

## **PELICAN RESOURCES LIMITED**

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**Capital:**

Ordinary shares: 361,923,540

Unlisted options: 85,000,000

## **HIGHLIGHTS**

- Negotiations with Dynamo Atlantic Limited for the sale of Sibuyan Nickel Properties Development Corporation continued during the quarter with the parties continued exchange of draft agreements.
- 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.



For a period of some 13 months, Pelican was unable to secure the support of its venture partner, All Acacia Resources Inc. (“AARI”) to participate in the sale of its share of SNPDC to effect a transfer of 100% ownership of SNPDC. In August 2016 agreed to participate in the sale, and Pelican subsequently notified Dynamo of this and that it considered the MOU to be unconditional, and that the parties should proceed to completion. Pelican further secured shareholder approval for the sale of its interest in SNPDC on the terms of the MOU 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 consideration paid by it 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, requiring Dynamo within 28 days to confirm that it was ready, willing and able to complete.

In answer to the notice, Dynamo asserted that the principal asset of SNPDC, being its rights under a Mineral Production Sharing Agreement (MPSA) issued by Department of Environment and Natural Resources (DENR) had been or was imminently to be cancelled by executive order of Gina Lopez, secretary of the DENR, and that the MOU was therefore in effect, frustrated.

Following a period of uncertainty as to the status of the MPSA, on 3 May 2017 a panel of the Commission on Appointments rejected the appointment of Gina Lopez as secretary DENR due to her controversial policies. This effectively ended the uncertainty surrounding the status of the MPSA which Dynamo had relied upon as the basis to delay completing the sale.

As a result of these events, Pelican has been required over a protracted period to negotiate with Dynamo as to the terms on which the parties will proceed to completion. Throughout the quarter, Pelican and Dynamo have exchanged several versions of a Share Sale and Assignment of Debt Agreement (“SSADA”) to give effect to those negotiations.

Given that the issues which created uncertainty surrounding the MPSA have been allayed, Pelican considers that the previous barriers to proceeding to completion are no longer present, and it has recently been provided Dynamo with a draft SSADA and supporting documentation relating to the transfer of SNPDC shares and assignment of related party loans, which Pelican considers to be the final draft agreement reflecting the negotiated position between the parties.

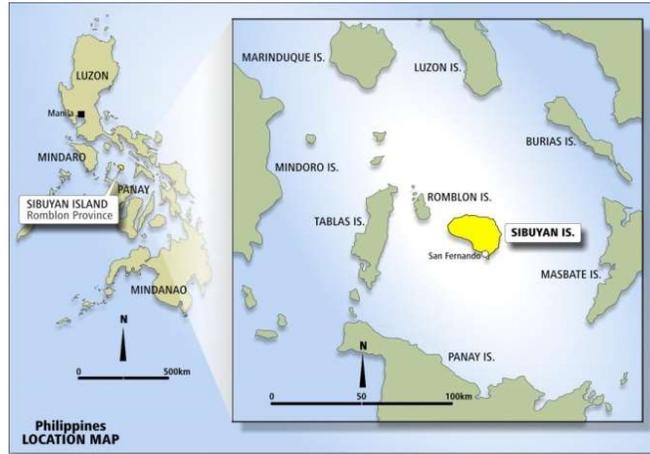
Pelican continues to work toward having the settlement completed expeditiously and are seeking confirmation of Dynamo’s acceptance of the terms of the draft SSADA, so the sale process can proceed.

#### **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 June 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 June 2017 quarter.



## RELINQUISHMENTS

None.

## NEW ACQUISITIONS

Pelican has applied for two Miscellaneous Licences (L04/102 and L04/103) on areas adjacent to the Company's existing mining lease on Cockatoo Island. During the quarter a consultation process commenced with an initial meeting with the Dambimangari Aboriginal Corporation to discuss the terms of a Heritage Agreement that would encompass Pelican's tenure on Cockatoo Island.

## CORPORATE

### SHAREHOLDER INFORMATION

As at 30 June 2017 the Company had 408 shareholders and 361,923,540 ordinary fully paid shares on issue with the top 20 shareholders holding 68.58% of the total issued capital.

The Company had 59,725,571 quoted options (PELOA) exercisable at \$0.02 each which expired at 5pm (AWST) on 30 June 2017.

### 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.*

