

ASX Release

23rd June 2016

Exploration Development Incentive Scheme

- Buxton has been successful in its application for participation in the Federal Government's Exploration and Development Incentive Scheme (EDI).
- Record Date for Exploration Development Incentive (EDI) credits established as 31 May 2016
- EDI credits totaling \$259,604.10 to be distributed by Buxton to eligible shareholders on 30 June 2016
- The EDI credits will be applied by the ATO to income tax assessments for the year ended 30 June 2016
- The benefit received by shareholders will be based on a pro rata of the number of shares held at the record date as a proportion of the total shares on issue

During September last year, Buxton Resources Limited (ASX: BUX) lodged an application to participate in the Exploration Development Incentive (EDI) scheme announced by the government during 2015. In March 2015, the Federal Parliament passed legislation introducing the EDI scheme with effect from 1 July 2014 to run for three years based on an annual application process. The ATO is the administrator of the scheme.

The EDI scheme enables eligible exploration companies to create exploration credits to pass on to shareholders by forgoing a portion of the carried forward tax losses. The tax losses must have arisen from allowable expenditure on greenfield exploration.

Australian resident shareholders that are issued with exploration credits will generally be entitled to refundable tax offsets (for individual shareholders or superannuation funds) or franking credits (for companies). Non-residents receiving credits will not be able to use them.

During January 2016, Buxton received notification from the ATO that a modulation factor of 1 has been applied to successful applicants, therefore one hundred percent of the amount applied for by the Company of \$865,347 will be available. At the Company tax rate of 30%, this translates into \$259,604.10 EDI credits that will be available for distribution to eligible shareholders on a pro rata basis. With 88,462,921 shares on issue, this equates to 0.2935 cents per share.

Buxton will pass on the benefits of the EDI scheme through the distribution of the EDI credits to eligible shareholders. Australian resident shareholders who are issued with an EDI credit will be entitled to a refundable tax offset. The company's carry forward losses will be reduced proportionately to reflect the amount of EDI credits created.

Eligible shareholders will be notified by Buxton of their EDI credit entitlement on 30 June 2016 based on their holding on the record date of 31 May 2016. The EDI credits will apply to income tax assessed for the year ended 30 June 2016.

Further information about the EDI can be found on the ATO website:
<https://www.ato.gov.au/business/exploration-development-incentive/>

For further information please contact:

Eamon Hannon
Managing Director
ehannon@buxtonresources.com.au

Sam Wright
Company Secretary
sam@buxtonresources.com.au