

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 continued during the quarter with the parties seeking advice on the regulatory requirements associated with 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.
- Receipt of third cash payment of \$750,000 in accordance with the terms of the legally binding term sheet and formal agreement with Cockatoo Iron NL and its wholly owned subsidiary Pearl Gull Pty Ltd.
- Pelican issued 5,000,000 fully paid ordinary shares in Cockatoo Iron NL

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 Sibuyan Nickel Properties Development Corporation (“SNPDC”) which is owned by Pelican in conjunction with its venture partner All-Acacia Resources Inc. SNPDC is the beneficial owner of the Romblon Project located on Sibuyan Island in the Romblon Province in the Philippines.

Under the terms of the MOU, Dynamo 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.

During the quarter, Dynamo continued its legal review of the Share Sale and Assignment of Debt Agreement (“SSADA”). Pelican and Dynamo also sought advice on the regulatory requirements to achieve completion, including submission of the signed SSADA with the Philippines Bureau of Internal Revenue (“BIR”) for review and assessment of taxation obligations arising from the sale of SNPDC. Once an assessment of tax has been issued and the BIR is satisfied the taxation obligations pursuant to the sale of SNPDC are settled, the BIR will issue a



Certificate Authorizing Registration and Tax Clearance. These documents issued by the BIR are required to transfer ownership of SNPDC to Dynamo.

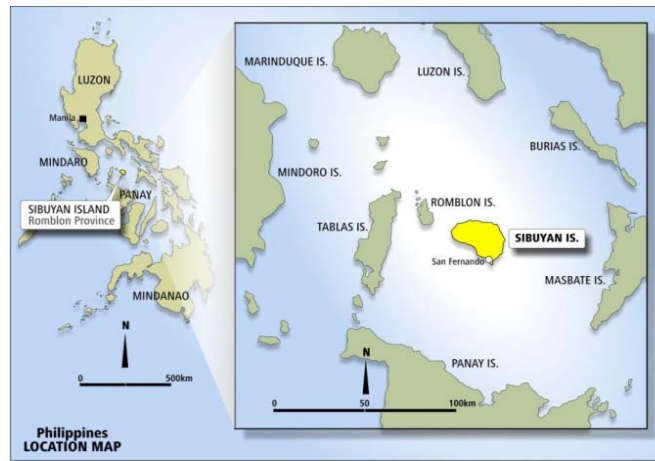
As previously reported, Pelican has offered to consider varying certain terms of the MOU with Dynamo to conclude the transaction. On confirmation of Dynamo's acceptance of the terms of the SSADA which includes the variation of certain terms of the MOU, Pelican will make the appropriate announcement to ASX. Any variation to the terms of the MOU will require shareholder approval in accordance with the requirements of Listing Rule 11.2.

If Dynamo does not agree with the terms of the SSADA, then the terms of the MOU will remain in force and Pelican will seek legal advice on its position.

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

WESTERN AUSTRALIA

KIMBERLEYS

COCKATOO ISLAND PROJECT, KIMBERLEYS

The Company entered into a conditional legally binding term sheet and formal agreement (“Agreement”) with Cockatoo Iron NL (“Cockatoo Iron”) and its wholly owned subsidiary Pearl Gull Pty Ltd (“Pearl Gull”), to sell its interests in the Cockatoo Island Project. The Agreement encompassed mining lease 04/235-I, miscellaneous licence applications 04/102 and 04/103 and certain contractual rights to use the Ship Loader and Jetty located within the mining lease (“Cockatoo Island Assets”).

Under the terms of the Agreement, Pelican agreed to sell its interests in the Cockatoo Island Assets for a purchase price of \$3.75 million (“Consideration”) payable in cash and equity in Cockatoo Iron as follows:



- an initial cash payment of \$150,000 non-refundable deposit that was paid on execution of the Agreement;
- a second cash payment of \$1,350,000 on completion of the sale and/or transfer of the Mining Lease and Use Rights (“Completion”);
- a third cash payment of \$750,000 on or before 31 March 2018 which was extended to 30 April 2018 by mutual agreement; and
- the issuance of \$1,500,000 worth of fully paid ordinary shares in Cockatoo Iron, at a deemed issue price of either \$0.30 per share or if Cockatoo Iron completes a capital raising by the issue of fully paid ordinary shares before Completion as part of a public listing on ASX, the issue price for those shares (subject to such escrow restrictions as may be imposed by ASX).

During the quarter Pelican announced that it had received the third cash payment of \$750,000 and was issued 5,000,000 fully paid ordinary shares in Cockatoo Iron.

Pelican and Cockatoo Iron have also 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

SHAREHOLDER INFORMATION

As at 30 June 2018 the Company had 341 shareholders and 361,923,540 ordinary fully paid shares on issue with the top 20 shareholders holding 70.22% of the total issued capital.

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 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.

