



PELICAN RESOURCES LIMITED

(ABN 12 063 388 821)

**INTERIM FINANCIAL STATEMENTS
31 DECEMBER 2016**



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

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PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

The directors of Pelican Resources Limited ("Pelican" or "the Company") present their report together with the consolidated interim financial report for the Company and entities it controlled during the half-year ended 31 December 2016 ("Group").

DIRECTORS

The following persons were directors of Pelican Resources Limited during the half-year and up to the date of this consolidated financial report. Directors were in office for the entire period unless otherwise stated.

Name, qualifications and independence status

Experience, special responsibilities and other directorships

Anthony Torresan

Executive Director

Appointed 24 March 2015

Mr Torresan is a businessman with significant experience in capital markets. Mr Torresan has been actively involved in arranging capital raisings for ASX listed companies as well as unlisted public companies, providing investor relation services and assisting boards with development of strategic plans. Mr Torresan has held numerous executive positions where his responsibilities have included strategy, operational management and business development.

Colin Chenu

Non-Executive Director

B. Juris, LLB

Appointed 29 June 2015

Mr Chenu is a graduate of the University of Western Australia, with a Bachelor of Laws, and is admitted to practice in the Supreme Court of Western Australia and the High Court of Australia. He has practiced law in Western Australia for 29 years, as both a barrister and solicitor, in a wide range of commercial, litigious and non-litigious work. Mr Chenu has gained extensive experience in the law of corporations, trade practices, contracts, equity and trusts and tort. He is a director and principal at Bennett + Co. Mr Chenu is currently a director of the following ASX listed companies: HotCopper Holdings Limited.

Alec Pismiris

B Comm., MAICD, AGIA

Non-Executive Director and
Company Secretary

Appointed 24 March 2015

Mr Pismiris has over 30 years' experience in the securities, finance and mining industries and currently is a director of five ASX listed companies. Since 1990 Mr Pismiris has served as a director and company secretary for various ASX listed companies as well as a number of unlisted public and private companies. Mr Pismiris completed a Bachelor of Commerce degree at the University of Western Australia, is a member of the Australian Institute of Company Directors and an associate of The Governance Institute of Australia. Mr Pismiris has participated numerous times in the processes by which boards have assessed the acquisition and financing of a diverse range of assets and has participated in and become familiar with the range of evaluation criteria used and the due diligence processes commonly adopted in the commercial assessment of corporate opportunities. Mr Pismiris is currently a director of the following ASX listed companies: Agrimin Limited, Aguia Resources Limited, HotCopper Holdings Limited, Impression Healthcare Limited.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

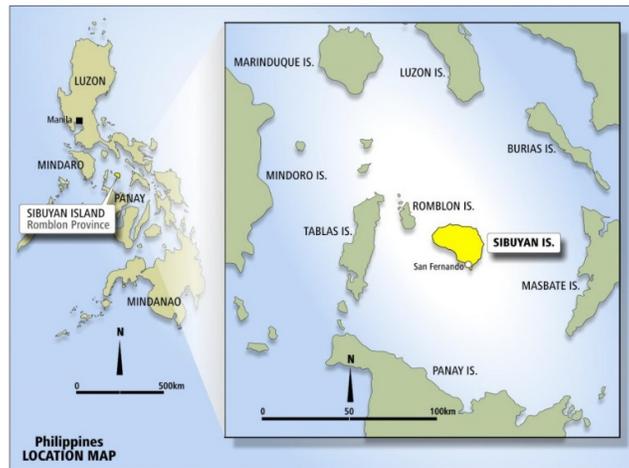
REVIEW OF OPERATIONS

REPUBLIC OF THE PHILIPPINES

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

Interest: MPSA 3042009-IVB

Since November 2004 the Romblon Project located on Sibuyan Island in the Romblon Province in the Philippines has been the main focus of the Company. Pelican through its wholly owned subsidiary, Sunshine Gold Pty Ltd in conjunction with its Philippine affiliate, Sunpacific Resources Phils Inc. and its Philippine venture partner All-Acacia Resources Inc. (AARI) jointly own Sibuyan Nickel Properties Development Corporation (SNPDC). SNPDC holds the rights to the granted Mineral Production Sharing Agreement 3042009-IVB (MPSA) over the project area. SNPDC has undertaken activities to evaluate the Romblon Project as a potential source of direct shipping lateritic nickel ore (DSO). Historically exploration activities undertaken by two Japanese nickel companies in 1972 led to the discovery of nickel mineralization within the project area covered by the MPSA.



The Romblon Project remains in the process of being transferred from Altai Resources Philippines Inc. (Altai), the original applicant of the MPSA, to SNPDC. Since September 2011 the project site has been on care and maintenance as a consequence of a Cease and Desist Order (CDO) issued by the Mines and Geosciences (MGB) of the Department of Environment and Natural Resources (DENR).

On 25 June 2015, Pelican announced that it had entered into a Memorandum of Understanding (MOU) with Dynamo Atlantic Limited (Dynamo), a BVI registered company, whereby Dynamo agreed to purchase 100% equity interest in SNPDC for a total cash purchase price of \$A4.70 million, payable in three instalments. Dynamo further agreed to grant a 2.5% royalty on net income generated by SNPDC from any operations undertaken on Sibuyan Island. To date Pelican has received two instalments totalling \$A1.41 million, with the final instalment of \$A3.29 million due on completion of sale and transfer of 100% ownership of SNPDC.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Following protracted negotiations, in August 2016 Pelican announced that it had secured the support of its venture partner for the sale of SNPDC, advised Dynamo that it considered the MOU unconditional and the parties could proceed towards completion. Pelican further provided Dynamo with a draft Share Sale Agreement in accordance with the terms of the MOU.

On 7 September 2016 Pelican announced that Dynamo had written advising that it did not intend to proceed with the purchase of SNPDC and requested a full refund of the consideration paid to date under the MOU.

The Company considered the sale of SNPDC as a disposal of main undertaking pursuant to the Listing Rule 11.2, therefore the Company sought and received shareholder approval for the disposal at its annual general meeting held on 11 November 2016.

Following notice from Dynamo of its intention not to proceed with the acquisition of SNPDC, Pelican 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 was given 28 days to remedy the default by confirming that it was ready, willing and able to complete the sale of SNPDC in accordance with the terms of the MOU.

The Directors remain committed to the sale of SNPDC in accordance with the MOU and Pelican continues to engage in discussions with Dynamo Atlantic to complete the sale of SNPDC in a timely manner.

WESTERN AUSTRALIA

KIMBERLEYS

COCKATOO ISLAND PROJECT (M04/235)

Interest: 100%

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

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. Since September 2015, Bryan Hughes and Daniel Johannes Bredenkamp of Pitcher Partners have acted continuously as Receivers and Managers of Pluton with all project operations under their control.

A Deed of Company Arrangement (DOCA) proposal from World System Capital Investment Limited (BVI) ("WSCV") was approved by creditors in January 2016, at which time Sam Marsden and Derrick Vickers were appointed Joint and Several Deed Administrators of Pluton.

WSCV 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 WSCV with an extension of time to comply with the terms of the DOCA. The varied DOCA was subsequently executed on 20 July 2016.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

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).

During the period the Company applied to the Department of Mines and Petroleum for a miscellaneous license is for the purposes of construction of an infrastructure facility associated with mining as defined in Section 253 of the Native Title Act 1993 (Cth).

SUBSEQUENT EVENTS

On 19 January 2017 the Company received an invitation letter from the Minister for Mines and Petroleum to make an application over an area of land referred to as S19/51 located within M04/235 exempted from the application provisions of the Mining Act. The Company subsequently applied to the Department of Mines and Petroleum for a miscellaneous license is for the purposes of aerodrome, communication facility, minesite accommodation facility, power line, power generation and transmission facility, road and water management facility.

In February 2017, press articles published in the Philippines reported the Secretary of the DENR had cancelled 75 MPSA's in an intensified government crackdown on mines deemed destructive to watershed forest reserves. The DENR published a list of MPSA's that it proposed to cancel, which included reference to Romblon, Altai Philippines Mining Corp ("Altai") – Sibuyan Island. As at the date of this report, SNPDC had not received any formal notification from the DENR of the proposed cancellation of the MPSA.

Since publication of the list of MPSA's by the DENR, SNPDC has been making enquiries to establish if Altai has received formal notification of the DENR's intention to cancel the MPSA. SNPDC is further seeking to clarify the location of the MPSA and its proximity to a proclaimed watershed forest reserve with the DENR.

CORPORATE

The Company continued to investigate new business development opportunities with a focus on low entry cost projects. The Company's ability to acquire a new business development opportunity may be dependent on securing funds from the sale of SNPDC.

As and when acquisitions are completed, the Company will make announcements to the market at appropriate times.

RESULTS OF OPERATIONS

The net loss after income tax for the period was \$234,087 (2015: \$481,875).



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

FINANCIAL POSITION

The net assets of the Company are \$1,237,011 as at 31 December 2016 (at 30 June 2016: \$1,478,077).

SCHEDULE OF TENEMENT INTERESTS AS AT 31 DECEMBER 2016

Tenement Reference	Project	Holder	Status	Interest
M04/235 ¹	Cockatoo Island	Pelican Resources Limited	Granted	100%
L04/102	Cockatoo Island	Pelican Resources Limited	Application	100%
L04/103	Cockatoo Island	Pelican Resources Limited	Application	100%
MPSA 3042009-IVB ²	Romblon Project	Altai Resources Philippines Inc.	Granted	75%

- Notes: 1. Operator Pluton Resources Limited (Receivers and Managers Appointed) (In Liquidation)
2. In the process of being transferred from Altai Resources Philippines Inc. (Altai) to Sibuyan Nickel Properties Development Corporation.

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.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is included within this financial report.

This consolidated financial report is signed in accordance with a resolution of the board of directors.

Alec Pismiris
Director

Dated at Perth this 14th day of March 2017



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Note	31 December 2016 \$	31 December 2015 \$
Revenue from royalties		-	112,636
Other income	3	9,554	6,863
Corporate	3	(209,883)	(260,084)
Salaries and wages		-	(46,604)
Exploration expenditure written-off		(11,688)	(8,432)
Doubtful debts expense		(5,764)	(80,707)
Share-based payments		(15,697)	(174,978)
Other expenses		(609)	(30,569)
Loss before income tax		(234,087)	(481,875)
Income tax		-	-
Loss for the period		(234,087)	(481,875)
Other comprehensive income			
Currency translation differences		(22,676)	1,817
Other comprehensive (loss)/income for the period		(22,676)	1,817
Total comprehensive loss for the period		(256,763)	(480,058)
Loss attributable to:			
Members of the parent entity		(231,317)	(460,882)
Non-controlling interest		(2,770)	(20,993)
		(234,087)	(481,875)
Total comprehensive loss attributable to:			
Members of the parent entity		(248,324)	(459,215)
Non-controlling interest		(8,439)	(20,843)
		(256,763)	(480,058)
		Cents	Cents
Basic and diluted loss per share (cents per share)	4	(0.06)	(0.13)



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	Note	31 December 2016 \$	30 June 2016 \$
CURRENT ASSETS			
Cash and cash equivalents	5	612,012	910,584
Restricted cash	7	940,000	940,000
Security deposits		114,000	131,000
Trade and other receivables	6	19,988	20,717
Assets held for sale	7	2,323,655	2,351,024
Total Current Assets		4,009,655	4,353,325
TOTAL ASSETS			
		4,009,655	4,353,325
CURRENT LIABILITIES			
Trade and other payables		147,237	228,995
Deferred revenue	7	1,410,000	1,410,000
Liabilities associated with assets held for sale	7	1,215,407	1,236,253
Total Current Liabilities		2,772,644	2,875,248
TOTAL LIABILITIES			
		2,772,644	2,875,248
NET ASSETS			
		1,237,011	1,478,077
EQUITY			
Issued capital	8	13,630,120	13,630,120
Reserves	9	2,020,270	2,021,580
Accumulated losses		(13,588,395)	(13,357,078)
Total parent entity interest		2,061,995	2,294,622
Non-controlling interest		(824,984)	(816,545)
TOTAL EQUITY		1,237,011	1,478,077



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Issued Capital	Options Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Non- Controlling Interest	Total Equity
	\$	\$	\$	\$	\$	\$
Balance at 01/07/2015	13,634,103	1,707,973	170,455	(12,932,920)	(807,526)	1,772,085
Total comprehensive (loss)/income for the period						
(Loss) for the period	-	-	-	(460,882)	(20,993)	(481,875)
<i>Other comprehensive income</i>						
Foreign currency translation differences	-	-	1,667	-	150	1,817
Total comprehensive loss for the period	-	-	1,667	(460,882)	(20,843)	(480,058)
Transactions with owners recorded directly into equity						
Share based payments	-	175,478	-	-	-	175,478
Transactions costs	(3,983)	-	-	-	-	(3,983)
Balance at 31/12/2015	13,630,120	1,883,451	172,122	(13,393,802)	(828,369)	1,463,522
Balance at 01/07/2016	13,630,120	1,899,148	122,432	(13,357,078)	(816,545)	1,478,077
Total comprehensive (loss)/income for the period						
(Loss) for the period	-	-	-	(231,317)	(2,770)	(234,087)
<i>Other comprehensive income</i>						
Foreign currency translation differences	-	-	(17,007)	-	(5,669)	(22,676)
Total comprehensive loss for the period	-	-	(17,007)	(231,317)	(8,439)	(256,763)
Transactions with owners recorded directly into equity						
Share based payments	-	15,697	-	-	-	15,697
Balance at 31/12/2016	13,630,120	1,914,845	105,425	(13,588,395)	(824,984)	1,237,011



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Note	31 December 2016 \$	31 December 2015 \$
Cash Flows from Operating Activities			
Payments to suppliers and employees		(313,438)	(310,064)
Interest received		9,410	152
Net Cash Used In Operating Activities		<u>(304,028)</u>	<u>(309,912)</u>
Cash Flows from Investing Activities			
Payments for exploration expenditure		(11,688)	(8,432)
Proceeds from sale of property, plant and equipment		144	6,711
Release of environmental bond		17,000	-
Proceeds from deposit for sale of project		-	940,000
Reclassification of deposit for sale of project to restricted cash		-	(940,000)
Net Cash Used In Investing Activities		<u>5,456</u>	<u>(1,721)</u>
Cash Flows from Financing Activities			
Costs associated with share and option issues		-	(3,983)
Net Cash Used In Financing Activities		<u>-</u>	<u>(3,983)</u>
Net decrease in cash and cash equivalents held		(298,572)	(315,616)
Cash and cash equivalents at beginning of the financial period		910,584	1,107,805
Effect of exchange rate changes on cash holdings		-	-
Cash and cash equivalents at the end of the half-year	5	<u>612,012</u>	<u>792,189</u>



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 1: BASIS OF PREPARATION

The half-year consolidated financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Accounting Standard AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures that the financial report and notes also comply with International Financial Reporting Standards IAS 34: Interim Financial Reporting.

It is recommended that this consolidated financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by Pelican Resources Limited and its controlled entities during the half-year in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001*.

The half-year consolidated financial report does not include full disclosures of the type normally included in annual financial reports.

The half-year consolidated financial report has been prepared on an accruals basis and is based on historical costs, except for certain financial assets which are carried at fair value.

Going Concern

The half-year consolidated financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The directors believe that there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable and is a going concern because of the following factors:

- the ability to issue additional shares under the *Corporations Act 2001*; and /or
- the ability to complete the sale of SNPDC.

Should the Consolidated Entity be unable to complete the sale of SNPDC or source additional funds from debt and/or equity markets, there is a material uncertainty that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

New and Revised Accounting Standards and Interpretations

The accounting policies have been consistently applied by the consolidated entity and are consistent with those in the June 2016 annual financial report, except in relation to the matters disclosed below:

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current half-year. The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior half-years.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016 (continued)**

NOTE 2: DIVIDENDS

There have been no dividends declared or recommended and no distributions made to shareholders or other persons during the period.

NOTE 3: LOSS BEFORE INCOME TAX

Loss before income tax includes the following revenues, expenses and gains whose disclosure is relevant in explaining the financial performance for the interim period:

	Consolidated	
	31 December 2016	31 December 2015
	\$	\$
(a) Other income		
Interest earned	9,410	152
Profit on sale of plant and equipment	144	6,711
	<hr/>	<hr/>
	9,554	6,863
(b) Expenses		
Depreciation	-	3,909
Impairment of plant and equipment	-	17,789
(c) Significant items		
<i>Included in corporate expenses</i>		
Accounting and administration fees	43,173	65,136
Consulting and directors fees	120,347	97,400



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016 (continued)**

NOTE 4: LOSS PER SHARE

The following reflects the income and data used in the calculations of basic and diluted loss per share:

	Consolidated	
	31 December 2016	31 December 2015
	\$	\$
Loss before income tax - Group	(234,087)	(481,875)
Adjustments:		
Loss attributable to non-controlling interest	2,770	20,993
Loss used in calculating basic and diluted loss per share	<u>(231,317)</u>	<u>(460,882)</u>
	Number of Shares	Number of Shares
Weighted average number of ordinary shares used in calculating basic loss per share:	<u>361,923,540</u>	<u>361,923,540</u>

Diluted loss per share is the same as basic loss per share as the conversion to ordinary shares does not lead to an inferior view of the earnings performance of the entity.

NOTE 5: CASH AND CASH EQUIVALENTS

For the purpose of the half-year statement of cash flows, cash and cash equivalents are comprised of the following:

	Consolidated	
	31 December 2016	30 June 2016
	\$	\$
Cash at bank	612,012	910,584
	<u>612,012</u>	<u>910,584</u>



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016 (continued)**

NOTE 6: TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 December 2016	30 June 2016
	\$	\$
Current		
Accrued royalties	928,160	923,838
Allowance for doubtful debts ⁽ⁱ⁾	(928,160)	(923,838)
Goods and services tax	19,988	20,717
	19,988	20,717

(i) On 8 September 2015, Pluton announced that it has appointed voluntary administrators and receivers and managers in order to execute a recapitalization and restructure proposal. As a result, the Company has raised an allowance for doubtful debts against the full amount owing by Pluton which is past the due date.

NOTE 7: ASSETS AND LIABILITIES HELD FOR SALE

In June 2015, the Company entered into a Memorandum of Understanding (“MOU”) with Dynamo Atlantic Limited to sell 100% ownership of Sibuyan Nickel Properties Development Corporation (“SNPDC”) for a purchase price of \$4.7 million (refer Directors’ Report for further detail).

Assets and liabilities held for sale

The major classes of assets and liabilities comprising the operations classified as held for sale at balance date are as follows:

	Consolidated	
	31 December 2016	30 June 2016
	\$	\$
Cash	1,780	3,243
Trade and other receivables	4,491	4,270
Mineral exploration and evaluation expenditure	2,317,384	2,343,511
Assets held for sale	2,323,655	2,351,024
Trade payables	460	706
Other payables	1,214,947	1,235,547
Liabilities associated with assets held for sale	1,215,407	1,236,253

The Company has received \$1.41 million as deposits for the sale of SNPDC and \$0.94 million has been classified as restricted cash under the terms of the MOU.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016 (continued)**

NOTE 8: ISSUED CAPITAL

Consolidated	
31 December	30 June
2016	2016
\$	\$

(a) Issued Capital

361,923,540 Ordinary shares fully paid
(30/06/2016: 361,923,540)

13,630,120	13,630,120
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(b) Movements in ordinary share capital

Date	Details	No. of Shares	\$
01/07/2016	Opening balance	361,923,540	13,634,120
31/12/2016	Closing balance	361,923,540	13,630,120

NOTE 9: RESERVES

Consolidated	
31 December	30 June
2016	2016
\$	\$

(a) Composition

Options reserve
Foreign currency translation reserve

1,914,845	1,899,148
105,425	122,432
2,020,270	2,021,580



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016 (continued)**

NOTE 9: RESERVES (continued)

b) Movements in options reserve

Date	Details	No. of Listed Options	No. of Unlisted Options	Fair Value of Options Issued	Exercise Price	Expiry Date
01/07/16	Opening balance	59,725,571	85,000,000	\$1,899,148		
31/12/16	Closing balance	59,725,571	85,000,000	\$1,899,148		

NOTE 10: CONTINGENT LIABILITIES

Under an agreement with a supplier, the Company is liable to pay a success fee of 6% of the transaction value upon completion of the sale of Sibuyan Nickel Properties Development Corporation.

Other than as disclosed above, Pelican Resources Limited and its controlled entities have no known material contingent liabilities as at 31 December 2016.

NOTE 11: EVENTS SUBSEQUENT TO REPORTING DATE

In February 2017, press articles published in the Philippines reported the Secretary of the DENR had cancelled 75 MPSA's in an intensified government crackdown on mines deemed destructive to watershed forest reserves. The DENR published a list of MPSA's that it proposed to cancel, which included reference to Romblon, Altai Philippines Mining Corp ("Altai") – Sibuyan Island. As at the date of this report, SNPDC had not received any formal notification from the DENR of the proposed cancellation of the MPSA.

Since publication of the list of MPSA's by the DENR, SNPDC has been making enquiries to establish if Altai has received formal notification of the DENR's intention to cancel the MPSA. SNPDC is further seeking to clarify the location of the MPSA and its proximity to a proclaimed watershed forest reserve with the DENR.

NOTE 12: SEGMENT INFORMATION

Business Segments

The directors have considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded that at this time there are no separate identifiable business segments.

The operations and assets of Pelican Resources Limited and its controlled entities are employed in exploration activities relating to minerals in Australia, Philippines and USA.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016 (continued)

NOTE 12: SEGMENT INFORMATION (continued)

	Australia		Philippines		USA		Eliminations		Consolidated	
	31 Dec 2016 \$	31 Dec 2015 \$								
Geographical Segments										
Revenue										
Sales to customers outside the Consolidated Entity	-	112,636	-	-	-	-	-	-	-	112,636
Other revenues from customers outside the Consolidated Entity	9,403	145	151	6,718	-	-	-	-	9,554	6,863
Total segment revenue	9,403	112,781	151	6,718	-	-	-	-	9,554	119,499
Results										
Segment result	(249,952)	(445,567)	(8,939)	(111,968)	-	(938)	24,804	76,598	(234,087)	(481,875)
Assets										
Segment assets	2,618,935	2,901,104	2,341,721	2,503,765	-	-	(951,001)	(1,048,662)	4,009,655	4,356,207
Liabilities										
Segment liabilities	3,005,592	3,070,961	8,555,951	8,649,868	-	212,408	(8,788,899)	(9,040,552)	2,772,644	2,892,685



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

DIRECTORS' DECLARATION

In the opinion of the directors:

- a) The financial statements and notes are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
 - ii) complying with Australian Accounting Standard AASB 134: Interim Financial Reporting;
- b) subject to the matters set out in note 1 "Going Concern", there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the board of directors

Dated this 14th day of March 2017

Alec Pismiris
Director

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pelican Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Pelican Resources Limited ("the company") which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Pelican Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1 to the half-year financial report which outlines conditions that indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Group to continue as a going concern and, therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business.

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

HLB Mann Judd
Chartered Accountants

A handwritten signature in blue ink that reads 'Norman G. Neill'.

N G Neill
Partner

Perth, Western Australia
14 March 2017

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Pelican Resources Limited for the half-year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.



Perth, Western Australia
14 March 2017

N G Neill
Partner