



SOUTH PACIFIC RESOURCES LTD

(Formerly Coral Sea Petroleum Limited)

ABN 30 073 099 171

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

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CORPORATE DIRECTORY

Directors

Mr Domenic Martino
Mr Yosse Goldberg
Mr Alvin Tan
Mr Julian Sandt

Company Secretary

Ms Louisa Martino

Registered Office

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Facsimile: +612 8823 3188
Website: www.southpacificresourceslimited.com

Auditors

Pitcher Partners Corporate & Audit (WA) Pty Ltd
Level 1, 914 Hay Street
Perth, Western Australia, 6000

Share Registry

Advanced Share Registry Ltd
150 Stirling Highway
Nedlands, Western Australia, 6909
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Stock Exchange Listing

The Company is listed on the Australian Securities Exchange Limited and Deutsche Borse AG
Home Exchange-Perth, Australia

ASX Code-SPB

WKN Code-924249

Australian Company Number and Australian Business Number

ACN 073 099 171
ABN 30 073 099 171

DIRECTORS' REPORT

Your Directors submit their report for South Pacific Resources Ltd (formerly Coral Sea Petroleum Ltd) (the "Company") and its controlled entities (the "Group"), for the half-year ended 31 December 2014 and independent review report thereon. This financial report has been prepared in accordance with AASB 134 Interim Financial Reporting.

Directors

The names of Directors of the Company in office at any time during the half-year and up to the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Domenic Martino (Managing Director)
Joseph (Yosse) Goldberg (Non-Executive Director)
Julian Sandt (Non-Executive Director)
Alvin Tan (Non-Executive Director)

Review and Results of Operations

The operating loss after income tax of the Group for the half-year ended 31 December 2014 was \$507,072 (31 December 2013 loss: \$598,886).

The Group has made losses during the six-month period under review. The Group is seeking to build a successful, sustainable, oil and gas company, with a regional focus. The Group aims to be a significant oil and gas business in Papua New Guinea and plans to achieve this through the pursuit, exploration and development of the prospecting licences, while continuing to identify and target new projects via proven relationships and networks in Papua New Guinea.

Significant Changes in the State of Affairs

There have been no significant changes in the Company's state of affairs during the half-year ended 31 December 2014.

Significant Events after Balance Date

On 22 January 2015 the Company issued 1,333,333 shares and 1,333,333 options to sophisticated investors to raise \$100,000 in working capital purposes. The options have an exercise price of \$0.20 and an expiry date 18 months from issue (19 July 2016).

On 20 February 2015 the Company issued 4,500,000 shares and 4,500,000 options to sophisticated investors to raise \$292,500 for working capital purposes. The options have an exercise price of \$0.20 and an expiry date 18 months from issue (19 August 2016).

Also on 20 February 2015 South Pacific Resources Ltd issued 7,500,000 options to consultants for services provided. These options were issued for nil consideration and have an exercise price of 7.5 cents and expiry date of 19 February 2018.

Since 31 December 2014, the Company has announced the holding of a General Meeting for shareholders to approve a change of company name (to South Pacific Resources Ltd) and an option placement that has been fully underwritten by Minimum Risk Pty Ltd. This meeting was held on 12 February 2014 and sought approval from shareholders for 30 million options to be issued at 5 cents per option (raising \$1.5 million before costs). The options have an exercise price of 20 cents and an expiry date 18 months from the date of issue. All resolutions were passed at that General Meeting.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307c of the *Corporations Act 2001* in relation to the review for the half year is provided with this report.

Signed in accordance with a resolution of the Directors



Domenic Martino
Managing Director

Sydney, New South Wales
Date: 13 March 2015

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of South Pacific Resources Ltd, I state that:

In the opinion of the Directors:

- a) the consolidated financial statements and notes of South Pacific Resources Ltd and its controlled entities (the "Group") are in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the financial position of the Group as at 31 December 2014 and the performance for the half-year then ended on that date; and
 - complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory professional reporting requirements.
- b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Domenic Martino
Managing Director

Sydney, New South Wales
Date: 13 March 2015

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	Note	31-Dec-14 \$	31-Dec-13 \$
Revenue from continuing operations			
Revenue		-	-
Other income			
Interest received		29	2,398
Profit on sale of shares		13,642	-
		13,671	2,398
Total Revenue		13,671	2,398
Expenses			
Consultancy and other professional fees		(77,482)	(225,706)
Travel and accommodation expenses		(87,113)	(24,985)
Legal expenses		(12,818)	(7,846)
Directors' fees		(156,000)	(230,255)
ASIC and ASX fees		(35,419)	(34,342)
IT services		(600)	(2,699)
Office rental		(32,737)	(31,478)
Impairment provision against exploration expenditure		(66,998)	-
Other expenses	3	(51,576)	(43,973)
Loss from ordinary activities before income tax expense		(507,072)	(598,886)
Income tax expense relating to ordinary activities		-	-
Loss for the period from continuing operations		(507,072)	(598,886)
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translating foreign operations		27,967	66,171
Other comprehensive income for the period, net of income tax		27,967	66,171
Total comprehensive loss attributable to the owners of the parent		(479,105)	(532,715)
Earnings per share for loss from continuing operations attributable to equity holders of the parent entity			
Basic loss per share (cents per share)		(0.41)	(0.51)
Diluted loss per share (cents per share)		(0.41)	(0.51)

The Condensed Consolidated Statement of Comprehensive Income is to be read in conjunction with the notes to the financial statements set out on pages 9 to 15.

SOUTH PACIFIC RESOURCES LTD AND ITS CONTROLLED ENTITIES

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

	Notes	31-Dec-14 \$	30-Jun-14 \$
Current Assets			
Cash and cash equivalents		5,620	23,403
Trade and other receivables		50,000	84,848
Prepayments		252,289	159,708
Financial assets	4	-	71,447
Total Current Assets		307,909	339,406
Non-Current Assets			
Exploration assets	5	-	-
Total Non-Current Assets		-	-
Total Assets		307,910	339,406
Current Liabilities			
Trade and other payables		946,787	837,306
Total Current Liabilities		946,787	837,306
Total Liabilities		946,787	837,306
Net Assets		(638,878)	(497,900)
Equity			
Issued capital	6	4,458,086	4,064,025
Foreign currency translation reserve		156,871	184,838
Accumulated losses		(5,253,835)	(4,746,763)
Total Equity		(638,878)	(497,900)

The Condensed Consolidated Statement of Financial Position is to be read in conjunction with the notes to the financial statements set out on pages 9 to 15.

SOUTH PACIFIC RESOURCES LTD AND ITS CONTROLLED ENTITIES

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	Ordinary Shares	Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Attributable to Members
	\$	\$		\$	\$
Balance at 1 July 2014	4,064,025	-	184,838	(4,746,763)	(497,900)
<i>Comprehensive expenses for the period:</i>					
Foreign exchange movement	-	-	(27,967)	-	(27,967)
Loss for the period	-	-	-	(507,072)	(507,072)
Total comprehensive loss for the period	-	-	(27,967)	(507,072)	(535,039)
<i>Transactions with owners in their capacity as owners:</i>					
Issued capital					
Issue of 5,383,332 shares with 5,383,332 unlisted options at an issue price of \$0.075 per share (net of capital raising costs)	394,061	-	-	-	394,061
Balance at 31 December 2014	4,458,086	-	156,871	(5,253,835)	(638,878)
Balance at 1 July 2013	3,777,040	115,068	167,144	(1,563,558)	2,495,694
<i>Comprehensive loss for the period:</i>					
Foreign exchange movement	-	-	66,171	-	66,171
Loss for the period	-	-	-	(598,886)	(598,886)
Total comprehensive loss for the period	-	-	66,171	(598,886)	(532,715)
<i>Transactions with owners in their capacity as owners:</i>					
Issued capital					
Options expired August 2013	-	(115,068)	-	115,068	-
Exercise of 17,420 options before expiry at \$0.20 per option	3,484	-	-	-	3,484
Balance at 31 December 2013	3,780,524	-	233,315	(2,047,376)	1,966,463

The Condensed Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements set out on pages 9 to 15.

SOUTH PACIFIC RESOURCES LTD AND ITS CONTROLLED ENTITIES

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	31-Dec-2014	31-Dec-2013
	\$	\$
Cash flows from operating activities		
Cash paid to suppliers and employees	(456,402)	(390,192)
Interest received	28	7,219
Net cash used in operating activities	<u>(456,374)</u>	<u>(382,973)</u>
Cash flows from investing activities		
Exploration assets	(40,559)	(312,108)
Sale of financial asset	85,089	-
Net cash from/(used in) investing activities	<u>44,530</u>	<u>(312,108)</u>
Cash flows from financing activities		
Proceeds for options not placed	-	20,000
Repayment of borrowings	-	(14,458)
Proceeds from issue of shares	403,749	3,484
Share capital costs	(9,688)	-
Net cash from financing activities	<u>394,061</u>	<u>9,026</u>
Net decrease in cash and cash equivalents	(17,783)	(686,055)
Cash and cash equivalents at beginning of the period	<u>23,403</u>	<u>778,738</u>
Cash and cash equivalents at end of the period	<u><u>5,620</u></u>	<u><u>92,683</u></u>

The Condensed Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 9 to 15.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

1. SIGNIFICANT ACCOUNTING POLICIES

South Pacific Resources Limited (the “Company”) is listed on the Australian Securities Exchange.

The interim condensed consolidated financial report of the Group for the half-year ended 31 December 2014 was authorised for issue in accordance with a resolution of the Directors on 13 March 2015.

a) Statement of compliance

The interim condensed consolidated financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report together with any public announcements made by the Company during the half-year ended 31 December 2014 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

b) Basis of preparation

The interim condensed consolidated financial statements have been prepared on the basis of historic costs, except for the financial assets for which the fair value basis of accounting has been applied. All amounts are presented in Australian dollars, unless otherwise noted.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period. The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Company’s accounting policies and has no effect on the amounts reported for the current or prior periods.

c) Accounting standards issued but not yet effective

The AASB has issued new standards, amendments and interpretations to existing standards which have been published but are not yet effective, and have not yet been adopted early by the Group. The new standards, amendments and interpretations that may be relevant to the Group’s financial statements are provided below.

Standard / Interpretation	Effective for annual reporting periods beginning on or after
AASB 9 <i>Financial Instruments</i> and AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i>	1 January 2017
AASB 15 <i>Revenue from contracts with customers</i> AASB 15 <i>Revenue from Contracts with Customers</i>	1 January 2017

d) Basis of consolidation

A controlled entity is any entity over which The Company has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

A list of controlled entities is contained in Note 7(a).

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the interim condensed consolidated financial report as well as their results for the period then ended. All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation.

e) Exploration, evaluation and development assets

Exploration, evaluation and development assets are accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through successful development on the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserve.

Accumulated costs in relation to an abandoned area are written off in full against the statement of comprehensive income in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

f) Comparative figures

When required by the Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current half-year.

g) Critical accounting estimates and judgements

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments including those involving estimations, that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the half-year report:

- i. The Group has capitalised significant exploration and evaluation expenditure on the basis either that this is expected to be recouped through future successful development or alternatively sale of the areas of interest. If ultimately the areas of interest are abandoned or are not successfully commercialised, the carrying value of the capitalised exploration and evaluation expenditure would need to be written down to its recoverable amount; and
- ii. The Group has carried forward tax losses which have not been recognised as deferred tax assets because it is not considered sufficiently probable at this point in time, that these losses will be recouped by means of future profits taxable in the relevant jurisdictions.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

h) Going concern

The interim condensed consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group has incurred a net loss after tax for the half-year ended 31 December 2014 of \$507,072 (31 December 2013: \$598,886), and a net cash outflow from operations of \$456,374 (31 December 2013: \$382,973). As at 31 December 2014 the Group had net current liabilities of \$638,878 (June 2014: \$497,900) and net equity of negative \$638,878 (30 June 2014: negative \$497,900).

The Group's ability to continue as a going concern and pay its debts as and when they fall due is dependent upon the following:

- The Group raising additional capital via any means available to it inclusive of, but not limited to, placements, option conversions, rights issues, or joint venture arrangement in a timely manner in order to fund the ongoing exploration and operation activities;
- The Group seeking approval to delay exploration activities in certain tenements if sufficient funds are not raised;
- The Group selling certain tenements in Papua New Guinea if sufficient funds are not raised;
- The non-executive and executive Directors not receiving payment for their fees if the Group is not in a position to pay these fees; and
- The accounting, company secretarial and office rental fees will not be paid if the Group is not in a position to pay these fees.

The Directors have reviewed the business outlook and cash flow forecasts after taking into account the above matters and are of the opinion that the use of the going concern basis of accounting is appropriate as the Directors believe the Group will achieve the matters set out above and be able to pay its debts as and when they fall due.

Subsequent to year end, the group has completed two share placements with sophisticated investors raising \$392,500 for working capital purposes.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

The interim condensed consolidated financial statements are normally prepared on the assumption that the Group is a going concern and will continue in operation for the foreseeable future. Hence it is assumed that the Group has neither the intention nor the need to liquidate or curtail materially the scale of its operations; if such an intention or need exists, the interim condensed consolidated financial statements may have to be prepared on a different basis and, if so, the basis used will be disclosed.

2. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group engages in two business segments, being exploration and development of oil and gas licences and investment management, activities from which it incurs costs. The major results of the Group are from the exploration and development of oil and gas licences, the investment management business is immaterial and has been disposed of during the period. Consequently the results of the Group are analysed as a whole by the chief operating decision maker.

3. INCOME AND EXPENSES

	31-Dec-14	31-Dec-13
	\$	\$
Other expenses		
Bank charges	541	1,080
Exchange difference	(207)	10,230
Insurance	7,225	7,225
Share registry services	7,956	7,867
Other expenses	36,061	17,571
Total other expenses	<u>51,576</u>	<u>43,973</u>

4. FINANCIAL ASSETS (CURRENT)

	31-Dec-14	30-Jun-14
	\$	\$
Listed shares at fair value	<u>-</u>	<u>71,447</u>

5. EXPLORATION ASSETS

	31-Dec-14	30-Jun-14
	\$	\$
Capitalised exploration expenditure	<u>-</u>	<u>-</u>

The exploration and evaluation costs relate to the Group's projects in Papua New Guinea.

Movements in carrying values

Carrying value at the beginning of the period	-	1,994,201
Additions	66,998	320,155
Reclassified – prepayment of exploration licences	-	(159,708)
Impairment provision recorded against exploration expenditure	(66,998)	(2,154,648)
Carrying value at end of period	<u>-</u>	<u>-</u>

Refer to Note 1(g) for significant judgements and estimates made in relation to the recoverability of capitalised exploration costs.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

6. ISSUED CAPITAL

	31-Dec-14	31-Dec-14
	No	\$
Balance as at 1 July 2014	120,358,409	4,064,025
Issue of 5,383,332 shares with 5,383,332 unlisted options at an issue price of \$0.075 per share (net of capital raising costs)	5,383,332	394,061
Issued capital	125,741,741	4,458,086

7. RELATED PARTY DISCLOSURE**(a) Subsidiaries**

The interim condensed consolidated financial report includes the financial information of South Pacific Resources Ltd and the subsidiaries listed in the following table:

Name	Country of incorporation and operation	Principal activity	Equity interest		Investment	
			31/12/2014 %	31/12/2013 %	31/12/2014 \$	31/12/2013 \$
Indo Pacific Energy Pty Ltd	Australia	Holding company	100	100	2,076,827	2,076,827
Coral Sea Petroleum (PNG) Ltd	Papua New Guinea	Oil and gas exploration	100	100	1	1

(b) Related party transactions

There are no formal agreements with Directors. Directors are paid on a month to month basis. All Directors are paid via their director-related entity, with the exception of Mr. Martino who is paid directly and whose remuneration includes superannuation.

Mr Goldberg receives \$10,000 per month. For the half-year ended 31 December 2014, director fees paid and payable to Mr Goldberg totaled \$60,000 (31 December 2013: \$60,000).

Mr Martino receives \$10,000 per month plus superannuation. For the half-year ended 31 December 2014, director fees paid and payable to Mr Martino totaled \$60,000 (31 December 2013: \$60,000).

Messer's Tan and Sandt receive \$3,000 per month. For the half-year ended 31 December 2014 fees paid and payable to Mr Tan and Mr Sandt totaled \$18,000 each (31 December 2013: \$18,000).

On 20 August 2013 the Company entered in to an Underwriting Agreement (and as amended) with Minimum Risk Pty Ltd, a company owned by Domenic Martino's son. The underwriting fee comprises 5% of \$1,500,000 (being the amount sought under the option placement totalling \$75,000) plus the issue of 1 million options to Minimum Risk Pty Ltd (on the same terms as the options issued under the option placement, except that no payment is to be made by Minimum Risk Pty Ltd). The Underwriting Agreement is on arm's length terms.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

A placement fee of 5% was paid to Minimum Risk Pty Ltd for on-payment to a sub-underwriter who placed \$82,500 of the total placement made during the 6 months to 31 December 2014, (\$14,125).

Transaction Services Pty Ltd is a related party of Mr. Martino, providing company secretarial, accounting, office rental and administration services to the Company. Transaction Services Pty Ltd has been paid \$92,737 (excluding GST) for half year to 31 December 2014 (year ended 31 December 2013: \$45,943).

8. DIVIDENDS PAID

No dividends were paid or provided during the half-year ended 31 December 2014.

9. EVENTS AFTER THE BALANCE SHEET DATE

On 22 January 2015 the Company issued 1,333,333 shares and 1,333,333 options to sophisticated investors to raise \$100,000 for working capital purposes. The options have an exercise price of \$0.20 and an expiry date 18 months from issue (19 July 2016).

On 20 February 2015 the Company issued 4,500,000 shares and 4,500,000 options to sophisticated investors to raise \$292,500 for working capital purposes. The options have an exercise price of \$0.20 and an expiry date 18 months from issue (19 August 2016).

Also on 20 February 2015 South Pacific Resources Ltd issued 7,500,000 options to consultants for services provided. These options were issued for nil consideration and have an exercise price of 7.5 cents and expiry date of 19 February 2018.

Since 31 December 2014, the Company has announced the holding of a General Meeting for shareholders to approve a change of company name (to South Pacific Resources Ltd) and the option placement that has been fully underwritten by Minimum Risk Pty Ltd. This meeting was held on 12 February 2014 and sought approval from shareholders for 30 million options to be issued at 5 cents per option (raising \$1.5 million before costs). The options have an exercise price of 20 cents and an expiry date 18 months from the date of issue. All resolutions were passed at that General Meeting.

10. COMMITMENTS AND CONTINGENCIES

The Group's commitments in respect of its oil and gas licences as at 31 December 2014 were as follows:

PPL	Date Granted	Commitments
		To November 2016
366	29 November 2010	USD 15 million
367	29 November 2010	USD 15 million
356	29 November 2010	USD 15 million
357	29 November 2010	USD 15 million
358	21 November 2010	USD 25 million

It should be noted that the above commitments might change depending upon the results of work carried out. For example, if the Company is not satisfied with exploration results, it may choose to relinquish all or part of a PPL and focus its efforts and funds on the other PPLs.

In July 2014, Coral Sea Petroleum (PNG) Ltd applied for variations to its licences, essentially reducing the licence commitments to November 2014 from USD 1 million per licence to USD 150,000 for each licence except in respect of PPL 358 for which a reduction to USD 200,000 has been requested. The Group awaits correspondence from the Papua New Guinean

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

Department of Petroleum and Energy in this regard. An impairment provision has been raised in the Group accounts as a result of the uncertainty surrounding the veracity of the exploration licences held by Coral Sea Petroleum (PNG) Ltd and their commitments.

There are nil contingent liabilities for the Group as at 31 December 2014 (30 June 2014: nil).

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of South Pacific Resources Ltd (formerly Coral Sea Petroleum Ltd) and its controlled entities

In relation to the independent review for the half-year ended 31 December 2014, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*.

(ii) No contraventions of any applicable code of professional conduct.

Pitcher Partners Corporate & Audit (WA) Pty Ltd

PITCHER PARTNERS CORPORATE & AUDIT (WA) PTY LTD

C P Leong

C P LEONG
Executive Director
Perth, 13 March 2015

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
SOUTH PACIFIC RESOURCES LTD (FORMERLY CORAL SEA PETROLEUM LTD) AND CONTROLLED ENTITIES**

We have reviewed the accompanying half-year financial report of South Pacific Resources Ltd (formerly Coral Sea Petroleum Ltd) and controlled entities, which comprises the condensed consolidated statement of financial position as at 31 December 2014, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of South Pacific Resources Ltd (formerly Coral Sea Petroleum Ltd), ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
SOUTH PACIFIC RESOURCES LTD (FORMERLY CORAL SEA PETROLEUM LTD) AND CONTROLLED ENTITIES**

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of South Pacific Resources Ltd (formerly Coral Sea Petroleum Ltd) is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1(h) in the half-year financial report, which indicates that the consolidated entity incurred a net loss attributable to owners of \$507,072 for the half-year ended 31 December 2014. These conditions along with other matters set forth in Note 1(h) give rise to a material uncertainty which may cast a significant doubt about the ability of the consolidated entity to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Pitcher Partners Corporate & Audit (WA) Pty Ltd

PITCHER PARTNERS CORPORATE & AUDIT (WA) PTY LTD

C P Leong

C P LEONG
Executive Director
Perth, 13 March 2015