
PELICAN RESOURCES LIMITED

ACN 063 388 821

NOTICE OF ANNUAL GENERAL MEETING

TIME: 9:30 am (WST)

DATE: 28 November 2018

PLACE: Level 11, BGC Centre
28 The Esplanade
Perth WA 6000

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 402 212532.

CONTENTS

Business of the Meeting (setting out the proposed Resolutions)	4
Explanatory Statement (explaining the proposed Resolutions)	6
Glossary	17
Schedule 1 - Pro-Forma Statement of Financial Position of the Company	19

IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 9:30 am (WST) on 28 November 2018 at Level 11, BGC Centre, 28 The Esplanade, Perth WA 6000.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

The Directors have determined pursuant to Regulation 7.30.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 9:30am (WST) on 26 November 2018.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2018 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

Note: There is no requirement for Shareholders to approve these reports.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **advisory resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2018."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – ANTONIO TORRESAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of clause 13.2 of the Constitution, Listing Rule 14.4 and for all other purposes, Antonio Torresan, retires by rotation and being eligible, offers himself for re-election, be and is hereby re-elected as a director of the Company."

4. RESOLUTION 3 – APPROVAL OF SALE OF INTEREST IN SIBUYAN NICKEL PROPERTIES DEVELOPMENT CORPORATION TO DYNAMO ATLANTIC LIMITED AND DYNAMO ATLANTIC HOLDINGS PHILIPPINES, INC.

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 11.2 and for all other purposes, Shareholders approve the sale of the Company's interest in Sibuyan Nickel Properties Development Corporation to Dynamo Atlantic Limited and Dynamo Atlantic Holdings Philippines, Inc. in accordance with the Share Sale and Assignment of Debt Agreement executed by the parties thereto on or about 16 October 2018 and otherwise on the terms and conditions detailed in the Explanatory Statement.”

Voting Exclusion:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who might obtain a benefit if the resolution is passed (except a benefit solely by reason of being a holder of Shares) or any associates of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated: 23rd day of October 2018
By order of the Board



Alec Pismiris
Director & Company Secretary

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2018, together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.pelicanresources.com.au.

At the Meeting, Shareholders will be offered the opportunity to:

- (a) discuss the annual financial report of the Company;
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the reparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the preparation and content of the auditor's report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

2.4 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy:

- (a) ***You must direct your proxy how to vote*** on this Resolution. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member):

- (b) You **do not** need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, you should note that the Chairman intends to vote all undirected proxies in favour of Resolution 1 despite that Resolution being connected with the remuneration of a member of Key Management Personnel.

If you appoint any other person as your proxy:

- (c) You **do not** need to direct your proxy how to vote on this Resolution, and you **do not** need to mark any further acknowledgement on the Proxy Form.
- (d) The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

- (e) Resolution 1 is an ordinary Resolution.
- (f) The Chairman intends to exercise all available proxies in favour of Resolution 1.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – ANTONIO TORRESAN

Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 years, whichever is the longer.

Clause 13.2 of the Constitution provides that at each annual general meeting:

- (a) one third (or if that is not a whole number, the whole number nearest to one third) of the Directors who are not:
 - (i) appointed by the Board, and otherwise required to retire, under the Constitution;
 - (ii) the Managing Director (or if there is more than 1, the 1 (if any) nominated; or
 - (iii) an alternate Director; and
- (b) any Director who would, if that Director remained in office until the next annual general meeting, have held that office for more than 3 years,

must retire from office and are eligible for re-election.

The Directors who retire under clause 13.2 are those who have held office the longest since last being elected or appointed. If 2 or more Directors have been in office for the same period, those Directors may agree which of them will retire. If they do not agree, they must draw lots to decide which of them must retire.

In determining the number of Directors to retire, no account is to be taken of:

- (c) a Director who only holds office until the next annual general meeting pursuant to the Constitution; and/ or
- (d) a Managing Director,

each of whom are exempt from retirement by rotation. However, if more than one Managing Director has been appointed by the Directors, only one of them (nominated by the Directors) is entitled to be excluded from any determination of the number of Directors to retire and/or retirement by rotation.

The Company currently has 3 Directors and accordingly the remaining director must retire.

Mr Antonio Torresan retires by rotation and seeks re-election.

Details of Mr Antonio Torresan's qualifications and experience are in the annual financial report of the Company.

Resolution 2 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 2.

The Board (excluding Mr Antonio Torresan) recommends that shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – APPROVAL OF SALE OF INTEREST IN SIBUYAN NICKEL PROPERTIES DEVELOPMENT CORPORATION TO DYNAMO ATLANTIC LIMITED AND DYNAMO ATLANTIC HOLDINGS PHILIPPINES, INC.

4.1 Background of Sibuyan Nickel Properties Development Corporation

Sibuyan Nickel Properties Development Corporation (**SNPDC**) is the beneficial owner of a granted Mineral Production Sharing Agreement No. 3042009-IVB (**MPSA**), on Sibuyan Island in the Romblon Province in the Philippines (**Romblon Project**). The MPSA covers a lateritic nickel deposit where work was carried out by two Japanese nickel companies in 1972. This historical work identified the Romblon Project as a potential source of direct shipping lateritic nickel ore (**DSO**). The Romblon Project has been a major focus of the Company since acquiring its interest in the MPSA in November 2004.

Pelican holds a 75% interest in SNPDC via its wholly owned subsidiaries Sunshine Gold Pty Ltd and Sunpacific Resources Phils Inc., with the remaining 25% interest owned by All Acacia Resources Inc. (**All Acacia**), Pelican's venture partner in the Romblon Project (collectively referred to as the "**Vendors**").

Altai Resources Philippines Inc. (**Altai**) was the original MPSA applicant. An agreement between Altai and SNPDC provided for the transfer of the MPSA from Altai to SNPDC following SNPDC exercising an option to proceed with the acquisition and the payment of C\$1.30 million to Altai upon the approval by the regulatory bodies and grant of the MPSA. The MPSA is still in the process of being transferred from Altai to SNPDC.

Significant 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 has been pursuing all legal avenues with respect to the appeal to the MGB and DENR to lift the CDO.

The MGB and DENR are focused on reviewing a map issued by the Mineral Industry Coordinating Council that specifies Go and No-Go Zones for mining throughout the Philippines. The map is a draft proposal that does not take into consideration approved Exploration Permits, MPSA's and existing mining operations. Approvals for new mining projects are expected to be deferred until the Go and No-Go Zones are finalised along with implementation rules and regulations. Counsel for SNPDC has previously advised that approved MPSA's should be included in Go Zones.

Additional issues such as revised mining tax regulations, Minahang Bayan Zones (Small Scale Mining) and domestic processing of DSO are currently being reviewed by various Government departments. New mining exploration projects are expected to be delayed until all issues are resolved by the current administration. Projects with an approved MPSA or Foreign Technical Assistance Agreement can proceed with approvals to develop mining and plant operations. A new laterite nickel project in the Province of Agusan del Norte was commissioned in 2014 and existing mining operations have been allowed to apply for expansions of their MPSA's and Environmental Compliance Certificates.

Interest in laterite nickel resources in the Philippines did increase when Indonesia banned the export of DSO on 12 January 2014. During the first half of 2014 the FOB price of laterite nickel DSO rose to a 6 year high. Since that peak the FOB price of laterite nickel DSO has declined, however recent declines in LME Nickel stock levels has seen prices recover.

For several years all project development field work has been on hold to minimise expenses in the Philippines.

4.2 Listing Rule 11.2

Listing Rule 11.2 provides that a company that is proposing to make a significant change to the nature or scale of its activities by disposing its main undertaking, must get the approval from its shareholders and comply with any requirements of ASX in relation to the notice of meeting.

As detailed below, the Company has entered into an agreement pursuant to which the Company has agreed to sell its interest in SNPDC and therefore the Romblon Project, which constitute the Company's main undertaking for the purposes of Listing Rule 11.2.

Resolution 3 seeks Shareholder approval for the Company's disposal of its interest in SNPDC for the purposes of Listing Rule 11.2.

Resolution 3 is an ordinary resolution.

4.3 Background to disposal of interest in Sibuyan Nickel Properties Development Corporation

The Company held discussions with several local companies involved in nickel laterite mining in an effort to identify a potential joint venture partner for the Romblon Project. The Company believed that involvement of an active local mining company in the project could potentially assist in the permitting process and Local Government Unit support for the project. An interested party which had conducted two site visits to the Romblon Project, submitted a draft joint venture term sheet during the first quarter of 2015. Another party which had previously submitted a draft proposal for a 90-day due diligence period with exclusive rights to negotiate an agreement, also submitted a revised draft proposal during the first quarter of 2015.

The Company ceased these discussions on entering into negotiations for the sale of the whole of SNPDC to Dynamo Atlantic Limited, a BVI registered company (**Dynamo**). The Company considered the terms proposed by Dynamo to acquire the whole of SNPDC to be more beneficial to the Company than the joint venture terms previously proposed by other interested parties.

On 25 June 2015 the Company announced it had entered into a Memorandum of Understanding (**MOU**) with Dynamo on behalf of the Vendors, to sell 100% ownership of SNPDC. At the Company's Annual General Meeting held on 11 November 2016, Shareholders approved the sale of its interest in SNPC to Dynamo on the terms of the MOU, and in accordance with the requirements of Listing Rule 11.2. However, in the circumstances that are detailed below, the terms of the MOU have been renegotiated with Dynamo, including to reduce the purchase price payable and to remove a royalty on future production which may have become payable under the MOU.

The terms of the proposed transaction as varied are set out in a Share Sale and Assignment of Debt Agreement executed on or about 16 October 2018 (**SSADA**) by the Vendors, Dynamo and Dynamo Atlantic Holdings Philippines, Inc. (**DAHP**) (collectively referred to as the "**Purchasers**"). Pelican now seeks the approval of shareholders for the sale of its 75% interest in SNPC to the Purchasers on the terms of the SSADA (**Proposed Transaction**).

4.4 Material terms and conditions of the Memorandum of Understanding

The material terms and conditions of the MOU were as follows:

- Dynamo would subject to completion of due diligence acquire 100% ownership of the shares in SNPDC for a purchase price of \$A4.70 million (**Consideration**) payable in cash as follows:
 - an initial payment of ten percent (10%) of the Consideration as a non-refundable deposit paid with 5 business days of signing the MOU;

- within 90 days, or on completion of due diligence investigations by Dynamo to its satisfaction, a second payment of twenty percent (20%) of the Consideration; and
 - on completion of sale and transfer of 100% ownership of SNPDC, a third and final payment of seventy percent (70%) of the Consideration.
- The Vendors of SNPDC would be entitled to receive a two and a half percent (2.5%) royalty on net income generated by SNPDC from any operations undertaken on Sibuyan Island.
 - The Company warranted that SNPDC would be transferred in a 'clean state' and that all of its assets are intact and free from any claims and/or liabilities.
 - All liabilities of SNPDC were required to be satisfied, compromised or forgiven at the time of completion.
 - All taxes and fees for the sale, transfer and conveyance to Dynamo would be met by the vendors.
 - Whilst the MOU was binding on the parties upon execution, and the parties were committed to exercise utmost efforts to complete the Proposed Transaction, the parties would determine, detail and incorporate any other provisions typically contained in a transaction in the nature of the MOU in a "definitive agreement".

SNPDC had related party loan liabilities in respect of funds advanced for its working capital requirements. The total amount of the related party loans was approximately equal to the Consideration. At Completion, the Consideration would be applied in satisfaction of the related party loans, so as to satisfy the requirement that SNPDC be transferred to Dynamo free from liabilities. Satisfaction of the related party loans would result in Pelican receiving indirectly, through its wholly or partly owned subsidiaries, approximately 75% of the Consideration, after allowance for costs associated with the Proposed Transaction.

4.5 Events following Execution of MOU

On 23 June 2015 Dynamo paid the Company the sum of \$470,000, being 10% of the Consideration.

On 11 September 2015, having confirmed that it had completed its due diligence investigations to its satisfaction, Dynamo paid a further \$940,000, being 20% of the Consideration.

Completion of the sale of SNPDC in accordance with the terms of the MOU requires all shareholders of SNPDC to agree to transfer their shareholdings to Dynamo. Following execution of the MOU, and for a period of approximately 12 months, All Acacia withheld its agreement to transfer its shareholding in SNPDC under the terms of the MOU. This had prevented the Company from being able to complete the Proposed Transaction at an earlier time.

On 17 August 2016, the Company announced that it had secured All Acacia's agreement to the disposal of its shares in SNPDC in accordance with the MOU, which allowed the Company, subject to obtaining the approval of its shareholders, to proceed to completion.

The Company provided Dynamo with a draft Share Sale Agreement (**SSA**) setting out more definitively the terms of the MOU, and to facilitate the transfer of ownership of SNPDC.

Following confirmation of All Acacia's agreement to the disposal of its shares in SNPDC, Dynamo informed the Company that it did not wish to proceed with the purchase of SNPDC, and requested a full refund the Consideration paid to date under the MOU. The Company advised Dynamo that it considered the parties remained bound by the terms of the MOU, and required Dynamo to complete the Proposed Transaction by payment of the balance of the purchase price at settlement of the sale.

At the Company's Annual General Meeting held on 11 November 2016, Shareholders approved the sale of the Company's interest in SNPC to Dynamo in accordance with the requirements of Listing Rule 11.2. Dynamo was subsequently informed that Shareholders had passed a resolution approving the sale of SNPDC and there was no impediment to proceeding to completion of the Proposed Transaction and payment of the balance of the Consideration of \$A3.29 million.

Following its Annual General Meeting, the Company made numerous unsuccessful attempts to progress to completion. On 30 December 2016 the Company issued Dynamo with a Notice of Default. Under the Notice of Default, Dynamo was given 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.

Dynamo responded to express concerns regarding the political changes in the Philippines, which it considered (in effect) raised issues as to the continuing existence of SNPDC's principal asset and therefore whether in effect the agreement was frustrated.

In February 2017, it was reported that Gina Lopez, the Secretary of the DENR had 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 – Sibuyan Island. Despite that publication, neither SNPDC nor Altai received any formal notification from the DENR of the proposed cancellation of the MPSA.

Dynamo relied on those matters as a basis to delay remedying the default under the Notice of Default and sought clarification from the Company on the status of both SNPDC and the MPSA. The Company responded to Dynamo confirming that neither SNPDC or Altai have 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. SNPDC established the watershed area on Sibuyan Island is at a high altitude, whilst the MPSA is located in lowlands near the coast.

The Company notified Dynamo of the above matters and required Dynamo to proceed to settlement, failing which the Company may elect to terminate the MOU.

Whilst the Company considered its position at law to be sound, there were practical considerations informing the Company's approach to seeking either to enforce the MOU by court order, or terminating and claiming damages, in particular that Dynamo is a company domiciled in the BVI. The Company therefore agreed to a proposal from Dynamo to enter into negotiations to vary the terms of the MOU, to take into account the increased sovereign risk to the assets of SNPDC, and with the consent of All Acacia, offered to consider varying certain terms of the MOU in order to conclude the transaction, following concerns expressed by Dynamo as to political changes in the Philippines, which Dynamo asserted placed the Romblon Project at risk.

On 27 April 2017, Dynamo provided its initial comments on the draft SSADA which had been redrafted to account for the sale of all the shares in the capital of SNPDC and assignment of debt owed by SNPDC to certain shareholders of SNPDC. Dynamo further nominated DAHP to be a party to the agreement in its capacity as another Purchaser.

On 3 May 2017, the appointment of Gina Lopez as DENR secretary was rejected by the Commission on Appointments, due to her controversial policies and alleged incompetence according to media reports. However, no clear statement was given by the DENR as to the future status of MPSA's generally, or that beneficially held by SNPDC in particular.

The parties continued to exchange numerous drafts of the SSADA throughout 2017 and 2018. The view taken by the Company throughout this period was that in light of Dynamo's stated position, negotiating a variation in terms, including a reduction in the consideration payable for SNPDC, was necessary in order to conclude the agreement.

Following significant delays in reaching agreement as to a variation of the terms of sale, the Board travelled to Manila on 7 October 2018 to meet with All-Acacia and with representatives of Dynamo to seek to finalise the matter.

Following two days of discussions, the parties reached agreement on the terms of the SSADA which recorded the terms of the sale of SNPDC.

The Company and All Acacia also concluded negotiations on the proposed settlement arrangements for each group's respective interests in SNPDC, including payment of transaction costs, payment of taxes and fees for the sale, transfer and conveyance of SNPDC and supporting documentation relating to the transfer of SNPDC shares and assignment of related party loans to Dynamo.

4.6 Material terms and conditions of the Share Sale and Assignment of Debt Agreement (and variations to the terms of the MOU)

The material terms and conditions of the SSADA (and material variations to the terms recorded in the MOU) are as follows:

- Conditional on Pelican obtaining shareholder approval for the sale of its interests in SNPDC in accordance with Listing Rule 11.2.
- Dynamo and DAHP will acquire 100% ownership of SNPDC for a Purchase Price of \$A270,000.
- Dynamo and DAHP will be assigned all rights, title and interest together with all interest which has accrued or which may accrue in the future on related party loan liabilities (**Debts**) in respect of funds totalling approximately \$A4.7 million (at 30 June 2018 and assumes a AUD to PHP exchange rate of 39.475) advanced to SNPDC for its working capital requirements for consideration of \$A3.33 million.
- The total consideration payable to the SNPDC shareholders under the SSADA is therefore \$A3.6million, reduced from \$A4.7million under the MOU.
- The sum of \$1,410,000 paid by Dynamo representing the Initial Deposit and the Further Deposit under the terms of the MOU constitute a deposit in respect of the consideration for assigning the Debts.
- The vendors of SNPDC will not be entitled to receive a royalty on net income generated by SNPDC from any operations undertaken on Sibuyan Island (pursuant to the MOU the vendors were entitled to a two and a half percent (2.5%) royalty on net income generated by SNPDC from any future operations undertaken on Sibuyan Island).

- The Company warrants that SNPDC will be transferred in a 'clean state' and that all of its assets are intact and free from any claims and/or liabilities.
- All taxes and fees for the sale, transfer and conveyance shall be met by the Company.
- The settlement procedure contemplated under the SSADA and the likely timetable are listed in the following table:

Event	Date
Pelican Annual General Meeting to approve sale of interests in SNPDC	28 November 2018
Vendors to seek and obtain from the Philippine Bureau of Internal Revenue (BIR) an assessment of taxes required to be paid and pay or cause to be paid such taxes, in order to obtain the issue by the BIR of a Certificate Authorizing Registration (CAR) of the transfer of the SNPDC Shares in the name of the Purchasers	14 December 2018
Delivery of settlement documents to Vendor's agent	28 December 2018
Purchasers entitlement to inspect settlement documents	8 January 2019
The CAR is issued by the BIR	26 March 2019
Settlement	5 April 2019

4.7 Rationale for Proposed Transaction

The Board undertook a strategic review with a view to:

- reducing sovereign risk associated with operating in a foreign jurisdiction;
- reducing its care and maintenance costs in the Philippines;
- reducing the costs associated with lifting the CDO;
- reducing tenement maintenance costs in the Philippines; and
- determining the future of the Romblon Project.

The Board has considered various options available to it and has determined that the Proposed Transaction is in the best interests of the Company for the following reasons:

- provide working capital: the consideration to be received by the Company from the Proposed Transaction represents a significant amount of capital;
- current economic and regulatory climate: in the current economic and regulatory climate, there is no guarantee that the Company will be successful in raising the capital that it requires to undertake exploration and mining activities in respect of the Romblon Project and/or proceed to the commercialisation of the Romblon Project; and
- dilutionary impact of future equity capital raisings: if the Company undertakes an equity capital raising for the purposes of raising funds to undertake exploration and mining activities in respect of the Romblon Project, it is highly likely that this will subject existing Shareholders to significant dilution.

4.8 Effect of the disposal of the interest in Sibuyan Nickel Properties Development Corporation

Refer to Schedule 1 for the pro-forma statement of financial position of the Company following the disposal of its interest in SNPDC to the Purchasers.

The proposed disposal of the interest in SNPDC to the Purchasers will:

- (a) not impact the capital structure of the Company; and
- (b) not result in any changes to the Board of the Company.

On completion of the Proposed Transaction, the Company will have total assets of \$5.55 million, largely comprised of \$4.07 million cash and \$1.5 million in shares held in Cockatoo Iron NL (acquired on 30 April 2018 as a consequence of the sale of the Company's interests in Cockatoo Island Project). The Company will have no significant liabilities.

The Company has for some time been investigating new business development opportunities with a focus on low entry cost resource projects sector which demonstrate capacity to add long term shareholder value.

The Board envisages that the proposed disposal will enhance the Company's prospects of identifying and acquiring new business development opportunities.

4.9 Advantages of the disposal of the interest in Sibuyan Nickel Properties Development Corporation

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's determination on how to vote on Resolution 3.

The Proposed Transaction, once completed, will provide the Company with up to \$2,700,000 including the deposits already received (before costs of the transaction) in cash consideration which will:

- (a) enable the Company to consider potential asset acquisition opportunities which the Board considers have the potential to generate return to Shareholders; and
- (b) supplement the Company's working capital.

Having regard to the above, the Directors anticipate that if the Proposed Transaction is completed the Company will not be required to borrow funds or undertake any further capital raising in the short term.

4.10 Disadvantages of the disposal of the interest in Sibuyan Nickel Properties Development Corporation

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's determination on how to vote on Resolution 3:

- (a) the Company's exposure to the upside of the Romblon Project will be extinguished in its entirety;
- (b) the Proposed Transaction contemplates the disposal of the Company's main undertaking for the purposes of the Listing Rule 11.2, which may not be consistent with the investment objectives of all Shareholders; and
- (c) there is a risk the Company may not be successful in identifying and completing other suitable asset acquisitions.

The Board considers that the advantages of the Proposed Transaction outweigh the disadvantages.

4.11 Intentions following disposal of the interest in Sibuyan Nickel Properties Development Corporation

Following completion of the disposal of its interest in SNPDC, the Company will, amongst other things:

- (a) use the cash consideration to supplement the Company's working capital; and
- (b) investigate, and as required, undertake due diligence on, new opportunities in the resources sector which the Board considers have the potential to generate return to Shareholders.

4.12 Implications if the disposal of the interest in Sibuyan Nickel Properties Development Corporation does not proceed

In the event that Resolution 3 is not passed and the Company does not dispose of its interest in SNPDC to Dynamo, it will, amongst other things:

- (a) continue to maintain its interest in the Romblon Project and continue to investigate opportunities to dispose of all or part of the Romblon Project or enter into joint ventures with third parties in respect of the Romblon Project;
- (b) continue maintaining the Romblon Project and ensuring compliance with all licence and regulatory requirements whilst minimising expenditure where appropriate; and
- (c) to the extent necessary raise equity capital to enable the Company to fund on-going care and maintenance costs in the Philippines.

4.13 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3.

The Chairman intends to exercise his discretion to vote all available undirected proxies in favour of Resolution 3.

4.14 Other Material Information

There is no information material to the making of a decision by a Shareholder whether or not to approve Resolution 3 (being information that is known to any of the Directors and which has not been previously disclosed to Shareholders) other than as disclosed in this Explanatory Statement.

5. OTHER INFORMATION

5.1 ASX Involvement

A copy of the Notice, including this Explanatory Statement has been lodged with ASX, and neither ASX nor any of its officers takes any responsibility for the contents of these documents.

GLOSSARY

\$ means Australian dollars.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Pelican Resources Limited (ACN 063 388 821).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listing Rules means the listing rules of ASX.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Proxy Form means the proxy form accompanying the Notice.

Related Entity means a related body corporate within the meaning of section 50 of the Corporations Act.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2018.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Schedule means a schedule to this Notice;

Section means a section of this Explanatory Statement;

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1
PRO-FORMA STATEMENT OF FINANCIAL POSITION OF THE COMPANY
DISPOSAL OF INTEREST IN SIBUYAN NICKEL PROPERTIES DEVELOPMENT CORPORATION

Pro-forma Statement of Financial Position

	Audited 30 June 2018	Subsequent event adjustments	Pro-forma adjustments	Pro-forma Statement of Financial Position
	\$	\$	\$	\$
Assets				
Current assets				
Cash and cash equivalents	2,127,459		1,943,925	4,071,384
Restricted cash	940,000		(940,000)	-
Security deposits	114,000		-	114,000
Trade and other receivables	18,794		-	18,794
Other current assets	21,941		-	21,941
Assets held for sale	2,175,081		(2,175,081)	-
Total current assets	5,397,275			4,226,119
Non-current assets				
Other financial assets	1,500,000		-	1,500,000
Plant and equipment	-		-	-
Mineral exploration and evaluation expenditure	-		-	-
Total non-current assets	1,500,000			1,500,000
Total assets	6,897,275			5,726,119
Liabilities				
Current liabilities				
Trade and other payables	87,217		-	87,217
Deferred revenue	1,410,000		(1,410,000)	-
Liabilities associated with assets held for sale	1,098,737		(1,098,737)	-
Tax payable	85,523		-	85,523
Total current liabilities	2,681,477			172,740
Total liabilities	2,681,477			172,740
Net assets	4,215,797			5,553,379
Equity				
Issued capital	13,630,120		-	13,630,120
Reserves	2,003,125		(66,042)	1,937,083
Accumulated losses	(10,580,155)		566,331	(10,013,824)
Total parent entity interest	5,138,613			5,553,379
Non-controlling interest	(837,292)		837,292	-
Total equity	4,215,797			5,553,379

Assumptions adopted in compiling the Pro-forma Statement of Financial Position

The above Pro-forma Statement of Financial Position has been prepared by adjusting the audited financial position as at 30 June 2018 for the Company adjustments as detailed below.

1. Subsequent Events

There have been no significant events which have occurred subsequent to the year ended 30 June 2018.

2. Pro-forma adjustments

The above Pro-forma Statement of Financial Position reflects the subsequent events detailed in section 1 above and the following transactions and events:

- (a) the disposal of SNPDC for a total consideration of \$3,600,000, with the Company's share being \$2,700,000 before costs (the subject of Resolution 3);
- (b) final payment of \$2,190,000 being received by the Vendors from the Purchasers, representing the remainder of funds payable at Completion under the SSADA;
- (a) the Further Deposit of \$940,000 received by the Vendors from Dynamo released from escrow and reclassified as cash and cash equivalents;
- (d) the payment of the total transaction costs associated with the disposal of SNPDC estimated to be \$226,000, with the Company's share being \$196,500;
- (e) the payment of all taxes and regulatory fees for the sale, transfer and conveyance of SNPDC to Dynamo estimated to be \$95,750, with the Company's share being \$89,575;
- (f) the payment by All Acacia of its share of the transaction costs, taxes and regulatory fees associated with the disposal of SNPDC totalling \$35,675;
- (g) the increase in Pelican's cash and cash equivalents is summarised in the table below:

Description of Transaction	Amount \$
Final payment received from Purchasers (refer to (b) above)	2,190,000
Release of Further Deposit (refer to (c) above)	940,000
Payment of 25% of total consideration to All Acacia less its share of costs (refer to (f) above)	(864,325)
Payment of transaction costs (refer to (d) above)	(226,000)
Payment of taxes and regulatory fees (refer to (e) above)	(95,750)
Total	<u>1,943,925</u>

- (h) elimination of the foreign currency translation reserve of \$66,042;
- (i) accumulated losses adjusted for gain realised on sale of interests in SNPDC; and
- (j) the AUD to PHP exchange rate assumed to be 38.64.



AGM Registration Card

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Pelican Resources Limited | ACN 063 388 821

[EntityRegistrationDetailsLine1Envelope]
[EntityRegistrationDetailsLine2Envelope]
[EntityRegistrationDetailsLine3Envelope]
[EntityRegistrationDetailsLine4Envelope]
[EntityRegistrationDetailsLine5Envelope]
[EntityRegistrationDetailsLine6Envelope]

[ReplaceNoImages]

[HolderNumber]

Holder Number:
[HolderNumber]

Vote by Proxy: PEL

Your proxy voting instruction must be received by **9.30am (WST) on Monday 26th November 2018**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all of the Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.

SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED		
Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director / Company Secretary
Contact Name:		
Email Address:		
Contact Daytime Telephone		
		Date (DD/MM/YY)
		/ /
By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).		