



6 February 2014

Mr Dave Filov
Senior Adviser, Listings Compliance
ASX Limited
Level 8 Exchange Plaza
PERTH WA 6000
By email

Dear Dave

Response to ASX Query - Appendix 5B

I refer to your letter dated 5 February 2014 and respond to each of your questions as follows:

1. The Company is confident of raising funds required to continue its activities. In forming this view, regard has been had to the Company's fundraising track record, the recent announcement of a significant upgrade to the Resource at the Company's flagship Titiribi project (refer ASX announcement of 24 January 2014) and feedback from existing and prospective investors following that announcement.
2. The Company continues to expect negative operating cashflows in future periods for the purpose of exploration and evaluation, as is usual for mining exploration entities. The Company's cash position will substantially dictate the quantum of those cashflows. The Company has and will continue to assess fundraising initiatives to ensure it has the financial capacity to progress its project development initiatives at an appropriate rate.
3. As noted in 2 above, the Company continues to assess further fundraising initiatives.
4. The Company confirms that it is in compliance with the listing rules and, in particular, with listing rule 3.1.
5. The Company considers it is in compliance with listing rule 12.2 for the reasons stated above. With reference to the matters discussed in the notes to listing rule 12.2:

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- a. the Financial Statements for the year ended 30 June 2013 show that the Company had assets of \$5.29M and liabilities of \$3.27M;
- b. since 30 June 2013, the Company has been able to raise in aggregate \$2.27M by way of a combination of equity and convertible debt ; and
- c. as is relevant to a mining exploration company, the Company is constantly assessing its funding requirements commensurate to the level of its exploration and development activity such that it has a reasonable expectation that it will be able to fund its future activities.

Yours sincerely

A handwritten signature in black ink, appearing to be 'DB' followed by a stylized flourish.

David Berg
Company Secretary
Ascot Resources Limited