



**ASHBURTON
MINERALS LTD**

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14 May 2013

Dave Filov
Adviser, Listings Compliance (Perth)
ASX Compliance Pty Ltd
Level 8 Exchange Plaza
2 The Esplanade
PERTH WA 6000



Via email: dave.filov@asx.com.au

Dear Dave,

RESPONSE TO APPENDIX 5B QUERY

I refer to your letter dated 8 May 2013 in relation to this Company's position as outlined in the Company's Quarterly Report in the form of Appendix 5B for the period ended 31 March 2013, released to ASX Limited ('ASX') on 30 April 2013 and respond to each of your questions as follows:

1. The Company has sufficient cash to fund its activities for the current (June 2013) quarter as indicated in the Appendix 5B, being a projected \$150,000. The Company holds cash at end the March quarter of \$61,000 and an available draw down of a further \$100,000 from an unsecured loan by a director. The Company is also in discussions in relation to the size and structure of an imminent capital raising that will be completed before the end of the current quarter.
2. No, for the current quarter, the Company does not expect a similar negative cash flow as reported in the previous quarter (\$351,000) for the following reasons:
 - the company has undergone an internal restructure comprising redundancies and salary reductions;
 - non-executive director fees have been reduced by 50%;
 - executives' salaries have been reduced by 60%. There has been no loss in the functionality of the Company as executive tasks have been reallocated internally without the need for additional external consultants;
 - the previous quarter included a number of non-recurring payments; and
 - negative cash flow for the current quarter is expected to be \$150,000.
3. To enable the Company to continue to meet its business objectives, the Company has already undertaken a staffing restructure, as outlined above, and has secured its short-term funding via an unsecured loan facility provided by a director. Further steps, as mentioned above, include current discussions in relation to a capital raising to meet the Company's short- and longer-term funding requirements.

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 outlined above and further states:
 - a. as reported in the Financial Statements for the half year ended 31 December 2012, the Company has assets of \$2,071,626 and liabilities of \$220,744;
 - b. the Company has sufficient financial resources to meet its current activities; and
 - c. as is relevant to an exploration company, the Company is constantly assessing its funding requirements commensurate to the level of its exploration activity such that it has a reasonable expectation that it will be able to fund its future activities.

The Company therefore considers that, taking into regard the responses to the previous questions, the steps taken to reduce expenditure, the current cash coverage, and anticipated capital raising arrangements, should warrant both the continued quotation of its securities and its continued listing.

Yours faithfully

A handwritten signature in black ink, appearing to read 'P. McQuillan', written in a cursive style.

PAUL MCQUILLAN
Company Secretary



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8 May 2013

Mr Paul McQuillan
Company Secretary
Ashburton Minerals Limited

By email

Dear Paul

Ashburton Minerals Limited ("Company")

I refer to the Company's Quarterly Report in the form of Appendix 5B for the period ended 31 March 2013, released to ASX Limited ("ASX") on 30 April 2013, (the "Appendix 5B").

ASX notes that the Company has reported the following.

1. Receipts from product sales of nil.
2. Net negative operating cash flows for the quarter of \$351,000.
3. Cash at end of quarter of \$61,000.

In light of the information contained in the Appendix 5B, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rules 3.1 – 3.1B".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on **facsimile number +61 8 9221 2020** or **email dave.filov@asx.com.au**. It should not be sent to ASX Market Announcements.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **3.00 pm WST on Tuesday 14 May 2013**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries please let me know.

Yours sincerely,

[sent electronically without signature]

Dave Filov

Adviser, Listings Compliance (Perth)

Direct: +61 8 9224 0014