# PELICAN RESOURCES LIMITED

A.B.N. 12 063 388 821

# ANNUAL FINANCIAL REPORT

# 30 JUNE 2017

# CORPORATE DIRECTORY

**BOARD OF DIRECTORS**

Antonio Torresan (Executive Director)
Colin Chenu (Non-Executive Director)
Alec Pismiris (Non-Executive Director)

**COMPANY SECRETARY**

Alec Pismiris

**REGISTERED OFFICE AND PRINCIPAL BUSINESS OFFICE**

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Nedlands, Western Australia, 6009

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Telephone: (+61 402) 212 532

**SHARE REGISTRY**

Automic Registry Services
Level 2
267 St Georges Terrace
Perth, Western Australia, 6000

Investor Enquiries: 1300 288 664

**AUDITOR**

HLB Mann Judd
Level 4
130 Stirling Street
Perth, Western Australia, 6000

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**STOCK EXCHANGE LISTING**

ASX Limited (Australian Securities Exchange)
ASX Codes: PEL

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# DIRECTORS' REPORT

The directors present their report together with the financial statements of the Consolidated Entity consisting of Pelican Resources Limited ("**Pelican**" or "**the Company**") and its controlled entities for the financial year ended 30 June 2017 ("**Balance Date**") and the auditor's report thereon.

## DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Colin Edward Chenu
Antonio Alessio Torresan
Alec Christopher Pismiris

## PARTICULARS OF DIRECTORS

**Colin Edward Chenu,** B. Juris, LLB
Non-Executive Director

Mr Chenu is a graduate of the University of Western Australia, with a Bachelor of Laws, and is admitted to practice in the Supreme Court of Western Australia and the High Court of Australia. He has practiced law in Western Australia for more than 30 years, as both a barrister and solicitor, in a wide range of commercial, litigious and non litigious work. Mr Chenu has gained extensive experience in the law of corporations, trade practices, contracts, equity and trusts and tort. He is a director and principal at Perth law practice Bennett + Co.

Other current directorships: HotCopper Holdings Limited

Former directorships (last 3 years): Mount Magnet South Limited

**Antonio Alessio Torresan**
Executive Director

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

Other current directorships: None

Former directorships (last 3 years): None

## DIRECTORS' REPORT (CONTINUED)

### PARTICULARS OF DIRECTORS (CONTINUED)

**Alec Pismiris**, B.Comm, MAICD, IGIA
Non-Executive Director

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

Other current directorships: Agrimin Limited, Aguia Resources Limited and HotCopper Holdings Limited

Former directorships (last 3 years): Cardinal Resources Limited, Impression Healthcare Limited and Papillon Resources Limited

### COMPANY SECRETARY

**Alec Pismiris,** B.Comm, MAICD, IGIA

Mr Pismiris has over 30 years' experience in the securities, finance and mining industries and has held a number of company secretary positions secretary for various ASX listed companies as well as a number of unlisted public and private companies over the years.

### 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 2017 by each director:

| | Number Eligible to Attend | Number Attended |
|---|---|---|
| Antonio Torresan | 2 | 2 |
| Colin Chenu | 2 | 2 |
| Alec Pismiris | 2 | 2 |

### PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the course of the financial year were the evaluation of its existing exploration projects, progressing the sale of the Company's interest in Sibuyan Nickel Properties Development Corporation and the continued search for new opportunities in the resources sector which could demonstrate capacity to add long term shareholder value.

## DIRECTORS' REPORT (CONTINUED)

### OPERATING AND FINANCIAL REVIEW

The Company made a loss after tax of $455,250 for the year ended 30 June 2017 (2016: $430,562).

### REPUBLIC OF THE PHILIPPINES

#### SALE OF SIBUYAN NICKEL PROPERTIES DEVELOPMENT CORPORATION

On 25 June 2015, the Company announced that it had concluded negotiations for the sale of Sibuyan Nickel Properties Development Corporation ("SNPDC"), the beneficial owner of the Romblon Project located on Sibuyan Island in the Romblon Province in the Philippines and entered into a Memorandum of Understanding ("MOU") with Dynamo Atlantic Limited, a BVI registered company ("Dynamo").

Under the terms of the MOU, Dynamo agreed to purchase SNPDC for a purchase price of $A4.70 million ("Consideration") payable in cash as follows:

- an initial payment of $A470,000 as a non-refundable deposit which was received by the Company on signing of the MOU;
- a second payment of $A940,000 was received by the Company on Dynamo completing technical, legal and financial due diligence investigations; and
- on completion of sale and transfer of 100% ownership of SNPDC, a final payment of $A3,290,000.

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

In August 2016 Pelican secured the support of its venture partner, All Acacia Resources Inc. ("AARI") for the sale and transfer of 100% ownership of SNPDC and subsequently notified Dynamo that it considered the MOU unconditional and the parties could proceed towards completion.

Following confirmation of AARI's support for the sale and transfer of 100% ownership of SNPDC, Dynamo advised Pelican that it did not wish to proceed with the purchase of SNPDC and requested a full refund of the purchase price paid under the MOU. Following several unsuccessful attempts to progress to completion, Pelican issued Dynamo with a Notice of Default ("Notice") on 30 December 2016, whereby Dynamo had 28 days to remedy the default by confirming that it is ready, willing and able to complete the sale of SNPDC in accordance with the terms of the MOU.

During the December 2016 quarter, Pelican secured shareholder approval for the sale of its interest in SNPDC pursuant to the Listing Rule 11.2 at its annual general meeting.

During the March 2017 quarter Gina Lopez the Secretary of the Department of Environment and Natural Resources ("DENR") ordered the cancellation of 75 Mineral Production Sharing Agreements in an intensified government crackdown on mines deemed destructive to watershed forest reserves.

The DENR published a list of Mineral Production Sharing Agreements that it proposed to cancel, which included reference to Romblon, Altai Philippines Mining Corp ("Altai") – Sibuyan Island. The Romblon project is still in the process of being transferred from Altai, the original applicant of MPSA 3042009-IVB ("MPSA"), to SNPDC. Neither SNPDC or Altai have been issued with any formal notification from the DENR of the proposed cancellation of MPSA 3042009-IVB.

## DIRECTORS' REPORT (CONTINUED)

### OPERATING AND FINANCIAL REVIEW (CONTINUED)

Dynamo relied on uncertainty surrounding the status of the MPSA to delay both remedying the Notice issued on 30 December 2016 and the transaction by seeking clarification from Pelican on the status of both SNPDC and MPSA.

Pelican responded to Dynamo confirming that neither SNPDC or Altai had received any notice of the cancellation of the MPSA, or any notice to show cause why the MPSA should not be cancelled. Following enquiries undertaken by SNPDC, Dynamo was further advised the MPSA is not located in a designated watershed zone. The watershed zone on Sibuyan Island is associated with the Mount Guiting-Guiting Natural Park, comprising approximately 157 square kilometres of Sibuyan's total area of 445 square kilometres. The watershed area is at a high altitude, whilst the MPSA is located in lowlands near the coast.

On 3 May 2017 a panel of the Commission on Appointments rejected the appointment of Gina Lopez as secretary Department of Environment and Natural Resources due to her controversial policies which further removed the uncertainty surrounding the status of MPSA .

Throughout the financial year, Pelican and Dynamo exchanged a number of draft agreements relating to the sale of SNPDC. Due to concerns regarding the potential cancellation of the MPSA and the perceived heightened sovereign risk associated with the Romblon Project, Dynamo proposed certain amendments to the terms of the MOU, which have been reflected in their responses to draft agreements. Dynamo's concerns regarding the status of the MPSA have been addressed by Pelican. Correspondingly the majority of Dynamo's amendments to the draft agreement have been rejected by Pelican. Dynamo was provided with a Share Sale and Assignment of Debt Agreement ("SSADA") and supporting documentation relating to the transfer of SNPDC shares and assignment of related party loans which Pelican considers to be the final agreement.

Pelican continues to work toward having the settlement completed expeditiously and have sought confirmation of Dynamo's acceptance of the terms of the SSADA so the matter can proceed to settlement.

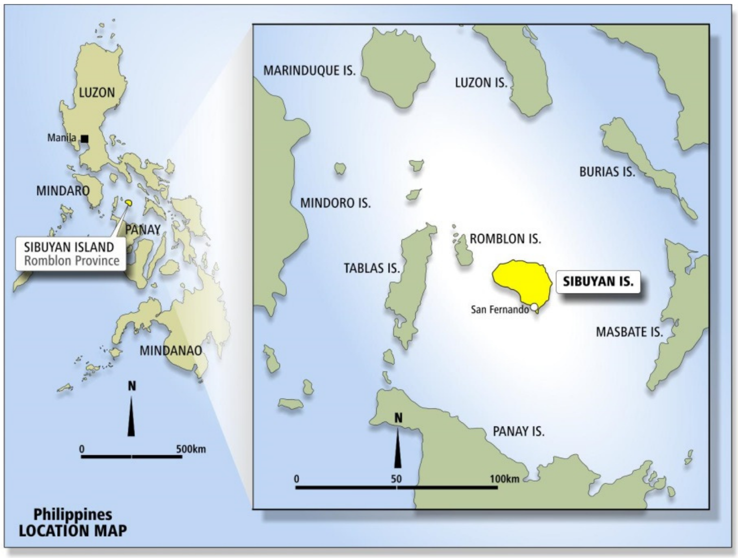
### ROMBLON PROJECT, SIBUYAN ISLAND, ROMBLON PROVINCE
### (MPSA No. 3042009-IVB)

Interest: MPSA 3042009-IVB

The Romblon Project, on Sibuyan Island in the Romblon Province in the Philippines, is being evaluated as a source of direct shipping lateritic nickel ore (DSO). The nickel resource explored by two Japanese nickel companies in 1972 is covered by a Mineral Production Sharing Agreement (MPSA). The project is still in the process of being evaluated and also transferred from Altai Resources Philippines Inc. (Altai), the original applicant of the MPSA, to SNPDC.

## DIRECTORS' REPORT (CONTINUED)

### OPERATING AND FINANCIAL REVIEW (CONTINUED)




Further exploration is required to fully evaluate the laterite nickel resource but the project is currently on care and maintenance due to a Cease and Desist Order (CDO) issued in September 2011 by the Mines and Geosciences Bureau (MGB) of the Department of Environment and Natural Resources (DENR). Counsel for SNPDC is pursuing all legal avenues with respect to the appeal to the MGB and DENR to lift the CDO.

During the financial year, no project development field work was undertaken due to the CDO and to minimize expenses in the Philippines.

### WESTERN AUSTRALIA

### KIMBERLEYS

### COCKATOO ISLAND PROJECT (M04/235)

Interest: 100%
Operator: Pluton Resources Limited (Receivers and Managers Appointed) (In Liquidation)

Bryan Hughes and Daniel Bredenkamp of Pitcher Partners continued to act as Receivers and Managers of Pluton Resources Limited ("Pluton"). Throughout the year the assets and undertakings of Pluton remained subject to the Receivers' appointment and all operations of Pluton were under the control of the Receivers.

Pitcher Partners continued to receive funding from General Nice Recursos Comercial Offshore De Macau, the senior secured creditor of Pluton Resources Limited which allowed Pitcher Partners to carry on care and maintenance activities on Cockatoo Island which included dewatering of the existing pit and site monitoring.

**DIRECTORS' REPORT (CONTINUED)**

**OPERATING AND FINANCIAL REVIEW (CONTINUED)**

A Deed of Company Arrangement (DOCA) proposal from World System Capital Investment Limited (BVI) ("WSCI"), a related entity of General Nice Recursos Comercial Offshore De Macau Limitada was executed on 4 January 2016. WSCI was unable to comply with the terms of the DOCA and at a subsequent meeting of creditors held on 23 May 2016, creditors approved a proposal to provide WSCI with an extension of time to comply with the terms of the DOCA. The varied DOCA was subsequently executed on 20 July 2016.

Legal proceedings were initiated by a creditor of Pluton to set aside the varied DOCA which resulted in the Supreme Court of Western Australia ordering the DOCA be terminated on 21 July 2016. On 3 August 2016 the Court ordered that Pluton be wound up and that Sam Marsden and Derrick Vickers be appointed Joint and Several Official Liquidators of Pluton.

The Receivers and Managers had advertised and received an expression of interest from Cockatoo Iron NL for Pluton's interests in the Cockatoo Island Project (held via a joint venture in that project). The Receivers and Managers assisted Cockatoo Iron with due diligence investigations throughout the financial year. Cockatoo Iron also commenced discussions with Pelican regarding its interests in M04/235 and two Miscellaneous Licences under application.

During the March 2017 quarter, the Company issued the Receivers with a Default and Demand Notice ("Default Notice") pursuant to the Pelican Rights Agreement seeking payment of the outstanding royalty payments and interest on unpaid royalties, being a total of $945,669.19 as at 16 March 2017. Under the Default Notice Pluton was given 60 days to remedy the outstanding amount. Under the terms of the Pelican Rights Agreement if payment of the outstanding amount was not received, in full, Pelican could serve a written notice on Pluton stating its intention to terminate the Pelican Rights Agreement.

Pelican remains a creditor of Pluton. Whether Pelican will receive any dividend in the winding up is likely to depend on the ability of the receiver to sell Pluton's interest in the Project, and whether there is any surplus after secured creditors are paid. It is not possible to determine at this time whether Pelican will or is likely to receive any dividend from the winding up.

There were no shipments of ore completed during the year.

**APPLICATIONS/RELINQUISHMENTS**

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

**DIRECTORS' REPORT (CONTINUED)**

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the reporting period, the Company continued a review of its existing projects with an objective of rationalising those projects. The Company continued efforts to complete the sale of 100% ownership of Sibuyan Nickel Properties Development Corporation ("SNPDC"), the beneficial owner of the Romblon Project located on Sibuyan Island in the Romblon Province in the Philippines for a price of $A4.70 million.

Pelican continued to search for new opportunities in the resources sector which could demonstrate capacity to add long term shareholder value. The directors believe that existing cash reserves combined with funds received from the sale of its interest in Sibuyan Nickel Properties Development Corporation leave the Company well positioned to fund new opportunities in the resources sector.

## DIVIDENDS

No dividends were paid or recommended for the year ended 30 June 2017.

## EVENTS SUBSEQUENT TO REPORTING DATE

On 13 September 2017, the Company entered into a conditional legally binding term sheet and formal agreement ("Agreement") with Cockatoo Iron NL ("Cockatoo Iron") and its wholly owned subsidiary Pearl Gull Pty Ltd to sell its interests in the Cockatoo Island Project for a purchase price of $3.75 million payable in cash and equity in Cockatoo Iron as follows:

- $150,000 non-refundable cash deposit paid on execution of the Agreement;
- $1,350,000 on completion of the sale and/or transfer of the mining lease and use rights;
- $750,000 on or before 31 March 2018; and
- $1,500,000 worth of fully paid ordinary shares in Cockatoo Iron, at a deemed issue price of $0.30 per share or if a capital raising is completed, at the issue price for those shares.

The Agreement is subject to certain conditions precedent and the parties have also agreed to execute a revenue sharing agreement whereby the Company will be entitled to receive up to a maximum of $500,000 per annum from certain non-mining activities that may be conducted by third parties within the mining lease.

## DIRECTORS' REPORT (CONTINUED)

### SHARE OPTIONS

The Company has the following securities on issue as at the date of the Directors' Report.

| Security Description | Number of Securities |
|---|---|
| Fully paid shares | 361,923,540 |
| Options exercisable at $0.01 expiring 30 June 2019 | 50,000,000 |
| Options exercisable at $0.02 expiring 31 December 2019 | 35,000,000 |

**Unissued shares**
As at the date of this report, there were 85,000,000 unissued ordinary shares under options (30 June 2016: 144,725,571).

Option holders do not have any right, by virtue of the options, to participate in any share issue of the Company or any related body corporate.

**Shares issued as a result of the exercise of options**
During the financial year there were no ordinary shares issued as a result of the exercise of options (2016: Nil).

As at the date of this report there has been no ordinary shares issued since the Balance Date on the exercise of options.

### LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group will continue to focus on maximising value from the current portfolio of mining projects and will continue its search for further opportunities. Given that the nature of the Group's activities is exploration focused, no further information can be provided as to likely developments as such developments will depend on exploration success at the Group's various project interests, and the nature of any new acquisitions going forward.

### 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.

### DIRECTORS' INTERESTS IN SHARES AND OPTIONS OF THE COMPANY

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

| | Number of Ordinary Shares | Number of Options over Ordinary Shares |
|---|---|---|
| Antonio Torresan | 59,193,981 | 28,735,896 |
| Colin Chenu | Nil | 2,000,000 |
| Alec Pismiris | 12,000,000 | 13,500,000 |

**DIRECTORS' REPORT (CONTINUED)**

## 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 allow disclosure of the premium.

## 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 57.

## NON-AUDIT SERVICES

HLB Mann Judd has not provided any non-audit services to the entity as shown at Note 17.

## 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.

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:

The Company has entered into an executive service agreement with executive director, Mr Antonio Torresan. The terms of the service agreement are set out as follows:
- Commencement date: 24 March 2015
- Term: one year with a one year extension at the sole discretion of the Board
- Fixed remuneration: $120,000 per annum
- Termination for cause: no notice period
- Termination without cause: three month notice period

The Company has entered into an agreement with non-executive director, Mr Alec Pismiris. The terms of the agreement are set out as follows:
- Commencement date: 24 March 2015
- Term: no fixed
- Fixed remuneration: $36,000 per annum
- Termination for cause: no notice period
- Termination without cause: no notice period

## DIRECTORS' REPORT (CONTINUED)

### REMUNERATION REPORT (AUDITED) (CONTINUED)

**Remuneration policy (continued)**

The Company has entered into an agreement with non-executive director, Mr Colin Chenu. The terms of the agreement are set out as follows:

- Commencement date: 29 June 2015
- Term: no fixed
- Fixed remuneration: $36,000 per annum
- Termination for cause: no notice period
- Termination without cause: no notice period

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.

**Performance-based remuneration**

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

DIRECTORS' REPORT (CONTINUED)

## REMUNERATION REPORT (AUDITED) (CONTINUED)

### 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 | $ |
| **Directors** | | | | | | | | |
| A Torresan - Executive Director | | | | | | | | |
| 2017 | 120,000 | - | - | - | - | - | - | 120,000 |
| 2016 | 120,000 | - | - | - | - | 85,531 | - | 205,531 |
| C Chenu - Non-Executive Director | | | | | | | | |
| 2017 | 36,000 | - | - | - | - | - | - | 36,000 |
| 2016 | 36,000 | - | - | - | - | 16,292 | - | 52,292 |
| A Pismiris - Non-Executive Director | | | | | | | | |
| 2017 | 72,000[1] | - | - | - | - | - | - | 72,000 |
| 2016 | 72,000[1] | - | - | - | - | 61,093 | - | 133,093 |
| **Total Remuneration:** | | | | | | | | |
| 2017 | 228,000 | - | - | - | - | - | - | 228,000 |
| 2016 | 228,000 | - | - | - | - | 162,916 | - | 390,916 |

Notes:
(1) Includes $36,000 paid as fees for company secretarial services

Other related party transactions of key management personnel are disclosed in Note 16.

### Remuneration Options

During the year ended 30 June 2017, no options were issued as part of director remuneration (30 June 2016: 20,000,000 options). Details relating to remuneration options issued in 2016 are as follows:

| | |
|---|---|
| Fair value at measurement date (cents) | 0.8 |
| Dividend yield (%) | Nil |
| Expected volatility (%) | 100 |
| Risk free rate (%) | 2.25 |
| Expected life of option | 4 |
| Share price (cents) | 1.3 |
| Exercise price (cents) | 2 |
| Model used | Black-scholes |

During the year ended 30 June 2017, no remuneration options were forfeited, expired or exercised by the directors.

## DIRECTORS' REPORT (CONTINUED)

## REMUNERATION REPORT (AUDITED) (CONTINUED)

### Shareholdings by Directors

| 2017 | Balance 01/07/16 (No. of Shares) | Received Remuneration (No. of Shares) | No. of Options Exercised | Net Other Change (No. of Shares) | Balance 30/06/17 (No. of Shares) |
|---|---|---|---|---|---|
| A Torresan | 59,193,981 | - | - | - | 59,193,981 |
| C Chenu | - | - | - | - | - |
| A Pismiris | 12,000,000 | - | - | - | 12,000,000 |
| **Total** | 71,193,981 | - | - | - | 71,193,981 |

| 2016 | Balance 01/07/15 (No. of Shares) | Received Remuneration (No. of Shares) | No. of Options Exercised | Net Other Change (No. of Shares) | Balance 30/06/16 (No. of Shares) |
|---|---|---|---|---|---|
| A Torresan | 59,193,981 | - | - | - | 59,193,981 |
| C Chenu | - | - | - | - | - |
| A Pismiris | 12,000,000 | - | - | - | 12,000,000 |
| **Total** | 71,193,981 | - | - | - | 71,193,981 |

### Options Holdings by Directors

| 2017 | Balance 01/07/16 (No. Options) | Granted as Remuneration (No. Options) | No. of Options Acquired | No. of Options Exercised | Net Change Other (No. Options) | Balance 30/06/17 (No. Options) |
|---|---|---|---|---|---|---|
| A Torresan | 38,143,563 | - | - | - | (9,407,667)[(1)] | 28,735,896 |
| C Chenu | 2,000,000 | - | - | - | - | 2,000,000 |
| A Pismiris | 13,500,000 | - | - | - | - | 13,500,000 |
| **Total** | 53,643,563 | - | - | - | - | 44,235,896 |

(1) Expired on 30/06/17

| 2016 | Balance 01/07/15 (No. Options) | Granted as Remuneration (No. Options) | No. of Options Acquired | No. of Options Exercised | Net Change Other (No. Options) | Balance 30/06/16 (No. Options) |
|---|---|---|---|---|---|---|
| A Torresan | 9,407,667 | 10,500,000 | 18,235,896 | - | - | 38,143,563 |
| C Chenu | - | 2,000,000 | - | - | - | 2,000,000 |
| A Pismiris | - | 7,500,000 | 6,000,000 | - | - | 13,500,000 |
| **Total** | 9,407,667 | 20,000,000 | 24,235,896 | - | - | 53,643,563 |

End of remuneration report (audited).

## DIRECTORS' REPORT (CONTINUED)

Signed in accordance with a resolution of the board of directors.

Dated at Perth this 28th day of September, 2017

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**Alec Pismiris**
**Director**

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

| | Note | Consolidated 2017 $ | 2016 $ |
|---|---|---|---|
| Revenue | 2(a) | - | 112,636 |
| Other income | 2(b) | 21,106 | 22,929 |
| Corporate | 3(c) | (428,675) | (475,470) |
| Salaries and wages | | - | (41,297) |
| Exploration expenditure written-off | | (14,732) | (2,352) |
| Doubtful debts movement (net) | 3(b) | - | 177,079 |
| Share-based payments | 25 | (31,394) | (190,675) |
| Other expenses | | (1,555) | (33,412) |
| **Loss before income tax** | | (455,250) | (430,562) |
| Income tax | 4 | - | - |
| **Loss for the year** | | (455,250) | (430,562) |
| **Other comprehensive income/(loss)** | | | |
| Item that may be classified to profit or loss: | | | |
| Currency translation differences | | (59,233) | (50,638) |
| **Other comprehensive income/(loss) for the year** | | (59,233) | (50,638) |
| **Total comprehensive loss for the year** | | (514,483) | (481,200) |
| **Loss attributable to:** | | | |
| Members of the parent entity | | (448,586) | (424,158) |
| Non-controlling interest | | (6,664) | (6,404) |
| | | (455,250) | (430,562) |
| **Total comprehensive loss attributable to:** | | | |
| Members of the parent entity | | (493,523) | (472,181) |
| Non-controlling interest | | (20,960) | (9,019) |
| | | (514,483) | (481,200) |
| Basic and diluted loss per share (cents per share) | 19 | (0.12) | (0.12) |

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

## STATEMENT OF FINANCIAL POSITION
## AS AT 30 JUNE 2017

| | Note | Consolidated 2017 $ | Consolidated 2016 $ |
|---|---|---|---|
| **Current Assets** | | | |
| Cash and cash equivalents | 5 | 445,755 | 910,584 |
| Restricted cash | 27 | 940,000 | 940,000 |
| Security deposits | | 114,000 | 131,000 |
| Trade and other receivables | 6 | 20,916 | 20,717 |
| Other current assets | 7 | 20,256 | - |
| Assets held for sale | 27 | 2,202,654 | 2,351,024 |
| **Total Current Assets** | | 3,743,581 | 4,353,325 |
| **Non-Current Assets** | | | |
| Other financial assets | 8 | - | - |
| Plant and equipment | 9 | - | - |
| Mineral exploration and evaluation expenditure | 10 | - | - |
| **Total Non-Current Assets** | | - | - |
| **Total Assets** | | 3,743,581 | 4,353,325 |
| **Current Liabilities** | | | |
| Trade and other payables | 11 | 219,130 | 228,995 |
| Deferred revenue | 12 | 1,410,000 | 1,410,000 |
| Liabilities associated with assets held for sale | 27 | 1,119,463 | 1,236,253 |
| **Total Current Liabilities** | | 2,748,593 | 2,875,248 |
| **Total Liabilities** | | 2,748,593 | 2,875,248 |
| **Net Assets** | | 994,988 | 1,478,077 |
| **Equity** | | | |
| Issued capital | 13 | 13,630,120 | 13,630,120 |
| Reserves | 14 | 2,008,037 | 2,021,580 |
| Accumulated losses | | (13,805,664) | (13,357,078) |
| Total parent entity interest | | 1,832,493 | 2,294,622 |
| Non-controlling interest | | (837,505) | (816,545) |
| **Total Equity** | | 994,988 | 1,478,077 |

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

## STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 30 JUNE 2017

| Consolidated | Issued Capital $ | Options Reserve $ | Foreign Currency Translation Reserve $ | Accumulated Losses $ | Non-Controlling Interest $ | Total Equity $ |
|---|---|---|---|---|---|---|
| **Balance at 01/07/2015** | 13,634,103 | 1,707,973 | 170,455 | (12,932,920) | (807,526) | 1,772,085 |
| **Total comprehensive income for the year** | | | | | | |
| Loss for the year | - | - | - | (424,158) | (6,404) | (430,562) |
| *Other comprehensive income* | | | | | | |
| Foreign currency translation differences | - | - | (48,023) | - | (2,615) | (50,638) |
| Total comprehensive income / (loss) for the year | - | - | (48,023) | (424,158) | (9,019) | (481,200) |
| **Transactions with owners recorded directly into equity** | | | | | | |
| Share-based payments | - | 190,675 | - | - | - | 190,675 |
| Shares issued during the year | - | - | - | - | - | - |
| Options issued during the year | - | 500 | - | - | - | 500 |
| Transaction costs | (3,983) | - | - | - | - | (3,983) |
| **Balance at 30/06/2016** | 13,630,120 | 1,899,148 | 122,432 | (13,357,078) | (816,545) | 1,478,077 |
| | | | | | | |
| **Balance at 01/07/2016** | 13,630,120 | 1,899,148 | 122,432 | (13,357,078) | (816,545) | 1,478,077 |
| **Total comprehensive income for the year** | | | | | | |
| Loss for the year | - | - | - | (448,586) | (6,664) | (455,250) |
| *Other comprehensive income* | | | | | | |
| Foreign currency translation differences | - | - | (44,937) | - | (14,296) | (59,233) |
| Total comprehensive income / (loss) for the year | - | - | (44,937) | (448,586) | (20,960) | (514,483) |
| **Transactions with owners recorded directly into equity** | | | | | | |
| Share-based payments | - | 31,394 | - | - | - | 31,394 |
| **Balance at 30/06/2017** | 13,630,120 | 1,930,542 | 77,495 | (13,805,664) | (837,505) | 994,988 |

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

## STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 30 JUNE 2017

| | Note | Consolidated 2017 $ | 2016 $ |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| Payments to suppliers and employees | | (488,062) | (510,242) |
| Interest received | | 20,965 | 12,929 |
| Royalties received | | - | 289,716 |
| **Net Cash Used in Operating Activities** | 15(b) | (467,097) | (207,597) |
| **Cash Flows from Investing Activities** | | | |
| Payments for exploration expenditure | | (14,732) | (2,352) |
| Proceeds from sale of plant and equipment | | - | 6,711 |
| Proceeds from sale of project | | - | 10,000 |
| Proceeds from deposit for sale of project | | - | 940,000 |
| Reclassification of deposit for sale of project to restricted cash | | - | (940,000) |
| Release of security deposit | | 17,000 | - |
| **Net Cash Provided by Investing Activities** | | 2,268 | 14,359 |
| **Cash Flows from Financing Activities** | | | |
| Payments for capital raising costs | | - | (3,983) |
| **Net Cash Provided by / (Used in) Financing Activities** | | - | (3,983) |
| Net increase / (decrease) in cash and cash equivalents held | | (464,829) | (197,221) |
| Cash and cash equivalents at the beginning of the financial year | | 910,584 | 1,107,805 |
| Cash and cash equivalents at the end of the financial year | 15(a) | 445,755 | 910,584 |

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

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2017

### 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 2017 comprise the Company and its subsidiaries (referred to as the Group or Consolidated Entity).

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 28 September 2017.

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;
- The ability to sell a project;
- The Consolidated Entity will on completion of the sale of its interests in the Cockatoo Island Project to Cockatoo Iron NL ("Cockatoo Iron") and its wholly owned subsidiary Pearl Gull Pty Ltd, execute a revenue sharing agreement whereby the Company will be entitled to receive up to a maximum of $500,000 per annum from certain non-mining activities that may be conducted by third parties within the M04/235; and / or
- Post year end the Company raised $3.75 million from the sale of its interests in the Cockatoo Island Project of which a $150,000 non-refundable deposit has been received.

Should the company not achieve the matters set out above, there is a material uncertainty that may cast significant doubt whether the company will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the company not be able to continue as a going concern.

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2017**

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

**(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).

**(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 not resulted in any material changes to the Group's accounting policies in order to comply with these amendments. The changes in accounting policies have no effect on the amounts reported for the current or prior years.

**(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 18.

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 profit or loss and other comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2017**

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

**(d) Principles of Consolidation *(continued)***

**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 (i.e. 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, 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.

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2017

### 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.

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2017

### 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 of 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.

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2017**

**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.

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2017

**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.

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2017

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

**(l) 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.

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2017**

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

**(l) 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.

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2017**

## 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 earnings are translated at the exchange rates prevailing at the date of the transaction.

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2017**

## 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 18) 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.

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2017**

**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) Adoption of new and revised standards**

*Standards and Interpretations issued not yet adopted*
The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the year ended 30 June 2017. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to Group accounting policies.

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2017**

## 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 23 - Risk Management Objectives and Policies
Note 26 - Share Based Payments

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2017**

## NOTE 2: REVENUE

| | Consolidated | |
|---|---|---|
| | **2017** | **2016** |
| **(a) Revenue** | **$** | **$** |
| Royalties | - | 112,636 |
| | | |
| **(b) Other income** | | |
| Interest earned | 20,965 | 12,929 |
| Gain on sale of exploration project | - | 10,000 |
| Other | 141 | - |
| **Total** | 21,106 | 22,929 |

## NOTE 3: EXPENSES AND GAINS/(LOSSES)

| | | |
|---|---|---|
| **(a) Expenses** | | |
| Depreciation | - | 3,909 |
| Impairment of plant and equipment | - | 8,635 |
| | - | 12,544 |
| **(b) Doubtful debt provision movement** | | |
| Provision for doubtful debt | - | (75,915) |
| Reversal of provision for doubtful debt | - | 252,994 |
| | - | 177,079 |

**(c) Significant Items**

Loss before income tax includes the following expenses whose disclosure is relevant in explaining the financial performance of the consolidated entity**:**

| | | |
|---|---|---|
| *Included in corporate expenses* | | |
| Accounting and administration fees | 86,122 | 127,253 |
| Consulting | 42,244 | 189,400 |

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2017**

## NOTE 4: INCOME TAX

| The prima facie tax on loss before income tax is reconciled to the income tax as follows: | Consolidated 2017 $ | 2016 $ |
|---|---|---|
| Loss before income tax | (455,250) | (430,562) |
| Income tax calculated at 27.5% (2016: 30%) | (125,194) | (129,169) |
| Add back: | | |
| (Income accrued)/doubtful debt expense | - | 29 |
| Provisions | (825) | - |
| Capitalised exploration written off | 4,051 | 706 |
| Capital raising costs | (18,254) | (17,321) |
| Share based payment | (8,633) | (57,203) |
| Foreign losses movement | 2,863 | 485,190 |
| Future income tax (charge)/benefits not brought to account | 145,992 | (282,232) |
| **Income tax expense** | - | - |
| Deferred tax assets: | | |
| Capital raising costs | 239 | 15,828 |
| Provisions | 258,180 | 314,100 |
| Carried forward tax losses (including foreign tax losses) | 2,431,418 | 2,285,426 |
| | 2,689,837 | 2,615,354 |
| Deferred tax liabilities: | | |
| Capitalised exploration costs | (565,247) | (616,633) |
| Accrued income | - | - |
| | (565,247) | (616,633) |

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits thereof.

## NOTE 5: CASH AND CASH EQUIVALENTS

| | | |
|---|---|---|
| Cash at bank | 445,755 | 910,584 |
| | 445,755 | 910,584 |

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2017

### NOTE 6: TRADE AND OTHER RECEIVABLES

| | Consolidated | |
|---|---|---|
| | 2017 | 2016 |
| | $ | $ |
| **Current** | | |
| Accrued royalties | 923,838 | 923,838 |
| Doubtful debt provision (i) | (923,838) | (923,838) |
| Goods and services tax | 20,916 | 20,717 |
| | 20,916 | 20,717 |

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

### NOTE 7: OTHER CURRENT ASSETS

| | 2017 | 2016 |
|---|---|---|
| Prepayments | 20,256 | - |
| | 20,256 | - |

### NOTE 8: OTHER FINANCIAL ASSETS

| | 2017 | 2016 |
|---|---|---|
| **Non Current** | | |
| Listed investments at fair value: | | |
| Shares in other entities(i) | - | - |

(i) As at 30 June 2017, the Company held 32,725,000 shares in Pluton Resources Limited. At the date of signing this report, the value of those securities held has been provided for in full as the shares in Pluton Resources Limited were in suspension on the Australian Securities Exchange.

## NOTE 9: PLANT AND EQUIPMENT

| | Consolidated 2017 $ | Consolidated 2016 $ |
|---|---|---|
| Plant and equipment at cost | - | - |
| Less: accumulated depreciation | - | - |
| Total plant and equipment | - | - |

Reconciliation of the carrying amount for plant and equipment is set out below:

| | 2017 | 2016 |
|---|---|---|
| **Plant and equipment** | | |
| Carrying amount at beginning of year | - | 28,600 |
| Additions | - | - |
| Net book value of plant and equipment disposed | - | (9,154) |
| Depreciation expense | - | (3,909) |
| Impairment expense | - | (8,635) |
| Foreign exchange impact | - | (6,902) |
| Carrying amount at end of year | - | - |

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2017

| | Consolidated 2017 $ | Consolidated 2016 $ |
|---|---|---|
| **NOTE 10: MINERAL EXPLORATION AND EVALUATION EXPENDITURE** | | |
| Balance at beginning of year | - | - |
| Exploration and mining expenditure incurred during the year | 14,732 | - |
| Foreign exchange movement | - | - |
| Expenditure written off | (14,732) | - |
| Transfer to assets held for sale (note 27) | - | - |
| Balance at end of year | - | - |
| Exploration expenditure carried forward in respect of areas of interest in the exploration and evaluation phase | - | - |

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.

The carrying value of the exploration expenditure as at 30 June 2017 is disclosed at note 27 and relates to the Romblon Project which is subject to a cease and desist order. The Company has entered into a Memorandum of Understanding for the sale of the Romblon project for $4.7 million which exceeds the carrying value at 30 June 2017. (refer to the Directors' Report - Review of Operations for further details).

| **NOTE 11: TRADE AND OTHER PAYABLES** | Consolidated 2017 $ | Consolidated 2016 $ |
|---|---|---|
| Trade payables and accrued expenses | 86,330 | 73,196 |
| Goods and services tax | 131,521 | 154,520 |
| Advances/loans – other parties | 1,279 | 1,279 |
| | 219,130 | 228,995 |

| **NOTE 12: DEFERRED REVENUE** | Consolidated 2017 $ | Consolidated 2016 $ |
|---|---|---|
| Deposit on sale of subsidiary | 1,410,000 | 1,410,000 |

On 25 June 2015, the Company entered into a Memorandum of Understanding with Dynamo Atlantic Limited, a BVI registered company to sell 100% ownership of Sibuyan Nickel Properties Development Corporation and received an initial payment of $470,000 and a subsequent payment of $940,000 on completion of due diligence representing 30% of the purchase price agreed of $4.70 million. A portion of the purchase price is owed to the Company's joint venture partner All-Acacia Resources Limited. As the sale has not completed, the Company has deferred this revenue and will recognize the full proceeds upon completion of the sale.

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2017**

| | Consolidated 2017 $ | Consolidated 2016 $ |
|---|---|---|
| **NOTE 13: ISSUED CAPITAL** | | |
| **(a) Issued Capital** | | |
| 361,923,540 Ordinary shares fully paid (2016: 361,923,540) | 13,630,120 | 13,630,120 |

**(b) Movements in ordinary share capital of the Company:**

| Date | Details | No. of Shares | Issue Price | $ |
|---|---|---|---|---|
| 01/07/2015 | Opening balance | 361,923,540 | | 13,634,103 |
| | Less: transaction costs arising on share issues | - | | (3,983) |
| 30/06/2016 | Closing balance | 361,923,540 | | 13,630,120 |
| 01/07/2016 | Opening balance | 361,923,540 | | 13,630,120 |
| 30/06/2017 | Closing balance | 361,923,540 | | 13,630,120 |

**(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 2016 and no dividends will be paid in 2017.

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.

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2017

### NOTE 14: RESERVES

| | Consolidated 2017 $ | Consolidated 2016 $ |
|---|---|---|
| **(a) Composition** | | |
| Share based payments reserve | 1,930,542 | 1,899,148 |
| Foreign currency translation reserve | 77,495 | 122,432 |
| | 2,008,037 | 2,021,580 |

**(b) Movements in options and performance rights on issue during the last two years were as follows:**

| Date | Details | No. of Listed Options | No. of Unlisted Options | Fair Value of Options and Performance Rights Issued | Exercise Price | Expiry Date |
|---|---|---|---|---|---|---|
| 01/07/2015 | Opening balance | 59,725,571 | 50,000,000 | $1,707,973 | | |
| 12/08/2015 | Underwriter options (prior year)(i) | - | - | $500 | Refer above | Refer above |
| 18/11/2015 | Director and consultant options | - | 20,500,000 | $165,821 | $0.02 | 31/12/2019 |
| 18/11/2015 | Advisor options(ii) | - | 14,500,000 | $24,854 | $0.02 | 31/12/2019 |
| 30/06/2016 | Closing balance | 59,725,571 | 85,000,000 | $1,899,148 | | |

(i) Underwriter options were accounted for in the prior year. The amount of $500 recognised relates to the subscription price for the issue of the options.

(ii) The fair value of the advisor options is $62,790 however the value recognised in reserves is lower due to the impact of vesting conditions.

| Date | Details | No. of Listed Options | No. of Unlisted Options | Fair Value of Options and Performance Rights Issued | Exercise Price | Expiry Date |
|---|---|---|---|---|---|---|
| 01/07/2016 | Opening balance | 59,725,571 | 85,000,000 | $1,899,148 | | |
| 30/06/2017 | Expired | (59,725,571) | - | N/A | $0.02 | 30/06/2017 |
| 30/06/2017 | Closing balance | - | 85,000,000 | $1,899,148 | | |

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2017**

| NOTE 15: NOTES TO THE STATEMENT OF CASH FLOWS | Consolidated 2017 $ | 2016 $ |
|---|---|---|
| **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) | 445,755 | 910,584 |
| **b) Reconciliation of net cash and cash equivalents used in operating activities to loss for the year:** | | |
| Loss for the year | (455,250) | (430,562) |
| Exploration and evaluation expenditure written off / impaired | 14,732 | 2,352 |
| Depreciation | - | 3,909 |
| Impairment of plant and equipment | - | 8,635 |
| Share based payment expense | 31,394 | 190,675 |
| Doubtful debt provision | - | (177,079) |
| Movements in assets and liabilities: | | |
| (Increase)/Decrease in trade and other receivables | (201) | 202,780 |
| (Increase)/Decrease in other assets | (20,256) | 9,267 |
| Increase/(Decrease) in trade and other payables | (37,516) | (17,574) |
| Net cash used in operating activities | (467,097) | (207,597) |

**c) Non-cash investing and financing activities**

**2017**
Other than share-based payment transactions disclosed in note 25, there were no non-cash investing and financing activities during the year ended 30 June 2017.

**2016**
Other than share-based payment transactions disclosed in note 25, there were no non-cash investing and financing activities during the year ended 30 June 2016.

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2017

### NOTE 16: KEY MANAGEMENT PERSONNEL

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

**(a) Compensation of Key Management Personnel**

| | Consolidated | |
|---|---|---|
| | **2017** | **2016** |
| Compensation by category: | **$** | **$** |
| Short-term | 228,000 | 228,000 |
| Post employment | - | - |
| Termination benefit | - | - |
| Share based payment | - | 162,916 |
| | 228,000 | 390,916 |

**(b) Transactions with Key Management Personnel**

Colin Chenu is a Principal of Lawfirst Pty Ltd (t/a Bennett + Co law firm) which provided legal services to the Group. Either individually or through companies under their control, or through companies under the control of a director related entity, Alec Pismiris and Antonio Torresan received and/or accrued payment for the provision of general consultancy, underwriting 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 | |
|---|---|---|
| | **2017** | **2016** |
| | **$** | **$** |
| Legal services | 46,986 | - |
| Sub-underwriting fee (Mainview Holdings Pty Ltd – A Torresan) | - | 71,375 |
| Sub-underwriting fee (ACP Investments Pty Ltd – A Pismiris) | - | 23,484 |
| Consulting fee (Capital Investment Partners) (i) | - | 258,490 |

(i) On 12 August 2015, 25,547,324 options were issued to Capital Investment Partners as part of the underwriting fee for a total value of $195,700. The fair value of these options were booked as an expense in 2015 as it related to services provided in that year. On 18 November 2015, 14,500,000 options were issued to Capital Investment Partners vesting upon the completion of a corporate transaction for a total value of $62,790.

Amounts payable or receivable to directors and their director related party entities at balance date arising from these transactions was $30,954 (2016: $nil).

### NOTE 17: REMUNERATION OF AUDITORS

| | Consolidated | |
|---|---|---|
| | **2017** | **2016** |
| | **$** | **$** |
| Audit services – HLB Mann Judd | 24,250 | - |
| – Stantons International | - | 29,076 |
| – Overseas auditors | 541 | 3,815 |
| | 24,791 | 32,891 |

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2017**

## NOTE 18: 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 | Equity Interest | |
|---|---|---|---|
| | | 2017 % | 2016 % |
| Sunrise Exploration Pty Ltd | AUS | 100 | 100 |
| Sunshine Gold Pty Ltd | AUS | 100 | 100 |
| Pelican Pacific Pty Ltd | AUS | 100 | 100 |
| Sunpacific Resources Philippines, Inc. | PHP | 100 | 100 |
| Sunrom Philippines Holdings Corp'n. | PHP | 100 | 100 |
| Sibuyan Nickel Properties Dev. Corp'n. | PHP | 75 | 75 |

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2017

### NOTE 18: 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 2017 $** | **As at 30 June 2016 $** |
| ***Summarised Financial Position*** | | |
| Current Assets | 6,407 | 7,513 |
| Non-Current Assets | 1,419,309 | 1,567,079 |
| Current Liabilities | (581) | (706) |
| Non-Current Liabilities | (4,711,573) | (4,776,481) |
| Net Liabilities | (3,286,438) | (3,202,595) |
| Carrying amount of non-controlling interest | (837,506) | (816,545) |

| | Sibuyan Nickel Properties Development Corporation | |
|---|---|---|
| ***Summarised Financial Performance*** | **Year Ended 30 June 2017 $** | **Year Ended 30 June 2016 $** |
| Revenue | 154 | 13 |
| Loss before income tax | (24,608) | (25,617) |
| Income tax | - | - |
| Post-tax loss | (24,608) | (25,617) |
| Other Comprehensive Income | - | - |
| Total Comprehensive Loss | (24,608) | (25,617) |
| The information above is the amount before intercompany eliminations. | | |
| Loss attributable to non-controlling interests | (6,664) | (6,404) |
| Distributions paid to non-controlling interest | - | - |

| | Sibuyan Nickel Properties Development Corporation | |
|---|---|---|
| | **Year Ended 30 June 2017 $** | **Year Ended 30 June 2016 $** |
| ***Summarised Cash Flow Information*** | | |
| Net cash flows (used in) operating activities | (24,600) | (23,400) |
| Net cash flows from financing activities | - | - |

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2017

### NOTE 19: LOSS PER SHARE

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

| | Consolidated | |
|---|---|---|
| | **2017** | **2016** |
| | **$** | **$** |
| Loss before income tax – Group | (455,250) | (430,562) |
| Adjustments: | | |
| Loss attributable to non-controlling interest | 6,664 | 6,404 |
| Loss used in calculating basic and diluted loss per share | (448,586) | (424,158) |

| | **2017 Number of Shares** | **2016 Number of Shares** |
|---|---|---|
| Weighted average number of ordinary shares used in calculating: | | |
| Basic and diluted loss per share | 361,923,540 | 361,923,540 |

### NOTE 20: COMMITMENTS FOR EXPENDITURE

In order to maintain current rights of tenure to mining tenements, the Consolidated Entity will be required to outlay in 2017/18 amounts noted below in respect of minimum tenement expenditure requirements and lease rentals. Minimum tenement expenditure and lease rentals relating to the Cockatoo Island project remain the responsibility of Pluton Resources Limited. Therefore, the Consolidated Entity has no commitments for expenditure (2016:$nil).

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2017

### NOTE 21: 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 and the Philippines.

| | Australia | | Philippines | | Eliminations | | Consolidated | |
|---|---|---|---|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** |
| **Geographical Segments** | **$** | **$** | **$** | **$** | **$** | **$** | **$** | **$** |
| **Revenue** | | | | | | | | |
| Sales to customers outside the Consolidated Entity | - | 112,636 | - | - | - | - | - | 112,636 |
| Other revenues from customers outside the Consolidated Entity | 20,952 | 12,916 | 154 | 10,013 | - | - | 21,106 | 22,929 |
| Total segment revenue | 20,952 | 125,552 | 154 | 10,013 | - | - | 21,106 | 135,565 |
| **Results** | | | | | | | | |
| Segment result | (447,875) | (443,807) | (21,099) | (107,844) | 13,724 | 121,089 | (455,250) | (430,562) |
| **Assets** | | | | | | | | |
| Segment assets | 2,491,928 | 2,935,106 | 2,202,654 | 2,369,220 | (951,001) | (951,001) | 3,743,581 | 4,353,325 |
| **Liabilities** | | | | | | | | |
| Segment liabilities | 3,060,810 | 3,087,507 | 8,469,495 | 8,549,065 | (8,781,711) | (8,761,324) | 2,748,593 | 2,875,248 |

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2017**

## NOTE 22: 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, credit 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 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.

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. There were no fixed interest rate financial assets or liabilities held by the Consolidated Entity (2016: nil).

| | Non Interest Bearing $ | | Weighted Average Effective Interest Rate % | | Floating Interest Rate $ | | Total $ | |
|---|---|---|---|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** |
| Financial Assets | | | | | | | | |
| - Cash and cash equivalents | 445,755 | 910,584 | - | - | - | - | 445,755 | 910,584 |
| - Deposits held | - | - | 1.75 | 2.10 | 1,054,000 | 1,071,000 | 1,054,000 | 1,071,000 |
| - GST receivable | 20,916 | 20,717 | - | - | | - | 20,916 | 20,717 |
| Total Financial Assets | 466,671 | 931,301 | | | 1,054,000 | 1,071,000 | 1,520,671 | 2,002,301 |
| Financial Liabilities | | | | | | | | |
| - Trade creditors | 86,597 | 73,902 | - | - | - | - | 86,597 | 73,902 |
| - GST payable | 131,521 | 154,520 | - | - | - | - | 131,521 | 154,520 |
| - Loan – other parties | 1,119,039 | 1,235,547 | - | - | - | - | 1,119,039 | 1,235,547 |
| Total Financial Liabilities | 1,337,157 | 1,463,969 | | | - | - | 1,337,157 | 1,463,969 |
| Net Financial Assets / (Liabilities) | (870,486) | (532,668) | | | 1,054,000 | 1,071,000 | 183,514 | 538,332 |

## NOTE 22: RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

### Interest Rate Sensitivity

At 30 June 2017, 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 $2,096 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 2017 from around 1.75% to 1.9% (10% decrease: 1.6%) representing a 15 basis points shift. This would represent one increase 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 2017, the Consolidated Entity had a balance of $923,838 (2016: $923,838) owing from Pluton Resources Limited. A provision for doubtful debts has been raised for the full amount (2016: $923,838).

### 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** | |
|---|---|---|
| | **2017** | **2016** |
| | **$** | **$** |
| Contracted maturities of liabilities at 30 June | | |
| Payables | | |
| - less than 30 days | 86,597 | 73,902 |
| - less than 12 months | 131,521 | 154,520 |
| Loans other parties | | |
| - less than 12 months | 7,429 | 8,069 |
| - greater than 12 months | 1,112,889 | 1,228,757 |
| | 1,338,436 | 1,465,248 |

The amount of $1,112,889 are liabilities associated with assets held for sale which have been disclosed under current liabilities as the disposal of Sibuyan Nickel Properties Development Corporation is expected within 12 months (note 27).

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2017

### NOTE 22: RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

**Foreign Exchange Risk**

The Consolidated Entity is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Philippine PESO. No sensitivity analysis has been completed as the directors believe any impact would be immaterial.

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 currencies. The risk is measured using sensitivity analysis.

**Market Price Risk**

The Group is exposed to equity price risk which arises from available-for-sale-equity securities.

The Consolidated Entity is exposed to market price risk arising from investments in other companies carried at fair value. No sensitivity analysis has been completed as the directors believe any impact would be immaterial. The Company has provided in full for the investment in Pluton Resources Limited.

**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.

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2017

### NOTE 23: EVENTS SUBSEQUENT TO REPORTING PERIOD

Subsequent to the end of the financial year ended 30 June 2017, the following events had occurred:

On 13 September 2017, the Company entered into a conditional legally binding term sheet and formal agreement ("Agreement") with Cockatoo Iron NL ("Cockatoo Iron") and its wholly owned subsidiary Pearl Gull Pty Ltd to sell its interests in the Cockatoo Island Project for a purchase price of $3.75 million payable in cash and equity in Cockatoo Iron as follows:

- $150,000 non-refundable cash deposit paid on execution of the Agreement;
- $1,350,000 on completion of the sale and/or transfer of the mining lease and use rights;
- $750,000 on or before 31 March 2018; and
- $1,500,000 worth of fully paid ordinary shares in Cockatoo Iron, at a deemed issue price of $0.30 per share or if a capital raising is completed, at the issue price for those shares.

The Agreement is subject to certain conditions precedent and the parties have also agreed to execute a revenue sharing agreement whereby the Company will be entitled to receive up to a maximum of $500,000 per annum from certain non-mining activities that may be conducted by third parties within the mining lease.

### NOTE 24: CONTINGENT LIABILITIES

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

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2017**

## NOTE 25: SHARE BASED PAYMENTS

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

| | Weighted average exercise price 2017 | Number of Options 2017 | Weighted average exercise price 2016 | Number of Options 2016 |
|---|---|---|---|---|
| Outstanding at 1 July | $0.02 | 144,725,571 | $0.02 | 59,725,571 |
| Forfeited during the year | - | - | - | - |
| Exercised during the year | - | - | - | - |
| Expired during the year | $0.02 | (59,725,571) | - | - |
| Granted during the year | - | - | - | - |
| Issued during the year | - | - | $0.01 | 85,000,000 |
| Outstanding at 30 June | $0.02 | 85,000,000 | $0.02 | 144,725,571 |
| Exercisable at 30 June | $0.02 | 85,000,000 | $0.02 | 130,225,571 |

The options outstanding at 30 June 2017 have an exercise price of $0.02 and a weighted average remaining contractual life of 2.5 years (2016: 2.5 years).

The following table lists the inputs to the models used for the valuation of the options issued during the prior year:

| | Director options | Consultant options | Advisor options |
|---|---|---|---|
| Number of options | 20,000,000 | 500,000 | 14,500,000 |
| Fair value at measurement date (cents) | 0.8 | 0.6 | 0.4 |
| Dividend yield (%) | Nil | Nil | Nil |
| Expected volatility (%) | 100 | 100 | 100 |
| Risk free rate (%) | 2.25 | 2.25 | 2.25 |
| Expected life of option | 4 | 4 | 4 |
| Share price (cents) | 1.3 | 1.0 | 0.8 |
| Exercise price (cents) | 2 | 2 | 2 |
| Model used | Black-scholes | Black-scholes | Black-scholes |

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2017**

## NOTE 26: PARENT ENTITY DISCLOSURES

### (a) Financial Position

| | 2017<br>$ | 2016<br>$ |
|---|---|---|
| Current Assets | 1,540,237 | 1,966,352 |
| Total Assets | 2,491,238 | 2,917,353 |
| | | |
| Current Liabilities | 1,157,694 | 1,167,716 |
| Total Liabilities | 1,157,694 | 1,167,716 |
| | | |
| **Equity** | | |
| Issued capital | 13,630,120 | 13,630,120 |
| Reserves | 1,930,542 | 1,899,148 |
| Accumulated losses | (14,227,117) | (13,779,630) |
| **Total Equity** | 1,333,545 | 1,749,638 |

### (b) Financial Performance

| | 2017<br>$ | 2016<br>$ |
|---|---|---|
| Loss for the year | (447,487) | (443,363) |
| Other comprehensive income | - | - |
| **Total Comprehensive Loss** | (447,487) | (443,363) |

### (c) Guarantees

The parent entity has not entered into any guarantees, in relation to the debts of subsidiaries.

### (d) Contingent liabilities

The parent entity has no known material contingent liabilities at the end of the financial year.

### (e) Commitments for expenditure

The parent entity has not entered into any commitments for expenditure as at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

## NOTE 27: ASSETS AND LIABILITIES HELD FOR SALE

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

*Assets and liabilities held for sale*

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

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| Cash | 2,470 | 3,243 |
| Trade and other receivables | 4,442 | 4,270 |
| Mineral exploration and evaluation expenditure (note 10) | 2,195,742 | 2,343,511 |
| **Assets held for sale** | 2,202,654 | 2,351,024 |
| | | |
| Trade payables | 424 | 706 |
| Other payables | 1,119,039 | 1,235,547 |
| **Liabilities associated with assets held for sale** | 1,119,463 | 1,236,253 |

The Company has received $1.41 million as deposits for the sale of SNPDC and $0.94 million has been classified as restricted cash as the formal sale agreement has not yet been executed.

# DIRECTORS' DECLARATION

1. In the opinion of the Directors:

   a. the accompanying financial statements, notes and additional disclosures are in accordance with the Corporations Act 2001 including:

      i. giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year then ended; and

      ii. complying with Accounting Standards and Corporations Regulations 2001; and

   b. subject to the matters set out in note 1 "Going Concern", there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

   c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2017.

This declaration is signed in accordance with a resolution of the Board of Directors.

**Alec Pismiris**
**Director**
Dated this 28th day of September, 2017

HLB Mann Judd

Accountants | Business and Financial Advisers

## INDEPENDENT AUDITOR'S REPORT

To the members of Pelican Resources Limited

### Report on the Audit of the Financial Report

*Opinion*

We have audited the financial report of Pelican Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

*Basis for opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

*Material uncertainty related to going concern*

We draw attention to Note 1(a) in the financial report, which indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

*Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

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HLB Mann Judd

| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| **Recoverability of Asset Held for Sale**<br>Note 27 of the financial report | |
| As at 30 June 2017, the carrying value of the Group's Exploration Asset Held for Sale was \$2,202,654. The mining rights for the Romblon Project in the Philippines is the subject of the exploration asset that is currently in negotiation for sale.<br><br>Prior to financial year 2017, the Group entered into a sale agreement with Dynamo Atlantic Limited for the sale of the rights to the Romblon Project.<br><br>As at 30 June 2017, the entity was still in negotiations with Dynamo Atlantic Limited in regards to completion of the sale agreement and realising the valuation of the asset.<br><br>This is considered a Key Audit Matter due to the impact of the disclosure in the annual financial report and the degree of uncertainty surrounding the completion of the sale. | Our procedures included but were not limited to the following:<br>▪ We obtained a copy of the latest amended memorandum of understanding between Pelican Resources Limited and Dynamo Atlantic Limited;<br>▪ We assessed correspondence with Dynamo Atlantic in regards to negotiations on proposed agreement amendments;<br>▪ We assessed correspondence with the Company's lawyers in regards to the ability to legally continue with the sale;<br>▪ We obtained evidence that the Group has current rights to tenure of its area of interest;<br>▪ We enquired with management, reviewed ASX announcements and reviewed minutes of Directors' meetings to ensure that the Group had not resolved to discontinue efforts to sell the tenement; and<br>▪ We examined the disclosures made in the financial report. |

*Information other than the financial report and auditor's report thereon*

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the directors for the financial report*

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

*Auditor's responsibilities for the audit of the financial report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

HLB Mann Judd

## Report on the Remuneration Report

*Opinion on the remuneration report*

We have audited the remuneration report included in the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Pelican Resources Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

*Responsibilities*

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.

HLB Mann Judd

**HLB Mann Judd**
**Chartered Accountants**

Norman Glad

**N G Neill**
**Partner**

**Perth, Western Australia**
**28 September 2017**

HLB Mann Judd

Accountants | Business and Financial Advisers

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the consolidated financial report of Pelican Resources Limited for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

| | |
|---|---|
| **Perth, Western Australia** | **N G Neill** |
| **28 September 2017** | **Partner** |

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

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## ASX ADDITIONAL INFORMATION

### QUOTED SECURITIES

### ORDINARY FULLY PAID SHARES

**(i) DISTRIBUTION OF SHAREHOLDERS AS AT 12 SEPTEMBER 2017:**

| SPREAD OF HOLDINGS | NO. OF HOLDERS | NO. OF SHARES | PERCENTAGE OF ISSUED CAPITAL % |
|---|---|---|---|
| 1 – 1,000 | 30 | 10,056 | 0.00 |
| 1,001 - 5,000 | 32 | 78,918 | 0.02 |
| 5,001 - 10,000 | 24 | 172,567 | 0.05 |
| 10,001 - 100,000 | 91 | 4,468,977 | 1.23 |
| 100,001+ | 165 | 357,193,022 | 98.69 |
| | 342 | 361,923,540 | 100.00 |

The number of shareholdings held in less than marketable parcels is 126.

**(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. | Monslit Pty Ltd <A Torresan Super Fund A/C> | 59,193,981 | 16.36% |
| 2. | Mr Kenneth Gatchalian | 25,699,591 | 7.10% |
| 3. | Mr Joe Leuzzi & Mrs Sally Leuzzi | 17,800,000 | 4.92% |
| 4. | DF Lynton-Brown Pty Ltd <DF Lynton-Brown P/L S/F A/C> | 13,932,885 | 3.85% |
| 5. | Gallant (WA) Pty Ltd <Gallant A/C> | 12,094,137 | 3.34% |
| 6. | Finebase Holdings Pty Ltd <Finebase A/C> | 11,990,000 | 3.31% |
| 7. | Alitime Nominees Pty Ltd <Honeyham Family A/C> | 10,930,205 | 3.02% |
| 8. | Veltox Pty Ltd <The Hills Super Fund A/C> | 10,593,650 | 2.93% |
| 9. | Topaze Enterprises Pty Ltd | 9,484,049 | 2.62% |
| 10. | Zero Nominees Pty Ltd | 9,000,000 | 2.49% |
| 11. | GAB Superannuation Fund Pty Ltd | 7,873,785 | 2.18% |
| 12. | Mr Jose Mari Moraza & Mr Antonio Moraza | 7,272,445 | 2.01% |
| 13. | Darlot Investments Pty Ltd <Jones Super Fund A/C> | 6,844,676 | 1.89% |
| 14. | Mr Geoffrey John Fennell & Mrs Carmel Ann Fennell <Gemica Super Fund A/C> | 6,822,141 | 1.89% |
| 15. | Topaze Enterprises Pty Ltd <GBM A/C> | 6,229,134 | 1.72% |
| 16. | Finebase Holdings Pty Ltd <Finebase A/C> | 6,019,666 | 1.66% |
| 17. | ACP Investments Pty Ltd <A & L Pismiris S/F A/C> | 6,000,000 | 1.66% |
| 18. | ACP Investments Pty Ltd | 6,000,000 | 1.66% |
| 19. | Citicorp Nominees Pty Limited | 5,290,134 | 1.46% |
| 20. | Cityscan Pty Ltd <City A/C> | 5,177,757 | 1.43% |
| | | 248,716,237 | 68.72 |

## ASX ADDITIONAL INFORMATION *(continued)*

**QUOTED SECURITIES** ***(continued)***

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

**(iii) VOTING RIGHTS**

Article 15 of the Constitution specify 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; and

(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. | % |
| Mainview Holdings Pty Ltd | 59,193,981 | 16.36 |
| Mr Kenneth Gatchalian | 25,699,591 | 7.10 |
| | 84,893,572 | 23.46 |

**(b)**

**UNQUOTED SECURITIES**

**(a) UNLISTED OPTIONS ON ISSUE**

- 50,000,000 unlisted options exercisable at $0.01 each on or before 30 June 2019.
- 35,000,000 unlisted options exercisable at $0.02 each on or before 31 December 2019.

**(b) PERFORMANCE RIGHTS**

The Company has no performance rights on issue.

## CORPORATE GOVERNANCE STATEMENT

This statement outlines the main corporate governance practices adopted by the Board of Pelican Resources Limited ("Pelican" or the "Company"), which comply with the ASX Corporate Governance Council recommendations unless otherwise stated.

The Board and management of Pelican recognise their duties and obligations to shareholders and other stakeholders to implement and maintain a proper system of corporate governance. The Company believes that good corporate governance adds value to stakeholders and enhances investor confidence.

The ASX Listing Rules require listed companies to prepare a statement disclosing the extent to which they have complied with the recommendations of the ASX Corporate Governance Council ("Recommendations") in the reporting period. The Recommendations are guidelines designed to improve the efficiency, quality and integrity of the Company. They are not prescriptive, in that if a company considers a recommendation to be inappropriate having regard to its own circumstances, it has the flexibility not to follow it. Where a company has not followed all the Recommendations, it must identify which Recommendations have not been followed and give reasons for not following them.

This Corporate Governance Statement ("Statement") sets out a description of the Company's main corporate practices and provides details of the Company's compliance with the Recommendations, or where appropriate, indicates a departure from the Recommendations with an explanation.

This Statement is current as at 27 September 2017 and has been approved by the Board of Directors of Pelican.

**Principle 1 – Lay solid foundations for management and oversight**

| Recommendation | Requirement | Comply Yes/No |
|---|---|---|
| 1.1 | A listed entity should disclose:<br>(a) The respective roles and responsibilities of its board and management: and<br>(b) Those matters expressly reserved to the board and those delegated to management. | Yes |
| 1.2 | A listed entity should:<br>(a) Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director: and<br>(b) Provide security holders with all material information in its possession relevant to a decision on where or not to elect or re-elect a director. | Yes |
| 1.3 | A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment. | Yes |
| 1.4 | The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board. | Yes |

## CORPORATE GOVERNANCE STATEMENT (CONTINUED)

| Recommendation | Requirement | Comply Yes/No |
|---|---|---|
| 1.5 | A listed entity should:<br>(a) Have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them:<br>(b) Disclose the policy or a summary of it: and<br>(c) Disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:<br>1) The respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes): or<br>2) If the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under the Act. | Yes |
| 1.6 | A listed entity should:<br>(a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors: and<br>(b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. | Yes |
| 1.7 | A listed entity should:<br>(a) Have and disclose a process for periodically evaluating the performance of its senior executives; and<br>(b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. | Yes |

*Commentary*

The Corporate Governance Policies set out the functions and responsibilities of the Board of Pelican, and are available on the Pelican website.

The Company seeks to have a board comprising directors with an appropriate variety of skill, experience and expertise who are competent in dealing with current and emerging issues of the business and who can effectively review and challenge the performance of management and exercise independent judgement. The Board has procedures for the selection and appointment of new directors and the re-election of incumbent directors, which are set out in the Corporate Governance Policies which are available on the Pelican website.

Non-executive directors have written agreement with the Company setting out the terms of their appointment as directors, the two executive directors have employment contracts.

The Board meets on a regular basis. The agenda for these meetings is prepared by the Company Secretary who is also the Managing Director, in conjunction with the Chairman. Relevant information is circulated to directors in advance of the Board meetings. The Company Secretary is accountable directly to the Board on matters to do with the proper functioning of the Board.

The Board has adopted a policy on achieving gender, age and ethnic diversity in the Company's board and employees.

**CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

The respective proportions of men and women on the Board, in senior executive positions and across the whole organisation is as follows:

| Gender | Total | Senior Management | Board |
|---|---|---|---|
| Female | - | - | - |
| Male | 4 | 1 | 3 |
| %Female | - | - | - |

The evaluation of the performance of the Board and individual directors is undertaken annually and in accordance with the terms of their employment contract. Performance reviews were undertaken in the reporting period.

**Principle 2 – Structure the Board to add value**

| Recommendation | Requirement | Comply Yes/No |
|---|---|---|
| 2.1 | The board of a listed entity should:<br>(a) Have a nomination committee which:<br>1) Has at least three members, a majority of whom are independent directors; and<br>2) Is chaired by an independent director,<br>and disclose<br>3) The charter of the committee:<br>4) The members of the committee; and<br>5) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR<br>(b) If it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. | Yes |
| 2.2 | A listed entity should have and disclose a board skills matric setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership. | Yes |
| 2.3 | A listed entity should disclose:<br>(a) The names of the directors considered by the board to be independent directors;<br>(b) If a director has an interest, position, association or relationship of the type describe in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and<br>(c) The length of service of each director. | Yes |
| 2.4 | A majority of the board of a listed entity should be independent directors. | No |
| 2.5 | The Chair of the board of a listed entity should be independent director and, in particular, should not be the same person as the CEO/Managing Director of the entity. | Yes |
| 2.6 | A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively. | Yes |

## CORPORATE GOVERNANCE STATEMENT (CONTINUED)

*Commentary*

The Board believes the Company is not of sufficient size to justify having a Nomination Committee. If any vacancies arise on the Board, the Board and all directors are involved in the search and recruitment of a replacement.

The Board strives to ensure that it is comprised of directors with a blend of skills, experience and attributes appropriate to the Company and its business. The principal criterion for the appointment of new directors is their ability to add value to the Company and its business. In light of this, it has not been deemed necessary to create a formal document setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.

The Board consists of Executive Director Mr Antonio Torresan (appointed 24 March 2015), Independent non-executive director Mr Colin Chenu (appointed 29 June 2015) and Non-executive director Mr Alec Pismiris (appointed 24 March 2015). The details of their skills, experience and expertise have been included in the 2017 Directors Report. The number of Board meetings and attendance of the directors are set out in the 2017 Directors Report.

Although the majority of the Board is not independent, the directors considers the current Board composition to be suitable in the present circumstances, with an appropriate range of qualifications and expertise, and directors who can understand and competently deal with current and emerging business issues as well as effectively review and challenge the performance of management. Furthermore, each individual member of the Board is satisfied that all directors bring an independent judgement to bear on board decisions.

New directors are provided with copies of all relevant documents and policies governing the Company's business, operations and management at the time of joining the Board. The Company is able to provide appropriate professional development opportunities for directors to assist in their roles. Directors are also encouraged to personally undertake appropriate training and refresher courses conducted by the Australian Institute of Company Directors.

**Principle 3 – Act ethically and responsibly**

| Recommendation | Requirement | Comply Yes/No |
|---|---|---|
| 3.1 | A listed entity should:<br>(a) Have a code of conduct for its directors, senior executives and employees; and<br>(b) Disclose that code or a summary of it. | Yes |

*Commentary*

As part of the Board's commitment to maintaining a proper system of corporate governance, the Company has adopted a Code of Conduct to guide directors and officers in carrying out their duties and responsibilities. The Code embraces the values of honesty, integrity, enterprise, excellence, accountability, justice, independence and equality of stakeholder opportunity. The Code of Conduct is available on the Pelican website.

## CORPORATE GOVERNANCE STATEMENT (CONTINUED)

### Principle 4 – Safeguard integrity in corporate reporting

| Recommendation | Requirement | Comply Yes/No |
|---|---|---|
| 4.1 | The board of a listed entity should:<br>(a) Have an audit committee which:<br>1) Has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and<br>2) Is chaired by an independent director, who is not the chair of the board, and disclose;<br>3) The charter of the committee;<br>4) The relevant qualifications and experience of the members of the committee; and<br>5) In relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or<br>(b) If it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner. | Yes |
| 4.2 | The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive form its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true an fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. | Yes |
| 4.3 | A listed entity should that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit. | Yes |

*Commentary*

The board believes that due to the size and composition of the board and the size of the Company it is not appropriate to have an Audit Committee. The Board as a whole is responsible for the integrity of the Company's financial reporting, reviews and oversees the planning process for external audits, the conduct of the external audit process and the independence of all parties to the process as well as reviewing the performance of external auditors, the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

Prior to the approval of the Company's annual financial statements, the board obtains a declaration from its Company Secretary and CFO that , in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with appropriate accounting standards and give a true and fair view of the financial position and performance of the Company, and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Company's external auditor attends every Annual General Meeting as required by the Corporations Act, and member are allowed a reasonable opportunity at the meeting to ask the auditor questions relevant to the audit, their report and independence, and the accounting policies adopted by the company.

## CORPORATE GOVERNANCE STATEMENT (CONTINUED)

### Principle 5 – Make timely and balanced disclosure

| Recommendation | Requirement | Comply Yes/No |
|---|---|---|
| 5.1 | A listed entity should:<br>(a) Have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and<br>(b) Disclose that code or a summary of it. | Yes |

*Commentary*

The Company's Disclosure Policy is available on the Pelican website. The Disclosure Policy sets out the key obligations of directors and employees in relation to continuous disclosure as well as the Company's obligation under the ASX Listing Rules and the Corporations Act. The Policy also provides procedures for internal notification and external disclosure, as well as procedures for promoting understanding of compliance with disclosure requirements.

### Principle 6 – Respect the rights of security holders

| Recommendation | Requirement | Comply Yes/No |
|---|---|---|
| 6.1 | A listed entity should provide information about itself and its governance to investors via a website. | Yes |
| 6.2 | A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors. | Yes |
| 6.3 | A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meeting so security holders. | Yes |
| 6.3 | A listed entity should give security holders to option to receive communicating from and send communications to, the entity and its security registry electronically. | Yes |

*Commentary*

The Board is committed to open and accessible communications with holders of the Company's shares. In accordance with continuous disclosure obligations under the ASX Listing Rules, all disclosure are made in a time manner and posted on the Company's website.

Shareholders are forwarded the Company's Annual Report, if requested and documents relating to each General Meeting, being the Notice of Meeting, any Explanatory Memorandum and a Proxy Form, and shareholders are invited to attend these meetings. Shareholders may elect to receive communications electronically. The Company's external auditors are also required to be present at annual shareholder meetings to answer any queries shareholders may have with regard to the audit and preparation and content of the Audit Report.

## CORPORATE GOVERNANCE STATEMENT (CONTINUED)

**Principle 7 – Recognise and manage risk**

| Recommendation | Requirement | Comply Yes/No |
|---|---|---|
| 7.1 | The board of a listed entity should:<br>(a) Have a committee or committees to oversee risk, each of which;<br>1) Has at least three members, a majority of whom are independent directors; and<br>2) Is chaired by and independent director and disclose;<br>3) The charter of the committee<br>4) The ;members of the committee; and<br>5) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or<br>If it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework. | Yes |
| 7.2 | The board or a committee of the board should;<br>(a) Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and<br>(b) Disclose, in relation to each reporting period, whether such review has taken place. | Yes |
| 7.3 | A listed entity should disclose:<br>(a) If it has an internal audit function, how the function is structured and what role it performs; or<br>(b) If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes. | Yes |
| 7.4 | A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks. | Yes |

*Commentary*

The board as a whole is ultimately responsible for establishing and reviewing the Company's policies on risk profile, oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control in accordance with the Company's Corporate Governance Policies.

The board believes that due to the size and composition of the board, and the size of the Company it is not appropriate to have a Risk Committee.

The Company's risk management program is implemented under the direction of the Chief Executive Officer to ensure matters affecting goals, objectives and performance of the Company and the safety of its stakeholders are identified and assessed by an operational risk management framework in accordance with industry accepted standards.

The Company's risk management framework is reviewed annually. A review was undertaken in the reporting period.

The board believes that the Company is not of a size to justify having an internal audit function for efficiency purposes. The Company evaluates its risk management and internal control processes in consultation with its external auditor with a view to continually improving its effectiveness.

## CORPORATE GOVERNANCE STATEMENT (CONTINUED)

The board does not believe the Company has any material exposure to economic, environmental and social sustainability risks at the present time.

**Principle 8 – Remunerate fairly and responsibly**

| **Recommendation** | **Requirement** | **Comply Yes/No** |
|---|---|---|
| 8.1 | The board of a listed entity should:<br>(a) Have a remuneration committee which'<br>1) Has at least three members, a majority of whom are independent directors; and<br>2) Is chaired by an independent director, and disclose<br>3) The charter of the committee;<br>4) The members of the committee; and<br>5) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or<br>(b) If it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive. | Yes |
| 8.2 | A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives. | Yes |

*Commentary*

The Board believes it is not of a size to justify having a Remuneration Committee. The Company's remuneration policy is structured for the purpose of motivating executive directors and senior management to pursue the long-term growth and success of the Company. The Board sets the level and structure of remuneration to executive directors and senior executives for the purpose of balancing the Company's competing interest of attracting and retaining executive directors and senior management and not paying excessive remuneration.