

## MARCH 2015 QUARTERLY REPORT

24 April 2015

### PELICAN RESOURCES LIMITED

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**Capital:**

Ordinary shares: 241,282,360

### HIGHLIGHTS

- The Cockatoo Island project was purchased by Pluton Resources Limited and its joint venture partner Wise Energy from Cliffs Asia Pacific Iron Ore Pty Ltd in September 2012. Pluton is the operator and maintains management control of the project. Shipments of ore continued with five shipments made during the quarter ended 31<sup>st</sup> March 2015.
- The Romblon Project site was on care and maintenance during the quarter pending the result of the representation made on the lifting of the 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. Counsel for SNPDC is pursuing all legal avenues with respect to the appeal to the MGB and DENR to lift the CDO. SNPDC is actively seeking local companies as joint venture participants in the project.
- The option agreement on the San Marcos Gold Project located in Arizona, USA was signed in the quarter ending 31<sup>st</sup> March 2013. The Project is currently on care and maintenance.

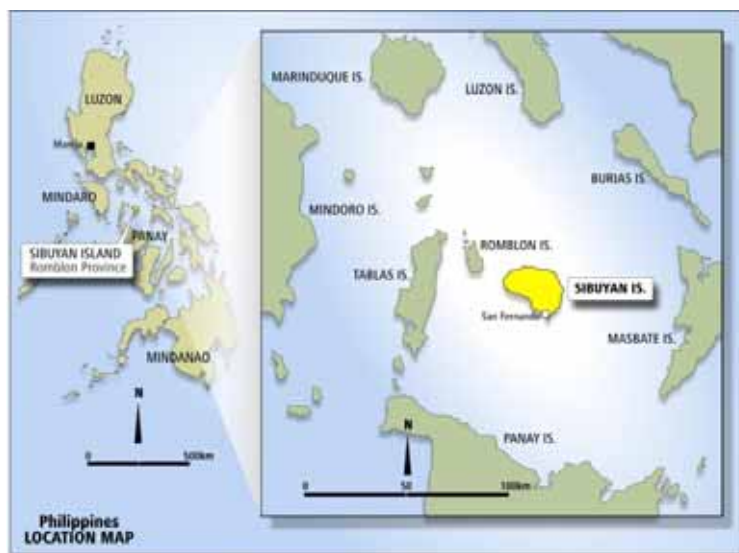
### REPUBLIC OF THE PHILIPPINES

#### 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 Sibuyan Nickel Properties Development Corporation (SNPDC). SNPDC is owned by Pelican Resources Limited in conjunction with its Joint Venture partner All-Acacia Resources Inc.





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 is pursuing all legal avenues with respect to the appeal to the MGB and DENR to lift the CDO.

The MGB and DENR are currently focused on reviewing a map issued during the current quarter by the Mineral Industry Coordinating Council (MICC) that specifies Go and No-Go Zones for mining throughout the Philippines. The map is a draft proposal that does not take into consideration approved Exploration Permits, MPSA's and existing mining operations. Approvals for new mining projects are expected to be deferred until the Go and No-Go Zones are finalised along with implementation rules and regulations. Counsel for SNPDC has advised that approved MPSA's should be included in Go Zones.

Additional issues such as revised mining tax regulations, Minahang Bayan Zones (Small Scale Mining) and domestic processing of DSO are currently being reviewed by various Government departments. New mining exploration projects are expected to be delayed until all issues are resolved by the current Administration. Projects with an approved MPSA or Foreign Technical Assistance Agreement (FTAA) can proceed with approvals to develop mining and plant operations. A new laterite nickel project in the Province of Agusan del Norte was commissioned in 2014 and existing mining operations have been allowed to apply for expansions of their MPSA's and Environmental Compliance Certificates (ECC's).

During the March quarter, SNPDC discussed joint venture proposals for the Romblon Project with several local companies currently involved in nickel laterite mining. Involvement of an active local mining company in the project may assist in the permitting process and Local Government Unit (LGU) support for the project. One of the interested parties conducted a site visit to the Romblon Project and submitted a draft joint venture term sheet during the 2<sup>nd</sup> quarter. Another party submitted a draft proposal for a 90-day due diligence period with exclusive rights to negotiate an agreement. All proposals will be reviewed as a priority by SNPDC and site visits will be arranged if requested.

Interest in laterite nickel resources in the Philippines has increased since Indonesia banned the export of DSO on 12 January 2014. The FOB price of laterite nickel DSO rose to a 6 year high during the first half of 2014. Prices declined during the current quarter as demand for nickel products in China decreased and some DSO is being replaced by other nickel products such as FeNi, nickel concentrates and nickel metal. It is expected that DSO prices will decrease or be relatively flat in the next two quarters as exports from the Philippines will increase due to improved weather and sea conditions in the mining areas of Mindanao and Dinagat Islands.

An internal study into nickel laterite processing through the use of direct reduction technology is ongoing along with discussions with local companies with processing experience. A new bill has been submitted to the Senate that proposes a ban on DSO similar to the Indonesian legislation. It is expected that there will be an implementation period of about 5 years if the bill is approved.



During the September quarter, the MICC approved a Minahang Bayan Zone in Eastern Leyte and Samar for Black (Iron) Sand Mining but the product must be processed domestically. It is anticipated that all new Minahang Bayan Zones will be subject to the same regulations. The MGB and DENR are preparing implementation rules and regulations for Minahang Bayan. Currently on gold, silver and chromite are allowed to be mined in Minahang Bayan Zones but the Government intends to include iron sand in the revised regulations. SNPDC staff continued to review new projects in the Philippines including nickel laterites, iron ore, iron sands, Cu-Au and PMG's.

All project development field work has been put on hold from the start of the 3<sup>rd</sup> quarter to minimise expenses in the Philippines. The priority in the 4<sup>th</sup> quarter is to actively pursue parties interested in an agreement to invest in SNPDC's Romblon Project.

## **WESTERN AUSTRALIA**

### **KIMBERLEYS**

#### **COCKATOO ISLAND PROJECT, KIMBERLEYS (M04/235)**

Interest: 100%

Operator: Pluton Resources Limited

During the previous quarter, KordaMentha was appointed as Receiver and Manager to Pluton Resources Limited ("Pluton").

During their appointment, the Receiver and Manager produced and shipped iron ore with five shipments totalling 212,097 tonnes shipped during the quarter.

The Company has issued several Notices of Default to both Pluton and KordaMentha seeking settlement of outstanding royalty payments. The Company will continue to work with both Pluton and KordaMentha to resolve the payment of arrears in royalties (after deducting the debt conversion component) totalling \$904,605.78.

Subsequent to the end of the March 2015 quarter, the Company received \$100,000 representing part payment for shipments of iron ore made in November 2014 and December 2014.

Pluton announced on 23 March 2015, that KordaMentha had agreed to be retired as Receivers and Managers and the Board had resumed full control of the Company.

## **USA**

#### **SAN MARCOS GOLD PROJECT, ARIZONA**

Interest: Option to earn up to 100% - Currently 30%

Operator: Pelican wholly owned USA subsidiary Dore 5 Resources

Additional expenditure of \$18,000 was required before end of March 2015 to increase the Company's interest to 51%.

The Company has decided not to proceed with the additional expenditure to increase its interest in the San Marcos Gold Project and is reviewing any future participation.

## **RELINQUISHMENTS**

Nil



## **NEW ACQUISITIONS**

Nil

## **CORPORATE**

### **BUSINESS DEVELOPMENT**

The Company will actively 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.

### **CORPORATE RESTRUCTURE**

During the quarter, the Company received a requisition to hold a general meeting of shareholders of the Company pursuant to section 249D of the Corporations Act 2001. Subsequent to receiving the requisition notice, an agreement was reached with the Company to appoint Mr Alec Pismiris and Mr Anthony Torresan as directors of the Company having previously received notification from Mr John Palermo of his intention to resign as a director of the Company.

On 25 March 2015 the requisition was withdrawn and Board changes announced to the Australian Securities Exchange, with Mr Alec Pismiris and Mr Anthony Torresan being appointed as directors of the Company together with the resignation of Mr Mike Bue as executive director.

The Company will focus on reducing administration costs and position itself to pursue future business development activities.

The Board and Management also wish to pass on their sincere condolences on the recent passing of Mr John Palermo.

For further information:

Mr Anthony Torresan

Director

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E-mail: [atorresan@pelicanresources.com.au](mailto:atorresan@pelicanresources.com.au)

Mr Alec Pismiris

Director

+61 402 212 532

E-mail: [apismiris@pelicanresources.com.au](mailto:apismiris@pelicanresources.com.au)

### **Competent Person's Statement**

The information in this Report that relates to Mineral Resources is based on, and accurately reflects, the information compiled by Dr John Hills a consultant to Pelican Resources Limited. Dr Hills is a member of the Australasian Institute of Mining and Metallurgy, respectively. Dr Hills has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activities which they are undertaking to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Hills consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.



## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

PELICAN RESOURCES LIMITED

ABN

12 063 388 821

Quarter ended ("current quarter")

31 MARCH 2015

#### Consolidated statement of cash flows

|   |  | Current quarter<br>\$A'000 | Year to date (9 months)<br>\$A'000 |
|---|--|----------------------------|------------------------------------|
| <b>Cash flows related to operating activities</b> |  |                            |                                    |
| 1.1   | Receipts from product sales and related debtors            | --                         | --                                 |
| 1.2   | Payments for (a) exploration & evaluation                  | (54)                       | (210)                              |
|   | (b) development  | --                         | --                                 |
|   | (c) production   | --                         | --                                 |
|   | (d) administration   | (287)                      | (712)                              |
| 1.3   | Dividends received   | --                         | --                                 |
| 1.4   | Interest and other items of a similar nature received      | 9                          | 40                                 |
| 1.5   | Interest and other costs of finance paid                   | --                         | --                                 |
| 1.6   | Income taxes paid  | --                         | --                                 |
| 1.7   | Other (Royalties)  | --                         | 319                                |
|   | Other (GST)  | (17)                       | (22)                               |
| <b>Net Operating Cash Flows</b>                   |  | (349)                      | (585)                              |
| <b>Cash flows related to investing activities</b> |  |                            |                                    |
| 1.8   | Payment for purchases of: (a) prospects                    | --                         | --                                 |
|   | (b) equity investments                                     | --                         | --                                 |
|   | (c) other fixed assets                                     | --                         | (3)                                |
| 1.9   | Proceeds from sale of: (a) prospects                       | --                         | --                                 |
|   | (b) equity investments                                     | --                         | --                                 |
|   | (c) other fixed assets                                     | --                         | --                                 |
| 1.10  | Loans to other entities                                    | --                         | --                                 |
| 1.11  | Loans repaid by other entities                             | --                         | --                                 |
| 1.12  | Other (provide details if material)                        | --                         | 11                                 |
| <b>Net investing cash flows</b>                   |  | --                         | 8                                  |
| 1.13  | Total operating and investing cash flows (carried forward) | (349)                      | (577)                              |

+ See chapter 19 for defined terms.

**Appendix 5B****Mining exploration entity and oil and gas exploration entity quarterly report**

|      |  |       |       |
|------|--|-------|-------|
| 1.13 | Total operating and investing cash flows (brought forward) | (349) | (577) |
|      | <b>Cash flows related to financing activities</b>          |       |       |
| 1.14 | Proceeds from issues of shares, options, etc.              | --    | 6     |
| 1.15 | Proceeds from sale of forfeited shares                     | --    | --    |
| 1.16 | Proceeds from borrowings                                   | --    | --    |
| 1.17 | Repayment of borrowings                                    | --    | --    |
| 1.18 | Dividends paid   | --    | --    |
| 1.19 | Other (capital raising costs)                              | --    | (33)  |
|      | Other (provide details if material)                        | --    | --    |
|      | <b>Net financing cash flows</b>                            | --    | (27)  |
|      | <b>Net increase (decrease) in cash held</b>                | (349) | (604) |
| 1.20 | Cash at beginning of quarter/year to date                  | 511   | 766   |
| 1.21 | Exchange rate adjustments to item 1.20                     | --    | --    |
| 1.22 | <b>Cash at end of quarter</b>                              | 162   | 162   |

**Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities**

|      |  | Current quarter<br>\$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 127                        |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10   | --                         |

1.25 Explanation necessary for an understanding of the transactions

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

### **Financing facilities available**

*Add notes as necessary for an understanding of the position.*

|                                 | Amount available<br>\$A'000 | Amount used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities             |                             |                        |
| 3.2 Credit standby arrangements |                             |                        |

### **Estimated cash outflows for next quarter**

|                                | \$A'000 |
|--------------------------------|---------|
| 4.1 Exploration and evaluation | 50      |
| 4.2 Development                | --      |
| 4.3 Production                 | --      |
| 4.4 Administration             | 70      |
| <b>Total</b>                   | 120     |

### **Reconciliation of cash**

| Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows. | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|---|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank  | 162                        | 51                          |
| 5.2 Deposits at call  | --                         | 460                         |
| 5.3 Bank overdraft  | --                         | --                          |
| 5.4 Other (share application account)   | --                         | --                          |
| <b>Total: cash at end of quarter (item 1.22)</b>  | 162                        | 511                         |

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+ See chapter 19 for defined terms.

**Appendix 5B****Mining exploration entity and oil and gas exploration entity quarterly report****Changes in interests in mining tenements and petroleum tenements**

|     | Tenement reference and location   | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|-----|---|-------------------------------|----------------------------------|----------------------------|
| 6.1 | Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed | (refer attached notes)        |                                  |                            |
| 6.2 | Interests in mining tenements and petroleum tenements acquired or increased           | (refer attached notes)        |                                  |                            |

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

|  | Total number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|--|--------------|---------------|---|--|
| 7.1 <b>Preference +securities</b><br>(description)   |              |               |   |  |
| 7.2 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions |              |               |   |  |
| 7.3 <b>+Ordinary securities</b>  | 241,282,360  | 241,282,360   |   |  |
| 7.4 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs              |              |               |   |  |
| 7.5 <b>+Convertible debt securities</b><br>(description)   |              |               |   |  |

+ See chapter 19 for defined terms.



**Appendix 5B**

**Mining exploration entity and oil and gas exploration entity quarterly report**

|      |   |            |            |                       |                    |
|------|---|------------|------------|-----------------------|--------------------|
| 7.6  | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted |            |            |                       |                    |
| 7.7  | <b>Options</b><br>(description and conversion factor)   |            |            | <i>Exercise price</i> | <i>Expiry date</i> |
|      |   | 59,725,571 | 59,725,571 | \$0.02                | 30/06/2017         |
| 7.8  | Issued during quarter   |            |            |                       |                    |
| 7.9  | Exercised during quarter  |            |            |                       |                    |
| 7.10 | Expired during quarter  |            |            |                       |                    |
| 7.11 | <b>Debentures</b><br>(totals only)  |            |            |                       |                    |
| 7.12 | <b>Unsecured notes</b> (totals only)  |            |            |                       |                    |

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: .....  
(Director)

Date: 24 April 2015

Print name: ALEC PISMIRIS

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

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+ See chapter 19 for defined terms.

- 2      The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3      **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4      The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5      **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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