

PELICAN RESOURCES LIMITED

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Capital:

Ordinary shares: 361,923,540

Listed options: 59,725,571

Unlisted options: 85,000,000

HIGHLIGHTS

- Shareholders approve the sale of Pelican's interest in Sibuyan Nickel Properties Development Corporation to Dynamo Atlantic Limited in accordance with the Memorandum of Understanding.
- The Romblon Project continued on care and maintenance due to a Cease and Desist Order (CDO) issued by the Mines and Geosciences Bureau (MGB) of the Department of Environment and Natural Resources (DENR) in September 2011, which restricts access to site.
- The Cockatoo Island project was purchased by Pluton Resources Limited (Pluton) and its joint venture partner Wise Energy from Cliffs Asia Pacific Iron Ore Pty Ltd in September 2012. Bryan Hughes and Daniel Bredenkamp of Pitcher Partners act as Receivers and Managers of Pluton with all project operations under their control.
- Legal proceedings by a creditor of Pluton resulted in the Supreme Court of Western Australia ordering the DOCA executed on 4 January 2016 be terminated. The Court subsequently ordered that Pluton be wound up and that Sam Marsden and Derrick Vickers be appointed Joint and Several Official Liquidators of Pluton.

REPUBLIC OF THE PHILIPPINES

SALE OF SIBUYAN NICKEL PROPERTIES DEVELOPMENT CORPORATION

On 25 June 2015, the Company announced that it had concluded negotiations for the sale of Sibuyan Nickel Properties Development Corporation ("SNPDC"), the beneficial owner of the Romblon Project located on Sibuyan Island in the Romblon Province in the Philippines and entered into a Memorandum of Understanding ("MOU") with Dynamo Atlantic Limited, a BVI registered company ("Dynamo").

Under the terms of the MOU, Dynamo has agreed to purchase SNPDC for a purchase price of \$A4.70 million ("Consideration") payable in cash as follows:

- an initial payment of \$A470,000 as a non-refundable deposit which was received by the Company on signing of the MOU;
- a second payment of \$A940,000 was received by the Company on Dynamo completing technical, legal and financial due diligence investigations; and
- on completion of sale and transfer of 100% ownership of SNPDC, a final payment of \$A3,290,000.

Dynamo further agreed to grant a 2.5% royalty on net income generated by SNPDC from any operations undertaken on Sibuyan Island.



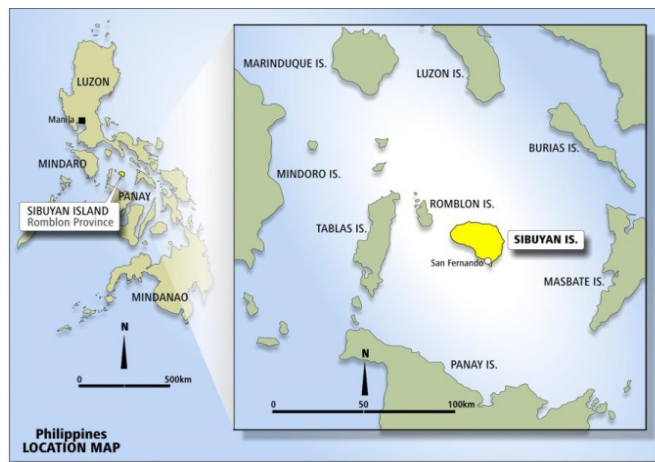
In August 2016 Pelican secured the support of its venture partner, All Acacia Resources Inc. (“AARI”) for the sale and transfer of 100% ownership of SNPDC and subsequently notified Dynamo that it considered the MOU unconditional and the parties could proceed towards completion. Pelican further secured shareholder approval for the sale of its interest in SNPDC at its annual general meeting held during the December 2016 quarter.

Although Dynamo has indicated its desire not to proceed with the purchase of SNPDC and requested a full refund of the purchase price paid to date under the MOU, Pelican has made several unsuccessful attempts to progress to completion. On 30 December 2016 Pelican issued Dynamo with a Notice of Default (“Notice”). Under the Notice, Dynamo has 28 days to remedy the default by confirming that it is ready, willing and able to complete the sale of SNPDC in accordance with the terms of the MOU.

ROMBLON PROJECT, SIBUYAN ISLAND, ROMBLON PROVINCE (MPSA No. 3042009-IVB)

Interest: MPSA 3042009-IVB

The Romblon Project, on Sibuyan Island in the Romblon Province in the Philippines, is being evaluated as a source of direct shipping lateritic nickel ore (DSO). The nickel resource explored by two Japanese nickel companies in 1972 is covered by a Mineral Production Sharing Agreement (MPSA). The project is still in the process of being evaluated and also transferred from Altai Resources Philippines Inc. (Altai), the original applicant of the MPSA, to SNPDC.



Further exploration is required to fully evaluate the laterite nickel resource but the project is currently on care and maintenance due to a Cease and Desist Order (CDO) issued in September 2011 by the Mines and Geosciences Bureau (MGB) of the Department of Environment and Natural Resources (DENR). Counsel for SNPDC has pursued all legal avenues with respect to the appeal to the MGB and DENR to lift the CDO.

During the December 2016 quarter, no project development field work was undertaken to minimise expenses in the Philippines.

WESTERN AUSTRALIA

KIMBERLEYS

COCKATOO ISLAND PROJECT, KIMBERLEYS (M04/235)

Interest: 100%

Operator: Pluton Resources Limited (Receivers and Managers Appointed)(In Liquidation)

On 5 October 2015 Sam Marsden and Derrick Vickers of PricewaterhouseCoopers (“PWC”) were appointed as Voluntary Administrators of Pluton Resources Limited (“Pluton”) following the resignation of Vincent Smith and Samuel Freeman of EY.



Bryan Hughes and Daniel Bredekamp of Pitcher Partners continued to act as Receivers and Managers of Pluton. Throughout the quarter the assets and undertakings of Pluton remained subject to the Receivers' appointment and all operations of Pluton were under the control of the Receivers.

A second meeting of creditors of Pluton was held on 9 December 2015 at which creditors voted in favour of the proposal for the Deed of Company Arrangement (DOCA) proposal from World System Capital Investment Limited (BVI) ("WSCCI"), a related entity of General Nice Recursos Comercial Offshore De Macau Limitada.

On 6 January 2016 PWC announced that Pluton and WSCCI executed the DOCA on 4 January 2016. On execution of the DOCA, Sam Marsden and Derrick Vickers retired as Joint and Several Voluntary Administrators of Pluton and were appointed Joint and Several Deed Administrators.

WSCCI was unable to comply with the terms of the DOCA and at a subsequent meeting of creditors held on 23 May 2016, creditors approved a proposal to provide WSCCI with an extension of time to comply with the terms of the DOCA. The varied DOCA was subsequently executed on 20 July 2016.

Legal proceedings were initiated by a creditor of Pluton to set aside the varied DOCA which resulted in the Supreme Court of Western Australia ordering the DOCA be terminated on 21 July 2016. On 3 August 2016 the Court ordered that Pluton be wound up and that Sam Marsden and Derrick Vickers be appointed Joint and Several Official Liquidators of Pluton.

The Receivers and Managers have been advertising for expressions of interest for Pluton's interests in the Cockatoo Island Project (held via a joint venture in that project).

Pelican is a creditor of Pluton. Whether Pelican will receive any dividend in the winding up is likely to depend on the ability of the receiver to sell Pluton's interest in the Project, and whether there is any surplus after secured creditors are paid. It is not possible to determine at this time whether Pelican will or is likely to receive any dividend from the winding up.

There were no shipments of ore completed during the December 2016 quarter.

RELINQUISHMENTS

Nil.

NEW ACQUISITIONS

Nil

CORPORATE

SHAREHOLDER INFORMATION

As at 31 December 2016 the Company had 348 shareholders and 361,923,540 ordinary fully paid shares on issue with the top 20 shareholders holding 65.91% of the total issued capital.

ANNUAL GENERAL MEETING

At the Company's annual general meeting held on 11 November 2016, shareholders approved the following resolutions:

- adoption of the Annual Financial Report for the financial year ended 30 June 2016;
- adoption of the Remuneration Report for the financial year ended 30 June 2016;
- re-election of Mr Colin Chenu;
- approval of the sale of the Company's interest in SNPDC to Dynamo;
- approval of 10% placement capacity; and
- appointment of HLB Mann Judd as the Company's auditor.



BUSINESS DEVELOPMENT

The Company continues to investigate new business development opportunities with a focus on low entry cost projects. As and when acquisitions are completed, the Company will make announcements to the market at appropriate times.

For further information:

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Competent Person's Statement

The information in this report which relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Brian Varndell, who is a Fellow of the Australasian Institute of Mining and Metallurgy and independent consultant to the Company. Mr Varndell is an associate of Varndell & Associates and Al Maynard & Associate Pty Ltd and has over 40 years of exploration and mining experience in a variety of mineral deposit styles including iron ore and nickel mineralisation. Mr Varndell has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves".(JORC Code). Mr Varndell consents to inclusion in the report of matters based on this information in the form and context in which it appears.

