

PELICAN RESOURCES LIMITED

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Capital:

Ordinary shares: 361,923,540
Unlisted options: 85,000,000

HIGHLIGHTS

- Negotiations for the sale of Sibuyan Nickel Properties Development Corporation continued during the quarter with the parties continuing to negotiate on the terms of a Share Sale and Assignment of Debt Agreement (“SSADA”).
- 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.
- Bryan Hughes and Daniel Bredekamp of Pitcher Partners act as Receivers and Managers of Pluton with all Cockatoo Island project operations under their control.
- Progressed with meeting obligations under the conditional legally binding term sheet with Cockatoo Iron NL to sell the Company’s interests in the Cockatoo Island Project.

REPUBLIC OF THE PHILIPPINES

SALE OF SIBUYAN NICKEL PROPERTIES DEVELOPMENT CORPORATION

The Company has entered into a Memorandum of Understanding (“MOU”) with Dynamo Atlantic Limited, a BVI registered company (“Dynamo”) 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.

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.

Throughout the quarter, Pelican and its venture partner All Acacia Resources Inc. (“AARI”) engaged in negotiations on the proposed settlement arrangements for each groups respective interests in SNPDC, including settling terms on the Share Sale and Assignment of Debt Agreement (“SSADA”) and supporting documentation relating to the transfer of SNPDC shares and assignment of related party loans to Dynamo.



On agreeing the terms of the SSADA with AARI, Pelican will work toward having the settlement completed expeditiously by obtaining Dynamo's acceptance of the terms of the SSADA.

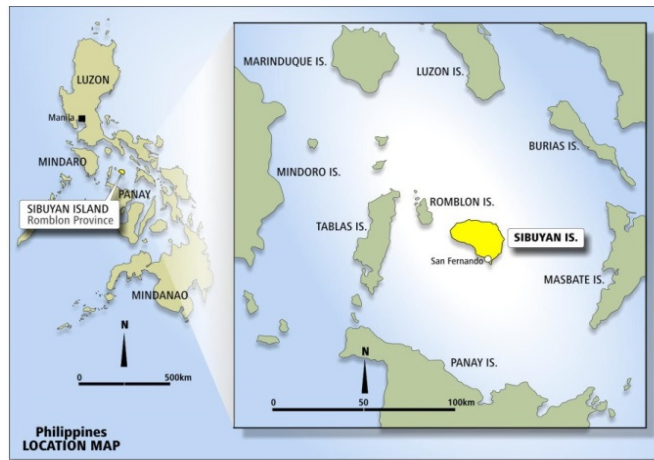
As previously reported, Pelican has offered to consider varying certain terms of the MOU with Dynamo to conclude the transaction. On confirmation of Dynamo's acceptance of the terms of the SSADA which includes the variation of certain terms of the MOU, Pelican will make the appropriate announcement to ASX. Any variation to the terms of the MOU will require shareholder approval in accordance with the requirements of Listing Rule 11.2.

If Dynamo does not agree with the terms of the SSADA, then the terms of the MOU will remain in force and Pelican will seek legal advice on its position.

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 considered a potential source of direct shipping lateritic nickel ore (DSO). The nickel resource explored by two Japanese nickel companies in 1972 is covered by a MPSA No. 3042009-IVB. 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 2017 quarter, no project development field work was undertaken to minimise expenses in the Philippines.

WESTERN AUSTRALIA

KIMBERLEYS

COCKATOO ISLAND PROJECT, KIMBERLEYS

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.

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 2017 quarter.

The Company entered into a conditional legally binding term sheet and formal agreement ("Agreement") with Cockatoo Iron NL ("Cockatoo Iron") and its wholly owned subsidiary Pearl Gull Pty Ltd ("Pearl Gull"), to sell its interests in the Cockatoo Island Project. The Agreement encompassed mining lease 04/235-I, miscellaneous licence applications 04/102 and 04/103 and certain contractual rights to use the Ship Loader and Jetty located within the mining lease ("Cockatoo Island Assets").

Under the terms of the Agreement, Pelican agreed to sell its interests in the Cockatoo Island Assets for a purchase price of \$3.75 million ("Consideration") payable in cash and equity in Cockatoo Iron as follows:

- an initial cash payment of \$150,000 non-refundable deposit that was paid on execution of the Agreement;
- a second cash payment of \$1,350,000 on completion of the sale and/or transfer of the Mining Lease and Use Rights ("Completion");
- a third cash payment of \$750,000 on or before 31 March 2018; and
- the issuance of \$1,500,000 worth of fully paid ordinary shares in Cockatoo Iron, at a deemed issue price of either \$0.30 per share or if Cockatoo Iron completes a capital raising by the issue of fully paid ordinary shares before Completion as part of a public listing on ASX, the issue price for those shares (subject to such escrow restrictions as may be imposed by ASX).

Completion of the transaction was subject to and conditional on:

- receipt of necessary Ministerial and governmental authority and approvals;
- receipt of all other necessary third party approvals and consents including the corporate representatives of the Traditional Owners of the Dambimangari Lands;
- receipt of regulatory approvals by Pelican which included securing shareholder approval for the sale of the Cockatoo Island Assets at the Company's Annual General Meeting held on 17 November 2017; and
- the conditions being satisfied or, waived on or before 90 days after the date of the Agreement or such later date as the parties may agree.

Subsequent to the end of the quarter, Pelican announced that Completion had occurred in accordance with the terms of the Agreement.

Pelican and Cockatoo Iron have also agreed to execute a Revenue Sharing Agreement ("RSA"), whereby Pelican will be entitled to receive up to a maximum of \$500,000 per annum of gross revenue received by Cockatoo Iron and Pearl Gull from certain non-mining activities that may be conducted by third parties within the tenements. Cockatoo Iron will have the right of pre-emption in respect of a sale by Pelican of its rights under the RSA.

RELINQUISHMENTS

Nil

NEW ACQUISITIONS

Nil



CORPORATE

SHAREHOLDER INFORMATION

As at 31 December 2017 the Company had 344 shareholders and 361,923,540 ordinary fully paid shares on issue with the top 20 shareholders holding 68.67% 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.

TENEMENT INTERESTS

Table 1. Schedule of Tenement Interests as at 31 December 2017

Tenement	Project	Holder	State	Status	Interest
Exploration Licences					
M05/234	Cockatoo Island	Pelican Resources Ltd	W.A.	Granted	100%
Miscellaneous Licences					
L04/102	Cockatoo Island	Pelican Resources Ltd	W.A.	Application	100%
L04/103	Cockatoo Island	Pelican Resources Ltd	W.A.	Application	100%

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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.

