



**ASCOT RESOURCES LIMITED**  
**ACN 146 530 378**

**NOTICE OF ANNUAL GENERAL MEETING**

**TIME:** 1pm (Perth time)

**DATE:** 27 January 2021

**PLACE:** Longmire Corporate, Unit 3, 154 Hampden Road, Nedlands Western Australia  
6009

**IMPORTANT INFORMATION**

This Notice of Annual General Meeting should be read in its entirety.

If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting, please contact the Company Secretary on +61 (8) 6365 5112.

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## NOTICE OF ANNUAL GENERAL MEETING

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Notice is given that the Annual General Meeting of Shareholders will be held at 1pm (Perth time) on Wednesday, 27 January at Longmire Corporate, Unit 3, 154 Hampden Road, Nedlands, Western Australia 6009.

### ORDINARY BUSINESS

#### Financial Reports

To receive and consider the annual financial report, the Directors' report and the Auditor's report for the year ended 30 June 2020.

#### Resolution 1 – Return of Capital to Shareholders

To consider and, if thought fit, to pass with or without amendment, as an **ordinary resolution** the following:

"That pursuant to Part 2J.1 of the Corporations Act and for all other purposes, the issued share capital of the Company be reduced by up to \$5.6 million under an equal capital reduction in accordance with sections 256B and 256C of the Corporations Act; and that capital reduction is to be effected, subject to the Board's discretion, by the Company paying each registered holder of Shares as at a time to be announced by the Board the amount of up to \$0.032 per Share on the terms and conditions in the Explanatory Memorandum."

#### EXPLANATORY STATEMENT

The Explanatory Statement accompanying this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

Terms and abbreviations used in this Notice of Meeting are defined in the Glossary contained in the Explanatory Statement.

#### ENTITLEMENT TO VOTE

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 1.00pm (Perth time) on 25 January 2021.

#### PROXIES

##### *Appointing a proxy*

Each Shareholder that is entitled to attend and vote is entitled to appoint a proxy. The proxy does not need to be a Shareholder. A Shareholder that is entitled to cast two or more votes may appoint not more than two proxies to attend and vote on its behalf. The person or persons so appointed need not necessarily be Shareholders. Where two proxies are appointed, each proxy should be appointed to represent a specified portion or number of the Shareholder's voting rights (failing which each appointee will be entitled to cast half the Shareholder's votes).

A Proxy Form together with instructions on how to complete the Proxy Form is attached.

To vote by proxy, please complete and sign the Proxy Form and return by:

- (a) post to Ascot Resources Limited at Unit 3, 154 Hampden Rd, Nedlands, Western Australia 6009; or
- (b) email to [admin@ascotresources.com](mailto:admin@ascotresources.com).

To be valid, properly completed proxy forms must be received by the Company no later than 48 hours before the Meeting.

If you return your Proxy Form but do not nominate a person as proxy, the Chairman of the Meeting will be your proxy and will vote on your behalf as you direct on the Proxy Form. If your nominated proxy does not attend the Meeting then your proxy will revert to the Chairman of the Meeting and he will vote on your behalf as you direct on the Proxy Form.

*Transfer of Non-Chairman proxy to Chairman in certain circumstances*

Section 250BC of the Corporations Act provides that, if all of the following criteria (a) to (d) are met:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
- (b) the appointed proxy is not the Chairman of the meeting;
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either of the following applies:
  - (i) the proxy is not recorded as attending the meeting; or
  - (ii) the proxy does not vote on the resolution,

then the Chairman of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

*Corporate Representative*

A body corporate Shareholder may elect to appoint a representative, rather than appoint a proxy, in accordance with section 250D of the Corporations Act. Where a body corporate appoints a representative, the Company requires written proof of the representative's appointment to be lodged with or presented to the Company before the Meeting.

**By order of the Board**

**Nick Longmire**  
**Company Secretary**

**DATED: 24 December 2020**

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## **EXPLANATORY STATEMENT**

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This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at 2020 Annual General Meeting of Shareholders to be held at 1pm (Perth time) on 27 January 2021 at Longmire Corporate, Unit 3, 154 Hampden Road, Nedlands Western Australia 6009.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolution in the Notice of Meeting.

Terms and abbreviations used in this Explanatory Statement are defined in the Glossary.

The Board recommends that Shareholders vote in favour of the Resolution.

The Chairman of the meeting intends to vote undirected proxies in favour of the Resolution.

### **ORDINARY BUSINESS**

#### **Financial Reports**

The Corporations Act 2001 requires:

- the reports of the Directors' and Auditor; and
- the annual financial report, including the financial statements of the Company for the year ended 30 June 2020,

to be laid before the Annual General Meeting. Neither the Corporations Act nor the Constitution requires a vote of Shareholders on the reports or statements. However, Shareholders will be given an opportunity to raise questions or comments on the management of the Company.

#### **Resolution 1 – Return of Capital to Shareholders**

##### **Background**

In the opinion of the Board the Company has capital in excess of what is needed for the Company's ongoing operations for the foreseeable future.

For that reason, the Board has proposed that the Company seek approval to reduce its share capital and return part of the paid-up share capital of the Company to Shareholders. The Company proposes to do this by way of an equal reduction of capital in accordance with sections 256B and 256C of the Corporations Act. The Corporations Act requires that the Company obtain the approval of Shareholders by ordinary resolution for an equal reduction in its Share capital.

The Board believes that the proposed capital reduction provides an effective and efficient mechanism for returning cash to Shareholders.

Subject to:

- (a) Resolution 1 being passed; and
- (b) exercise of the Board's discretion;

the Company may return to Shareholders up to \$5.6 million of the Company's paid up share capital by an equal capital reduction, being up to 3.2 cents per Share.

The total amount of share capital returned to Shareholders in aggregate may be less than the maximum proposed in this Resolution 1, and will be determined by the Board having regard to (without limitation):

- (a) the precise amount of cash available to be distributed to Shareholders;
- (b) the financial circumstances of the Company;
- (c) regulatory matters;

In the event the Board resolves to make both an equal capital reduction and payment of a dividend, the total amount of the cash distribution to Shareholders will not exceed \$5.6 million and may be less than that amount, at the Board's discretion.

In the event that the total amount returned to Shareholders is less than \$5.6 million, the corresponding amount to be returned per Share will also decrease.

The proposed cash distribution to Shareholders is consistent with the Board's strategy to reduce excess capital, while maintaining sufficient cash to support the Company's ongoing operations.

Shareholders should note that the proposed distribution may change depending on a number of factors, such as the outcome of operating and development activities, regulatory developments, market and general economic conditions and the Board's discretion. Consequently, the Board reserves the right to alter the way the funds are applied. Investors are cautioned that there can be no guarantee that a capital reduction, dividend or other distribution will occur, or of its timing, quantum or structure.

If a dividend is declared with respect to proceeds of the Share Sale, the Company does not propose to implement a dividend reinvestment plan with respect to that dividend.

As at the date of this Notice, the Company has 175,628,600 Shares on issue. The capital reduction will have no effect on the number of Shares on issue, however it is anticipated that the Share capital of the Company will be reduced by up to 3.2 cents per Share (depending on the total amount which the Board determines is to be returned to Shareholders).

	<b>Before Partial Return of Share Capital</b>	<b>After Partial Return of Share Capital</b>
<b>Number of Shares on issue</b>	175,628,600	175,628,600
<b>Total Share capital</b>	\$36,752,366	\$31,152,366
<b>Paid up amount per Share</b>	\$0.209	\$0.178

#### **4.2 Corporations Act requirements**

Pursuant to section 256B of the Corporations Act, a company may reduce its share capital in a way that is not otherwise authorised by law if the reduction: (a) is fair and reasonable to the company's shareholders as a whole; and (b) does not materially prejudice the company's ability to pay its creditors; and (c) is approved by shareholders under section 256C.

Pursuant to section 256C of the Corporations Act, if the reduction is an equal reduction (that is, it relates only to ordinary shares and applies on the same terms and in the same proportion for each ordinary share), it may be approved by an ordinary resolution passed at a general meeting of the company.

#### **4.3 Rationale for Proposed Partial Return of Share Capital**

The Board has undertaken a review of the Company's operations and determined that the Company will have capital in excess of what is needed for the Company's ongoing operations for the foreseeable future and, accordingly, a return of capital to all Shareholders would be appropriate. Having undertaken this review, the Board is satisfied that the proposed capital reduction will not adversely affect the Company's ability to fund its operating activities. In addition, the Board considers that the capital reduction is: (a) fair and reasonable to Shareholders as a whole; and (b) does not materially prejudice the Company's ability to pay its creditors. Further details on these considerations are detailed below.

#### **4.4 Funding Partial Return of Share Capital**

The Company has very recently received \$13 million as final payment for the sale of the Wonmunna Iron Ore Project in December 2018. The receipt was unexpected and well in advance of when the Company was expecting to receive these payments. Of the \$13 million, \$7.5 million is owed to a third party and the balance of \$5.6 million is available for distribution to shareholders and for working capital needs.

#### **4.6 Effect on Shareholders**

The Company anticipates that, if the cash distribution to Shareholders occurs, it may consist of an amount up to \$5.6 million (up to 3.2 cents per Share). However, the amount to be distributed to Shareholders and the form which that distribution takes may vary, at the Board's discretion. This is the reason that Resolution 1 seeks Shareholder approval for any amount up to the maximum potential equal capital reduction of \$5.6 million in total. In the event that the total amount returned to Shareholders is less than \$5.6 million, the corresponding price returned per Share will also decrease. The Directors believe that the capital reduction is fair and reasonable to Shareholders as a whole, for example given the proposed capital reduction would apply to each Shareholder in proportion to the number of Shares they hold at the relevant record date (to be determined) and given the other information detailed in this Explanatory Memorandum. However, Shareholders should consider their own individual circumstances, including in relation to their personal tax consequences, and seek professional advice.

#### **4.8 Effect on Creditors and other Commitments**

The Board believes that the Company's ability to pay its creditors will not be materially prejudiced by the proposed capital reduction.

As at 30 November 2020, the Company had less than \$10,000 of trade creditors. Based on a forecast prepared by the Company, the Company anticipates that it will have sufficient cash to fund its current and future cash outflows for the foreseeable future.

The Board is not aware of any changes to the Company's circumstances that would cause these figures to be revised in a material respect.

As a consequence of the matters referred to above, the Board is satisfied that the capital reduction will not materially prejudice the Company's ability to pay its creditors.

#### **4.9 Effect on Control**

The Board does not believe that the completion of the proposed partial Share capital reduction will affect the control of the Company.

#### **4.10 Tax Consequences of the equal capital reduction**

The tax consequences for a Shareholder in respect to the return of capital may vary depending upon that Shareholder's specific circumstances. Shareholders should consult their own tax adviser as to the potential tax consequences for them with respect to the return of capital, taking into account their individual circumstances. Neither the Company nor any of its officers, employees or advisors assumes any liability or responsibility for advising Shareholders about the tax consequences of the return of capital.

#### **4.11 Timing of the share capital reduction**

If the Board determines that the capital reduction will proceed, the timetable will be determined by the Board.

Only Shareholders registered on the Company's share register as at the relevant record date time (to be set by the Board) would be entitled to receive such capital reduction. If a dividend is declared by the Board, a separate timetable would also be determined for that dividend, which would also only be payable to those Shareholders registered on the Company's share register as at the relevant record date time to be set by the Board.

The Company will announce any decision to proceed with a cash distribution (whether by capital reduction, dividend or otherwise).

If a cash distribution to Shareholders occurs, payments will be made to eligible Shareholders by cheque or by direct credit in Australian currency to a financial institution in Australia (including a bank, building society or credit union account) or otherwise as the Directors resolve in accordance with the Company's constitution. Shareholders who have not already provided their bank account details may update their

details at the Investor Portal ([www.automicgroup.com.au](http://www.automicgroup.com.au)) or by contacting Automic Group and requesting a Direct Credit facility form.

#### **4.12 Other material information**

The Company is a "disclosing entity" for the purposes of section 111AC of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations.

These disclosure obligations (subject to certain exceptions) require the Company to disclose information that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

The Company's announcements are accessible on the [www.ascotresources.com](http://www.ascotresources.com).

There is no other information material to the making of a decision by Shareholders whether or not to vote in favour of the Resolution (being information that is known to the Directors which has not previously been disclosed to Shareholders) other than as set out in this document.

Subject to legal requirements, the timing, type, structure and terms and conditions of the distribution of cash to Shareholders contemplated by this Section 4 will be at the Board's discretion and subject to the prevailing financial circumstances of the Company.

Shareholders are cautioned that there can be no guarantee that a distribution of cash to Shareholders will occur.

#### **4.13 Directors' recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1. The Chairman intends to exercise all available undirected proxies in favour of the Resolution.

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## GLOSSARY

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**\$** means Australian dollars.

**Ascot or Company** means Ascot Resources Limited (ACN 146 530 378).

**Board** means the current board of directors of the Company.

**Company** means Ascot Resources Limited (ACN 146 530 378).

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Constitution** means the Company's constitution.

**Director** means a current director of the Company.

**Explanatory Statement** means this explanatory statement.

**Annual General Meeting or Meeting** means the annual general meeting convened by the Notice.

**Notice or Notice of Meeting** means the notice of meeting accompanying this Explanatory Statement.

**Proxy Form** means the proxy form accompanying the Notice of Meeting.

**Resolution** means the resolution set out in the Notice of Meeting.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**ASCOT RESOURCES LIMITED  
(ACN 146 530 378)  
PROXY FORM**

I/We

of

being a shareholder of Ascot Resources Limited entitled to vote at the Annual General Meeting, hereby appoint:

<input type="checkbox"/>	The Chairman of the Meeting (mark with an 'X')	<b>OR</b>	<input style="width: 100%; height: 27px;" type="text"/>
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Write here the name of the person you are appointing if this person is someone other than the Chairman of this Meeting.

or failing the person named (or if no person is named), the Chairman of the Meeting, or the Chairman's nominee, as my/our proxy to attend and vote on my/our behalf at the Annual General Meeting of Ascot Resources Limited to be held at 1pm (Perth time) on Wednesday, 27 January 2021 at Longmire Corporate, Unit 3, 154 Hampden Road, Nedlands Western Australia 6009 and at any adjournment or postponement thereof.

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**Voting on Business of the Annual General Meeting**  
(mark with an 'X')

**FOR                  AGAINST                  ABSTAIN**

Resolution 1          Return of Capital to Shareholders

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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**Please note:** If you mark abstain, you are directing your proxy not to vote on the Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is \_\_\_\_\_%

**The Chairman of the Meeting intends to vote all available proxies in favour of the Resolution.**

**PLEASE SIGN HERE**

This section must be signed in accordance with the instructions overleaf for your directions to be implemented.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_

Individual or Shareholder 1

Sole Director and Sole Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

**ASCOT RESOURCES LIMITED**  
**ACN 146 530 378**

**Instructions for Completing Proxy Form**

1. **(Appointing a Proxy):** A member entitled to attend and cast a vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy may be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. Any fraction of votes will be disregarded. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite the item of business. Please refer to the proxy form for further instructions on how to vote. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
  - **(Individual):** Where the holding is in one name, the member must sign.
  - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
  - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - a) post to Ascot Resources Limited at Unit 3, 154 Hampden Road, Nedlands, Western Australia 6009; or
  - b) email to [admin@ascotresources.com](mailto:admin@ascotresources.com) so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy forms received later than this time will be invalid.**