



South Pacific Resources Limited

ABN 30 073 099 171

Notice of Annual General Meeting and Explanatory Statement

The Annual General Meeting of the Company will be held at Level 5, 56 Pitt Street, Sydney, New South Wales 2000 at 11.00am (AEDT) on Thursday, 30 November 2017

This is an important document. Please read it carefully.

If you are unable to attend the Annual General Meeting, please complete the Proxy Form enclosed and return it in accordance with the instructions set out on the Proxy Form.

South Pacific Resources Limited

ABN 30 073 099 171

Time and Place of Meeting and How to Vote

Venue

The Annual General Meeting of Shareholders of the Company will be held at:

Level 5, 56 Pitt Street Sydney, New South Wales, 2000	Commencing 11.00am (AEDT) on Thursday, 30 November 2017
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How to Vote

You may vote by attending the Annual General Meeting in person, by proxy or authorised representative.

Voting in Person

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

Voting by Proxy

To vote by proxy, please complete and sign the Proxy Form enclosed with this Notice of Meeting as soon as possible and either:

- send the proxy by facsimile to the Company Secretary on facsimile number +61 2 8823 3188; or
- deliver to the Company at Level 5, 56 Pitt Street, New South Wales, 2000.

so that it is received not later than 11.00am (AEDT) on Tuesday, 28 November 2017.

South Pacific Resources Limited

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South Pacific Resources Limited

ABN 30 073 099 171

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of shareholders of South Pacific Resources Limited will be held at Level 5, 56 Pitt Street, Sydney, New South Wales, 2000 at 11.00am on Thursday, 30 November 2017 (**Annual General Meeting**).

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Proxy Form and Explanatory Statement form part of this Notice of Meeting.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered as Shareholders at 7.00 pm (AEDT) on Tuesday, 28 November 2017.

Capitalised terms and abbreviations used in this Notice of Meeting and the Explanatory Statement are defined in the Definitions section of the Explanatory Statement.

Agenda

ITEMS OF BUSINESS

Receipt of Financial and other Reports

To receive and consider the financial statements of the Company and the reports of the directors and the auditor in respect of the financial year ended 30 June 2017.

Resolution 1. Adoption of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report as contained in the Company’s annual financial report for the year ended 30 June 2017 is adopted.”

Note – the vote on this item is advisory only and does not bind the directors of the Company.

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 1 by any of the Company’s key management personnel (KMP) named in the Remuneration Report or by a closely related party of a KMP. However, the Company need not disregard a vote cast by a KMP or a closely related party of a KMP if:

- (a) the person is acting as proxy and the Proxy Form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above;
- (b) the person is the Chair voting a proxy which expressly authorises the Chair to vote this proxy on a resolution connected with the remuneration of a member of the KMP.

The Chairman intends to vote undirected proxies in favour of the resolution to adopt the Remuneration Report.

Resolution 2. Re- Election of Mr Joseph (Yosse) Goldberg

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, Mr Joseph Goldberg, who retires in accordance with clause 13.2 of the Constitution, and being eligible, offers himself for re-election as a Director of the Company, is hereby re-elected as a Director of the Company.”

Resolution 3 – Ratification of Previous Issues of Convertible Notes

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the previous issues of 750,000 Convertible Notes and the shares to be issued on conversion of those Convertible Notes in the Company on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Tamarind Classic Resources Private Limited and any of its associates. However, the Company need not disregard a vote if it is:

- (a) cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- (b) cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 4 - Approval to issue Options

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 10,750,000 Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Tamarind Classic Resources Private Limited and any of its associates. However, the Company need not disregard a vote if it is:

- (a) cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- (b) cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 5. Approval of additional 10% Placement Facility

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **special resolution**:

“That, for the purpose of Listing Rule 7.1A and all other purposes, the issue of equity securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, and on terms and conditions in the Explanatory Statement, is hereby approved.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue and any person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) and any associates of those persons. However, the Company need not disregard a vote if it is:

- (a) cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- (b) cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated this 31st day of October 2017

By Order of the Board



Louisa Martino
Company Secretary

Notes:

1. A Shareholder of the Company who is entitled to attend and vote at a annual general meeting of Shareholders is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a Shareholder of the Company.
2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
3. In accordance with Regulation 7.11.37 of the Corporations Act, the Directors have set a snapshot date to determine the identity of those entitled to attend and vote at the Meeting. The snapshot date is 7.00 pm (AEDT) on Tuesday, 28 November 2017.

South Pacific Resources Limited

ABN 30 073 099 171

Explanatory Statement

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the Annual General Meeting of the Shareholders of South Pacific Resources Limited (**Company** or **SPR**) to be held at Level 5, 56 Pitt Street, Sydney, New South Wales, 2000 at 11.00am (AEDT) on Thursday, 30 November 2017 (**Annual General Meeting**).

Receipt of Financial and other Reports

Section 317 of the *Corporations Act* requires each of the Financial Report (which includes the Financial Statements and Directors' Declaration), the Directors' Report and the Auditor's Report for the last financial year to be laid before the Meeting,

The Company's Constitution also provides for these reports to be received and considered at that Meeting.

There is no requirement for these reports to be formally approved by shareholders.

The reports referred to are included in the Annual Report sent to shareholders who have requested to receive a copy. If you have not elected to receive a hard copy of the Company's 2017 Annual Report, it can be accessed on the Company's website at www.southpacificresources.com

Shareholders will be given a reasonable opportunity at the Meeting to ask questions and make comments on these reports and on the business, operations and management of the Company.

1 Resolution 1 - Adoption of the Remuneration Report for the year ended 30 June 2017

The Board is committed to creating value for Shareholders by applying the Company's funds productively and responsibly. A portion of the funds available to the Company is applied to remunerate the Managing Director and Non-Executive Directors.

Your Board is aware of the sensitivities of Shareholders to remuneration practices generally, and submits its remuneration report to Shareholders for consideration and adoption under a non-binding resolution.

The Corporations Act was amended in June 2011 to introduce the "two-strikes" rule. This rule provides that if at least 25% of the votes cast on the adoption of the remuneration report at 2 consecutive annual general meetings are against adopting the remuneration report, shareholders will have the opportunity to vote on holding a meeting at which all of the Directors, excluding the Managing Director will cease to hold office and will seek re-election as a director of the Company. The Company has not received any strikes.

The Company strives to have a remuneration structure that enables it to recruit and retain the capable staff needed to grow the business, while being in line with the Company's culture and reinforcing its values. The Board will continue to monitor the remuneration policies and their effectiveness.

The Remuneration Report appears within the Directors' Report in the Company's Annual Report and describes the remuneration practices of the Company and the rationale underpinning those practices.

The Chairman intends to exercise all undirected proxies in favour of Resolution 1.

The resolution is advisory only and does not bind the directors or the Company. However, the Board will take the outcome of the vote into account when considering the Company's remuneration policy.

Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

The Chairman intends to exercise all undirected proxies in favour of Resolution 1.

2 Resolution 2 – Re-Election of Mr Joseph Goldberg

Under the Constitution (clause 13.2) one third of the Directors (not including any Managing Director) must retire from office annually, and, if eligible may offer themselves for re-election. Accordingly Mr Goldberg seeks re-election to the Board.

In the early 1960s Mr Goldberg joined Denis Silver and formed Silver, Goldberg and Associates. The practice grew and became a leading architectural office, based in Perth and expanding its activities throughout Australia, Asia and Iran. The practice is operating today, after almost 60 years, under the name Silver, Hanley Thomas.

In mid 1970s Mr Goldberg became a property developer and designed, built, owned and operated, either on his own or in partnership, four medium-sized suburban shopping centres, apartments, a modern pig farm, 6PR radio station, managed land subdivisions and established a horse racing and breeding farm (Jane Brook Stud and Shamrock Park) providing agistment/training for 250-300 horses.

In later years he lived in the UK, Spain, USA and Canada where he helped Australian companies in establishing operations in those countries.

On his return to Australia he became a consultant and major shareholder in a number of companies and helped companies create a foothold in countries such as PNG, Indonesia, Cameroon, South Africa and Turkey. Mr Goldberg has also consulted to Sydney Gas Limited, Blue Energy Limited, Kimberley Diamond Company NL, Sundance Resources Limited, CuDeco Limited, Gindalbie Metals Ltd about resource projects such as iron ore, oil and gas bed methane and copper.

During the past three years Mr Goldberg held a directorship in ASX listed company Ausmex Mining GP Limited (2 August 2017 – Current)

Directors' Recommendation

The Board (Mr Goldberg abstaining) recommend that Shareholders vote in favour of Resolution 2;

The Chairman intends to exercise all undirected proxies in favour of Resolutions 2.

3 Resolutions 3 and 4 – Convertible Notes and Options

Introduction

On 25 October 2017 the Company entered into a Convertible Note Term Sheet with Tamarind Classic Resources Private Limited (Tamarind) (**Lender**) whereby the Company received an investment amount of \$750,000 upon the issue of 750,000 Convertible Notes. The Convertible Note Term Sheet includes the following key terms:

- i. SPR to issue 750,000 Convertible Notes upon the receipt of \$750,000;
- ii. Loan term commencing on the date of providing the funds and terminating 12 months from date of issue of the Convertible Notes (**End Date**);
- iii. All monies drawn down are repayable in full on the End Date, including any accrued and unpaid interest;
- iv. Interest of 10% per annum compounded quarterly and accrued payable upon conversion or repayment;
- v. Convertible by the Lender any time (in whole or in part) at \$0.035 per share;
- vi. No other security shall be given on SPR assets or corporate security without the written consent of Tamarind. SPR confirms that no security is registered at close;
- vii. SPR to procure the appointment of two nominees of Tamarind where Tamarind holds in excess of 15% of the shares in SPR;
- viii. Subject to shareholder approval, SPR to grant Tamarind 10,750,000 options at an exercise price of \$0.05 per share and 5 year expiry from date of issue; and
- ix. Parties agree that options currently on issue to Tamarind will not vest.

Resolution 3 seeks Shareholder ratification of the issue of Convertible Notes on 30 October 2017 to the value of \$750,000 in accordance with the Convertible Note Term Sheet without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 4 seeks Shareholder approval to issue Options in accordance with the Convertible Note Term Sheet without using the Company's 15% placement capacity under Listing Rule 7.1.

Ratification of issue of Convertible Notes (Resolution 3)

ASX Listing Rule 7.4

Under Chapter 7 of the ASX Listing Rules, there are limitations on the capacity of a company to enlarge its capital by the issue of equity securities. ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period, without the approval of Shareholders.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1. ASX Listing Rule 7.1A.2 states that where ordinary securities are issued under ASX Listing Rule 7.1A, these securities will not be counted in determining the Company's 15% capacity under ASX Listing Rule 7.1 until their issue has been ratified under ASX Listing Rule 7.4 or 12 months has passed since their issue.

Approval is sought under Resolution 3 to allow the Company to ratify the issue and allotment of 750,000 Convertible Notes issued and not previously approved by Shareholders pursuant to ASX Listing Rule 7.1. By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Information required by ASX listing Rule 7.5

The following information is provided to Shareholders for the purposes of obtaining Shareholder approval of the Convertible Notes issued in accordance with ASX Listing Rule 7.5:

- (a) the number of securities allotted by the Company was 750,000 Convertible Notes issued pursuant to ASX Listing Rule 7.1. Conversion of the Convertible Notes is by the Lender any time (in whole or in part) at \$0.035 per share. The maximum number of shares that may be issued if the Convertible Note is converted to shares is 23,653,133;
- (b) the Convertible Notes were allotted for \$750,000 consideration;
- (c) the Convertible Notes were issued on the terms and conditions set out in Schedule 1;
- (d) the allottee of the Convertible Notes was Tamarind Classic Resources Private Limited;
- (e) the Convertible Notes were issued for \$750,000 cash consideration to be used to:
 - a. fund working capital - \$160,000;
 - b. as a facility fee - \$65,000; and
 - c. to fund costs incurred by the Lender (Tamarind) as a contractor of SPR Limited in advancing the strategic investigations of late life assets and abandonment opportunities available in PNG comprising:
 - i. in-country support of scoping Study - \$230,000;
 - ii. technical support costs - \$230,000; and
 - iii. support for possible acquisition, including third-party legal, reserve audits etc. - \$65,000.
- (f) a voting exclusion statement relating to this Resolution is included in the Notice of Meeting.

Approval to Issue Options (Resolution 4)

Resolution 4 seeks Shareholder approval to issue up to 10,750,000 Options under the Convertible Note Term Sheet without using the Company's 15% placement capacity under Listing Rule 7.1.

ASX Listing Rule 7.1

Listing Rule 7.1 prohibits an ASX listed company, except in certain cases, from issuing or agreeing to issue new equity securities without the approval of its Shareholders, if the number of securities issued by the company during the previous 12 months exceeds 15% of the total number of securities on issue at the commencement of that 12 month period.

Accordingly, Resolutions 4 seeks the approval by Shareholders for the issue of 10,750,000 Options under the Convertible Note Term Sheet.

Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue:

- (a) the maximum number of securities to be issued is 10,750,000 Options;
- (b) the Options will be issued in one tranche no later than 3 months after the date of the Meeting (or such later date to the extent permitted by and ASX waiver or modification of the ASX Listing Rules);
- (c) The Options will be issued for no cash consideration and are in accordance with the Convertible Note Term Sheet;
- (d) the Options will be issued to Tamarind Classic Resources Private Limited;
- (e) the Options will be issued on the terms and conditions set out in Schedule 2;
- (f) There will be nil funds raised from the issue of the Options;
- (g) a voting exclusion statement is included in the Notice of Meeting.

Directors' Recommendation

None of the Directors has a personal interest in the subject matter of Resolutions 3 and 4. The Board recommends Shareholders vote in favour of Resolutions 3 and 4 as it provides the Company with the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months without shareholder approval.

4 Resolution 5 – Approval of additional 10% Placement Facility

Listing Rule 7.1A came into effect on 1 August 2012. It enables eligible entities to issue Equity Securities (such as shares) up to 10% of its issued share capital through placements over a 12 month period after the Annual General Meeting (Additional 10% Limit). The Additional 10% Limit is in addition to the Company's 15% limit under Listing Rule 7.1. An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking Shareholder approval by way of a Special Resolution to have the ability to issue Equity Securities under the Additional 10% Limit. The exact number of Equity Securities to be issued under the Additional 10% Limit will be determined at the time in accordance with the formula prescribed in Listing Rule 7.1A.2.

If Shareholders pass Resolution 5, it will enable the Company to issue up to a maximum of 25% of its issued capital in the 12 months following the date of the Annual General Meeting. This 25% of issued capital is made up of:

- (a) 15% of the Company's issued capital under Listing Rule 7.1 (which is not subject to shareholder approval); and
- (b) 10% of the Company's issued capital under Listing Rule 7.1A. This additional 10% of issued capital is subject to Shareholder approval and requirements as set out in this Section.

As at the date of this Notice, the Company has on issue 164,515,311 Shares on issue. The Company would have the capacity to issue:

- (a) Up to 24,677,296 Shares (15% of issue capital under Listing Rule 7.1 which is not subject to shareholder approval); and
- (b) Up to 16,451,531 Shares (10% of issued capital under Listing Rule 7.1A which is subject to Shareholder approval the subject of this Resolution 5).

The following information is provided to assist shareholders to determine whether to approve Resolution 5:

- (a) There are a number of differences between an issue of shares under the 15% Limit and the Additional 10% Limit:
 - any securities issued under the Additional 10% Limit must be in the same class as an existing class of equity securities of the Company that is quoted on ASX; and
 - the issue price of securities under the Additional 10% Limit must be at least 75% of the volume weighted average price (“VWAP”) of the Company’s shares over the 15 trading days before their issue date or the date on which the price of securities is agreed so long as the issue is then completed within 5 Business Days.
- (b) An issue (or agreement to issue) under the Additional 10% Limit does not detract from the Company’s capacity to issue securities under the 15% Limit. It operates as a separate capacity.
- (c) If securities are issued under the Additional 10% Limit this may result in a dilution of shareholders’ voting power (see the table at paragraph (e) below).
- (d) There is the risk that:
 - the market price for the Company’s securities may be significantly lower on their date of issue than on the date of the Meeting; and
 - the securities may be issued at a price that is at a discount to the market price for the Company’s securities on the issue date or the securities are issued as part of consideration for the acquisition of a new asset, which may affect the amount of funds raised by Company under the issue.
- (e) The table below shows the dilution of existing shareholders on the basis of the closing price of the Company’s shares on ASX on 23 October 2017 and the current number of securities as at the date of this Notice.

It also shows:

- two examples where the number of securities has increased, one by 50% and one by 100%. The number of ordinary shares on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders’ meeting; and
- two examples: one where the issue price of ordinary securities has decreased by 50% and one where the issue price of ordinary securities increases by 100% as against the closing market price as at 23 October 2017.

Number of Securities on Issue		Issue Price of additional 10% issued under Listing Rule 7.1A		
		\$0.015 50% decrease in Issue Price	\$0.03 Current Issue Price	\$0.06 100% increase in Issue Price
Shares on issue: 164,515,311 shares	Number on Issue after 10% voting dilution	180,966,842 shares	180,966,842 shares	180,966,842 shares
	Funds raised	\$246,772	\$493,545	\$987,091
Assume 50% increase in shares, but before a further issue of 10% under Listing Rule 7.1A 246,772,966 shares	Number on Issue after 10% voting dilution	271,450,262 shares	271,450,262 shares	271,450,262 shares
	Funds raised	\$370,159	\$740,318	\$1,480,637
Assume 100% increase before a further issue of 10% under Listing Rule 7.1A 329,030,622 shares	Number on Issue after 10% voting dilution	361,933,684 shares	361,933,684 shares	361,933,684 shares
	Funds raised	\$493,545	\$987,091	\$1,974,183

The table has been prepared on the following assumptions:

- a. *There are currently 164,515,311 Shares on issue.*
 - b. *The Company issues the maximum number of equity securities available under the Additional 10% Limit.*
 - c. *The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue.*
 - d. *The table does not show the actual dilution that may be caused to any particular shareholder by reason of placements under the Additional 10% Limit, based on that shareholder's holding at the date of the Meeting.*
 - e. *The table only shows the effect of issues of equity securities under Listing Rule 7.1A, not under the 15% Limit under Listing Rule 7.1.*
 - f. *The share price is \$0.03, being the closing price of the shares on ASX on 23 October 2017*
- (f) If Resolution 5 is approved, the Company can only issue securities under the Additional 10% Limit for 12 months from the date of the Meeting. However, an approval under Resolution 5 will cease to be effective if shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of a main undertaking).
- (g) The Company may seek to issue securities for the following purposes:
- non-cash consideration for the acquisition of assets and investments: in this instance the Company will need to provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - cash consideration: in this instance the Company intends to use the funds raised towards an acquisition of new assets or investments (including the expense associated with such acquisition), continued expenditure on the Company's current assets and/or general working capital.
- (h) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the Additional 10% Limit. The identity of the allottees of any securities will be determined on a case by case basis having regard to the factors including but not limited to the following:
- the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
 - the effect of the issue of the securities on the control of the Company;
 - the financial situation and solvency of the Company; and
 - advice from corporate, financial and broking advisers (if applicable).
- As at the date of this Notice there is no specific circumstance under which the Company intends to make an allotment under the Additional 10% Limit, but it may include existing substantial shareholders and/or new shareholders who are not related parties or associates of a related party of the Company.
- (i) As the Company has previously obtained shareholder approval under Listing Rule 7.1A at its 2016 Annual General Meeting and pursuant to Listing Rule 7.3A.6, the Company has issued shares preceding the date of the meeting as follows:
- (i) A total number of 6,582,545 shares, 20,000,000 options and 750,000 Convertible Notes were issued in the 12 months preceding the date of this meeting representing 4.17%, 12.66% and 0.47% respectively, of the total number of equity securities on issue at the commencement of the 12 month period;

(ii) Details of each issue during the 12 months preceding the date of this meeting are as follows:

Date of Issue:	11 November 2016	11 November 2016	30 October 2017
Number issued:	5,582,545	20,000,000	750,000
Class/Type of equity security:	Fully paid ordinary share	Unlisted option to subscribe for fully paid ordinary shares	Convertible Notes (convertible into a maximum of 23,653,133 fully paid ordinary shares)
Summary of terms:	\$0.10 per share in satisfaction of debt owing	Issued for nil consideration with various exercise prices and expiry dates ¹	Convertible Notes have the terms set out in Schedule 1
Basis on which the person was determined to receive securities:	Creditors, being the Directors	Consultant	Tamarind Classic Resources Private Limited, provider of funding
Issue Price:	\$0.10	\$Nil	\$750,000
Discount to market price (if any):	Nil	Not applicable	Not applicable
Total cash / non cash consideration received:	\$658,254 against debt owing	\$Nil	\$750,000
Amount of cash consideration spent:	Nil	\$Nil	Nil
Use of cash consideration spent:	Not applicable	Not applicable	Not applicable
Intended use of remaining cash:	Not applicable	Not applicable	To fund working capital, facility fee and costs incurred by Tamarind for scoping study and technical support as well as third party costs associated with possible acquisition

- (j) A voting exclusion statement is set out in the Notice. At the date of the Notice, the Company has not approached any particular existing shareholder or security holder or identifiable class of existing security holder to participate in the issue of the securities under Listing Rule 7.1A. No existing shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

Directors' Recommendation

The Directors unanimously recommend that shareholders vote in favour of Resolution 5.

The Chairman intends to exercise all undirected proxies in favour of Resolution 5.

¹ 2,500,000 unlisted options @ \$0.08 expiring 12 months after issue, vesting upon achieving a 20 day share price VWAP of \$0.10
2,500,000 unlisted options @ \$0.08 expiring 12 months after issue, vesting upon achieving a 20 day share price VWAP of \$0.15
5,000,000 unlisted options @ \$0.10 expiring 18 months after issue, vesting upon execution of the first monetisation deal (including for example a strategic alliance, joint venture, farm-in or abandonment deal)
5,000,000 unlisted options @ \$0.12 expiring 24 months after issue, vesting upon execution of a second monetisation deal
5,000,000 unlisted options @ \$0.15 expiring 36 months after issue, vesting upon Tamarind Management Sdn Bhd being engaged for a period of two years unless terminated by South Pacific Resources Limited in which case the Options vest immediately

Definitions

In this Explanatory Statement and the Notice of Meeting:

AEDT means Australian Eastern Daylight Time.

Annual General Meeting or **Meeting** means the Annual General Meeting of the Company the subject of the Notice of Meeting.

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange operated by ASX Limited, as the context requires.

Board means the board of Directors of the Company .

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Company or **SPR** means South Pacific Resources Limited ABN 30 073 099 171.

Constitution means the current constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Convertible Note Term Sheet means the Term Sheet entered into with Tamarind Classis Resources Private Limited (Tamarind), dated 25 October 2017 for the issue of the Convertible Note.

Director means a director of the Company.

Eligible Persons means sophisticated and professional investors within the meaning of sections 708 (8) and (11) of the Corporations Act, and persons to whom section 708(1) of the Corporations Act applies. These investors are not related parties of the Company

Explanatory Statement means the Explanatory Statement to the Notice of Meeting.

Key Management Personnel has the meaning given to it in Section 9 of the Corporations Act.

Lender means Tamarind Classis Resources Private Limited

Listing Rules means the listing rules of ASX Limited

Notice of Meeting means this notice of meeting.

Option means an option to acquire a Share.

Proxy Form means the proxy form attached to the Notice of Meeting.

Resolution means a resolution contained in this Notice of Meeting.

Section means a section of this Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company

Shareholder means a shareholder of the Company.

Tamarind means Tamarind Classis Resources Private Limited

VWAP means the volume weighted average price of trading in SPR shares on ASX.

SCHEDULE 1 – SUMMARY OF CONVERTIBLE NOTE TERMS

1. Transfer of Convertible Notes

The 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

SPR 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 SPR assets or corporate security without the written consent of the Lender. SPR 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 SPR 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.

SCHEDULE 2 – SUMMARY OF OPTION TERMS

- a) The Options are not quoted on the ASX;
- b) The Options are exercisable at any time prior to 5.00pm AEST on the Expiry Date 5 years after issue. Options not exercised on or before the Expiry Date will automatically lapse;
- c) the Options may be exercised wholly or in part by completing an application form for Shares (Notice of Exercise) delivered to the Company's share registry and received by it any time prior to the Expiry Date;
- d) each Option will entitle the holder to subscribe (in respect of each Option held) for a Share with an exercise price of 5 cents;
- e) upon the exercise of an Option and receipt of all relevant documents and payment, the holder will be allotted and issued a Share ranking pari passu with the then issued Shares. The Company will apply to ASX to have the Shares granted Official Quotation;
- f) a summary of the terms and conditions of the Options, including the Notice of Exercise, will be sent to all holders of Options when the initial holding statement is sent;
- g) any Notice of Exercise received by the Company's share registry on or prior to the Expiry Date will be deemed to be a Notice of Exercise as at the last Business Day of the month in which such notice is received;
- h) there will be no participating entitlements inherent in the Options to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. Prior to any new pro rata issue of securities to Shareholders, holders of Options will be notified by the Company and will be afforded 7 Business Days before the record date (to determine entitlements to the issue), to exercise Options;
- i) in the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Option Holder are to be changed in a manner consistent with the ASX Listing Rules. Subject to the Corporations Act, the ASX Listing Rules and the Constitution, the Options may be transferred at any time prior to the Expiry Date; and
- j) Shares issued pursuant to the exercise of an Option will be issued not more than 14 days after the date of the Notice of Exercise.

Proxy Form

The Company Secretary
South Pacific Resources Limited

By Delivery:

Level 5, 56 Pitt Street,
Sydney New South Wales, 2000

By Post:

Level 5, 56 Pitt Street,
Sydney New South Wales, 2000

By Facsimile:

Fax number: 02 8823 3188
International: +61 2 8823 3188

being a Shareholder of the Company and entitled to vote at the Annual General Meeting, hereby appoint ¹

or failing such appointment, or if your named appointment fails to attend the Annual General Meeting, the Chairman of the Annual General Meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Level 5, 56 Pitt Street, Sydney, New South Wales, 2000 11.00am (AEDT) on Thursday, 30 November 2017 and at any adjournment thereof in the manner indicated below or, in the absence of such directions, as he thinks fit. If no directions are given, the chairman will vote for all Resolutions.

The proxy is to vote for or against the Resolutions referred to in the Notice of Meeting as follows:

		For	Against	Abstain
Resolution 1	Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr Joseph Goldberg	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of Issue of Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval to Issue Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

If I/we have appointed the Chairman of the Meeting as my/our proxy or the Chairman of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolution 1, I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy in respect of Resolution 1 even though Resolution 1 is connected with the remuneration of a member of key management personnel for the Company.

Please note that the Chairman intends to vote all undirected proxies in favour of the Resolutions being passed.

Authorised signature/s

This section *must* be signed in accordance with the instructions overleaf to enable your voting instructions to be implemented.

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

¹ Insert name and address of proxy

Contact Daytime Telephone

Date

Proxy Notes

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person or a corporation as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies (an additional Proxy Form will be supplied by the Company on request). Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the meeting must produce the appropriate Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the registered office of the Company Level 5, 56 Pitt Street, Sydney, New South Wales, 2000, Facsimile (02) 8823 3188 if faxed from within Australia or +61 2 8823 3188 if faxed from outside Australia) no later than 11.00am (AEDT), on Tuesday, 28 November 2017.