



PELICAN RESOURCES LIMITED

(ABN 12 063 388 821)

2014 ANNUAL REPORT





PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

CORPORATE DIRECTORY

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John Palermo (Chairman)
John Henry Hills
Mike Bue

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PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

CHAIRMAN'S REPORT

On behalf of the Board, I have pleasure in presenting the Annual Report of the Company for the year ended 30 June 2014.

The Company continued to focus its attention on the Romblon Nickel Project in the Philippines.

In 2013, the Court denied the motion for reconsideration in the Resolution dated 14 June 2013 where the Regional Trial Court in Romblon had ruled in favour of the Applicant (SNPDC) and declared the Provincial Executive Order unconstitutional. The Motion for Reconsideration of that ruling was filed by the Governor of Romblon.

Currently the project continues to be on care and maintenance with the decision now resting with the Department of Environment and Natural Resources (DENR) and the Mines and Geosciences Bureau (MGB). The Company continued to monitor the activities on the island and SNPDC's legal counsel are looking at all legal avenues to resolve the Cease and Desist Order. The representations made to the Office of the President in the previous reporting period have been returned to the DENR from the Office of the President as the decision remained within the jurisdiction of the DENR.

Investor interest in nickel in the Philippines is expected to increase substantially during the next period due to the Indonesian ban on shipping nickel laterite ore.

The San Marcos Gold Project in the United States continues to be of interest to the Company and independent reports have been obtained with a view to accelerating activities on the project area.

On the Cockatoo Island Project, the Company continues to receive royalties from the project from Pluton Resources Limited. Pluton has continued to ship ore during the reporting period however issues have arisen with respect to the payment of royalties which are due and owing to the Company.

The Company has released information to the market in relation to the Pluton arrangements. In order to assist in finalising the payment arrangements, the Company took an underwriting position in the Pluton capital raising.

The Company has been advised that Pluton is confident of fulfilling its minimum subscription levels notwithstanding the current decline in iron ore prices and that the Company will continue to receive royalties when due together with the payment of all outstanding royalties.

As with previous years, I wish to express my gratitude to our staff in Perth and Philippines who have worked in pursuit of the Company's objectives during the year under review.

Dated this 26th day of September, 2014

JOHN PALERMO
Chairman



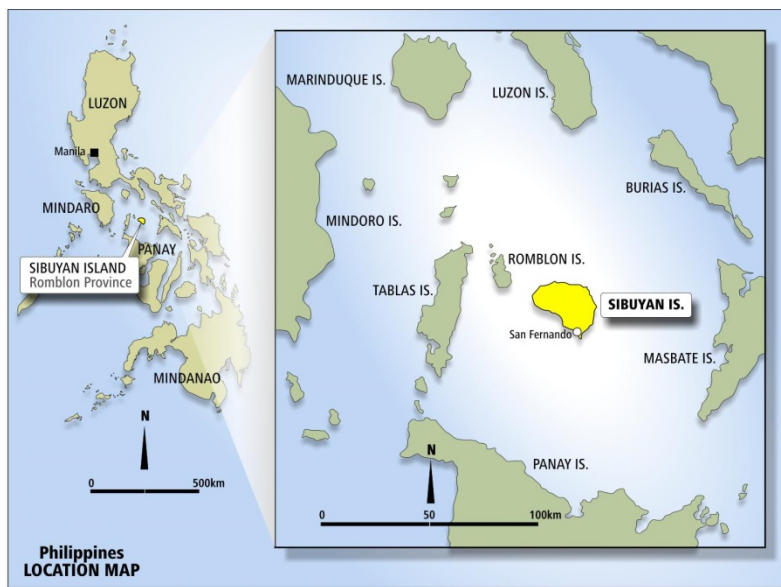
PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

REVIEW OF OPERATIONS

REPUBLIC OF THE PHILIPPINES

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

Interest: MPSA 3042009-IVB



The Romblon direct shipping lateritic nickel project remains the main focus for the Company in the Philippines. The Project is located on the southwest coast of Sibuyan Island in Romblon Province which is situated roughly in the centre of the Philippines. The project is being evaluated as a source of direct shipping lateritic nickel ore (DSO). There is potential for processing nickel laterite ore in the Philippines if this option can add value to the project. Several idle Ferro-Nickel (FeNi) Plants located within barging distance of the Romblon Project are currently being prepared to commence production in 2014.

Additionally, the Company is undertaking an internal study to evaluate a Direct Reduction Process (DRP) for laterite nickel ore. The technology to process high iron ore into Sponge Iron (SFE) and high nickel ore into Sponge Nickel (SNI) is being developed in China. The initial Scoping Study will include a review of Direct Reduction Iron (DRI) facilities currently operating in China and India which may be followed by pilot plant test work if the process has potential to enhance the Romblon Nickel Project. Discussions are ongoing with the Owners of other nickel projects in the Philippines regarding their interest in a joint venture to process nickel ore in the Philippines utilising DRP.

Currently the project site is under care and maintenance due to a Cease and Desist Order (CDO) issued by the Department of Environment and Natural Resources (DENR). Samples of the nickel ore from the project cannot be obtained until the CDO is lifted.

All options can be fully evaluated after an exploration program has been completed to define a Measured and Indicated JORC compliant Mineral Resource

The granted Mineral Production Sharing Agreement (MPSA), on Sibuyan Island in the Romblon Province in the Philippines, covers a lateritic nickel deposit where work was carried out by two Japanese nickel companies in 1972.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

REVIEW OF OPERATIONS *(continued)*

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.

Drill crews were mobilized and about to commence drill testing the resource when the Mines and Geosciences Bureau (MGB) of the DENR issued a Cease and Desist Order (CDO) in September 2011 against Altai Philippines Mining Corporation (Altai) to immediately terminate exploration and mining activities within the area covered by the MPSA. Sibuyan Nickel Properties Development Corporation, as attorney-in-fact of Altai, filed its comment on the CDO. SNPDC's lawyers filed a supplemental response to the comment and wrote to the Secretary of the DENR requesting the lifting of the CDO.

The MGB inspection team visited the site on Sibuyan Island to document and verify the veracity or truthfulness, if any, to the issues and complaints. The MGB report did not note any environmental or permitting violations due to work completed by the Joint Venture. It was noted by the MGB that the Joint Venture should obtain a "Social Licence" or majority support from the Local Government Officials, Organisations and Community. To date, both the MGB and DENR have yet to issue a response to the demand for the immediate lifting of the CDO against Altai.

These matters, which have been initiated by Local Government Officials, are being attended to by SNPDC's Legal Counsel in the Philippines who are looking at all the legal avenues to resolve the CDO.

The Governor of Romblon Province signed an Executive Order in 2012 making the province a non-mining zone. SNPDC's filed a Petition in the Regional Trial Court in Romblon to contest the Executive Order. The Company received notification from SNPDC, in the Quarter ending 31 March 2013, that the Petition for Declaratory Relief to declare the Provincial Executive Order as contrary to the Philippine Constitution has been determined in favour of SNPDC.

The Regional Trial Court in Romblon ruled in favour of the Applicant (SNPDC) and declared the Provincial Executive Order as unconstitutional. A Motion for Reconsideration was filed by the Governor of Romblon against the Order. The Regional Trial Court in Romblon issued a Resolution on 14 June 2013 denying the Motion for Reconsideration. Counsel for SNPDC provided the Mines & Geosciences Bureau (MGB) with a copy of the Resolution on the Motion for Reconsideration.

Given the Court's ruling, SNPDC has made representations to the Office of the President of the Philippines (OP) where its own appeal in respect of the Cease a Desist Order is still pending and advising the OP of the recent Court Resolution declaring the Executive Order unconstitutional and asking that any pending Appeal be immediately resolved. The OP responded to the request stating that it was too early to make a representation to the OP and the decision was still in the jurisdiction of the DENR. Counsel for SNPDC is following up on the representation to the DENR.

The Philippine elections were held successfully on the 13 May 2013. The incumbent Mayor of San Fernando Municipality lost the re-election. The newly elected officials were formally sworn into office on 30 June 2013. Elections for Barangay officials within San Fernando Municipality were held during the reporting period. There have been some legal challenges against the election results. Little activity at the project site will be undertaken until there is acceptance of the newly elected officials and stability in the Municipality along with progress in discussions with the DENR and MGB regarding lifting of the CDO.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

REVIEW OF OPERATIONS *(continued)*

In due course, SNPDC will request meetings with the elected officials and appraise them on the status of the CDO and proposed exploration program when the local situation is considered as stable. The DENR and MGB have been clear in the requirement for SNPDC to obtain the support of Local Government Units including elected officials, organisations and community prior to commencing an exploration program. SNPDC is in full agreement with this requirement.

The President of the Philippines signed an Executive Order (EO) No. 79 s. 2012 (Mining) amending the country's Mining Code in July 2012 and became effective on 26 July 2012. The EO is titled: "Institutionalising and implementing reforms in the Philippine mining sector providing policies and guidelines to ensure environmental protection and responsible mining in the utilisation of mineral resources".

This new EO awaits implementation rules and regulations to be drafted and in the meantime, granting of new mining licenses remains unresolved. Mining contracts, agreements and concessions approved before the effective date of the order continue to be valid and the order will respect prior permits even in areas where mining will be prohibited under the current order. The EO requires local government ordinances to be consistent with the Philippine Constitution and the Mining Act.

The Secretary of the DENR announced in December 2013, that the Mining Industry Coordinating Council (MICC) had submitted a draft bill for a new mining tax to the Presidential Liaison Office. The proposed new tax will assist in resolving the current debate in the Philippines with respect to the contribution of the mining industry to the local community. The new tax is not expected to be applied to independent nickel processing plants. The draft bill had not been submitted to Congress as of 30 June 2014.

The nickel price and FOB price of laterite nickel DSO increased significantly between January and June 2014. Indonesia imposed a ban on DSO inclusive of laterite nickel ore effective 12 January 2014. Indonesia supplied approximately 50% of laterite nickel DSO shipped to China during CY2013. The price increase during the 2nd half of FY2014 was 35% and 200% for nickel metal and 1.8% Ni DSO respectively. The prices declined slightly towards the end of June 2014 due to a general slowdown in the Chinese economy and some resistance to the price increase.

Investor interest in nickel laterite ore and projects located in the Philippines is expected to increase substantially during FY2015 if the Indonesian ban of nickel laterite DSO is maintained. It will take 2-3 years for new nickel laterite ore processing plants to be constructed and commissioned in Indonesia. Additionally, the production ramp-up following plant commissioning is often over a 2-3 year period. Nickel and nickel laterite DSO prices are expected to continue to increase in FY2015 assuming positive growth in the Chinese economy.

PROJECT GENERATION IN THE PHILIPPINES

Pelican Staff in the Philippines have been active in a review of new mining projects while the Romblon Nickel Project has been on care and maintenance. The focus is on permitted and advanced nickel laterite, iron ore and iron sand projects. Efforts have been focused in Provinces that have a history of encouraging mining exploration and operations. A number of opportunities have been identified in northern Luzon and Leyte Province in eastern Visayas. A short list of projects with the highest potential will be evaluated through meetings with the relevant parties and site visit.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

REVIEW OF OPERATIONS *(continued)*

MABUHAY PROJECT, SURIGAO DEL NORTE PROVINCE, MINDANAO ISLAND (MPSA APPLICATION No. 000029-X)

Operator: Wallaby Corporation a subsidiary of Rugby Mining Limited

The old Mabuhay gold mine, on Surigao del Norte Province, Mindanao Island, Philippines, has the potential to host an underlying copper-gold porphyry system.

In 2011, the Company's Philippine associate, Sunpacific Resources Inc. (Sunpacific), entered into an agreement with Rugby Mining Limited (Rugby) a Canadian-listed company, to assign all its rights, title and interest under the Memorandum of Agreement (MOA) between All-Acacia Resources Inc. and Sunpacific. The assignment grants to Rugby the right to enter into an option to explore the project area at Mabuhay over a period of seven years.

In consideration for the assignment, Rugby will pay to the Company \$500,000 over a period of four years as Rugby progresses through the exploration phase. The first payment is due 12 months from the end of the Due Diligence period provided the MPSA is granted. In addition, Rugby will pay to the Company \$5 million on commencement of commercial production. Commercial production is defined as being 45 days after mineral products have been shipped from the property. The Company is monitoring progress on the exploration of the project area and particularly on the granting of permits.

Rugby informed the Company in FY14 that efforts towards application for a MPSA have ceased. Rugby decided to apply for an Exploration Permit (EP) to allow exploration drilling to commence at an earlier date. The DENR lifted the moratorium on applications for Exploration Permits (EPs) and Financial or Technical Assistance Agreements (FTAAs) effective 18 March 2013. The moratorium was imposed in January 2011 after the DENR ordered the MGB to review all pending and inactive mining projects in the country. The suspension covered applications for EPs, FTAAs and MPSAs. Rugby's EP application was near the end of the approval process as of 30 June 2014.

An MPSA is a Mineral Agreement in which the government shares in the production of the contractor. Applications for MPSAs are still not allowed as Executive Order No. 79 stipulates that "no new Mineral Agreements shall be entered into until legislation rationalising existing revenue sharing schemes and mechanisms shall have taken effect". An FTAA is a mining right granted for large-scale operation, development and utilisation of minerals. It allows 100-percent foreign ownership of a venture, with 50-50 revenue-sharing with the government.

EPs may now be issued because the MGB has completed the mapping of no-go zones; areas where mining activities are prohibited or restricted because they are dedicated solely to agriculture and tourism activities or are protected areas. EO 79 required the no-go zones to be mapped before EPs could be issued. Rugby hopes to proceed to exploration through an EP and consider application for a MPSA or an FTAA at a later date depending on the success of the exploration.

The assignment of the rights under the MOA, which was first entered into in 2003, enables the Company to focus its resources on the Romblon Nickel Project in the Philippines.

Pelican's original concept at Mabuhay was to test the high-grade vein-type gold system. During the course of the exploration, it became apparent that the high-grade gold-copper veins mined by underground stopes cap a deeper lower grade porphyry copper-gold system. It is this system that will be the focus of the proposed future exploration program.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

REVIEW OF OPERATIONS *(continued)*

UNITED STATES OF AMERICA

SAN MARCOS GOLD PROJECT, ARIZONA USA

Interest: Option to earn up to 100%

Operator: Pelican wholly owned USA subsidiary (incorporated July 2013)

Pelican Resources Limited and Australian American Mining Corporation Limited (AusAmerican) entered into an option agreement pursuant to which Pelican was granted an option to enter into a farm-in and joint venture agreement, through a US subsidiary, on the San Marcos Gold Project located in La Paz County, Arizona, USA.

On 18 February 2013, Pelican announced to the ASX it had exercised the Option to Enter into a Farm-in and Joint Venture Agreement with AusAmerican on terms announced to the ASX on 14 January 2013.

Following the above transactions Pelican incorporated a wholly-owned USA subsidiary, Dore 5 Resources Inc. Officers and Directors of Dore 5 were appointed together with banking and statutory facilities to enable the Company to move forward.

Dore 5 appointed a professional geologist located in Tucson Arizona as a Director of the subsidiary, who has also accepted responsibility for the management of exploration. A professional tenement company was also contracted to manage those claims hosting the San Marcos Project area.

The San Marcos project is located approximately 145kms west of Phoenix, Arizona, and is accessed by paved and well maintained roads. Electric power lines, high pressure natural gas pipelines, major highways and an active railway pass over or close to the property. Favourable climatic conditions allow year-round exploration work. Arizona is recognised as a mining-friendly jurisdiction.

The San Marcos property comprises 125 contiguous mining claims and is owned in its entirety by AusAmerican Mining. It lies on the northwest flank of the Harquahala Mountain range within the Detachment Fault structural terrane of the Basin and Range physiographic province. The gold mineralised complex lies in and close to a gently sloping detachment surface that separates ancient quartz-feldspar gneiss from overlying granitic and sedimentary rock units.

The property has been prospected and mapped in preliminary fashion and further explored by 30 percussion drill holes and 5 cored drill holes. Analytical data is incomplete. The favourable horizon and mineralisation are open to down-dip and lateral extension beneath semi-lithified coarse fluvial gravels that obscure the prospective bedrock.

Following the appointment of a geologist, priorities were focused on geological data collection to enable further geological modelling based on detachment style mineralisation which is somewhat unique in the project area. Ongoing field work including rock chip sampling, mapping along a parallel anomaly identified by AusAmerican consultant geologist, together with commencement of splitting and logging approximately 1000 metres of drill core which were part of the last campaign by AusAmerican.

This work was undertaken early in 2014 with selected core put aside for future metallurgical test work. Budgets were re-aligned to meet the farm –in expenditure requirements.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

REVIEW OF OPERATIONS *(continued)*

Pelican gave notice to AusAmerican on 29 April 2014 that the required amount had been expended on the San Marcos Project. Under the terms of the Farm-in Agreement, Pelican has earned 30% in the San Marcos Project.

During May and June 2014, Dore 5 was focused on prospect generation activity. Numerous prospective properties were reviewed mostly through land research and data analysis. The properties reviewed were Johnson Camp, Gold Bar, Soccoro Mine area, Harquahala Mine area and El Tigre.

The Gold Bar property is an historic mine on patented land near Wickenburg, AZ. Various reports indicate historic production totalling 24,000 tonnes grading 0.88 opt gold. There are numerous mineral occurrences on the property with good molybdenum assays and a copper vein reported to grade better than 5%. The most promising aspect of this property is the fact that well mineralised breccia pipes are inclined. Previous exploration and development has focused on mineralisation directly below surface outcrops. The dipping breccia pipes and recent work on the structure and extensional tectonics of the area leads the Company to believe significant potential for a large mineralised system exists on untested areas of this property. The Company's geologist has recommended pursuing a deal on this property and a decision of how to proceed is pending.

The Socorro Mine district is adjacent to the San Marcos project. Non-public data exists on the area. This data (soil sampling, mapping) was reviewed and indicates the potential for Au mineralisation along a compressive structural corridor. Open ground is available in this area.

Research and a brief data review was conducted on the Harquahala and El Tiger Mine located in W. Arizona. These properties represent the opportunity for a small 100-200K+ oz. operation. Further due diligence is needed before any recommendation is made.

WESTERN AUSTRALIA

KIMBERLEYS

COCKATOO ISLAND PROJECT (M04/235)

Interest: 100%

Operator: Pluton Resources Ltd (from 01 October 2012 to 30 June 2014)

The Company announced to the market in September 2012, that it had entered into an agreement with Cliffs Asia Pacific Iron Ore Pty Ltd (Cliffs) and Pluton Resources Limited (Pluton) on the rights on Cockatoo Island. Cockatoo Island project was purchased from Cliffs Asia Pacific Iron Ore Pty Ltd by Pluton Resources Limited and its unincorporated joint venture partner Wise Energy during September with the asset handover date effective on 1 October 2012. Pluton Resources will be the operator and maintain management control. Their initial open-cut mine plan forecast monthly shipments commenced November 2012.

Pelican renegotiated royalty arrangements for direct shipping iron ore derived from open cut mining on the Island are based on \$1 per tonne or 1% – 1.5% of the FOB sales price of ore shipped (depending on the prevailing FOB sales price) whichever is the greater.

Pluton was also required to pay to Pelican a minimum royalty of \$50,000 per month for a total period of 14 months.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

REVIEW OF OPERATIONS *(continued)*

Pluton will only be relieved of its obligation to pay the minimum royalty if mining operations on Cockatoo Island permanently cease following complete exploitation of the ore resources on the island. Payment of the royalty may also be deferred in the event if mining operations on Cockatoo Island are suspended due to force majeure events.

Pluton, as operator of the Cockatoo Island Project, reported that shipments of iron ore in the period from 01 July 2013 to 30 June 2014 were 913,328 dry tonnes. Royalty payments are on the basis of \$1.00 per dry tonnes of iron ore shipped.

RELINQUISHMENTS

Nil.

NEW ACQUISITIONS

Nil.

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.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Your directors submit their report on the Consolidated Entity consisting of Pelican Resources Limited and its controlled entities for the financial year ended 30 June 2014.

DIRECTORS

The following persons were directors of Pelican Resources Limited during the whole of the financial year and up to the date of this report:

John Palermo
John Henry Hills
Mike Bue

PRINCIPAL ACTIVITIES

The principal activity of the Consolidated Entity during the year was mineral exploration.

OPERATING RESULTS

The consolidated loss for the year after income tax was (\$1,812,363) (2013: profit of \$284,146).

The auditors have issued an emphasis of matter opinion on the capitalised expenditure on the exploration assets.

The Company has internally generated cashflow via a royalty stream from the Cockatoo Island operations. The continuity of development and exploration activities will, at some stage in the future, require access to new funding.

The development and exploration activities to be carried out in the future and the Company's planned discretionary expenditure may vary significantly due to a variety of factors. The Company has the ability to substantially reduce or defer actual exploration expenditure if required to better match the funds available to the Company at any point in time.

The directors are of the view that the current carrying value of the Romblon project is reasonable given the carrying value of projects of a similar nature.

The directors have prepared the financial statements on a going concern basis which contemplates the continuity of normal business activities.

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid or recommended for the year ended 30 June 2014.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT *(continued)*

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year, the following options expired and new shares were issued:

Date	Details	No. of Shares	Issue Price	No. of Options	Exercise Price	Exercisable By
30/09/2013	Unlisted options expired	--	--	1,000,000	\$0.15	30/09/2013
23/12/2013	Unlisted options expired	--	--	11,875,000	\$0.10	23/12/2013
09/06/2014	Conversion of listed options	13,067	\$0.04	--	--	--
11/06/2014	Conversion of listed options	683	\$0.04	--	--	--
12/06/2014	Conversion of listed options	304	\$0.04	--	--	--
23/06/2014	Conversion of listed options	35,548	\$0.04	--	--	--
26/06/2014	Conversion of listed options	1,125	\$0.04	--	--	--
27/06/2014	Conversion of listed options	12,500	\$0.04	--	--	--
30/06/2014	Conversion of listed options	8,025	\$0.04	--	--	--

REVIEW OF ECONOMIC OPERATIONS

The Company and its controlled entities continued their exploration activities. Further details are noted in the review of operations section of the annual report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company and its controlled entities intend to continue their exploration activities.

ENVIRONMENTAL REGULATION

The Consolidated Entity has assessed whether there are any particular or significant environmental regulations which apply. It has determined that the risk of non-compliance is low, and has not identified any compliance breaches during the year.

PARTICULARS OF DIRECTORS

John Palermo, B.Bus, FCA, FCPA, JP

Mr Palermo is a Chartered Accountant with over 30 years experience in public practice. He was the principal in a private practice from 1978 until 2006. His main areas of expertise are corporate services and company administration with his main focus in mining and exploration, and biotechnology. Mr Palermo has extensive management, corporate and directorial experience and is also Chairman and Company Secretary of other public companies, both listed and unlisted. During the past three years, Mr Palermo has also served as a director of the following other listed companies:

- Pharmanet Group Ltd *
- Consolidated Global Investments Ltd *
- Gladiator Resources Ltd (resigned 30/11/2012)

(* denotes current directorship)



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT *(continued)*

PARTICULARS OF DIRECTORS *(continued)*

John Henry Hills, B.Sc. Hons, M.Sc, Ph.D, MAusIMM

Dr Hills is a qualified geologist with over 50 years experience in the industry, 12 years of which were spent with BP as Minerals Exploration Manager. His experience in the mineral industry spans diamond exploration in Botswana, mine geology and mineragraphic research with RST in Zambia, mineral exploration and research in the Alligator Rivers Uranium Province in the Northern Territory and the initiation of an Australia-wide minerals exploration program in 1974 for BP Group. During the past three years, Dr Hills has not served as a director of any other listed companies.

Mike Bue, B.Sc. Eng. (Mining), M.Eng (Mineral Economics), P.Eng (PEO)

Mr Bue is an experienced Mining Engineer with over 35 years experience in the mining industry. Mr Bue has a Bachelor of Science with a major in Mining Engineering. Mr Bue held a senior role with Queensland Nickel Ltd (a subsidiary of BHP Billiton) for eight years and was responsible for the purchase and supply of nickel laterite ore from mines in New Caledonia, Indonesia and the Philippines. During that period, Mr Bue also managed exploration programs and mine development and logistics operations for nickel laterite from mine ports and rail transport to the Yabulu Nickel Refinery. During the past three years, Mr Bue has not served as a director of any other listed companies.

COMPANY SECRETARY

John Joseph Palermo, B.Bus, FCA, ACIS

Mr Palermo is a Chartered Accountant with 18 years experience in Public Practice. His areas of expertise are in corporate advisory, strategic business management and business structuring. Currently a director of Palermo Chartered Accountants, he has experience in public company accounting and administration. Mr Palermo is a former Chairman of the Regional Council of the Institute of Chartered Accountants and the National Public Practice Advisory Committee. Mr Palermo is also a member of the Executive of the National Trust of Western Australia.

DIRECTORS' INTERESTS IN SHARES, OPTIONS AND PERFORMANCE RIGHTS OF THE COMPANY

At the date of this report, the directors' interests in shares, options and performance rights of Pelican Resources Limited were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares	Number of Performance Rights
John Palermo	20,822,928	21,754,400	--
John Henry Hills	11,811,292	--	--
Mike Bue	--	--	500,000



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT *(continued)*

REMUNERATION REPORT (Audited)

This report outlines the remuneration arrangements in place for directors and executives of the Company.

Remuneration policy

The remuneration policy of Pelican Resources Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Consolidated Entity's ability to attract and retain the best executives and directors to run and manage the Consolidated Entity.

The Board's policy for determining the nature and amount of remuneration for board members and senior executives of the Consolidated Entity is as follows:

The remuneration policy setting out the terms and conditions for the executive directors and other senior executives was developed by the Board.

Remuneration policy *(continued)*

Executive remuneration and other terms of employment are reviewed annually by the Board having regard to performance against goals set at the start of the year, relevant comparative information and independent expert advice.

As well as a base salary, remuneration packages include superannuation, retirement and termination entitlements, performance-related bonuses and fringe benefits.

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Company's diverse operations.

Remuneration and other terms of employment for the executive director and certain other senior executives have been formalised in service agreements as follows:

Mike Bue - \$150,000 p.a. plus superannuation, termination by either party within 3 months and no fixed term.

Remuneration of non-executive directors is determined by the Board within the maximum amount approved by the shareholders from time to time and which currently stands at \$250,000 per annum.

The Board undertakes an annual review of its performance against goals set at the start of the year. The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT *(continued)*

REMUNERATION REPORT (Audited) *(continued)*

Remuneration policy *(continued)*

Performance-based remuneration

The Company currently has no performance-based remuneration component built into director and executive remuneration packages.

Key management personnel compensation

Details of the nature and amount of emolument paid for each director and executive of Pelican Resources Limited are set out below:

	Primary Benefits			Post Employment		Share Based	Other	TOTAL	%
	Salary & Fees	Cash Bonus	Non- Monetary	Super- annuation	Retirement Benefits	Payments Shares/Options	Benefits	\$	Consisting of Options
Directors									
Palermo, J – Chairman (non-executive)									
2014	132,500	--	--	14,822	--	--	--	147,322	--
2013	126,250	--	--	20,438	--	--	--	146,688	--
Hills, J – Director (non-executive)									
2014	25,000	--	--	578	--	--	--	25,578	--
2013	37,000	--	--	--	--	--	--	37,000	--
Bue, M – Director (executive)									
2014	150,000	--	--	13,875	--	--	--	163,875	--
2013	150,000	--	--	13,500	--	--	--	163,500	--
Total Remuneration:									
2014	307,500	--	--	29,275	--	--	--	336,775	--
2013	313,250	--	--	33,938	--	--	--	347,188	--

Other related party transactions of key management personnel are disclosed in Note 18.

Remuneration Options

There were no options issued as part of director remuneration for the years ended 30 June 2014 and 30 June 2013.

During the year ended 30 June 2014, no remuneration options were forfeited, expired or exercised by the directors.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT *(continued)*

REMUNERATION REPORT (Audited) *(continued)*

Shareholdings by Directors

2014	Balance 01/07/13 (No. of Shares)	Received Remuneration (No. of Shares)	No. of Options Exercised	Net Other Change (No. of Shares)	Balance 30/06/14 (No. of Shares)
J Palermo	25,895,126	--	--	(5,072,198)	20,822,928
J H Hills	11,811,292	--	--	--	11,811,292
M Bue	--	--	--	--	--
Total	37,706,418	--	--	(5,072,198)	32,634,220

2013	Balance 01/07/12 (No. of Shares)	Received Remuneration (No. of Shares)	No. of Options Exercised	Net Other Change (No. of Shares)	Balance 30/06/13 (No. of Shares)
J Palermo	20,514,870	--	--	5,380,256	25,895,126
J H Hills	13,297,830	--	--	(1,486,538)	11,811,292
M Bue	--	--	--	--	--
Total	33,812,700	--	--	3,893,718	37,706,418

Listed Options Holdings by Directors

2014	Balance 01/07/13 (No. Options)	Granted as Remuneration (No. Options)	No. of Options Acquired	No. of Options Exercised	Net Change Other (No. Options)	Balance 30/06/14 (No. Options)	Total Vested 30/06/14 (No. Options)	Total Exercisable (No. Options)
J Palermo	21,754,400	--	--	--	--	21,754,400 ⁽ⁱ⁾	--	--
J H Hills	--	--	--	--	--	--	--	--
M Bue	--	--	--	--	--	--	--	--
Total	21,754,400	--	--	--	--	21,754,400	--	--

(i) Total listed options of 21,754,400 expired on 1 July 2014.

2013	Balance 01/07/12 (No. Options)	Granted as Remuneration (No. Options)	No. of Options Acquired	No. of Options Exercised	Net Change Other (No. Options)	Balance 30/06/13 (No. Options)	Total Vested 30/06/13 (No. Options)	Total Exercisable (No. Options)
J Palermo	21,754,400	--	--	--	--	21,754,400	21,754,400	21,754,400
J H Hills	--	--	--	--	--	--	--	--
M Bue	--	--	--	--	--	--	--	--
Total	21,754,400	--	--	--	--	21,754,400	21,754,400	21,754,400



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT *(continued)*

REMUNERATION REPORT (Audited) *(continued)*

Unlisted Options Holdings by Directors

2014	Balance 01/07/13 (No. Options)	Granted as Remuneration (No. Options)	No. of Options Exercised	Net Change Other (No. Options)	Balance 30/06/14 (No. Options)	Total Vested 30/06/14 (No. Options)	Total Exercisable (No. Options)
J Palermo	--	--	--	--	--	--	--
J H Hills	--	--	--	--	--	--	--
M Bue	--	--	--	--	--	--	--
Total	--	--	--	--	--	--	--

2013	Balance 01/07/12 (No. Options)	Granted as Remuneration (No. Options)	No. of Options Exercised	Net Change Other (No. Options)	Balance 30/06/13 (No. Options)	Total Vested 30/06/13 (No. Options)	Total Exercisable (No. Options)
J Palermo	1,000,000	--	--	(1,000,000)	--	--	--
J H Hills	1,000,000	--	--	(1,000,000)	--	--	--
M Bue	--	--	--	--	--	--	--
Total	2,000,000	--	--	(2,000,000)	--	--	--

Performance Rights

On 24 December 2010, 500,000 Performance Rights were issued to Mike Bue. The rights will convert to shares upon completion of the first shipment of ore from Sibuyan Island under the Company's Romblon Nickel Project (Note 14b).

[END OF REMUNERATION REPORT (Audited)]

DIRECTORS' MEETINGS

The following table sets out the number of meetings of the Company's directors, including directors' resolutions, held during the year ended 30 June 2014 by each director:

	Number Eligible to Attend	Number Attended
John Palermo	19	19
John Henry Hills	19	19
Mike Bue	19	18



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT *(continued)*

DIVIDENDS

No dividend is recommended nor has one been declared or paid since the formation of the Company.

SHARE OPTIONS

At the date of this report, there existed the following outstanding options to acquire ordinary shares:

Listed Options

- 59,725,571 options exercisable at \$0.02 on or before 30 June 2017

No person entitled to exercise options had or has any right, by virtue of the option, to participate in any share issue of any other body corporate.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behavior and accountability, the directors of Pelican Resources Limited support and have substantially adhered to the best practice recommendations set by the ASX Corporate Governance Council. The Company's corporate governance statement is contained in the annual report.

INDEMNIFICATION AND INSURANCE OF DIRECTORS

The Company has, during or since the financial year, in respect of any person who is or has been an officer of the Company or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

Insurance of Officers

Since the end of the previous financial year, the Company has paid insurance premiums in respect of directors and officers liability and corporate reimbursement, for directors and officers of the Company. The insurance premiums relate to:

- any loss for which the directors and officers may not be legally indemnified by the Company arising out of any claim, by reason of any wrongful act committed by them in their capacity as a director or officer, first made against them jointly or severally during the period of insurance; and
- indemnifying the Company against any payment which it has made and was legally permitted to make arising out of any claim, by reason of any wrongful act, committed by any director or officer in their capacity as a director or officer, first made against the director or officer during the period of insurance.

The insurance policy outlined above does not allocate the premium paid to each individual officer of the Company and does not present disclosure of the premium.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT *(continued)*

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 62.

NON-AUDIT SERVICES

Stantons International has not provided any non-audit services to the entity as shown at Note 19.

Signed in accordance with a resolution of the board of directors

Dated at Perth this 26th day of September, 2014

JOHN PALERMO

Director



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014**

		Consolidated	
		2014	2013
	Note	\$	\$
Revenue	2	1,101,426	1,304,052
Gain on deconsolidation of subsidiary	3(b)	--	100
Net foreign exchange gains	3(b)	391	20,125
Gain/(loss) on disposal of investment	3(b)	692	(65,271)
Administration expense	3(c)	(149,872)	(137,841)
Auditor's remuneration	3(c)	(27,986)	(33,809)
Borrowing costs	3(a)	--	(2,632)
Company secretarial expenses	3(c)	(32,775)	(32,700)
Consulting fees	3(c)	(186,750)	(220,000)
Depreciation	3(a)	(10,133)	(8,765)
Diminution in value of investments	3(c)	(81,905)	(2,480)
Directors' and CEO benefits expenses	3(c)	(198,016)	(198,319)
Doubtful debt provision	3(c)	(157,654)	--
Exploration expenditure impairment	3(c)	(1,582,052)	--
Exploration expenditure written off	3(c)	(258,721)	(92,571)
Insurance	3(c)	(22,498)	(23,357)
Legal expenses	3(c)	(17,641)	(34,067)
Public relations and marketing	3(c)	(22,050)	(42,030)
Rent and outgoings	3(c)	(23,049)	(1,230)
Share register maintenance	3(c)	(19,740)	(27,265)
Travel and accommodation	3(c)	(10,333)	(17,024)
Other expenses	3(c)	(113,697)	(100,770)
(Loss)/profit before income tax		(1,812,363)	284,146
Income tax	4	--	--
(Loss)/profit for the year		(1,812,363)	284,146
Other comprehensive income			
Currency translation differences		(20,473)	161,187
Change in fair value of securities	14(c)	--	65,018
Income tax on other comprehensive income		--	--
Other comprehensive (loss)/income for the year		(20,743)	226,205
Total comprehensive (loss)/income for the year		(1,832,836)	510,351
(Loss)/gain attributable to:			
Members of the parent entity		(1,425,543)	646,185
Non-controlling interest		(386,820)	(362,039)
		(1,812,363)	284,146
Total comprehensive (loss)/gain attributable to:			
Members of the parent entity		(1,445,447)	912,751
Non-controlling interest		(387,389)	(402,400)
		(1,832,836)	510,351
Basic and diluted (loss)/earnings per share (cents per share)	22	(0.59)	0.26

The above statement of profit or loss and other comprehensive income
should be read in conjunction with the accompanying notes



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

		Consolidated	
		2014	2013
	Note	\$	\$
Current Assets			
Cash and cash equivalents	5	762,231	1,265,184
Trade and other receivables	6	673,170	508,087
Other current assets	7	166,419	159,995
Total Current Assets		1,601,820	1,933,266
Non Current Assets			
Other financial assets	8	27,715	620
Plant and equipment	9	51,418	35,776
Mineral exploration and evaluation expenditure	10	2,100,000	3,600,929
Total Non Current Assets		2,179,133	3,637,325
Total Assets		3,780,953	5,570,591
Current Liabilities			
Trade and other payables	11	225,132	163,282
Non interest bearing liabilities	12	3,773	13,339
Total Current Liabilities		228,905	176,621
Non Current Liabilities			
Non interest bearing liabilities	12	991,240	1,003,176
Total Non Current Liabilities		991,240	1,003,176
Total Liabilities		1,220,145	1,179,797
Net Assets		2,560,808	4,390,794
Equity			
Issued capital	13(a)	13,286,471	13,283,621
Reserves	14(a)	1,597,616	1,617,520
Accumulated losses	15	(11,508,079)	(10,082,536)
Total parent entity interest		3,376,008	4,818,605
Non-controlling interest	16	(815,200)	(427,811)
Total Equity		2,560,808	4,390,794

The above statement of financial position
should be read in conjunction with the accompanying notes



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Issued Capital	Options Reserve	Foreign Currency Translation Reserve	Asset Revaluation Reserve	Accumulated Losses	Non- Controlling Interest	Total Equity
<u>Consolidated</u>	\$	\$	\$	\$	\$	\$	\$
Balance at 01/07/2012	13,279,121	1,528,725	(112,753)	(65,018)	(10,728,721)	(25,411)	3,875,943
Total comprehensive income for the year							
Profit/(loss) for the year	--	--	--	--	646,185	(362,039)	284,146
<i>Other comprehensive income</i>							
Foreign currency translation differences	--	--	201,548	--	--	(40,361)	161,187
Net changes in fair value of securities	--	--	--	65,018	--	--	65,018
Total other comprehensive Income/(loss) for the year	--	--	201,548	65,018	--	(40,361)	226,205
Total comprehensive income for the year	--	--	201,548	65,018	646,185	(402,400)	510,351
Transactions with owners recorded directly into equity							
<i>Contributions by and distributions to owners</i>							
Shares issued during the year	4,500	--	--	--	--	--	4,500
Options issued during the year	--	--	--	--	--	--	--
Transaction costs	--	--	--	--	--	--	--
Total contributions by / distributions to owners	4,500	--	--	--	--	--	4,500
Balance at 30/06/2013	13,283,621	1,528,725	88,795	--	(10,082,536)	(427,811)	4,390,794
Balance at 01/07/2013	13,283,621	1,528,725	88,795	--	(10,082,536)	(427,811)	4,390,794
Total comprehensive income for the year							
(Loss)/profit for the year	--	--	--	--	(1,425,543)	(386,820)	(1,812,363)
<i>Other comprehensive income</i>							
Foreign currency translation differences	--	--	(19,904)	--	--	(569)	(20,473)
Net changes in fair value of Securities	--	--	--	--	--	--	--
Total other comprehensive Income/(loss) for the year	--	--	(19,904)	--	--	(569)	(20,473)
Total comprehensive income for the year	--	--	(19,904)	--	(1,425,543)	(387,389)	(1,832,836)
Transactions with owners recorded directly into equity							
<i>Contributions by and distributions to owners</i>							
Shares issued during the year	2,850	--	--	--	--	--	2,850
Options issued during the year	--	--	--	--	--	--	--
Transaction costs	--	--	--	--	--	--	--
Total contributions by / distributions to owners	2,850	--	--	--	--	--	2,850
Balance at 30/06/2014	13,286,471	1,528,725	68,891	--	(11,508,079)	(815,200)	2,560,808

The above statement of changes in equity
should be read in conjunction with the accompanying notes.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014**

		Consolidated	
		2014	2013
	Note	\$	\$
Cash Flows from Operating Activities			
Payments to suppliers and employees		(720,714)	(980,290)
Interest received		27,297	84,802
Royalties received		551,703	358,901
Settlement proceeds		--	525,000
Interest paid		--	(2,632)
Other		3,125	500
Net Cash Used in Operating Activities	17(b)	(138,589)	(13,719)
Cash Flows from Investing Activities			
Payments for exploration expenditure		(368,083)	(364,986)
Loans to other entities		--	(29,830)
Payments for plant and equipment		(36,761)	(181)
Proceeds from sale of plant and equipment		1,616	--
Proceeds from sale of investments		40,792	--
Other		--	8,514
Net Cash Used in Investing Activities		(362,436)	(386,483)
Cash Flows from Financing Activities			
Proceeds from issue of shares and options		2,850	--
Repayment of borrowings		--	(100,000)
Net Cash Provided by/(Used in) Financing Activities		2,850	(100,000)
Net decrease in cash and cash equivalents held		(498,175)	(500,202)
Cash and cash equivalents at the beginning of the financial year		1,265,184	1,635,694
Effect of exchange rate changes on cash holdings		(4,778)	129,692
Cash and cash equivalents at the end of the financial year	17(a)	762,231	1,265,184

The above statement of cash flows
should be read in conjunction with the accompanying notes



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pelican Resources Limited is a company domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2014 comprise the Company and its subsidiaries (referred to as the Group or Consolidated Entity).

Separate financial statements for Pelican Resources Limited as an individual entity are no longer presented as a consequence of changes to the Corporations Act 2001, however required financial information for Pelican Resources Limited as an individual entity is included in Note 29.

The significant policies, which have been adopted in the preparation of this financial report, are:

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001.

The financial report was authorised for issue by the Board on 26 September 2014.

The financial report has been prepared on an accruals basis and is based on historical costs except for certain assets which are carried at fair value. Cost is based on the fair values of the consideration given in exchange for assets.

Going Concern

The 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 confirm 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 Consolidated Entity receives royalties of \$1.00 per metric tonnes of ore shipped on a monthly basis. Payment of the royalty may also be deferred in the event if mining operations on Cockatoo Island are suspended due to force majeure events.

If the Consolidated Entity is unable to continue as a going concern then it may be required to realise its assets and extinguish its liabilities, other than in the normal course of business and at amounts different from those stated in the financial statements.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS).



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) New and Revised Accounting Standards and Interpretations adopted by the Group

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 year. The adoption of all the new and revised Standards and Interpretations has resulted in changes to the Group's accounting policies in order to comply with these amendments. However, the changes in accounting policies have no effect on the amounts reported for the current or prior years. In addition to the amendments to the accounting policies of the Consolidated Entity, the amendments to *AASB 12: Disclosure of Interest in other entities* requires additional disclosures in relation to the subsidiaries with non-controlling interest.

(d) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent Pelican Resources Limited and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 21.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (ie. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent entity shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed,



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(d) Principles of Consolidation (*continued*)

Business Combinations (*continued*)

in addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

All transaction costs incurred in relation to the business combination are expensed to the statement of profit or loss and other comprehensive income.

(e) Income Tax

The charge for current income tax is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the rates that have been enacted or are substantively enacted by the statement of financial position date.

Deferred tax is accounted for using the statement of financial position liability method in respect of temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future profit will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(f) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(f) Plant and Equipment (*continued*)

Plant and equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on either a diminishing value method or prime cost method commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Plant and equipment	2.5 – 100%
---------------------	------------

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date and where adjusted, shall be accounted for as a change in accounting estimate. Where depreciation rates or method are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

(g) Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Exploration and Development Expenditure *(continued)*

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(h) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, that are transferred to entities in the Consolidated Entity are classified as finance leases. All other leases are classified as operating leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Share Based Payments

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option.

The fair value of the options granted excluded the impact of any non-market vesting condition (for example, profitability and sale growth targets). Non-market vesting conditions are included in assumption about the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to these options is transferred to share capital.

The market value of shares issued to employees for no cash consideration under the employee share scheme is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

(j) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition, these instruments are measured as set out below.

Controlled Entities

Investments in controlled entities are carried at cost less, where applicable, any impairment losses.

Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a "joint venture" and accounted for using the equity method.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Financial Instruments *(continued)*

Interests in Joint Arrangements *(continued)*

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements. Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

Impairment

At each reporting date, the directors assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

(k) Impairment of Assets

At each reporting date, the directors review the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the directors estimate the recoverable amount of the cash-generating unit to which the asset belongs.

(l) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(I) Fair Value of Assets and Liabilities *(continued)*

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation Techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities;
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value; and
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(I) Fair Value of Assets and Liabilities (*continued*)

Fair Value Hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- (i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- (ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting where significant influence is exercised over an investee. Significant influence exists where the investor has the power to participate in the financial and operating policy decisions of the investees but does not have control or joint control over those policies. The equity method of accounting recognises the Consolidated Entity's share of post acquisition reserves of its associates.

(n) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Consolidated Entity's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

Controlled entities

The financial results and position of foreign operations whose functional currency is different from the Consolidated Entity's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the period.
- Retained profits are translated at the exchange rates prevailing at the date of the transaction.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Foreign Currency Transactions and Balances *(continued)*

Exchange differences arising on translation of foreign operations are transferred directly to the Consolidated Entity's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed. The functional currency of the subsidiaries incorporated in the Philippines (refer Note 21) is the Philippine PESO.

(o) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

(p) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Royalty revenue is recognised on an accruals basis based on tonnages shipped.

All revenue is stated net of the amount of goods and service tax (GST).

(q) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) (Loss)/Earnings per share

(i) *Basic (Loss)/Earnings per share*

Basic (loss)/earnings per share is determined by dividing the operating (loss)/profit after income tax attributable to members of Pelican Resources Limited by the weighted average number of ordinary shares outstanding during the financial year.

(ii) *Diluted (Loss)/Earnings per Share*

Diluted (loss)/earnings per share adjusts the amounts used in the determination of basic (loss)/earnings per share by taking into account unpaid amounts on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial year.

(t) Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(u) New Accounting Standards and Interpretations for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group.

The Consolidated Entity's assessment of the new and amended pronouncements that are relevant to the Consolidated Entity but applicable in future reporting periods is set out below:



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(u) New Accounting Standards and Interpretations for Application in Future Periods (*continued*)

AASB 9	<i>Financial Instruments</i>	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1 January 2017
AASB 2012-3	Amendments to Australian Accounting Standards – <i>Offsetting Financial Assets and Financial Liabilities</i>	AASB 2012-3 principally amends AASB 7 Financial Instruments: <i>Disclosures</i> to require disclosure of the effect or potential effect of netting arrangements. This includes rights of set-off associated with the entity's recognised financial assets and liabilities, on the entity's financial position, when the offsetting criteria of ASB 132 are not all met.	1 January 2014
AASB 2013-3	Amendments to AASB 136 – Recoverable Amount Disclosures for Non- Financial Assets	Address inconsistencies in current practice when applying the offsetting criteria in AASB 132 Financial Instruments: Presentation. Clarifies the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.	1 January 2014
AASB 2013-6	Amendments to AASB 136 arising from Reduced Disclosure Requirements	Amends AASB 136 Impairment of Assets to establish reduced disclosure requirements for Tier 2 entities arising from AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets.	1 January 2014



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(v) Critical Accounting Estimates and Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Consolidated Entity. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 4 – Income Tax
- Note 6 – Trade and Other Receivables
- Note 10 – Mineral Exploration and Evaluation Expenditure
- Note 25 – Risk Management Objectives and Policies
- Note 28 – Share Based Payments



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2: REVENUE

	Consolidated	
	2014	2013
Revenue	\$	\$
Settlement with Pluton Resources Ltd	--	525,000
Profit/(loss) on sale of plant and equipment (Note 9)	674	(2,157)
Royalties	1,058,123	703,760
Interest earned	39,504	76,949
Other income	3,125	500
Total revenue	1,101,426	1,304,052

NOTE 3: EXPENSES AND GAINS/(LOSSES)

(a) Expenses

Depreciation of non-current assets

Plant and equipment	10,133	8,765
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Borrowing cost expense

Interest expense on convertible notes and loans	--	2,632
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(b) Gains/(losses)

Net foreign exchange gains	391	20,125
Gain on disposal of subsidiary (Note 20)	--	100
Gain/(loss) on disposal of investments	692	(65,271)
	1,083	(45,046)

(c) Significant Items

(Loss)/profit before income tax includes the following expenses whose disclosure is relevant in explaining the financial performance of the entity:

Administration expenses	149,872	137,841
Auditor's remuneration	27,986	33,809
Company secretarial expenses	32,775	32,700
Consulting fees	186,750	220,000
Diminution in value of investments	81,905	2,480
Directors' and CEO benefits expenses	198,016	198,319
Doubtful debt provision	157,654	--
Exploration expenditure impairment	1,582,052	--
Exploration expenditure written off	258,721	92,571
Insurance	22,498	23,357
Legal expenses	17,641	34,067
Public relations and marketing	22,050	42,030
Rent and outgoings	23,049	1,230
Share register maintenance	19,740	27,265
Travel and accommodation	10,333	17,024
Other expenses	113,697	100,770
	2,904,739	963,463



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 4: INCOME TAX

The prima facie tax on (loss)/profit before income tax is reconciled to the income tax as follows:

	Consolidated	
	2014	2013
	\$	\$
(Loss)/profit before income tax	(1,812,363)	284,146
Income tax calculated at 30%	(543,709)	85,244
Add back:		
Income accrued	(63,562)	(101,102)
Non deductible expenses	95	373
Unrealised foreign exchange (gains)	(117)	(6,038)
Provisions	24,572	(18,761)
Capitalised exploration written off/(recouped)	450,279	(150,899)
Capital raising costs	(41,047)	(41,119)
Foreign losses expired	1,477,530	--
Future income tax benefits not brought to account	(1,304,041)	232,302
Income tax expense	--	--
Deferred tax assets:		
Capital raising costs	47,135	88,182
Provisions	216,386	191,814
Carried forward tax losses (including foreign tax losses)	2,422,500	3,726,541
	2,686,021	4,006,537
Deferred tax liabilities:		
Capitalised exploration costs	(629,999)	(1,080,278)
Accrued income	(198,188)	(134,626)
	(828,187)	(1,214,904)
NOTE 5: CASH AND CASH EQUIVALENTS		
Cash at bank	112,231	65,184
Term deposits	650,000	1,200,000
	762,231	1,265,184



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 6: TRADE AND OTHER RECEIVABLES

	Consolidated	
	2014	2013
	\$	\$
Current		
Accrued royalties	792,010	434,690
Doubtful debt provision	(157,654)	--
Goods and services tax	27,211	28,246
Advances/loans – other parties	11,603	45,151
	<u>673,170</u>	<u>508,087</u>

As of 30 June 2014, trade and other receivables contained a balance of \$565,307 which was past due. As at 30 June 2014, the directors have booked a provision for doubtful debts of \$157,654 however the directors believe that the full amount will be received. The Consolidated Entity does not hold any collateral in relation to these receivables. Since 30 June 2014, the Company has agreed to convert \$250,000 of the accrued royalties into 25,000,000 Pluton shares at 1 cent per share.

NOTE 7: OTHER

Current		
Deposits held	131,000	131,000
Accrued revenue	26,269	14,062
Prepayments	9,150	14,933
	<u>166,419</u>	<u>159,995</u>

NOTE 8: OTHER FINANCIAL ASSETS

Non Current

Listed investments at fair value:

Shares in other entities ⁽ⁱ⁾	27,715	620
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- (i) As at 30 June 2014, the Company held 2,725,000 shares in Pluton Resources Limited. At the date of signing this report, the value of those shares held was \$27,250.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

	Consolidated	
	2014	2013
	\$	\$
NOTE 9: PLANT AND EQUIPMENT		
Plant and equipment at cost	111,227	77,476
Less: accumulated depreciation	(59,809)	(41,700)
Total plant and equipment	51,418	35,776
Reconciliation of the carrying amount for plant and equipment and motor vehicles is set out below:		
Plant and equipment		
Carrying amount at beginning of year	35,776	54,453
Additions	36,761	181
Net book value of plant and equipment disposed	(942)	(2,157)
Depreciation expense	(10,133)	(8,765)
Foreign exchange impact	(10,044)	(7,936)
Carrying amount at end of year	51,418	35,776



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

	Consolidated	
	2014	2013
	\$	\$
NOTE 10: MINERAL EXPLORATION AND EVALUATION EXPENDITURE		
Balance at beginning of year	3,600,929	3,097,931
Exploration and mining expenditure incurred during the year	368,083	364,986
Foreign exchange movement	(28,239)	230,583
Expenditure impairment	(1,582,052)	--
Expenditure written off	(258,721)	(92,571)
Balance at end of year	<u>2,100,000</u>	<u>3,600,929</u>
Exploration expenditure carried forward in respect of areas of interest in the exploration and evaluation phase	<u>2,100,000</u>	<u>3,600,929</u>

The value of the exploration tenements carried forward is dependent upon:

- (a) The continuance of the Consolidated Entity's rights to tenure of the area of interest;
- (b) The results of future exploration; and
- (c) The recoupment of costs through successful development and exploitation of the areas of interest or alternatively by their sale.

As at 30 June 2014, the Company impaired the value of its exploration projects by \$1,582,052.

	Consolidated	
	2014	2013
	\$	\$
NOTE 11: TRADE AND OTHER PAYABLES		
Trade creditors and accrued expenses	129,122	123,301
Goods and services tax	95,046	39,587
Withholding tax	964	394
	<u>225,132</u>	<u>163,282</u>

NOTE 12: NON-INTEREST BEARING LIABILITIES

Current

Loans – other parties	<u>3,773</u>	<u>13,339</u>
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Non current

Loans – other parties	<u>991,240</u>	<u>1,003,176</u>
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PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Consolidated
2014 2013
\$ \$

NOTE 13: ISSUED CAPITAL

(a) Issued Capital

241,274,320 Ordinary shares fully paid (2013: 241,203,068)	13,286,471	13,283,621
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(b) Movements in ordinary share capital of the Company during the last two years were as follows:

Date	Details	No. of Shares	Issue Price	\$
01/07/2012	Opening balance	240,703,068		13,279,121
27/02/2013	Compensation for services in relation to the San Marcos Gold Project	500,000	\$0.009	4,500
	Less: transaction costs arising on share issues			--
30/06/2013	Closing balance	241,203,068		13,283,621

Date	Details	No. of Shares	Issue Price	\$
01/07/2013	Opening balance	241,203,068		13,283,621
09/06/2014	Conversion of listed options	13,067	\$0.04	523
11/06/2014	Conversion of listed options	683	\$0.04	27
12/06/2014	Conversion of listed options	304	\$0.04	12
23/06/2014	Conversion of listed options	35,548	\$0.04	1,422
26/06/2014	Conversion of listed options	1,125	\$0.04	45
27/06/2014	Conversion of listed options	12,500	\$0.04	500
30/06/2014	Conversion of listed options	8,025	\$0.04	321
	Less: transaction costs arising on share issues			
30/06/2014	Closing balance	241,274,320		13,286,471

(c) Capital Risk Management

When managing capital, management's objective is to ensure the Company continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Company.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, enter into joint ventures or sell assets.

The Company does not have a defined share buy-back plan.

No dividends were paid in 2014 and no dividends are expected to be paid in 2015.

There is no current intention to incur further debt funding on behalf of the Company as on-going expenditure will be funded via cash reserves or equity.

The Company is not subject to any externally imposed capital requirements.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 14: RESERVES

	Consolidated	
	2014	2013
	\$	\$
(a) Composition		
Share based payments reserve	1,528,725	1,528,725
Foreign currency translation reserve	68,891	88,795
	<u>1,597,616</u>	<u>1,617,520</u>

(b) Movements in share based payments reserve during the last two years were as follows:

Date	Details	Performance Rights	No. of Listed Options	No. of Unlisted Options	Fair Value of Options Issued	Exercise Price	Expiry Date
01/07/2012	Opening balance	500,000	88,175,767	15,375,000	\$1,528,725		
31/12/2012	Unlisted options expired	--	--	(2,500,000)	--	\$0.15	31/12/2012
30/06/2013	Closing balance	<u>500,000</u>	<u>88,175,767</u>	<u>12,875,000</u>	<u>\$1,528,725</u>		

Date	Details	Performance Rights	No. of Listed Options	No. of Unlisted Options	Fair Value of Options Issued	Exercise Price	Expiry Date
01/07/2013	Opening balance	500,000	88,175,767	12,875,000	\$1,528,725		
30/09/2013	Unlisted options expired	--	--	(1,000,000)	--	\$0.15	30/09/2013
23/12/2013	Unlisted options expired	--	--	(11,875,000)	--	\$0.10	23/12/2013
09/06/2014	Conversion of listed options	--	(13,067)	--	--	\$0.04	30/06/2014
11/06/2014	Conversion of listed options	--	(683)	--	--	\$0.04	30/06/2014
12/06/2014	Conversion of listed options	--	(304)	--	--	\$0.04	30/06/2014
23/06/2014	Conversion of listed options	--	(35,548)	--	--	\$0.04	30/06/2014
26/06/2014	Conversion of listed options	--	(1,125)	--	--	\$0.04	30/06/2014
27/06/2014	Conversion of listed options	--	(12,500)	--	--	\$0.04	30/06/2014
30/06/2014	Conversion of listed options	--	(8,025)	--	--	\$0.04	30/06/2014
30/06/2014	Closing balance	<u>500,000</u>	<u>88,104,515⁽¹⁾</u>	<u>--</u>	<u>\$1,528,725</u>		

- (i) On 2 July 2014, 8,040 listed options were converted with the balance of 88,096,475 expiring on 1 July 2014.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 14: RESERVES (*continued*)

	Consolidated	
	2014	2013
	\$	\$
(c) Movements in asset revaluation reserve:		
Opening balance at 1 July 2013	--	(65,018)
Marked to market of shares and options	--	65,018
Closing balance at 30 June 2014	--	--

NOTE 15: ACCUMULATED LOSSES

Balance at beginning of the year	(10,082,536)	(10,728,721)
(Loss)/profit attributable to members of Pelican Resources Limited	(1,425,543)	646,185
Balance at end of the year	(11,508,079)	(10,082,536)

NOTE 16: NON-CONTROLLING INTEREST

Reconciliation of minority equity interest in controlled entities:

Opening balance	(427,811)	(25,411)
Share of current year's (loss) after income tax	(386,820)	(362,039)
Share of current year's translation reserve	(569)	(40,361)
	(815,200)	(427,811)



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

	Consolidated	
	2014	2013
	\$	\$
NOTE 17: NOTES TO THE STATEMENT OF CASH FLOWS		
a) Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows:		
Cash and cash equivalents (Note 5)	762,231	1,265,184
b) Reconciliation of net cash and cash equivalents used in operating activities to (loss)/profit for the year:		
(Loss)/profit for the year	(1,812,363)	284,146
Profit on deconsolidation of subsidiary	--	(100)
Debt conversions	--	4,500
Exploration and evaluation expenditure written off / impaired	1,840,773	92,571
Depreciation	10,133	8,765
Diminution in value of investments	81,905	2,480
Net (gain)/loss on disposal of plant and equipment	(674)	2,157
Foreign exchange (gains)/losses	(391)	(112,696)
Net (gain)/loss on disposal of investments	(692)	65,171
Doubtful debt provision	157,654	--
Movements in assets and liabilities:		
Receivables	(483,602)	(337,006)
Net GST receivable	56,494	24,238
Prepayments	5,783	18,615
Payables	6,391	(66,560)
Net cash used in operating activities	(138,589)	(13,719)

c) Non-cash investing and financing activities

2014

There were no non-cash investing and financing activities during the year ended 30 June 2014.

2013

The Company issued 500,000 ordinary fully paid shares with a fair value of \$4,500 in compensation for services in relation to the San Marcos Gold Project.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 18: KEY MANAGEMENT PERSONNEL

This note is to be read in conjunction with the Remuneration Report which is included in the Directors' Report.

(a) Directors and Specified Executives

Names and positions held by key management personnel in office at any time during the financial year and up to the date of this report are:

Directors

John Palermo	Chairman (non-executive)
John Henry Hills	(non-executive)
Mike Bue	(executive)

There are no other specified executives in position of control or exercising management authority.

Details of the nature and amount of emolument paid for each director and executive of Pelican Resources Limited are set out below:

	Primary Benefits			Post Employment		Share Based	Other	TOTAL	%
	Salary & Fees	Cash Bonus	Non- Monetary	Super- annuation	Retirement Benefits	Payments Shares/Options	Benefits	\$	Consisting of Options
Directors									
Palermo, J – Chairman (non-executive)									
2014	132,500	--	--	14,822	--	--	--	147,322	--
2013	126,250	--	--	20,438	--	--	--	146,688	--
Hills, J – Director (non-executive)									
2014	25,000	--	--	578	--	--	--	25,578	--
2013	37,000	--	--	--	--	--	--	37,000	--
Bue, M – Director (executive)									
2014	150,000	--	--	13,875	--	--	--	163,875	--
2013	150,000	--	--	13,500	--	--	--	163,500	--
Total Remuneration:									
2014	307,500	--	--	29,275	--	--	--	336,775	
2013	313,250	--	--	33,938	--	--	--	347,188	

(b) Compensation of Key Management Personnel

Compensation by category:

Short-term

Post employment

Consolidated	
2014	2013
\$	\$
307,500	313,250
29,275	33,938
336,775	347,188



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 18: KEY MANAGEMENT PERSONNEL *(continued)*

(c) Transactions with Key Management Personnel

Either individually or through companies under their control, or through companies under the control of a director related entity, John Palermo, John Hills and Mike Bue received and/or accrued payment for the provision of geological consulting and general consultancy, management services and disbursements under normal commercial terms and conditions during this financial year.

Aggregate amount of each type of transaction with directors and their director related entities were as follows:

	Consolidated	
	2014	2013
	\$	\$
Geological expenses (Mike Bue)	22,573	33,550
Management and disbursements (John Palermo)	100	178
	<hr/> <hr/>	<hr/> <hr/>

Amounts payable or receivable to directors and their director related party entities at balance date arising from these transactions were as follows:

Payables	18,822	21,142
	<hr/> <hr/>	<hr/> <hr/>

NOTE 19: REMUNERATION OF AUDITORS

Audit services – Stantons International	27,038	30,124
– Overseas auditors	4,978	3,685
	<hr/> <hr/>	<hr/> <hr/>

NOTE 20: DECONSOLIDATION OF SUBSIDIARIES

2013

On 18 February 2013, Ibis Minerals Pty Ltd (a subsidiary of Pelican Resources Limited) was deregistered.

The subsidiary had an intercompany loan payable to its parent, Pelican Resources Limited, of \$15,937 as at 18 February 2013. This loan which was fully provided for in the books of Pelican Resources is now written off.

Loss on write off of loan	(\$15,937)
Gain	\$16,037
	<hr/>
Gain on deconsolidation of Ibis	\$100
	<hr/> <hr/>



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 21: INTEREST IN SUBSIDIARIES

(a) Information about Principal Subsidiaries

The consolidated financial statements include the financial statements of Pelican Resources Limited and the subsidiaries listed in the following table:

	Country of Incorporation	Book Value of Shares held by Parent Entity	
		2014 \$	2013 \$
Sunrise Exploration Pty Ltd	AUS	1	1
Sunshine Gold Pty Ltd	AUS	950,000	950,000
Pelican Pacific Pty Ltd	AUS	1,000	1,000
Sunpacific Resources Philippines, Inc.	PHP	--	--
Sunrom Philippines Holdings Corp'n.	PHP	--	--
Sibuyan Nickel Properties Dev. Corp'n.	PHP	--	--
Bato Mining Resources, Inc.	PHP	--	--
Dore 5 Resources Inc.	USA	94	--
		<u>951,095</u>	<u>951,001</u>

The Group's effective ownership interest in its subsidiaries has not changed since the prior year apart from the acquisition of the new subsidiary, Dore 5 Resources Inc.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 21: INTEREST IN SUBSIDIARIES (*continued*)

(b) Summarised Financial Information of Subsidiaries with Material Non-Controlling Interests

Set out below is the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group.

	Sibuyan Nickel Properties Development Corporation	
	As at 30 June 2014 \$	As at 30 June 2013 \$
<i>Summarised Financial Position</i>		
Current Assets	4,012	6,449
Non Current Assets	1,279,014	2,829,393
Current Liabilities	(280)	(3,564)
Non Current Liabilities	(4,479,960)	(4,479,936)
Net Assets	(3,197,214)	(1,647,658)
Carrying amount of non-controlling interest	(815,200)	(427,811)
	Sibuyan Nickel Properties Development Corporation	
	Year Ended 30 June 2014 \$	Year Ended 30 June 2013 \$
<i>Summarised Financial Performance</i>		
Revenue	6	5
Loss before income tax	(1,547,281)	(821,546)
Income tax	--	--
Post-tax loss from continuing operations	(1,547,281)	(821,546)
Post-tax loss from discontinued operations	--	--
Other Comprehensive Income	--	--
Total Comprehensive Loss	(1,547,281)	(821,546)
The information above is the amount before intercompany eliminations.		
Loss attributable to non-controlling interests	(1,547,281)	(821,546)
Distributions paid to non-controlling interest	--	--
	Sibuyan Nickel Properties Development Corporation	
	Year Ended 30 June 2014 \$	Year Ended 30 June 2013 \$
<i>Summarised Cash Flow Information</i>		
Net cash flows (used in) operation activities	(22,757)	(57,262)
Net cash flows from financing activities	19,696	30,214



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 22: LOSS PER SHARE

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

	Consolidated	
	2014	2013
	\$	\$
(Loss)/profit before income tax – Group	(1,812,363)	284,146
Adjustments:		
Loss attributable to non-controlling interest	(386,820)	(362,039)
(Loss)/profit used in calculating basic and diluted (loss)/profit per share	<u>(1,425,543)</u>	<u>646,185</u>
	2014	2013
	Number of	Number of
	Shares	Shares
Weighted average number of ordinary shares used in calculating:		
Basic loss per share	241,204,862	240,871,561
Diluted loss per share	241,204,862	240,871,561

Diluted loss per share is the same as basic loss per share as no options are in the money and the Consolidated Entity incurred a loss for the year.

NOTE 23: COMMITMENTS FOR EXPENDITURE

In order to maintain current rights of tenure to mining tenements, the Consolidated Entity will be required to outlay in 2014/15 amounts noted below in respect of minimum tenement expenditure requirements and lease rentals. The obligations are not provided for in the accounts and are payable as follows:

	Consolidated	
	2014	2013
	\$	\$
Not later than one year	220,000	98,175
Later than one year but not later than 2 years	220,000	98,175
Later than 2 years but not later than 5 years	660,000	294,525
	<u>1,100,000</u>	<u>490,875</u>

The Company has a number of avenues available to continue the funding of its current exploration program and, as and when decisions are made, the Company will disclose this information to shareholders.

The commitments referred to above represent the Group's share of obligations under farm-in agreements without allowing for dilution.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 24: 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 the USA.

	Australia		Philippines		USA		Eliminations		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Geographical Segments	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue										
Sales to customers outside the Consolidated Entity	1,058,123	1,228,760	--	--	--	--	--	--	1,058,123	1,228,760
Other revenues from customers outside the Consolidated Entity	43,190	75,239	113	53	--	--	--	--	43,303	75,292
Total segment revenue	1,101,313	1,303,999	113	53	--	--	--	--	1,101,426	1,304,052
Results										
Segment result	(374,270)	818,932	(1,874,821)	(1,379,076)	(87,054)	--	523,782	844,290	(1,812,363)	284,146
Assets										
Segment assets	7,660,586	7,630,328	1,811,426	3,425,603	101,327	--	(5,792,386)	(5,485,340)	3,780,953	5,570,591
Liabilities										
Segment liabilities	8,951,376	8,549,698	6,219,582	5,936,797	188,287	--	(14,139,100)	(13,306,698)	1,220,145	1,179,797



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 25: RISK MANAGEMENT OBJECTIVES AND POLICIES

The Consolidated Entity's principal financial instruments comprise cash and short-term deposits, short-term loans and investments in listed entities.

The main purpose of these financial instruments is to finance the Consolidated Entity's operations. The Consolidated Entity has various other financial assets and liabilities such as other receivables and trade payables, which arise directly from its operations. It is, and has been throughout the entire period under review, the Consolidated Entity's policy that trading in financial instruments may be undertaken.

The main risks arising from the Consolidated Entity's financial instruments is cash flow interest rate risk, foreign exchange risk and market price risk. Other minor risks are either summarised below or disclosed at Note 13 in the case of capital risk management. The Board reviews and agrees policies for managing each of these risks.

Cash Flow Interest Rate Risk

The Consolidated Entity's exposure to the risks of changes in market interest rates relates primarily to the Consolidated Entity's short-term deposits with a floating interest rate. These financial assets with variable rates expose the Consolidated Entity to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Consolidated Entity does not engage in any hedging or derivative transactions to manage interest rate risk.

The following tables set out the carrying amount by maturity of the Consolidated Entity's exposure to interest rate risk and the effective weighted average interest rate for each class of these financial instruments.

The Consolidated Entity has not entered into any hedging activities to cover interest rate risk. In regard to its interest rate risk, the Consolidated Entity does not have a formal policy in place to mitigate such risks.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 25: RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

	Non Interest Bearing \$		Weighted Average Effective Interest Rate %		Floating Interest Rate \$		Fixed Interest Rate \$		Total \$	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Financial Assets										
- Cash and cash equivalents	112,231	65,184	3.85	4.34	650,000	1,200,000	--	--	762,231	1,265,184
- Deposits held	--	--	3.22	4.00	131,000	131,000	--	--	131,000	131,000
- Receivable other parties	11,603	45,151	--	--	--	--	--	--	11,603	45,151
- GST	27,211	28,246	--	--	--	--	--	--	27,211	28,246
- Accrued royalties	634,356	434,690	--	--	--	--	--	--	634,356	434,690
- Accrued revenue	26,269	14,062	--	--	--	--	--	--	26,269	14,062
- Investments at fair value	27,715	620	--	--	--	--	--	--	27,715	620
Total Financial Assets	839,385	587,953			781,000	1,331,000	--	--	1,620,385	1,918,953
Financial Liabilities										
- Trade creditors and accrued expenses	129,122	123,301	--	--	--	--	--	--	129,122	123,301
- Withholding tax payable	964	394	--	--	--	--	--	--	964	394
- Loan – other parties	995,013	1,016,515	--	--	--	--	--	--	995,013	1,016,515
- GST	95,046	39,587	--	--	--	--	--	--	95,046	39,587
Total Financial Liabilities	1,220,145	1,179,797			--	--	--	--	1,220,145	1,179,797
Net Financial (Liabilities)/Assets	(380,760)	(591,844)			781,000	1,331,000	--	--	400,240	739,156

Interest Rate Sensitivity

At 30 June 2014, if interest rates had changed by 10% during the entire year with all other variables held constant, profit/(loss) for the year and equity would have been \$3,950 lower/higher, mainly as a result of lower/higher interest income from cash and cash equivalents.

A sensitivity of 10% has been selected as this is considered reasonable given the current level of both short term and long term Australian dollar interest rates. A 10% increase sensitivity would move short term interest rates at 30 June 2014 from around 3.54% to 3.89% (10% decrease: 3.19%) representing a 35 basis points shift. This would represent two to three increases which is reasonably possible in the current environment with the bias coming from the Reserve Bank of Australia and confirmed by market expectations that interest rates in Australia are more likely to move up than down in the coming period.

Based on the sensitivity analysis, only interest revenue from variable rate deposits and cash balances are impacted resulting in a decrease or increase in overall income.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date, to recognised financial assets is the carrying amount net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

As at 30 June 2014, the Consolidated Entity had a balance of \$565,307 owing from Pluton Resources Limited. The entire amount was past due however the directors believe it is not impaired.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 25: RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity Risk

The Company manages liquidity risk by maintaining sufficient cash reserves and marketable securities and through the continuous monitoring of budgeted and actual cash flows.

	Consolidated	
	2014	2013
	\$	\$
Contracted maturities of liabilities at 30 June		
Payables		
- less than 30 days	130,086	123,695
- less than 12 months	95,046	39,587
Loans other parties		
- less than 12 months	3,773	13,339
- greater than 12 months	991,240	1,003,176
	<u>1,220,145</u>	<u>1,179,797</u>

Foreign Exchange Risk

The Consolidated Entity is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the PESO and USD.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the Company's and subsidiaries functional currency. The risk is measured using sensitivity analysis.

Foreign Currency Risk Sensitivity Analysis

At 30 June, the effect on consolidated profit and equity as a result of changes in the value of the Australian Dollar to the foreign currencies, with all other variables remaining constant is as follows:

	2014		2013	
	Change in equity with a 10% change in exchange rates		Change in equity with a 10% change in exchange rates	
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
	\$	\$	\$	\$
Financial assets	(146)	179	(312,586)	382,049
Financial liabilities	2,108	(2,576)	461,896	(564,540)

The Company is not exposed to foreign exchange risk as all financial assets and liabilities of the Company are in Australian dollars.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 25: RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market Price Risk

The Consolidated Entity is exposed to market price risk arising from investments in other companies carried at fair value.

At 30 June 2014, if share/option values had changed by 25% based on the 30 June 2014 fair values with all other variables held constant, the Consolidated Entity's profit/(loss) for the year and equity would have been \$6,929 lower/higher.

A sensitivity of 25% has been selected as this is considered reasonable given the recent movements in prices of the companies the Consolidated Entity holds investments in.

Equity Price Risk

The Group is exposed to equity price risk which arises from available-for-sale-equity securities. No sensitivity analysis has been completed as the directors believe any impact would be immaterial.

Reconciliation of Net Financial Assets to Net Assets

	Consolidated	
	2014	2013
	\$	\$
Net financial assets/(liabilities)	400,240	739,156
Other financial assets		
Prepayments and other	9,150	14,933
Plant and equipment	51,418	35,776
Mineral exploration and evaluation expenditure	2,100,000	3,600,929
Net assets	<u>2,560,808</u>	<u>4,390,794</u>

Net Fair Values

For assets and other liabilities the net fair value approximates their carrying value. The Consolidated Entity has no financial liabilities but does have financial assets that are readily traded on organised markets at balance date and has no financial assets where the carrying amount exceeds net fair values at balance date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to and forming part of the financial statements.

Fair Value Hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly as prices or indirectly (ie. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2014	2013
	\$	\$
Available for sale financial assets - Level 1	27,715	620
Available for sale financial assets - Level 2	--	--
Available for sale financial assets - Level 3	--	--
	<u>27,715</u>	<u>620</u>



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 26: EVENTS SUBSEQUENT TO REPORTING PERIOD

Subsequent to the end of the financial year ended 30 June 2014, the following events had occurred:

- On 2 July 2014, 8,040 ordinary fully paid shares were issued at \$0.04 being conversion of options.
- On 10 July 2014, the Company announced that it had entered into a Subscription and Set-Off Agreement with Pluton Resources Limited to subscribe, via conversion of a portion of the debt owed by Pluton to Pelican, for a shortfall in the Rights Issue up to an amount of \$250,000 at the issue price of 1 cent per share.
- On 26 August 2014, the Company announced it will undertake an offer of up to 88,096,475 options with an issue price of \$0.0001, exercisable at \$0.02 and will expire on or before 30 June 2017. On the 15 September 2014, the offer closed with 59,475,571 applications taken up leaving a shortfall of 28,620,904.
- On 25 September 2014, 250,000 listed options were issued via a private placement to investors at \$0.0001 each exercisable at \$0.02 per option expiring 30 June 2017.

NOTE 27: CONTINGENT LIABILITIES

Pelican Resources Limited has no known material contingent liabilities at the end of the financial year.

NOTE 28: SHARE BASED PAYMENTS

There were no share based payments in the current year.

2013

On 27 February 2013, the Company issued 500,000 ordinary fully paid shares with a fair value of \$4,500 in compensation for services in relation to the San Marcos Gold Project.

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2014	Number of Options 2014	Weighted average exercise price 2013	Number of Options 2013
Outstanding at 1 July	\$0.10	101,050,767	\$0.11	103,550,767
Forfeited during the year	--	--	--	--
Exercised during the year	\$0.04	(71,252)	--	--
Expired during the year	\$0.125	(12,875,000)	\$0.15	(2,500,000)
Granted during the year	--	--	--	--
Issued during the year	--	--	--	--
Outstanding at 30 June	\$0.04	88,104,515	\$0.10	101,050,767
Exercisable at 30 June	\$0.04	88,104,515	\$0.10	101,050,767

The options outstanding at 30 June 2014 have an exercise price of \$0.04 and a weighted average remaining contractual life of Nil years (2013: 0.6 years).



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 29: PARENT ENTITY DISCLOSURES

(a) Financial Position

	2014	2013
	\$	\$
Current Assets		
Cash and cash equivalents	751,368	1,217,494
Trade and other receivables	647,083	450,224
Other current assets (i)	140,193	133,379
Total Current Assets	1,538,644	1,801,097
Non Current Assets		
Plant and equipment	33,689	650
Other financial assets (ii)	978,810	1,023,082
Total Non Current Assets	1,012,499	1,023,732
Total Assets	2,551,143	2,824,829
Current Liabilities		
Trade and other payables	188,567	134,413
Total Current Liabilities	188,567	134,413
Total Liabilities	188,567	134,413
Net Assets	2,362,576	2,690,416
Equity		
Issued capital	13,286,471	13,283,621
Reserves	1,528,725	1,528,725
Accumulated losses	(12,452,620)	(12,121,930)
Total Equity	2,362,576	2,690,416

(b) Financial Performance

	2014	2013
	\$	\$
(Loss)/profit for the year	(330,690)	97,608
Other comprehensive income	--	65,018
Total Comprehensive (Loss)/Income	(330,690)	162,626



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 29: PARENT ENTITY DISCLOSURES *(continued)*

	2014	2013
(i) Other current assets	\$	\$
Deposits held	114,000	114,000
Accrued revenue	26,160	13,916
Prepayments	33	5,463
	<u>140,193</u>	<u>133,379</u>
(ii) Other financial assets		
Investments in controlled entities	951,095	951,001
Loans to controlled entities	8,603,114	8,165,469
Provision for non recovery	(8,603,114)	(8,094,008)
Investments in other entities	27,715	620
	<u>978,810</u>	<u>1,023,082</u>

(c) Guarantees

Pelican Resources Limited has not entered into any guarantees in relation to the debts of its subsidiaries.

(d) Other Commitments and Contingencies

Pelican Resources Limited has no commitments to acquire property, plant and equipment and has no contingent liabilities.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

DIRECTORS' DECLARATION

The directors of the Company declare that the financial statements and notes set out on 19 to 58 and remuneration disclosures set out in the Remuneration Report are in accordance with the Corporations Act 2001, including:

1. (a) complying with Accounting Standards;
(b) are in accordance with International Financial Reporting Standards; and
(c) giving a true and fair view of the financial position as at 30 June 2014 and the performance for the financial year ended on that date of the Consolidated Entity.
2. The director acting in place of the Chief Financial Officer has declared that:
(a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
(b) the financial statements and notes for the financial year comply with the Accounting Standards; and
(c) the financial statements and notes for the financial year give a true and fair view.
3. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors.

Dated this 26th day of September, 2014

JOHN PALERMO
Director

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
PELICAN RESOURCES LIMITED**

Report on the Financial Report

We have audited the accompanying financial report of Pelican Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2014, 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 year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1(b), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report of Pelican Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(b).

Emphasis of Matter Regarding Going Concern and Carrying Values of Current and Non-Current Assets

Without qualification to the opinion expressed above, attention is drawn to the following matters:

As referred to in Note 2 (a) to the financial statements, the financial statements have been prepared on the going concern basis. At 30 June 2014, the entity had working capital of \$1,372,915, cash and cash equivalents of \$762,231 and had incurred a loss for the year amounting to \$1,812,363. The entity has capitalised Mineral exploration and evaluation expenditure of \$2,100,000. The ability of the entity to continue as a going concern is subject to the continued receipt of sufficient royalty funding or successful recapitalisation of the Company. The carrying value of the Mineral exploration and evaluation expenditure is dependent upon commercial exploitation of these assets and/or sale of these assets to generate sufficient funds at least equivalent to their carrying values. In the event that Pelican Resources Limited is not successful in commercial exploitation and/or sale of these assets, does not continue to receive sufficient royalty funding or is not successful in recapitalising the entity and in raising further funds, the Company may not be able to meet its liabilities as they fall due and the realisable value of the Company's current and non-current assets may be significantly less than book values.

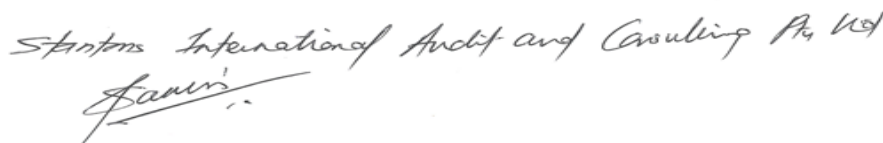
Report on the Remuneration Report

We have audited the remuneration report included in pages 13 to 16 of the directors' report for the year ended 30 June 2014. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Auditor's opinion

In our opinion the remuneration report of Pelican Resources Limited for the year ended 30 June 2014 complies with section 300 A of the *Corporations Act 2001*.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



Samir Tirodkar
Director

West Perth, Western Australia
26 September 2014

26 September 2014

Board of Directors
Pelican Resources Limited
Level 1, 284 Oxford Street
Leederville, WA 6007

Dear Directors

RE: PELICAN RESOURCES LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Pelican Resources Limited.

As the Audit Director for the audit of the financial statements of Pelican Resources Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



Samir Tirodkar
Director



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

ASX ADDITIONAL INFORMATION

QUOTED SECURITIES

(a) ORDINARY FULLY PAID SHARES

(i) DISTRIBUTION OF SHAREHOLDERS AS AT 25 SEPTEMBER 2014:

SPREAD OF HOLDINGS	NO. OF HOLDERS	NO. OF SHARES	PERCENTAGE OF ISSUED CAPITAL %
1 – 1,000	330	157,456	0.06
1,001 - 5,000	632	1,419,380	0.59
5,001 - 10,000	190	1,293,156	0.54
10,001 - 100,000	323	10,976,999	4.55
100,001+	174	227,435,369	94.26
	1,649	241,282,360	100.00

The number of shareholdings held in less than marketable parcels is 1,455.

(ii) TOP 20 HOLDERS OF ORDINARY FULLY PAID SHARES:

The names of the twenty largest shareholders of ordinary fully paid shares are listed below:

NAME	NO. OF ORDINARY SHARES HELD	PERCENTAGE OF ISSUED SHARES %
1. Finebase Holdings Pty Ltd	18,009,666	7.46
2. Mainview Holdings Pty Ltd	13,165,029	5.46
3. Gallant (WA) Pty Ltd	12,094,137	5.01
4. Veltox Pty Ltd	11,883,837	4.93
5. Leuzzi J & S	10,000,000	4.14
6. DF Lynton-Brown Pty Ltd	8,028,459	3.33
7. Nefco Nominees Pty Ltd	7,672,445	3.18
8. Topaze Enterprises Pty Ltd	6,322,699	2.62
9. Monslit Pty Ltd	6,000,000	2.49
10. RFID Systems Pty Ltd	5,100,000	2.11
11. Finebase Holdings Pty Ltd	5,072,198	2.10
12. JP Morgan Nominees Aust Ltd	5,052,828	2.09
13. Surfboard Pty Ltd	4,544,380	1.88
14. Energy-Saving Technology	4,468,001	1.85
15. Energy-Saving Technology	4,000,000	1.66
16. Tel WA Pty Ltd	3,350,000	1.39
17. Dong Dong	3,077,199	1.28
18. Green DB	3,000,000	1.24
19. Zero Nominees Pty Ltd	2,926,667	1.21
20. Surfboard Pty Ltd	2,722,287	1.13
	136,489,832	56.56



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

ASX ADDITIONAL INFORMATION *(continued)*

QUOTED SECURITIES *(continued)*

(a) ORDINARY FULLY PAID SHARES *(continued)*

(iii) VOTING RIGHTS

Article 15 of the Constitution specifies that on a show of hands every member present in person, by attorney or by proxy shall have:

- (a) for every fully paid share held by him one vote
- (b) for every share which is not fully paid a fraction of the vote equal to the amount paid up on the share over the nominal value of the shares.

(iv) SUBSTANTIAL SHAREHOLDERS

Name	Ordinary Shares	
	No.	%
Finebase Holdings Pty Ltd	24,697,048	10.23
Mainview Holdings Pty Ltd	13,165,029	5.46

(b) OPTIONS

As at 25 September 2014, there existed the following quoted options:

59,725,571 OPTIONS EXERCISABLE AT \$0.02 EACH ON OR BEFORE 30 JUNE 2017

(i) DISTRIBUTION OF OPTIONHOLDERS:

SPREAD OF HOLDINGS	NO. OF HOLDERS	NO. OF OPTIONS	PERCENTAGE OF QUOTED OPTIONS %
1 - 1,000	2	534	0.00
1,001 - 5,000	6	19,848	0.03
5,001 - 10,000	4	28,184	0.05
10,001 - 100,000	24	754,273	1.26
100,001+	34	58,922,732	98.66
	70	59,725,571	100.00



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

ASX ADDITIONAL INFORMATION *(continued)*

QUOTED SECURITIES *(continued)*

(b) OPTIONS *(continued)*

(ii) TOP 20 HOLDERS OF QUOTED OPTIONS:-

The names of the twenty largest optionholders are listed below:

		NO. OF OPTIONS HELD	PERCENTAGE OF QUOTED OPTIONS %
	NAME		
1.	Finebase Hldgs PL	21,754,400	36.42
2.	Mainview Holdings PL	8,357,666	13.99
3.	Mulloway PL	6,337,412	10.61
4.	Mulloway PL	4,000,000	6.70
5.	Goffacan PL	2,328,609	3.90
6.	Topaze Entps PL	2,257,584	3.78
7.	Stonehurst WA PL	1,425,000	2.39
8.	Sharp Raymond	1,250,000	2.09
9.	J P Morgan Nom Aust Ltd	1,221,457	2.05
10.	Surfboard PL	1,136,095	1.90
11.	Darlot Inv PL	816,667	1.37
12.	Hewitt Gabriel	750,000	1.26
13.	Monslit PL	683,334	1.14
14.	Surfboard PL	680,572	1.14
15.	Virtus Cap PL	545,000	0.91
16.	Jones Chad	516,667	0.87
17.	Jones Brett	500,000	0.84
18.	Mulloway PL	405,668	0.68
19.	Burford Matthew	403,334	0.68
20.	Monslit PL	366,667	0.61
		<hr/> 55,736,132	<hr/> 93.33 <hr/>

(iii) VOTING RIGHTS

Holders of options are not entitled to vote at a General Meeting of Members in person, by proxy or upon a poll, in respect of their option shareholding.

UNQUOTED SECURITIES

(a) PERFORMANCE RIGHTS

As at 25 September 2014, there existed the following performance rights:

Name	Rights	%
Mike Bue	500,000	100.00



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT

Pelican Resources Limited (“the Company”) is committed to implementing and maintaining the highest standards of corporate governance. The primary responsibility of the Board of the Company (“the Board”) is to represent and advance the Company’s shareholders’ (“the Shareholders”) interests and to protect the interests of all stakeholders. To fulfill this role, the Board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for its employees and monitoring achievement of these goals.

The Company adopts the ASX Corporate Governance Council’s *Corporate Governance Principles and Recommendations* released in 2007 (“the Recommendations”) to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

The Company’s compliance with the Revised Corporate Governance Principles and Recommendations is summarised in the table below:

	ASX P & R ¹	If not, why not ²		ASX P & R ¹	If not, why not ²
Recommendation 1.1	✓		Recommendation 4.2		✓
Recommendation 1.2	✓		Recommendation 4.3		✓
Recommendation 1.3	✓		Recommendation 4.4		✓
Recommendation 2.1		✓	Recommendation 5.1	✓	
Recommendation 2.2	✓		Recommendation 5.2	✓	
Recommendation 2.3	✓		Recommendation 6.1		✓
Recommendation 2.4		✓	Recommendation 6.2		✓
Recommendation 2.5	✓		Recommendation 7.1	✓	
Recommendation 2.6	✓		Recommendation 7.2		✓
Recommendation 3.1	✓		Recommendation 7.3	✓	
Recommendation 3.2	✓		Recommendation 7.4	✓	
Recommendation 3.3	✓		Recommendation 8.1		✓
Recommendation 3.4	✓		Recommendation 8.2	✓	
Recommendation 3.5		✓	Recommendation 8.3		✓
Recommendation 4.1		✓			

¹ Indicates where the Company has followed the Principles & Recommendations and summarised those practices below.

² Indicates where the Company has provided an “if not, why not” disclosure below.

In acknowledging the Key Messages of the first review of the corporate governance reporting under the Revised Corporate Governance Principles and Recommendations by ASX Markets Supervision (“ASXMS”), the Company has provided additional disclosure for each of the 29 recommendations. Where the Company has departed from a recommendation, the Company has provided substantive reasons and refers to material containing additional disclosure, as relevant.

The “if not, why not” disclosure of the Company is summarised in the table below:



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT *(continued)*

Recommendation	Explanation of Departure from Recommendation
2.1	The majority of the Board is not independent. However, the Directors consider that the Board as a whole is nevertheless capable of exercising independent judgment in effectively discharging its role in managing and overseeing Company performance.
2.4	Owing to the size and composition of the Board, it is not appropriate to establish an independent nomination committee, or to establish a formal nomination policy.
3.5	Given the Company's small size and stage of development as an exploration company, it is not appropriate to establish a formal gender diversity policy.
4.1, 4.2, 4.3, 4.4	Owing to the size and composition of the Board, it is not appropriate to establish an independent audit committee, or to establish a formal audit policy.
6.1, 6.2	Owing to the size and composition of the Board, it is not appropriate to establish a formal policy to promote effective communication with Shareholders and encourage their participation at meetings.
7.2	As the Company has not appointed senior management, the Board assumes responsibility for the design and implementation of risk management and internal control systems.
8.1, 8.3	Owing to the size and composition of the Board, it is not appropriate to establish an independent remuneration committee. Details of the Company's remuneration policy are set out in the Remuneration Report in the Directors' Report.

It is noted that as the Company's activities develop in size, nature and scope, the Company's corporate governance policies and processes will continue to be reviewed and improved as resources permit.

1. BOARD OF DIRECTORS

1.1. Role of Board

The Board is responsible for setting the strategic direction and establishing and overseeing the policies and financial position of the Company, and monitoring the business and affairs on behalf of its Shareholders, by whom the directors of the Company ("the Directors") are elected and to whom they are accountable.

Further, the Board takes specific responsibility for:

- Protecting and enhancing Shareholder value;
- Formulating, reviewing and approving the objectives and strategic direction of the Company;
- Approving all significant business transactions including acquisitions, divestments and capital expenditure;
- Monitoring the financial performance of the Company by reviewing and approving budgets and monitoring results;



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT *(continued)*

1. BOARD OF DIRECTORS *(continued)*

1.1. Role of Board *(continued)*

- Ensuring that adequate internal control systems and procedures (including financial, risk management, occupational health and safety, environmental management systems and procedures) exist and that compliance with these systems and procedures is maintained;
- Identifying significant business risks and ensuring that such risks are adequately managed;
- Appointing Directors to the Board;
- Monitoring and reviewing the performance and remuneration of Directors;
- Monitoring and evaluating the Company Secretary's performance;
- Establishing and maintaining appropriate ethical standards; and
- Evaluating and, where appropriate, adopting with or without modification, the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*.

The Board is responsible for establishing a culture and framework that supports corporate governance, including creating the strategic direction for the Company, establishing goals for employees and the Company Secretary and monitoring the achievement of these goals.

The Company has a formal Board Charter, which is available from the Company on request. In broad terms, the Board is accountable to the Shareholders and must ensure that the Company is properly managed to protect and enhance shareholders' wealth and other interests. The Board Charter sets out the role and responsibilities of the Board within the governance structure of the Company and its related bodies corporate (as defined in the Corporations Act).

As at the date of this Annual Report, the Company has not employed any senior executives; therefore, disclosure under Recommendations 1.2 and 1.3 is not required.

1.2. Terms of Office of Directors

The constitution of the Company ("the Constitution") specifies that one third of the Directors, excluding the Managing Director, shall rotate on an annual basis. It is noted that, as at the date of this Annual Report, the Company has not appointed a Managing Director.

1.3. Composition of the Board and Independence

The Directors in office at the date of this Annual Report are:

Name	Position	Independent	Expertise
Mr John Palermo	Non-executive Director	No	Refer to Directors' Report
Dr John Henry Hills	Non-executive Director	No	Refer to Directors' Report
Mr Mike Bue	Executive Director	Yes	Refer to Directors' Report



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT (*continued*)

1. BOARD OF DIRECTORS (*continued*)

1.3. Composition of the Board and Independence (*continued*)

The majority of Directors are not independent, departing from Recommendation 2.1. Mr Mike Bue is considered to be independent, as he is not engaged with the Company on any basis other than serving as an executive Director. John Palermo is not considered to be independent, owing to his relationship with the Company. Further, Dr John Hills is not considered to be independent, owing to the nature of his substantial shareholding and position as a non-executive with the Company.

Owing to the size and structure of the Company, the roles of the Chairperson and CEO equivalent are now occupied by the same Director.

The role of Company Secretary is performed by Mr John Joseph Palermo, who is also independent.

The Company has not established a formal policy for the nomination and appointment of Directors. However, the composition of the Board is determined using the following principles:

- The Board comprises three (3) Directors; however, this number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified; and
- The Board should comprise Directors with a broad range of expertise.

The Board reviews its composition on an annual basis to ensure that the Board has the appropriate mix of expertise and experience. When a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board selects a panel of candidates with the appropriate expertise and experience. Potential candidates are identified by the Board with advice from an external consultant, if necessary. The Board then appoints the most suitable candidate who must stand for election at a general meeting of Shareholders.

The Company does not currently have a formal gender diversity policy in place. However, its recruitment is fundamentally driven by identifying the best candidate for all positions regardless of gender. Based on the current scale of activities of the Company, there is no set objective to achieve a certain percentage of female employees in the workforce.

The Board does not currently believe that the adoption of a formal gender diversity policy would significantly improve the functions currently performed by the Board.

Given the Company's small size and stage of development as an exploration company, the Board considers it impractical at this time to set measurable diversity objectives and adopt a formal gender diversity policy.

The Company currently has 4 employees, of which 4 are male and none are female. There are no women in senior executive positions or on the Board. However, while the Board considers this to be appropriate at this stage of the Company's development, the Company will review this requirement annually as the circumstances of the Company change.

The Company does not have a formal gender diversity policy at this stage of development, and consequently, did not provide the information indicated in the Guide to reporting on Principle 3.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT *(continued)*

1. BOARD OF DIRECTORS *(continued)*

1.4. Monitoring of Board Performance

In accordance with Recommendation 2.5, the Directors' performance is reviewed by the Chairperson on an ongoing basis. In the event that any Director's performance is considered to be unsatisfactory, that Director will be asked to retire from the Board. The Chairperson's performance is reviewed by the remaining two Board members.

The Company has established firm guidelines to identify the measurable and qualitative indicators of the Directors' performance during the course of the year ("the Guidelines"). Those Guidelines include minimum requirements for attendance at all Board and Shareholder meetings, whereby the non-attendance of a Director at more than three consecutive meetings without reasonable excuse will result in that Director's position being reviewed.

1.5. Independent Professional Advice

Each Director has the right, in connection with his/her duties and responsibilities as a Director, to seek independent professional advice at the Company's expense. However, prior approval of the Chairperson is required, which will not be unreasonably withheld.

1.6. CEO and CFO Attestations

As at the date of this Annual Report, the Company has not appointed a CEO or a chief financial officer ("the CFO"). Due to the size and scale of the Company's operations, those roles are currently performed by the Board, specifically Mr John Palermo who is primarily responsible for financial matters in relation to the Company.

In lieu of the CEO and CFO's attestations, Mr John Palermo certifies to the Board that:

- The Company's financial statements are complete and present a true and fair view, in all material aspects, of the financial condition and operational results of the Company and are in accordance with relevant accounting standards ("the Executive Director's Statement"); and
- The Executive Director's Statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control is operating effectively and efficiently in all material aspects.

2. BOARD COMMITTEES

2.1. Nomination Committee

Owing to its size and composition, the Company has not established a separate nomination committee in accordance with Recommendation 2.4.

The Board considers that the selection and appointment of Directors should be the responsibility of the full Board and that no benefits or efficiencies are to be gained by delegating this function to a separate committee. In any event, the Board consists of only three members, which is the minimum composition recommended for a nomination committee pursuant to Recommendation 2.4.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT (*continued*)

2. BOARD COMMITTEES (*continued*)

2.1. Nomination Committee (*continued*)

The Board does not have a separate charter for its nomination and succession planning functions; however, the responsibilities of the Board ordinarily include the nomination functions described in section 1.3 of this Corporate Governance Statement.

2.2. Audit Committee

Owing to its size and composition, the Company has not established a separate audit committee in accordance with Recommendation 4.1.

The Board considers that the selection and appointment of Directors should be the responsibility of the full Board and that no benefits or efficiencies are to be gained by delegating this function to a separate committee

In any event, the Board consists of only three members, which is the minimum number recommended for an audit committee pursuant to Recommendation 4.2.

The Directors are all financially literate. Mr John Palermo, Director, and Mr John Joseph Palermo, Company Secretary, hold financial qualifications and are chartered accountants. The Directors have, together, accumulated sufficient technical expertise in other directorships to provide valuable insight and technical knowledge, allowing the Board to verify and safeguard the integrity of the Company's financial statements.

Preserving the spirit of Principle 4, the external auditor has full access to the Board throughout the year.

The Board does not have a separate charter for its audit functions; however, the responsibilities of the Board (as set out in section 1.1 of this Corporate Governance Statement) ordinarily include:

- Reviewing internal controls and recommending enhancements;
- Monitoring compliance with Corporations Act 2001, Securities Exchange Listing Rules, matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investment Commission and financial institutions;
- Improving the quality of the accounting function;
- Reviewing external audit reports to ensure that, where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by the Company; and
- Liaising with the external auditors and ensuring that the annual audit and half-year review are conducted in an effective manner.

The Board reviews the performance of the external auditors on an annual basis and nomination of auditors is as the discretion of the Board.

2.3. Remuneration Committee

Owing to its size and composition, the Company has not established a separate remuneration committee in accordance with Recommendation 8.1.

The Board considers that the responsibility for the selection and appointment of Directors can be adequately discharged by the Board and that no benefits or efficiencies are to be gained by delegating this



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT *(continued)*

2. BOARD COMMITTEES *(continued)*

2.3. Remuneration Committee *(continued)*

function to a separate committee. In any event, the Board consists of only three members, which is the minimum composition recommended for an audit committee pursuant to Recommendation 8.1.

The Board does not have a separate charter for its remuneration functions; however, the Board is vested with the responsibility to review remuneration packages and policies (including remuneration, incentives, termination policies, and superannuation arrangements) applicable to each of the Directors and the Company Secretary. Remuneration levels are competitively set to attract the most qualified and experienced Directors for the benefit of the Company and Shareholders. The Board obtains independent advice on the appropriateness of remuneration packages.

In making decisions with respect to appropriate remuneration and incentive policies for executive Directors and the Company Secretary, the Board's objectives are to:

- Motivate executive Directors and the Company Secretary to pursue the long term growth and success of the Company within an appropriate control framework;
- Demonstrate a clear correlation between key performance and remuneration; and
- Align the interests of key leadership with the long-term interests of the Company's Shareholders.

Shareholder approval is also required to determine the maximum aggregate remuneration for non-executive Directors. The maximum aggregate remuneration approved for non-executive Directors is currently set at \$250,000 per annum. Non-executive Directors are not provided with retirement benefits other than statutory superannuation entitlements and are not entitled to participate in equity-based remuneration schemes of the Company.

Full disclosure of the Company's remuneration philosophy and framework, and the remuneration received by Directors in the current period, is set out in the remuneration report, which is contained within the Directors' Report ("the Remuneration Report"). This Remuneration Report clearly distinguishes the remuneration provided for non-executive Directors and executive Directors.

3. ETHICAL STANDARDS

The Company has established a formal Code of Conduct ("the Code") as per Recommendation 3.1, which is available from the Company on request.

The Code outlines the Company's expectations of Directors, the Company Secretary and employees and its related bodies corporate in relation to their behaviour and the way business is conducted in the workplace on a range of issues. Directors, the Company Secretary and employees are committed to acting with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. Directors, the Company Secretary and employees must conduct themselves in a manner consistent with the expectations of its stakeholders, commensurate with prevailing community and corporate standards, and must take responsibility for upholding the Company's legal obligations. In addition, the Board subscribes to the Statement of Ethical Standards as published by the Australian Institute of Company Directors.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT (*continued*)

4. DIRECTORS' DEALINGS IN COMPANY SHARES

The Company has implemented a formal trading policy as required by Recommendation 3.2 entitled *Guidelines for Dealing in Securities*. This policy applies to Directors, the Company Secretary, employees and contractors of the Company, and is available from the Company on request.

In addition, Directors must notify the Australian Securities Exchange of any acquisition or disposal of shares by lodgment of a Notice of Director's Interests. Board policy is to prohibit Directors, the Company Secretary and employees from dealing in shares of the Company whilst in possession of price sensitive information.

5. CONTINUOUS DISCLOSURE AND SHAREHOLDER COMMUNICATION

The Company has implemented a formal Continuous Disclosure and Information Policy as suggested in Recommendation 5.1, which is available from the Company on request. This policy was introduced to ensure the Company achieves compliance with its continuous disclosure obligations under the Corporations Act and ASX Listing Rules.

The Board aims to ensure that the Shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors. Information is communicated to Shareholders through:

- The Annual Report which is distributed to all Shareholders;
- Half-yearly reports, quarterly reports and all ASX announcements which are posted on the Company's website;
- The Annual General Meeting and other meetings so called to obtain Shareholder approval for Board action as appropriate; and
- Compliance with the continuous disclosure requirements of the ASX Listing Rules.

The Company's auditor is required to be present, and be available to Shareholders, at the Annual General Meeting.

6. RESPECT THE RIGHTS OF SHAREHOLDERS

The Company has a formal privacy policy ("the Privacy Policy"), which is available from the Company on request. The Company is committed to respecting the privacy of Shareholders' personal information. The Privacy Policy sets out the Company's personal information management practices and covers the application of privacy laws, personal information collection, the use and disclosure of personal information, accessing and updating Shareholders' information and the security of that information.

The Board has not adopted any additional codes of conduct or communications policies to promote effective communication with Shareholders and encourage their participation at general meetings in accordance with Recommendation 6.1. This is because the Board considers, in the context of the size and nature of the Company, that a communications policy would not improve the effective exercise of the Shareholders' rights at general meetings.

Nevertheless, the Company informally adopts several of the suggestions in Recommendation 6, including communicating to Shareholders electronically, and uploading its formal codes and policies to the Company's website.



CORPORATE GOVERNANCE STATEMENT (*continued*)

7. RECOGNISE AND MANAGE RISK

Due to the size and scale of the Company and the Board, a separate committee has not been established to oversee risk management. However, the Board has established a formal risk management policy to recognise and manage risk, as recommended by Recommendation 7.1. This risk management policy is available from the Company on request.

Risk management is a priority for the Board who remains vigilant in creating a culture, processes and structures directed to optimising the Company's opportunities whilst minimising and managing potential material business risks.

Risk oversight, management and internal control are dealt with on a continuous basis by the Board, with differing degrees of involvement from various Directors and the Company Secretary, depending upon the nature and materiality of the matter.

The Board continuously reviews material business risks to identify whether the system for identifying and reporting risks is being managed effectively. Determined areas of risk which are regularly considered include:

- Performance and funding of research and development activities;
- Budget control and asset protection;
- Status of intellectual property;
- Compliance with government laws and regulations;
- Safety and the environment;
- Continuous disclosure obligations; and
- Sovereign risk.

As the Company has not appointed a CFO (or equivalent), an assurance under s295A of the Corporations Act has been made by Mr John Palermo, who performs the function of the CFO for this purpose.

The Annual Report sets out the categories of financial risk applicable to the Company, which are contained in Note 25 in the Notes to the Financial Statements in the Annual Report.