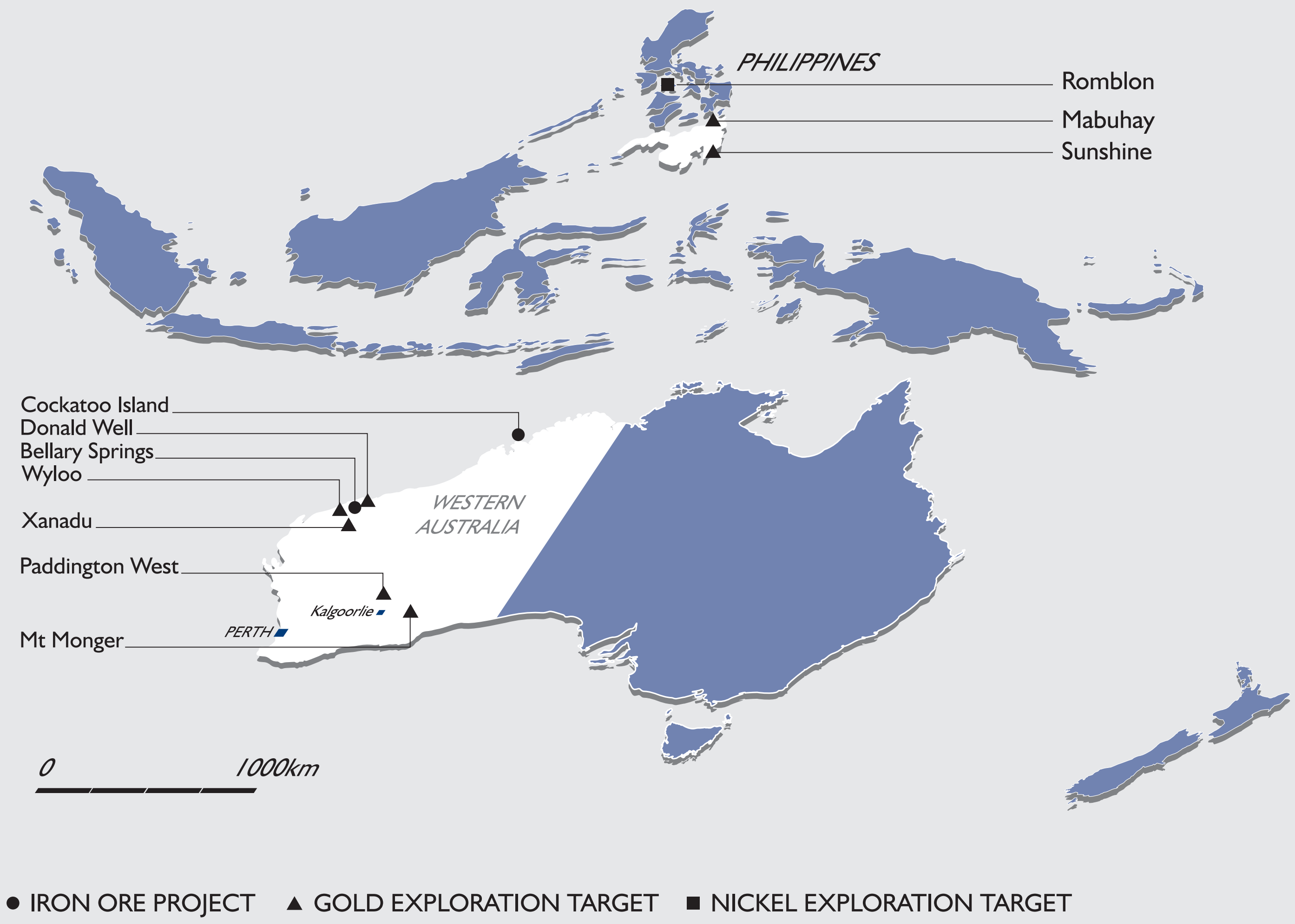
PELICAN RESOURCES LIMITED

ABN 12 063 388 821

ANNUAL REPORT **2005**


PHILIPPINES
Romblon
Mabuhay
Sunshine
Cockatoo Island
Donald Well
Bellary Springs
Wyloo
Xanadu
Paddington West
Mt Monger
WESTERN AUSTRALIA
Kalgoorlie
PERTH
0
1000km
● IRON ORE PROJECT
▲ GOLD EXPLORATION TARGET
■ NICKEL EXPLORATION TARGET

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CONTENTS

On behalf of the Board, I have pleasure in presenting Pelican Resources' Annual Report for the 2005 financial year.

Pelican Resources is a cash flow orientated company with exposure to a range of commodities through its projects located throughout Australasia.

This year's activities have included a concentration on key areas of the tenement portfolio, such as iron ore, nickel and gold, all of which have a strong market acceptance and are currently much sought after by overseas investors and consumers.

Nickel
The Company's activities during the year were principally focused on progressing the Romblon Nickel Project in the Philippines. This is a direct shipping lateritic nickel operation and takes advantage of the high market demand for nickel, combined with low capital costs and minimal major infrastructure requirements.

The Company and its Philippine Joint Venture Partner have been committed to advancing the granting of the Mineral Production Sharing Agreement (MPSA), which is required for the settlement of the acquisition of the Project area from the Vendors.

We have been searching for this type of operation for a number of years and are of the view that this near term project has the credentials to take advantage of the current market demand for the ore. The Company is currently negotiating off-take agreements with interested parties and concurrently progressing the approvals required for commencement of operations.

To expedite the assessment of the project, the Company has applied for Small Scale Mining Permits (SSMPs), which will provide the company with the opportunity to carry out a pre-mining exploration program for feasibility purposes and to ensure the viability of the project.

The Company has been contacted by a number of interested parties, from Australia and overseas, to join the project development at Romblon, both at the corporate and the project Joint Venture level. We will continue to evaluate all the options available in order to expedite early commencement.

Gold
In addition to the Company's focus on nickel, we have continued our program on the Mabuhay gold project, also located in the Philippines. The Mabuhay project recently produced very encouraging results, which are reported in this Annual Report under Review of Operations. The results have generated interest from major operatives in the Philippines looking at a participatory role in the further exploration of the Mabuhay tenement area, in which Pelican Resources is earning an 80% interest.

The Xanadu gold project, which is located within the Ashburton Trough in Western Australia, has seen the Company's active Joint Venture Partner, Newcrest Operations Limited, encounter encouraging mineralisation in its last drilling program and plan further exploration programs of the area.

Iron Ore
The Company is no stranger to the iron ore industry as it has been receiving royalties from the Cockatoo Island iron ore project for many years.

The recently granted Bellary Springs tenement, located 25 kilometres north east of Paraburdoo, is of particular interest to the Company as the area is 100% owned and ideally located. It will initially be explored for its iron ore potential and the Company has already received expressions of interest from interested parties wishing to participate in the exploration and development of the tenement area.

The Company will continue its successful program into 2006 and expedite exploration and development either in its own right or in conjunction with Joint Venture Partners.

I would like to again express my acknowledgements to Dr John Hills and his geological team who have been instrumental in advancing the Romblon Nickel Project and in identifying Bellary Springs and Donald Well. Bellary Springs has been in the application process for approximately three years and the Company is pleased to see that this application has finally been granted.

The Company expects that it will be re-rated in the market once it moves to the next phase of its evolution due to its involvement in the thriving iron ore, nickel and gold industries, together with its cash flow from royalties.

The Company will continue to pursue these opportunities in order to build shareholder value.

Dated this 27th day of September, 2005.

JOHN PALERMO
Chairman

SUMMARY

The emphasis of the Company's activities have refocused primarily on the exploitation of direct shipping laterite nickel ores; a low cost high return operation that can be in production in a relatively short period of time as it meets a market niche in a well established trade in the direct shipping of lateritic nickel ores.

- The Company in conjunction with its Philippines venture partner, is in the process of acquiring an established lateritic nickel resource by outright purchase of the tenement, upon the granting of the MPSA in the Romblon Province of the Philippines.

- On the Mabuhay gold project also in the Philippines, deeper drilling of the epithermal Tabon-Tabon vein system has, as predicted by geological modelling, encountered disseminated porphyry copper-gold-molybdenum style mineralisation starting at about 300 metres below surface.

  The upper altered zone hosts the epithermal mineralisation of the Tabon-Tabon vein system that grades with depth to a higher temperature alteration domain and mineral assemblage believed to reflect porphyry copper-gold style mineralisation that carries disseminated chalcopyrite, traces of bornite and anomalous amounts of molybdenite and associated magnetite. No intrusive rocks were intersected and it is assumed that the hole penetrated the peripheral zone of porphyry copper-gold system.

- The royalty stream on Cockatoo Island continues with 910,121 wet metric tonnes of ore shipped during the year. Slight problems with seawall slippage last year have been overcome and since December the project has returned to full production levels. The Cleveland-Cliffs takeover bid of Portman Mining does not affect the Company's royalty income stream.

- The latest drill results from the Xanadu project joint ventured to Newcrest Operations holds promise of an interesting gold bearing system.

- Bellary Spring east of Paraburdoo hosts mapped channel iron mineralisation.

- Donald Well is along strike from the interesting mineralisations encountered by De Grey Mining south of Port Hedland.

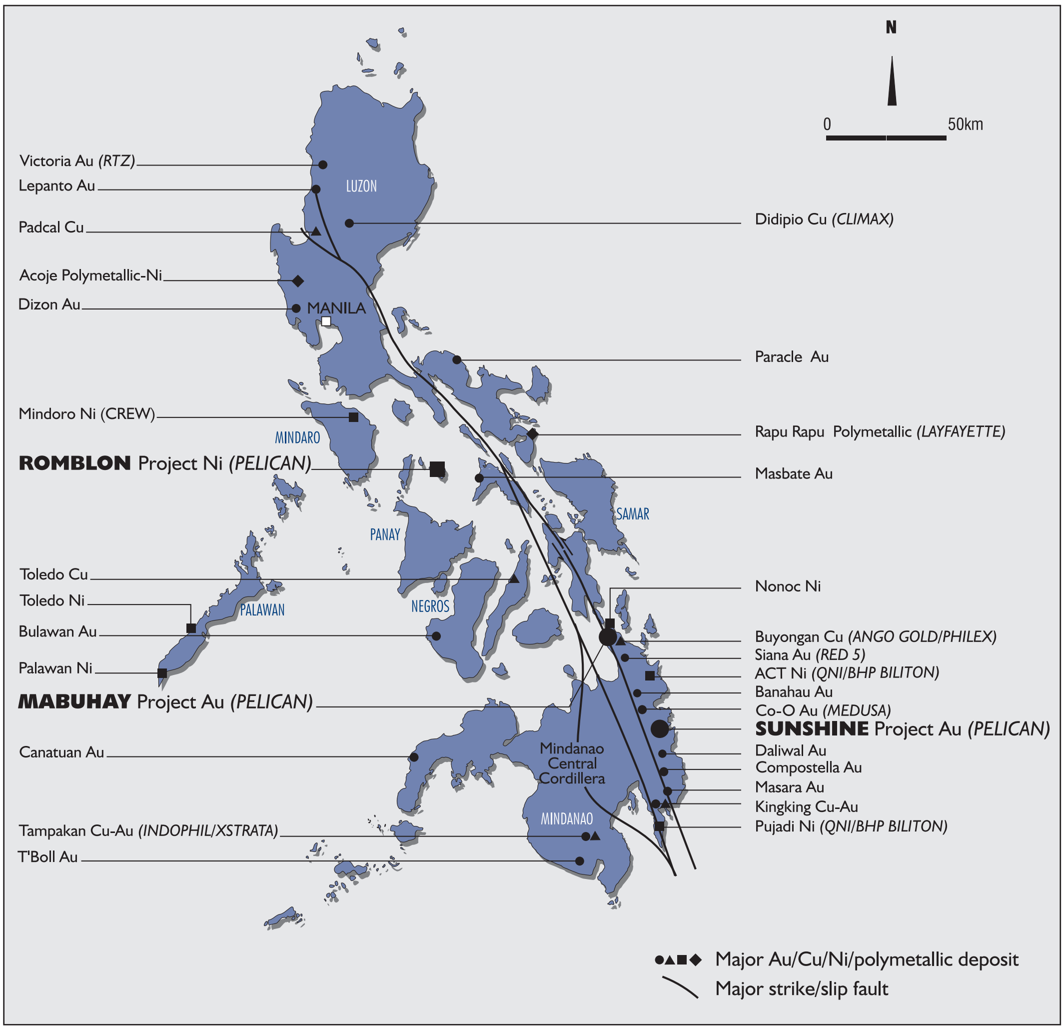
A number of tenement holdings within Australia have been rationalised as new tenement blocks (some applied for three years ago) are being granted which will refresh the Company's Australian tenement holdings.

REPUBLIC OF PHILIPPINES

ROMBLON PROJECT, SIBUYAN ISLAND, ROMBLON PROVINCE

MPSA Application No. AMA-IVB-025
Interest: Option to Purchase
Operator: Sunshine Gold Pty Ltd

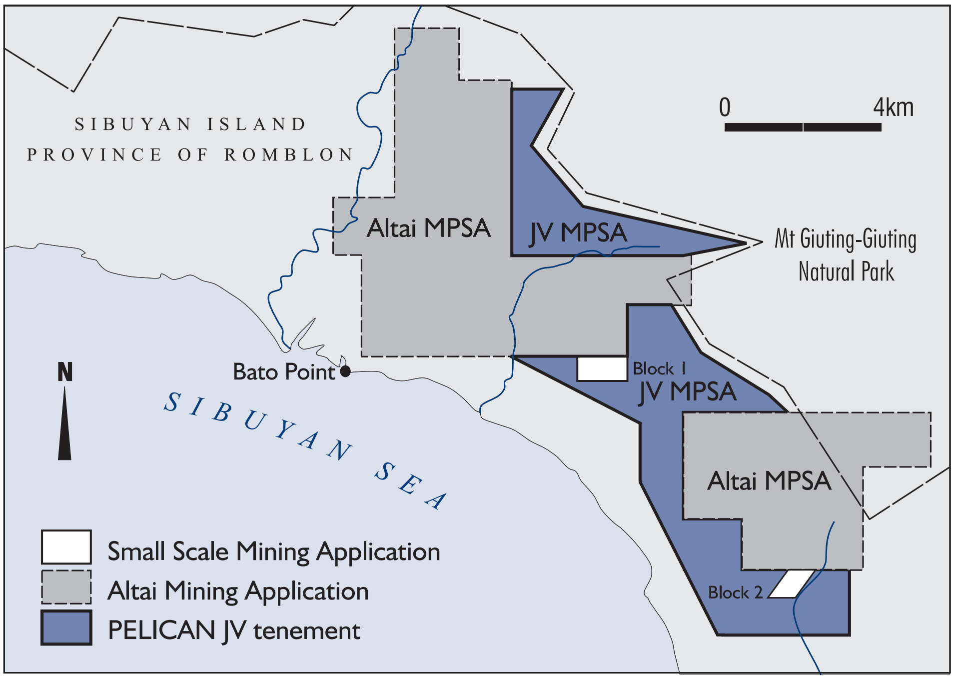
The Romblon Nickel Project is located on the southwest coast of Sibuyan Island in the Romblon province situated roughly in the centre of the Philippines. An inferred nickel laterite resource on the Island of 7.26 million tonnes averaging 1.54% nickel at a cut-off grade of 1.3% nickel was established by two Japanese nickel companies in the early 1970's. The Pelican group of companies, in association with its Philippine venture partner All-Acacia, aims to expand the resource and establish a direct nickel laterite ore shipping operation. Ore haulage costs would be minimised as the nickel resources are located within a short distance from the coast. Capital costs are minimised as an expensive processing plant is not required for the operation. The project is essentially a low cost high return operation particularly with good commodity prices. The main focus of the current work is to secure the granting of the main MPSA and the necessary permits to commence operations.



On 11 November 2004, Pelican Resources Limited advised the ASX that its wholly owned subsidiary, Sunshine Gold Pty Ltd (Sunshine) in conjunction with its Philippine subsidiary, Sunpacific Resources Philippines Inc (Sunpacific) and its Philippine venture Partner All-Acacia Resources Inc (All-Acacia) had formed a Joint Venture to explore for lateritic nickel in the Philippines. The Joint Venture partners have entered into a Memorandum of Understanding (MOU) with Altai Philippines Mining Corporation (Altai) on the pending Mineral Production Sharing Agreement (MPSA) Application No. AMA-IVB-025 located on Sibuyan Island, Romblon Province.

The Joint Venture may exercise the option to acquire the project area for Can$1.3 million within 90 days of the approval by the regulatory bodies, of the grant of a MPSA. The Agreement provides that the initial payment and the payment at the completion of the due diligence totalling US$70,000 will be deducted from the purchase price of the tenement.

In addition and since the close of the financial year ended 30 June 2005, the venture partners have applied for an MPSA surrounding the Altai MPSA blocks to form one large contiguous block. Two Small Scale Mining Permits (SSMP) have also been applied for as they are granted by the Provincial Governor and may be secured within a relatively short period. The SSMP's will expedite the commencement of resource drill testing and could lead to production from SSMP's although restricted to 50,000 tonnes per permit per year.



ROMBLON Project, Sibuyan Island, Tenement Map

The equity participation in the Joint Venture for the project area will be Sunshine 40%, Sunpacific 35% and All-Acacia 25%.

The MPSA Application areas are almost totally underlain by ultramafics with the possibility of a thin sliver of metasediments in the south of the eastern block. These ultramafics have been serpentinized to varying degrees and subsequently deeply lateritized. The once continuous laterite blanket has been removed along stream courses resulting in a series of discrete laterite remnants separated by outcrop.

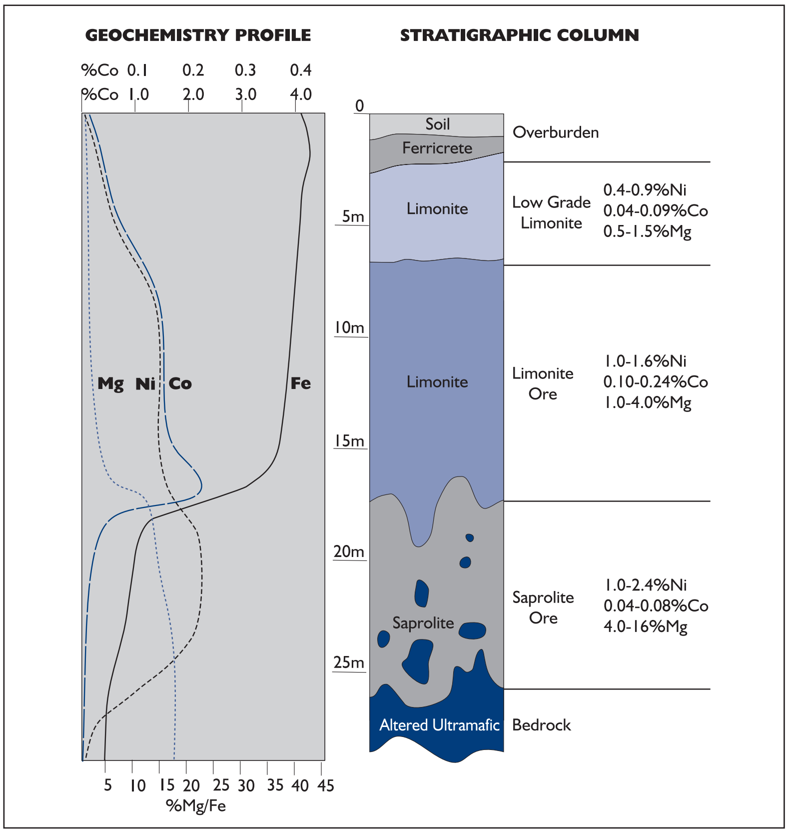
Previous exploration of the Sibuyan nickeliferous laterites during the 1970's undertaken by two Japanese companies, Pacific Metals Company and Mitsui Mining, focused on three areas referred to as Bato, Binaya-An and Taclobo. The Bato area was test pitted on a nominal 100m by 100m grid whilst the other two areas were explored by considerably fewer test pits dug on irregular grid patterns. Most pits stopped when the digging became difficult and most stopped in mineralization.

Only a limited amount of data is available. Assays for Bato included nickel, iron and cobalt whilst those for Binaya-An and Taclobo were only completed for nickel.

Resource estimates for the three areas were given as follows.

Prospect	Cut-off % Ni	SG	Inferred Resource	
			Tonnes ('000)	Grade % Ni
Bato	1.3	0.9	3,455	1.48
Binaya-An	1.3	0.9	881	1.70
Taclobo	1.3	0.9	2,924	1.55
Total			7,260	1.54

There is potential to increase these resources. Many of the pits end in ore and there are several areas of laterite that have not been tested by pitting. A typical wet tropical laterite profile is shown below.



Work during the year focused on the due diligence and obtaining the documentation required to progress the granting of the MPSA. Approvals required before the commencement of mining operations such as an Environmental Compliance Certificate, timber inventory and clearance from the National Council for Indigenous People (NCIP) were contracted to a local project management group.

No field work was carried out other than locating the numerous old pits and check sampling the material from Bato and Binaya-An as part of the due diligence process. The samples were assayed for nickel, cobalt, iron, magnesia, alumina, chromium, manganese, calcium, soda and potash with only few assayed for silica.

New exploration cannot be undertaken on the MPSA application area until the tenement is granted. To expedite the exploitation of area and complete the evaluation pre-feasibility studies on a portion of the resource the venture partners applied for two small scale mining permits (SSMP's). Small scale mining permits are granted by the Provincial Governor and may be secured within 3 to 4 months. Production from SSMP's is restricted to 50,000 tonnes per permit area per year.

MABUHAY PROJECT, SURIGAO DEL NORTE PROVINCE, MINDANAO ISLAND

MPSA Application No. 000029-X
Interest: Earning 80%
Operator: Sunpacific Resources Philippines Inc.

The Mabuhay Gold Mine, originally referred to as the Mindanao Motherlode Mine, is located in the extreme north-east of Mindanao Island and lies some 16 kilometres south-east of Surigao City, the capital of Surigao del Norte. The mine was worked from 1937 to 1953 as an underground operation and as an open pit from 1995 to 2000. The historical underground mining apparently produced in excess of 400,000 ounces of gold from around 920,000 tonnes of ore at an average grade of around 13 to 15 g/t whilst the open pit operation averaged 3 g/t gold.

The Company entered into a Memorandum of Agreement on the 18th June 2003, via its Philippine subsidiary Sunpacific Resources Philippines Inc, with All-Acacia Resources Inc to earn an 80% interest in the Mabuhay gold mine and surrounding tenements by establishing a commercially viable ore reserve. The property consists of 29 contiguous mining claims covering approximately 865ha that are being converted to an MPSA.

The Surigao region has long been recognized as an epithermal gold province but the discoveries of porphyry copper-gold systems at Niki, below Manila Mining's Placer Mine and at the Anglo American/Philex Mining Boyongon deposit indicate that the region is characterized by a spectrum of hydrothermal systems.

Field mapping and a reappraisal of existing geological data continued, further refining the earlier hypothesis that the tenements covered an elliptical diatreme vent filled with a variety of volcaniclastic material of the Pliocene Mabuhay Formation. This is surrounded by, and in partial faulted contact with various Pliocene andesites and older lithologies, predominantly the Upper Miocene Motherlode Formation.

All clastic units of the Mabuhay Formation and the immediately adjacent andesites and older lithologies have been variably affected by hydrothermal alteration which is dominantly argillic in nature.

The fissure vein-style gold-copper mineralization of the Motherlode deposit is located in two major NNW-SSE trending zones of more intense hydrothermal alteration. The high sulphidation epithermal gold mineralization occurs primarily within relatively steeply dipping veins and associated stockworks contained within sheared and altered volcaniclastics.

The largest of these vein systems, the Tabon-Tabon, truncates competent rocks in the lower central part of the vent and has a strike length of over 760 metres. From the work completed to date it appears that the Tabon-Tabon vein system, dipping steeply to the east, is complex, comprising a highly altered silicified zone of up to 10 metres wide containing several sub-parallel quartz-sulphide zones which vary in thickness from a few tens of centimetres to over a metre. Drill holes often intersected two or more old timbered stopes, indicating that more than one vein was mined.

The 50-Vein system, located at surface about 250 metres to the east of the Tabon-Tabon vein follows roughly the eastern margin of the vent. This vein system, with a strike length of some 500 metres has not been as extensively drilled as Tabon-Tabon but appears to be essentially similar.

Structural information gained from past mining activities and the more recent drilling suggests that both mineralized systems, together with the intervening smaller 30-Vein system, converge at depth.

Remnant ore adjacent to stopes and unmined veins confirmed the high tenor of the ore at both Tabon-Tabon and 50-Vein and also indicated locally high copper and silver values.

Two further diamond-drill holes, located towards the southern end of the Tabon-Tabon vein, were completed during the year. DDH 11 was terminated at 369 metres due to technical drilling difficulties whilst still in gold mineralization. The hole intersected a 125 metre-wide zone of epithermal alteration contained in three main veins.

The upper vein comprised 15.50 metres of mineralization containing 5.92 g/t gold and 15.60 g/t silver from 246.90 metres. The main Tabon-Tabon vein was intersected at a depth of 300 metres down hole as a timbered open stope and underlying remnant ore of 3.90 metres at 18.11 g/t gold and 15.90 g/t silver between 302.10 and 306 metres. The lowermost vein contained 2.05 metres at 11.92 g/t gold and 29.0 g/t silver from 365.85 metres.

Narrow veins of elevated copper values of 0.50 metres at 4.10% copper from 246.60 metres and 2.0 metres at 1.48% copper from 363 metres were noted in the drill core. Significantly, in the lower section of the drill hole from 356 metres to the end of the hole at 369.50 metres, an intersection of 13.50 metres, averaged 2.43 g/t gold and 0.59% copper. The preliminary data on lithology, alteration and mineralization indicates that the hole may have intersected a zone closely associated with a porphyry copper-gold type of mineralization.

DDH 12, drilled below DDH 11 was sited to further investigate the possible porphyry copper-gold style mineralization intersected in DDH 11. The hole was collared and terminated at 550 metres in Mabuhay pyroclastics. At depth a higher temperature alteration domain and mineral assemblage was intersected which is believed to reflect a porphyry copper-gold style mineralization. This propylitic zone is characterized by an epidote-chlorite assemblage that carried disseminated chalcopyrite, traces of bornite, anomalous molybdenite and some magnetite.

No intrusive rocks were noted and it is assumed that the hole penetrated the peripheral zone of a porphyry copper-gold style mineralization.

Interesting intersections to date in DDH 12 include 0.40 metres at 8.51% copper from 404.20 metres and 310 ppm molybdenite over 8.40 metres from 510.50 metres. Assays for the hole are incomplete and additional results are awaited.

Significant results are recorded below.

DDH 11. Location; 558942E, 1071680N (WG84). Azimuth 250o magnetic, dip -70o

Depth (m)	From (m)	To (m)	Intersection (m)	Grade g/t gold	Grade g/t silver	Grade % copper	Grade ppm molybdenum
369.40	246.90	262.40	15.50	5.92	15.6	0.27	
Incl.	246.90	255.25	8.35	10.20	33.6	0.78	
and	246.90	247.40	0.50	1.36	33.6	4.08	
and	249.50	250.50	1.00	15.13	46.8	0.39	
and	254.25	255.25	1.00	19.98	13.9	0.01	
	299.80	300.05	0.25	4.05	1.40	0.05	
	300.15	302.10	2.05		Timbered open stope		
	302.10	306.00	3.90	18.11	15.90	0.10	
Incl.	303.10	304.10	1.00	40.56	24.10	0.06	
	356.00	369.40	13.40	2.40	8.90	0.59	
	363.00	365.00	2.00	0.79	9.90	1.48	
	365.85	367.90	2.05	11.92	29.00	0.33	
	367.90	369.40	1.50	1.30	9.80	0.40	

DDH 12. Location; 558942E, 1071680N (WG84). Azimuth 250o magnetic, dip -80o

Depth (m)	From (m)	To (m)	Intersection (m)	Grade g/t gold	Grade g/t silver	Grade % copper	Grade ppm molybdenum
550	322.00	323.10	1.10	4.00	38.50	1.57	38
	383.80	384.30	0.50	2.04	7.70	0.19	10
	385.30	386.30	1.00	6.76	24.40	0.23	9
	404.20	404.60	0.40	2.64	36.90	8.51	10
	420.50	421.50	1.00	2.60	13.60	0.04	30
	445.70	456.60	10.70	0.13	1.10	0.34	40
	485.90	488.80	2.90	0.27	1.80	0.53	220
	510.50	518.90	8.40	0.25	1.70	0.86	310

SUNSHINE GOLD PROJECT, DAVAO ORIENTAL PROVINCE, MINDANAO ISLAND (EP 000002-00-XI)

Interest: **70%**
Operator: **Sunshine Gold Pty Ltd (a wholly owned subsidiary)**

The Sunshine Project is located on the east side of the island of Mindanao and lies approximately 200 kilometres south of the Mabuhay area. The application for the extension of the term of the Exploration Permit for a further 2 years is still being processed by the Bureau of Mines. The term of the 2 year renewal commences from the date that the extension is issued. The project is currently held in abeyance.

WESTERN AUSTRALIA

KIMBERLEYS

COCKATOO ISLAND

M04/235
Interest: **100%**
Operator: **Portman Mining Limited and HWE Cockatoo Pty Ltd**

The Company receives a royalty income stream from the mining of remnant high grade hematite ore on Cockatoo Island located some 250 kilometres north-northeast of Broome in the Yampi Sound off the West Australian coast. Portman Mining and HWE Cockatoo Pty Ltd are the project operators.

During the financial year approximately 910,121 wet tonnes of ore shipped to customers. Pelican receives a royalty of $0.50 per tonne of ore shipped from the operation. Problems with seawall slippage last year have been overcome and since December the project has returned to full production levels. The Cleveland-Cliffs takeover of Portman Mining does not affect the Company's royalty income stream.

ASHBURTON TROUGH

The Company continues with its grassroots exploration programs within the Ashburton Trough on the southern margin of the Pilbara region in Western Australia, albeit at a reduced rate. The northern margin of the Ashburton Trough contains many of the geological criteria thought necessary for the formation of large sediment-hosted Carlin style gold deposits and there have been a number of interesting gold discoveries along what is termed the "Paraburdoo Hinge Zone".

The Company's existing tenement holdings at Wyloo (near the Paulsen deposit) and Xanadu (near the Mt Olympus/Waugh deposits) are farmed out to NuStar Mining Corporation Limited and Newcrest Operations respectively. Pelican was the operator of a Joint Venture with Firegold on granted exploration licences near Xanadu, but this was terminated during the year.

Two Exploration Licences at Pingandy Creek, situated over the contact between the Ashburton and Bangemall basins, were granted and subsequently relinquished after helicopter-assisted geological mapping and rock chip sampling.

The application for an Exploration Licence at Bellary Springs to the east of Paraburdoo has been granted. The tenement contains mapped channel iron mineralisation that requires testing.

The locations of these tenements are shown on the accompanying map.

XANADU PROJECT

M52/83, M52/84, M52/105, E52/812
Interest: **29% (E52/812 – 100%)**
Operator: **Newcrest Operations Limited**

The Xanadu Gold project comprises three Mining Leases and an Exploration Licence which are located about 30 kilometres to the southeast of the iron ore town of Paraburdoo in Western Australia. These tenements, located within the Paraburdoo Hinge Zone, cover the geologically prospective Duck Creek Dolomite and Mt McGrath formations within the Ashburton Trough.

The three Mining Leases at Xanadu are being explored under a Joint Venture with Newcrest Operations Limited. Newcrest has earned 70% by expending $2.5 million within a five year period and Pelican may now elect to contribute to each six monthly work program on a program by program basis. If the Company elects not to contribute to a specific work program it will abate at the rate of 1% equity interest point for every $350,000 spent by the operator. Exploration Licence (E52/812) is covered by an option agreement with Newcrest and Sipa (Limeric Joint Venture) which has the right to purchase the Licence for $500,000 plus a retained 2.5% royalty for Pelican.

Exploration by the operator, Newcrest, during the year focused on drill testing the main Boadicea-Amphitheatre-Cleopatra trend. A total of 7 RC percussion drill holes were completed for 1200 metres. The holes were drilled at Boadicea, Claudius, Brutus, Big Bend and Cleopatra North prospects. The assay results are awaited.

Final assay results from the RC program completed last year at Cleopatra North which targeted the interpreted extension of the northerly dipping fault which is the principal control on mineralization at Amphitheatre and Cleopatra North were received. Significant results are detailed below.

Hole No	AMG East	AMG North	Azimuth	Dip	Hole depth (m)	Intersection g/t Au (0.1 g/t Au)
XRC65	7406206	586040	208	-60	126	8m @ 2.1 g/t from 74m
XRC66	7406233	586160	208	-60	204	15m @ 2.2 g/t from 48m
					incl	4m @ 7.3 g/t from 53m
						13m @ 0.74 g/t from 63m
XRC67	7406196	586252	208	-50	114	21m @ 0.71 g/t from 35m
						12m @ 0.71 g/t from 59m
XRC68	7406158	586335	208	-60	169	9m @ 0.20 g/t from 42m
						5m @ 0.16 g/t from 58m
						7m @ 0.27 g/t from 68m
XRC69	7406185	586360	208	-60	78	5m @ 0.34 g/t from 72m
XRC70	7406071	586528	208	-60	120	7m @ 2.6 g/t from 44m
						6m @ 0.21 g/t from 54m

A diamond and RC percussion drilling program to follow up the promising results at the Big Bend prospect is in progress.

WYLOO PROJECT

E08/853, E08/854
Interest: 49%
Operator: NuStar Mining Corporation Limited (earning 51%)

The Wyloo Project is located on the northern margin of the Ashburton Trough about 120 kilometres northwest of Paraburdoo and about 10 kilometres southeast of the Paulsen gold project.

Under the original Joint Venture Agreement, St Barbara Mines Limited has the right to earn 51% equity in tenements E08/853 and E08/854 by the expenditure of $600,000 over a 3 year period with the option of increasing equity to 70% with the additional expenditure of $400,000 in Year 4.

In the September Quarter, Pelican consented to the assignment of St Barbara's interest in the Wyloo Joint Venture to NuStar Mining Corporation Limited subject to NuStar executing a deed of covenant to be bound by the terms and conditions of the Joint Venture Agreement. NuStar has acquired St Barbara's interest and intends to continue the evaluation of the tenements.

Exploration carried out during the year entailed mainly geochemical sampling. A low-level soil anomaly was delineated at Woolshed in E08/853 in an area of moderate gold rock chip results and coincident with a NW-trending structure. Rock chip sampling in the Three Corner Bore area returned elevated arsenic and in some cases lead and silver values whilst sampling in the Decourcy area returned several anomalous gold and arsenic values.

FIREGOLD JV

E52/1230
Interest: Option to acquire 80%
Operator: Pelican Resources Limited

The Company's option to purchase an 80% interest in an Exploration Licence held by Firegold NL (a wholly owned subsidiary of Dragon Mining NL) has been relinquished. The tenements are located to the northwest of the Xanadu tenement block and lie on the Paraburdoo Hinge Zone, a narrow zone of dislocation that hosts the majority of the gold deposits located along the northern margin of the Ashburton Trough including Xanadu, Mt Olympus and Waugh. The saprolitic gold occurrence consisting of discontinious poddy mineralisation located on the boundary of the tenement.

PINGANDY CREEK

E08/1320, E08/1321
Interest: 100%
Operator: Pelican Resources Limited

The two Pingandy Creek tenements, situated along the southern margin of the Ashburton Basin, were originally selected on the basis of the close similarities in regional geochemical signatures between this area and the zone between the Xanadu and Mt Olympus gold mines some 60 kilometres to the north.

The project area comprises predominantly Ashburton Group sediments but also contains a small outlier of Capricorn Formation sediments and impinges onto the Bangemall Basin in the south. Previous work identified a series of copper-rich quartz-gossan veins with distinctive Cu-Pb-Au-As-Sb geochemical signatures which are spatially associated with the arcuate mafic volcanic zone, the southern portion of which lies within the Pelican ground. Historical rock chip sampling north of the project area recorded values of up to 44.9% Cu and 10.2 g/t Au from these gossans with several values of over 0.5 g/t Au from within the project area.

An air photograph interpretation identified numerous small linear features that could represent quartz veins, gossans or banded iron formation. A follow-up helicopter-assisted field sampling program was completed during which fifty four rock chip samples were collected from throughout both tenements. Samples consisted of material from quartz veins, quartz-hematite veins, surface hematite/goethite enrichment and silica caps. Outcrop is excellent and no gossans, similar to those located around Mt Boggola, were noted from within the tenements. The rock chip assays recorded no gold values of greater than 0.004 ppm and, apart from a few sporadic high zinc values, there were no anomalous base metal values.

Pelican Resources, through its wholly-owned subsidiary Sunrise Exploration Pty Ltd, entered into a Heads of Agreement with WMC Resources Limited on the Pingandy Creek tenements to search for nickel and base metals. Following on from a brief helicopter-supported field visit, WMC Resources Limited decided not to pursue the proposed venture participation as the area did not meet their criteria for nickel mineralization in non outcropping ultramafic host rocks.

The two Pingandy Creek tenements were subsequently relinquished.

EASTERN GOLDFIELDS

DUKE PROJECT

M24/448
Interest: Option to purchase
Operator: Pelican Resources Limited

Pelican Resources withdrew from the Option to Purchase agreement.

OLIVER TWIST PROJECT

E29/460
Interest: 100%
Operator: Pelican Resources Limited

The Oliver Twist tenement was relinquished.

PADDINGTON WEST PROJECT

MLA 24/496
Interest: 100%
Operator: Pelican Resources Limited

No work was carried out as the grant of the tenement is pending.

ECLIPSE PROJECT

P27/1217, M27/152
Interest: Option to purchase
Operator: Pelican Resources Limited

Pelican Resources Limited entered into an option agreement over two tenements, P27/1217 and M27/152, totalling approximately 450 ha and located in the Gindalbie area some 54 kilometres northeast of Kalgoorlie, Western Australia.

The historical Eclipse Gold Mine lies towards the southwest corner of M27/152. Available data shows that the old workings consisted of a shaft to 78 metres, a small amount of development at 78 metres and stoping down to at least 60 metres. The mine workings exploited lensoidal quartz-carbonate-sulphide lodes within a sub-vertical northwest-trending shear cutting intermediate volcanics of the Gindalbie Formation. Historical production is unknown.

Pelican Resources Limited completed 797 metres of RC drilling in 7 inclined holes to further test anomalous gold results returned from the previous drilling program. Significant assay results are tabulated below:

Hole No.	AMG E94	AMG N94	Azimuth	Inclination	Depth (m)	From (m)	To (m)	Intersection (m)	Grade g/t gold
ERC19	379709	6644099	045	-60	100	87	93	6	3.93
				Including	87	88	1	11.50	
ERC20	379766	6644012	045	-60	140	121	123	2	1.85
ERC21	379757	6644051	045	-60	140	110	111	1	1.17
ERC22	379781	6644026	045	-60	135	84	90	6	1.35
				Including	84	85	1	2.91	
				And	86	87	1	2.50	
ERC23	379824	6644029	045	-60	102	76	78	2	1.50
				Including	76	77	1	2.29	

MGA Zone 51 (GDA 94)

A geochemical soil sampling program was completed over the western portion of P27/1217 and 75 samples were collected. Results were inconclusive with only a few values over 10 ppb Au and a single sample with a value of over 200 ppb Au.

Pelican Resources withdrew from the Option to Purchase agreement.

RELINQUISHMENTS

Firegold JV tenement E52/1230 was relinquished.
Two Pingandy Creek tenements, E08/1320 and E08/1321 were relinquished.
Oliver Twist tenement E29/460 was relinquished.
Withdrawal from the Option to Purchase agreement on the Duke Project, tenement M24/448.
Withdrawal from the Option to Purchase agreement on the Eclipse Project, tenements P27/1217, M27/152.

TENEMENT SUMMARY

PROJECT NAME	TENEMENT NUMBER	AREA	EQUITY/ EARNING	LOCATION
Cockatoo Island	M04/235	159.85 ha	100%	Cookatoo Island WA
Xanadu	M52/83 M52/84 M52/105 E52/812	986.95 ha 999.05 ha 703.30 ha 16 Blk	29% 29% 29% 100%	30 kms SE Paraburdoo WA
Wyloo	E08/853 E08/854	18 Blk 18 Blk	100% 100%	120 kms NW Paraburdoo WA
Paddington West	MLA 24/496	120.00 ha	100%	25 kms N Kalgoorlie WA
Mt Monger	M 26/637	4.86 ha	100%	30 kms S Kalgoorlie WA
Bellary Springs	EL 47/1268	70 Blk	100%	20 kms E Paraburdoo WA
Donald Well	ELA 45/2534	23 Blk	100%	SE Port Hedland WA
Tasmin Sands	ELA 22/2005	approx 101 km^2	100%	N & W of Strahan TAS
Philippines Mabuhay	MPSA APPL 000029-X	878.00 ha 80%	Earning Mindanao	15 kms S Surigao City
Philippines Romblon	MPSA APPL. AMA-IVB-025	1854 ha	Option	Romblon Province
Philippines Sunshine Gold	EP000002-00X1	382.00 ha	70%	120 kms NE Davao Mindanao

Your Directors submit their report on the consolidated entity consisting of Pelican Resources Limited and its controlled entities for the financial year ended 30 June 2005.

DIRECTORS

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

John Palermo
John Henry Hills
Darryl Francis Lynton-Brown

PRINCIPAL ACTIVITIES

The principal activity of the economic entity during the year was mineral exploration.

CONSOLIDATED RESULTS

The consolidated loss for the year after income tax was $ 1,045,649 (2004: loss of $477,759).

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid or recommended for the year ended 30 June 2005.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

Date	Details	No. of Shares	Issue Price	No. of Options	Exercise Price	Exercisable By
11/11/2004	Pursuant to prospectus	23,433,621	$0.035	23,433,621	$0.20	08/04/2006
06/01/2005	Conversion of debt	–	$0.006	1,000,000	$0.20	08/04/2006
04/05/2005	Working capital	3,000,000	$0.050	3,000,000	$0.20	08/04/2006

REVIEW OF ECONOMIC OPERATIONS

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

ENVIRONMENTAL REGULATION

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

PARTICULARS OF DIRECTORS

John Palermo, B.Bus, FCA, FCPA, JP
Mr J Palermo is a Chartered Accountant and Principal of the Chartered Accounting Practice, Palermo Chartered Accountants. He has been in public practice as a Principal since 1978. His main areas of expertise are corporate services and administration. During the past three years Mr Palermo has also served as a Director of the following other listed companies:

- Pharmanet Group Ltd *
- Consolidated Global Investments Ltd *

(* denotes current directorship)

John Henry Hills, B.Sc. Hons, M.Sc, PH.D, MAusIMM
Dr J Hills is a qualified geologist with forty-four (44) years experience in the industry, twelve (12) years of which were spent with BP as Minerals Exploration Manager. His experience in the mineral industry spans diamond exploration in Botswana, mine geology and mineragraphic research with RST in Zambia, mineral exploration and research in the Alligator Rivers Uranium Province in the Northern Territory and the initiation of an Australia-wide minerals exploration programme in 1974 for BP Group. During the past three years Dr Hills has not held a Directorship in any other listed companies.

Darryl Francis Lynton-Brown
Mr Lynton-Brown has experience in all aspects of accounting and auditing of mining companies. He is a Director of D F Lynton-Brown Pty Ltd and Lynton-Brown & Wilson Pty Ltd. During the past three years Mr Lynton-Brown has not held a Directorship in any other listed companies.

COMPANY SECRETARY

John Palermo, B.Bus, FCA, FCPA, JP
Mr J Palermo has been the Company Secretary of Pelican Resources Limited since incorporation of the Company. He is a Chartered Accountant and Principal of the Chartered Accounting Practice, Palermo Chartered Accountants. He has been in public practice as a Principal since 1978. His main areas of expertise are corporate services and administration.

REMUNERATION REPORT

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 consolidated entity's diverse operations.

Remuneration and other terms of employment for the executive Directors and certain other senior executives are being formalised in service agreements.

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 $15,000 pa.

The Board undertakes an annual review of its performance against goals set at the start of the year.

Details of the nature and amount of emolument paid for each Director of Pelican Resources Limited are set out in note 18.

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 2005 and the number of meetings attended by each Director:

	Number Eligible to Attend	Number Attended
John Palermo	3	3
John Henry Hills	3	3
D F Lynton-Brown	3	3

DIVIDENDS

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

SHARE OPTIONS

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

Listed Options

57,868,044 Options exercisable at $0.20 on or before 8 April 2006.

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of subsequent events are set out in note 24.

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 or auditor 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 of $17,650 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.

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 43.

NON-AUDIT SERVICES

Any non-audit services that may have been provided by the entity's auditor, Stanton Partners, is shown at Note 19. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Dated at Perth this 27th day of September, 2005.

Signed in accordance with a resolution of the Directors.

JOHN HENRY HILLS
Director

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2005

	Note	Consolidated		Parent Entity	
		2005	2004	2005	2004
		$	$	$	$
Revenues from ordinary activities	2	478,291	357,480	478,266	357,461
Amortisation of tenement expenditure	3	–	(244,274)	–	(244,274)
Consulting fees	3	(186,171)	(179,135)	(163,835)	(179,135)
Depreciation	3	(14,592)	(17,768)	(4,007)	(4,158)
Diminution in value of investments	3	–	(31,000)	(713,018)	(838,186)
Exploration expenditure written off	3	(967,731)	(49,854)	(106,291)	(43,273)
Borrowing costs	3	(31)	–	(31)	–
Other expenses from ordinary activities		(355,691)	(314,342)	(333,849)	(295,303)
LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		(1,045,925)	(478,893)	(842,765)	(1,246,868)
INCOME TAX EXPENSE RELATING TO ORDINARY ACTIVITIES		–	–	–	–
NET LOSS FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE		(1,045,925)	(478,893)	(842,765)	(1,246,868)
NET LOSS ATTRIBUTABLE TO OUTSIDE EQUITY INTEREST	16	276	1,134	–	–
NET LOSS ATTRIBUTABLE TO MEMBERS OF PELICAN RESOURCES LIMITED		(1,045,649)	(477,759)	(842,765)	(1,246,868)
TOTAL REVENUES, EXPENSES AND VALUATION ADJUSTMENTS ATTRIBUTABLE TO MEMBERS OF PELICAN RESOURCES LIMITED AND RECOGNISED DIRECTLY IN EQUITY		–	–	–	–
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS ATTRIBUTABLE TO MEMBERS OF PELICAN RESOURCES LIMITED	15	(1,045,649)	(477,759)	(842,765)	(1,246,868)
Basic loss per share (cents per share)	20	(1.68)	(1.14)		

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

STATEMENT OF FINANCIAL POSITION

as at 30 June 2005

	Note	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Current Assets					
Cash assets	5	868,691	722,855	850,339	710,763
Receivables	6	108,127	87,033	100,899	78,646
Other	7	127,897	142,400	127,250	141,712
Total current assets		1,104,715	952,288	1,078,488	931,121
Non Current Assets					
Other financial assets	8	–	–	950,001	950,001
Plant and equipment	9	86,455	98,745	47,391	49,096
Mineral exploration and evaluation expenditure	10	2,549,717	2,767,567	622,079	707,623
Other	7	–	1,669	–	–
Total Non Current Assets		2,636,172	2,867,981	1,619,471	1,706,720
Total Assets		3,740,887	3,820,269	2,697,959	2,637,841
Current Liabilities					
Payables	11	150,030	114,133	73,938	111,042
Interest bearing liabilities	12	29,032	9,341	–	–
Total Current Liablities		179,062	123,474	73,938	111,042
Non Current Liabilities					
Interest bearing liabilites	12	–	29,032	–	–
Total Non Current Liabilities		–	29,032	–	–
Total Liabilities		179,062	152,506	73,938	111,042
Net Assets		3,561,825	3,667,763	2,624,021	2,526,799
Equity					
Parent entity interest					
Contributed equity	13 (a)	6,673,163	5,737,464	6,673,163	5,737,464
Reserves	14	180,794	176,506	180,794	176,506
Accumulated losses	15	(3,395,509)	(2,349,860)	(4,229,936)	(3,387,171)
Total parent entity interest in equity		3,458,448	3,564,110	2,624,021	2,526,799
Total outside equity interest	16	103,377	103,653	–	–
Total Equity		3,561,825	3,667,763	2,624,021	2,526,799

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

STATEMENT OF CASH FLOWS

for the year ended 30 June 2005

	Note	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Cash Flows from Operating Activities					
Payments for administration		(495,357)	(415,393)	(1,236,909)	(457,381)
Interest received		49,019	43,856	48,541	43,618
Royalties received		396,014	307,536	396,014	307,536
Interest paid		(31)	–	(31)	–
Other receipts		15,023	51,088	15,023	51,088
Net Cash Used in Operating Activities	17(b)	(35,332)	(12,913)	(777,362)	(55,139)
Cash Flows From Investing Activities					
Payments for exploration expenditure		(749,429)	(644,884)	(20,295)	(80,990)
Loans from/(to) other entities		412	363	–	(527,186)
Payment for plant and equipment		(2,754)	(4,876)	(2,754)	(4,076)
Purchase of other non-current assets		–	(7,747)	–	(7,747)
Net Cash Used in Investing Activities		(751,771)	(657,144)	(23,049)	(619,999)
Cash Flows from Financing Activities					
Repayment from borrowings		(9,341)	(8,088)	–	–
Proceeds from issue of shares and options		976,177	620,000	976,177	620,000
Costs associated with share and option issues		(36,190)	(12,610)	(36,190)	(12,610)
Net Cash Provided by Financing Activities		930,646	599,302	939,987	607,390
Net decrease in cash held		143,543	(70,755)	139,576	(67,748)
Cash at beginning of the financial year		722,855	791,849	710,763	778,511
Effect of exchange rate changes on cash holdings		2,293	1,761	–	–
Cash at the end of the financial year	17(a)	868,691	722,855	850,339	710,763

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and *Corporations Act 2001.* The financial report has been prepared on an accruals basis and in accordance with the historical cost convention and does not take into account changing money values or, except where stated current valuations of non-current assets. Unless otherwise stated the accounting policies adopted are consistent with those of the previous year. Comparative information has been reclassified where appropriate to enhance comparability.

(a) Basis of accounting

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the Company's and economic entity's assets and the discharge of their liabilities in the normal course of business.

(b) Principles of consolidation

The consolidated accounts incorporate the assets and liabilities of all entities controlled by Pelican Resources Limited (parent entity) as at 30 June 2005 and the results of all controlled entities for the year then ended. The effects of all transactions between Pelican Resources Limited and its controlled entities are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statement of financial performance from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for the part of the year for which control exists.

(c) Mineral interests

Exploration and evaluation expenditure incurred by or on behalf of the entity is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration expenditure for each area of interest, other than that acquired from the purchase of another mining company, is carried forward as an asset provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
- exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of recoverable mineral resources, and active and significant operations in relation to the area are continuing.

Exploration expenditure which fails to meet at least one of the conditions outlined above is written off.

Identifiable exploration assets acquired from another mining company are recognised as assets at their cost of acquisition, as determined by the requirements of AASB1015 Accounting for the Acquisition of Assets. Exploration assets acquired are re-assessed on a regular basis and these costs are carried forward provided that at least one of the conditions outlined above is met.

Exploration expenditure for each area of interest/mineral resource is carried forward, but only to the extent to which its recoupment out of revenue to be derived from the relevant area of interest/mineral resource, or from sale of that area of interest, is reasonably assured.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

Expenditure is not carried forward in respect of any area of interest/mineral resource unless the Company's rights of tenure to that area of interest are current.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Income tax

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

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 economic 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.

(e) Investments

Investments are carried at cost or valuation. If, in the opinion of the Directors, there has been permanent diminution in the value of investments, provision for diminution is made.

Income from investments is brought to account by the Company when dividend/distributions are receivable.

(f) Cash

For the purpose of the statements of cash flows, cash includes deposits at call which are readily convertible to cash on hand and which are used in the cash management function on a day to day basis, net of outstanding bank overdrafts.

(g) Depreciation and amortisation of plant and equipment

Plant and equipment is depreciated over its estimated useful life using the straight line method. Profits and losses on disposal of plant and equipment are taken into account in determining the result for the year.

The depreciation rates used in each class of asset for the financial years ended 30 June 2005 and 30 June 2004 are:

Plant and equipment	10-60%
Motor vehicles	22.5%

(h) Foreign currency transactions

Foreign currency transactions are initially translated into Australian currency at the rate of exchange on the date of the transaction. At balance date amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange at that date. Resulting exchange differences are brought to account in determining the result for the year. Assets, liabilities, revenues and expenses of foreign controlled entities are translated into Australian currency at rates of exchange at balance date. Exchange differences arising on translation are brought to account in determining the result for the year.

(i) Acquisition of Assets

The cost method of accounting is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the assets given up at the date of acquisition plus costs incidental to the acquisition.

Costs relating to the acquisition of new areas of interest are classified as exploration expenditure.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Recoverable Amount of Non-Current Assets

The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows (undiscounted) arising from its continued use and subsequent disposal. Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is revalued to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. To the extent that the revaluation decrement reverses a revaluation increment previously credited to, and still included in the balance of the asset revaluation reserve, the decrement is debited directly to that reserve. Otherwise the decrement is recognised as an expense in the statement of financial performance.

(k) Earnings per Share

(i) *Basic Earnings per share*
Basic earnings per share is determined by dividing the operating profit/(loss) 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 Earnings per Share*
Diluted earnings per share adjusts the amounts used in the determination of basic 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.

(l) Trade and Other Creditors

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. These amounts are unsecured and usually paid within 30 days of recognition.

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Commitments and contingences are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(n) Contributed equity

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.

(o) International Financial Reporting Standards (IFRS)

The Australian Accounting Standards Board (AASB) is adopting IFRS for application to reporting periods beginning on or after 1 January 2005. The AASB will issue Australian equivalents to IFRS, and the Urgent Issues Group will issue abstracts corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee. The adoption of Australian equivalents to IFRS will be first reflected in the Company's financial statements for the half year ending 31 December 2005 and the year ending 30 June 2006.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) International Financial Reporting Standards (IFRS) (continued)

Entities complying with Australian equivalents to IFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of IFRS to that comparative period. Most adjustments required on transition to IFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

The Company and its auditors, are assessing the significance of these changes and preparing for their implementation. There is a continual review of the Australian Equivalents of IFRS to determine the changes in accounting policies that will be required.

Major changes identified to date that will be required to the consolidated entity's existing accounting policies are as follows:

(i) Income Tax

Under AASB112 Income Taxes, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity. This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, where items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss.

(ii) Exploration and evaluation

AASB6 "Exploration for and Evaluation of Mineral Resources" continues to allow companies to "apply area of interest" accounting to their exploration and evaluation expenditures, effectively grandfathering the treatment of capitalising exploration and evaluation costs currently used by the Company under AASB1022 "Accounting for the Extractive Industries". Under AASB 6, if facts and circumstances suggest that the carrying amount of any recognised exploration and evaluation assets may be impaired, the Company must perform impairment tests on those assets and measure any impairment in accordance with AASB 136 "Impairment of Assets". Impairment of exploration and evaluation assets is to be assessed at a cash generating unit or group of cash generating units level provided this is no larger than an area of interest. Any impairment loss is to be recognised as an expense in accordance with AASB 136. It is anticipated that it is unlikely that the requirements of this standard will have a material impact on the financial position of the Company, except where areas of interest are abandoned and costs are written off.

(iii) Impairment of Assets

Under AASB 136 "Impairment of Assets" the recoverable amount of an asset is determined as the higher of net selling price and value in use. This will result in a change in the Company's current accounting policy which determines recoverable amount of an asset on the basis of undiscounted cashflows. Under the new policy it is likely that the impairment of assets will be recognised sooner and the amount of write downs will be greater.

(iv) Goodwill

Under the Australian equivalents to IFRS 3 "Business Combinations" and IFRS 28 "Accounting for Investments in Associates", goodwill acquired on a business combination or in acquiring an investment in an associate company will no longer be able to be amortised, but instead will be subject to annual impairment testing. Under the new policy, amortisation will no longer be charged and if there is any impairment, it will be recognised immediately through the statement of financial performance.

(v) Financial Instruments

Under AASB 139 "Financial Instruments: Recognition and Measurement" financial instruments will be required to be classified into five categories and to be measured based on the nature of the classification. The five categories and basis of measurement are:

- Financial asset or financial liability measured at fair value through the statement of financial performance
- Held to maturity investments measured at amortised cost, subject to impairment
- Loans and receivables measured at amortised cost, subject to impairment
- Available for sale assets measured at fair value with changes in fair value measured directly in equity
- Financial liability measured at amortised cost

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) International Financial Reporting Standards (IFRS) (continued)

(v) Financial Instruments (continued)

This will result in a change in the current accounting policy that does not classify financial instruments. The Directors do not expect that this change in policy will have a material impact on equity as at 30 June 2004, 30 June 2005 and on the loss for the year ended 30 June 2005.

The above should not be regarded as a complete list of changes in accounting policies that will result from the transition to Australian equivalents to IFRS, as not all of the standards have been analysed yet, and some decisions have not yet been made where choices in accounting policies are available.

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
NOTE 2: REVENUE FROM ORDINARY ACTIVITIES				
Revenues from ordinary activities				
Royalties	423,458	261,812	423,458	261,812
Interest earned	39,810	44,580	39,785	44,561
Proceeds on sale of tenement option	–	50,000	–	50,000
Proceeds on waiver of joint venture rights	15,000	–	15,000	–
Other	23	1,088	23	1,088
Total revenues from ordinary activities	478,291	357,480	478,266	357,461

NOTE 3: EXPENSES AND LOSSES/(GAINS)

(a) Expenses				
Depreciation of non-current assets				
Plant and equipment	4,231	4,399	4,007	4,158
Motor vehicle	10,361	13,369	–	–
Total depreciation shown in statement of financial performance	14,592	17,768	4,007	4,158
Depreciation on mining assets capitalised to mineral exploration and evaluation expenditure	452	263	452	263
Total depreciation of non-current assets	15,044	18,031	4,459	4,421
Amortisation of non-current assets				
Tenement expenditure	–	244,274	–	244,274
Borrowing cost expense				
Interest expense	31	–	31	–
(b) Net foreign currency (gains)/losses	(2,293)	(1,761)	–	–
(c) Significant Items				
Loss from ordinary activities before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity:				
Amortisation of tenement expenditure	–	244,274	–	244,274
Consulting fees	186,171	179,135	163,835	179,135
Diminution in value of investments	–	31,000	713,018	838,186
Exploration expenditure written off	967,731	49,854	106,291	43,273

NOTE 4: INCOME TAX

No income tax is payable by the Company or economic entity as each incurred a loss for tax purposes for the year and each has available recoupable income tax losses at balance date. The aggregate amount of income tax attributable to the financial year differs from the amount calculated on the operating loss. The differences are calculated as follows:

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Loss from ordinary activities before income tax	(1,045,925)	(478,893)	(842,765)	(1,246,868)
Income tax calculated at 30%	(313,778)	(143,668)	(252,829)	(374,060)
Tax effect of permanent differences:				
Non-allowable expenditure and provisions	1,506	100,355	215,411	340,537
Tax benefit not recognised	312,272	43,313	37,418	33,523
Income tax attributable to operating loss	–	–	–	–

The Directors estimate the future tax benefit attributable to tax losses and unrecouped exploration expenditure by the Company and its controlled entities at 30% (2004: 30%) are as follows:

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Australian Tax Benefits				
Revenue losses	1,250,670	780,496	656,294	605,473
Foreign Tax Benefits				
Revenue losses	1,172	1,705	–	–

The potential future income tax benefits have not been brought to account in the financial report at 30 June 2005 as the Directors do not believe it is appropriate to regard the realisation of the future income tax benefit as virtually certain. These benefits will only be obtained if:

(a) The Company and its controlled entities derive future assessable income of an amount and type sufficient to enable the benefit from the deductions for the tax losses and the unrecouped exploration expenditure to be realised;
(b) The losses are transferred to an eligible entity in the consolidated entity;
(c) The Company and its controlled entities continue to comply with the conditions for deductibility imposed by tax legislation; and
(d) No changes in tax legislation adversely affect the Company and its controlled entities in realising the benefit from the deductions for the tax losses and unrecouped exploration expenditure.

Franking Credits
No franking credits are available at balance date for the subsequent financial year.

NOTE 5: CASH ASSETS

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Cash at bank	68,691	64,912	50,339	52,820
Deposits at call	800,000	657,943	800,000	657,943
	868,691	722,855	850,339	710,763

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$

NOTE 6: RECEIVABLES

Current				
Accrued royalties	78,808	51,364	78,808	51,364
Sundry debtors	819	1,564	819	1,111
Goods and services tax	24,985	30,178	21,272	26,171
Loan – other related parties	3,515	3,927	–	–
	108,127	87,033	100,899	78,646

NOTE 7: OTHER

Current				
Deposits held	114,000	114,000	114,000	114,000
Accrued revenue	–	8,464	–	8,464
Prepayments	13,897	19,936	13,250	19,248
	127,897	142,400	127,250	141,712
Non Current				
Formation costs	–	1,669	–	–

NOTE 8: OTHER FINANCIAL ASSETS

Unlisted investments at cost				
– shares in controlled entities	–	–	950,001	950,001

NOTE 9: PLANT AND EQUIPMENT

Plant and equipment at cost	64,385	61,631	63,585	60,831
less accumulated depreciation	(16,659)	(11,976)	(16,194)	(11,735)
Total plant and equipment	47,726	49,655	47,391	49,096
Motor vehicles at cost	86,376	86,376	–	–
less accumulated depreciation	(47,647)	(37,286)	–	–
Total motor vehicles	38,729	49,090	–	–
Total plant and equipment	86,455	98,745	47,391	49,096

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

Plant and equipment				
Carrying amount at beginning of year	49,655	49,441	49,096	49,441
Additions	2,754	4,876	2,754	4,076
Depreciation expense – administrative	(4,231)	(4,399)	(4,007)	(4,158)
– geological	(452)	(263)	(452)	(263)
Carrying amount at end of year	47,726	49,655	47,391	49,096
Motor vehicles				
Carrying amount at beginning of year	49,090	62,459	–	–
Depreciation expense	(10,361)	(13,369)	–	–
Carrying amount at end of year	38,729	49,090	–	–
Total carrying amount at end of year	86,455	98,745	47,391	49,096

NOTE 10: MINERAL EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Balance at beginning of year	2,767,567	2,416,548	707,623	913,917
Exploration and mining expenditure incurred during the year	749,881	645,147	20,747	81,253
Expenditure written off	(967,731)	(49,854)	(106,291)	(43,273)
Amortisation of exploration expenditure	–	(244,274)	–	(244,274)
Balance at end of year	2,549,717	2,767,567	622,079	707,623
Exploration expenditure carried forward in respect of areas of interest in the exploration and evaluation phase	2,549,717	2,767,567	622,079	707,623

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

(a) the continuance of the Company'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.

NOTE 11: PAYABLES

	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Trade creditors and accrued expenses	133,628	104,844	57,536	101,753
Goods and services tax	16,402	9,289	16,402	9,289
	150,030	114,133	73,938	111,042

NOTE 12: INTEREST BEARING LIABILITIES

	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Current				
Hire purchase liability	29,919	11,480	–	–
Less: Unexpired term charges	(887)	(2,139)	–	–
	29,032	9,341	–	–
Non Current				
Hire purchase liability	–	29,919	–	–
Less: Unexpired term charges	–	(887)	–	–
	–	29,032	–	–

NOTE 13: CONTRIBUTED EQUITY

	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
(a) Issued Capital				
73,301,626 Ordinary shares fully paid (2004: 46,868,005)	6,673,163	5,737,464	6,673,163	5,737,464

(b) Movements in ordinary share capital of the Company during the past two years were as follows:

Date	Details	No. of Shares	Issue Price	$
01/07/2003	Opening Balance	36,868,005		5,128,087
22/12/2003	Share placement (a)	10,000,000	$0.062	620,000
	Less: transaction costs arising on share issues	–		(10,623)
30/06/2004	Closing Balance	46,868,005		5,737,464
11/11/2004	Share placement (a)	23,433,621	$0.035	820,177
04/05/2005	Share placement (a)	3,000,000	$0.050	150,000
	Less: transaction costs arising on share issues	–		(34,478)
30/06/2005	Closing balance	73,301,626		6,673,163

(a) Funds raised for working capital purposes.

NOTE 14: RESERVES

(a) Composition

	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Options reserve	180,794	176,506	180,794	176,506

Should the options not be exercised, the option premium reserve may be subject to capital gains tax.

(b) Movements in options of the Company during the past two years were as follows:

Date	Details	No. of Shares	Issue Price	$
01/07/2003	Opening Balance	18,434,423		178,493
22/12/2003	Option placement (a)	10,000,000	–	–
23/01/2004	Debt conversion (b)	2,000,000	–	–
	Less: transaction costs arising on option issues	–		(1,987)
30/06/2004	Closing Balance	30,434,423		176,506
11/11/2004	Option placement (a)	23,433,621	–	–
06/01/2005	Debt conversion (c)	1,000,000	$0.006	6,000
04/05/2005	Option placement (a)	3,000,000	–	–
	Less: transaction costs arising on option issues	–		(1,712)
30/06/2005	Closing balance	57,868,044		180,794

(a) Free attaching options for funds raised.
(b) Debt conversion on placement fee for funds raised.
(c) Debt conversion on outstanding creditors.

NOTE 15: ACCUMULATED LOSSES

	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Balance at beginning of year	(2,349,860)	(1,872,101)	(3,387,171)	(2,140,303)
Net loss attributable to members of Pelican Resources Limited	(1,045,649)	(477,759)	(842,765)	(1,246,868)
Balance at end of year	(3,395,509)	(2,349,860)	(4,229,936)	(3,387,171)

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$

NOTE 16: TOTAL OUTSIDE EQUITY INTEREST

	2005 $	2004 $	2005 $	2004 $
Reconciliation of outside equity interest in controlled entities:				
Opening balance	103,653	104,787	–	–
Share of current year's loss after income tax	(276)	(1,134)	–	–
	103,377	103,653	–	–

NOTE 17: NOTES TO THE STATEMENT OF CASH FLOWS

(a) Cash 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:

	2005 $	2004 $	2005 $	2004 $
Cash (Note 5)	868,691	722,855	850,339	710,763

(b) Reconciliation of net cash used in operating activities to loss from ordinary activities after income tax:

	2005 $	2004 $	2005 $	2004 $
Loss from ordinary activities after income tax	(1,045,925)	(478,893)	(842,765)	(1,246,868)
(Gain)/loss on exchange rate	(2,293)	(1,761)	–	–
Exploration and evaluation expenditure written off	967,731	49,854	106,291	43,273
Amortisation tenement expenditure	–	244,274	–	244,274
Depreciation	14,592	17,768	4,007	4,158
Diminution in value of investments	–	31,000	–	780,065
Formation costs written off	1,669	–	–	–
Movements in assets and liabilities:				
Receivables	(18,235)	45,000	(18,688)	44,781
Net GST receivable	12,306	(4,976)	12,012	(7,646)
Prepayments	6,039	(1,438)	5,998	(1,457)
Payables	28,784	86,259	(44,217)	84,281
Net cash used in operating activities	(35,332)	(12,913)	(777,362)	(55,139)

NOTE 18: REMUNERATION OF DIRECTORS

(a) Specified Directors and Specified Executives

$	Primary			Post Employment		Equity	Other	TOTAL
	Salary & Fees	Cash Bonus	Non-Monet.	Super-annuation	Retirement Benefits	Shares/ Options	Benefits	$
Specified Directors								
Palermo, J – Chairman (non-executive)								
2005	93,098	–	–	1,350	–	–	–	94,448
2004	62,540	–	13,538	1,350	–	–	–	77,428
Hills, J – Director (executive)								
2005	174,005	–	–	1,350	–	–	–	175,355
2004	161,685	–	–	1,350	–	–	–	163,035
Lynton-Brown, D – Director (non-executive)								
2005	15,000	–	–	1,350	–	–	–	16,350
2004	15,000	–	–	1,350	–	–	–	16,350
Total Remuneration: Specified Directors								
2005	282,103	–	–	4,050	–	–	–	286,153
2004	239,225	–	13,538	4,050	–	–	–	256,813

(b) Transactions with Directors and Director related entities

J H Hills and J Palermo

Either individually or through companies under their control, or through companies under the control of a Director related entity, the above named Directors received payment for the provision of geological consulting (includes payment of geologists' salaries and rental of premises) and general consultancy, secretarial and administrative services 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 2005 $	Consolidated 2004 $
Geological expenses (John Hills)	170,300	162,832
Consultancy, secretarial and administrative (John Palermo)	38,466	23,415

NOTE 18: REMUNERATION OF DIRECTORS (continued)

Interests in the shares of the Company held by Directors of the reporting entity and their Director-related entities, as at 30 June 2005 were:-

Directors	Opening Balance 01/07/04	Movement During Year	Closing Balance 30/06/05
J H Hills	8,311,897	2,891,506	11,203,403
J Palermo	3,374,209	1,687,104	5,061,313
D F Lynton-Brown	1,043,196	521,598	1,564,794

Interests in the options of the Company held by Directors of the reporting entity and their Director-related entities, as at 30 June 2005 were:-

Directors	Opening Balance 01/07/04	Movement During Year	Closing Balance 30/06/05
J H Hills	4,005,949	2,891,506	6,897,455
J Palermo	1,687,104	1,687,104	3,374,208
D F Lynton-Brown	518,222	521,598	1,039,820

* All shares and options acquired by Directors and Director related entities were on the same basis as similar transactions with other shareholders/optionholders.

NOTE 19: REMUNERATION OF AUDITORS

	Consolidated		Parent Entity	
	2005 $	2004 $	2005 $	2004 $
Amounts received or due and receivable for audit services by:				
Auditor of the Company – auditing financial statements	13,469	12,562	13,022	11,288

The Auditors did not receive any other benefit during the year.

NOTE 20: LOSS PER SHARE

Diluted earnings per share is the same as basic earnings per share.
The following reflects the income and data used in the calculations of basic and diluted earnings per share:

	Consolidated 2005 $	Consolidated 2004 $
Loss from ordinary activities before income tax	(1,045,925)	(478,893)
Adjustments:		
Net loss attributable to outside equity interest	276	1,134
Earnings used in calculating basic and diluted earnings per share	(1,045,649)	(477,759)

	Number of Shares	Number of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share:	62,158,872	42,086,584

There have been no conversions to, calls of or subscriptions for ordinary shares or issues of potential ordinary shares since the balance date and before the completion of this financial report.

NOTE 21: COMMITMENTS FOR EXPENDITURE

In order to maintain current rights of tenure to mining tenements, the economic entity will be required to outlay in 2005/06 amounts of $88,700 (2004: $325,000) in respect of minimum tenement expenditure requirements and lease rentals. The obligations are not provided for in the accounts and are payable as follows:

	Consolidated		Parent Entity	
	2005 $	2004 $	2005 $	2004 $
Not later than one year	88,700	325,000	5,000	35,000
Later than one year but not later than 2 years	88,700	325,000	5,000	35,000
Later than 2 years but not later than 5 years	266,100	975,000	15,000	105,000
	443,500	1,625,000	25,000	175,000

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

The commitments referred to above represent the companies' share of obligations under joint venture agreements without allowing for dilution.

NOTE 22: SEGMENT INFORMATION

	Australia		Philippines		Eliminations		Consolidated	
	2005 $	2004 $	2005 $	2004 $	2005 $	2004 $	2005 $	2004 $
Geographical Segments								
Revenue								
Sales to customers outside the consolidated entity	423,458	261,812	–	–	–	–	423,458	261,812
Other revenues from customers outside the consolidated entity	54,808	95,651	25	17	–	–	54,833	95,668
Total segment revenue	478,266	357,463	25	17	–	–	478,291	357,480
Results								
Segment result	(1,877,467)	(1,286,383)	1,780	304	830,038	808,320	(1,045,649)	(477,759)
Assets								
Segment assets	4,550,681	5,064,433	798,229	620,792	(1,608,023)	(1,864,956)	3,740,887	3,820,269
Liabilities								
Segment liabilities	2,272,223	1,480,115	373,681	198,024	(2,466,842)	(1,525,633)	179,062	152,506
Other segment information:								
Depreciation	14,592	17,768	–	–	–	–	14,592	17,768
Amortisation	–	244,274	–	–	–	–	–	244,274
Non-cash expenses other than depreciation and amortisation	1,799,162	888,040	(276)	(1,134)	(829,762)	(807,186)	969,124	79,720

NOTE 22: SEGMENT INFORMATION (continued)

Business segments:

The operations and assets of Pelican Resources Limited and its controlled entities are predominantly employed in exploration activities relating to minerals in Australia and the Philippines.

NOTE 23: FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of change in the market, interest rate and the effective weighted average interest rate on these financial assets, is as follows:

	Non Interest Bearing $		Weighted Average Effective Interest Rate %		Floating Interest Rate $		Total $	
	2005	2004	2005	2004	2005	2004	2005	2004
Financial Assets								
– Cash	68,691	64,912	5.45	5.33	800,000	657,943	868,691	722,855
– Sundry debtors	819	1,564	–	–	–	–	819	1,564
– Deposits held	–	–	5.38	5.15	114,000	114,000	114,000	114,000
– Receivable related party	3,515	3,927	–	–	–	–	3,515	3,927
– GST	24,985	30,178	–	–	–	–	24,985	30,178
– Prepayments	13,897	19,936	–	–	–	–	13,897	19,936
– Accrued royalties	78,808	51,364	–	–	–	–	78,808	51,364
– Accrued revenue	–	8,464	–	–	–	–	–	8,464
Total Financial Assets	190,715	180,345			914,000	771,943	1,104,715	952,288
Financial Liabilities								
– Payables and accruals	133,628	104,844	–	–	–	–	133,628	104,844
– Hire purchase liability	–	–	7.98	7.98	29,032	38,373	29,032	38,373
– GST	16,402	9,289	–	–	–	–	16,402	9,289
Total Financial Liabilities	150,030	114,133			29,032	38,373	179,062	152,506
Net Financial Assets	40,685	66,212			884,968	733,570	925,653	799,782

The economic entity's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised in the statement of financial position are as follows:

Financial assets

- **Receivables**
  Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable. There are no repayment terms in relation to this debtor.

Financial liabilities

- **Payables and accruals**
  Liabilities are recognised for amounts to be paid in future for goods and services received, whether or not billed to the economic entity. Creditors are paid and cleared in a 30 day cycle.

NOTE 23: FINANCIAL INSTRUMENTS (continued)

(b) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date, to recognise financial assets is the carrying amount net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial statements.

The economic entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by it.

(c) Net fair values

For assets and other liabilities the net fair value approximates their carrying value except for Director related receivables which are not interest bearing. The economic entity has no financial assets or liabilities 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 balance sheet and in the notes to and forming part of the financial statements.

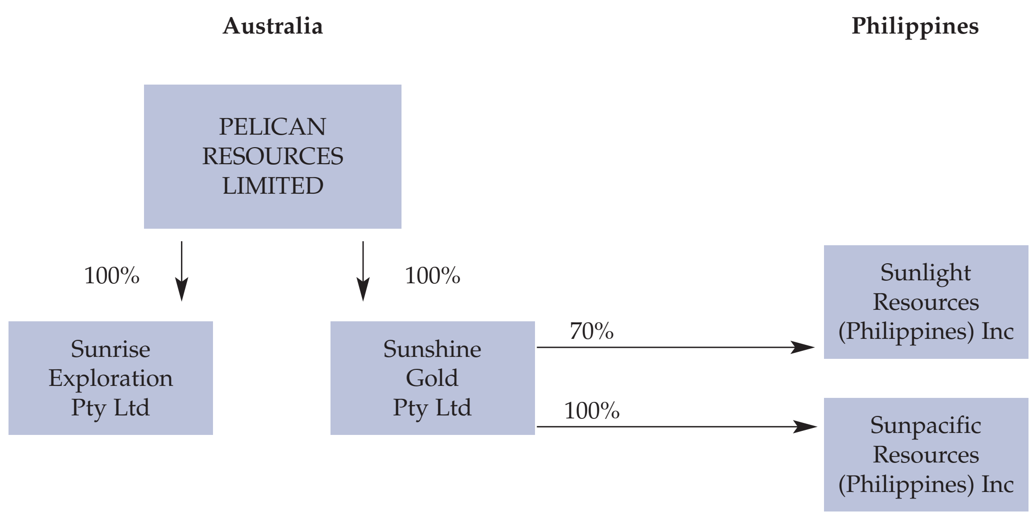
NOTE 24: EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

NOTE 25: COMPANY DETAILS

Pelican Resources Limited is a company limited by shares that is incorporated and domiciled in Australia. Its registered office and principal place of business is located at Level 1, 284 Oxford Street, Leederville, Western Australia.

Pelican Resources Limited has prepared this consolidated financial report incorporating the entities that it controlled during the financial year, which are outlined in the following illustration of the group's corporate structure:



NOTE 26: IMPACT OF ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Set out below are the key areas where accounting policies are expected to change on adoption of AIFRS and the Company's best estimate of the known or reliably estimated impact of the changes on total equity as at the date of transition and 30 June 2005.

The figures disclosed are management's best estimates of the quantitative impact of the changes as at the date of preparing the 30 June 2005 financial report. The actual effects of the transition to AIFRS may differ from the estimates disclosed due to (a) ongoing work being undertaken by the Company, (b) potential amendments to AIFRS's and Interpretations thereof being issued by the standard-setters and IFRIC, and (c) emerging and accepted practice in the interpretation and application of AIFRS and UIG Interpretations.

(i) Non-current Investments

Under AASB 139: Financial Instruments: Recognition and Measurement, financial assets are required to be classified into four categories, which determines the accounting treatment of the item. The categories and various treatments are:

- held to maturity, measured at amortised cost;
- held for trading, measured at fair value with unrealised gains or losses charged to the profit and loss;
- loans and receivables, measured at amortised cost; and
- available for sale instruments, measured at fair value with unrealised gains or losses taken to equity.

The Company's financial assets comprise available for sale financial instruments. Under AASB 139, the measurement of available for sale instruments at fair value differs to current accounting policy which measures non-current investments at cost with an annual review by directors to ensure the carrying amounts are not in excess of the recoverable value of the instrument. The impact of the change is likely to increase the value of non-current other financial assets in relation to available for sale instruments.

AASB 1 provides an election whereby the requirements of AASB 139 dealing with financial instruments are not required to be applied to the first AIFRS comparative year, and the first time adoption of this standard will apply from 1 July 2005. The Company has decided that it will adopt this election and will not restate comparative information for the 30 June 2005 financial year.

(ii) Impairment of Assets

Under AASB 136: Impairment of Assets, the recoverable amount of an asset is determined as the higher of fair value less costs to sell, and value in use. In determining value in use, projected future cash flows are discounted using a risk adjusted pre-tax discount rate and impairment is assessed for the individual asset or at the 'cash generating unit' level. A 'cash generating unit' is determined as the smallest group of assets that generates cash flows that are largely independent of the cash inflows from other assets or groups of assets. The current policy is to determine the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the asset's use and subsequent disposal. It is likely that this change in accounting policy will lead to impairments being recognised more often.

The Directors and management have reassessed its impairment testing policy and tested all assets in the Company for impairment as at 1 July 2004 and 30 June 2005. No adjustments are required for the Company on transition at 1 July 2004, or for the year ended 30 June 2005.

(iii) Income Tax

Currently, the consolidated entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under AASB 112: Income Taxes, the entity will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.

NOTE 26: IMPACT OF ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

(iv) Foreign Currency

In terms of AASB 121 (The Effects of Changes in Foreign Exchange Rates), an entity whose functional currency is different to its presentation currency is required to translate its assets and liabilities at the closing rate with the resulting exchange differences being transferred to a translation reserve. Under AASB 1012, the Company has been translating the non monetary assets of the foreign subsidiaries at historic rates.

The estimated impact of this change in policy is to:

- Increase the consolidated accumulated losses by $107,927 at 30 June 2004
- Increase the consolidated loss for the year ended 30 June 2005 by $24,442
- Increase the consolidated accumulated losses by $132,369 at 30 June 2005
- Create a translation reserve debit balance of $20,700

The Directors of the Company have determined that the functional currency of the Company's subsidiaries in the Philippines is the Philippine Peso.

DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 18 to 39:

1. (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   (b) give a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2005 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

2. The Chief Executive Officer and Chief Finance Officer have each declared that:

   (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001:

   (b) the financial statements and notes for the financial year comply with the Accounting Standards; and

   (c) the financial statements and notes for the financial year give a true and fair view.

In the Directors' opinion:

3. (a) the financial statements and notes are in accordance with the Corporations Act 2001; and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Dated this 27th day of September, 2005.

JOHN HENRY HILLS
Director

STANTON PARTNERS

1 HAVELOCK STREET
WEST PERTH 6005
WESTERN AUSTRALIA

TELEPHONE: (08) 9481 3188

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INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF PELICAN RESOURCES LIMITED

SCOPE

The financial report and directors' responsibility
The financial report comprises the statement of financial position, statement of financial performance, statement of cashflows, accompanying notes to the financial statements, and the director's declaration for Pelican Resources Limited (the Company) and the consolidated entity for the year ended 30 June 2005. The consolidated entity comprises both the Company and the entities it controlled during the year.

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001.* This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach
We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001,* including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and

- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

INDEPENDENCE

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001.*

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the audior's independence declaration set out on page 48 of the financial report has not changed as at the date of providing our audit opinion.

AUDIT OPINION

In our opinion, the financial report of Pelican Resources Limited is in accordance with:

a) *the Corporations Act 2001*, including:

   (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2005 and of their performance for the year ended on that date; and

   (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

b) other mandatory professional reporting requirements in Australia.

STANTON PARTNERS

Stanton Partners

J P Van Dieren
Partner

Perth, Western Australia
27 September 2005

STANTON PARTNERS

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WESTERN AUSTRALIA

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27 September 2005

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

Dear Directors

RE: PELICAN RESOURCES LIMITED

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

As Audit Partner for the audit of the financial statements of Pelican Resources Limited for the year ended 30 June 2005, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

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

Yours sincerely

STANTON PARTNERS

J P Van Dieren
Partner

QUOTED SECURITIES

(a) ORDINARY FULLY PAID SHARES

(i) DISTRIBUTION OF SHAREHOLDERS AS AT 31 AUGUST 2005:-

SPREAD OF HOLDINGS	HOLDERS	SHARES	PERCENTAGE OF ISSUED CAPITAL %
1 – 1,000	354	180,559	0.25
1,001 – 5,000	759	1,652,647	2.25
5,001 – 10,000	230	1,540,315	2.10
10,001 – 100,000	324	11,653,493	15.90
100,001+	115	58,274,612	79.50
	1,782	73,301,626	100.00

The number of shareholdings held in less than marketable parcels is 1,253.

(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.	Veltox Pty Ltd <The Hills Super Fund A/c>	4,281,064	5.84
2.	Coastpark Pty Ltd <The Market A/c>	3,878,971	5.29
3.	Ms Heather Isabelle Hills	3,750,000	5.12
4.	PAJ Investments Pty Ltd <The Century A/c>	3,750,000	5.12
5.	Manikay Pty Ltd	2,528,881	3.45
6.	Kaslam Pty Ltd <No. 1 A/c>	2,419,356	3.30
7.	Hanscon Holdings Pty Ltd <Hanscon Discret Fund A/c>	2,000,000	2.73
8.	Husif Nominees Pty Ltd <No. 2 A/c>	1,963,483	2.68
9.	Super 4 Pty Ltd	1,264,440	1.72
10.	Monarch Corporation Pty Ltd <Monarch A/c>	1,209,678	1.65
11.	Toltec Holdings Pty Ltd	1,087,855	1.48
12.	Mr Greme Beeck & Mrs Barbara Beeck	1,022,500	1.39
13.	Megatop Nominees Pty Ltd <Superannuation Fund A/c>	1,000,000	1.36
14.	Tel Wa Pty Ltd <Altitude A/c>	1,000,000	1.36
15.	Mr Anthony Palermo	901,734	1.23
16.	Gems Investments Pty Ltd	775,245	1.06
17.	Burnal Pty Ltd	750,000	1.02
18.	D F Lynton-Brown Pty Ltd <Super A/c>	750,000	1.02
19.	Mr Angus Lysle Roberts	750,000	1.02
20.	Kaslam Pty Ltd	743,481	1.01
		35,826,688	48.85

QUOTED SECURITIES (continued)

(a) ORDINARY FULLY PAID SHARES (continued)

(iii) VOTING RIGHTS

Articles 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

(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

Substantial Shareholders as recorded in the Register of Members as at 31 August 2005;

Name	Ordinary Shares No.	%
Veltox Pty Ltd <The Hills Super Fund A/c>	4,281,064	5.84
Coastpark Pty Ltd <The Market A/c>	3,878,971	5.29
Ms Heather Isabelle Hills	3,750,000	5.12
PAJ Investments Pty Ltd <The Century A/c>	3,750,000	5.12

(b) OPTIONS EXERCISABLE AT $0.20 ON OR BEFORE 8 APRIL 2006

(i) DISTRIBUTION OF OPTIONHOLDERS AS AT 31 AUGUST 2005:-

SPREAD OF HOLDINGS	NO. OF HOLDERS	NO. OF OPTIONS	PERCENTAGE OF ISSUED OPTIONS %
1 – 1,000	99	48,320	0.08
1,001 – 5,000	142	311,091	0.54
5,001 – 10,000	44	316,631	0.55
10,001 – 100,000	91	4,123,097	7.12
100,001+	87	53,068,905	91.71
	463	57,868,044	100.00

QUOTED SECURITIES (continued)

(b) OPTIONS EXERCISABLE AT $0.20 ON OR BEFORE 8 APRIL 2006 (continued)

(ii) TOP 20 HOLDERS OF OPTIONS EXERCISABLE AT $0.20 ON OR BEFORE 8 APRIL 2006:-

The names of the twenty largest holders of options exercisable at $0.20 on or before 8 April 2006 are listed below:

	NAME	NO. OF ORDINARY SHARES HELD	PERCENTAGE OF ISSUED SHARES %
1.	Husif Nominees Pty Ltd <No. 2 A/c>	3,195,303	5.52
2.	Veltox Pty Ltd <The Hills Super Fund A/c>	2,854,043	4.93
3.	Coastpark Pty Ltd <The Market A/c>	2,585,981	4.47
4.	Ms Heather Isabelle Hills	2,500,000	4.32
5.	PAJ Investments Pty Ltd <The Century A/c>	2,500,000	4.32
6.	Husif Nominees Pty Ltd	2,467,295	4.26
7.	M & M Korkidas Pty Ltd <Superannuation A/c>	2,450,000	4.23
8.	Kaslam Pty Ltd <No. 1 A/c>	2,419,356	4.18
9.	Hanscon Holdings Pty Ltd <Hanscon Discret Fund A/c>	1,612,136	2.79
10.	Toltec Holdings Pty Ltd	1,500,000	2.59
11.	Mr John Hadlow	1,290,924	2.23
12.	Monarch Corporation Pty Ltd	1,277,109	2.21
13.	Mr Walter Alois Flaks & Mrs Brenda Joyce Flaks	1,264,441	2.19
14.	Super 4 Pty Ltd	1,264,440	2.19
15.	Monarch Corporation Pty Ltd <Monarch A/c>	1,209,678	2.09
16.	Mr Rohan Charles	1,000,000	1.73
17.	Tel WA Pty Ltd <Altitude A/c>	1,000,000	1.73
18.	Gecko Resources Pty Ltd	850,000	1.47
19.	Glenkiah Investments Pty Ltd	805,000	1.39
20.	Mr Jose Miguel Cabarrus Ghezzi	668,091	1.15
		34,713,797	59.99

(iii) VOTING RIGHTS

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

The ASX Corporate Governance Council requires that the Company must disclose the extent to which it has followed best practice recommendations, identify which recommendations have not been followed and the reason for not adopting the recommendations.

The ASX Corporate Governance Council recognises that not all recommendations are appropriate for all companies and that companies should only adopt those recommendations that are suitable in each individual case.

The following is a summary of policies adopted by the Company and where appropriate, explanations of where best practice recommendations have not been applied. The various policies and procedures were followed throughout the entire financial year.

Board Composition and Functions

Under the Company's Constitution, the Board is required to consist of at least 3 and no more than 10 Directors. If the Company has 3 or more Directors, one third of the Directors, with the exception of the Managing Director, must retire and seek re-election at the Annual General Meeting each year.

The Board of the Company currently consists of 2 non-executive Directors and 1 executive Director. The Board includes the Managing Director (executive) and the Chairman (non-executive).

The Board composition does not follow ASX recommendations, in that a majority of Directors are not independent. However, the roles of Chairman and Managing Director are not exercised by the same person, and the Board is considered to be comprised of Directors with the experience and qualifications best suited to the Company's size and range of activities.

The Company has followed ASX recommendations in the assessment of whether a Director is considered to be "independent". The independent Director is Darryl Lynton-Brown.

The Board delegates responsibilities to committees, executive Directors and senior management.

The Board is responsible for corporate strategy, implementation of business plans, allocation of resources, approval of budgets and capital expenditure, and the adherence to Company policies.

The Board is also responsible for compliance with the Code of Conduct, overseeing risk management and internal controls, and the assessment, appointment and removal of the Managing Director, Company Secretary and other senior management.

Directors of the Company during the financial year and information pertaining to individual Directors is included in the Directors' Report.

Board members have the right to seek independent professional advice in the furtherance of their duties as Directors at the Company's expense.

Director Independence

The Company has established guidelines for testing the independence of Directors.

A Director is considered to be independent if they satisfy certain criteria, the most significant being as follows:

- The Director must be in a non-executive role where any fees payable by the Company could not be considered to make the Director reliant on such remuneration. The Director must have no other material contractual relationship with the Company other than as a Director of the Company.
- The Director is not a substantial shareholder of the Company.
- The Director has not been employed in an executive capacity by the Company and has not been a principal of a material adviser or consultant to the Company within the last 3 years, and
- The Director is free from any interest which could reasonably be perceived to materially interfere with the Director's ability to act in the best interests of the Company.

Risk Management

The Board is responsible for the identification of significant areas of business risk, implementing procedures to manage such risks and developing policies regarding the establishment and maintenance of appropriate ethical standards to:

- Ensure compliance in legal, statutory and ethical matters;
- Monitor the business environment;
- Identify business risk areas;
- Identify business opportunities; and
- Monitor systems established to ensure prompt and appropriate responses to shareholder complaints and enquiries.

The Board meets on a regular basis. The Company does not follow the ASX best practice recommendation that the Company should have an internal control function. The Board considers that the Company is not of a size or operational complexity to warrant the implementation of a separate internal control function.

The Managing Director and Company Secretary are required to state in writing to the Board that the Company has a sound system of risk management, that internal compliance and control systems are in place to ensure the implementation of Board policies, and that those systems are operating efficiently and effectively in all material respects.

Audit Committee

The Company has established an Audit Committee which is responsible for the following:

- Oversee the existence and maintenance of internal controls and accounting systems, including the implementation of mandatory and non-mandatory accounting policies and reporting requirements;
- Oversee the financial reporting process, including reviewing and reporting to the Board on the accuracy of all financial reports lodged with ASX which include the quarterly, half-yearly and annual financial reports;
- Recommend to the Board the nomination, removal and remuneration of the external auditors; and
- Review the external audit arrangements, including ensuring that any non-audit services provided do not impair auditor independence.

The Audit Committee meets and reports to the Board as required, but in any case at least twice each year, and its members are John Palermo who is a qualified accountant with considerable financial experience and John Hills who is a geologist with corporate experience. The Committee has authority to seek any pertinent information it requires from any employee or external party. Qualifications held by the individuals on the Audit Committee are included in the Directors' Report.

The Audit Committee does not follow ASX recommendations as the members are not all independent and not all members are non-executive Directors. The Audit Committee is comprised of those Directors the Board considers best qualified to carry out the responsibilities required of an Audit Committee and it is Company policy that the Committee must comprise at least 2 members.

Any member of the Committee is able, and obliged to, bring any matter to the attention of the Board where the member believes the matter has not been adequately dealt with by the Committee, or is of significant importance that the Board should be informed.

The Managing Director and Company Secretary are required to state in writing to the Board that the Company's financial reports present a true and fair view of the Company's financial condition and that operational results are reported in accordance with relevant accounting standards.

Procedure for the Selection of New Directors

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

Corporate performance is enhanced when the Board has an appropriate mix of skills and experience. The Board is evaluated before a candidate is selected to join the Board. Candidates are nominated by existing Board members and independent search consultants are also utilised if necessary. Where a Director nominates a candidate for the Board, the Director must disclose any pre-existing relationship with the nominee.

New Directors are provided with a letter of appointment setting out their responsibilities and rights, and are provided with a copy of the Company's Constitution.

Remuneration of Board Members

The Company has established a Remuneration Committee comprising the full Board to oversee the remuneration of senior executives and executive Directors. According to the Company's Constitution, the Remuneration Committee must consist of at least 2 non-executive Directors. At the date of this report, the committee members were John Palermo, John Hills and Darryl Lynton-Brown.

The Committee reviews executive Directors' and senior management's remuneration and other terms of employment annually, having regard to performance, relative industry remuneration levels, and where appropriate, the Committee seeks independent advice to ensure appropriate remuneration levels are in place.

The remuneration of non-executive Directors is determined by the Board within the maximum amount approved by shareholders in general meeting. Non-executive Directors are not entitled to retirement benefits other than statutory superannuation or other statutory required benefits.

Non-executive Directors may provide consulting services to the Company, which are over and above the service normally provided by a non-executive Director in the performance of their duty as a member of the Board. Where the Company requests that specific projects are investigated by a non-executive Director that fall outside their normal duties as a Director, additional services may be charged to the Company, at a rate approved by the Board.

Performance evaluations for Board members are held annually and are undertaken with a view to comparing the performance of individual Directors to the performance and growth of companies of similar size and complexity within the mining industry.

No Director may be involved in setting their own remuneration or terms and conditions.

Conflicts of Interest

The Board has put in place Code of Conduct and Share Trading Policies which have been designed to ensure that all Directors and employees of the Company act ethically and do not use confidential information for personal gain.

Code of Conduct

The Board is responsible for setting the tone of legal, ethical and moral conduct to ensure that the Company is considered reputable by the industry and other outside entities. This involves considering the impact of the Company's decisions on the industry, colleagues and the general community. The Code of Conduct adopted by the Company requires that all employees abide by the laws, regulations and business practices whenever the Company operates. The Board maintains an approach that preserves the integrity of any laws or regulations under which the Company operates. The Company has also put in place various internal Policies which provide internal controls to ensure employees only act within the authority given to them by the Board. This is to ensure that the Board has responsibility for any material transactions and dealings with outside parties, and that any legal, environment and social consequences of such dealings will be properly considered before any action is taken.

The Company has an Environmental Policy which requires all employees to comply with the environmental regulations in force in the region in which work is undertaken. The Company is committed to dealing fairly and equitably with interested parties relating to environmental issues, such as landholders, governmental agencies and native title claimants.

Annual General Meeting

The Company's Auditors are invited to each Annual General Meeting.

Disclosure of Information to ASX and Investors

The Company has established policies and procedures relating to the disclosure of information to interested parties.

Policy	Adopted
• Code of Conduct	28 June 2004
• Director Independence	28 June 2004
• Legal, Environmental & Social Responsibilities	28 June 2004
• Remuneration Policy	28 June 2004
• Risk Management & Internal Control Procedures	28 June 2004
• Audit Committee	28 June 2004
• Board and Management Responsibilities	28 June 2004
• Compliance with ASX Disclosure Requirements	28 June 2004
• Nomination of Directors	28 June 2004
• Directors' and Officers' Trading in Securities	28 June 2004
• Communication with Shareholders	28 June 2004
• Investor Relations and Media Interaction	28 June 2004

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RESOURCES LIMITED

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