



**PELICAN RESOURCES LIMITED**

**A.B.N. 12 063 388 821**

**ANNUAL FINANCIAL REPORT**

**30 JUNE 2018**



## PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

### CORPORATE DIRECTORY

<b>BOARD OF DIRECTORS</b>	<b>CONTENTS</b>	<b>PAGE</b>
Antonio Torresan (Executive Director) Colin Chenu (Non-Executive Director) Alec Pismiris (Non-Executive Director)	Directors' Report	1
<b>COMPANY SECRETARY</b>	Statement of Profit or Loss and Other Comprehensive Income	15
Alec Pismiris	Statement of Financial Position	16
<b>REGISTERED OFFICE AND PRINCIPAL BUSINESS OFFICE</b>	Statement of Changes in Equity	17
Level 11, BGC Centre, 28 The Esplanade Perth WA 6000	Statement of Cash Flows	18
Postal Address: Level 11, BGC Centre, 28 The Esplanade Perth WA 6000	Notes to the Financial Statements	19
Telephone: (+61 8) 6424 9299	Directors' Declaration	46
<b>SHARE REGISTRY</b>	Independent Auditor's Report	47
Automic Registry Services Level 2 267 St Georges Terrace Perth, Western Australia, 6000	Auditor's Independence Declaration	51
Investor Enquiries: 1300 288 664	ASX Additional Information	52
<b>AUDITOR</b>	Corporate Governance Statement	54
HLB Mann Judd Level 4 130 Stirling Street Perth, Western Australia, 6000		
Telephone: (+61 8) 9227 7500 Facsimile: (+61 8) 9227 7533		
<b>STOCK EXCHANGE LISTING</b>		
ASX Limited (Australian Securities Exchange) ASX Codes: PEL		



## PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

### **DIRECTORS' REPORT**

The directors present their report together with the financial statements of the Consolidated Entity consisting of Pelican Resources Limited (“**Pelican**” or “**the Company**”) and its controlled entities for the financial year ended 30 June 2018 (“**Balance Date**”), the notes to the financial statements and the auditor’s report thereon.

#### **DIRECTORS**

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

Colin Edward Chenu  
Antonio Alessio Torresan  
Alec Christopher Pismiris

#### **PARTICULARS OF DIRECTORS**

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

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

Other current directorships: HotCopper Holdings Limited.

Former directorships (last 3 years): None

**Antonio Alessio Torresan**  
Executive Director

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

Other current directorships: None

Former directorships (last 3 years): None



## PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

### **DIRECTORS' REPORT (CONTINUED)**

#### **PARTICULARS OF DIRECTORS (CONTINUED)**

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

Mr Pismiris is currently a director and company secretary for several ASX listed companies as well as a number of unlisted public and private companies. Mr Pismiris was recently appointed a director of Pacton Gold Inc., a company listed on the TSX Venture Exchange, where he is engaged as Interim President and Chief Executive Officer. Mr Pismiris completed a Bachelor of Commerce degree at the University of Western Australia, is a member of the Australian Institute of Company Directors and a Fellow of The Governance Institute of Australia. Mr Pismiris has over 30 years' experience in the securities, finance and mining industries and has participated numerous times in the processes by which boards have assessed the acquisition and financing of a diverse range of assets and has participated in and become familiar with the range of evaluation criteria used and the due diligence processes commonly adopted in the commercial assessment of corporate opportunities.

Other current directorships: Agrimin Limited, Aguia Resources Limited, HotCopper Holdings Limited and Pacton Gold Inc.

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

#### **COMPANY SECRETARY**

**Alec Pismiris**, B.Comm, MAICD, FGIA FCIS

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

#### **DIRECTORS' MEETINGS**

The following table sets out the number of meetings of the Company's directors, including directors' resolutions, held during the year ended 30 June 2018 by each director:

	<b>Number Eligible to Attend</b>	<b>Number Attended</b>
Antonio Torresan	3	3
Colin Chenu	3	3
Alec Pismiris	3	3

#### **PRINCIPAL ACTIVITIES**

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



## **PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

### **DIRECTORS' REPORT (CONTINUED)**

#### **OPERATING AND FINANCIAL REVIEW**

The Company made a profit after tax of \$3,221,041 for the year ended 30 June 2018 (2017: \$455,250 loss).

#### **REPUBLIC OF THE PHILIPPINES**

##### **SALE OF SIBUYAN NICKEL PROPERTIES DEVELOPMENT CORPORATION**

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

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

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

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

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

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

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

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

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



## **PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

### **DIRECTORS' REPORT (CONTINUED)**

#### **OPERATING AND FINANCIAL REVIEW (CONTINUED)**

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

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

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

Throughout the financial year, Dynamo continued its legal review of the Share Sale and Assignment of Debt Agreement ("SSADA"). Pelican and Dynamo also sought advice on the regulatory requirements to achieve completion, including submission of the signed SSADA with the Philippines Bureau of Internal Revenue ("BIR") for review and assessment of taxation obligations arising from the sale of SNPDC. Once an assessment of tax has been issued and the BIR is satisfied the taxation obligations pursuant to the sale of SNPDC are settled, the BIR will issue a Certificate Authorizing Registration and Tax Clearance. These documents issued by the BIR are required to transfer ownership of SNPDC to Dynamo.

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

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

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

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

Interest: MPSA 3042009-IVB

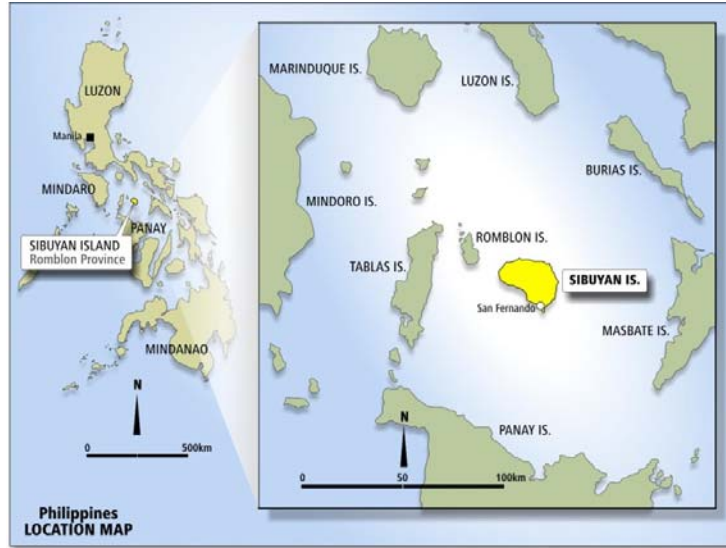
The Romblon Project, on Sibuyan Island in the Romblon Province in the Philippines, is being evaluated as a source of direct shipping lateritic nickel ore (DSO). The nickel resource explored by two Japanese nickel companies in 1972 is covered by a Mineral Production Sharing Agreement (MPSA). The project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



## PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

### **DIRECTORS' REPORT (CONTINUED)**

#### **OPERATING AND FINANCIAL REVIEW (CONTINUED)**



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

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

#### **WESTERN AUSTRALIA**

##### **KIMBERLEYS**

##### **COCKATOO ISLAND PROJECT (M04/235)**

The Company entered into a conditional legally binding term sheet and formal agreement (“Agreement”) with Cockatoo Iron NL (“Cockatoo Iron”) and its wholly owned subsidiary Pearl Gull Pty Ltd (“Pearl Gull”), to sell its interests in the Cockatoo Island Project on 13 September 2017. The Agreement encompassed mining lease 04/235-I, miscellaneous licence applications 04/102 and 04/103 and certain contractual rights to use the Ship Loader and Jetty located within the mining lease (“Cockatoo Island Assets”).



## **PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

### **DIRECTORS' REPORT (CONTINUED)**

#### **OPERATING AND FINANCIAL REVIEW (CONTINUED)**

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

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

Pelican and Cockatoo Iron have also executed a Revenue Sharing Agreement (“RSA”), whereby Pelican will be entitled to receive up to a maximum of \$500,000 per annum of gross revenue received by Cockatoo Iron and Pearl Gull from certain non-mining activities that may be conducted by third parties within the tenements. Cockatoo Iron will have the right of pre-emption in respect of a sale by Pelican of its rights under the RSA.

On 1 May 2018, the Company completed the sale of its interests in the Cockatoo Island Project.

Following completion of the sale of its interests in the Cockatoo Island Project, ASX advised Pelican, the sale constituted the disposal of the Company’s main undertaking, in accordance with Guidance Note 12. The Company lodged a submission with ASX, arguing unsuccessfully the Cockatoo Island Project was not the Company’s main undertaking. As a consequence of this ASX has afforded the Company six months from 30 April 2018 to demonstrate the Company is in compliance with listing rule 12.1. If the Company does not demonstrate compliance with listing rule 12.1 to the ASX’s satisfaction by the close of business on 30 October 2018, ASX may suspend the Company’s securities from official quotation.

#### **APPLICATIONS/RELINQUISHMENTS**

Pelican transferred its interest in M04/235-I, L04/102 and L04/103 to Pearl Gull Pty Ltd in accordance with the completion of the sale of Pelican’s interest in the Cockatoo Island Project.





## **PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

### **DIRECTORS' REPORT (CONTINUED)**

#### **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

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

On 1 May 2018, the Company completed the sale of its interests in the Cockatoo Island Project for \$3.75 million represented as \$2.25 million cash and 5,000,000 fully paid ordinary shares at a deemed issue price of \$0.30 per share in Cockatoo Iron NL. The parties have also executed a revenue sharing agreement whereby the Company will be entitled to receive up to a maximum of \$500,000 per annum from certain non-mining activities that may be conducted by third parties within the mining lease.

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

#### **DIVIDENDS**

No dividends were paid or recommended for the year ended 30 June 2018.

#### **EVENTS SUBSEQUENT TO REPORTING DATE**

No matters or circumstances have arisen subsequent to the balance date which would significantly affect the operations of the Company, its operating results or its state of affair in the subsequent financial years.

#### **SHARE OPTIONS**

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

<b>Security Description</b>	<b>Number of Securities</b>
Fully paid shares	361,923,540
Options exercisable at \$0.01 expiring 30 June 2019	50,000,000
Options exercisable at \$0.02 expiring 31 December 2019	35,000,000

#### **Unissued shares**

As at the date of this report, there were 85,000,000 unissued ordinary shares under options (30 June 2017: 85,000,000).

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

#### **Shares issued as a result of the exercise of options**

During the financial year there were no ordinary shares issued as a result of the exercise of options (2017: Nil).

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



## **PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

### **DIRECTORS' REPORT (CONTINUED)**

#### **LIKELY DEVELOPMENTS AND EXPECTED RESULTS**

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

#### **ENVIRONMENTAL REGULATION**

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

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

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

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

#### **CORPORATE GOVERNANCE**

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

#### **INDEMNIFICATION AND INSURANCE OF DIRECTORS**

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

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



## **PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

### **DIRECTORS' REPORT (CONTINUED)**

#### **Insurance of Officers**

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

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

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

#### **AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 58.

#### **NON-AUDIT SERVICES**

HLB Mann Judd has not provided any non-audit services to the entity as shown at Note 16.



## PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

### **DIRECTORS' REPORT (CONTINUED)**

#### **REMUNERATION REPORT (AUDITED)**

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

#### **Remuneration policy**

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

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

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

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

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

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

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

The Company has entered into an executive service agreement with executive director, Mr Antonio Torresan. The terms of the service agreement are set out as follows:

- Commencement date: 24 March 2015
- Term: one year with a one year extension at the sole discretion of the Board
- Fixed remuneration: \$120,000 per annum
- Termination for cause: no notice period
- Termination without cause: three month notice period

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

- Commencement date: 24 March 2015
- Term: no fixed
- Fixed remuneration: \$36,000 per annum
- Termination for cause: no notice period
- Termination without cause: no notice period



## PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

### **DIRECTORS' REPORT (CONTINUED)**

#### **REMUNERATION REPORT (AUDITED) (CONTINUED)**

##### **Remuneration policy (continued)**

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

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

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

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

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

##### **Performance-based remuneration**

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

During the current financial year, in recognition of the value generated by the successful negotiation and completion of the sale of the Company's interests in the Cockatoo Island Project, the board of Pelican approved payment of a short-term incentive comprised of a cash bonus of \$105,000 paid to directors of the Company.

The Company received 100% "yes" votes on its remuneration report for the 30 June 2017 financial year.



## PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

### DIRECTORS' REPORT (CONTINUED)

#### REMUNERATION REPORT (AUDITED) (CONTINUED)

##### Key management personnel compensation

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

	Primary Benefits			Post Employment		Share Based	Other	TOTAL	Perform
	Salary & Fees	Cash Bonus	Non-Monetary	Super-annuation	Retirement Benefits	Payments Shares/Opti ons	Benefits	\$	ance Based %
	\$	\$	\$	\$	\$	\$	\$	\$	%
<b>Directors</b>									
A Torresan - Executive Director									
2018	120,000	50,000	-	-	-	-	-	170,000	29
2017	120,000	-	-	-	-	-	-	120,000	-
C Chenu - Non-Executive Director									
2018	36,000	5,000	-	-	-	-	-	41,000	12
2017	36,000	-	-	-	-	-	-	36,000	-
A Pismiris - Non-Executive Director									
2018	72,000 <sup>1</sup>	50,000	-	-	-	-	-	122,000	41
2017	72,000 <sup>1</sup>	-	-	-	-	-	-	72,000	-
<b>Total Remuneration:</b>									
2018	228,000	105,000	-	-	-	-	-	333,000	32
2017	228,000	-	-	-	-	-	-	228,000	-

Notes:

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

Other related party transactions of key management personnel are disclosed in Note 15.

##### Remuneration Options

During the year ended 30 June 2018, no options were issued as part of director remuneration (30 June 2017: Nil).

During the year ended 30 June 2018, no remuneration options were forfeited, expired or exercised by the directors.



**PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

**DIRECTORS' REPORT (CONTINUED)**

**REMUNERATION REPORT (AUDITED) (CONTINUED)**

**Shareholdings by Directors**

<b>2018</b>	<b>Balance 01/07/17 (No. of Shares)</b>	<b>Received Remuneration (No. of Shares)</b>	<b>No. of Options Exercised</b>	<b>Net Other Change (No. of Shares)</b>	<b>Balance 30/06/18 (No. of Shares)</b>
A Torresan	59,193,981	-	-	-	59,193,981
C Chenu	-	-	-	-	-
A Pismiris	12,000,000	-	-	-	12,000,000
<b>Total</b>	<b>71,193,981</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>71,193,981</b>

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

**Options Holdings by Directors**

<b>2018</b>	<b>Balance 01/07/17 (No. Options)</b>	<b>Granted as Remuneration (No. Options)</b>	<b>No. of Options Acquired</b>	<b>No. of Options Exercised</b>	<b>Net Change Other (No. Options)</b>	<b>Balance 30/06/18 (No. Options)</b>
A Torresan	28,735,896	-	-	-	-	28,735,896
C Chenu	2,000,000	-	-	-	-	2,000,000
A Pismiris	13,500,000	-	-	-	-	13,500,000
<b>Total</b>	<b>44,235,896</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44,235,896</b>

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

(1) Expired on 30/06/17

End of remuneration report (audited).



**PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

**DIRECTORS' REPORT (CONTINUED)**

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

Dated at Perth this 28<sup>th</sup> day of September, 2018

---

**Alec Pismiris**  
**Director**





**PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2018**

		<b>Consolidated</b>	
		<b>2018</b>	<b>2017</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
Other income	2	3,881,655	21,106
Corporate	3	(566,486)	(428,675)
Exploration expenditure written-off		(1,680)	(14,732)
Share-based payments	24	(6,541)	(31,394)
Other expenses		(384)	(1,555)
<b>Profit/(Loss) before income tax</b>		<b>3,306,564</b>	<b>(455,250)</b>
Income tax	4	(85,523)	-
<b>Profit/(Loss) for the year</b>		<b>3,221,041</b>	<b>(455,250)</b>
<b>Other comprehensive income/(loss)</b>			
Item that may be classified to profit or loss:			
Currency translation differences		(6,772)	(59,233)
<b>Other comprehensive income/(loss) for the year</b>		<b>(6,772)</b>	<b>(59,233)</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>3,214,269</b>	<b>(514,483)</b>
<b>Profit/(Loss) attributable to:</b>			
Members of the parent entity		3,225,509	(448,586)
Non-controlling interest		(4,468)	(6,664)
		<b>3,221,041</b>	<b>(455,250)</b>
<b>Total comprehensive profit/(loss) attributable to:</b>			
Members of the parent entity		3,214,056	(493,523)
Non-controlling interest		213	(20,960)
		<b>3,214,269</b>	<b>(514,483)</b>
Basic earnings/(loss) per share (cents per share)	18	0.89	(0.12)
Diluted earnings/(loss) per share (cents per share)	18	0.83	(0.12)

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



**PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2018**

		<b>Consolidated</b>	
		<b>2018</b>	<b>2017</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>Current Assets</b>			
Cash and cash equivalents	5	2,127,459	445,755
Restricted cash	11	940,000	940,000
Security deposits		114,000	114,000
Trade and other receivables	6	18,794	20,916
Other current assets	7	21,941	20,256
Assets held for sale	26	2,175,081	2,202,654
<b>Total Current Assets</b>		<b>5,397,275</b>	<b>3,743,581</b>
<b>Non-Current Assets</b>			
Other financial assets	8	1,500,000	-
Mineral exploration and evaluation expenditure	9	-	-
<b>Total Non-Current Assets</b>		<b>1,500,000</b>	<b>-</b>
<b>Total Assets</b>		<b>6,897,275</b>	<b>3,743,581</b>
<b>Current Liabilities</b>			
Trade and other payables	10	87,217	219,130
Deferred revenue	11	1,410,000	1,410,000
Liabilities associated with assets held for sale	26	1,098,737	1,119,463
Tax payable	4	85,523	-
<b>Total Current Liabilities</b>		<b>2,681,477</b>	<b>2,748,593</b>
<b>Total Liabilities</b>		<b>2,681,477</b>	<b>2,748,593</b>
<b>Net Assets</b>		<b>4,215,797</b>	<b>994,988</b>
<b>Equity</b>			
Issued capital	12	13,630,120	13,630,120
Reserves	13	2,003,125	2,008,037
Accumulated losses		(10,580,155)	(13,805,664)
Total parent entity interest		5,138,613	1,832,493
Non-controlling interest		(837,292)	(837,505)
<b>Total Equity</b>		<b>4,215,797</b>	<b>994,988</b>

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



**PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2018**

	<b>Issued Capital</b>	<b>Options Reserve</b>	<b>Foreign Currency Translation Reserve</b>	<b>Accumulated Losses</b>	<b>Non- Controlling Interest</b>	<b>Total Equity</b>
<b>Consolidated</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 01/07/2016</b>	13,630,120	1,899,148	122,432	(13,357,078)	(816,545)	1,478,077
<b>Total comprehensive income for the year</b>						
Loss for the year	-	-	-	(448,586)	(6,664)	(455,250)
<i>Other comprehensive income</i>						
Foreign currency translation differences	-	-	(44,937)	-	(14,296)	(59,233)
Total comprehensive income / (loss) for the year	-	-	(44,937)	(448,586)	(20,960)	(514,483)
<b>Transactions with owners recorded directly into equity</b>						
Share-based payments	-	31,394	-	-	-	31,394
<b>Balance at 30/06/2017</b>	13,630,120	1,930,542	77,495	(13,805,664)	(837,505)	994,988
<b>Balance at 01/07/2017</b>	13,630,120	1,930,542	77,495	(13,805,664)	(837,505)	994,988
<b>Total comprehensive income for the year</b>						
Profit/(Loss) for the year	-	-	-	3,225,509	(4,468)	3,221,041
<i>Other comprehensive income</i>						
Foreign currency translation differences	-	-	(11,453)	-	4,681	(6,772)
Total comprehensive income / (loss) for the year	-	-	(11,453)	3,225,509	213	3,214,269
<b>Transactions with owners recorded directly into equity</b>						
Share-based payments	-	6,541	-	-	-	6,541
<b>Balance at 30/06/2018</b>	13,630,120	1,937,083	66,042	(10,580,155)	(837,292)	4,215,798

The above consolidated 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 2018**

		<b>Consolidated</b>	
		<b>2018</b>	<b>2017</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>Cash Flows from Operating Activities</b>			
Payments to suppliers and employees		(585,591)	(488,062)
Interest received		18,975	20,965
Royalties received		-	-
<b>Net Cash Used in Operating Activities</b>	14(b)	<b>(566,616)</b>	<b>(467,097)</b>
<b>Cash Flows from Investing Activities</b>			
Payments for exploration expenditure		(1,680)	(14,732)
Proceeds from sale of project		2,250,000	-
Release of security deposit		-	17,000
<b>Net Cash Provided by Investing Activities</b>		<b>2,248,320</b>	<b>2,268</b>
Net increase / (decrease) in cash and cash equivalents held		1,681,704	(464,829)
Cash and cash equivalents at the beginning of the financial year		445,755	910,584
Cash and cash equivalents at the end of the financial year	14(a)	<u>2,127,459</u>	<u>445,755</u>

The above consolidated 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 2018

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Pelican Resources Limited is a company domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2018 comprise the Company and its subsidiaries (referred to as the Group or Consolidated Entity).

The significant policies, which have been adopted in the preparation of this financial report, have been applied consistently unless otherwise stated and are as follows:

##### **(a) Basis of Preparation**

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

The financial report was authorised for issue by the Board on 28 September 2018.

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

For the purpose of preparing the consolidated financial statements, the Company is a for-profit entity.

##### **(b) Statement of Compliance**

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

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

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current year. The adoption of all the new and revised Standards and Interpretations has not resulted in any material changes to the Group's accounting policies in order to comply with these amendments. The changes in accounting policies have no effect on the amounts reported for the current or prior years.



## PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

##### **(d) Principles of Consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent, Pelican Resources Limited and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 17.

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

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

##### **(e) Income Tax**

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

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

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

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

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



## PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

##### **(f) Exploration and Evaluation Expenditure**

Exploration and evaluation 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.

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.

##### **(g) Share Based Payments**

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

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

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

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



## PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

##### (h) Financial Instruments

###### Recognition

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

###### Controlled Entities

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

###### Interests in Joint Arrangements

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

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

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

###### Impairment

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

##### (i) Impairment of Assets

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

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





## PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

##### (j) Fair Value of Assets and Liabilities (*continued*)

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

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

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

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

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

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

#### **Valuation Techniques**

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

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



## PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

##### (j) Fair Value of Assets and Liabilities (*continued*)

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

##### **Fair Value Hierarchy**

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

###### *Level 1*

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

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

###### *Level 2*

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

###### *Level 3*

Measurements based on unobservable inputs for the asset or liability.

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



## PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

##### **(j) Fair Value of Assets and Liabilities (*continued*)**

**Fair Value Hierarchy (*continued*)** The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

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

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

##### **(k) Investments in Associates**

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

##### **(l) Foreign Currency Transactions and Balances**

###### **Functional and presentation currency**

The functional currency of each of the Consolidated Entity's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency. All figures presented in the financial report have been rounded to the nearest dollar.

###### **Transaction and balances**

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

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

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



## PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

##### **(l) Foreign Currency Transactions and Balances (*continued*)** Controlled entities

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

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

Exchange differences arising on translation of foreign operations are transferred directly to the Consolidated Entity's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed. The functional currency of the subsidiaries incorporated in the Philippines (refer Note 17) is the Philippine PESO.

##### **(m) Cash and Cash Equivalents**

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

##### **(n) Revenue**

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

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

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

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

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

##### **(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 statement of financial position are shown inclusive of GST.

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



## PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

##### **(p) Earnings/(Loss) per share**

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

Basic earnings/(loss) 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/(Loss) per share*

Diluted earnings/(loss) per share adjusts the amounts used in the determination of basic earnings/(loss) 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) Issued Capital**

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

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

##### **(r) Adoption of new and revised standards**

###### *Standards and Interpretations issued not yet adopted*

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the year ended 30 June 2018. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to Group accounting policies.

##### **(s) Critical Accounting Estimates and Judgments**

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

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

Note 4 - Income Tax

Note 6 - Trade and Other Receivables

Note 9 - Mineral Exploration and Evaluation Expenditure

Note 21 - Risk Management Objectives and Policies

Note 24 - Share Based Payments



**PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 2: OTHER INCOME**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Interest earned	18,975	20,965
Gain on sale of exploration project	3,862,680	-
Other	-	141
<b>Total</b>	<b>3,881,655</b>	<b>21,106</b>

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

**Significant Items**

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

*Included in corporate expenses*

Accounting and administration fees	90,888	86,122
Consulting	321,541	42,244

**NOTE 4: INCOME TAX**

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

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Profit/(Loss) before income tax	3,306,564	(455,250)
Income tax calculated at 27.5% (2017: 27.5%)	909,305	(125,194)
Add back:		
Provisions	413	(825)
Capitalised exploration written off	462	4,051
Capital raising costs	(4,763)	(18,254)
Share based payment	(1,799)	(8,633)
Foreign losses movement	247,955	2,863
Future income tax (charge)/benefits not brought to account	(1,066,049)	145,992
<b>Income tax expense</b>	<b>85,523</b>	<b>-</b>
Deferred tax assets:		
Capital raising costs	239	239
Provisions	4,538	258,180
Carried forward tax losses (including foreign tax losses)	1,365,369	2,431,418
	<b>1,370,146</b>	<b>2,689,837</b>
Deferred tax liabilities:		
Capitalised exploration costs	(596,156)	(565,247)
	<b>(596,156)</b>	<b>(565,247)</b>



**PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 4: INCOME TAX (continued)**

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

**NOTE 5: CASH AND CASH EQUIVALENTS**

Cash at bank	2,127,459	445,755
	<u>2,127,459</u>	<u>445,755</u>

**NOTE 6: TRADE AND OTHER RECEIVABLES**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Accrued royalties	-	923,838
Doubtful debt provision	-	(923,838)
Goods and services tax	18,794	20,916
	<u>18,794</u>	<u>20,916</u>

**NOTE 7: OTHER CURRENT ASSETS**

Prepayments	21,941	20,256
	<u>21,941</u>	<u>20,256</u>

**NOTE 8: OTHER FINANCIAL ASSETS**

**Non Current**

Unlisted investments at fair value:

Shares in other entities <sup>(i)</sup> (available for sale)	1,500,000	-
	<u>1,500,000</u>	<u>-</u>

(i) As at 30 June 2018, the Company held 5,000,000 shares in Cockatoo Iron NL as a result of the sale of the Cockatoo Island Project.



**PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 9: MINERAL EXPLORATION AND EVALUATION EXPENDITURE</b>		
Balance at beginning of year	-	-
Exploration and mining expenditure incurred during the year	1,680	14,732
Expenditure written off	(1,680)	(14,732)
Balance at end of year	-	-
Exploration expenditure carried forward in respect of areas of interest in the exploration and evaluation phase	-	-

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

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

The carrying value of the exploration expenditure as at 30 June 2018 is disclosed at note 26 and relates to the Romblon Project which is subject to a cease and desist order. The Company has entered into a Memorandum of Understanding for the sale of the Romblon project for \$4.7 million which exceeds the carrying value at 30 June 2018. (refer to the Directors' Report - Review of Operations for further details).

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 10: TRADE AND OTHER PAYABLES</b>		
Trade payables and accrued expenses	85,938	86,330
Goods and services tax	-	131,521
Advances/loans – other parties	1,279	1,279
	87,217	219,130

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 11: DEFERRED REVENUE</b>		
Deposit on sale of subsidiary	1,410,000	1,410,000

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





**PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 12: ISSUED CAPITAL</b>		
<b>(a) Issued Capital</b>		
361,923,540 Ordinary shares fully paid (2017: 361,923,540)	13,630,120	13,630,120

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

<b>Date</b>	<b>Details</b>	<b>No. of Shares</b>	<b>Issue Price</b>	<b>\$</b>
01/07/2016	Opening balance	361,923,540		13,630,120
30/06/2017	Closing balance	361,923,540		13,630,120
01/07/2017	Opening balance	361,923,540		13,630,120
30/06/2018	Closing balance	361,923,540		13,630,120

**(c) Capital Risk Management**

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

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

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

No dividends were paid in 2017 and no dividends will be paid in 2018.

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

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



**PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 13: RESERVES**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	\$	\$
<b>(a) Composition</b>		
Share based payments reserve	1,937,083	1,930,542
Foreign currency translation reserve	66,042	77,495
	<hr/>	<hr/>
	2,003,125	2,008,037
	<hr/>	<hr/>

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

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

<b>Date</b>	<b>Details</b>	<b>No. of Unlisted Options</b>	<b>Fair Value of Options and Performance Rights Issued</b>
01/07/2017	Opening balance	85,000,000	\$1,899,148
30/06/2018	Closing balance	<hr/>	\$1,899,148

**(c) Nature and Purpose of Reserves**

*Share based payment reserve*

The share based payments reserve is the value of equity benefits provided to directors, employees and consultants by the Company as part of their remuneration.

*Foreign currency translation reserve*

The foreign currency translation reserve represents the foreign exchange gain/loss on the translation of the subsidiaries from their functional current to the presentation currency.



**PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

<b>NOTE 14: NOTES TO THE STATEMENT OF CASH FLOWS</b>	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>a) Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows:</b>		
Cash and cash equivalents (Note 5)	2,127,459	445,755
<b>b) Reconciliation of net cash and cash equivalents used in operating activities To profit/(loss) for the year:</b>		
Profit/(Loss) for the year	3,221,041	(455,250)
Exploration and evaluation expenditure written off / impaired	1,680	14,732
Gain on sale of exploration project	(3,862,680)	-
Share based payment expense	6,541	31,394
Movements in assets and liabilities:		
(Increase)/Decrease in trade and other receivables	2,123	(201)
(Increase)/Decrease in other assets	(1,685)	(20,256)
Increase/(Decrease) in trade and other payables	66,364	(37,516)
Net cash used in operating activities	<u>(566,616)</u>	<u>(467,097)</u>

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

**2018**

Other than share-based payment transactions disclosed in note 24, there were no non-cash investing and financing activities during the year ended 30 June 2018.

**2017**

Other than share-based payment transactions disclosed in note 24, there were no non-cash investing and financing activities during the year ended 30 June 2017.



**PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 15: KEY MANAGEMENT PERSONNEL**

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

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

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Compensation by category:		
Short-term	333,000	228,000
Post employment	-	-
Termination benefit	-	-
Share based payment	-	-
	<hr/>	<hr/>
	333,000	228,000
	<hr/>	<hr/>

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

Colin Chenu was a Principal of Lawfirst Pty Ltd (t/a Bennett + Co law firm) which provided legal services to the Group.

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

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Legal services	53,809	46,986

Amounts payable or receivable to directors and their director related party entities at balance date arising from these transactions was \$810 (2017: \$30,954).

**NOTE 16: REMUNERATION OF AUDITORS**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Audit services – HLB Mann Judd	25,200	24,250
– Overseas auditors	500	541
	<hr/>	<hr/>
	25,700	24,791
	<hr/>	<hr/>



**PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 17: INTEREST IN SUBSIDIARIES**

**(a) Information about Principal Subsidiaries**

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

	Country of Incorporation	Equity Interest	
		2018 %	2017 %
Sunrise Exploration Pty Ltd	AUS	100	100
Sunshine Gold Pty Ltd	AUS	100	100
Pelican Pacific Pty Ltd	AUS	-*	100
Sunpacific Resources Philippines, Inc.	PHP	100	100
Sunrom Philippines Holdings Corp'n.	PHP	100	100
Sibuyan Nickel Properties Dev. Corp'n.	PHP	75	75

\*On 3 December 2017, Pelican Pacific Pty Ltd was deregistered.



**PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 17: INTEREST IN SUBSIDIARIES (continued)**

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

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

	<b>Sibuyan Nickel Properties Development Corporation</b>	
	<b>As at 30 June 2018 \$</b>	<b>As at 30 June 2017 \$</b>
<b><i>Summarised Financial Position</i></b>		
Current Assets	6,851	6,407
Non-Current Assets	1,391,411	1,419,309
Current Liabilities	(1,097,613)	(581)
Non-Current Liabilities	(3,586,234)	(4,711,573)
Net Liabilities	(3,285,585)	(3,286,438)
Carrying amount of non-controlling interest	(837,292)	(837,505)
	<b>Sibuyan Nickel Properties Development Corporation</b>	
	<b>Year Ended 30 June 2018 \$</b>	<b>Year Ended 30 June 2017 \$</b>
<b><i>Summarised Financial Performance</i></b>		
Revenue	14	154
Loss before income tax	(17,872)	(24,608)
Income tax	-	-
Post-tax loss	(17,872)	(24,608)
Other Comprehensive Income	-	-
Total Comprehensive Loss	(17,872)	(24,608)
The information above is the amount before intercompany eliminations.		
Loss attributable to non-controlling interests	(4,468)	(6,664)
Distributions paid to non-controlling interest	-	-
	<b>Sibuyan Nickel Properties Development Corporation</b>	
	<b>Year Ended 30 June 2018 \$</b>	<b>Year Ended 30 June 2017 \$</b>
<b><i>Summarised Cash Flow Information</i></b>		
Net cash flows (used in) operating activities	(17,872)	(24,600)
Net cash flows from financing activities	-	-



**PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 18: EARNINGS/(LOSS) PER SHARE**

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

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Profit/(Loss) before income tax – Group	3,221,041	(455,250)
Adjustments:		
Profit/(Loss) attributable to non-controlling interest	4,468	6,664
Profit/(Loss) used in calculating basic and diluted earnings/(loss) per share	3,225,509	(448,586)
	<b>2018</b>	<b>2017</b>
	<b>Number of</b>	<b>Number of</b>
	<b>Shares</b>	<b>Shares</b>
Weighted average number of ordinary shares used in calculating:		
Basic earnings/(loss) per share	361,923,540	361,923,540
Diluted earnings/(loss) per share	386,923,540	361,923,540

**NOTE 19: COMMITMENTS FOR EXPENDITURE**

The Consolidated Entity has no commitments for expenditure (2017: \$nil).



**PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 20: SEGMENT INFORMATION**

**Business Segments**

The directors have considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded that at this time there are no separate identifiable business segments.

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

	Australia		Philippines		Eliminations		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017
Geographical Segments	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>								
Other revenues from customers outside the Consolidated Entity	3,881,641	20,952	14	154	-	-	3,881,655	21,106
Total segment revenue	3,881,641	20,952	14	154	-	-	3,881,655	21,106
<b>Results</b>								
Segment result	4,487,513	(447,875)	(13,779)	(21,099)	(1,252,693)	13,724	3,221,041	(455,250)
<b>Assets</b>								
Segment assets	5,672,195	2,491,928	2,175,081	2,202,654	(950,001)	(951,001)	6,897,275	3,743,581
<b>Liabilities</b>								
Segment liabilities	2,844,240	3,060,810	7,169,710	8,469,495	(7,503,519)	(8,781,711)	2,510,431	2,748,593





**PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 21: RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

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

The main risks arising from the Consolidated Entity's financial instruments is cash flow interest rate risk, credit risk, foreign exchange risk and market price risk. Other minor risks are either summarised below or disclosed at Note 12 in the case of capital risk management. The Board reviews and agrees policies for managing each of these risks.

**Cash Flow Interest Rate Risk**

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

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

The following tables set out the carrying amount by maturity of the Consolidated Entity's exposure to interest rate risk and the effective weighted average interest rate for each class of these financial instruments. There were no fixed interest rate financial assets or liabilities held by the Consolidated Entity (2017: nil).

	Non Interest Bearing \$		Weighted Average Effective Interest Rate %		Floating Interest Rate \$		Total \$	
	2018	2017	2018	2017	2018	2017	2018	2017
Financial Assets								
- Cash and cash equivalents	2,127,459	445,755	-	-	-	-	2,127,459	445,755
- Deposits held	-	-	1.75	1.75	1,054,000	1,054,000	1,054,000	1,054,000
- GST receivable	18,794	20,916	-	-	-	-	18,794	20,916
- Unlisted investments	1,500,000	-	-	-	-	-	1,500,000	-
Total Financial Assets	<u>3,646,253</u>	<u>466,671</u>			<u>1,054,000</u>	<u>1,054,000</u>	<u>4,700,253</u>	<u>1,520,671</u>
Financial Liabilities								
- Trade creditors	87,217	86,597	-	-	-	-	87,217	86,597
- GST payable	-	131,521	-	-	-	-	-	131,521
- Loan – other parties	1,098,737	1,119,039	-	-	-	-	1,098,737	1,119,039
Total Financial Liabilities	<u>1,185,954</u>	<u>1,337,157</u>			<u>-</u>	<u>-</u>	<u>1,185,954</u>	<u>1,337,157</u>
Net Financial Assets / (Liabilities)	<u>2,460,299</u>	<u>(870,486)</u>			<u>1,054,000</u>	<u>1,054,000</u>	<u>3,514,299</u>	<u>183,514</u>



## PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

#### NOTE 21: RISK MANAGEMENT OBJECTIVES AND POLICIES (*continued*)

##### Interest Rate Sensitivity

At 30 June 2018, if interest rates had changed by 10% during the entire year with all other variables held constant, profit/(loss) for the year and equity would have been \$1,898 lower/higher, mainly as a result of lower/higher interest income from cash and cash equivalents.

A sensitivity of 10% has been selected as this is considered reasonable given the current level of both short term and long term Australian dollar interest rates. A 10% increase sensitivity would move short term interest rates at 30 June 2018 from around 1.75% to 1.93% (10% decrease: 1.6%) representing an 18 basis points shift. This would represent one increase which is reasonably possible in the current environment with the bias coming from the Reserve Bank of Australia and confirmed by market expectations that interest rates in Australia are more likely to move up than down in the coming period.

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

##### Credit Risk

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

As at 30 June 2018, the Consolidated Entity had a balance of \$Nil (2017: \$923,838) owing from Pluton Resources Limited.

##### Liquidity Risk

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

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Contracted maturities of liabilities at 30 June		
Payables		
- less than 30 days	87,217	86,597
- less than 12 months	-	131,521
Loans other parties		
- less than 12 months	7,308	7,429
- greater than 12 months	1,091,014	1,112,889
	<u>1,185,539</u>	<u>1,338,436</u>

The amount of \$1,091,014 are liabilities associated with assets held for sale which have been disclosed under current liabilities as the disposal of Sibuyan Nickel Properties Development Corporation is expected within 12 months (note 26).



## PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

#### NOTE 21: RISK MANAGEMENT OBJECTIVES AND POLICIES (*continued*)

##### Foreign Exchange Risk

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

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

##### Market Price Risk

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

The Consolidated Entity is exposed to market price risk arising from investments in other companies carried at fair value. At 30 June 2018, if the fair value of investments in other companies had changed by 10% during the entire year with all other variables held constant, profit/(loss) for the year and equity would have been \$150,000 lower/higher. The Company holds shares in Cockatoo Iron NL which is held at fair value and has provided in full for the investment in Pluton Resources Limited.

##### Net Fair Values

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

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

##### Financial Instruments

The following table presents the Company's assets and liabilities measured and recognised at fair value:

<b>30 June 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Assets				
Available for Sale Financial Assets	-	-	1,500,000	1,500,000
	-	-	<b>1,500,000</b>	<b>1,500,000</b>
<b>30 June 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Assets				
Available for Sale Financial Assets	-	-	-	-
	-	-	-	-



**PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 21: RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)***

**Financial Instruments *(continued)***

*Valuation techniques*

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

*Fair Value Hierarchy*

*Level 3*

*Available-for-sale investments*

Fair value has been determined by reference to the cost of the asset.

**NOTE 22: EVENTS SUBSEQUENT TO REPORTING PERIOD**

No matters or circumstances have arisen subsequent to the balance date which would significantly affect the operations of the Company, its operating results or its state of affair in the subsequent financial years.

**NOTE 23: CONTINGENT LIABILITIES**

As part of its acquisition of Nugold Hill Mines in 2002, the Company has an obligation to rehabilitate the Xanadu tenements area. The Company has a security bond in place with the Department of Mines, Industry, Regulation and Safety which is expected to cover the majority of the cost. The Department of Mines, Industry, Regulation and Safety has not currently insisted on rehabilitating the site as there is the potential for future operations.

Other than as stated above, Pelican Resources Limited has no known material contingent liabilities at the end of the financial year.



**PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 24: SHARE BASED PAYMENTS**

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

	<b>Weighted average exercise price 2018</b>	<b>Number of Options 2018</b>	<b>Weighted average exercise price 2017</b>	<b>Number of Options 2017</b>
Outstanding at 1 July	\$0.02	85,000,000	\$0.02	144,725,571
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	\$0.02	(59,725,571)
Granted during the year	-	-	-	-
Issued during the year	-	-	-	-
Outstanding at 30 June	\$0.02	85,000,000	\$0.02	85,000,000
Exercisable at 30 June	\$0.02	85,000,000	\$0.02	85,000,000

The options outstanding at 30 June 2018 have an exercise price of \$0.02 and a weighted average remaining contractual life of 1.5 years (2017: 2.5 years).

The following table lists the inputs to the models used for the valuation of the options issued in 2016:

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



**PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 25: PARENT ENTITY DISCLOSURES**

**(a) Financial Position**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Current Assets	3,222,194	1,540,237
Total Assets	5,672,195	2,491,238
Current Liabilities	1,112,585	1,157,694
Total Liabilities	1,112,585	1,157,694
<b>Equity</b>		
Issued capital	13,630,120	13,630,120
Reserves	1,937,083	1,930,542
Accumulated losses	(11,007,593)	(14,227,117)
<b>Total Equity</b>	<u>4,559,609</u>	<u>1,333,545</u>

**(b) Financial Performance**

Profit/(Loss) for the year	3,219,524	(447,487)
Other comprehensive income	-	-
<b>Total Comprehensive Loss</b>	<u>3,219,524</u>	<u>(447,487)</u>

**(c) Guarantees**

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

**(d) Contingent liabilities**

As part of its acquisition of Nugold Hill Mines in 2002, the Company has an obligation to rehabilitate the Xanadu tenements area. The Company has a security bond in place with the Department of Mines, Industry, Regulation and Safety which is expected to cover the majority of the cost. The Department of Mines, Industry, Regulation and Safety has not currently insisted on rehabilitating the site as there is the potential for future operations.

Other than as stated above, the parent entity has no known material contingent liabilities at the end of the financial year.

**(e) Commitments for expenditure**

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



**PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 26: ASSETS AND LIABILITIES HELD FOR SALE**

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

*Assets and liabilities held for sale*

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

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Cash	2,261	2,470
Trade and other receivables	4,976	4,442
Mineral exploration and evaluation expenditure (note 10)	2,167,844	2,195,742
<b>Assets held for sale</b>	<b>2,175,081</b>	<b>2,202,654</b>
Trade payables	415	424
Other payables	1,098,322	1,119,039
<b>Liabilities associated with assets held for sale</b>	<b>1,098,737</b>	<b>1,119,463</b>

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



**PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

**DIRECTORS' DECLARATION**

1. In the opinion of the Directors:
  - a. the accompanying financial statements, notes and additional disclosures are in accordance with the Corporations Act 2001 including:
    - i. giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the year then ended; and
    - ii. complying with Accounting Standards and Corporations Regulations 2001; and
  - b. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2018.

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

---

**Alec Pismiris**

**Director**

Dated this 28th day of September, 2018



**Independent Auditor's Report**  
to the Members of Pelican Resources Limited

**REPORT ON THE AUDIT OF THE FINANCIAL REPORT**

**Opinion**

We have audited the financial report of Pelican Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

**Basis for Opinion**

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

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

**Key Audit Matters**

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

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

Level 4 130 Stirling Street Perth WA 6000 | PO Box 8124 Perth BC WA 6849 | Telephone +61 (08) 9227 7500 | Fax +61 (08) 9227 7533

Email: [mailbox@hlbwa.com.au](mailto:mailbox@hlbwa.com.au) | Website: [www.hlb.com.au](http://www.hlb.com.au)

Liability limited by a scheme approved under Professional Standards Legislation

---

<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
-------------------------	---

---

**Recoverability of deferred exploration assets**  
 Note 26 of the financial statements

---

As at 30 June 2018, the carrying value of the Group's Exploration Asset Held for Sale was \$2,175,081. The mining rights for the Romblon Project in the Philippines is the subject of the exploration asset that is currently in negotiation for sale.

Prior to the 2018 financial year, the Group entered into a sale agreement with Dynamo Atlantic Limited for the sale of the rights to the Romblon Project.

As at 30 June 2018, the entity was still in negotiations with Dynamo Atlantic Limited in regards to completion of the sale agreement and realising the valuation of the asset.

This is considered a Key Audit Matter due to the impact of the disclosure in the annual financial report and the degree of uncertainty surrounding the completion of the sale.

Our procedures included but were not limited to the following:

- We obtained a copy of the latest amended memorandum of understanding between Pelican Resources Limited and Dynamo Atlantic Limited;
- We reviewed correspondence with Dynamo Atlantic in regard to negotiations on proposed agreement amendments;
- We reviewed correspondence in regard to the continued negotiations of the sale;
- We obtained evidence that the Group has current rights to tenure of its area of interest;
- We enquired with management, reviewed ASX announcements and reviewed minutes of Directors' meetings to ensure that the Group had not resolved to discontinue efforts to sell the tenement; and
- We examined the disclosures made in the financial report.

---

**Taxation**  
 Note 4 of the financial statements

---

As at 30 June 2018, the consolidated entity has recognised an income tax expense of \$85,523.

We considered this to be a key audit matter as it involved the most communication with management and was an area which required significant audit effort.

Our procedures included but were not limited to:

- We considered the tax calculations provided by management and critically assessed them for reasonableness; and
  - We ensured the disclosures within the financial report were appropriate and in line with the requirements of accounting standards.
-

### **Information Other than the Financial Report and Auditor's Report Thereon**

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

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

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

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

### **Responsibilities of the Directors for the Financial Report**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Report**

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of

our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

## **REPORT ON THE REMUNERATION REPORT**

### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Pelican Resources Limited for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

### **Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



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

**Perth, Western Australia**  
**28 September 2018**



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

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Pelican Resources Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.



**Perth, Western Australia**  
**28 September 2018**

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

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

Level 4 130 Stirling Street Perth WA 6000 | PO Box 8124 Perth BC WA 6849 | Telephone +61 (08) 9227 7500 | Fax +61 (08) 9227 7533

Email: [mailbox@hlbwa.com.au](mailto:mailbox@hlbwa.com.au) | Website: [www.hlb.com.au](http://www.hlb.com.au)

Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (WA Partnership) is a member of  International, a world-wide organisation of accounting firms and business advisers



**PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

**ASX ADDITIONAL INFORMATION**

**QUOTED SECURITIES**

**ORDINARY FULLY PAID SHARES**

**(i) DISTRIBUTION OF SHAREHOLDERS AS AT 21 SEPTEMBER 2018:**

<b>SPREAD OF HOLDINGS</b>	<b>NO. OF HOLDERS</b>	<b>NO. OF SHARES</b>	<b>PERCENTAGE OF ISSUED CAPITAL %</b>
1 – 1,000	33	11,524	0.00
1,001 - 5,000	33	80,012	0.02
5,001 - 10,000	23	166,211	0.05
10,001 - 100,000	89	4,278,704	1.18
100,001+	161	357,387,089	98.75
	<b>339</b>	<b>361,923,540</b>	<b>100.00</b>

The number of shareholdings held in less than marketable parcels is 125.

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

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

<b>NAME</b>	<b>NO. OF ORDINARY SHARES HELD</b>	<b>PERCENTAGE OF ISSUED SHARES %</b>
1. Monslit Pty Ltd <Antonio Torresan Super A/C>	59,193,981	16.36
2. Mr Kenneth Gatchalian	25,699,591	7.10
3. Zero Nominees Pty Ltd	19,593,650	5.41
4. Mr Joe Leuzzi & Mrs Sally Leuzzi	16,102,148	4.45
5. DF Lynton-Brown Pty Ltd <DF Lynton-Brown P/L S/F A/C>	13,932,885	3.85
6. Gallant (WA) Pty Ltd <Gallant A/C>	12,094,137	3.34
7. Alitime Nominees Pty Ltd <Honeyham Family A/C>	10,100,000	2.79
8. Topaze Enterprises Pty Ltd	9,484,049	2.62
9. Darlot Investments Pty Ltd <Jones Super Fund A/C>	8,000,000	2.21
10. GAB Superannuation Fund Pty Ltd	7,873,785	2.18
11. Mr Jose Mari Moraza & Mr Antonio Moraza	7,272,445	2.01
12. Topaze Enterprises Pty Ltd <GBM A/C>	6,229,134	1.72
13. Mr GJ Fennell & Mrs CA Fennell <Gemica Super Fund A/C>	6,200,000	1.71
14. ACP Investments Pty Ltd	6,000,000	1.66
15. ACP Investments Pty Ltd <A & L Pismiris S/F A/C>	6,000,000	1.66
16. Citicorp Nominees Pty Limited	5,366,603	1.48
17. Topaze Enterprises Pty Ltd <GBM A/C>	5,313,513	1.47
18. Energy-Saving Technology Pty Ltd <EST Ac>	5,313,513	1.47
19. Rfid Systems Pty Ltd <RFID A/C>	5,313,512	1.47
20. Cityscan Pty Ltd <City A/C>	5,177,757	1.43
	<b>249,334,578</b>	<b>68.89</b>



**PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

**ASX ADDITIONAL INFORMATION (continued)**

**QUOTED SECURITIES (continued)**

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

**(iii) VOTING RIGHTS**

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

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

**(iv) SUBSTANTIAL SHAREHOLDERS**

Name	Ordinary Shares	
	No.	%
Moonslit Pty Ltd <Antonio Torresan Super A/C>	59,193,981	16.36
Mr Kenneth Gatchalian	25,699,591	7.10
Zero Nominees Pty Ltd	19,593,650	5.41
	<u>84,893,572</u>	<u>28.87</u>

**(b)**

**UNQUOTED SECURITIES**

**(a) UNLISTED OPTIONS ON ISSUE**

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

**(b) PERFORMANCE RIGHTS**

The Company has no performance rights on issue.



## PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

### CORPORATE GOVERNANCE STATEMENT

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

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

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

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

This Statement is current as at 28 September 2018 and has been approved by the Board of Directors of Pelican.

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

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





## PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

### CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Recommendation	Requirement	Comply Yes/No
1.5	A listed entity should: <ul style="list-style-type: none"> <li>(a) Have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</li> <li>(b) Disclose the policy or a summary of it; and</li> <li>(c) Disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:               <ul style="list-style-type: none"> <li>1) The respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</li> <li>2) If the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under the Act.</li> </ul> </li> </ul>	Yes
1.6	A listed entity should: <ul style="list-style-type: none"> <li>(a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</li> <li>(b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	Yes
1.7	A listed entity should: <ul style="list-style-type: none"> <li>(a) Have and disclose a process for periodically evaluating the performance of its senior executives; and</li> <li>(b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	Yes

#### *Commentary*

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

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

Non-executive directors have written agreement with the Company setting out the terms of their appointment as directors, the one executive director has an employment contract.

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

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



**PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

**CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

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

<b>Gender</b>	<b>Total</b>	<b>Senior Management</b>	<b>Board</b>
Female	-	-	-
Male	4	1	3
%Female	-	-	-

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

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

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



## PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

### **CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

#### *Commentary*

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

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

The Board consists of Executive Director Mr Antonio Torresan (appointed 24 March 2015), Independent non-executive director Mr Colin Chenu (appointed 29 June 2015) and Non-executive director Mr Alec Pismiris (appointed 24 March 2015). The details of their skills, experience and expertise have been included in the 2018 Directors Report. The number of Board meetings and attendance of the directors are set out in the 2018 Directors Report.

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

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

#### **Principle 3 – Act ethically and responsibly**

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

#### *Commentary*

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



## PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES

### CORPORATE GOVERNANCE STATEMENT (CONTINUED)

#### Principle 4 – Safeguard integrity in corporate reporting

Recommendation	Requirement	Comply Yes/No
4.1	<p>The board of a listed entity should:</p> <p>(a) Have an audit committee which:</p> <ol style="list-style-type: none"> <li>1) Has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</li> <li>2) Is chaired by an independent director, who is not the chair of the board, and disclose;</li> <li>3) The charter of the committee;</li> <li>4) The relevant qualifications and experience of the members of the committee; and</li> <li>5) In relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ol> <p>(b) If it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	Yes
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	Yes
4.3	<p>A listed entity should that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	Yes

#### *Commentary*

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

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

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



**PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

**CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

**Principle 5 – Make timely and balanced disclosure**

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

*Commentary*

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

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

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

*Commentary*

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

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



**PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

**CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

**Principle 7 – Recognise and manage risk**

<b>Recommendation</b>	<b>Requirement</b>	<b>Comply Yes/No</b>
7.1	<p>The board of a listed entity should:</p> <ul style="list-style-type: none"> <li>(a) Have a committee or committees to oversee risk, each of which;               <ul style="list-style-type: none"> <li>1) Has at least three members, a majority of whom are independent directors; and</li> <li>2) Is chaired by an independent director and disclose;</li> <li>3) The charter of the committee</li> <li>4) The members of the committee; and</li> <li>5) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> </ul> <p>If it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity’s risk management framework.</p>	Yes
7.2	<p>The board or a committee of the board should;</p> <ul style="list-style-type: none"> <li>(a) Review the entity’s risk management framework at least annually to satisfy itself that it continues to be sound; and</li> <li>(b) Disclose, in relation to each reporting period, whether such review has taken place.</li> </ul>	Yes
7.3	<p>A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>(a) If it has an internal audit function, how the function is structured and what role it performs; or</li> <li>(b) If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</li> </ul>	Yes
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	Yes

*Commentary*

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

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

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

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

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



**PELICAN RESOURCES LIMITED AND CONTROLLED ENTITIES**

**CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

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

**Principle 8 – Remunerate fairly and responsibly**

<b>Recommendation</b>	<b>Requirement</b>	<b>Comply Yes/No</b>
8.1	The board of a listed entity should: <ul style="list-style-type: none"> <li>(a) Have a remuneration committee which’               <ul style="list-style-type: none"> <li>1) Has at least three members, a majority of whom are independent directors; and</li> <li>2) Is chaired by an independent director, and disclose</li> <li>3) The charter of the committee;</li> <li>4) The members of the committee; and</li> <li>5) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> <li>(b) If it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</li> </ul>	Yes
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes

*Commentary*

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