



## **QUARTERLY ACTIVITIES REPORT FOR THE PERIOD 1<sup>st</sup> October to 31<sup>st</sup> December 2018**

**31 January 2019**

### **Corporate Development**

South Pacific Resources Ltd. (ASX:SPB) (“SPB” or “the Company”) 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 (Tamarind) 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, SPB continued to aggressively pursue a number of business development opportunities across the region in conjunction with Tamarind Resources. This activity is focused on cash flow generating production to augment the exploration and development portfolio of SPB.

### **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. SPB is investigating joint exploration opportunities to enhance the prospectivity of its licenses.

Tamarind and SPB continue to review the potential of these blocks and are progressing discussions with the PNG Department of Petroleum and Energy to extend license tenure.

### **Unconventional**

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.

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SPB has applied for a 75% interest in five unconventional licences covering 75,000 km sq coincidental with all of the major conventional oil basins in PNG. Upon completion of the regulations and final license gazettal, SPB will be able to progress the further appraisal of these licences. Commercial and technical discussions with potential industry partners and oilfield service providers is ongoing.

## **Business Development**

Tamarind and a PNG oil producer have undertaken a joint technical and engineering review of a late-life producing field. Key data for the field has been obtained enabling the review to progress. The first phase is focussed on subsurface uncertainty and estimates of remaining reserves. Contingent upon these results, an inspection of surface facilities and review of field operating costs will be undertaken to determine project viability. In parallel, SPB's technical team continues to evaluate farmin opportunities in PNG.

## **Petroleum Prospecting Licenses**

Conventional licences held at the end of the quarter are as follows:

Petroleum Prospecting License	Location	SPB equity
PPL 356	Offshore Papuan Basin, PNG	100%
PPL 357	Offshore Papuan Basin, PNG	100%
PPL 358	Offshore Cape Vogel Basin, PNG	100%
PPL 366	Onshore Papuan Basin, PNG	100%
PPL 367	Onshore Papuan Basin, PNG	100%