

MARCH 2017 QUARTERLY REPORT

28 April 2017

PELICAN RESOURCES LIMITED

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Capital:

Ordinary shares: 361,923,540

Listed options: 59,725,571

Unlisted options: 85,000,000

HIGHLIGHTS

- Negotiations with Dynamo Atlantic Limited for the sale of Sibuyan Nickel Properties Development Corporation continued during the quarter.
- 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.
- Pluton Resources Limited (Pluton) and its joint venture partner Wise Energy from Cliffs Asia Pacific Iron Ore Pty Ltd purchased the Cockatoo Island project 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 a 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.

Dynamo subsequently advised it did not wish to proceed with the purchase of SNPDC and requested a full refund of the purchase price paid to date under the MOU. Following several unsuccessful attempts to progress to completion, Pelican issued Dynamo with a Notice of Default (“Notice”) on 30 December 2016, whereby Dynamo had 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.

During the March 2017 quarter Gina Lopez the Secretary of the Department of Environment and Natural Resources (“DENR”) ordered the cancellation of 75 Mineral Production Sharing Agreements in an intensified government crackdown on mines deemed destructive to watershed forest reserves.

The DENR published a list of Mineral Production Sharing Agreements that it proposed to cancel, which included reference to Romblon, Altai Philippines Mining Corp (“Altai”) – Sibuyan Island. The Romblon project is still in the process of being transferred from Altai, the original applicant of MPSA 3042009-IVB (“MPSA”), to SNPDC. To date neither SNPDC or Altai have received any formal notification from the DENR of the proposed cancellation of MPSA 3042009-IVB.

Dynamo has relied on uncertainty surrounding the status of the MPSA to delay remedying the default. Dynamo has sought clarification from Pelican on the status of both SNPDC and MPSA.

Pelican has responded to Dynamo confirming that neither SNPDC or Altai have received any notice of the cancellation of the MPSA, or any notice to show cause why the MPSA should not be cancelled. Following enquiries undertaken by SNPDC, Dynamo was further advised the MPSA is not located in a designated watershed zone. The watershed zone on Sibuyan Island is associated with the Mount Guiting-Guiting Natural Park, comprising approximately 157 square kilometres of Sibuyan’s total area of 445 square kilometres. The watershed area is at a high altitude, whilst the MPSA is located in lowlands near the coast.

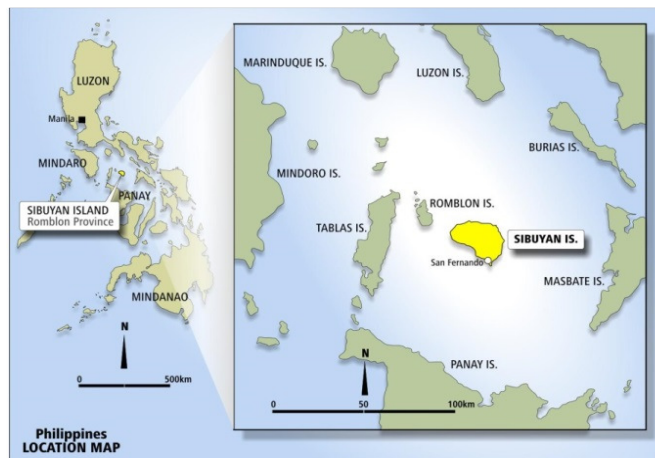
Pelican has notified Dynamo that it has had reasonable time to proceed to settlement on the terms of MOU and instructed Dynamo to proceed to settlement. Dynamo’s failure to proceed to settlement will entitle Pelican to consider Dynamo unwilling to proceed to settlement, and may elect to terminate the 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 March 2017 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)

Bryan Hughes and Daniel Bredenkamp of Pitcher Partners 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.

Pitcher Partners continued to receive funding from General Nice Recursos Comercial Offshore De Macau, the senior secured creditor of Pluton Resources Limited which allowed Pitcher Partners to carry on care and maintenance activities on Cockatoo Island which included dewatering of the existing pit and site monitoring.

The Receivers and Managers have received an expression of interest for Pluton's interests in the Cockatoo Island Project (held via a joint venture in that project) and are assisting with due diligence investigations.

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 March 2017 quarter.

RELINQUISHMENTS

Nil.



NEW ACQUISITIONS

Nil

CORPORATE

SHAREHOLDER INFORMATION

As at 31 March 2017 the Company had 408 shareholders and 361,923,540 ordinary fully paid shares on issue with the top 20 shareholders holding 65.19% of the total issued capital.

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.

