



9 August 2013

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 6 August 2013 and respond to each of your questions as follows:

1. The Company believes that it will have sufficient cash to fund its activities for the current quarter and for the foreseeable future. In assessing the Company's position, factors other than the previous quarter's expenditure have been considered. These include the following:
 - a. As indicated in its June quarterly cashflow report, the Company forecast estimated expenditure during the September quarter of \$1.7 million. A significant portion of this expenditure related to the Company's drilling campaign at its flagship Titiribi project, which was completed in June and which subsequently enabled the Company to release a maiden Resource estimate for the project. The Company will have completed all payments in respect of the drilling campaign during the September quarter.
 - b. The Company reported cash on hand as at 30 June 2013 of \$885,000. In July, the company received a further cash injection of \$650,000 as a result of the issue of a loan note.
 - c. The Company is advancing further fundraising initiatives which it expects to announce during the September quarter.
2. The Company expects to have negative operating cashflows for the purpose of exploration and evaluation. As noted above, the Company expects to complete payments in respect of the Titiribi drilling campaign during the September quarter and thereafter any decision to incur further drilling related expenditure will be dependent on an assessment of the Company's cash position at the relevant time.

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Regardless, with the establishment of the Company's maiden Resource (a significant component of which is of the Measured classification), the Company is well placed to reduce its future expenditure if dictated by its cash position, whilst still achieving its business objective of advancing development of Titiribi.

3. In July, the Company raised \$650,000 by way of a loan note issued to an entity related to one of its directors. The Company also continues to assess a range of further fundraising initiatives. The Board is appraised of the Company's cash position on a regular basis and if necessary will implement steps to reduce expenditure by slowing the advancement of the Titiribi project.
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:
 - a. the Financial Statements for the half year ended 31 December 2012 show that the Company had assets of \$2,966,066 and liabilities of \$ 36,358;
 - b. since 31 December 2013, the Company has been able to raise in aggregate \$1,870,000 by way of 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



David Berg
Company Secretary
Ascot Resources Limited