at any time at a deemed issue price of $0.032 (i.e. a maximum number of 234,375,000 Shares).

The issue of Conversion Shares to Ochre is subject to the Company obtaining Shareholder approvals to the issue of Shares in order to facilitate the conversion to Shares.

Contingent payables are measured at fair value through profit and loss.

16. INTEREST BEARING LOANS & BORROWINGS

Current	30-Jun-19	30-Jun-18
Convertible note (at amortised cost)	-	2,919,257
	-	2,919,257

Movement during the year	30-Jun-19	30-Jun-18
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

RCF Loan Note

On 8 October 2016, the Company entered into a new A$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 Wonmunna Iron Ore Pty Ltd 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. The security mentioned above held by RCF was released on the day of repayment.

17. CONTRIBUTED EQUITY

	30-Jun-19		30-Jun-18	
Share Capital	**$**	**No.**	$	No.
Fully paid ordinary Shares	**36,752,366**	**175,628,599**	36,699,435	174,872,435

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.

At 30 June 2019, there were 175,628,599 fully paid ordinary shares on issue. 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 30 June 2019	**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 2018 quarter. Interest from 1 October 2018 to date of repayment of RCF loan note has been accrued.

Options

As at 30 June 2019, there were no options over unissued ordinary shares on issue.

18. RESERVES

	30-Jun-19	30-Jun-18
Share-based payments reserve	**907,263**	907,263
Foreign currency translation reserve	**(41,131)**	(80,426)
Equity reserve	**383,314**	383,314
Balance at 30 June	**1,249,446**	1,210,151

Share based payments reserve	**30-Jun-19**	30-Jun-18
Balance at the beginning of the year	**907,263**	907,263
Equity-settled share-based payment transactions (i)	**-**	-
Balance at 30 June	**907,263**	907,263

Foreign currency translation reserve	**30-Jun-19**	30-Jun-18
Balance at the beginning of the year	**(80,426)**	(63,900)
Movement in foreign currency translation reserve	**39,295**	(16,526)
Balance at 30 June	**(41,131)**	(80,426)

Foreign currency translation reserve records exchange differences arising on translation of the assets and liabilities of overseas branches and subsidiaries.

Equity reserve	**30-Jun-19**	30-Jun-18
Balance at the beginning of the year	**383,314**	383,314
Equity created on convertible note	**-**	-
Balance at 30 June	**383,314**	383,314

The convertible note equity reserve records the equity component recognised on issue of a convertible note.

19. EARNINGS PER SHARE

The calculation of basic earnings/loss per share was based on the profit/ (loss) attributable to ordinary shareholders of $91,220 (2018: $6,236,634) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2019 of 175,429,719 (2018: 172,948,158) calculated as follows:

Basic earnings/(loss) per share	**30-Jun-19**	30-Jun-18
(Loss)/profitfrom continuing operations	**(2,485,674)**	6,524,262
Profit/(loss) from discontinued operations	**2,576,894**	(287,628)
Profit/(loss) attributable to the ordinary equity holders of the Company	**91,220**	6,236,634
Net profit excluding interest paid on convertible note	**91,220**	6,616,610
Weighted average number of ordinary shares for basis per share (No.)	**175,429,719**	172,948,158
Diluted weighted average ordinary shares	**175,429,719**	215,805,301

Continuing operations	**30-Jun-19**	30-Jun-18
- Basic (loss)/earnings share (cents)	**(1.42)**	3.77
- Diluted (loss)/earnings/per share (cents)	**(1.42)**	3.46
Discontinued operations		
- Basic earnings /(loss) per share (cents)	**1.47**	(0.17)
- Diluted earnings /(loss)/ per share (cents)	**1.47**	(0.13)
EPS to ordinary equity holders		
- Basic earnings per share (cents)	**0.05**	3.61
- Diluted earnings per share (cents)	**0.05**	3.33

20. FINANCIAL RISK MANAGEMENT

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

Financial assets	30-Jun-19	30-Jun-18
Cash & cash equivalents (i)	**1,041,305**	418,899
Trade & other receivables (ii)	**5,831**	690
Other assets - deposits	**-**	283,402
Contingent receivable	**10,524,312**	-
	11,571,448	702,991

(i) Includes cash included in assets held for sale of $15,864 (2018: $1,624)
(ii) Includes receivables in assets held for sale of $1,122 (2018: nil)

Financial liabilities	30-Jun-19	30-Jun-18
Trade & other payables (ii)	**85,251**	554,708
Interest bearing loans & borrowings	**-**	2,919,257
Stamp duty payable	**-**	1,100,708
Deferred payable	**361,162**	-
Contingent consideration	**6,216,558**	5,846,138
	6,662,971	10,420,811

(iii) Includes trade and other payables of $3,217 (2018: $42,066) included in the liabilities held for sale.

Financial risk management

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

a) Capital management

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

Share based payments are used to service debt commitments.

b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk as it invests funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate deposits.

Financial assets	Weighted average interest rate	30-Jun-19	Weighted average interest rate	30-Jun-18
Cash & cash equivalents	**0.8%**	**1,041,305**	0.4%	418,899
Net exposure		**1,041,305**		418,899
Financial liabilities				
Interest bearing loans		**-**	7.0%	2,919,257
Stamp duty payable		**-**	10.2%	1,100,708
Net exposure		**-**		9,866,103

c) Credit risk

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

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

(i) Cash

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

Standard & Poors rating	30-Jun-19	30-Jun-18
AA-	**1,025,441**	385,695

(ii) Trade & other receivables

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

d) Foreign currency risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Colombian Peso ($).

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a different currency than the Groups presentation currency and the Group's net investments in foreign subsidiaries.

The consolidated entity has not entered into any derivative financial instruments to hedge such transactions and anticipated future receipts or payments that are denominated in a foreign currency. The Board manages the purchase of foreign currency to meet operational requirements.

A 10% increase or decrease in value of Australia dollar against the above currency at 30 June would have the following effect:

30-Jun-19	**Profit/ (loss) 10% increase**	**Profit/ (loss) 10% decrease**	**Equity 10% increase**	**Equity 10% decrease**
Columbian Peso	**7,358**	**(8,993)**	**(7,426)**	**9,077**

30-Jun-18	Profit/ (loss) 10% increase	Profit/ (loss) 10% decrease	Equity 10% increase	Equity 10% decrease
Columbian Peso	8,823	(10,783)	(9,018)	11,019

e) Liquidity risk management

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

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

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

30-Jun-19	**< 6 months**	**> 6 - 12 months**	**> 12 months**	**Total Contractual Cash Flows**	**Carrying Amount**
Financial assets					
Cash & cash equivalents (i)	**1,041,305**	**-**	**-**	**1,041,305**	**1,041,305**
Non-interest bearing assets (ii)	**5,831**	**-**	**-**	**5,831**	**5,831**
Other assets - deposits	**-**			**-**	**-**
Contingent receivable			**10,524,312**	**10,524,312**	**10,524,312**
	1,047,136	**-**	**10,524,312**	**11,571,448**	**11,571,448**
Financial liabilities					
Trade & other payables (iii)	**(85,251)**	**-**	**-**	**(85,251)**	**(85,251)**
Deferred payable	**-**	**-**	**(361,162)**	**(361,162)**	**(361,162)**
Contingent consideration	**-**	**-**	**(6,216,558)**	**(6,216,558)**	**(6,216,558)**
	(85,251)	**-**	**(6,577,720)**	**(6,662,971)**	**(6,662,971)**
Net exposure	**961,885**	**-**	**3,946,592**	**4,908,477**	**4,908,477**

(i) Includes cash included in assets held for sale of $15,864 (2018: $1,624)
(ii) Includes receivables in assets held for sale of $1,122 (2018: nil)
(iii) Includes trade and other payables of $3,217 in the liabilities held for sale.

30-Jun-18	< 6 months	> 6 - 12 months	> 12 months	Total Contractual Cash Flows	Carrying Amount
Financial assets					
Cash & cash equivalents (i)	418,899	-	-	418,899	418,899
Non-interest bearing assets	690	-	-	690	690
Other assets - deposits	283,402			283,402	283,402
	702,991	-	-	702,991	702,991
Financial liabilities					
Trade & other payables(ii)	(554,708)	-	-	(554,708)	(554,708)
Stamp duty payable	(1,100,708)	-	-	(1,100,708)	(1,100,708)
Deferred consideration	-	-	(5,846,138)	(5,846,138)	(5,846,138)
Interest bearing loans & borrowings	(2,919,257)	-	-	(2,919,257)	(2,919,257)
	(4,574,673)	-	(5,846,138)	(10,420,811)	(10,420,811)
Net exposure	(3,871,682)	-	(5,846,138)	(9,717,820)	(9,717,820)

(i) Includes cash included in assets held for sale of $1,624
(ii) Includes trade and other payables of $42,066 included in the liabilities held for sale.

21. RELATED PARTY DISCLOSURE

a) Parent entities

The parent entity with the group is Ascot Resources Limited.

b) Subsidiaries

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

	Country of Incorporation	Class of Shares	Ownership interest	Ownership interest
Parent Entity			**2019**	**2018**
Ascot Resources Limited	Australia	Ordinary		
Subsidiaries (direct)				
Carbones de Colombia SL	Spain	Ordinary	100%	100%
Wonmunna Iron Ore Pty Ltd	Australia	Ordinary	-	100%
Subsidiaries (Indirect - direct subsidiaries of Carbones de Colombia SL)				
Carb Uraba SAS	Colombia	Ordinary	100%	100%
Carbones de Titiribi SAS	Colombia	Ordinary	90%	90%

c) Key management personnel

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

d) Transactions and balances with related parties

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

22. KEY MANAGEMENT PERSONNEL DISCLOSURES

a) Directors

The following persons were Directors of the Company during the financial year:

- Paul Kopejtka (Executive Chairman appointed on 10 December 2012; Managing Director from 7 January 2013; Executive Chairman from 10 October 2016; Non-Executive Chairman from 3 February 2016)
- Chris Corbett (Non-Executive Director from 21 September 2015)
- Shahb Richyal (Non-Executive Director from 13 October 2014)

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

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

Details of the remuneration of the Directors of the Group for 30 June 2019 and 30 June 2018 are set out below:

	Short-term employee benefits				Post-employment benefits	Share-based payments	
30-Jun-19 Directors	**Salary & fees**	**Termination Benefits**	**Non-monetary**	**Other**	**Super-annuation**	**Executive incentives**	**Total**
Mr Kopejtka	24,000	-	-	-	-	-	24,000
Mr Corbett	-	-	-	-	-	-	-
Mr Richyal	-	-	-	-	-	-	-
Total	**24,000**	**-**	**-**	**-**	**-**	**-**	**24,000**

	Short-term employee benefits				Post-employment benefits	Share-based payments	
30-Jun-18 Directors	**Salary & fees**	**Termination Benefits**	**Non-monetary**	**Other**	**Super-annuation**	**Executive incentives**	**Total**
Mr Kopejtka	30,000	-	-	-	-	-	30,000
Mr Caruso	25,000	-	-	-	-	-	25,000
Mr Corbett	-	-	-	-	-	-	-
Mr Richyal	-	-	-	-	-	-	-
Mr Featherby	-	-	-	-	-	-	-
Mr Young	-	-	-	-	-	-	-
Total	**55,000**	**-**	**-**	**-**	**-**	**-**	**55,000**

b) Equity instruments disclosures relating to directors

(i) Options or rights provided as remuneration and shares issued on exercise of such options:
There were no options provided to directors during the 2019 financial year (2018: Nil).

(ii) Shares issued on exercise of compensation options:
There are no shares issued on exercise of compensation options (2018: Nil).

(iii) Option holdings:
Details of options held directly, indirectly or beneficially by directors and their related parties at any

time during the financial year ended 30 June 2019 are set out below:

Company Directors and Related Parties	Opening Balance	Received as Remuneration	Net Other Change	Closing Balance	Not vested and not exercisable	Vested and exercisable
Mr Kopejtka	-	-	-	-	-	-
Mr Richyal	-	-	-	-	-	-
Mr Corbett	-	-	-	-	-	-
	-	-	-	-	-	-

Details of options held directly, indirectly or beneficially by the Directors and their related parties at any time during the financial year ended 30 June 2018 are set out below:

Company Directors and Related Parties	Opening Balance	Received as Remuneration	Net Other Change	Closing Balance	Not vested and not exercisable	Vested and exercisable
Mr Kopejtka	-	-	-	-	-	-
Mr Caruso	-	-	-	-	-	-
Mr Corbett	-	-	-	-	-	-
Mr Richyal	-	-	-	-	-	-
Mr Featherby	-	-	-	-	-	-
Mr Young	-	-	-	-	-	-
	-	-	-	-	-	-

(iv) Share holdings:
The number of shares in the Company held by directors of the Company, including their related parties at any time during the financial year ended 30 June 2019 are set out below:

Company Directors & Related Parties	Opening Balance	Received as Remuneration	Net Change Other	Balance at date of resignation	Closing Balance
Mr Kopejtka	18,224,711	-	-	-	18,224,711
Mr Richyal	-	-	-	-	-
Mr Corbett	-	-	-	-	-
	18,224,711	-	-	-	18,224,711

The number of shares in the Company held by directors of the Company, including their related parties at any time during the financial year ended 30 June 2018 are set out below:

Company Directors & Related Parties	Opening Balance	Received as Remuneration	Net Change Other	Balance at date of resignation	Closing Balance
Mr Kopejtka	15,924,711	-	2,300,000	-	18,224,711
Mr Caruso (i)	3,500,000	-	-	3,500,000	-
Mr Corbett	-	-	-	-	-
Mr Richyal	-	-	-	-	-
Mr Featherby (ii)	51,524,736	-	-	51,524,736	-
Mr Young (iii)	-	-	-	-	-
	70,949,447	-	2,300,000	55,024,736	18,224,711

(i) Mr. Caruso resigned as director on 30 April 2018
(ii) Mr. Featherby resigned as Director on 20 April 2018, Mr. Featherby has indirect holdings in director related entities Ochre Group Holding Ltd and Winterfell Pty Ltd (Mr. Featherby)
(iii) Mr. Young resigned as director on 7 August 2017

c) Material contracts with related parties

(i) Directors' Deeds of Indemnity

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

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

(ii) Transactions with other related parties

Mr. Corbett is a partner in the firm, Resource Capital Funds.

During the financial year, the Company issued 1,504,099 common shares (2018: 3,747,944 common shares) to the RCF V Annex Fund L.P. as satisfaction for $105,287 (2018: $262,354) of interest payable pursuant to the Convertible Note issued by the Company in December 2016. The Convertible Note had a principal of $3 million. The Company could elect to issue shares as satisfaction for interest payable pursuant to the terms of the Convertible Note.

On 13 December 2018, the Company repaid the Convertible note of $3,043,689.

Resource Capital Funds is the manager of the RCF V Annex Fund L.P.

23. PARENT ENTITY

Information relating to Ascot Resources Ltd (the Parent Entity)

	30-Jun-19	30-Jun-18
Current Assets	**1,047,920**	5,837,832
Total Assets	**11,572,232**	9,208,820
Current Liabilities	**82,031**	3,376,747
Total Liabilities	**6,659,752**	9,222,884
Issued Capital	**36,752,367**	36,699,336
Retained losses	**(33,130,464)**	(38,003,976)
Share based payments reserve	**907,263**	907,262
Equity reserve	**383,314**	383,314
	4,912,480	(14,064)
Profit/ (loss) of the parent entity	**(7,140,912)**	(21,172,241)
Total comprehensive income/ (loss) of the parent entity	**(7,140,912)**	(21,172,241)

As at 30 June 2019, the parent entity has no commitments, contingencies or guarantees.

24. COMMITMENTS

Leasing Agreements

	30-Jun-19	30-Jun-18
Within one year	-	6,420
After one year but not more than five years	-	-
After more than five years	-	-
Total minimum commitment	-	6,420

The leasing arrangement for the rental premises is contracted to expired on 30 September 2018, a periodic lease was then continued until February 2019. From February 2019 the office lease was relinquished.

Exploration & Evaluation Commitments

	30-Jun-19	30-Jun-18
Within one year	-	-
After one year but not more than five years	-	813,900
After more than five years	-	2,170,400
Total minimum commitment	-	3,255,600

The exploration commitments noted for 2018 were in relation to the tenements held by Wonmunna Iron Ore. On the sale of WIO, the tenement commitments were passed onto AAMC.

25. REMUNERATION OF AUDITORS

	30-Jun-19	30-Jun-18
Amounts received or due and receivable by Pitcher Partners BA&A Pty Ltd and its related entities for:		
An audit or review of the financial report of the Company	**28,128**	28,309
Other services in relation to the Company:	-	-
	28,128	28,309

26. DISCONTINUED OPERATIONS

	30-Jun-19	30-Jun-18
Discontinued operations from Wonmunna Iron Ore	**6,447,595**	(287,628)
Discontinued operations from Carbone de Colombia SL and it's controlled entities	**(3,870,701)**	-
	2,576,984	(287,628)

SALE OF NON-CURRENT ASSET – WONMUNNA IRON ORE

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"). The consideration for the sale was $20 million.

The results of the Wonmunna Iron Ore discontinued operations for the period are presented below:

(i) Financial performance information	**30-Jun-19**	30-Jun-18
Proceeds from sale – cash component	**7,000,000**	-
Proceeds from sale – receivable	**13,000,000**	-
	20,000,000	-
Fair value adjustment at initial recognition of $13m receivable	**(1,910,607)**	-
Fair value of consideration received	**18,089,393**	-
Net assets derecognised at date of loss of control	**(10,838,877)**	-
Transaction costs to facilitate sale	**(802,921)**	-
Exploration expenses written off	**-**	(287,628)
Profit/(loss) before income tax	**6,447,595**	(287,628)
Income tax expense	**-**	-
Profit/(loss) after income tax of discontinued operations	**6,447,595**	(287,628)
(ii) Cash flow information		
Net cash provided by / (used in) operating activities	**(161,447)**	-
Net cash provided by / (used in) investing activities	**6,305,234**	(241,531)
Net cash provided by / (used in) financing activities	**-**	-
Net cash inflow/(outflow)	**6,143,787**	(241,531)

(iii) Carrying amount of assets and liabilities	**30-Jun-19**	30-Jun-18
Cash	**-**	1,624
Exploration and evaluation assets	**-**	10,700,000
Assets classified as held for sale	**-**	10,701,624
Liabilities held for sale	**-**	(42,066)
Net assets/(liabilities) attributable to discontinued operations	**-**	10,659,558

Carbone de Colombia SL and it's controlled entities (the 'CdCSL disposal group')

The Company, through its 100% held subsidiary, Carbones de Colombia SL ("CdCSL") and it's controlled entities, Carbones de Titiribi SAS ("CdT") and Carb Uraba SAS ("CU") owned the Group's 90% beneficial interest in the Titiribi Coal Project.

The Company reviewed the carrying value of the exploration and evaluation expenditure held in CdT at ($4 million) during the year. With the mining concessions reverting back to the 10% joint venture partner, Carbones El Basal SAS ("CEBSAS"), on 27 July 2019, at 31 December 2018 the Company elected write off the capitalised exploration and evaluation expenditure as it is was considered likely that this expenditure will not be recovered.

The Company is in the process of winding down operations. Under the joint venture agreement with its partner, CEBSAS, the Company is obligated to transfer the tenements to Basal for a nominal fee. This process has commenced.

The results of the CdCSL disposal group's discontinued operations for the period are presented below:

(i) Financial performance information	30-Jun-19	30-Jun-18
Extinguishment of financial liabilities	380,719	-
Other receivable written off	(71,687)	-
Exploration expenses written off	(4,179,733)	-
Loss before income tax	(3,870,701)	-
Income tax expense	-	-
Loss after income tax of discontinued operations	(3,870,701)	-
(ii) Cash flow information		
Net cash provided by / (used in) operating activities	-	-
Net cash provided by / (used in) investing activities	(266,364)	-
Net cash provided by / (used in) financing activities	-	-
Net cash outflow	(266,364)	-

(iii) Carrying amount of assets and liabilities	30-Jun-19	30-Jun-18
Cash	15,864	-
Other receivables	1,122	-
Assets classified as held for sale	16,986	-
Liabilities held for sale	(3,217)	-
Net assets/(liabilities) attributable to discontinued operations	13,769	-

27. 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 30 June 2019	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets				
AAMC contingent receivables (note 10)	-	-	10,524,312	10,524,312
	-	-	10,524,312	10,524,312
Financial liabilities				
Other deferred payables (note 15)	-	-	361,162	361,162
Ochre contingent payable (note 15)	-	-	6,216,558	6,216,558
Total financial liabilities	-	-	6,577,720	6,577,720

Year ended 30 June 2018	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial liabilities				
Ochre contingent payable	-	-	5,846,138	5,864,138
Total financial liabilities	-	-	5,846,138	5,864,138

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

30-Jun-19	Fair value $'000	Valuation technique	Description of valuation technique and inputs used
AAMC contingent receivables (initial recognition)	**10,524,312**	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 December 2019 - Production payment 1 due date: 31 December 2020 - Production payment 2 due date: 31 December 2021 - Production payment 3 due date: 31 December 2022 (assuming AAMC will achieve 6 million wet tonnes within 36 months of Commercial Production) Discount rate: 10% (pre-tax nominal)			
Contingent payables (initial recognition)	**361,162**	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 December 2019 - Payable due after receipt of AAMC Production Payment 1 (current estimate 31 December 2020) - Discount rate: 7% (pre-tax nominal)			
Ochre contingent payable	**6,216,558**	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 December 2019 - Convertible note 1 payment date: 31 December 2021 (receipt of Production Payment 2) - Convertible note 2 payment date: 31 December 2022 (assuming AAMC will achieve 6 million wet tonn 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:

30 June 2019	Level 3 AAMC contingent receivables	Level 3 Contingent payables	Level 3 Ochre contingent payable
Opening balance	-	-	**(5,846,138)**
Fair value at initial recognition	**11,089,394**	**(334,669)**	-
Total gains and losses recognised in profit or loss	**(565,082)**	**(26,493)**	**(370,420)**
Closing balance	**10,524,312**	**(361,162)**	**(6,216,558)**
Total gain and losses recognised in profit and loss			
Remeasurement of financial instrument	**(565,082)**	**(26,493)**	**(370,420)**
	(565,082)	**(26,493)**	**(370,420)**

(d) Valuation processes used for level 3 fair value measurements

The valuation process for the Liabilities held for sale is based on a discounted cash flow. The discount rate is the weighted average cost of capital for the Group.

(e) Sensitivity analysis for recurring level 3 fair value measurements

For fair values in Level 3, if the events below were to vary from that used to determine fair values as at the reporting date, assuming all other variables that might impact on fair value remain constant, then the impact on profit for the 2019 year and equity is as follows:

Ochre contingent payable	**Impact on profit after tax**	**Impact on equity**
Commercial production moved back by one year	**(117,177)**	**(117,177)**
Payment 3 does not occur until 48 months (31/12/2023)	**(396,976)**	**(396,976)**
Cost of debt decreases by 1%	**(155,770)**	**(155,770)**

AAMC contingent receivable	**Impact on profit after tax**	**Impact on equity**
Commercial production moved back by one year	**(954,217)**	**(954,217)**
Payment 3 does not occur until 48 months (31/12/2023)	**(127,412)**	**(127,412)**
Cost of debt decreases by 1%	**(203,656)**	**(203,656)**

The sensitivity analysis was calculated by adjusting the net present value workings for the changes in inputs. Each input was changed separately leaving all other variables constant.

28. RESTATEMENT OF PRIOR YEAR COMPARATIVES

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.

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.

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)

29. SIGNIFICANT EVENTS AFTER BALANCE DATE

In August 2019, the Group was advised by AAMC that commercial production from the Project is not expected to be achieved until February 2020.

30. CONTINGENT LIABILITIES

No contingent liabilities were noted for the Company for the financial year ended 30 June 2019.

31. DIVIDEND

No dividend has been paid during the financial year and no dividend is recommended for the financial year (2018: nil).

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

- the financial statements and notes set out on pages 10-42 are in accordance with the *Corporations Act 2001*, and:
    - comply with Australian Accounting Standards which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
    - give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the consolidated group, and
- in the directors' opinion there are reasonable grounds to believe that the Group will be able to pay their debts as and when they become due and payable.

On behalf of the Board of Directors

Paul Kopejtka
Non-Executive Chairman
Perth, Western Australia,
31 October 2019

PITCHER PARTNERS

ASCOT RESOURCES LIMITED
ABN 85 146 530 378

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

Report on the Audit of the Financial Report

Qualified Opinion

We have audited the financial report of Ascot Resources Limited (the "Company") and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Qualified Opinion - Discontinued Operations – Titiribi Coal Project

As disclosed in Note 26 of the financial report, as at 30 June 2019 the Company, through its 100% held subsidiary, Carbones de Colombia SL ("CdCSL") and it's controlled entities, Carbones de Titiribi SAS and Carb Uraba SAS owned the Group's 90% beneficial interest in the Titiribi Coal Project.

Under the terms of the original Titiribi Coal Project joint venture agreement, the mining concessions reverted back to Carbones El Basal SAS ("CEBSAS"), the 10% minority interest holder, on 27 July 2019; the transfer process is legally ongoing as at the date of this report.

As a result, at 31 December 2018, the Group fully impaired the exploration and evaluation asset with a carrying value of $4,000,000 for the Titiribi Coal Project as it was considered unlikely such expenditure would be recovered as an agreement to extend the licence terms could not be reached. The assets and liabilities of CdCSL and it's controlled entities have been presented separately as a disposal group (the 'CdCSL disposal group') with the results from the CdCSL disposal group presented separately in the consolidated statement of comprehensive income as 'discontinued operations'.

The CdCSL disposal group assets and total liabilities classified as 'discontinued operations' in the consolidated statement of financial position amounted to $16,986 and $3,217 respectively, with a net asset position of $13,769 at 30 June 2019. The net loss of the CdCSL disposal group included in the loss from discontinued operations in the consolidated statement of comprehensive income amounted to $3,870,701 for the financial year ended 30 June 2019, including the impairment of $4,000,000. Cash flows used in investing activities of $266,364 relating to the 'discontinued operations' have been shown separately within the consolidated statement of cash flows.

We were unable to perform audit procedures to obtain sufficient appropriate audit evidence with respect the CdCSL disposal group, as set out in note 26, as follows:

- assets of $16,986 and liabilities of $3,217 with net assets of $13,769
- other income of $383,091 and expenditure of $253,792, with a net gain of $129,299

Accordingly, the carrying values of the assets and liabilities and the net gain may be materially different to the amounts shown in the financial report. Consequently, we were unable to determine whether any adjustments to these amounts are necessary.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Carrying value of Exploration and Evaluation Assets *Refer to Note 14*	
As at 30 June 2019 the carrying value of exploration and evaluation expenditure was $Nil. $4.2 million of exploration expenditure was fully impaired during the year. The carrying value of exploration and evaluation expenditure is assessed for impairment by the Group when facts and circumstances indicate that the exploration and evaluation expenditure may exceed its recoverable amount. The determination as to whether there are any indicators to require an exploration and evaluation asset to be assessed for impairment, involves a number of judgments including but not limited to: • whether the Group has tenure of the tenement; • whether the Group has sufficient funds to meet the tenement minimum expenditure requirements; and • whether there is sufficient information for a decision to be made that the area of interest is not commercially viable.	Our procedures included, amongst others: Evaluating the Group's accounting policy to recognise exploration and evaluation assets using the criteria in the accounting standards. Obtaining an understanding of the controls associated with management's view of the carrying value of each area of interest. Considering the Director's assessment of potential indicators of impairment. Obtaining documentation, such as minutes of Board meetings, and also inquiring with management to ensure consistency with their stated intentions with respect to the Titiribi Coal Project given the Group will not be able to extend the termination date of the JV agreement which does not allow the Group to realise any commercial value from the projects. Assessing the adequacy of the disclosures included within the financial report.

Sale of Woonmunna Iron Ore Pty Limited and AAMC Contingent Receivable - Financial assets *Refer to Note 10 and 11*	
The Group successfully completed the sale of the Wonmunna Iron Ore Project in December 2018 to Australian Aboriginal Mining Corporation Pty Ltd ("AAMC"). The consideration for the sale is to be received in three tranches and the timing of the receipting is impacted by the commercial production date. The AAMC Contingent Receivable is to be recognised at fair value at initial recognition using initial assumptions about the commercial production date and other inputs and re-measured at 30 June 2019 with updated commercial production date assumptions and other inputs. The contingent receivable is classified as "level 3" (i.e. where inputs are unobservable) under the Australian Accounting Standards consequently significant management judgment is involved. These judgements include: • Determining the AAMC pre-tax nominal interest rates for fair value calculation at 30 June 2019; and • Determining commercial production date.	Our procedures included, amongst others: Obtaining an understanding of and evaluating the processes and controls associated with the accounting required for disposals. Obtaining an understanding of the key terms within the asset sale agreement between the Group and AAMC, ensuring that the transaction has been recorded and disclosed in accordance with the terms of this agreement. Re-performing the calculations of the gain on disposal by comparing the consideration received, including the fair value of the contingent consideration to the carrying value of the identified assets and liabilities. Agreeing the consideration received from sale to the bank statements. Performing enquiries with management to understand the substance of the transaction in order to identify any change in circumstance that would impact the fair value of the AAMC Contingent Receivable at 30 June 2019. Confirming directly with AAMC relating to the updated commercial production date as at 30 June 2019. Critically evaluating and challenging the by management judgements, including the appropriate discount rate, for calculating the fair value of the initial recognition of the AAMC Contingent Receivable, as well as the subsequent measurement at the 30 June 2019. Re-performing the calculation of the loss on remeasurement of AAMC Contingent Receivable as at 30 June 2019. Assessing the Group's disclosures within the financial report and the appropriateness, including reasonableness with the assumptions and judgements made by management.

Ochre Contingent Payable - Financial Liability *Refer to Note 15*	
The Group successfully completed the Wonmunna Iron Ore Project sale in December 2018, as described above. Following the completion of the Wonmunna project sale, the Implementation Deeds with Ochre Group Holdings Limited ("Ochre") were signed on completion of the sale of the Wonmunna Iron Ore Project to AAMC on 13 December 2018, which had the effect of the contractually binding Ascot to the two convertible notes to come into effect at the earlier of the following • Production Payment 1; • 60-120 days after Production Payment 1; and • An insolvency event Convertible note 1 has a principle amount of $5.5 million, conversion rate at $0.032 and matures at production payment 2. Convertible note 2 has a principle amount of $2 million, conversion rate of $0.032 and matures at production payment 3. The Ochre convertible note was re-measured at 30 June 2019 with updated commercial production date assumptions and other inputs. The convertible notes are classified as "level 3" (i.e. where inputs are unobservable) under the Australian Accounting Standards consequently significant management judgment is involved. These judgements include: • Determining the pre-tax nominal discount rates for fair value calculation for Ochre deferred consideration at 30 June 2019; and • Determining commercial production date.	Our procedures included, amongst others: Obtaining an understanding of the key terms within the Implementation deeds and Convertible Note deeds and to understand of the terms and conditions of the deeds, ensuring that the arrangement has been recorded and disclosed in accordance with the terms of these deeds. Confirming directly with AAMC relating to the updated commercial production date as at 30 June 2019. Critically evaluating and challenging management's judgements, including the appropriate discount rates used by management, for calculating the fair value of the convertible notes, agreeing inputs to internal and external sources of information as appropriate. Re-performing the calculation of the loss on remeasurement of Ochre Contingent Payable as at 30 June 2019. Assessing the Group's disclosures within the financial report and the appropriateness, including reasonableness with the assumptions and judgements made by management.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

PITCHER PARTNERS

ASCOT RESOURCES LIMITED
ABN 85 146 530 378

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

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 3(a)) consequently there is no material uncertainty in relation to going concern as at 30 June 2019. Our opinion 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, 31 October 2019

PITCHER PARTNERS

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF ASCOT RESOURCES LIMITED

In relation to the independent audit for the year ended 30 June 2019, 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 year.

Pitcher Partners BA&A Pty Ltd

PITCHER PARTNERS BA&A PTY LTD

JOANNE PALMER
Executive Director
Perth, 31 October 2019

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