



16 May 2018

Mr Dale Allen
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 March 2018.

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 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 30 April 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 'L. Martino', is positioned above the printed name of the Company Secretary.

Louisa Martino
Company Secretary



11 May 2018

Ms Louisa Martino

Company Secretary
South Pacific Resources Limited

By email:

Dear Ms Martino

South Pacific Resources Limited (“SPB”): Appendix 5B Query

I refer to SPB’s Appendix 5B quarterly report for the period ended 31 March 2018 lodged with ASX Market Announcements Platform on 30 April 2018 (the “Appendix 5B”).

ASX notes that SPB has reported:

- negative net operating cash flows for the quarter of \$16,000;
- cash at the end of the quarter of \$18,000; and
- estimated cash outflows for the next quarter of \$30,000.

It is possible to conclude, based on the information in the Appendix 5B that if SPB were to continue to expend cash at the rate indicated by the Appendix 5B, SPB may not have sufficient cash to continue funding its operations. In view of that, ASX asks SPB to respond separately to each of the following questions and requests for information:

1. Does SPB expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has SPB 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 SPB expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please provide any other information that SPB considers may be relevant to ASX forming an opinion on whether SPB is in compliance with Listing Rule 12.2 (a listed entity’s financial condition must, in ASX’s opinion, be adequate to warrant the continued quotation of its securities and its continued listing).
5. Please confirm that SPB 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 SPB’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 SPB 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 3.00pm AWST on Thursday, 17 May 2018. If we do not have your response by then, ASX will have no choice but to consider suspending trading in SPB’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, SPB'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.

In responding to this letter, you should have regard to SPB's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that SPB's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

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 SPB'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 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.

Kind regards

[Sent electronically without signature]

Dale Allen

Senior Adviser, Listings Compliance (Perth)

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