

DECEMBER 2018 QUARTERLY REPORT

17 January 2019

PELICAN RESOURCES LIMITED

ASX: PEL

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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 finalised during the quarter with parties agreeing to revised terms for a Share Sale and Assignment of Debt Agreement.
- The Romblon Project continued on care and maintenance due to a Cease and Desist Order issued by the Mines and Geosciences Bureau of the Department of Environment and Natural Resources in September 2011, which restricts access to site.
- Following the sale of its interests in the Cockatoo Island Project, the Company's securities were suspended from official quotation in accordance with the requirements of Listing Rule 12.1.

REPUBLIC OF THE PHILIPPINES

SALE OF SIBUYAN NICKEL PROPERTIES DEVELOPMENT CORPORATION

In June 2015 Pelican entered into a Memorandum of Understanding ("MOU") with Dynamo Atlantic Limited, a BVI registered company ("Dynamo") for the sale of 100% ownership of Sibuyan Nickel Properties Development Corporation ("SNPDC") which is owned by Pelican in conjunction with its 25% venture partner All-Acacia Resources Inc. ("All Acacia"). SNPDC is the beneficial owner of the Romblon Project located on Sibuyan Island in the Romblon Province in the Philippines.

During the quarter, the board of Pelican travelled to Manila and met with both All-Acacia and representatives of Dynamo where the parties reached agreement on revised terms for a Share Sale and Assignment of Debt Agreement ("SSADA"). On or around 16 October 2018 the vendor parties, Dynamo and Dynamo Atlantic Holdings Philippines, Inc. ("DHAP") executed the revised SSADA. The principle terms of the revised SSADA were as follows:

- The total consideration for the sale of all shares in SNPDC is AUD\$270,000.
- Dynamo and DAHP will be assigned all rights, title and interest together with all interest which has accrued or which may accrue in the future on related party loan liabilities in respect of funds advanced to SNPDC for its working capital requirements for consideration of AUD\$3.33 million (of which Pelican has received and is holding in escrow the sum of AUD\$1.41 million).
- There is no royalty payable to the vendors on any future revenue from operations on Romblon Island.
- The SSADA was conditional on Pelican obtaining the approval of its shareholders to the revised terms to the original terms, which occurred at the Company's AGM held on 28 November 2018.
- The vendors are responsible for all taxes payable on the transaction.
- Settlement is to occur on 5 April 2019, or 15 business days after the Philippines Bureau of Internal Revenue ("BIR") issues a Certificate Authorising Registration of the transfer of shares (whichever is later).

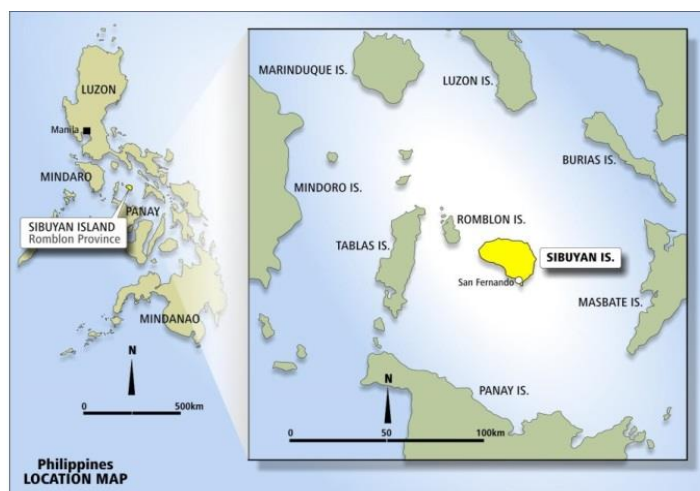


The vendor parties appointed an agent to coordinate the preparation of documentation required to facilitate the assessment, lodgement and payment of all taxes to the BIR payable on the transaction.

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 2018 quarter, no project development field work was undertaken to minimise expenses in the Philippines.

WESTERN AUSTRALIA

KIMBERLEYS

COCKATOO ISLAND PROJECT, KIMBERLEYS

Pelican has received \$2.25 million and holds 5,000,000 fully paid ordinary shares in Cockatoo Iron NL (“Cockatoo Iron”) as a consequence of the sale of its interests in the Cockatoo Island Project comprising mining lease 04/235-I, miscellaneous licence applications 04/102 and 04/103 (“Mining Lease”) and certain contractual rights to use the Ship Loader and Jetty (“Use Rights”) located within the Mining Lease.

Pelican and Cockatoo Iron have further executed 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

Refer to previous section.

NEW ACQUISITIONS



Nil

CORPORATE

Following completion of the sale of its interests in the Cockatoo Island Project, ASX advised Pelican, the sale constituted the disposal of the Company's main undertaking, in accordance with Guidance Note 12. The Company lodged a submission with ASX, arguing unsuccessfully the Cockatoo Island Project was not the Company's main undertaking. The Company was given six months from 30 April 2018 to demonstrate to ASX that it complied with the requirements of Listing Rule 12.1. The Company's securities were suspended from official quotation on 30 October 2018.

SHAREHOLDER INFORMATION

As at 31 December 2018 the Company had 333 shareholders and 361,923,540 ordinary fully paid shares on issue with the top 20 shareholders holding 71.11% of the total issued capital.

BUSINESS DEVELOPMENT

The Company continued to search for new opportunities in the resources sector which could demonstrate capacity to add long term shareholder value. The directors believe that existing cash reserves combined with funds received from the sale of its interests in SNPDC leave the Company well positioned to fund new opportunities in the resources sector.

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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 has over 45 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.

