



25 October 2017

South Pacific Resources Limited Raises A\$750,000 through Convertible Notes

South Pacific Resources Limited (ASX:SPB) (**SPB** or the **Company**) advises that it has entered into a Convertible Note Term Sheet with Tamarind Classic Resources Private Limited (Tamarind).

The terms of the Convertible Note Term Sheet include:

- SPB to raise A\$750,000 through the issue of 750,000 Convertible Notes (**Notes**) to Tamarind on the terms contained in Appendix 1;
- The funds raised will be available for working capital and to examine a wide range of upcoming opportunities in Papua New Guinea;
- SPB will procure the appointment of two nominees of Tamarind to the Board where Tamarind holds in excess of 15% of the Shares on issue in SPB;
- Subject to shareholder approval, SPB will grant to Tamarind 10,750,000 unlisted options to subscribe for shares in SPB at an exercise price of \$0.05 per Share and an exercise date 5 years from issue;
- SPB and Tamarind agree that the 20 million options currently on issue to Tamarind will not have their vesting conditions met.

The Directors of SPB believe that the Notes represent an attractive funding solution for SPB, minimising equity dilution for existing shareholders, whilst SPB undertakes its strategic investigations in assets located in Papua New Guinea.

The issue of the Convertible Notes will be made using the Company's current capacity available under Listing Rule 7.1.

Please refer to Appendix 1 for Convertible Note Terms.

For further information on this press release contact:

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Appendix 1: Convertible Note Terms

1. Transfer of Convertible Notes

Tamarind Classic Resources Private Limited (**Lender**) shall not transfer all or any part of the Convertible Notes (other than to its affiliates) without the prior written consent of the Company (such consent not to be unreasonably withheld or delayed).

2. No right to vote

Except as required by the Corporations Act, the Lender will not have any right to vote at general meetings of the Company in respect of the Convertible Notes.

3. Loan Term

Commencing on the date of providing the funds (**Commencement Date**) and terminating 12 months from date of issue of the Convertible Notes (**End Date**).

4. Repayment

Unless converted into equity in accordance with the conversion provisions, all monies drawn down are repayable in full on the End Date including any accrued and unpaid interest and bonus payment (if any).

5. Voluntary Repayment

SPB may voluntarily repay, in whole or in part, the monies drawn down (including any accrued and unpaid interest) at any time prior to the End Date on 30 days' written notice (**Notice Period**). For the avoidance of doubt, the Lender retains the right of Conversion (as set out below) during the Notice Period.

6. Interest Payable

10% per annum compounded quarterly and accrued payable upon conversion or repayment

7. Security

The Lender shall receive a covenant that no other security shall be given on SPB assets or corporate security without the written consent of the Lender. SPB confirms that no security is registered at close.

8. Right to Convert

The Lender may convert the Convertible Notes, in whole or in part, into shares in the capital of SPB at any time prior to the End Date (**Conversion**).

9. Conversion Price

The price for Conversion shall be AUD0.035 per Share

10. Cancellation of Convertible Notes

The Convertible Notes, once converted or repaid will be cancelled and may not be reissued.