



16 May 2016

Mr Sebastian Bednarczyk  
Senior Adviser, Listings Compliance (Perth)  
ASX Compliance Pty Ltd  
Level 40, Central Park  
152-158 St Georges Terrace  
Perth WA 6000

By Email: [Sebastian.Bednarczyk@asx.com.au](mailto:Sebastian.Bednarczyk@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 2016.

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

- (Negative operating cash flows)** The Company expects that it will have negative operating cash flows for the time being. Currently nil funds are generated from the licences held by SPR and, as reported in the Quarterly Activities Report, the Company continues the process of identifying and approaching third parties for potential joint venture or farm-in arrangements.  
  
In addition, the rate and timing of expenditure is within the Company's control and funds will not be disbursed or committed until sufficient capital is available.
- (Raise further cash)** The Company notes that it has 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 operations.
- (Ability to meet business objectives)** The Company is able to meet its business objectives of pursuing potential partners and potential new licences as indicated above.
- (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.

The Company holds a 100% working interest, in five Petroleum Prospecting Licences in Papua New Guinea. These cover a total area of 11,972km<sup>2</sup> in both onshore and offshore settings. 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 for a number of reasons:

- The Company has the ability to raise capital in the public market via a variety of means available including, placements, option conversions, rights issues or joint venture arrangements; 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.

Yours faithfully

**South Pacific Resources Limited**

A handwritten signature in black ink, appearing to read 'L. Martino', is written over a light blue horizontal line.

Louisa Martino  
Company Secretary



10 May 2016

Ms Louisa Anne Martino  
Company Secretary  
South Pacific Resources Limited  
Level 5, 56 Pitt Street  
Sydney NSW 2000

**By Email**

Dear Ms Martino

**South Pacific Resources Limited (the "Entity"): ASX Appendix 5B Query**

I refer to the Entity's quarterly report in the form of Appendix 5B for the period ended 31 March 2016 lodged with ASX Market Announcements Platform on 29 April 2016 (the "Appendix 5B").

ASX notes that the Entity has reported:

- negative net operating cash flows for the quarter of \$46,000;
- cash at the end of the quarter of \$1,000; and
- estimated cash outflows for the next quarter of \$1,000.

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. Can the Entity confirm 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 that has not already been released to the market?

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.

### **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 16 May 2016. 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 [Sebastian.Bednarczyk@asx.com.au](mailto:Sebastian.Bednarczyk@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]*

Sebastian Bednarczyk

**Senior Adviser, Listings Compliance (Perth)**