



QUARTERLY ACTIVITIES REPORT FOR THE PERIOD 1st July to 30th September 2019

24 October 2019

South Pacific Resources Ltd. (ASX:SPB) ("SPB" or "the Company") provides its Quarterly Activities Report for the 3 months ended 30 September 2019 as follows.

Proposed Acquisition of Takmur Pte Ltd.

On 7 August 2019 the Company announced that it had signed a sale and purchase agreement to acquire Takmur Pte. Ltd. (**Takmur**), a Singapore based company that has exclusive rights to the operation and management of a mineral sands tenement and production facility, which includes a premium quality mineral sands deposit in Indonesia (the **Transaction**). Takmur's objective is to build shareholder value by adding premium quality mineral sands deposits to its portfolio both in Indonesia and globally. SPB will seek to raise capital through the issue of Shares under a prospectus. The proceeds of the Capital Raising will be used to further develop the mineral sands tenement and production facilities and look to acquire upside in other projects within the mineral sands industry.

Takmur is currently focused on the fully licensed mineral sands mine which is in production, having achieved an export volume in excess of 3,000 tons of zircon in calendar year 2018, and with significant upside potential in terms of prospective resources and the ability to increase production capacity. Ultimately, Takmur aims to become a significant mineral sands player and supply world markets with premium quality zircon, securing an important role in this rapidly growing industry.

The key terms of the Transaction, which will be subject to shareholder approval, are:

1. SPR will conduct a 20 to 1 consolidation of its existing issued capital. This will reduce the issued capital of SPR to approximately 18,284,711 fully paid ordinary shares (**Shares**);
2. SPR will acquire Takmur via the issue of 210,274,171 (79.8%) Shares (post-consolidation) at an issue price of AUD0.40 per Share to the shareholders of Takmur (**Vendors**);
3. SPR will seek to raise AUD14 million through the issue of 35,000,000 Shares at a price of AUD0.40 per Share under a prospectus (**Capital Raising Shares**) and seek re-admission to the Official List of the ASX under Chapters 1 and 2 of the Listing Rules.

On completion of the Transaction SPB will change its name to "Pyx Resources Limited". Additionally, the current Board of SPR will resign and be replaced by 3 new Board members, with the exception of Alvin Tan who will stay on as a Director following the Transaction.

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In respect of the Company's Papua New Guinea assets, given the low oil price and lack of commercial prospectively, the Company has entered into an agreement with Ana and Bella Pty Ltd to sell these assets, subject to shareholder approval and the Transaction completing, for a nominal amount.

The Company has progressed this Transaction during the quarter with documentation almost complete.

Conversion of Debt to Equity

On 20 August 2019 shareholders approved the issue of 200,178,900 Shares in payment of \$3,002,683 of trade creditors and convertible notes. These shares were issued on 29 August 2019.

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%

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