BUXTON RESOURCES

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15 January 2014

Ms Fiona Murphy
Australian Securities Exchange
Level 3 Exchange Plaza
2 The Esplanade
PERTH WA 6000

Dear Ms Murphy,

We refer to your letter of 14 January 2014 and respond as follows:

1. Yes

2. Not applicable

3. The Company received the final exploration results for the Yalbra Project at 7:47pm on 12 January 2014. The Company is not aware of any explanation for the trading activity which occurred on Friday, 10 January 2014. The Company noted the trading activity and requested a trading halt.

4. Not applicable – the information was not released to the market until after the final exploration results were received.

5. The Company can confirm it is in compliance with the listing rules, and in particular, listing rule 3.1.

Yours sincerely

Sam Wright
Company Secretary

ASX Compliance Pty Limited
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14 January 2014

Sam Wright
Company Secretary
Buxton Resources Limited
Suite 1, First Floor
14-16 Rowland Street
SUBIACO WA 6008

By email: *sam@straightlines.net.au*

Dear Sam,

Buxton Resources Limited (the "Entity"): ASX aware query

ASX Limited ("ASX") refers to the following:

1. The Entity's announcement entitled "*Very High Grade Graphite Drill Intersections – Yalbra*" lodged with ASX Market Announcements Platform and released at 9:16 am EDST on Monday, 13 January 2014 (the "Announcement"), disclosing results of its RC drilling program at the Yalbra Graphite Project located east of Gascoyne Junction in Western Australia.

2. The trading halt requested by the Entity and released to the market at 1:16 pm EDST on Friday, 10 January 2014 ("Trading Halt") and the trading halt request released separately to the market at 1:30 pm EDST on that date ("Trading Halt Request"). The Trading Halt Request contained (among other things) certain information for the purposes of Listing Rule 17.1 including a statement the the Entity was requesting the Trading Halt pending an announcement of exploration results from the Yalbra Graphite Project.

3. The trading in the securities of the Entity on Friday, 10 January 2014 prior to the Trading Halt which included: (i) a change in the price of the Entity's securities from a closing price of $0.17 on Thursday, 9 January 2014 to an intra-day high of $0.21 on Friday, 10 January 2014; and (ii) an increase in the volume of trading in the Entity's securities over this period, (together, the "Trading Activity").

4. Listing Rule 3.1, which requires a listed 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.

5. The definition of "aware" in Chapter 19 of the Listing Rules. This definition states that:

   > "*an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity.*"

   Additionally, you should refer to section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information"*.

6. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

> *"3.1A Listing rule 3.1 does not apply to particular information while each of the following requirements is satisfied in relation to the information:*
>
> *3.1A.1 One or more of the following applies:*
>
> - *It would be a breach of a law to disclose the information;*
> - *The information concerns an incomplete proposal or negotiation;*
> - *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
> - *The information is generated for the internal management purposes of the entity; or*
> - *The information is a trade secret; and*
>
> *3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*
>
> *3.1A.3 A reasonable person would not expect the information to be disclosed."*

7. ASX's policy position on the concept of *"confidentiality"* which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B "Listing Rule 3.1A.2 – the requirement for information to be confidential"*. In particular, the Guidance Note states that:

> *"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."*

Having regard to the above, we ask that you answer the following questions in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Does the Entity consider the information in the Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is "no", please advise the basis for that view.
3. If the answer to question 1 is "yes", when did the Entity first become aware of the information. In answering this question can the Entity please confirm whether it became aware of the information in the Announcement prior to the Trading Halt and in particular can the Entity also address the Trading Activity which occurred on Friday, 10 January 2014.
4. If the answer to question 1 is "yes" and the Entity first became aware of the information before the Entity made the Announcement, did the Entity make any announcement prior to the release of the Announcement which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the information was released promptly and without delay.
5. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than half an hour before the start of trading **(i.e. before**

6.30 am (WST) on Thursday, 16 January 2014). If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at fiona.murphy@asx.com.au or by facsimile to 61 8 9221 2020. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed 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. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B.*

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions.*

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Fiona Murphy
Senior Adviser, Listings Compliance (Perth)