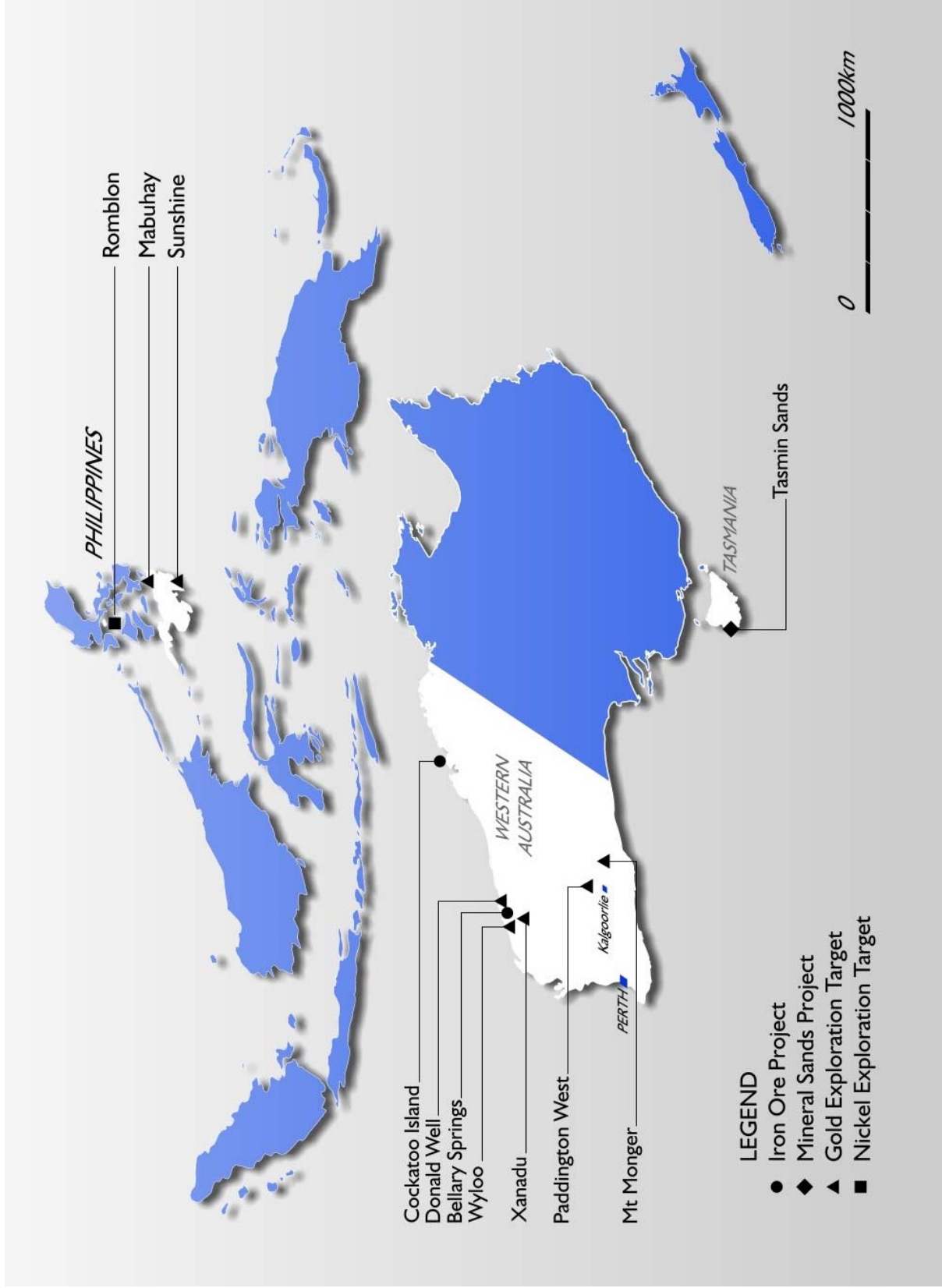




PELICAN RESOURCES LIMITED
(ABN 12 063 388 821)

2006 ANNUAL REPORT





PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

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PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

CHAIRMAN'S REPORT

On behalf of the board, I have pleasure in presenting the Company's Annual Report and results for the 2006 financial year.

The Company's activities during the reporting period concentrated on further developing the Company's key assets namely nickel, iron ore and gold.

The focus on nickel centred around the Romblon Nickel Project in the Philippines where the Company was granted the Small Scale Mining Permits (SSMP) during the financial year and is awaiting the grant of the Mineral Processing Sharing Agreement (MPSA). Drilling on the SSMPs commenced in May 2006 and is continuing with results from the drilling program meeting the Company's expectations for the tenement area and the surrounding area of interest. The Company expects that it will receive the granting of the MPSA during the next quarter.

During the year the Company commissioned Snowden Mining Industry Consultants Pty Ltd to undertake a high level mining scoping study for the Binaya-an area of the Romblon project with results released to the market. The Company is of the view that it can commence a mining operation on the SSMPs following resource drilling and resource definition, with off-take agreements for the ore being discussed with potential end purchasers.

The assessment of the project following the granting of the SSMPs, together with the current drilling and the results to date, have substantially enhanced the confidence level of the Company on the overall project area. Discussions between the Company, its joint venture partner and parties interested in entering into off-take agreements for the mineral resource are ongoing.

The Company and its joint venture partner have also established a corporate structure, the Sibuyan Nickel Mining Corporation, in the Philippines to accommodate the project's commencement of operations and to accommodate the ownership of the tenement area. Further corporate structuring will be undertaken upon the receipt of the MPSA at which time the Company will review operational activities, and in conjunction with its joint venture partner, establish an operating structure.

The Company is also still pursuing and developing its gold assets, namely in Mabuhay in the Philippines and in Australia at Donald Well, Xanadu under the Newcrest Joint Venture and Wyloo with Intrepid Mines Limited. The results on Mabuhay have been of interest to major operatives in the Philippines and discussions are ongoing with those parties with respect to a participating arrangement.

On the iron ore front, the Company continues to receive royalties from the Cockatoo Island Iron Ore project and has been undertaking work on the Bellary Springs Iron Ore project which is located 25 kilometres north-east of Paraburdoo and boasts accessibility from both Paraburdoo and Tom Price. The Company anticipates undertaking further work on this tenement in order to assess its potential for an iron ore operation or joint venture participation.

Once again, this year I wish to express my acknowledgment to Dr John Hills and his geological team in advancing the nickel, gold and iron ore projects in Australia and the Philippines. The Company will continue to pursue these opportunities to enhance shareholder value.

Dated this 29th day of September, 2006.

JOHN PALERMO
Chairman



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

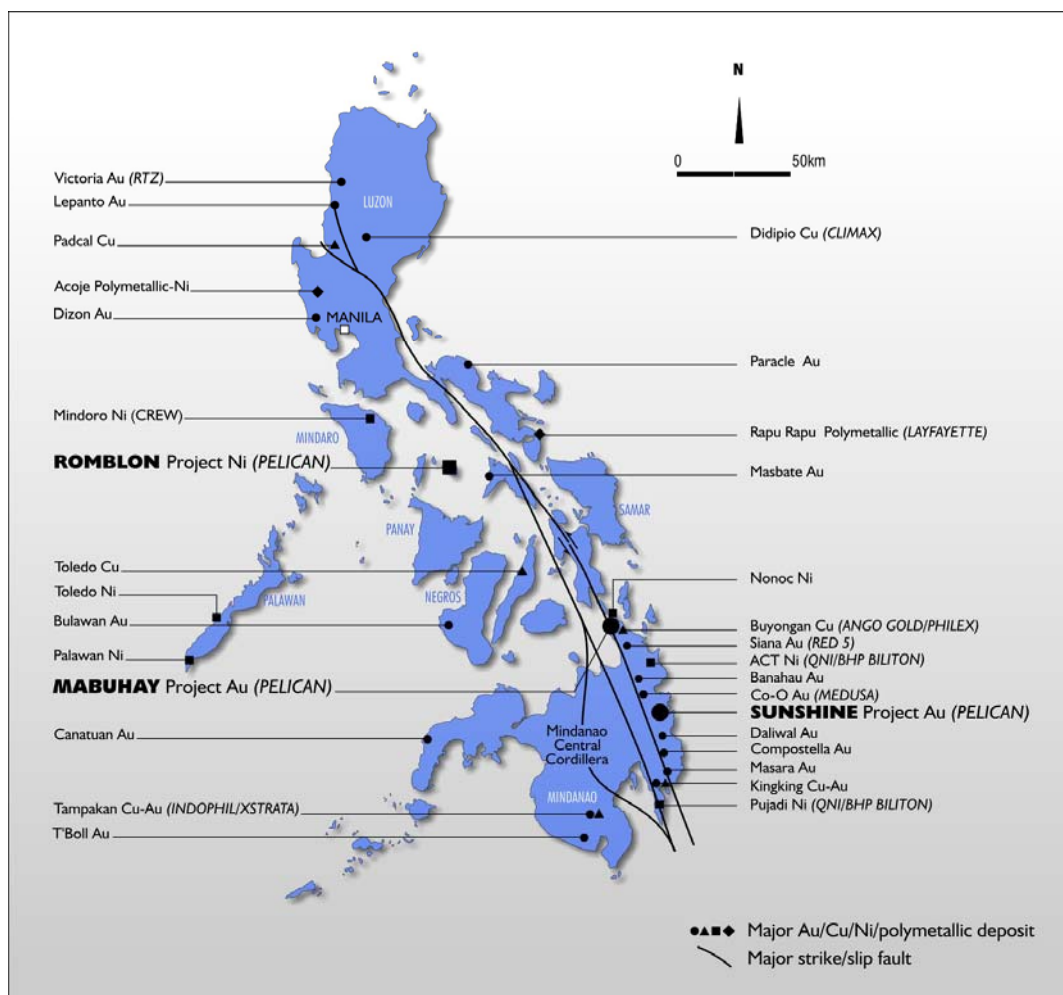
REVIEW OF OPERATIONS

SUMMARY

The Company's activities during the reporting period have been focused primarily on the advancement of the nickel project in the Philippines and the iron ore and gold projects in Australia, namely at Bellary Springs and Donald Well.

These activities are summarised as follows:

- The Company and its Philippine joint venture partner, were granted the Small Scale Mining Permits (SSMP) in the Philippines in May 2006. Drilling commenced immediately on the granted tenement area to expedite resource definition on the project area.
- The royalty stream on Cockatoo Island continued with 1.2 million wet metric tonnes of ore shipped during the year. The Company received royalties at the rate of \$0.50 per tonne.
- Drill results from the Xanadu project joint venture with Newcrest Operations hold promise of an interesting gold bearing system.
- Exploration at Bellary Springs, east of Paraburdoo, has commenced. The Company considers that the project is in the right area for channel iron mineralisation.
- Donald Well is along strike from the mineralisation encountered by De Gray, south of Port Hedland, and the Company is undertaking additional work in the area to enhance the prospectivity of the tenement area.
- The Mabuhay gold project in the Philippines continues to be of interest to the Company and to prospective joint venture participants. Discussions are ongoing with those interested parties.





PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

REVIEW OF OPERATIONS (continued)

ROMBLON PROJECT, SIBUYAN ISLAND, ROMBLON PROVINCE **(MPSA APPLICATION No. AMA-IVB-025, SSMP ROM 167 & 168)**

Interest: MPSA Application AMA-IVB-025 (Option to purchase)
SSMP ROM 167 and 168 – 75%

Operator: Sibuyan Nickel Properties Development Corporation

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, along with its Philippine joint venture partner, has an option to purchase the resource upon the granting of the MPSA covering the project area. The venture participants aim to expand the resource and establish a direct shipping nickel laterite operation.

The Company and its venture partner established a Philippine registered corporation Sibuyan Nickel Properties Development Corporation to be the Romblon project operating company and to hold the project tenements. The shareholders of the corporation are Pelican's wholly owned subsidiary Sunshine Gold Pty Ltd (40%), Sunpacific Resources Philippines, Inc (35%) and All-Acacia Resources, Inc (25%).

The Group also applied for an MPSA surrounding the Altai MPSA blocks to form one large contiguous block and two Small Scale Mining Permits (SSMP) which were granted by the Provincial Governor in May 2006. The SSMP's expedited the commencement of resource drill testing and could lead to production from the SSMP early in the new year of 50,000 tonnes per permit per year.

No exploration work may be undertaken on the MPSA Application areas. The current resources estimates for the Altai MPSA, based on the work carried out in the early 1970's on the three defined prospect areas are:

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

The Company engaged independent mining consultants Snowden Mining Industry Consultants Pty Ltd (Snowden) to conduct a high level mining scoping study for the Binaya-an area of the Romblon project. The Company will consider commissioning a similar study for the Bato and Taclobo Prospects on the finalisation of the acquisition of the project area.

Snowden estimated the potential revenue for the Binaya-an deposit only.

The results were based on the current Direct Shipping Ore (DSO) practice of a FOB payment of 24% of the contained Ni at the LME price of US\$12,555 per tonne, and without escalation of costs, contingency or NPV calculation considered and on a flat forward Ni price.

Snowden believes the project is relatively insensitive to mining costs. A 20% increase in mining costs resulting in a minimal reduction in project cashflow.

The previously reported Inferred Mineral Resource estimate for Binaya-an was 881,000 tonnes at 1.7% Ni and is based on pit-sampling carried out over the deposit on approximately 100 m by 100 m spacing at a 1.3% Ni cut off grade. Based on the results of recent conceptual study completed by Snowden, Pelican considers that a target in the order of 1.5 to 2 million tonnes at similar grade exists at Binaya-an. However, the potential quantity and grade of this target is of a conceptual nature as there has been insufficient exploration at this time to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource of this size.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

REVIEW OF OPERATIONS (continued)

The Snowden study recommends that the deposit should be drilled at an appropriate spacing to identify whether a larger resource exists and a block model from any resources defined be developed for planning purposes.

The main aspect of the study carried out by Snowden were:

1. The determination of a target mineralised envelope from geological logs at a 1.4% Ni cut-off;
2. A conceptual mine design inside the target envelope;
3. Appropriate equipment selection; and
4. Assessment of supplied mining costs associated with the mine design and indicative project cashflow.

No new exploration may be undertaken on the MPSA application area until the tenement is granted. To expedite the exploration of the area and to complete the evaluation and pre-feasibility studies on a portion of the resource the venture partners have applied for two Small Scale Mining Permits (SSMP) ROM 167 and 168 in the Binaya-An and Taclobo areas adjacent to but outside the MPSA application area.

A diamond drilling programme, to outline the nickel resources contained within the two small-scale mining permit areas, commenced on the Binaya-An SSMP in May 2006. The drilling was carried out using man-portable rigs to minimize environmental impact.

A total of 42 vertical diamond core holes have been completed in the laterites from surface down to fresh bedrock on the SSMP covering a ridge spur extending south of the main Binaya-An resource. The drilling has confirmed the mineralisation extends from surface down to depths of up to 15 metres in the saprolite zone below an iron rich limonite cap of 1 to 4 metres. Drilling over a grid of 400 metres by 300 metres with drill spacings at 50 metre centres is still in progress.

Assay results returned with a peak value of 7.26% nickel over 0.9 metres from 2 metres (see Table 1).

Significant results include:

- BNY 13: 5.95m @ 2.68% Ni from surface and including 0.9m @ 7.26% Ni from 2m,
- BNY 14: 11m @ 1.55% Ni from surface,
- BNY 23: 13.6m @ 1.53% Ni from 2.3m,
- BNY 24: 14.6m @ 1.59% Ni from surface.

TABLE 1 – Assay Results

Hole No	*UTM East	*UTM North	Azim	Dip	Intercepts
BNY8	450575	1368040	0	-90	5.6m @ 1.41% Ni from 1.6m
BNY13	450575	1367930	0	-90	5.95m @ 2.68% Ni from 0.0m
		including			0.9m @ 7.26% Ni from 2.0m
		and			0.75m @ 4.07% Ni from 3.15m
BNY14	450577	1367812	0	-90	11m @ 1.55% Ni from 0.0m
		including			0.9m @ 3.69% Ni from 9.0m
BNY20	450375	1367871	0	-90	11.5m @ 1.3% NI from 1.5m
BNY22	450625	1367821	0	-90	6.4 m @ 1.43 % Ni from 2.6m
BNY23	4506257	1367871	0	-90	13.6m @ 1.53% Ni from 2.3m
BNY24	4506757	1367871	0	-90	14.6m @ 1.59% Ni from 0.0m
BNY29	450525	1367868	0	-90	8.8m @ 1.46% Ni from 0.0m

*Co-ordinates in WGS 84 UTM-UPS

Assay results are still awaited for some of the drill holes, following which, the resource estimates will be calculated for the Binaya-An SSMP and will be in addition to the stated resources.

Drilling on the Taclobo area is still in progress. Assay results for the initial holes drilled on a 100 metre grid are tabulated below:

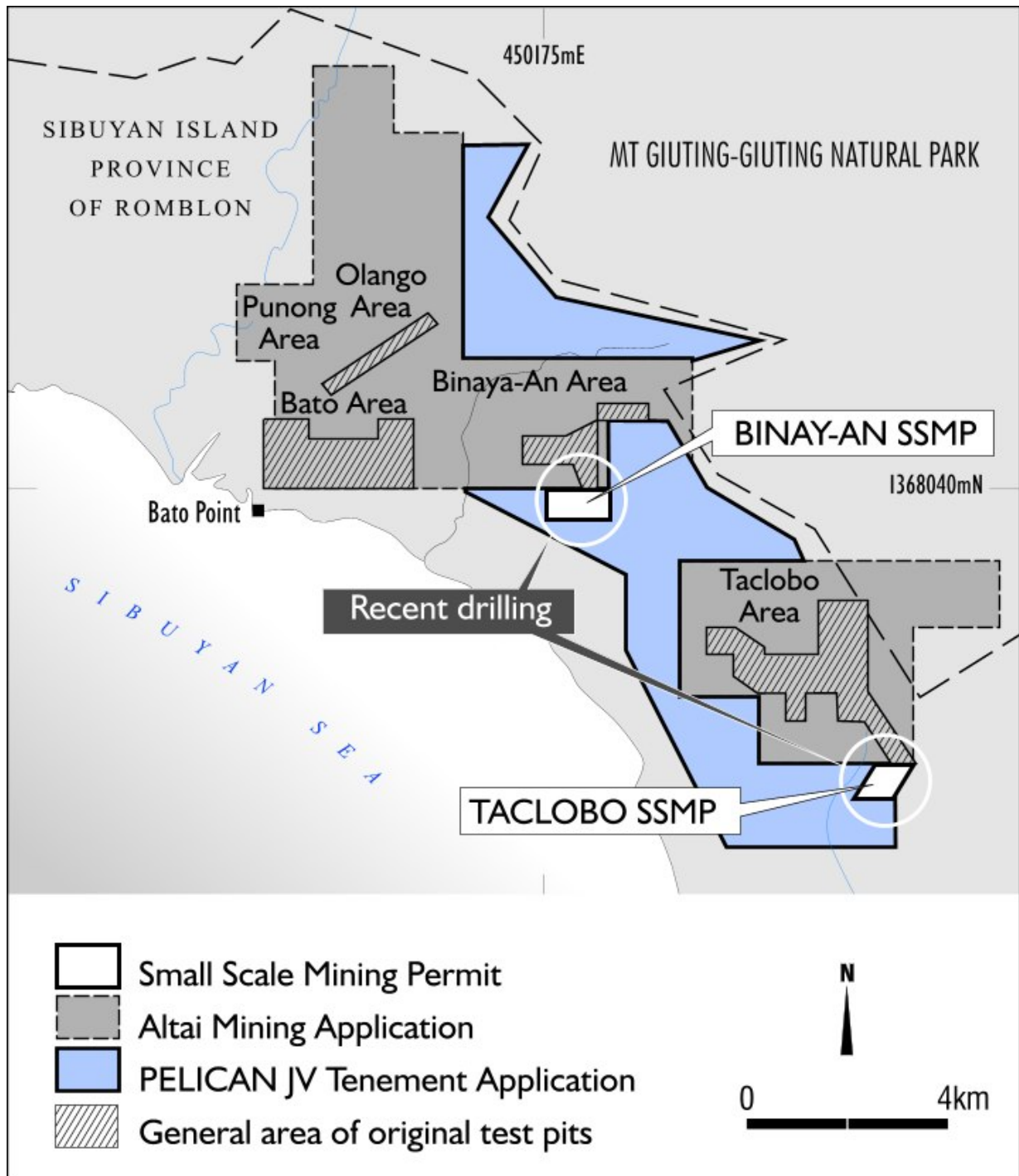


PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

REVIEW OF OPERATIONS (continued)

Hole No	*UTM East	*UTM North	Azim	Dip	Intercepts
TC 1	453234	1365187	0	-90	10m @ 1.56% Ni from 8m
TC 2	453034	1365187	0	-90	8.4m @ 1.73% Ni from 6m
TC 3	453234	1365087	0	-90	5.5m @ 1.2% Ni from 3m
TC 4	453134	1365187	0	-90	7m @ 1.92% Ni from 14m
TC 6	453234	1364987	0	-90	12.4m @ 1.57% Ni from 0.6m
TC 8	453034	1365187	0	-90	11.8m @ 1.65% ni from 0.6m

Drilling on the 100 metre grid and infill holes on a 50 metre grid have been completed. Assay results are pending.





PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

REVIEW OF OPERATIONS (continued)

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 itself is only two kilometers from the sealed highway to Surigao City.

Diamond drill hole DDH 12, inclined at 80 degrees and drilled below DDH 11 to a depth of 550 metres, was sited to test the porphyry copper-gold-molybdenum style mineralization intersected in the bottom of DDH 11 at 369 metres.

The hole was collared in volcanoclastic rocks of the Mabuhay Formation which hosts the high grade epithermal gold mineralization of the Tabon-Tabon and Vein-50 systems. At depth a higher temperature alteration domain and mineral assemblage was intersected and this was believed to reflect a porphyry copper style mineralization. This propylitic zone contains disseminated chalcopyrite, traces of bornite and anomalous amounts of molybdenite with associated magnetite.

Assay highlights are presented below.

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

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	38.5	1.57	38
	383.80	384.30	0.50	2.04	7.4	0.19	10
	385.30	386.30	1.00	6.76	24.4	0.23	9
	391.05	518.9	127.85	0.19	1.33	0.35	
including	404.20	404.60	0.4	2.64	36.9	8.51	10
and	420.50	421.50	1	2.60	13.6	0.04	30
and	485.90	488.80	2.90	0.27	1.80	0.53	220
and	510.50	518.90	8.40	0.25	1.71	0.86	310
	531.00	550.00	19.0	0.17	0.06	0.27	

Of significance is the intersection of 127.85 metres of virtually continuous mineralization from 391.05 metres down hole averaging 0.19 g/t gold, 1.33 g/t silver and 0.35 percent copper. This broad zone contains narrow veins with elevated gold and copper values (0.4m @ 2.64 g/t Au and 8.51% Cu from 404.2m and 1m @ 2.6 g/t Au from 420.5m) but also has significant intersections of anomalous molybdenum (2.9 m @ 220 ppm Mo from 485.9m and 8.4m @ 310 ppm Mo from 510.5m).



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

REVIEW OF OPERATIONS *(continued)*

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 km south of the Mabuhay area. The project is currently being held in abeyance.

WESTERN AUSTRALIA

KIMBERLEYS

Cockatoo Island Project (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 km 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 1,217,758 wet tonnes of ore were shipped to customers. Pelican receives a royalty of \$0.50 per tonne of ore shipped from the operation. The Cleveland-Cliffs takeover bid for Portman Mining does not affect the Company's royalty income stream.

ASHBURTON TROUGH

Wyloo Project (E08/853, E08/854)

Interest: 49%

Operator: Intrepid Mines Limited, formerly NuStar Mining Corp. 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 mine.

Intrepid Mines Limited (formerly NuStar Mining Corp) has met the initial expenditure requirements of \$600,000 to acquire its participating interest of 51% in E08/853 and E08/854 as per the Joint Venture agreement. Intrepid has advised the Company that it intends to earn the additional 19% interest by spending a further \$400,000 within one year as per the agreement.

Exploration carried out during the year entailed mainly rock chip sampling and auger and RAB drill geochemical sampling at a number of prospects and anomalies generated by the field work. No significant gold values were encountered in the drill results despite elevated gold values in rock chip samples. Elevated pathfinder and base metal values were noted in the drill data and number of target areas identified for testing.

XANADU PROJECT (M52/83, M52/84, M52/105, E52/812)

Interest: 26%

Operator: Newcrest Operations Limited (74% interest)

The Xanadu Gold project comprises three Mining Leases and an Exploration Licence which are located about 30km to the southeast of the iron ore town of Paraburdoo in Western Australia. These tenements, located within the Paraburdoo Hinge Zone, covers a ten kilometres belt of Duck Creek Dolomite and Mt McGrath formations rocks within the Ashburton Trough which are very prospective for carlin style gold mineralisation.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

REVIEW OF OPERATIONS (continued)

The three Mining Leases at Xanadu are being explored under a Joint Venture with Newcrest Operations Limited. Newcrest have earned 74% equity participation interest. Pelican may now elect to contribute to each six monthly work programme on a programme by programme basis. If the Company elects not to contribute to a specific work programme 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 focussed on drill testing the main Boadicea-Amphitheatre-Cleopatra trend. A total of 15 RC percussion drill holes were completed for 2726 metres, 20 RAB holes for 1685 metres and 3 diamond drill holes for 426 metres. The holes were drilled at Big Bend, Anzac (south of Big Ben), Claudius, Brutus and Cleopatra North prospects. Although interesting anomalous gold values were encountered a major strike still remains elusive in a belt of rocks with so many gold occurrences floating around in the system.

At the Big Bend the interesting 4 metre composite sample gold results for RC drill hole XRC076 returned an intersection of 154m @ 0.54g/t gold from 92 metres to the end of hole at 246m terminating in mineralisation.

The one metre sample splits returned the same composite intersection for this zone but allows for improved definition of the distribution of gold in this zone.

Hole XRC075 drilled through 56m of clay-chert breccia until the rods became bogged and the hole abandoned. Significant one metre assay results from this hole are shown in the Table below:

Hole XRC076 intersected clay-chert breccia to 155m followed by dolomite to 246m (EOH). Zone of fine disseminated pyrite in chert occurs from 79 to 100m with minor pyritic intervals in dolomite between 176 and 180m and 219 and 228m. The significant one metre assay results from hole XRC076 are summarised in the table below:

Big Bend Prospect

Hole	AMGE	AMGN	Dip	Azimuth	Intercept
XRC075	582833	7407268	-60	300	11 m @ 0.37g/t Au from 4m
					29m @ 0.4g/t Au from 217m to EOH
				including	3m @ 1.2 g/t Au from 230m
				and	1 m @ 1.2 g/t Au from 236
				and	3m @ 1.0g/t Au from 241m
XRC076	582671	7407269	-60	32	5m @ 0.49g/t Au from 12m
					8m @ 0.32g/t Au from 74m
					22m @ 0.37g/t Au from 92m
					83m @ 0.64 g/t Au from 127m
				including	9m @ 1.5 g/t Au from 129m
				and	2m @ 1.4g/t Au from 142m
				and	3m @ 1.4 g/t Au from 163m
				and	1m @ 1.0 g/t Au from 192m
					AMG ZONE 50 GDA 84

Three RC holes were drilled at Big Bend to follow up on the significant results obtained in hole XRC076. A vertical hole (XRC079) was drilled adjacent to XRC076 to test the down-dip potential for mineralization and two step-out holes (XRC080 and XRC081) were drilled 100m to the east and west of XRC076.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

REVIEW OF OPERATIONS (continued)

All three holes intersected dolomite, silty dolomite and interbedded chert with disseminated pyrite. Alteration in XRC079 was dominated by silica replacement, sericite and graphite; that in XRC081 was similar but less intense. XRC080 failed to reach target depth.

One diamond hole (60.2m RC pre-collar and 309.4m HQ3 core) was drilled to twin XRC076 and better understand the nature of the mineralization. The hole intersected jasperoidal dolomite with some pyrite veins and low temperature quartz veins, clay-chert breccia, strongly clay altered dolomite, sanded dolomite and massive and brecciated dolomite. Two zones of pyrite mineralization were intersected both containing pyrite in late phase veins replacing the matrix of a dolomite breccia.

Results from the core hole did not closely match those of XRC076; possibly the latter intersected a structure that the diamond hole missed.

Significant results from the drilling are presented below.

RC Drill holes

Hole	AMG East	AMG North	Dip	Azim	1 metre sample intercept (+0.1 g/t Au)	4 metre composite (+0.1 g/t Au)
XRC079	582676	7407263	-90		6m @ 0.35 g/t from 4m 11m @ 0.28 g/t from 16m	24m @ 0.25 g/t from 4m
XRC080	582589	7407319	-60	032	7m @ 0.40 g/t from 4m including 21m @ 0.61 g/t from 14m including 4m @ 1.2 g/t from 16m 2m @ 0.17 g/t from 43m 3m @ 0.18 g/t from 95m	32m @ 0.52 g/t from 4m 4m @ 1.19 g/t from 16m 4m @ 0.19 g/t from 44m 8m @ 0.12 g/t from 92m 4m @ 0.1 g/t from 120m

Diamond Drill hole

Hole	AMG East	AMG North	Dip	Azim	EOH (m)	Interval > 0.1 g/t Au
XD005	582675	7407271	-60	032	369.6	12m @ 0.73 g/t from 189m 4m @ 0.25 g/t from 36m 7m @ 0.5 g/t from 61m including 1m @ 1.50 g/t from 67m 82.3m @ 0.53 g/t from 71.7m including 0.8m @ 1.20 g/t from 111m and 9.4m @ 1.40 g/t from 123m and 3m @ 1.4 g/t from 134m 12m @ 0.73 g/t from 189m including 3.7m @ 2.0 g/t from 194m 9.7m @ 0.39 g/t from 237m including 1m @ 1.40 g/t from 242m 14m @ 0.65 g/t from 267m including 2.0m @ 2.6 g/t from 270m 13m @ 0.18 g/t from 326m



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

REVIEW OF OPERATIONS (continued)

Claudius

Two attempts at core drilling at Claudius failed to reach the target zone. XD006, a diamond tail of RC hole XRC078 (90m RC and 20.4m HQ3), was abandoned when the hole collapsed while the completion of XD007 (30m RC and 97.4m PQ3) was postponed.

Significant results from the drilling are presented below.

Hole	AMG East	AMG North	Dip	Azim	EOH (m)	Interval > 0.1 g/t Au
XD006	581190	7408322	-60	130	110.4	1.3m @ 0.1 g/t from 93.7m
XD007	581195	7408320	-60	130	127.4	3m @ 0.25 g/t from 40m
						1m @ 0.16 g/t from 47m
						3m @ 0.46 g/t from 50m
						1m @ 0.32 g/t from 57m
						2m @ 0.22 g/t from 88m
						3m @ 0.11 g/t from 92m

Twenty RAB holes for 1685 metres were drilled during the quarter to assess three areas; the clay chert breccia on the plateau above Big Bend, the Anzac area south of Big Bend, and an area to the south of the Cleopatra prospect. Assay results are currently awaited.

PILBARA

Bellary Springs (E47/1268)

Interest: 100%

Operator: Sunrise Exploration Pty Ltd

The Bellary Springs Exploration Licence E47/1268, was granted and approval obtained from the Minister for State Development for iron ore exploration.

The tenement comprises a total area of 196 km and is located 20 km to the north east of the mining town of Paraburdoo, a town with significant mining infrastructure, and straddles both the sealed Paraburdoo to Tom Price road, and the Hamersley Iron (now Pilbara Iron) railway line with its associated maintenance tracks.

The area is underlain by various lithologies of the Archaean Fortescue Group with a considerable amount of Cainozoic surficial cover. This younger material contains 12 small mapped remnants of Robe Pisolite (now referred to as Channel Iron Deposits or CID), most abundant in the east. A brief inspection of one of these pisolite remnants indicated that there was potential for iron grades similar to those found at Panawonnica and Yandicoogina.

A subsequent field inspection and random grab sampling indicated that most of the deposits are in the range of 3-4 metres thick with only a couple with thicknesses of more than 5-6 metres. Most appear to have a lower grade basal portion containing abundant fragments of weathered volcanics grading upwards into better grade pisolites.

Assay results show that the iron values are generally high with about half the samples collected containing over 56% iron with generally good phosphorus values but variable alumina (Table 1).



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

REVIEW OF OPERATIONS *(continued)*

Table 1: Assay data for random grab samples of pisolites

Sample	Easting	Northing	% Fe	%Al₂O₃	%P
B 2	598347	7444845	54.02	5.62	0.05
B 3	598028	7445907	57.8	5.95	0.03
B 4	596270	7444624	58.24	2.77	0.05
B 5	596319	7444431	53.48	5.66	0.08
B 6	598970	7447077	53.90	7.36	0.03
B 7	599424	7447419	49.06	6.15	0.40
B 8	598090	7449218	52.69	7.55	0.04
B 9	598347	7444845	46.0	10.3	0.046
B 10	597886	7445754	59.5	2.93	0.051
B 11	596130	7444470	57.9	3.68	0.046
B 12	596179	7444278	53.6	6.61	0.034
B 13	598829	7446923	54.9	5.33	0.079
B 14	599282	7447266	58.4	3.91	0.050
B 15	597948	7449065	60.2	2.98	0.074
B 16	598306	7444794	56.1	3.42	0.034
B 17	598309	7444866	53.6	6.51	0.093
B 18	598316	7445019	59.2	2.93	0.068
B 19	597627	7445575	56.0	4.46	0.041
B 20	598911	7446942	59.4	2.27	0.059
B 21	598856	7446916	57.0	1.82	0.05
B 22	599580	7446336	55.6	4.75	0.048
B 23	601667	7446430	58.5	3.04	0.07
B 24	601751	7446581	57.1	1.02	0.038

In essence, the Bellary Springs tenement contains several mesas capped with relatively iron-rich pisolite.

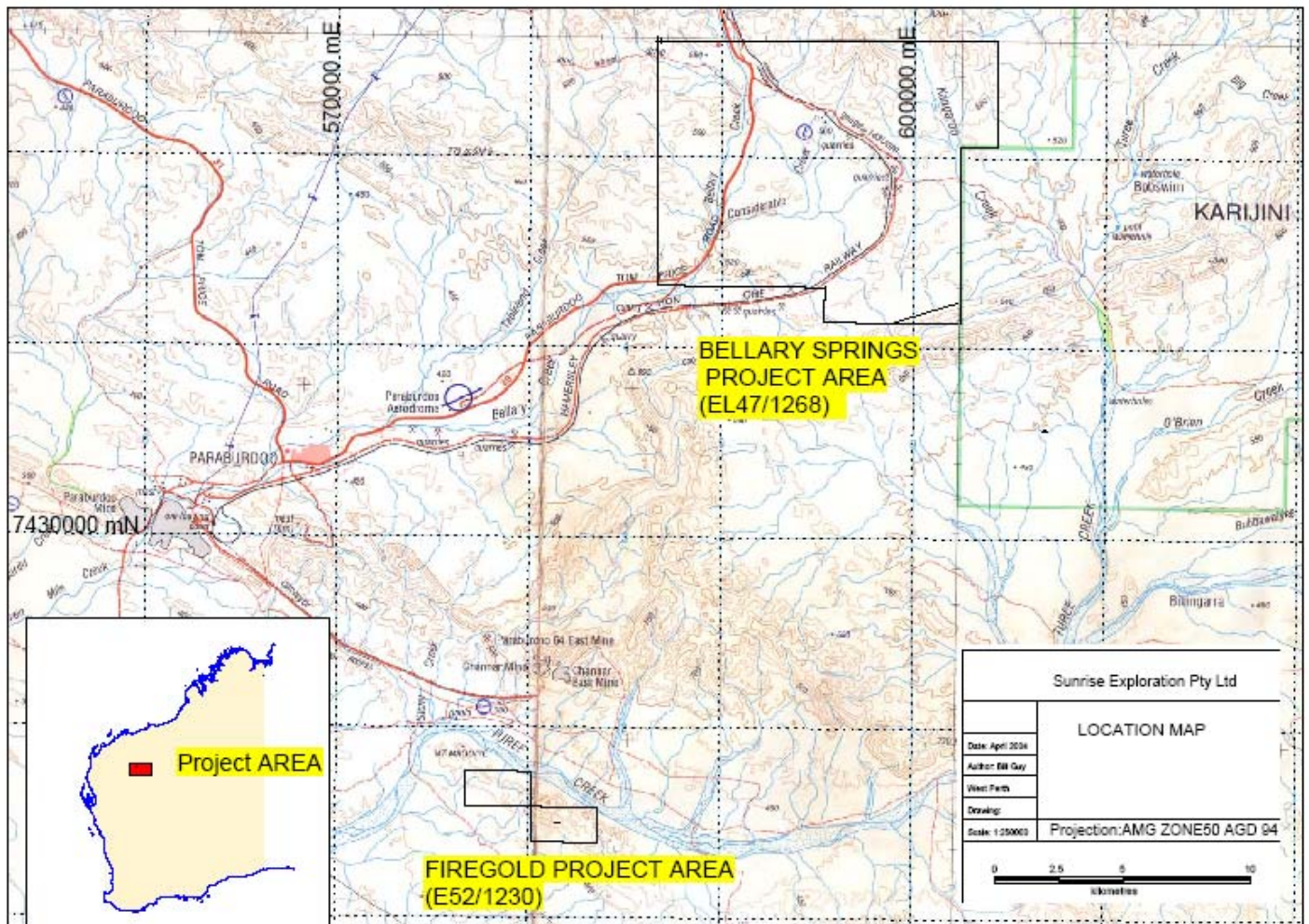
Both the local Aboriginal community at Bellary Springs and the Yamatji Land and Sea Council have been contacted regarding clearance of the proposed drilling areas.

The radiometric and magnetic imagery data for the tenement has been processed.

In addition stream sediment and mobile metal ion (MMI) geochemical sampling has also been carried out to test for gold anomalism over a prominent east-west structure; the original objective in applying for the tenement.



REVIEW OF OPERATIONS (continued)



Donald Well (E45/2534)

Interest: 100%
Operator: Sunrise Exploration Pty Ltd

The Donald Well tenement is located approximately 45 km to the southeast of Port Hedland. The central portion of the tenement is occupied by the Tabba Tabba Shear Zone which trends northeast through the project area for 8.3 km. The tenement has excellent potential to host base metal sulphides.

The Tabba Tabba Shear contains the Cleaverville Formation consisting mainly of cherts and BIF. The Cleaverville Formation host a number of epigenetic gold prospects that form part of De Grey Mining Ltd Turner River Gold Project. De Grey have identified a polymetallic volcanogenic massive sulphide belt along the Tabba Tabba zone the subject of recent press announcements. Platinum Group Elements (PGE) have been discovered in the region and the Ranger River Gold NL Indee Project is also located in the region.

An airborne geophysical survey was completed by UTS Geophysics over the Donald Well tenement at a 50 metre line spacing and 40 metre altitude. Equipment included a cesium vapour magnetometer with a 0.001nT resolution and an Exploranium GR-820 spectrometer with two 16.8 litre detection packs.

Geochemical surveys are programmed for the coming year.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

REVIEW OF OPERATIONS *(continued)*

EASTERN GOLDFIELDS

Paddington West Project (MLA24/496)

Interest: 100%
Operator: Pelican Resources Limited

The grant of the tenement is pending.

Mt Monger Project (M26/637)

Interest: 100%
Operator: Pelican Resources Limited

No field work was completed during the quarter.

TASMANIA

TASMIN SANDS PROJECT (EL 22/2005)

Interest: 100%
Operator: Sunrise Exploration Pty Ltd

The Company advised the ASX since the end of the financial year, exploration licence EL22/2005, north of Strahan on the west coast of Tasmania, has been granted.

The licence applied for in June 2005, comprises 101 square kilometers and is granted for heavy mineral sands exploration. The license area excludes a buffer zone along the beachfront.

The area was previously explored by Newmont Holdings Limited and Aztec Mining Co Limited in the 1980's.

The Company intends to commence activities as soon as practicable on the newly granted project area.

RELINQUISHMENTS

Nil.

NEW ACQUISITIONS

Small-Scale Mining Permits ROM 167 & 168, Sibuyan Island , Romblon Province, Philippines.

EL 22/2005 on the West Coast of Tasmania.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

TENEMENT SUMMARY

PROJECT NAME	TENEMENT NUMBER	AREA	EQUITY/ EARNING	LOCATION
Cockatoo Island	M04/235	159.85 ha	100%	Cockatoo Island WA
Xanadu	M52/83 M52/84 M52/105 E52/812	986.95 ha 999.05 ha 703.30 ha 16 Blk	26% 26% 26% 100%	30 kms SE Paraburdoo WA
Wyloo	E08/853 E08/854	18 Blk 18 Blk	49% 49%	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	EL 45/2534	23 Blk	100%	SE Port Hedland WA
Tasmin Sands	EL 22/2005	approx 101 km ²	100%	N & W of Strahan TAS
Philippines Mabuhay	MPSA APPL 000029-X	878.00 ha	Earning 80%	15 kms S Surigao City Mindanao
Philippines Romblon	MPSA APPL. AMA-IVB-025 SSMP Rom 167 SSMP Rom 168	1854 ha 15.58 ha 20.00 ha	Option 75%	Romblon Province
Philippines Sunshine Gold	EP000002-00X1	382.00 ha	70%	120 kms NE Davao Mindanao



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Your Directors submit their report on the consolidated entity consisting of Pelican Resources Limited and its controlled entities for the financial year ended 30 June 2006.

DIRECTORS

The following persons were Directors of Pelican Resources Limited during the financial year and up to the date of this report. Directors were in office for this entire period unless otherwise stated.

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 \$1,512,635 (2005: loss of \$1,061,942).

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid or recommended for the year ended 30 June 2006.

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	
28/11/2005	Remuneration options	--	--	6,000,000	\$0.10	31/12/2008	
28/11/2005	Remuneration options	--	--	6,000,000	\$0.20	31/12/2008	
10/03/2006	Working capital	10,000,000	\$0.05	10,000,000	\$0.20	08/04/2006	(expired)
04/04/2006	Working capital	10,000,000	\$0.05	--	--	--	

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.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT (continued)

PARTICULARS OF DIRECTORS

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

Mr J Palermo is a Chartered Accountant and a partner 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 *
- Gladiator Resources Ltd *

(* denotes current directorship)

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

Dr J Hills is a qualified geologist with forty-five (45) 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 also served as a director of the following other listed companies:

- Gladiator Resources Ltd *

(* denotes current directorship)

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 a partner 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.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT *(continued)*

REMUNERATION REPORT *(continued)*

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 below:

	Primary Salary & Fees	Benefits Cash Bonus	Non-Monetary	Post Employment Super-Annuation	Retirement Benefits	Equity Shares/Options	Other Benefits	TOTAL \$
Directors								
Palermo, J – Chairman (non-executive)								
2006	85,991	--	--	1,350	--	71,680	--	159,021
2005	93,098	--	--	1,350	--	--	--	94,448
Hills, J – Director (executive)								
2006	187,865	--	--	1,350	--	71,680	--	260,895
2005	174,005	--	--	1,350	--	--	--	175,355
Lynton-Brown, D – Director (non-executive)								
2006	15,000	--	--	1,350	--	71,680	--	88,030
2005	15,000	--	--	1,350	--	--	--	16,350
Total Remuneration: Directors								
2006	288,856	--	--	4,050	--	215,040	--	507,946
2005	282,103	--	--	4,050	--	--	--	286,153

Remuneration Options (2006)

	Grant No.	Grant Date	Exercise Price \$	First Exercise Date	Last Exercise Date
J Palermo	4,000,000	28/11/2005	\$0.10 & \$0.20	28/11/2005	31/12/2008
J H Hills	4,000,000	28/11/2005	\$0.10 & \$0.20	28/11/2005	31/12/2008
DF Lynton-Brown	4,000,000	28/11/2005	\$0.10 & \$0.20	28/11/2005	31/12/2008

Using the Black Scholes option valuation methodology, and allowing for a 30% discount to allow for the fact that the options were unlisted at the date of grant of the options, resulted in valuations of \$0.02471 per option for the \$0.10 exercise priced options and \$0.01113 each for the \$0.20 exercised price options. Under AASB 2 "Share-based Payments", the value of shares and options issued to Directors, employees and consultants were accounted for as a cost in the Income Statement.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT *(continued)*

INTERESTS IN SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the Directors' interests in shares and options of Pelican Resources Limited were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
John Palermo	5,061,313	7,374,208
John Henry Hills	11,203,403	10,897,455
D F Lynton-Brown	4,936,301	6,570,073

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 2006 and the number of meetings attended by each Director:

	Number Eligible to Attend	Number Attended
John Palermo	13	13
John Henry Hills	13	13
D F Lynton-Brown	13	13

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

* 83,868,044 options exercisable at \$0.20 on or before 31 December 2008

Unlisted Options

* 6,000,000 options exercisable at \$0.10 on or before 31 December 2008

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 27.

ADOPTION OF AUSTRALIAN EQUIVALENTS TO IFRS

This financial report has been prepared under Australian equivalents to IFRS. A reconciliation of differences between previous GAAP and Australian equivalents to IFRS has been included in note 2 of this report.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT *(continued)*

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 \$16,968 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 55.

NON-AUDIT SERVICES

Any non-audit services that may have been provided by the entity's auditor, Stantons International, is shown at note 21. 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 29th day of September, 2006.

Signed in accordance with a resolution of the Directors.

JOHN HENRY HILLS
Director



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	Consolidated		Parent Entity	
		2006	2005	2006	2005
		\$	\$	\$	\$
Revenue	3	658,323	478,291	658,219	478,266
Consulting fees	4(c)	(184,824)	(186,171)	(163,568)	(163,835)
Depreciation	4(a)	(15,917)	(14,592)	(5,060)	(4,007)
Directors' benefits	4(c)	(215,040)	--	(215,040)	--
Diminution in value of investments and loans	4(c)	(3,630)	--	(587,056)	(713,018)
Diminution in value of plant and equipment	4(c)	(33,500)	--	(33,500)	--
Exploration expenditure written off	4(c)	(1,398,282)	(965,530)	(634,955)	(106,291)
Borrowing costs	4(a)	(29,692)	(31)	(29,692)	(31)
Other expenses		(386,384)	(374,185)	(353,170)	(333,849)
LOSS BEFORE INCOME TAX		(1,608,946)	(1,062,218)	(1,363,822)	(842,765)
INCOME TAX		--	--	--	--
LOSS AFTER INCOME TAX		(1,608,946)	(1,062,218)	(1,363,822)	(842,765)
LOSS ATTRIBUTABLE TO MINORITY EQUITY INTEREST	18	96,311	276	--	--
LOSS ATTRIBUTABLE TO MEMBERS OF PELICAN RESOURCES LIMITED	17	(1,512,635)	(1,061,942)	(1,363,822)	(842,765)
Basic loss per share (cents per share)	23	(1.92)	(1.68)		

The above income statement should be read
in conjunction with the accompanying notes



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**BALANCE SHEET
AS AT 30 JUNE 2006**

	Note	Consolidated		Parent Entity	
		2006	2005	2006	2005
		\$	\$	\$	\$
Current Assets					
Cash and cash equivalents	6	2,155,308	868,691	2,135,486	850,339
Trade and other receivables	7	232,146	108,127	72,375	100,899
Other	8	149,572	127,897	148,988	127,250
Total Current Assets		2,537,026	1,104,715	2,356,849	1,078,488
Non Current Assets					
Other financial assets	9	--	--	950,001	950,001
Plant and equipment	10	48,197	85,405	13,218	47,391
Mineral exploration and evaluation expenditure	11	1,372,431	2,344,132	--	622,079
Total Non Current Assets		1,420,628	2,429,537	963,219	1,619,471
Total Assets		3,957,654	3,534,252	3,320,068	2,697,959
Current Liabilities					
Trade and other payables	12	103,095	150,030	64,798	73,938
Interest bearing liabilities	13	8,495	29,032	--	--
Non interest bearing liabilities	14	70,613	--	--	--
Total Current Liabilities		182,203	179,062	64,798	73,938
Non Current Liabilities					
Interest bearing liabilities	13	862,688	--	850,000	--
Total Non Current Liabilities		862,688	--	850,000	--
Total Liabilities		1,044,891	179,062	914,798	73,938
Net Assets		2,912,763	3,355,190	2,405,270	2,624,021
Equity					
Contributed equity	15 (a)	7,603,194	6,673,163	7,603,194	6,673,163
Reserves	16	294,247	72,962	395,834	180,794
Accumulated losses	17	(4,959,917)	(3,446,792)	(5,593,758)	(4,229,936)
Total parent entity interest		2,937,524	3,299,333	2,405,270	2,624,021
Minority equity interest	18	(24,761)	55,857	--	--
Total Equity		2,912,763	3,355,190	2,405,270	2,624,021

The above balance sheet should be read
in conjunction with the accompanying notes



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2006**

	Ordinary Share Capital	Reserves	Accumulated Losses	Minority Equity Interests	Total
<u>Consolidated</u>	\$	\$	\$	\$	\$
Balance at 01/07/2004	5,737,464	105,730	(2,386,168)	56,133	3,513,159
Shares issued during the year	970,177	--	--	--	970,177
Options issued during the year	--	6,000	--	--	6,000
Transaction costs	(34,478)	(1,712)	--	--	(36,190)
Loss attributable to members of parent entity	--	--	(1,061,942)	--	(1,061,942)
Loss attributable to minority equity interests	--	--	--	(276)	(276)
Net effect of changes in translation reserve	--	(37,056)	1,318	--	(35,738)
Balance at 30/06/2005	6,673,163	72,962	(3,446,792)	55,857	3,355,190
Balance at 01/07/2005	6,673,163	72,962	(3,446,792)	55,857	3,355,190
Shares issued during the year	1,000,000	--	--	--	1,000,000
Transaction costs	(69,969)	--	--	--	(69,969)
Options issued during the year	--	215,040	--	--	215,040
Loss attributable to members of parent entity	--	--	(1,512,635)	--	(1,512,635)
Loss attributable to minority equity interests	--	--	--	(96,311)	(96,311)
Equity interest attributable to minority equity interests	--	--	--	15,693	15,693
Net effect of changes in translation reserve	--	6,245	(490)	--	5,755
Balance at 30/06/2006	7,603,194	294,247	(4,959,917)	(24,761)	2,912,763
Parent					
Balance at 01/07/2004	5,737,464	176,506	(3,387,171)	--	2,526,799
Shares issued during the year	970,177	--	--	--	970,177
Options issued during the year	--	6,000	--	--	6,000
Transaction costs	(34,478)	(1,712)	--	--	(36,190)
Loss attributable to members of parent entity	--	--	(842,765)	--	(842,765)
Balance at 30/06/2005	6,673,163	180,794	(4,229,936)	--	2,624,021
Balance at 01/07/2005	6,673,163	180,794	(4,229,936)	--	2,624,021
Shares issued during the year	1,000,000	--	--	--	1,000,000
Transaction costs	(69,969)	--	--	--	(69,969)
Options issued during the year	--	215,040	--	--	215,040
Loss attributable to members of parent entity	--	--	(1,363,822)	--	(1,363,822)
Balance at 30/06/2006	7,603,194	395,834	(5,593,758)	--	2,405,270

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



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	Consolidated		Parent Entity	
		2006	2005	2006	2005
		\$	\$	\$	\$
Cash Flows from Operating Activities					
Payments to suppliers		(828,930)	(495,357)	(1,325,259)	(1,236,909)
Interest received		41,467	49,019	41,363	48,541
Royalties received		623,389	396,014	623,389	396,014
Interest paid		(29,692)	(31)	(29,692)	(31)
Other receipts		1,612	15,023	1,612	15,023
Net Cash Used in Operating Activities	19(b)	(192,154)	(35,332)	(688,587)	(777,362)
Cash Flows from Investing Activities					
Payments for exploration expenditure		(426,581)	(749,429)	(12,876)	(20,295)
Loans (to)/from other entities		(71,342)	412	--	--
Payment for plant and equipment		(16,283)	(2,754)	(8,461)	(2,754)
Net Cash Used in Investing Activities		(514,206)	(751,771)	(21,337)	(23,049)
Cash Flows from Financing Activities					
Repayment from borrowings		(7,849)	(9,341)	--	--
Proceeds from issue of shares and options		1,215,040	976,177	1,215,040	976,177
Costs associated with shares and options		(69,969)	(36,190)	(69,969)	(36,190)
Proceeds from convertible notes		850,000	--	850,000	--
Net Cash Provided by Financing Activities		1,987,222	930,646	1,995,071	939,987
Net increase in cash and cash equivalents held		1,280,862	143,543	1,285,147	139,576
Cash and cash equivalents at the beginning of the financial year		868,691	722,855	850,339	710,763
Effect of exchange rate changes on cash holdings		5,755	2,293	--	--
Cash and cash equivalents at the end of the financial year	19(a)	2,155,308	868,691	2,135,486	850,339

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



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. This financial report has also been prepared on an accruals and historical cost basis.

The financial report covers the economic entity of Pelican Resources Limited and controlled entities, and Pelican Resources Limited as an individual parent entity. Pelican Resources Limited is a public company, incorporated and domiciled in Australia.

The financial report of Pelican Resources Limited and controlled entities, and Pelican Resources Limited as an individual parent entity comply with all Australian equivalents to International Financial Reporting Standards (IFRS) in their entirety. This is the first financial report prepared based on AIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly. Reconciliations of AIFRS equity and loss for 30 June 2005 to the balances reported in the 30 June 2005 financial report and at transition are detailed in note 2.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(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 2006 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 income statement 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) Income Tax

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

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

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

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



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

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

(c) Income Tax (*continued*)

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.

(d) Property, Plant and Equipment

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

Plant and equipment

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

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

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a diminishing value method over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Plant and equipment	10-60%
Motor vehicles	18.75 – 22.5%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

(e) Exploration and Development Expenditure

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

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

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



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

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

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

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

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

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

(f) Leases

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

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

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease.

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

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(g) Share based payments

Share options granted after 28 November 2005 and vested after 31 December 2008.

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

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



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

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

(g) Share based payments (*continued*)

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

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

(h) Financial Instruments

Recognition

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

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, or if so designated by management and within the requirement of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

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

(h) Financial Instruments (*continued*)

Impairment

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

(i) Impairment of Assets

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

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

(j) Investments in Associates

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

(k) Foreign Currency Transactions and Balances

Functional and presentation currency

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

Transaction and balances

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

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



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

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

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

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

Group companies

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

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

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

(l) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(m) Revenue

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

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

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

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

(n) Borrowing Costs

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

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



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

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

(o) Goods and Services Tax (GST)

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

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

(p) 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.

(q) 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.

(r) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**NOTE 2: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS**

For all periods up to and including the year ended 30 June 2005, the Group prepared its financial statements in accordance with Australian generally accepted accounting practice (AGAAP). These financial statements for the year ended 30 June 2006 are the first the Group is required to prepare in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS).

Accordingly, the Group has prepared financial statements that comply with AIFRS applicable for periods beginning on or after 1 January 2005 and the significant accounting policies meeting those requirements are described in note 1. In preparing these financial statements, the Group has started from an opening balance sheet as at 1 July 2004, the Group's date of transition to AIFRS, and made those changes in accounting policies and other restatements required by AASB 1 First-time adoption of AIFRS.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

**NOTE 2: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)**

This note explains the principal adjustments made by the Group in restating its AGAAP balance sheet as at 1 July 2004 and its previously published AGAAP financial statements for the year ended 30 June 2005.

	Note	Economic Entity		
		Previous GAAP at 01/07/2004 \$	Adjustments on introduction of Aust'n equivalent to IFRS \$	Aust'n equivalents to IFRS at 01/07/2004 \$
Reconciliation of Equity at 1 July 2004				
Current Assets				
Cash and cash equivalents		722,855	--	722,855
Trade and other receivables		95,497	--	95,497
Prepayments		19,936	--	19,936
Other		114,000	--	114,000
Total Current Assets		952,288	--	952,288
Non Current Assets				
Plant and equipment	2b	98,745	(817)	97,928
Mineral exploration and evaluation expenditure	2b	2,767,567	(152,118)	2,615,449
Intangible assets	2a	1,669	(1,669)	--
Total Non Current Assets		2,867,981	(154,604)	2,713,377
Total Assets		3,820,269	(154,604)	3,665,665
Current Liabilities				
Trade and other payables		114,133	--	114,133
Interest bearing liabilities		9,341	--	9,341
Total Current Liabilities		123,474	--	123,474
Non Current Liabilities				
Interest bearing liabilities		29,032	--	29,032
Total Non Current Liabilities		29,032	--	29,032
Total Liabilities		152,506	--	152,506
Net Assets		3,667,763	(154,604)	3,513,159
Equity				
Contributed equity		5,737,464	--	5,737,464
Reserves	2b	176,506	(70,776)	105,730
Accumulated losses	2a-b	(2,349,860)	(36,308)	(2,386,168)
Total parent entity interest		3,564,110	(107,084)	3,457,026
Minority equity interest	2b	103,653	(47,520)	56,133
Total Equity		3,667,763	(154,604)	3,513,159



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

**NOTE 2: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)**

Reconciliation of Equity at 30 June 2005		Economic Entity		
	Note	Previous GAAP at 30/06/2005 \$	Adjustments on introduction of Aust'n equivalent to IFRS \$	Aust'n equivalents to IFRS at 30/06/2005 \$
Current Assets				
Cash and cash equivalents		868,691	--	868,691
Trade and other receivables		108,127	--	108,127
Prepayments		13,897	--	13,897
Other		114,000	--	114,000
Total Current Assets		1,104,715	--	1,104,715
Non Current Assets				
Plant and equipment	2b	86,455	(1,050)	85,405
Mineral exploration and evaluation expenditure	2b	2,549,717	(205,585)	2,344,132
Total Non Current Assets		2,636,172	(206,635)	2,429,537
Total Assets		3,740,887	(206,635)	3,534,252
Current Liabilities				
Trade and other payables		150,030	--	150,030
Interest bearing liabilities		29,032	--	29,032
Total Current Liabilities		179,062	--	179,062
Total Liabilities		179,062	--	179,062
Net Assets		3,561,825	(206,635)	3,355,190
Equity				
Contributed equity		6,673,163	--	6,673,163
Reserves	2b	180,794	(107,832)	72,962
Accumulated losses	2b	(3,395,509)	(51,283)	(3,446,792)
Total parent entity interest		3,458,448	(159,115)	3,299,333
Minority equity interest	2b	103,377	(47,520)	55,857
Total Equity		3,561,825	(206,635)	3,355,190



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

**NOTE 2: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)**

Reconciliation of Profit or Loss at 30 June 2005		Economic Entity		
	Note	Previous GAAP	Effect of transition to Aust'n equivalent to IFRS	Aust'n equivalents to IFRS
		\$	\$	\$
Revenue		478,291	--	478,291
Consulting fees		(186,171)	--	(186,171)
Depreciation		(14,592)	--	(14,592)
Employee entitlements		(49,050)	--	(49,050)
Exploration expenditure written off		(965,530)	--	(965,530)
Other expenses from ordinary activities	2a-b	(308,873)	(16,293)	(325,166)
Loss before income tax		(1,045,925)	(16,293)	(1,062,218)
Income tax		--	--	--
Loss after income tax		(1,045,925)	(16,293)	(1,062,218)
Loss/(profit) attributable to minority equity interest		276	--	276
Loss attributable to members of Pelican Resources Limited		(1,045,649)	(16,293)	(1,061,942)



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

**NOTE 2: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)**

Notes to the reconciliation of equity and profit and loss at 1 July 2004 and 30 June 2005

	30/06/2005	01/07/2004
	\$	\$
(a) The following items comprise the write off of formation costs:		
- Intangible assets	--	(1,669)
- Accumulated losses	--	(1,669)
(b) The following items comprise foreign currency transaction adjustments:		
- Plant and equipment	(1,050)	(817)
- Mineral exploration and evaluation exp.	(205,585)	(152,118)
- Reserves	(107,832)	(70,776)
- Minority equity interest	(47,520)	(47,520)
- Accumulated losses	(51,283)	(34,639)

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



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

NOTE 3: REVENUE

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Revenue				
Royalties	593,812	423,458	593,812	423,458
Interest earned	62,899	39,810	62,795	39,785
Proceeds on waiver of joint venture rights	--	15,000	--	15,000
Other	1,612	23	1,612	23
Total revenue	658,323	478,291	658,219	478,266

NOTE 4: EXPENSES AND LOSSES/(GAINS)

(a) Expenses

Depreciation of non-current assets

Plant and equipment	7,872	4,231	5,060	4,007
Motor vehicle	8,045	10,361	--	--
Total depreciation shown in income statement	15,917	14,592	5,060	4,007
Depreciation on mining assets capitalised to mineral exploration and evaluation expenditure	355	452	355	452
Total depreciation of non-current assets	16,272	15,044	5,415	4,459
Borrowing cost expense				
Interest expense	29,692	31	29,692	31
(b) Net foreign currency (gains)/losses	(5,755)	(2,293)	--	--

(c) Significant Items

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

Consulting fees	184,824	186,171	163,568	163,835
Diminution in value of investments and loans	3,630	--	587,056	713,018
Diminution in value of plant and equipment	33,500	--	33,500	--
Directors' benefits	215,040	--	215,040	--
Exploration expenditure written off	1,398,282	965,530	634,955	106,291



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

NOTE 5: INCOME TAX

The prima facie tax on loss before income tax is reconciled to the income tax as follows:

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Loss before income tax	(1,608,946)	(1,062,218)	(1,363,822)	(842,765)
Income tax calculated at 30%	(482,684)	(318,665)	(409,147)	(252,829)
Add back:				
Income accrued	(6,675)	--	(6,675)	--
Non deductible expenses	867	1,506	867	1,506
Plant and investment diminution	11,139	--	186,167	213,905
Provisions and prepayments	4,916	(960)	4,916	(960)
Director share benefits	64,512	--	64,512	--
Capitalised exploration written off	(127,974)	(224,964)	(3,863)	(6,225)
Future tax benefits not brought to account	535,899	543,083	163,223	44,603
Income tax expense	--	--	--	--
Deferred tax assets:				
Provisions	11,497	2,760	11,497	2,760
Losses	1,952,730	1,416,831	826,703	663,479
	<u>1,964,227</u>	<u>1,419,591</u>	<u>838,200</u>	<u>666,239</u>
Deferred tax liabilities:				
Capitalised exploration	411,729	703,240	--	186,624

NOTE 6: CASH AND CASH EQUIVALENTS

Cash at bank	105,308	68,691	85,486	50,339
Deposits at call	2,050,000	800,000	2,050,000	800,000
	<u>2,155,308</u>	<u>868,691</u>	<u>2,135,486</u>	<u>850,339</u>

NOTE 7: TRADE AND OTHER RECEIVABLES

Current

Accrued royalties	49,231	78,808	49,231	78,808
Sundry debtors	--	819	--	819
Goods and services tax	37,445	24,985	23,144	21,272
Advance/loan – other parties	145,470	3,515	--	--
	<u>232,146</u>	<u>108,127</u>	<u>72,375</u>	<u>100,899</u>

NOTE 8: OTHER

Current

Deposits held	114,000	114,000	114,000	114,000
Accrued revenue	22,251	--	22,251	--
Prepayments	13,321	13,897	12,737	13,250
	<u>149,572</u>	<u>127,897</u>	<u>148,988</u>	<u>127,250</u>



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
NOTE 9: OTHER FINANCIAL ASSETS				
Related party receivables:				
Controlled entities	--	--	2,568,104	1,981,048
Less: provision for non recovery	--	--	(2,568,104)	(1,981,048)
	--	--	--	--
Unlisted investments at cost:				
Shares in controlled entities	--	--	950,001	950,001
Less: provision for diminution in value	--	--	--	--
	--	--	950,001	950,001
	--	--	950,001	950,001
NOTE 10: PLANT AND EQUIPMENT				
Plant and equipment at cost	25,930	64,385	25,130	63,585
Less: accumulated depreciation	(7,367)	(16,659)	(11,912)	(16,194)
Total plant and equipment	18,563	47,726	13,218	47,391
Motor vehicles at cost	85,326	85,326	--	--
Less: accumulated depreciation	(55,692)	(47,647)	--	--
Total motor vehicles	29,634	37,679	--	--
Total plant and equipment	48,197	85,405	13,218	47,391
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	47,726	49,655	47,391	49,096
Additions	16,283	2,754	8,461	2,754
Disposals	(3,719)	--	(3,719)	--
Provision for diminution in value	(33,500)	--	(33,500)	--
Depreciation expense - administrative	(7,872)	(4,231)	(5,060)	(4,007)
- geological	(355)	(452)	(355)	(452)
Carrying amount at end of year	18,563	47,726	13,218	47,391
Motor vehicles				
Carrying amount at beginning of year	37,679	48,040	--	--
Depreciation expense	(8,045)	(10,361)	--	--
Carrying amount at end of year	29,634	37,679	--	--
Total carrying amount at end of year	48,197	85,405	13,218	47,391



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
NOTE 11: MINERAL EXPLORATION AND EVALUATION EXPENDITURE				
Balance at beginning of year	2,344,132	2,560,233	622,079	708,075
Exploration and mining expenditure incurred during the year	426,581	749,429	12,876	20,295
Expenditure written off	(1,398,282)	(965,530)	(634,955)	(106,291)
	<hr/>			
Balance at end of year	1,372,431	2,344,132	--	622,079
	<hr/>			
Exploration expenditure carried forward in respect of areas of interest in the exploration and evaluation phase	1,372,431	2,344,132	--	622,079
	<hr/>			

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

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

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
NOTE 12: TRADE AND OTHER PAYABLES				
Trade creditors and accrued expenses	75,109	133,628	43,435	57,536
Goods and services tax	21,363	16,402	21,363	16,402
Withholding tax	6,623	--	--	--
	<hr/>			
	103,095	150,030	64,798	73,938
	<hr/>			

NOTE 13: INTEREST BEARING LIABILITIES

Current

Hire purchase liability	10,068	29,919	--	--
Less: Unexpired term charges	(1,573)	(887)	--	--
	<hr/>			
	8,495	29,032	--	--
	<hr/>			

Non Current

Hire purchase liability	13,220	--	--	--
Less: Unexpired term charges	(532)	--	--	--
	<hr/>			
	12,688	--	--	--
	<hr/>			

Convertible notes *	850,000	--	850,000	--
	<hr/>			
	862,688	--	850,000	--
	<hr/>			

* The Company issued 850 unsecured convertible notes with a face value of \$1,000 each bearing 12% interest per annum. The notes are transferable and are convertible at any time by the holder in minimum parcels of 10 notes on each occasion, into fully paid ordinary shares and options at a price equal to \$0.05, or 80% of the average price of the shares over the last 5 trading days prior to conversion, whichever is the lower, per share plus a free attaching option exercisable at \$0.20 on or before 31 December 2008.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
NOTE 14: NON-INTEREST BEARING LIABILITIES				
Loan – other parties	70,613	--	--	--

NOTE 15: CONTRIBUTED EQUITY

(a) Issued Capital

93,301,626 Ordinary shares fully paid
(2005: 73,301,626)

	7,603,194	6,673,163	7,603,194	6,673,163
--	-----------	-----------	-----------	-----------

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

Date	Details	No. of Shares	Issue Price	\$
01/07/2004	Opening 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
10/03/2006	Share placement (a)	10,000,000	\$0.05	500,000
04/04/2006	Share placement (a)	10,000,000	\$0.05	500,000
	Less: transaction costs arising on share issues	--		(69,969)
30/06/2006	Closing balance	93,301,626		7,603,194

(a) Funds raised for working capital purposes.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

NOTE 16: RESERVES

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
(a) Composition				
Options reserve	395,834	180,794	395,834	180,794
Foreign currency translation reserve	(101,587)	(107,832)	--	--
	<u>294,247</u>	<u>72,962</u>	<u>395,834</u>	<u>180,794</u>

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

Date	Details	No. of Options	Issue Price	\$
01/07/2004	Opening Balance	30,434,423		176,506
11/11/2004	Option placement (a)	23,433,621	--	--
06/01/2005	Debt conversion (b)	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
28/11/2005	Option placement (c)	6,000,000	\$0.02471	148,260
28/11/2005	Option placement (c)	6,000,000	\$0.01113	66,780
10/03/2006	Option placement (a)	10,000,000		--
08/04/2006	Options expired	(67,868,044)		--
30/06/2006	Closing balance	<u>12,000,000</u>		<u>395,834</u>

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



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

NOTE 17: ACCUMULATED LOSSES

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Balance at beginning of the 2005 year	(3,446,792)	(2,384,850)	(4,229,936)	(3,387,171)
Loss attributable to members of Pelican Resources Limited	(1,512,635)	(1,061,942)	(1,363,822)	(842,765)
Net effect of changes in translation reserve	(490)	--	--	--
Balance at end of the 2006 year	(4,959,917)	(3,446,792)	(5,593,758)	(4,229,936)

NOTE 18: MINORITY EQUITY INTEREST

Reconciliation of minority equity interest in controlled entities:

Opening balance	55,857	56,133	--	--
Share of current year's loss after income tax	(96,311)	(276)	--	--
Share of current year's equity	15,693	--	--	--
	(24,761)	55,857	--	--

NOTE 19: NOTES TO THE STATEMENT OF CASH FLOWS

a) Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Balance Sheet as follows:

Cash and cash equivalents (Note 6)	2,155,308	868,691	2,135,486	850,339
------------------------------------	-----------	---------	-----------	---------

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

Loss for the year	(1,512,635)	(1,061,942)	(1,363,822)	(842,765)
(Gain)/loss on exchange rate	--	(2,293)	--	--
Exploration and evaluation expenditure written off	1,398,282	965,530	634,955	106,291
Depreciation	16,272	14,592	5,145	4,007
Amortisation	--	2,201	--	--
Formation costs written off	--	1,669	--	--
Foreign currency translation adjustments	--	16,293	--	--
Loss on disposal of plant and equipment	3,719	--	3,719	--
Plant and equipment written off	33,500	--	33,500	--
Minority interest for the year	(80,618)	(276)	--	--
Movements in assets and liabilities:				
Receivables	14,768	(18,235)	8,145	(18,688)
Net GST receivable	(7,499)	12,306	3,089	12,012
Prepayments	576	6,039	513	5,998
Payables	(58,519)	28,784	(14,101)	(44,217)
Net cash used in operating activities	(192,154)	(35,332)	(688,587)	(777,362)



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

NOTE 20: REMUNERATION OF DIRECTORS

(a) Directors and Specified Executives

Names and positions held by key management personnel in office at any time during the financial year are:

Directors

John Palermo Chairman (non-executive)
 John Henry Hills (executive)
 Darryl Lynton-Brown (non-executive)

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 below:

	Primary	Benefits		Post Employment		Equity	Other	TOTAL
	Salary	Cash	Non-	Super-	Retirement	Shares/	Benefits	
	& Fees	Bonus	Monetary	Annuation	Benefits	Options		\$
Directors								
Palermo, J – Chairman (non-executive)								
2006	85,991	--	--	1,350	--	71,680	--	159,021
2005	93,098	--	--	1,350	--	--	--	94,448
Hills, J – Director (executive)								
2006	187,865	--	--	1,350	--	71,680	--	260,895
2005	174,005	--	--	1,350	--	--	--	175,355
Lynton-Brown, D – Director (non-executive)								
2006	15,000	--	--	1,350	--	71,680	--	88,030
2005	15,000	--	--	1,350	--	--	--	16,350
Total Remuneration: Directors								
2006	288,856	--	--	4,050	--	215,040	--	507,946
2005	282,103	--	--	4,050	--	--	--	286,153

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



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

NOTE 20: REMUNERATION OF DIRECTORS (continued)

(b) Compensation of Key Management Personnel

Compensation by category:

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Short-term	288,856	282,103	288,856	282,103
Post employment	4,050	4,050	4,050	4,050
Share-based payments	215,040	--	215,040	--
	507,946	286,153	507,946	286,153

(c) 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	
	2006	2005
	\$	\$
Geological expenses (John Hills)	106,102	170,300
Consultancy, secretarial and administrative (John Palermo)	34,966	38,466

(d) Shareholdings by Directors

	Balance 01/07/05 (No. of Shares)	Received Remuneration (No. of Shares)	No. of Options Exercised	Net Other Change (No. of Shares)	Balance 30/06/06 (No. of Shares)
Director					
J Palermo	5,061,313	--	--	--	5,061,313
J H Hills	11,203,403	--	--	--	11,203,403
DF Lynton-Brown	1,564,794	--	--	3,371,507	4,936,301
Total Directors	17,829,510	--	--	3,371,507	21,201,017



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

NOTE 20: REMUNERATION OF DIRECTORS (continued)

(e) Listed Options and Rights Holdings by Directors

Director	Balance 01/07/05 (No. Options)	Granted as Remuneration (No. Options)	No. of Options Exercised	Net Change Other (No. Options)	Balance 30/06/06 (No. Options)	Total Vested 30/06/06 (No. Options)	Total Exercisable (No. Options)
J Palermo	3,374,208	--	--	(3,374,208)	--	--	--
J H Hills	6,897,455	--	--	(6,897,455)	--	--	--
DF Lynton-Brown	1,039,820	--	--	(1,039,820)	--	--	--
Total	11,311,483	--	--	(11,311,483)	--	--	--

(f) Unlisted Options and Rights Holdings by Directors

Director	Balance 01/07/05 (No. Options)	Granted as Remuneration (No. Options)	No. of Options Exercised	Net Change Other (No. Options)	Balance 30/06/06 (No. Options)	Total Vested 30/06/06 (No. Options)	Total Exercisable (No. Options)
J Palermo	--	4,000,000	--	--	4,000,000	4,000,000	4,000,000
J H Hills	--	4,000,000	--	--	4,000,000	4,000,000	4,000,000
DF Lynton-Brown	--	4,000,000	--	--	4,000,000	4,000,000	4,000,000
Total	--	12,000,000	--	--	12,000,000	12,000,000	12,000,000

(g) Remuneration Options (2006)

	Grant No.	Grant Date	Terms and conditions for each grant		
			Exercise Price \$	First Exercise Date	Last Exercise Date
J Palermo	4,000,000	28/11/2005	\$0.10 & \$0.20	28/11/2005	31/12/2008
J H Hills	4,000,000	28/11/2005	\$0.10 & \$0.20	28/11/2005	31/12/2008
DF Lynton-Brown	4,000,000	28/11/2005	\$0.10 & \$0.20	28/11/2005	31/12/2008

Using the Black Scholes option valuation methodology, and allowing for a 30% discount to allow for the fact that the options were unlisted at the date of grant of the options, resulted in valuations of \$0.02471 per option for the \$0.10 exercise priced options and \$0.01113 each for the \$0.20 exercised price options. Under AASB 2 "Share-based Payments", the value of shares and options issued to Directors, employees and consultants will need to be accounted for as a cost in the Income Statement.

Remuneration Options (2005)

During the year ended 30 June 2005, no shares or options were issued to Directors and consultants for remuneration purposes.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

NOTE 21: REMUNERATION OF AUDITORS

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Amount paid or due and payable to the auditors for:				
Audit services – Stantons International	32,227	13,469	32,227	13,022
- Overseas auditors	4,159	--	--	--
Other services – Stantons International	1,125	--	1,125	--
	<u>37,511</u>	<u>13,469</u>	<u>33,352</u>	<u>13,022</u>

NOTE 22: RELATED PARTY DISCLOSURES

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

	Country of Incorporation	Book Value of Shares held by Parent Entity	
		2006	2005
		\$	\$
Sunrise Exploration Pty Ltd	AUS	1	1
Sunshine Gold Pty Ltd	AUS	950,000	950,000
Sunlight Resources Philippines, Inc.	PHP	--	--
Sunpacific Resources Philippines, Inc.	PHP	--	--
Sunrom Philippines Holding Corp'n.	PHP	--	--
Sibuyan Nickel Properties Dev. Corp'n.	PHP	--	--
		<u>950,001</u>	<u>950,001</u>



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

NOTE 22: RELATED PARTY DISCLOSURES (continued)

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Related party receivables with controlled entities:				
Sunrise Exploration Pty Ltd	--	--	1,128,220	1,002,540
Less: provision for non recovery	--	--	(1,128,220)	(1,002,540)
	--	--	--	--
Sunshine Gold Pty Ltd	--	--	1,439,884	978,508
Less: provision for non recovery	--	--	(1,439,884)	(978,508)
	--	--	--	--
Sunlight Resources Philippines, Inc.	--	--	--	--
Less: provision for non recovery	--	--	--	--
	--	--	--	--
Sunpacific Resources Philippines, Inc.	--	--	--	--
Less: provision for non recovery	--	--	--	--
	--	--	--	--
Sunrom Philippines Holding Corp'n.	--	--	--	--
Less: provision for non recovery	--	--	--	--
	--	--	--	--
Sibuyan Nickel Properties Development Corp'n.	--	--	--	--
Less: provision for non recovery	--	--	--	--
	--	--	--	--

Related party transactions with Directors are disclosed in Note 20.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

NOTE 23: LOSS PER SHARE

The following reflects the income and data used in the calculations of basic and diluted earnings per share:

	Consolidated	
	2006	2005
	\$	\$
Loss before income tax	(1,608,946)	(1,062,218)
Adjustments:		
Loss attributable to minority equity interest	96,311	276
Earnings used in calculating basic and diluted earnings per share	<u>(1,512,635)</u>	<u>(1,061,942)</u>
	Number of	Number of
	Shares	Shares
Weighted average number of ordinary shares used in calculating basic earnings per share:	78,753,681	62,158,872

Diluted loss per share is not disclosed as it would not reflect an inferior position.

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 24: COMMITMENTS FOR EXPENDITURE

In order to maintain current rights of tenure to mining tenements, the economic entity will be required to outlay in 2006/07 amounts of \$190,700 (2005: \$88,700) 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	
	2006	2005	2006	2005
	\$	\$	\$	\$
Not later than one year	190,700	88,700	--	5,000
Later than one year but not later than 2 years	190,700	88,700	--	5,000
Later than 2 years but not later than 5 years	572,100	266,100	--	15,000
	<u>953,500</u>	<u>443,500</u>	<u>--</u>	<u>25,000</u>

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

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



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

NOTE 25: SEGMENT INFORMATION

	Australia		Philippines		Eliminations		Consolidated	
	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$
Geographical Segments								
Revenue								
Sales to customers outside the Consolidated entity	593,812	423,458	--	--	--	--	593,812	423,458
Other revenues from customers outside the consolidated entity	64,407	54,808	104	25	--	--	64,511	54,833
Total segment revenue	658,219	478,266	104	25	--	--	658,323	478,291
Results								
Segment result	(2,203,766)	(1,875,798)	(322,089)	(16,182)	1,013,220	830,038	(1,512,635)	(1,061,942)
Assets								
Segment assets	4,544,591	4,550,681	784,077	591,104	(1,371,014)	(1,607,533)	3,957,654	3,534,252
Liabilities								
Segment liabilities	3,687,443	2,272,223	811,144	373,681	(3,453,696)	(2,466,842)	1,044,891	179,062
Other segment information:								
Depreciation	13,239	14,592	2,678	--	--	--	15,917	14,592
Non-cash expenses other than depreciation and amortisation	1,595,470	1,799,162	(96,311)	(276)	(916,909)	(829,762)	582,250	969,124



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

NOTE 25: 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 26: 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 rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Non Interest Bearing		Weighted Average Effective Interest Rate %		Floating Interest Rate		Total \$	
	2006	2005	2006	2005	2006	2005	2006	2005
Financial Assets								
- Cash and cash equivalents	105,308	68,691	5.64	5.45	2,050,000	800,000	2,155,308	868,691
- Sundry debtors	--	819	--	--	--	--	--	819
- Deposits held	--	--	4.00	5.38	114,000	114,000	114,000	114,000
- Receivable other parties	145,470	3,515	--	--	--	--	145,470	3,515
- GST	37,445	24,985	--	--	--	--	37,445	24,985
- Accrued royalties	49,231	78,808	--	--	--	--	49,231	78,808
- Accrued revenue	22,251	--	--	--	--	--	22,251	--
Total Financial Assets	359,705	176,818			2,164,000	914,000	2,523,705	1,090,818
Financial Liabilities								
- Trade and other payables	75,109	133,628	--	--	--	--	75,109	133,628
- Withholding tax payable	6,623	--	--	--	--	--	6,623	--
- Hire purchase liability	--	--	9.52	7.98	21,183	29,032	21,183	29,032
- Loan – other parties	70,613	--	--	--	--	--	70,613	--
- GST	21,363	16,402	--	--	--	--	21,363	16,402
- Convertible notes	--	--	12.00	--	850,000	--	850,000	--
Total Financial Liabilities	173,708	150,030			871,183	29,032	1,044,891	179,062
Net Financial Assets	185,997	26,788			1,292,817	884,968	1,478,814	911,756

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 balance sheet are as follows:

Financial assets

• **Trade and other 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

• **Trade and other payables**

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.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

NOTE 26: FINANCIAL INSTRUMENTS (continued)

(b) Credit risk

The Group does not grant credit and therefore there are no significant concentrations of credit risk within the Group. With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Since the Group trades only with recognised third parties, there is no requirement for collateral.

(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 the financial statements.

(d) Foreign currency risk

The Group is exposed to fluctuations in foreign currencies arising from transactions in currencies other than the Group's measurement currency. The Group does not have a policy in regards to these transactions.

NOTE 27: 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.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 21 to 51:

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 2006 and of their performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial year ended on that date.
2. The Chief Executive Officer and Chief Finance Officer have 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 29th day of September, 2006.

JOHN HENRY HILLS
Director

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF PELICAN RESOURCES LIMITED

SCOPE

The financial report and directors' responsibility

The financial report comprises the income statement, balance sheet, statement of changes in equity and statement of cash-flows, accompanying notes to the financial statements, and the directors' declaration for Pelican Resources Limited (the Company) and the consolidated entity for the year ended 30 June 2006. 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

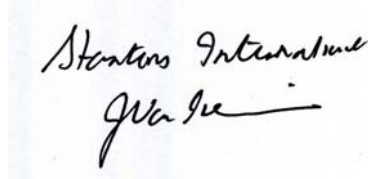
In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

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 2006 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.

STANTONS INTERNATIONAL (Authorised Audit Company)



J P Van Dieren
Director

Perth, Western Australia
29 September 2006

29 September 2006

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 Director for the audit of the financial statements of Pelican Resources Limited for the year ended 30 June 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

STANTONS INTERNATIONAL
(Authorised Audit Company)



John Van Dieren
Director



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

ASX ADDITIONAL INFORMATION

QUOTED SECURITIES

(a) ORDINARY FULLY PAID SHARES

(i) DISTRIBUTION OF SHAREHOLDERS AS AT 25 SEPTEMBER 2006:-

SPREAD OF HOLDINGS	HOLDERS	SHARES	PERCENTAGE OF ISSUED CAPITAL %
1 – 1,000	354	179,975	0.19
1,001 - 5,000	728	1,580,690	1.69
5,001 - 10,000	245	1,711,931	1.83
10,001 - 100,000	371	14,010,129	15.02
100,001+	131	75,818,901	81.27
	1,829	93,301,626	100.00

The number of shareholdings held in less than marketable parcels is 1,211.

(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. Mr Bryan Welch	9,750,000	10.45
2. Veltex Pty Ltd <The Hills Super Fund A/c>	4,281,064	4.59
3. D F Lynton-Brown Pty Ltd <Superannuation A/c>	3,886,301	4.17
4. Coastpark Pty Ltd <The Market A/c>	3,878,971	4.16
5. Ms Heather Isabelle Hills	3,750,000	4.02
6. PAJ Investments Pty Ltd <The Century A/c>	3,750,000	4.02
7. Manikay Pty Ltd	2,528,881	2.71
8. Hanscon Holdings Pty Ltd <Hanscon Discret Fund A/c>	2,000,000	2.14
9. Resol Realty and Development Corp	1,750,000	1.88
10. Megatop Nominees Pty Ltd <Superannuation Fund A/c>	1,500,000	1.61
11. Super 4 Pty Ltd	1,264,440	1.36
12. Monarch Corporation Pty Ltd <Monarch A/c>	1,209,678	1.30
13. Husif Nominees Pty Ltd <No 2 A/c>	1,098,483	1.18
14. Mr Graeme Beeck & Mrs Barbara Beeck	1,022,500	1.10
15. Mulato Nominees Pty Ltd	1,000,000	1.07
16. Rakkan Pty Ltd <Rakkan Super Fund A/c>	1,000,000	1.07
17. Tel Wa Pty Ltd <Altitude A/c>	1,000,000	1.07
18. Mr Anthony Palermo	901,734	0.97
19. Bell Potter Nominees Limited	800,000	0.86
20. Gems Investments Pty Ltd	775,245	0.83
	47,147,297	50.56

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:

- for every fully paid share held by him one vote
- 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.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

ASX ADDITIONAL INFORMATION (continued)

(a) ORDINARY FULLY PAID SHARES (continued)

(iv) SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders as recorded in the Register of Members as at 25 September 2006;

Name	Ordinary Shares	
	No.	%
Mr Bryan Welch	9,750,000	10.45

(b) OPTIONS EXERCISABLE AT \$0.20 ON OR BEFORE 31 DECEMBER 2008

(i) DISTRIBUTION OF OPTIONHOLDERS AS AT 25 SEPTEMBER 2006:-

SPREAD OF HOLDINGS	NO. OF HOLDERS	NO. OF OPTIONS	PERCENTAGE OF ISSUED OPTIONS %
1 - 1,000	11	7,634	0.01
11,001 - 5,000	26	67,012	0.08
5,001 - 10,000	16	126,946	0.15
10,001 - 100,000	58	3,149,036	3.76
100,001+	92	80,517,416	96.00
	<u>203</u>	<u>83,868,044</u>	<u>100.00</u>

(ii) TOP 20 HOLDERS OF OPTIONS EXERCISABLE AT \$0.20 ON OR BEFORE 31 DECEMBER 2008:-

The names of the twenty largest holders of options exercisable at \$0.20 on or before 31 December 2008 are listed below:

NAME	NO. OF OPTIONS HELD	PERCENTAGE OF ISSUED OPTIONS %
1. Bryan Welch	11,000,000	13.12
2. Monarch Corporation Pty Ltd <Monarch A/c>	5,189,268	6.19
3. Husif Nominees Pty Ltd <No 2 A/c>	3,195,303	3.81
4. D F Lynton-Brown Pty Ltd <Superannuation A/c>	2,909,893	3.47
5. Veltox Pty Ltd <The Hills Super Fund A/c>	2,854,043	3.40
6. Coastpark Pty Ltd <The Market A/c>	2,585,981	3.08
7. Ms Heather Isabelle Hills	2,500,000	2.98
8. PAJ Investments Pty Ltd <The Century A/c>	2,500,000	2.98
9. Bell Potter Nominees Limited <BB Nominees A/c>	2,006,000	2.39
10. D F Lynton-Brown Pty Ltd <Superannuation A/c>	2,000,000	2.38
11. Dolphin Technology Pty Lt <The Dolphin A/c>	2,000,000	2.38
12. Veltox Pty Ltd <Sanzalia Family A/c>	2,000,000	2.38
13. Goffacan Pty Ltd	1,800,000	2.15
14. Solero Nominees Pty Ltd <Solero Nominees A/c>	1,500,000	1.79
15. Mr John Rawson Donaldson	1,417,295	1.69
16. Mr John Hadlow	1,300,000	1.55
17. Mulato Nominees Pty Ltd	1,300,000	1.55
18. Monarch Corporation Pty Ltd	1,290,924	1.54
19. Manikay Pty Ltd	1,264,441	1.51
20. Super 4 Pty Ltd	1,264,440	1.51
	<u>51,877,588</u>	<u>61.85</u>



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

ASX ADDITIONAL INFORMATION *(continued)*

(b) OPTIONS EXERCISABLE AT \$0.20 ON OR BEFORE 31 DECEMBER 2008 *(continued)*

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.

UNQUOTED SECURITIES

(a) OPTIONS

As at 25 September 2006 there existed the following unquoted options:

(i) 6,000,000 OPTIONS EXERCISABLE AT \$0.10 EACH ON OR BEFORE 31 DECEMBER 2008

	Options	%
Dolphin Technology Pty Ltd <The Dolphin A/c>	2,000,000	33.34
Veltox Pty Ltd <Sanzalia Family A/c>	2,000,000	33.33
D F Lynton-Brown Pty Ltd <Superannuation A/c>	2,000,000	33.33
	<hr/>	
	6,000,000	100.00
	<hr/> <hr/>	



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT

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.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT *(continued)*

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.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT *(continued)*

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.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT *(continued)*

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.



PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT (continued)

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