



PELICAN
RESOURCES LIMITED

ABN 12 063 388 821

DECEMBER 2015 QUARTERLY REPORT

21 January 2016

PELICAN RESOURCES LIMITED

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Capital:

Ordinary shares: 361,923,540

HIGHLIGHTS

- Progressing on sale of Pelican's interest in Sibuyan Nickel Properties Development Corporation to Dynamo Atlantic Limited.
- The Romblon Project site continued on care and maintenance with 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 has been pursuing all legal avenues with respect to the appeal to the MGB and DENR to lift the CDO still pending.
- 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. Bryan Hughes and Daniel Bredenkamp of Pitcher Partners act as Receivers and Managers of Pluton with all project operations under their control. Two shipments of ore were made during the quarter ended 31st December 2015.
- Completion of share sale facility for holders of less than a marketable parcel of the Company's shares.

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, prior to the end of the quarter;
- Dynamo granted exclusivity for the purchase of SNPDC;
- Dynamo granted 90 days to undertake technical, legal and financial due diligence investigations;
- on Dynamo completing due diligence investigations to its satisfaction, a second payment of \$A940,000; and
- on completion of sale and transfer of 100% ownership of SNPDC, a final payment of \$3,290,000.

Dynamo further agreed to grant a 2.5% royalty on net income generated by SNPDC from any operations undertaken on Sibuyan Island.



During the quarter Pelican engaged in lengthy negotiations with its venture partner, All-Acacia Resources Inc. (“AAR”) to secure its support for sale of SNPDC. Pelican presented a number of proposals to secure agreement from AAR, however Pelican’s attempts to secure AAR’s support for sale of SNPDC have been unsuccessful.

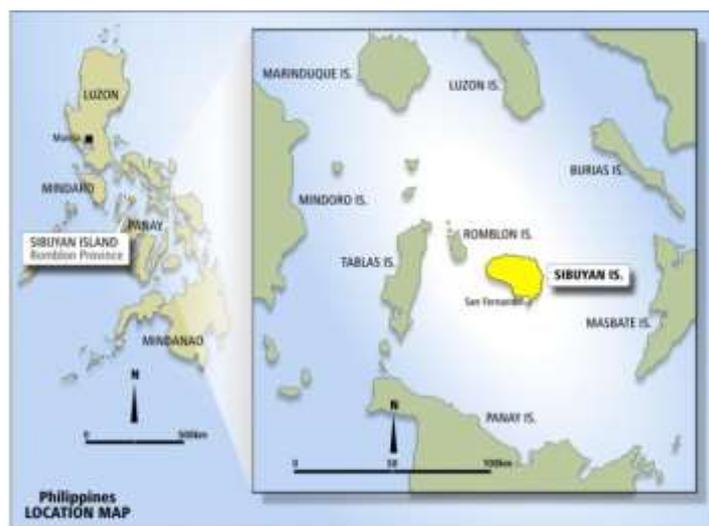
Whilst Pelican and Dynamo continue with efforts to comply with the terms of the MOU, Pelican has commenced drafting documentation to facilitate the transfer its interest in SNPDC to Dynamo on terms to be agreed. Pelican continues discussions with Dynamo in relation to AAR’s shareholding in SNPDC.

The sale of Pelican’s interest in SNPDC constitutes a disposal of main undertaking pursuant to the Listing Rule 11.2, therefore the Company will seek shareholder approval for the disposal at a shareholder meeting to be held later this year. On execution of a formal sale agreement for the transfer Pelican’s shareholding in SNPDC, Pelican will commence preparing notice of meeting materials seeking shareholder approval for the disposal of its shareholding in SNPDC.

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 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 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 June quarter, the Company continued discussions with several local companies currently involved in nickel laterite mining in an effort to identify a potential joint venture partner for the Romblon Project. The Company believed that involvement of an active local mining company in the project could potentially assist in the permitting process and Local Government Unit (LGU) support for the project. An interested party which had previously conducted a site visit to the Romblon Project, submitted a revised draft joint venture term sheet during the quarter. Another party which had previously submitted a draft proposal for a 90-day due diligence period with exclusive rights to negotiate an agreement, also submitted a revised draft proposal during the quarter. These proposals were reviewed and compared to the Dynamo proposal to acquire SNPDC, and the directors concluded the Dynamo proposal was superior.

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 2014, 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.

As previously reported all project development field work continued on hold 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)(Subject to Deed of Company Arrangement)

On 5 October 2015 Sam Marsden and Derrick Vickers of PricewaterhouseCoopers ("PWC") were appointed as Voluntary Administrators of Pluton Resources Limited ("Pluton") following the resignation of Vincent Smith and Samuel Freeman of EY.

Bryan Hughes and Daniel Bredenkamp of Pitcher Partners continued to 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.

A second meeting of creditors of Pluton was held on 9 December 2015 at which creditors voted in favour of the proposal for the Deed of Company Arrangement (DOCA) proposal from World System Capital Investment Ltd, an related entity of General Nice Recursos Comercial Offshore De Macau Limitada.



On 6 January 2016 PWC announced that Pluton and World System Capital Investment Limited (BVI) executed the DOCA on 4 January 2016. The terms of the DOCA require an application to the Court pursuant to s444DA of the Corporations Act 2001 (Cth). The process required for the application to the Court has already commenced.

On execution of the DOCA, Sam Marsden and Derrick Vickers retired as Joint and Several Voluntary Administrators of Pluton and were appointed Joint and Several Deed Administrators.

During the quarter, the Receivers confirmed that two shipments of ore had been completed. Details of the shipments are summarised below:

Shipment	High Grade (Tonnes)	Low Grade (Tonnes)
PLV054B	18,700	24,800
PLV054C	44,000	-
Total	62,700	24,800

The Receivers anticipate that further shipments of ore will be completed during the March 2016 quarter.

During the quarter the Company issued a letter of demand to KordaMentha for outstanding royalty payments totalling \$252,993. The amount was incurred during the period that KordaMentha was acting as Receiver and Manager of Pluton. The Company has previously issued Pluton with a Default Notice seeking settlement of outstanding royalty payments incurred up to 31 August 2014 totalling \$420,406.

The total of all outstanding royalty payments is \$1,163,147 (inclusive of the amount owed by KordaMentha).

USA

SAN MARCOS GOLD PROJECT, ARIZONA

Pelican has no further rights in connection with the Agreement or the San Marcos Gold Project.

The process to dissolve Dore 5 Resources continued during the quarter.

RELINQUISHMENTS

Nil.

NEW ACQUISITIONS

Nil

CORPORATE

ANNUAL GENERAL MEETING OF SHAREHOLDERS

At the annual general meeting of shareholders held on 12 November 2015 approval was obtained for the following:

- adoption of the Remuneration Report for the financial year ended 30 June 2015;
- re-election of Pelican directors;
- approval for the issue of equity securities totalling up to 10% of the issued capital of the Company;
- the grant of options to Pelican directors; and
- the issue of options to Capital Investment Partners Pty Ltd.



LESS THAN MARKETABLE PARCEL SHARE SALE FACILITY

The Company implemented a share sale facility (“Facility”) for holders of less than a marketable parcel (defined in the ASX Listing Rules as a parcel of securities of not less than \$500 in value) (“Less Than Marketable Parcel”) of the Company’s shares.

The Facility closed on 28 October 2015 with a total of 7,883,233 shares purchased for a consideration of \$63,065.68. Shareholders that did not elect to retain their shares were paid their sale proceeds by direct credit. Non-resident shareholders were paid in Australian dollars by cheque. A number of shareholders choose to donate the proceeds the sale of their Less Than Marketable Parcel to the Cancer Council of Western Australia resulting in donation during the quarter of \$749.05.

BUSINESS DEVELOPMENT

The Company continues to 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.

For further information:

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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.

