



15 August 2017

Mr Jeremy Newman
Senior Adviser, ASX Listings Compliance (Perth)
ASX Compliance Pty Ltd
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 30 June 2017.

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

- (Sufficient cash to fund activities)** Whilst it may be perceived from the Appendix 5B lodged on 28 July 2017 that the Company may not have sufficient cash to fund its activities, 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 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.
- (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 to focus on building capacity to advance the significant portfolio in Papua New Guinea. The Company continues to hold meetings with potential investors and partners to ensure that SPR has access to the capital required to advance its portfolio.
- (Ability to meet business objectives)** 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 its objective of exploration and development of its portfolio in Papua New Guinea. In addition, commercial and technical discussions with potential industry partners are ongoing.
- (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.

5. **(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 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;
 - It has been agreed that the directors', accounting, company secretarial, administration and office rental fees of the Company will not be paid if the Company is not in a position to pay these fees; 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.
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



Louisa Martino
Company Secretary



11 August 2017

Ms Louisa Martino
Company Secretary
South Pacific Resources Limited

By email:

Dear Ms Martino

South Pacific Resources Limited (the “Company”): Appendix 5B query

I refer to the Company’s Quarterly Report in the form of Appendix 5B for the period ended 30 June 2017, released to ASX Limited (“ASX”) on 28 July 2017 (the “Appendix 5B”).

ASX notes that the Company has reported the following.

1. Receipts from product sales of \$0.
2. Net negative operating cash flows for the quarter of \$25,000.
3. Estimated cash outflows of \$75,000.
4. Cash at end of quarter of \$43,000.

In light of the information contained in the Appendix 5B, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company’s position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?



5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.
6. Please confirm that Company'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 the Company with delegated authority from the board to respond to ASX on disclosure matters.

Listing rule 3.1

Listing rule 3.1 requires an 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. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rules 3.1 – 3.1B".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to tradinghaltsperth@asx.com.au. It should not be sent to ASX Market Announcements.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **2.00 pm WST on Tuesday, 15 August 2017**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries please let me know.

Yours sincerely,

[sent electronically without signature]

Jeremy Newman
Senior Adviser, ASX Listings Compliance