



26 February 2018

Mr Nick Harrison
ASX Listings Compliance (Perth)
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

By Email: tradinghaltspert@asx.com.au

Dear Sir,

ASX Appendix 5B Query

We refer to your letter to South Pacific Resources Limited (“**SPR**” or the “**Company**”) regarding the Company’s Appendix 5B for the quarter ended 31 December 2017.

We respond to each of your queries as follows (adopting your numbering):

1. **(Negative operating cash flows)** The Company expects that it will have negative operating cash flows for the time being, which is not unusual for an exploration company. Currently nil funds are generated from the licences held by SPR and, as reported in the Quarterly Activities Report, the Company continues to focus on building capacity to advance the significant portfolio in Papua New Guinea.
2. **(Further cash to fund operations)** The Company notes that it has almost 100% security placement capacity under Listing Rules 7.1 and 7.1A. The Board is continuing discussions with sophisticated investors and has every expectation that sufficient funds will be raised to fund its objective of exploration and development of its portfolio in Papua New Guinea. The Company has previously raised \$750,000 from the issue of Convertible Notes in October 2017 and has access to these investors to raise further funds, if required. In addition, commercial and technical discussions with potential industry partners are ongoing.
3. **(Ability to meet business objectives)** Whilst it may be perceived from the Appendix 5B lodged on 31 January 2018 that the Company may not have sufficient cash to be able to continue its operations and meet its business objectives, this is not the case for the following reasons:
 - The Company has the ability to raise capital in the public market via a variety of means including, placements, option conversions, rights issues or joint venture arrangements;
 - The rate and timing of expenditure is mostly within the Company’s control and funds will not be disbursed or committed until sufficient capital is available; and
 - The Company has the financial support of a director that will ensure it has adequate working capital for at least 12 months from the date of this letter.
4. **(Company’s compliance with Listing Rule 12.2)** The Company’s financial condition is adequate to warrant continued quotation of its securities and its continued listing as required by listing rule 12.2.



5. **(Compliance with Listing Rule 3.1)** The Company confirms that it is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that rule.
6. **(Confirmation responses have been authorised)** The Company confirms that these responses have been authorised and approved by the board.

Yours faithfully
South Pacific Resources Limited

A handwritten signature in black ink, appearing to read "Louisa Martino", written in a cursive style.

Louisa Martino
Company Secretary



21 February 2018

Ms Louisa Martino
Company Secretary
South Pacific Resources Limited

By email:

Dear Ms Martino

South Pacific Resources Limited (the "Entity"): Appendix 5B query

I refer to the Entity's Quarterly Report in the form of Appendix 5B for the period ended 31 December 2017, released to ASX Limited ("ASX") on 31 January 2018 (the "Appendix 5B").

ASX notes that the Entity has reported the following.

1. Negative net operating cash flows for the quarter of \$683,000.
2. Estimated cash outflows of \$30,000.
3. Cash at end of quarter of \$34,000.

It is possible to conclude on the basis of the information provided in the Appendix 5B that if the Entity were to continue to expend cash at the rate for the quarter (and at the rate estimated for the next quarter) indicated by the Appendix 5B, the Entity may not have sufficient cash to continue funding its operations. In view of that, please respond to each of the following questions:

1. Does the Entity expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has the Entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does the Entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please also provide any other information that the Entity considers may be relevant to ASX forming an opinion on whether the Entity is in compliance with Listing Rule 12.2.
5. Please confirm that the Entity is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.



6. Please confirm that the Entity's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Entity with delegated authority from the board to respond to ASX on disclosure matters.

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 **3:00 pm WST on Monday 26 February 2018**. 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 tradinghaltsperth@asx.com.au. 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 to request 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]

Nick Harrison
Listings Compliance (Perth)