

## ASX ANNOUNCEMENT

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# WONMUNNA IRON ORE PROJECT – MAIDEN ORE RESERVE ESTIMATE

## KEY HIGHLIGHTS

- Probable Ore Reserve estimate of 28.9 Mt at a head grade of 58% Fe for the Wonmunna Iron Ore Project in the Pilbara region of Western Australia
- Further mineable tonnage estimate of 2.7Mt at 58% Fe derived from Inferred Resource inventory within pit design for the CMM deposit
- Based on a production rate of 5 Mtpa from Year 2 onwards, initial mine life expected to be in the order of 7 years
- Ore Reserve estimate is derived from:
  - conversion of the existing Indicated Mineral Resource estimate (to a depth of c.50m) within the NMM and CMM deposits in accordance with JORC (2012)<sup>1</sup>
  - completion of a Pre-Feasibility Study (PFS) that assessed the delivery of DSO fines from Wonmunna to a delivery point to be agreed with a third party at or before Port Hedland
  - prevailing independent consensus estimates for iron ore pricing

Ascot Resources Limited (**Ascot** or **the Company**) (ASX: AZQ) is pleased to report a maiden Probable Ore Reserve estimate in accordance with JORC (2012) guidelines for the Wonmunna Iron Ore Project (**Wonmunna** or **the Project**) of 28.9 million tonnes (**Mt**) @ 58% Fe. The Ore Reserve estimate is based on pit designs and mine schedules for the three initial mining areas at Wonmunna that contain Indicated Mineral Resource estimates (**Table 1**).

Table 1: Wonmunna Iron Ore Project - Ore Reserve estimate

Deposit	JORC Ore Category	Fe cut-off (%)	Tonnes (Mt) <sup>1</sup>	Fe (%)	CaFe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	P (%)	LOI (%)
CMM	Probable	54.2	10.03	58.0	63.5	4.99	2.94	0.10	8.76
NMM-East	Probable	52.8	12.41	58.0	63.1	5.29	3.10	0.07	8.20
NMM-West	Probable	51.2	6.42	58.0	63.9	4.37	2.75	0.09	9.36
<b>Total</b>	<b>Probable</b>		<b>28.86</b>	<b>58.0</b>	<b>63.4</b>	<b>4.98</b>	<b>2.97</b>	<b>0.09</b>	<b>8.65</b>

Notes:

1. Tonnes are dry metric tonnes and have been rounded.
2. CaFe represents calcined Fe and is calculated by Ascot using the formula  $\text{CaFe} = \text{Fe} / ((100 - \text{LOI}) / 100)$

<sup>1</sup> Refer ASX Announcement dated 18 March 2014

In addition to the Ore Reserve estimate, the CMM pit design contains 2.7Mt of mineable tonnage at an average grade of 58% Fe as follows:

**Table 2: Wonmunna Iron Ore Project – additional mineable inventory derived from Inferred Resource estimate**

Deposit	JORC Ore Category	Fe cut-off (%)	Tonnes (Mt) <sup>1</sup>	Fe (%)	CaFe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	P (%)	LOI (%)
CMM		54.5	2.73	58.0	63.6	4.67	2.91	0.11	8.91

When combined with the Ore Reserve estimate, this gives a potential mineable inventory estimate of 31.6Mt at 58% Fe.

The Ore Reserve originates from a Mineral Resource estimate of 84.3Mt (@ 50% Fe cut-off grade) (**Table 3**), which is a result of an extensive drilling programme in which over 1,200 holes were drilled for a total of 56,376 metres.

**Table 3: Mineral Resource Estimate (in accordance with JORC (2012))**

Deposit	JORC Category	Minimum Fe cut-off (%)	Resource (Mt)	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	P (%)	LOI
NMM <sup>1</sup>	Inferred	50	1.9	59.2	4.2	2.5	0.08	8.8
		60	0.7	60.7	3.5	2.1	0.08	7.1
	Indicated	50	39.7	57.1	5.6	3.3	0.08	8.7
		60	7.4	61.1	3.3	1.9	0.08	7.0
CMM <sup>1</sup>	Inferred	50	3.8	57.0	5.2	3.3	0.11	9.3
		60	2.9	61.1	3.0	1.9	0.11	7.4
	Indicated	50	14.4	57.1	5.6	3.3	0.10	9.0
		60	0.8	60.8	3.2	2.0	0.11	7.3
SMM <sup>2</sup>	Inferred	50	17.2	55.3	6.7	3.8	0.07	9.7
		60	1.7	61.2	2.9	1.6	0.06	7.6
EMM <sup>3</sup>	Inferred	50	7.2	54.0	7.9	4.6	0.08	9.5
		60	0.1	61.1	3.5	2.2	0.08	7.9
<b>TOTAL</b>	<b>Inferred &amp; Indicated</b>	<b>50</b>	<b>84.3</b>	<b>56.5</b>	<b>6.0</b>	<b>3.5</b>	<b>0.08</b>	<b>9.1</b>
		<b>60</b>	<b>13.5</b>	<b>61.0</b>	<b>3.2</b>	<b>1.9</b>	<b>0.09</b>	<b>7.2</b>

Notes:

1. Estimate provided by Coffey Mining in 2012
2. Estimate update provided by Quantitative Group 2012
3. Estimate by CSA Global 2012

## Summary of Material Information

The Wonmunna Project comprises four (4) deposits, NMM, CMM, SMM and EMM, covered by mining leases M47/1423-1425. The mining leases are contained within exploration licence (E47/1137) which covers an area of c. 230 square kms. All of the project tenements are beneficially owned by a wholly owned subsidiary of Ascot.

The maiden Ore Reserve estimate is derived from the 'Indicated Resource' estimate within the larger Mineral Resource estimate for the NMM and CMM deposits. The total Indicated Mineral Resource estimate (@ 50% Fe Cut-off grade) for these deposits is 54.1Mt @ 57.1% Fe. The estimated ore tonnage is contained predominantly within the Mt Newman member of the Marra Mamba Iron Formation (MMIF), and therefore exhibits mineralogical characteristics that are similar to the orebody currently mined at the neighbouring West Angelas operation managed by Rio Tinto Iron Ore.

Ascot proposes to develop a 5Mtpa Direct Shipping Ore (**DSO**) operation including all associated road and mining/processing infrastructure. Ascot's proposed production schedule is for an initial 3Mtpa rate in year 1, ramping-up to a 5Mtpa operation by year 2 and beyond.

Conventional open pit mining methods are proposed for all pits which are located within 5 km from the main processing area. The mine plan is based on pit designs which entail the extraction of ore above water table using typical drill and blast and load and haul practices with a blast bench height of 6m and a mining flitch height of 2m.

Both the NMM and CMM deposits have generally simple geometry, with mineralised zones and boundaries that are clearly defined for the purposes of grade control and overall management of product quality. The proposed mine has a low stripping ratio of c.1.3 tonnes of waste per tonne of ore over the life of the mine<sup>2</sup>.

Ascot's mine planning consultant, Orelogy, modelled dilution and mining ore loss by applying 'edge effects' and regularisation of the Mineral Resource block model. The dilution process involved 're-blocking' to 6.25m x 6.25m x 2.0m for the Selective Mining Unit (**SMU**) size followed by applying additional block 'edge effects' using in-house algorithms.

A variable cut-off grade policy between 52% Fe to 54% Fe was used to define ore, with material between 50% Fe and the pit cut-off to be stockpiled as a potential future low-grade product or for potential beneficiation. The cut-off grade is applied after dilution and is selected based primarily on achieving an ore product of 58% Fe with marketable chemical and physical characteristics.

Ascot completed geotechnical drilling and studies in support of design parameters used to develop pit designs for selected 'shells' from mine optimisation studies.

Ascot proposes to produce a nominal minus 8mm DSO fines product using a two-stage crushing and screening plant.

Native Title Mining Agreements are in place with the two claimant groups whose claims affect the Project. Heritage Surveys have been completed for the proposed Project footprint, including all planned mining and infrastructure disturbance areas. An application under Section 18 of the Aboriginal Heritage Act (WA) to disturb potential sites has been made with the endorsement of both claimant groups.

The Company has been granted a Native Vegetation Clearing Permit for the proposed Project footprint and submitted a Mining Proposal including closure plan to the Department of Mines and Petroleum (**DMP**) in November 2014. Final environmental and mining approvals required to implement the Project will be progressed after the anticipated approval of the Mining Proposal in early 2015.

Ascot has a granted miscellaneous license (length 180m) for a haul road that will link the mining operation to a specified entry point onto the Great Northern Highway to allow quad road trucks to transport DSO product from Wonmunna to an agreed delivery point at or before Port Hedland. Ascot has advanced requirements in relation to gaining approval from the Mains Road Department for the design of the haul road and highway intersection obtaining a permit for the concessional loading and transportation of iron ore.

Ascot is in advanced discussions with a third party in relation to a mine or port gate sale of DSO product at a delivery point to be agreed at or before Port Hedland. These discussions remain confidential and incomplete.

<sup>2</sup> Strip Ratio excludes pre-stripping volumes of c.3.2Mt of waste to be undertaken in the period leading up to first production of ore.

Cost assumptions for mine optimisation and financial modelling for the Pre-Feasibility Study (PFS) are derived from contractor pricing and internal estimates. Prevailing independent consensus estimates for iron ore pricing are also used for these purposes.

Appendix 1 provides a pictorial representation of representative plans and sections for the three major mining areas – CMM, NMM-E and NMM-W.

Appendix 2 provides a summary table for the Ore Reserve estimate in accordance with JORC (2012).

Ascot's Executive Chairman, Mr. Paul Kopejtka, commented on the maiden Ore Reserve estimate:

*'The maiden Ore Reserve is a major milestone for the Wonmunna Project and highlights the significant potential of this development as a supplier of high quality direct shipping iron ore to the North Asian market. Ascot continues to progress key approvals and a final product sales solution in order to position the Wonmunna Project for potential financing and execution in the future. The Ascot Board expects to consider options for financing the Project in Q1 2015.'*

For more information, visit [www.ascotresources.com](http://www.ascotresources.com) or contact:

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### Competent Persons Statement

The information in this report that relates to Exploration Results or Mineral Resources for the Wonmunna Project NMM and CMM deposits is based on, and fairly reflects, information compiled by Mr David Slater, who is a Chartered Professional Member of The Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr Slater is employed as Principal Resource Geologist by Coffey Mining. Mr Slater has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Slater consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results or Mineral Resources for the Wonmunna Project SMM and EMM deposits is based, and fairly reflects, information compiled by Mr Dmitry Pertel, who is a Member of the Australian Institute of Geoscientists. Mr Pertel is employed by CSA Global Pty Ltd, independent resource industry consultants. Mr Pertel has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Pertel consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the Ore Reserve estimate is based on, and fairly represents, information which has been compiled by Mr Jake Fitzsimons who is an employee of Oreology Group Pty Ltd and a Member of the Australasian Institute of Mining and Metallurgy. Mr Fitzsimons has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Fitzsimons consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

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**Appendix 1**  
**REPRESENTATIVE PLANS AND SECTIONS**



Figure 1: Pit Design and Representative Cross Section for CMM Deposit

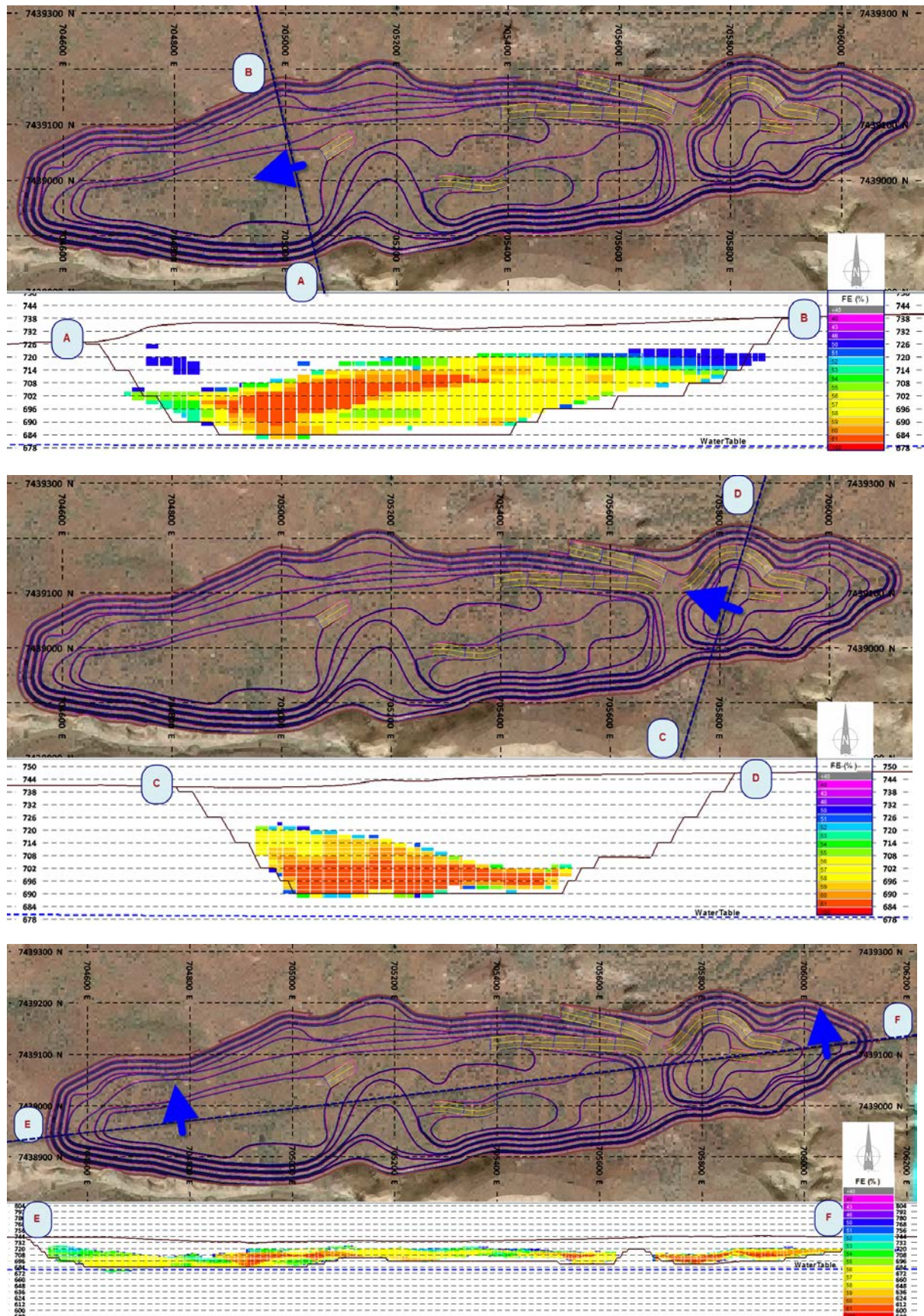
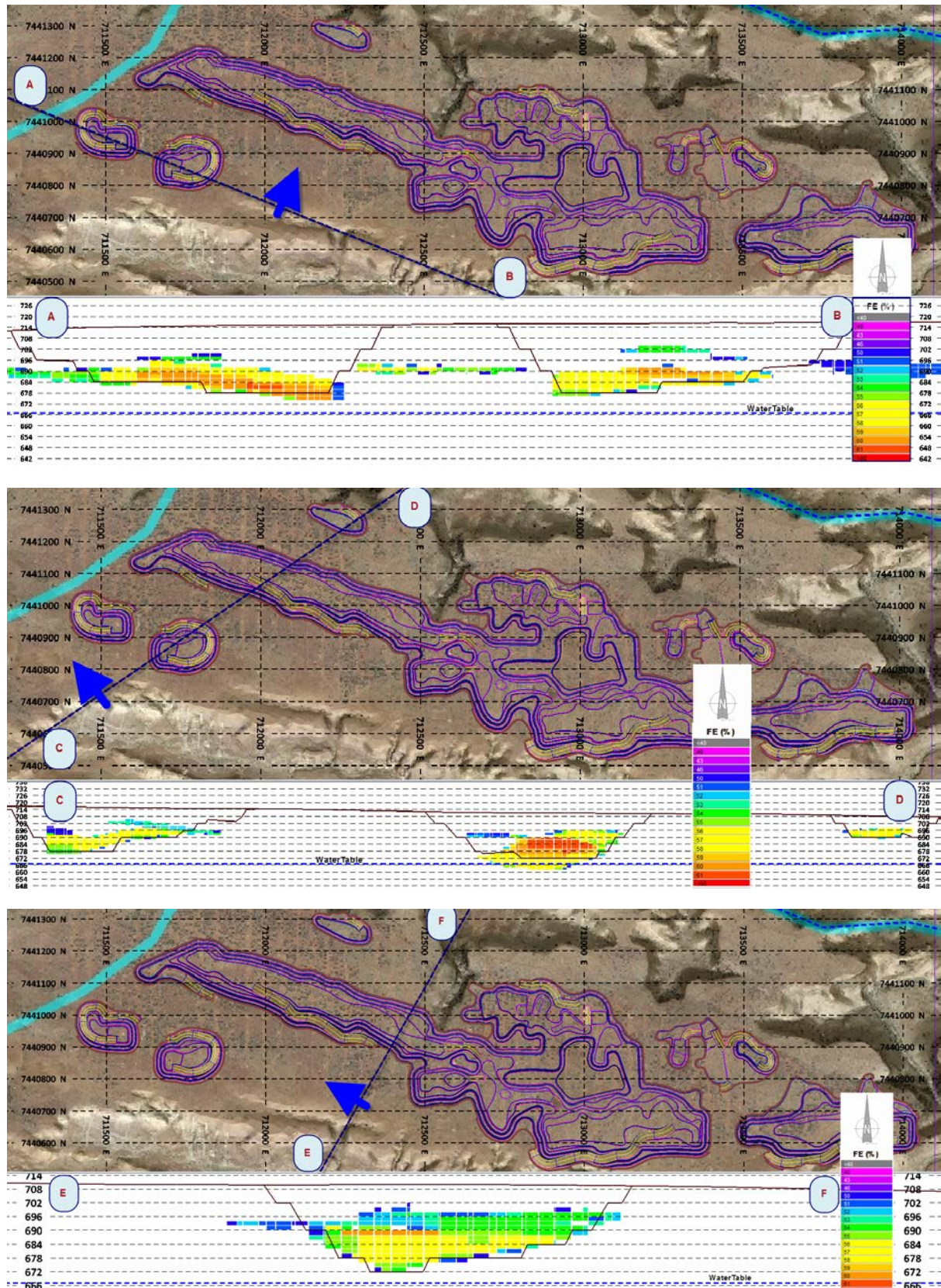




Figure 2: Pit Design and Representative Cross Section for NMM-E Deposit





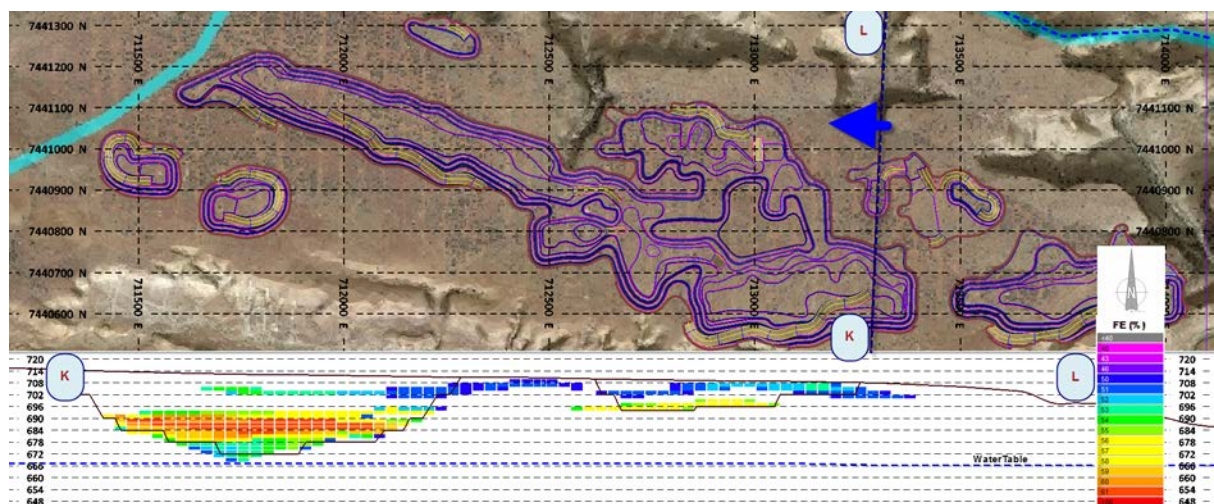
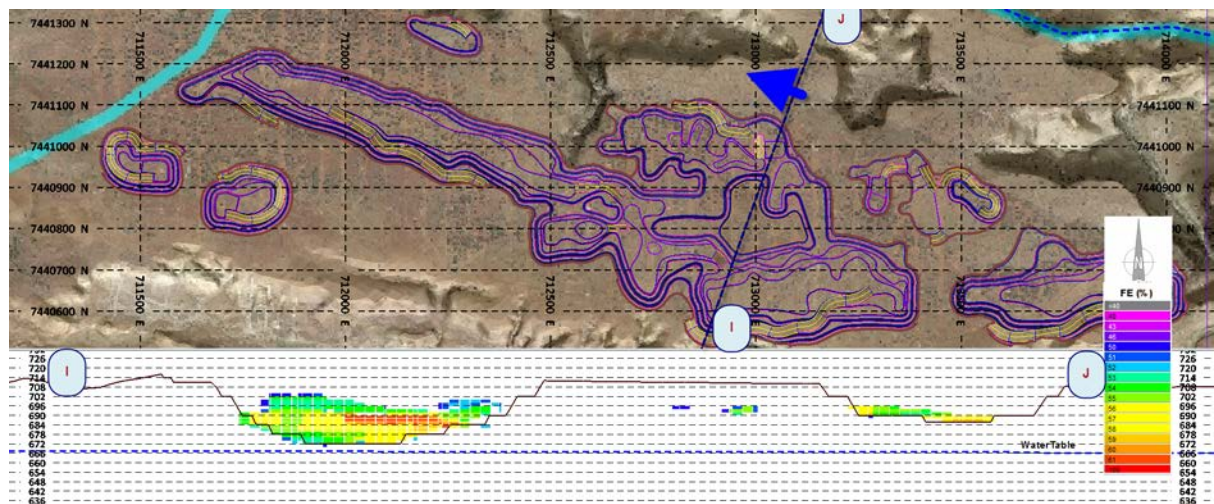
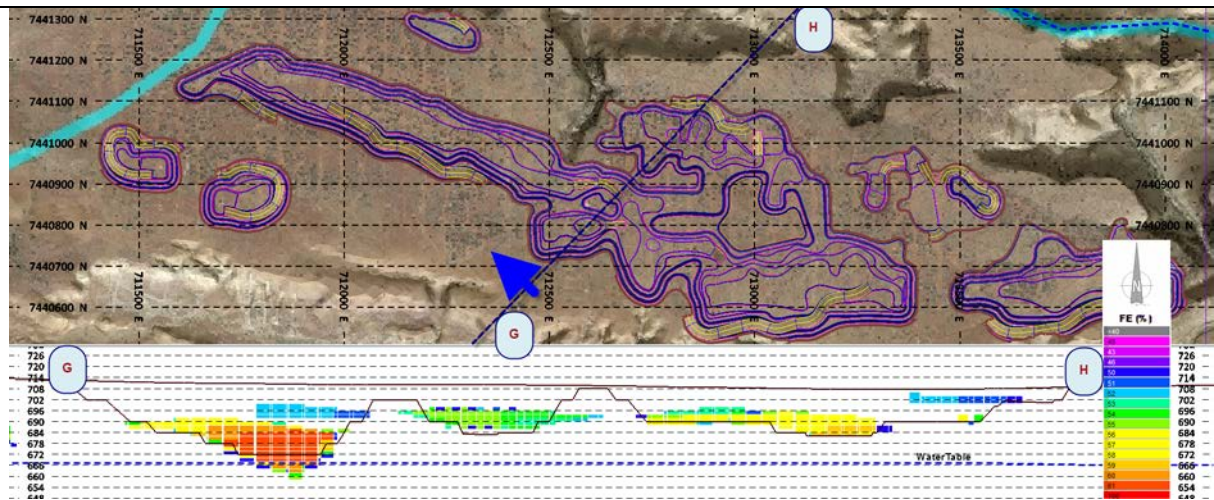
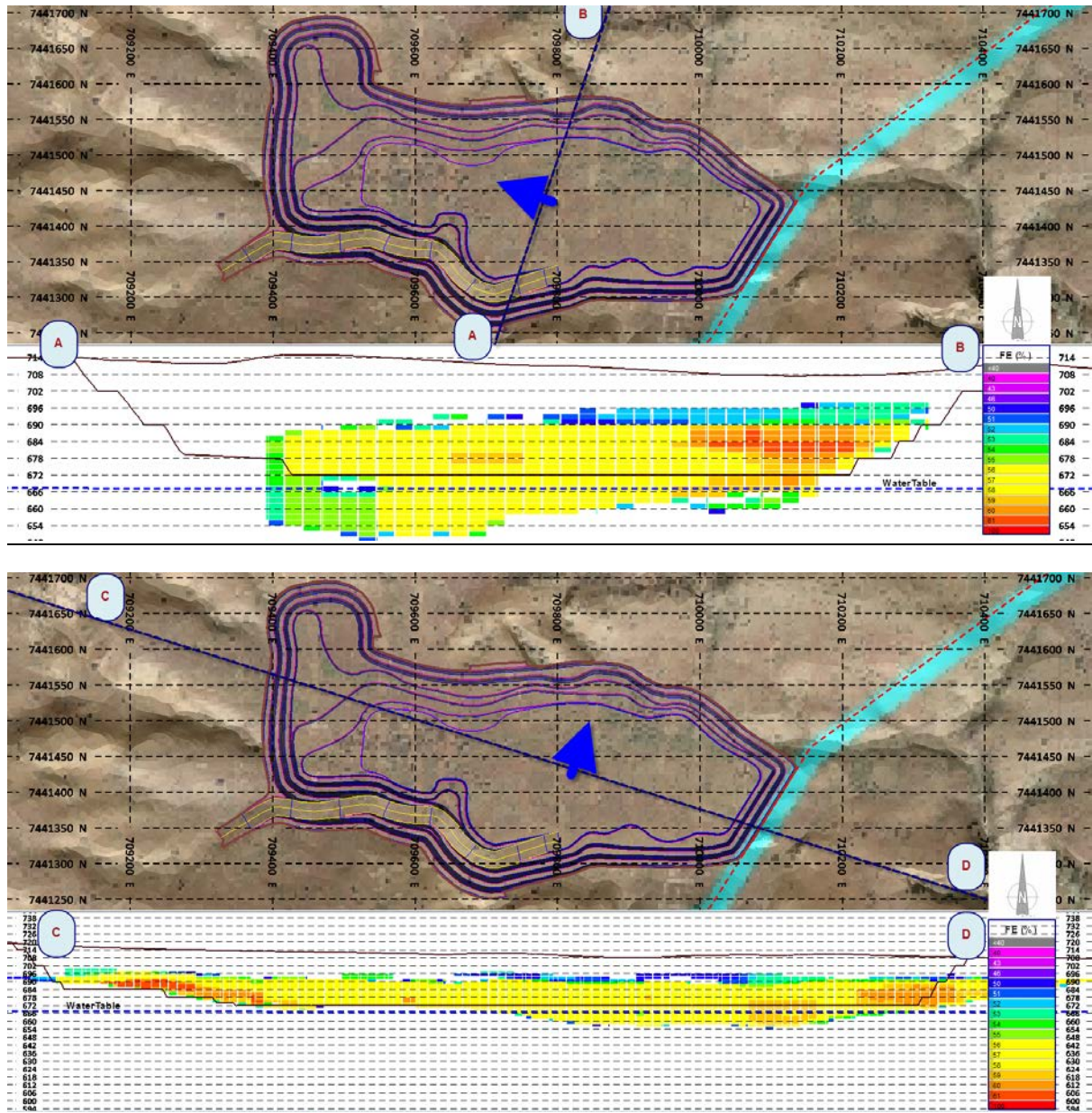




Figure 3: Pit Design and Representative Cross Section for NMM-W Deposit



## Appendix 2

### WONMUNNA ORE RESERVE ESTIMATE (JORC 2012)

SECTION 4 – ESTIMATION & REPORTING OF ORE RESERVES	
<b>Mineral Resource estimate for conversion to Ore Reserves</b>	<ul style="list-style-type: none"> <li>The Indicated Mineral Resources used for conversion to Ore Reserves are in respect to the Wonmunna Iron Ore Project, and specifically related to the NMM and CMM deposits.</li> <li>A technical description of the Mineral Resource estimate in accordance with JORC (2012) has previously been presented by Ascot Resources in ASX announcements relating to the acquisition of the Wonmunna Iron Ore Project (refer ASX announcement dated 18 March 2014). The Ore Reserve estimate is contained within the Indicated Mineral Resource estimate</li> </ul>
<b>Site visits</b>	<ul style="list-style-type: none"> <li>The competent person for this Ore Reserve Statement is a full time employee of Orelogy Group Pty Ltd. The Project is a greenfield site. An employee of Orelogy conducted a site visit on 12 December 2014 on behalf of the competent person. Site visit included inspection of drill core, the topography site access and investigation of the potential locations of services for mining.</li> </ul>
<b>Study status</b>	<ul style="list-style-type: none"> <li>A Pre-Feasibility Study (PFS) has been completed, and Ascot expects to update all documentation in the study by the end of Q1 CY15. Ascot is confident that the study will determine the Project to be technically achievable and economically viable</li> </ul>
<b>Cut-off parameters</b>	<ul style="list-style-type: none"> <li>The mine optimisation work applied an initial cut-off grade of 50% Fe.</li> <li>The cut-off grade required to achieve the required product grade of 58% Fe varies for each pit and was determined without any processing upgrade of the run of mine ore. For NMM-West a cut-off of 51.2% Fe is required, for NMM-East a cut-off grade of 52.8% is required and for CMM a cut-off grade of 54.2% is required in order to achieve the product specification.</li> </ul>
<b>Mining factors or assumptions</b>	<ul style="list-style-type: none"> <li>The method used to convert Mineral Resources to Ore Reserves used pit optimisation studies to identify the economic shell within which a design process is applied to achieve a practical mine design for operability and scheduling.</li> <li>The assumed iron ore price and exchange rates used in the pit optimisation are derived from the average of three external forecasting analysts. For reasons of commercial sensitivity the assumed iron ore price and exchange rates are not disclosed. The price calculations include deductions for deleterious elements, Native Title and State Royalties and transport costs to China.</li> <li>Mining costs used in pit optimisation is derived from contractor estimates and verified against similar projects.</li> <li>Ore costs used in pit optimisation includes contractor and internal estimates for: Processing costs based on 2 stage crushing and screening, General &amp; Administration overheads, Grade Control, road-train haulage and port charges.</li> <li>Water table data is coded into the models, all material below the water table is excluded from mining and processing.</li> <li>The mining footprint is limited to within the mining lease and excludes a buffer zone around the Weeli Wolli creek line.</li> <li>The mining method is based on conventional open cut operations using drill and blast, with load and haul using an excavator and rear dump trucks. This is considered to be appropriate for the style of mineralisation and is applied to</li> </ul>



	<p>similar operations in the Pilbara.</p> <ul style="list-style-type: none"> <li>Overall slope angles of 45 degrees is assumed based on pit depth and other operations in the area. Pit optimisation analysis studies did not show any sensitivities to changes in slope angle.</li> <li>The pit design process is based on 60 degree batters to 20m depth and 65 degree batters below 20m on the north, east and west walls. The slope parameters for the south walls is based on 55 degrees to 20m, 60 degrees to 40m and 65 degrees below 40m. The berm widths is 6m throughout for 12m bench heights. A 10% gradient and 25m width (including safety windrow) is used in pit ramps.</li> <li>A 40m minimum mining width is applied on all benches except goodbye cuts which are limited to a maximum of 6m in depth.</li> <li>Dilution and ore loss allowances are based on reblocking to 6.25m x 6.25m x 2.0m for the Selective Mining Unit (SMU) size followed by additional block edge effects applied using in-house scripts in two passes. The first pass is applied to all blocks to represent mixing from blasting practices and second pass is applied to the edge of the ore zones to represent grade control ore and waste delineation practices.</li> <li>Inferred Mineral Resource is effectively treated as waste in the Ore Reserves calculation process.</li> <li>The major infrastructure required for the Wonmunna Project includes: <ul style="list-style-type: none"> <li>Modular crushing and screening plant capable of processing up to 5Mtpa;</li> <li>Mining camp with capacity for up to 420 persons (inc. managerial and administration staff);</li> <li>Mine site access road, pit access ramps, ROM Pad and crusher area, processing plant, stockpile areas, product stockpiling and load out yard, waste dumps, tailing storage facility, mine operations centre, contractors laydown yards, explosives storage and camp.</li> </ul> </li> </ul>
<b>Metallurgical factors or assumptions</b>	<ul style="list-style-type: none"> <li>Metallurgical information is based on test work that used 290m of drill core from the NMM and CMM deposits. The metallurgical drilling coverage is sufficient for the project at PFS level.</li> <li>Analysis and process design of the project was completed by CSA Global and other external engineering vendors. The metallurgical interpretation and design supports a reasonable project proposal.</li> <li>The current project processing route is a dry 2-stage crush and screen to produce a -8mm product. This type of technology is well known and has precedence in current Pilbara iron ore operations.</li> <li>Modifying factors are applied at Reserve level, and the project strategy produces a single product without any associated upgrading.</li> </ul>
<b>Environmental</b>	<ul style="list-style-type: none"> <li>Environmental studies including flora, fauna and native vegetation are complete.</li> <li>Areas for waste dumps and rehabilitation strategies have been developed during submission of the Mining Proposal.</li> <li>Management strategies for Potentially Acid Forming (PAF) material have been contemplated in the Mining Proposal.</li> <li>Ascot has been granted a Native Vegetation Clearing Permit for the proposed Project footprint and submitted a Mining Proposal including closure plan to the Department of Mines and Petroleum (DMP) in November 2014. Final environmental and mining approvals required to implement the Project will be progressed after the anticipated approval of the Mining Proposal in early 2015.</li> </ul>
<b>Infrastructure</b>	<ul style="list-style-type: none"> <li>The site will be accessed directly from the Great Northern Highway via a 700m-long sealed road to be constructed as a part of site works.</li> </ul>

	<ul style="list-style-type: none"> <li>Ascot will also construct a suitable intersection as well as acceleration and slip lanes parallel to the Great Northern Highway in accordance with MRD Guidelines to allow for safe entry and exit of quad trucks</li> <li>All other infrastructure required for the operation will be constructed as part of the Project. Sufficient land area has been allocated within the leases held by the Company.</li> <li>The major infrastructure required for the Wonmunna Project includes: <ul style="list-style-type: none"> <li>A sealed access road from the Great Northern Highway into the Wonmunna Project; and</li> <li>Main site access road, pit access ramps, ROM Pad and crusher area, processing plant, stockpile areas, product stockpiling and load out yard, waste dumps, tailing storage facility, mine operations centre, contractors laydown yards, explosives storage and camp, general administration and other service facilities.</li> </ul> </li> </ul>
<b>Costs</b>	<ul style="list-style-type: none"> <li>The projected capital costs for the project have been compiled through estimates developed by Ascot in collaboration with experienced external consultants. The estimation process includes the design and cost estimation of plant and infrastructure to a PFS standard.</li> <li>The mining and processing costs are estimated by Ascot on the basis of having received tender quotes from external service providers and have been benchmarked against other operations in the Pilbara.</li> <li>The mining cost estimates include provision for recovery of equipment capital costs, all operating costs and contractor margin.</li> <li>Exchange rate assumptions are based on long term consensus forecasts from independent analysts.</li> <li>Transport charges are based on an internal logistics operation managed by Ascot and assume road haulage only.</li> <li>Allowances for royalties are based upon state agreements and contractual agreements with traditional landowners.</li> <li>Benchmarking against other Pilbara operations has confirmed confidence in the operating and capital cost estimates. Estimates are deemed to be at a PFS level of confidence.</li> </ul>
<b>Revenue Factors</b>	<ul style="list-style-type: none"> <li>Forecast sales prices and exchange rates are based on the average of consensus market forecasts. For reasons of commercial sensitivity the assumed iron ore price and exchange rates are not disclosed.</li> <li>In generating the sales price applicable to the Wonmunna product, the sales price is discounted by: <ul style="list-style-type: none"> <li>Fe% grade of the Wonmunna product;</li> <li>A discount for the quantity of deleterious elements for the normal Wonmunna product;</li> <li>Moisture Content; and</li> <li>Sea Freight costs.</li> </ul> </li> </ul>
<b>Market Assessment</b>	<ul style="list-style-type: none"> <li>Established external forecast analysts have provided guidance to assess the long term market and sales of iron ore.</li> <li>Ascot Resources does not have any sales or off-take agreements in place.</li> </ul>
<b>Economic</b>	<ul style="list-style-type: none"> <li>The financial modelling indicates that Wonmunna will produce a positive NPV at the required discount rate of 10% applied to real post-tax cashflows.</li> <li>Sensitivity analysis indicates that Projects economics remain secure within typical</li> </ul>



	sensitivity ranges of operating cost, capital cost, iron ore prices and foreign exchange rates.
<b>Native Title and Heritage</b>	<ul style="list-style-type: none"> <li>Native Title Mining Agreements are in place with the two claimant groups (Ngarlawangga and Nyiyaparli #3) and are on fundamentally the same terms.</li> <li>Heritage Surveys have been completed for the proposed Project footprint, including all planned mining and infrastructure disturbance areas. An application under Section 18 of the Aboriginal Heritage Act (WA) to disturb potential sites has been made with the endorsement of both claimant groups.</li> <li>The Mining Leases are not contained within Pastoral Leases and are on Crown land</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>All relevant government agreements and processes are proceeding and no factors are present to suggest approvals will not be forthcoming within the development schedule of the project.</li> <li>Mining Leases have been granted.</li> <li>Confidential discussions pertaining to third-party infrastructure access negotiations are progressing.</li> </ul>
<b>Classification</b>	<ul style="list-style-type: none"> <li>Ore Reserves are based upon material classified as Indicated from the Mineral Resource estimation modelling.</li> <li>The Indicated Mineral Resource within the designed pits has been respectively converted to Probable Ore Reserves.</li> <li>The Ore Reserve classification results appropriately reflect the Competent Person's view of the deposits.</li> <li>No Proven Ore Reserves have been derived from the Mineral Resource estimate.</li> </ul>
<b>Audits reviews</b>	<ul style="list-style-type: none"> <li>According to Orelogy Group Pty Ltd, the procedures used to prepare the Ore Reserve estimates are in line with industry standards.</li> </ul>
<b>Discussion of relative accuracy/confidence</b>	<ul style="list-style-type: none"> <li>The Ore Reserve estimates have been completed to a minimum of a PFS level of confidence.</li> <li>Bench marking of many mining parameters and costs have been undertaken against current and previous operational data from other sites in the Pilbara.</li> <li>The accuracy of the estimates will be subject to regular reconciliation and ongoing monitoring.</li> </ul>