



QUARTERLY ACTIVITIES REPORT FOR THE PERIOD 1st October 2016 to 31 December 2016

31 January 2017

Corporate Development

South Pacific Resources Ltd. (ASX:SPB) continues to focus on building capacity to advance the significant conventional and unconventional portfolio the company holds in Papua New Guinea (PNG). The relationship with Tamarind Management has significantly enhanced SPB's technical and commercial capacity enabling the company to invest additional efforts in better understanding of the conventional, unconventional and business development opportunities in PNG while exploring appropriate expansion into neighbouring jurisdictions where SPB's unique skills and experience will enable a competitive advantage.

During the quarter significant meetings with potential investors and partners were held in Australia, Singapore and China/Hong Kong to ensure that SPB has continued access to the capital required to advance its portfolio.

Conventional

SPB is the 100% holder of five petroleum prospecting licences in Papua New Guinea. PPL 366 & 367 are located onshore and PPL 356 & 357 offshore in the highly prospective Papuan Basin close to discovered oil and gas fields. PPL 358 is in the frontier Cape Vogel Basin where oil and gas indications have been reported.

Building on SPB's extensive database of technical data across the blocks, Tamarind and SPB have begun a thorough review of the blocks, their potential and the cost of carrying these blocks forward into further exploration activities. SPB expects to receive Tamarind's assessment of the potential on the blocks which will then assist SPB in high-grading the conventional licences to focus on those blocks with the most potential and finalise matters with the Government of PNG to re-confirm SPB's interest in these licences.

Unconventional

One year ago, in February 2016, The Government of PNG enacted new legislation, The PNG Unconventional Hydrocarbons Act, specifically designed to recognise the requirements of the unconventional sector. The legislation envisaged that the licensing, development and ultimate production from unconventional resources requires different investment timeframes and intensity, different logistics and a different approach to community relations when compared to conventional oil and gas resource developments. SPB continues to support the efforts of the government as the regulations in support of the legislation are finalised.

SPB has applied for 75% interests in five unconventional licences covering 75,000 km sq coincidental with all of the major conventional oil basins in PNG. The proposed licence areas



have all been reserved by the Department of Petroleum and Energy. Upon completion of the regulations and final license gazettal and the subsequent awarding of the licences, SPB will be able to progress the further appraisal on these licences. During Q4 of 2016, engagement with the conventional oil and gas players in these basins continued with a view to cooperate with them on the appraisal programs.

Business Development

During the quarter, SPB and Tamarind began investing in two significant business development activities focused on proven resources.

- Proven undeveloped gas resource. PNG has a number of large, undeveloped gas resources which are not currently aligned with LNG projects and which can be economically developed as stand-alone niche projects utilising a variety of emerging monetisation technologies and strategies. SPB is currently examining a number of these opportunities to high-grade those which can most readily and economically be brought to market. Specific opportunities arising from this work are becoming available to SPB.
- Mature field oil redevelopment and life extension. Tamarind has specific expertise in the area of mature field redevelopment and life extension designed to improve oil recovery and optimally decommission fields. Building on this expertise, SPB is currently pursuing opportunities in PNG to bring this expertise and additional capital to existing, mature, oil-producing fields.

Petroleum Prospecting Licences

Licences held at the end of the quarter are as follows:

Petroleum Prospecting Licence	Location	% held at the end of the quarter	Licence Acquired / (Disposed) during the quarter	Farm-in or Farm-out Agreements	
				Beneficial % Interest held at end of quarter	Beneficial % Interest Acquire / (Disposed) during the quarter
PPL 366	Onshore Papuan Basin, PNG	100%	-	N/a	N/a
PPL 367	Onshore Papuan Basin, PNG	100%	-	N/a	N/a
PPL 358	Offshore Cape Vogel Basin, PNG	100%	-	N/a	N/a
PPL 356	Offshore Papuan Basin, PNG	100%	-	N/a	N/a
PPL 357	Offshore Papuan Basin, PNG	100%	-	N/a	N/a