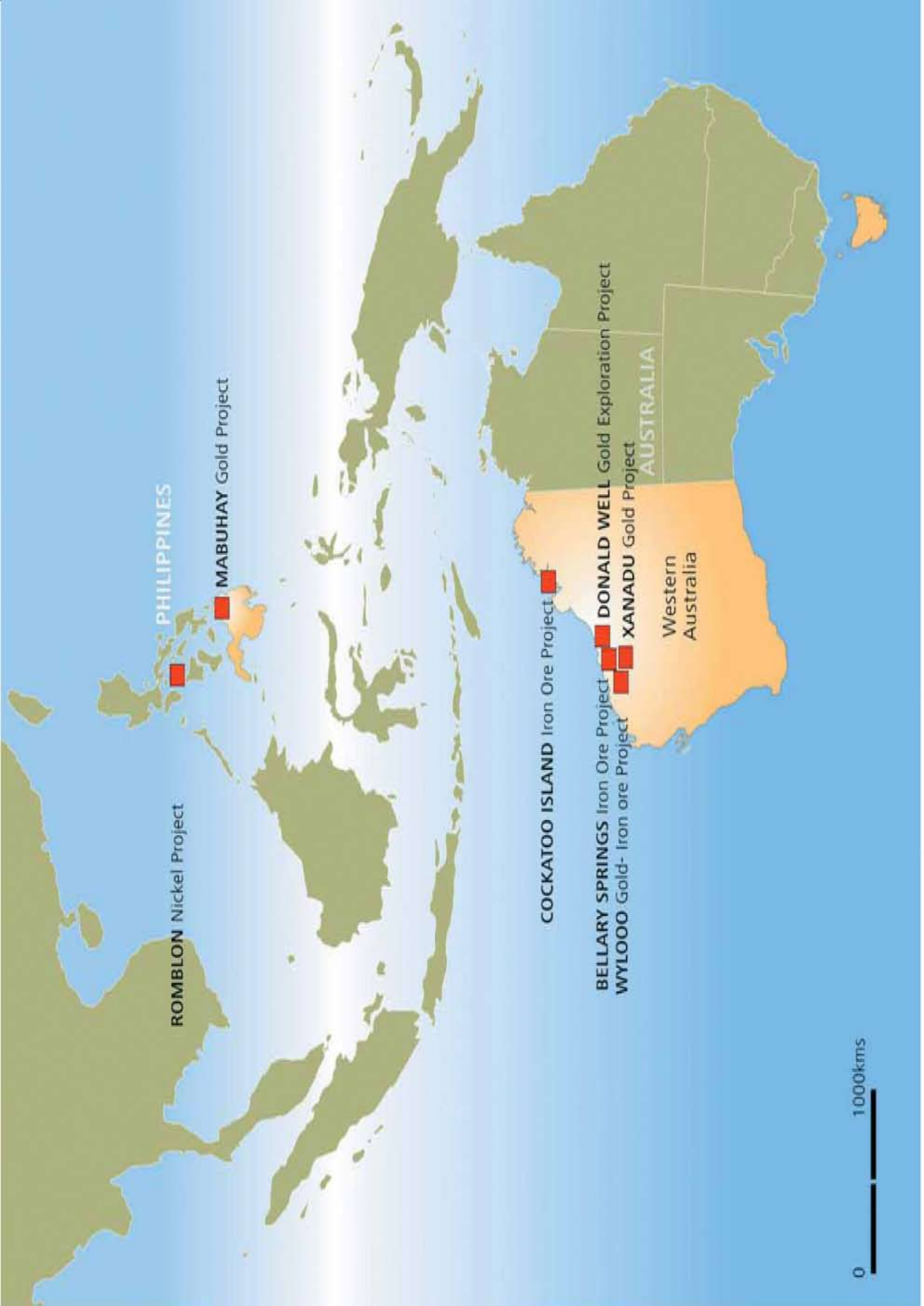




PELICAN
RESOURCES LIMITED

ABN 12 063 388 821



PHILIPPINES

ROMBLON Nickel Project

MABUHAY Gold Project

COCKATOO ISLAND Iron Ore Project

BELLARY SPRINGS Iron Ore Project

WYLOO Gold- Iron ore Project

DONALD WELL Gold Exploration Project

XANADU Gold Project

AUSTRALIA

Western Australia

0 1000kms

CORPORATE DIRECTORY

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On behalf of the Company, I present to you the Annual Report for the year ended 30 June 2008.

The year under review saw the Company continue its focus substantially on progressing the Romblon Nickel Project in the Philippines. This project is located on the south west coast of Sibuyan Island in the Romblon Province. The project has a current inferred nickel laterite resource of approximately 7.26 million tonnes averaging 1.54% nickel. The Company, in conjunction with its joint venture partner, aims to expand the resource and establish a direct shipping nickel laterite operation.

During the reporting period, the Company announced a Memorandum of Agreement between BHP Billiton and Sibuyan Nickel Properties Development Corporation, the holder of the Romblon Nickel project in the Philippines dealing with exploration and off-take.

BHP or its related entities and permitted assignees were granted exclusive rights to purchase the laterite nickel ore mined by Sibuyan on the MPSA project area at the Romblon Nickel Project. Under the terms of the agreement, BHP undertook to sole fund an exploration program in addition to the off-take arrangements subject to the granting of the MPSA to Sibuyan by the Mines and Geosciences Bureau in the Philippines.

The Company and its joint venture partner are now waiting for the Secretary of the DENR to execute the documentation allowing the granting of the MPSA application.

During the reporting period, the Company also reviewed its participatory role on the Mabuhay project and has entered into discussions with interested parties in order to fund project startup and development.

The Company continues to receive royalties from the Cockatoo Island project. The operators have advised the Company that due to the extension and construction of the seawall in the third quarter of 2008, mining will cease until approximately mid-2009 and accordingly no royalties will be received during this period.

Work is continuing on the Bellary Springs project located some 20 kilometres to the north east of Paraburdoo. The project area contains a number of small pisolitic Channel Iron Deposits which have recorded values of up to 60.8% Fe from rock chip samples collected from outcrops on Mesas 1, 2, 3 and 4. Additional work is being carried out on the tenement area during the current period.

On the Wyloo project, the Company has entered into discussions with the project operators, Intrepid Mines Limited, with respect to previous, current and future arrangements on joint venture participatory interest for both companies.

The Company also entered into a farm-out agreement on the Donald Well project area with Shaw River Resources Limited whereby Shaw River may earn an interest of up to 70% by the expenditure of \$450,000.

The Company continues to review project proposals, notwithstanding that it has concentrated its effort in the pursuance of the granting of the MPSA in the Philippines for the commencement of operations immediately the MPSA is granted by the Secretary of the DENR. This matter has been on-going for some time and I wish to express my appreciation to shareholders for their patience in allowing the Board to deal with this matter in the normal course.

I wish to express my acknowledgement to Dr John Hills and his geological team for the work that they have undertaken in pursuance of the Company's objectives during the year under review.

Dated this 30th day of September, 2008.



JOHN PALERMO
Chairman

PHILIPPINES

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

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

Operator: Sibuyan Nickel Properties Development Corporation

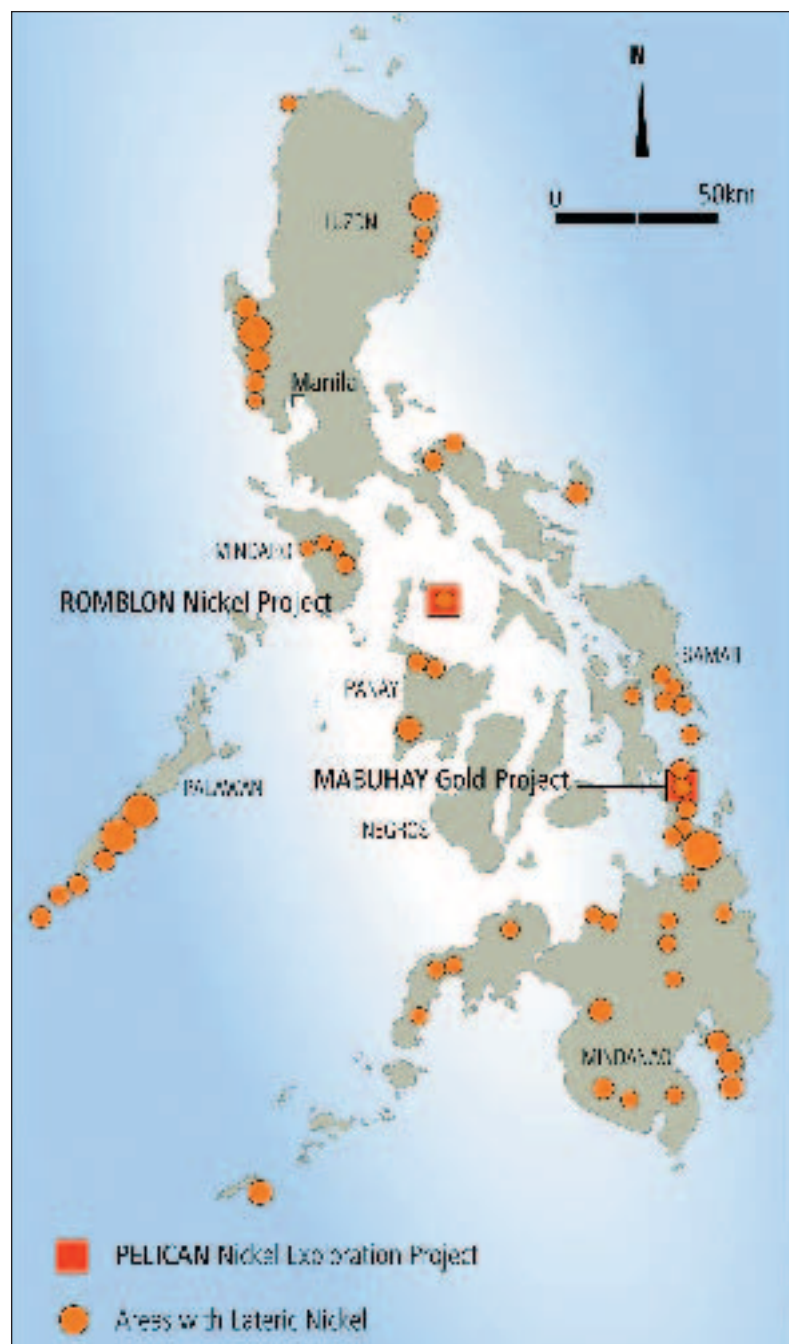
Pelican Resources Limited, through Sibuyan Nickel Properties Development Corporation (SNPDC), owned jointly by All-Acacia Resources Inc., Sunpacific Resources Philippines Inc. and Pelican's subsidiary Sunshine Gold Pty Ltd, aims to establish a nickel laterite direct ore shipping operation on Sibuyan Island in the Romblon Province in the Philippines.

The project comprises two granted Small Scale Mining Permits, SSMP ROM 167 and 168, which are now subject to renewal after the initial two year term and the option to purchase from Alton MPSA Application AMA-IVB-025 upon the grant of the MPSA. Approvals are in place for the construction of the infrastructure including roads and ore loading facilities.

The Romblon Nickel Project is located on the southwest coast of Sibuyan Island in the Romblon Province which is situated roughly in the centre of the Philippines. An inferred nickel laterite resource on the Island of 7.26 million tonnes averaging 1.54% nickel at a cut-off grade of 1.3% nickel was established by two Japanese nickel companies in the early 1970s. The Pelican group of companies, along with its Philippine joint venture partner, has an option to purchase the project upon the granting of the MPSA covering the mineralisation. The venture participants aim to expand the resource and establish a direct shipping nickel laterite operation.

The Company and its venture partner established a Philippine registered corporation Sibuyan Nickel Properties Development Corporation to be the Romblon project operating company and to hold the project tenements.

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



A presentation to the Secretary of the Department of Environment and Natural Resources (DENR), Mr A Reyes, was made on 5 July 2007 by the project proponent Sibuyan Nickel Properties Development Corporation. The DENR Secretary was replaced shortly thereafter by a new Secretary Mr J Atienza. The Company is now waiting, and has been for the past year, the granting of the MPSA Application No AMA-IV-025 by the new DENR Secretary. All documentation has been completed and awaits execution.

The Company announced to the ASX on the 18 September 2007, that a Memorandum of Agreement had been executed between BHP Billiton and Sibuyan Nickel Properties Development Corporation Limited (SNPDC), the holder of the Romblon Nickel Project in the Philippines. Simultaneously with the execution of the agreement, SNPDC has also executed a term sheet for an off-take agreement with BHP Billiton for the purchase of product extracted from the project operations.

Subject to the terms of the agreement, SNPDC has granted BHP Billiton or its related entities and permitted assignees, the exclusive rights to purchase laterite nickel ore mined by SNPDC on the MPSA project area at the Romblon Nickel Project.

There are three prospects on this near-term project: Bato, Binaya-an and Taclobo with a current total JORC compliant inferred resource of 7.26 million tonnes averaging 1.54% nickel at a cut-off grade of 1.3% nickel.

Under the terms of the agreement, an exploration and drilling evaluation program will be undertaken with the costs of the program to be met solely by BHP Billiton. This program totals approximately US\$250,000. The program may be extended by mutual agreement following this initial phase. The commencement of works and the financing of the exploration drilling and evaluation program are subject to the granting of the MPSA to SNPDC by the Mines and Geosciences Bureau in the Philippines.

The off-take agreement is for the supply of 500,000 wet tonnes of product per annum as base tonnage and SNPDC is not restricted in its rights to sell product in excess of that quantity to any third party. The off-take agreement is for an initial period of five years with options granted to extend for a further five years and three years (total thirteen years).

No exploration work may be undertaken on the MPSA Application areas until the MPSA has been granted. The current resource estimates for the Altai MPSA, based on the work carried out in the early 1970s on the three defined prospect areas still stands as:

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

A diamond drilling program to outline the nickel resources contained within the two small-scale mining permit areas on the Binaya-An SSMP and the Taclobo SSMP has been completed.

The inferred mineral resource at Taclobo SSMP and the Binaya-An SSMP located outside the MPSA application area are summarised below:

TACLOBO AREA SSMP INFERRED MINERAL RESOURCE

Ore type	Cut-off % Ni	Specific Gravity	Resource (tonnes)	Nickel %	Cobalt %	Iron %
Limonite	1.2	1.10	204,187	1.36	0.10	38.15
Saprolite	1.6	1.35	89,066	1.78	0.03	11.83
High Iron (China ore)	0.8	1.10	12,843	1.10	0.07	45.49

BINAYA-AN AREA SSMP MINERAL INFERRED MINERAL RESOURCE

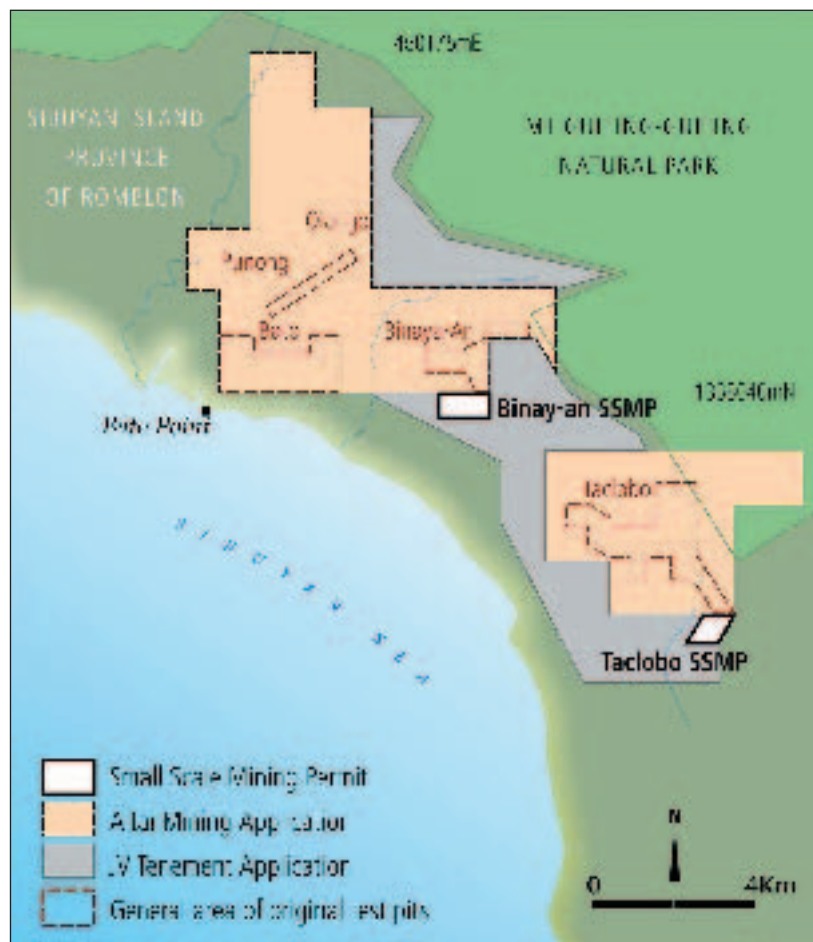
Ore type	Cut-off % Ni	Specific Gravity	Resource (tonnes)	Nickel %	Cobalt %	Iron %
Limonite	1.2	1.10	64,453	1.32	0.06	28.95
Saprolite	1.6	1.35	58,430	1.84	0.03	13.29
Low grade	0.8	1.10	1,160,898	0.94	0.03	12.66

The combined inferred mineral resource on the Binaya-An and Taclobo SSMP is 2,937,452 dry metric tonnes at an average grade of 0.98% Ni and 16.87% Fe.

These results, from the small scale mining permit areas outside the main MPSA application area, are very encouraging as they are indicative of what can be expected on the main Taclobo and Binaya-An prospects evaluated in the early 1970s.

The drilling on the SSMP areas has confirmed that the mineralisation extends from surface down to depths of up to 15 metres in the saprolite zone below an iron rich limonite cap of 1 to 4 metres in the Binaya-An SSMP area. The overlying limonite has been stripped off by erosion in this area along the ridge spur. In the Taclobo SSMP area, the mineralisation extends down to depths of up to 28 metres to the base of the saprolite and contains both limonite and saprolitic ore types.

Additional work focused on pursuing approval processes required for the two MPSA tenement applications. Representatives at the Barangay, Regional and Provincial levels were consulted as part of the on-going process for the approval of the proposed open cut mining and shipping of ore.



MABUHAY PROJECT, SURIGAO DEL NORTE PROVINCE, MINDANAO ISLAND (MPSA APPLICATION NO. 000029-X)

Interest: Earning 80%
Operator: Sunpacific Resources Philippines Inc.

The Mabuhay Gold Mine, originally referred to as the Mindanao Motherlode Mine, is located in the extreme north-east of Mindanao Island and lies some 16 kilometres south-east of Surigao City, the capital of Surigao del Norte. The mine itself is only 2 kilometres from the sealed highway to Surigao City. The fissure vein-style gold-copper mineralisation of the Motherlode mine was worked between 1937 and 1953 as an underground operation and as an open pit deposit from 1995 to 2000.

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

The original concept was to test the high grade vein-type gold systems at the project. During the course of exploration, it became apparent that the Surigao region, long recognised as an epithermal gold province, is characterised by a spectrum of hydrothermal systems ranging from epithermal to porphyry copper gold systems.

The discoveries of porphyry copper-gold systems at Niki, below Manila Mining's Placer Mine and at the Anglo American/Philex Mining Boyongon deposit in northern Surigao, attest to this concept.

The Company initially focused on examining the steeply dipping fissure vein-style gold-copper mineralisation of the Motherlode deposit which is located in two major NNW-SSE trending zones of more intense hydrothermal alteration.

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

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

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

Deeper drilling to essentially test the unmined sections of the veins encountered a previously unknown copper-gold molybdenum porphyry system. This has been identified in the two deeper holes, DDH 11 and DDH 12, located towards the southern end of the Tabon-Tabon vein. The lateral and depth extent have not been fully tested by drilling or surface geophysical tools.

DDH 11, prematurely terminated at 369 metres, intersected a 125 metre-wide zone of epithermal alteration contained in three main veins. The uppermost comprised 15.5 metres at 5.9 g/t gold from 246.9 metres, the central vein assayed 3.9 metres at 18.11 g/t gold from 302.1 metres and the lowermost vein contained 2.05 metres at 11.92 g/t gold from 365.85 metres.

Significantly, the lower section of drill hole DDH 11 from 356 metres to the end of the hole at 369.4 metres, assayed 2.43 g/t gold and 0.59% copper. The preliminary data on lithology, alteration and mineralisation indicates that the hole may have intersected a zone closely associated with a porphyry copper-gold type of mineralisation.

DDH 12, inclined at 80 degrees and drilled below DDH 11, was collared in Mabuhay pyroclastics and terminated at 550 metres in andesitic volcanics.

A significant intersection of 127.85 metres of virtually continuous mineralisation from 391.05 metres down hole averaged 0.19 g/t gold, 1.33 g/t silver and 0.35 percent copper. This broad zone, which contains narrow veins with elevated gold and copper values also has significant intersections of anomalous molybdenum (2.9 metres @ 220 ppm Mo from 485.9 metres and 8.4 metres @ 310 ppm Mo from 510.5 metres).

This higher temperature alteration domain and mineral assemblage intersected at depth is believed to reflect a porphyry copper-gold style mineralisation. This propylitic zone is characterised by an epidote-chlorite assemblage that carried disseminated chalcopyrite, traces of bornite, anomalous molybdenite and some magnetite.

The Company is currently negotiating an agreement over the property with a local Philippine company to fund the project start-up and development. Subject to final evaluation, the incoming party anticipates that this would lead to commercial development and production.

WESTERN AUSTRALIA

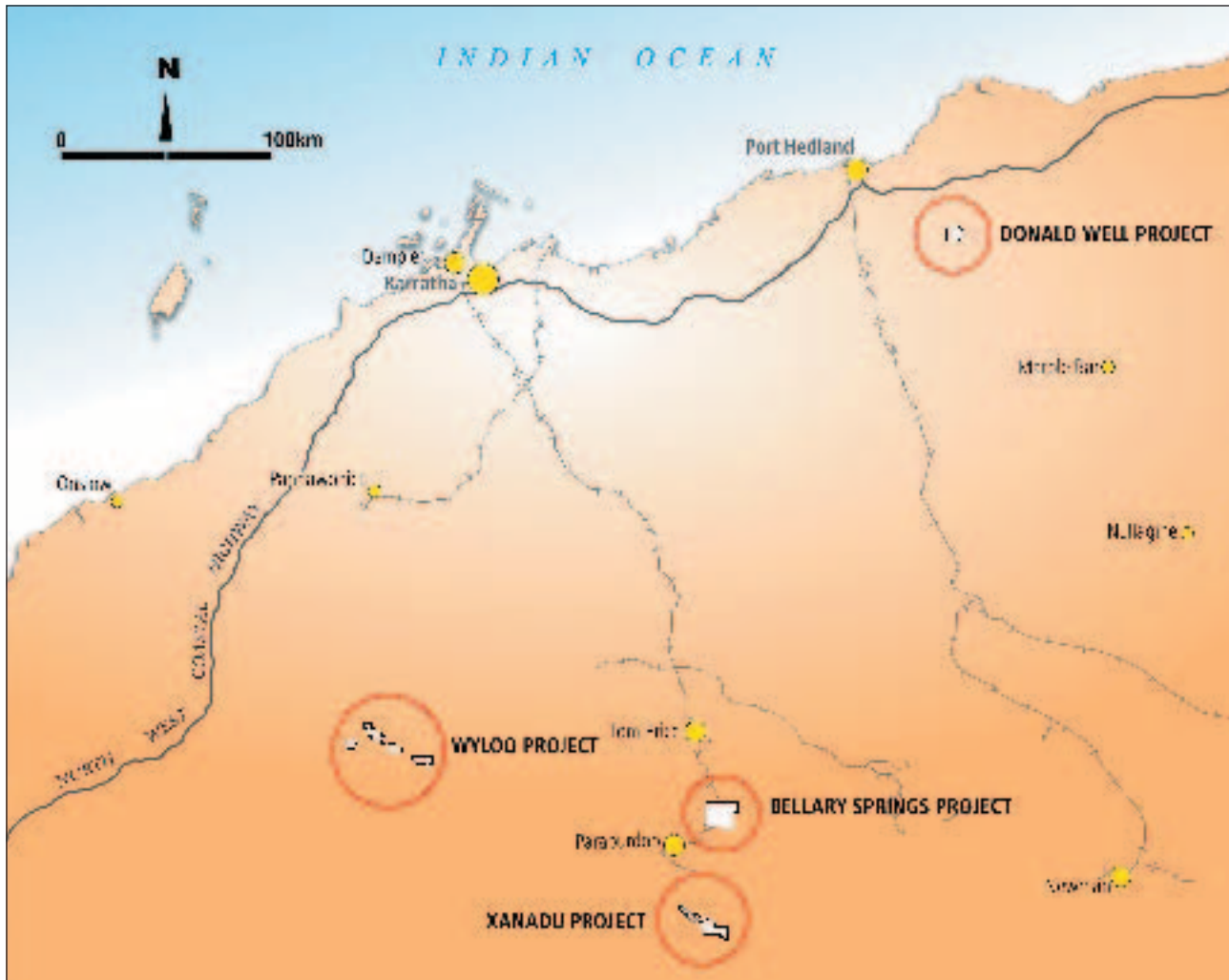
COCKATOO ISLAND PROJECT (M04/235)

Interest: 100%
Operator: HWE Cockatoo Pty Ltd

Portman Iron Ore Limited, as representative for the Cockatoo Island Project, reported that for the year ended June 2008, 1,255,482 wet metric tonnes of iron ore were produced and 1,384,213 wet metric tonnes of iron ore shipped. Pelican receives royalties of \$0.50 per metric tonne shipped.

During the last quarter of the year, Portman drilled 25 RC holes for a total of 2,427 metres on M04/235. No assays are currently available.

The operators have advised that the latest schedules indicate that mining on Phase 2 will cease during August 2008 with shipping continuing until September 2008. Portman has reviewed an update of the Cockatoo Island Phase 3 Mining Feasibility Study of the existing deposit. The aspects of the study include construction commencing in third quarter 2008, mining commencing in mid 2009 with an approximate 2 year mine life. Final approvals are still pending.



BELLARY SPRINGS (E47/1268)

Interest: 100%
Operator: Sunrise Exploration Pty Ltd

The Bellary Springs tenement is located 20 kilometres to the north east of Paraburdoo and is cut by both the sealed Paraburdoo to Tom Price road and the Hamersley Iron (now Pilbara Iron) railway line with its associated maintenance tracks.

Within the tenement, there are a number of small pisolitic Channel Iron Deposit (CID) mesas representing erosional remnants of an earlier CID system along an east-west river system.

Sunrise Exploration Pty Ltd (Sunrise), a wholly owned subsidiary, recorded interesting iron ore results from a field sampling of the Mesas numbered 1, 2, 3 and 4. Rock chip samples, collected from outcrop and a few old costeans, returned values of up to 60.8% Fe with acceptable alumina and silica values and low phosphorous. The sample results are consistent with iron values expected from pisolitic Channel Iron Deposits.

The area covered by the four channel iron deposit (CDI) mesas was measured in the field and cover a combined area of approximately 28.5 hectares. Assuming an average depth of 2.5 metres and SG of 2.2, this would indicate a potential for about 1.5 – 2 million tonnes of ore in ground.

The analytical results are tabulated below:

MESA 1

Sample Number	AMG 84 Easting	AMG 84 Northing	Fe %	Si %	Al %	P %
PI 001	600520	7444932	60.3	1.395	2.01	0.0559
PI 002	600473	7444969	56.1	2.50	3.21	0.0559
PI 003	600450	7445001	57.9	1.775	2.64	0.0559
PI 004	600399	7445029	58.9	1.84	2.03	0.0467
PI 005	600346	7445068	59.0	1.37	2.13	0.0498
PI 006	600208	7445250	50.8	1.595	5.93	0.0292
PI 007	600200	7445307	55.9	1.085	3.31	0.0886
PI 008	600244	7445369	59.8	1.54	1.55	0.0436
PI 009	600278	7445450	56.2	1.735	3.10	0.0498
PI 010	600299	7445539	55.7	2.27	3.52	0.0362
PI 011	600279	7445627	53.3	2.88	4.22	0.0402
PI 012	600297	7445684	55.6	2.35	2.73	0.0314
PI 013	600313	7445771	55.4	2.27	2.49	0.0323
PI 014	600336	7445842	51.9	2.50	3.72	0.0340
PI 015	600387	7445842	52.3	2.65	3.80	0.0489
PI 016	600398	7445889	59.5	1.655	1.545	0.0585
PI 017	600399	7445942	54.9	2.71	3.02	0.0480
PI 018	600447	7446017	56.1	2.53	2.46	0.0428
PI 019	600394	7446086	30.0	1.80	18.85	0.0196

MESA 2

Sample Number	AMG 84 Easting	AMG 84 Northing	Fe %	Si %	Al %	P %
505762	598351	7444748	58.6	2.39	0.0518	1.745
505763	598357	7444829	50.9	5.06	0.0519	2.36
505764	598344	7444894	57.9	2.09	0.0486	1.675
505765	598089	7444948	55.2	3.20	0.0320	2.69

MESA 3

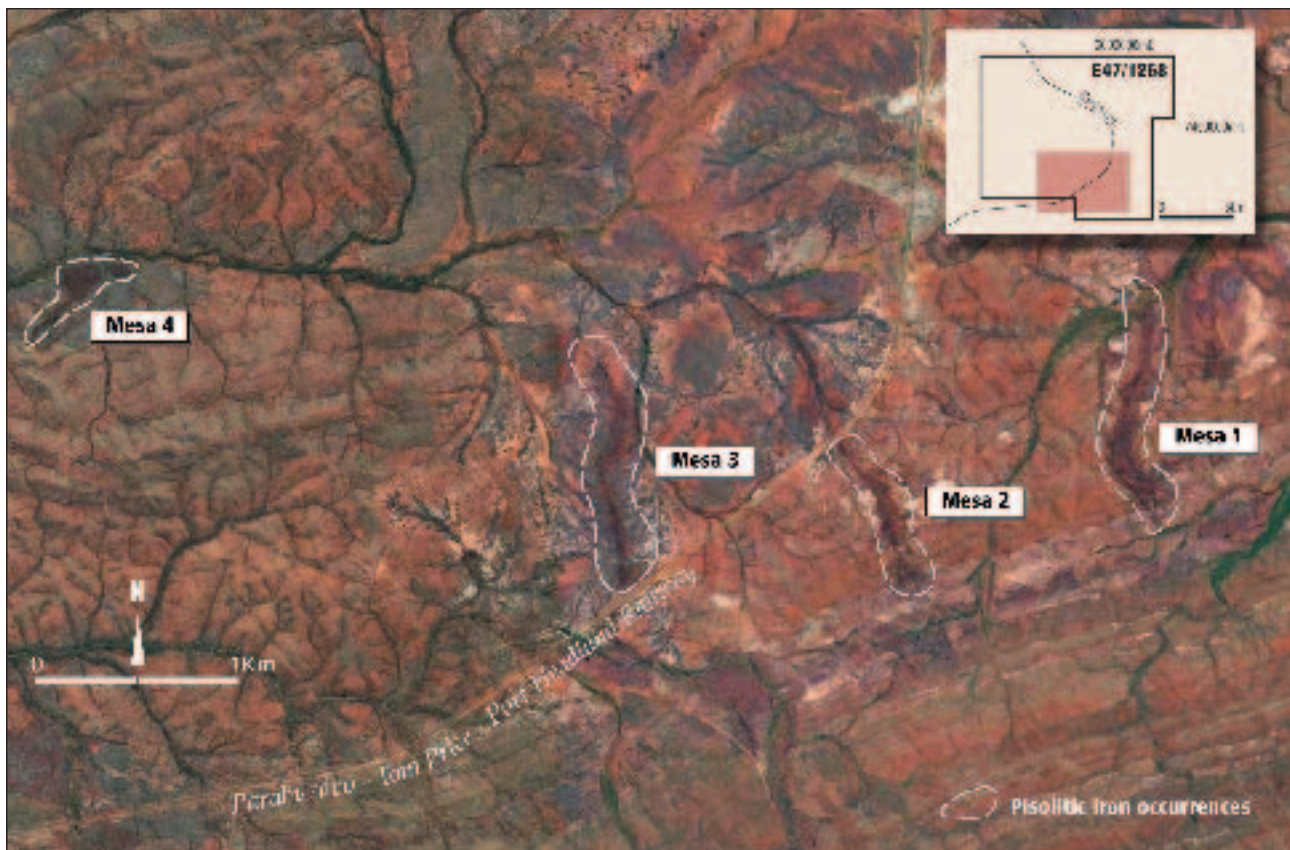
505774	596172	7444236	51.5	1.52	0.4400	5.57
505775	596168	7444255	59.2	1.41	0.0513	1.975
505776	596169	7444270	52.0	3.70	0.1155	2.95
505777	596218	7444329	49.9	4.76	0.0701	3.13
505778	596210	7444328	58.6	1.83	0.0770	2.05
505779	596104	7445656	59.2	1.06	0.0329	2.26
505780	596097	7445529	60.8	0.93	0.0425	1.72
505781	596011	7445209	57.7	1.44	0.0346	2.59
505782	595965	7445170	57.2	1.44	0.0351	3.47
505783	595982	7445034	58.8	1.03	0.0415	2.65
505784	596058	7444935	58.1	1.83	0.0415	2.34
505785	596110	7444635	59.6	1.74	0.0476	2.23
505786	596134	7444471	59.5	1.46	0.0503	1.945

MESA 4

Sample Number	AMG 84 Easting	AMG 84 Northing	Fe %	Si %	Al %	P %
505766	591298	7446218	56.0	1.64	0.0976	1.815
505767	591300	7446252	55.7	0.99	0.0650	3.30
505768	591311	7446266	57.5	1.03	0.0879	2.43
505769	591330	7446299	56.9	1.21	0.0844	2.17
505770	591367	7446266	52.1	1.84	0.0693	4.63
505771	591445	7446291	54.4	2.62	0.0682	2.31
505772	591556	7446443	37.3	8.35	0.0878	7.87
505773	591534	7446510	58.1	1.05	0.0554	1.66

The next step in the exploration program will be to drill test or costean the CID capped mesas. Considering the proximity of the mineralisation to established infrastructure (within 2 kilometres to 4 kilometres of the Paraburdoo to Tom Price railway line) in a major iron ore province, it is reasonable to assume that this deposit could be commercially exploited.

In addition to the rock chip sampling, a stream sediment sampling program was also undertaken to check for other anomalous metal occurrences on the tenement. Analytical results are awaited.



WYLOO PROJECT (E08/853, E08/854)

Interest: 49%
Operator: Intrepid Mines Limited

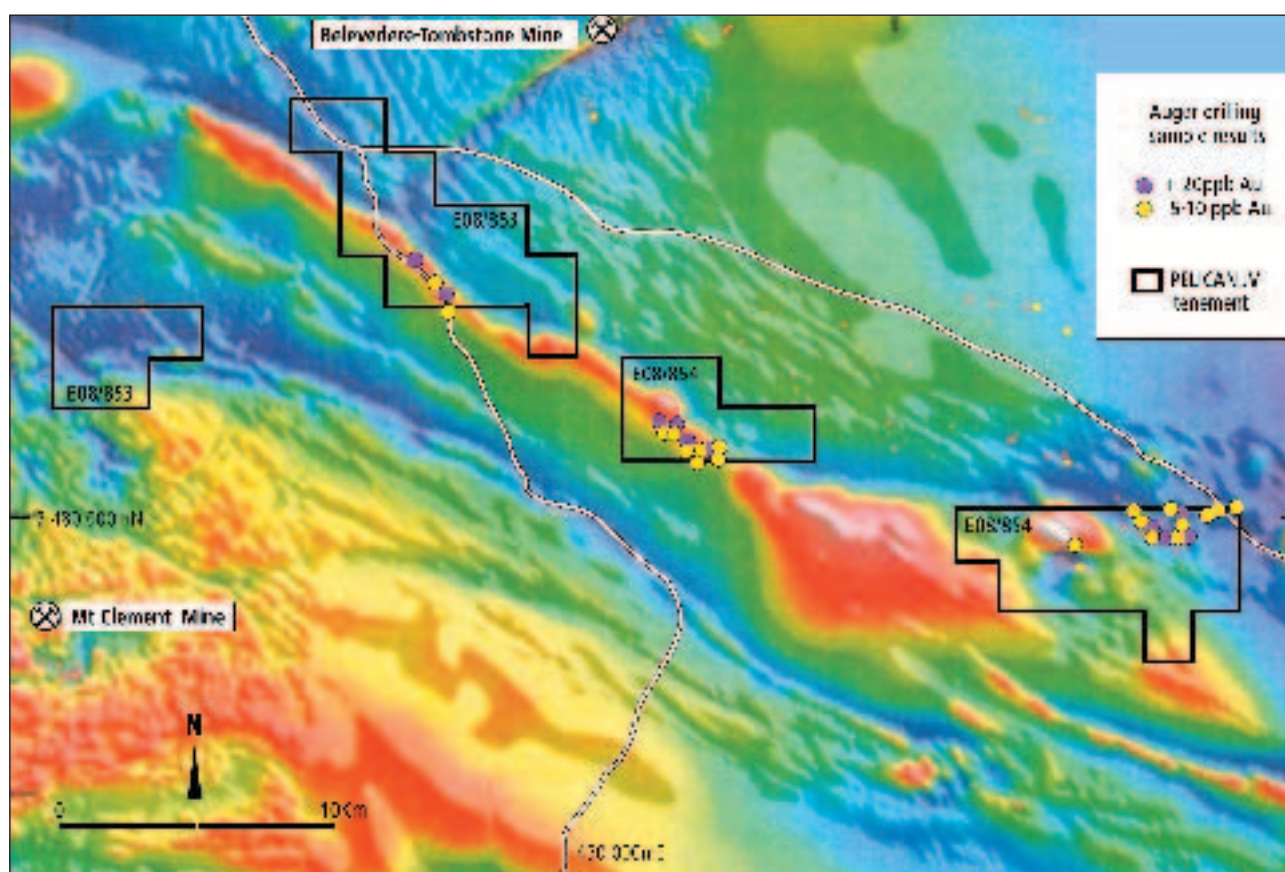
The Wylloo project is located on the northern margin of the Ashburton Trough about 120 kilometres northwest of Paraburdoo and about 10 kilometres southeast of the Paulsen gold mine.

Intrepid Mines Limited has acquired its participating interest of 51% in E08/853 and E08/854 as per the Joint Venture agreement and has advised the Company that it intends to earn the additional 19% interest by spending a further \$400,000 within one year as per the agreement.

Intrepid Mines Ltd is now under new management and has reviewed all available data on both tenements and is preparing a general exploration plan to be carried out over the next few months. Exploration on the joint venture tenements will have a two-pronged approach; continuing the search for gold and initiation of the evaluation of the iron ore potential.

The tenements are located close to the Paulsen's gold mine and it is logical that gold exploration is still a priority in the area. Although extensive soil sampling, rock chip sampling and drilling has been undertaken over a period of years, a new initiative of intensive soil, stream sediment and rock chip sampling will commence in all areas not previously covered. Structural analysis and detailed mapping of specific areas with a view to defining drill targets.

A new initiative will be the evaluation of the iron ore potential of the tenements. The Marra Mamba Formation outcrops on the tenements and there is the potential for scree deposits beneath thin Mt McGrath Formation or surficial cover. The Marra Mamba is regarded as the next generation of Australian iron ore and currently defined deposits include West Angelas, Hope Downs Silvergrass and Mining Area C.



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

Interest: 23.19%
Operator: Newcrest Operations Limited (71% interest)

The Xanadu Gold project comprises three Mining Leases and an Exploration Licence which are located about 30 kilometres to the southeast of the iron ore town of Paraburdoo in Western Australia. These tenements, located within the Paraburdoo Hinge Zone, cover a 10 kilometre belt of Duck Creek Dolomite and Mt McGrath formations lithologies within the Ashburton Trough which are very prospective for Carlin-style gold mineralisation.

The three Mining Leases at Xanadu are being explored under a Joint Venture with Newcrest Operations Limited. Newcrest have earned a 76.17% equity participation interest. Pelican may now elect to contribute to each six monthly work program on a program by program basis. If the Company elects not to contribute to a specific work program, it will abate at the rate of 1% equity interest point for every \$350,000 spent by the operator. Newcrest and Sipa Exploration NL have terminated the option agreement on Exploration Licence (E52/812).

Newcrest Operation Limited entered into the joint venture on the Xanadu tenement block in late 1998 to explore for gold as part of their strategy to focus on the Ashburton Trough. Since that time, the joint venture has identified significant mineralisation at several prospects with encouraging gold intersections and further targets to test. The mineralisation has similarities to sediment-hosted deposits of the Carlin trend in Nevada including evidence of de-calcification of the calcareous sediments, silicification and jasperoid development, and a gold-arsenic-antimony-mercury geochemical signature.

However, Newcrest's current exploration strategy is to focus primarily on more advanced projects closer to development.

As a consequence, Newcrest is preparing to divest its stake in the joint venture and in conjunction with Pelican is seeking expressions of interest for 100% of the Xanadu Exploration JV.

DONALD WELL (E45/2534)

Interest: 100%
Operator: Sunrise Exploration Pty Ltd

The Donald Well tenement is located approximately 45 kilometres to the southeast of Port Hedland. The central portion of the tenement is occupied by the Tabba Tabba Shear Zone which trends northeast through the project area for 8.3 kilometres.

The tenement is situated to the northeast and along strike from the De Grey Mining Ltd tenements where significant base metal results have been reported. Three drill-ready TEM targets have been established on the tenement and require drill testing of the established targets.

The Company has advised the ASX that its wholly owned subsidiary, Sunrise Exploration Pty Ltd, entered into a Farm-out Exploration Joint Venture on the Donald Well project area with Shaw River Resources Limited which is exploring their Hedland project approximately 10 kilometres to the north-east.

Shaw River intends to actively explore the Joint Venture area by drilling over the electromagnetic targets identified, as well as any other targets generated by the Shaw River work program.

The Key Terms of the Joint Venture include: the issue of 500,000 Shaw River shares and 1,000,000 20c 2013 options to Sunrise to reflect exploration expenditure to date. Shaw River is required to expend \$150,000 in the first year as manager to earn a 30% interest in the project area. On election to proceed beyond year one, Shaw River will issue a further 500,000 Shaw River Resources Limited shares to Sunrise.

In addition, expenditure requirements by Shaw River in years two and three of \$300,000 will earn a further 40% increasing Shaw River's Joint Venture interest to 70%.

The Joint Venture arrangements post year three will entail the parties contributing to Joint Venture expenditure in accordance with their Joint Venture participating interests. The Company has the option to contribute or dilute prior to completion of a bankable feasibility study or equivalent. Upon completion of a positive bankable feasibility study, the parties will either commit to the development or dilute in the standard form.



BANDED IRONSTONE ALONG THE TABON TABON SHEAR
DONALD WELL TENEMENT

TASMANIA

TASMIN PROJECT (EL22/2005)

Interest: 100%
Operator: Sunrise Exploration Pty Ltd

The project area is located immediately north of Strahan on the west coast of Tasmania and was granted for heavy mineral exploration.

The area of 101 square kilometres extent excludes a buffer zone to the beachfront with known mineral sands. The area was previously explored by Newmont Holdings Limited and Aztec Mining Co Limited during the 1980s.

A consultant geologist completed an assessment of EL22/2005 utilising available geological and geophysical data followed by a brief perusal of Open File company reports.

The major outcome of the study was that the airborne magnetic image showed a pronounced magnetic response which straddles the present Ocean Beach and is around 1.2 kilometres in width and continuous over at least 35 kilometres of coast adjacent to EL22/2005. It is offset and at least 60% of its width occurs seaward of the waterline and 15-20% within the tenement, the boundary of which excludes Ocean Beach.

The response overlies the known heavy mineral concentration along Ocean Beach which has a significant magnetic content (magnetite, ilmenite and chromite) and was interpreted as probably due to a large heavy mineral deposit, the bulk of which lies offshore.

Since the end of the reporting period, the Company withdrew from the project area following a further review of the data and mineralised area within and surrounding the tenement area.

RELINQUISHMENTS

Paddington West MLA24/496.

NEW ACQUISITIONS

Priority exploration licence application E59/1485 comprising 450 ha in Yalgoo region of WA secured in ballot.

Competent Person's Statement

The information in this Public Report that relates to Mineral Resources is based on, and accurately reflects, the information compiled by Dr John Hills a consultant to Pelican Resources Limited. Dr Hills is a member of the Australasian Institute of Mining and Metallurgy, respectively. Dr Hills has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activities which they are undertaking to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Hills consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

PROJECT NAME	TENEMENT NUMBER	AREA	EQUITY/ EARNING	LOCATION
Cockatoo Island	M04/235	159.85 ha	100%	Cockatoo Island, WA
Xanadu	M52/83	986.95 ha	26%	30 kms SE Paraburdoo, WA
	M52/84	999.05 ha	26%	
	M52/105	703.30 ha	26%	
	E52/812	16 Blk	100%	
Wyloo	E08/853	18 Blk	49%	120 kms NW Paraburdoo, WA
	E08/854	18 Blk	49%	
Bellary Springs	EL 47/1268	35 Blk	100%	20 kms E Paraburdoo, WA
Donald Well	EL 45/2534	23 Blk	100%	SE Port Hedland, WA
Philippines Mabuhay	MPSA APPL 000029-X	878.00 ha	Earning 80%	15 kms Surigao City, Mindanao
Philippines Romblon	MPSA APPL. AMA-IVB-025	1,854 ha	Option	Romblon Province
	SSMP Rom 167	15.58 ha		
	SSMP Rom 168	20.00 ha		

Your directors submit their report on the consolidated entity consisting of Pelican Resources Limited and its controlled entities for the financial year ended 30 June 2008.

DIRECTORS

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

John Palermo
John Henry Hills
Darryl Francis Lynton-Brown

PRINCIPAL ACTIVITIES

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

CONSOLIDATED RESULTS

The consolidated loss for the year after income tax was \$865,424 (2007: Profit \$162,881).

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid or recommended for the year ended 30 June 2008.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

Date	Details	No. of Shares	Issue Price	No. of Options	Exercise Price	Exercisable By
28/08/2007	Conversion of options	379	\$0.20	–	–	–
07/12/2007	Pursuant to resolution of members	–	–	2,500,000	\$0.25	31/12/2011
07/12/2007	Pursuant to resolution of members	–	–	2,500,000	\$0.35	31/12/2011

REVIEW OF ECONOMIC OPERATIONS

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

ENVIRONMENTAL REGULATION

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

PARTICULARS OF DIRECTORS

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

Mr Palermo is a Chartered Accountant and a consultant to the Chartered Accounting Practice, Palermo Chartered Accountants. He was the Principal of that practice from 1978 to 2006. His main areas of expertise are corporate consulting services and company administration. During the past three years Mr Palermo has also served as a director of the following other listed companies:

- Pharmanet Group Ltd *
- Consolidated Global Investments Ltd *
- Gladiator Resources Ltd *

(* denotes current directorship)

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

Dr Hills is a qualified geologist with forty-seven (47) years experience in the industry, twelve (12) years of which were spent with BP as Minerals Exploration Manager. His experience in the mineral industry spans diamond exploration in Botswana, mine geology and mineragraphic research with RST in Zambia, mineral exploration and research in the Alligator Rivers Uranium Province in the Northern Territory and the initiation of an Australia-wide minerals exploration program in 1974 for BP Group. During the past three years Dr Hills has also served as a director of the following other listed companies:

- Gladiator Resources Ltd *

(* denotes current directorship)

Darryl Francis Lynton-Brown

Mr Lynton-Brown has experience in all aspects of accounting and auditing of mining companies. He is a director of D F Lynton-Brown Pty Ltd. During the past three years Mr Lynton-Brown has also served as a director of the following other listed companies.

- Magnum Mining and Exploration Ltd *

(* denotes current directorship)

COMPANY SECRETARY

John J Palermo, B.Bus, CA, ACIS

Mr Palermo is a Chartered Accountant with twelve (12) years experience in Public Practice. Currently a director of Palermo Chartered Accountants, he has experience in public company accounting and administration. John J Palermo has completed extensive work with the Institute of Chartered Accountants both in Australia and overseas with the delivery of their Chartered Accountants Program.

REMUNERATION REPORT

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

Remuneration policy (audited)

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.

REMUNERATION REPORT (continued)

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 directors and certain other senior executives are being formalised in service agreements.

Remuneration of non-executive directors is determined by the Board within the maximum amount approved by the shareholders from time to time and which currently stands at \$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 (audited)

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

Key management personnel compensation (audited)

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

	Primary Benefits			Post Employment		Share Based Payments Shares/Options	Other Benefits	TOTAL \$	% Consisting of Options
	Salary & Fees	Cash Bonus	Non-Monetary	Super-annuation	Retirement Benefits				
Directors									
Palermo, J – Chairman (non-executive)									
2008	110,253	–	3,784	16,350	–	257,200	–	387,587	66%
2007	87,693	–	4,594	12,600	–	–	–	104,887	0%
Hills, J – Director (executive)									
2008	131,285	–	3,783	16,350	–	257,200	–	408,618	63%
2007	154,178	–	4,594	13,850	–	–	–	172,622	0%
Lynton-Brown, D – Director (non-executive)									
2008	–	–	3,783	16,350	–	128,600	–	148,733	86%
2007	3,750	–	4,594	12,600	–	–	–	20,944	0%
Total Remuneration: Directors									
2008	241,538	–	11,350	49,050	–	643,000	–	944,938	
2007	245,621	–	13,782	39,050	–	–	–	298,453	

Remuneration Options (2008)

	Grant No.	Grant Date	Expiry Date	Exercise Price	Terms and conditions for each grant		
					First Exercise Date	Last Exercise Date	Total Vested 30 June 2008
J Palermo	2,000,000	27/11/2007	31/12/2011	\$0.25 & \$0.35	27/11/2007	31/12/2011	2,000,000
J H Hills	2,000,000	27/11/2007	31/12/2011	\$0.25 & \$0.35	27/11/2007	31/12/2011	2,000,000
D F Lynton-Brown	1,000,000	27/11/2007	31/12/2011	\$0.25 & \$0.35	27/11/2007	31/12/2011	1,000,000

REMUNERATION REPORT (continued)

Using the Black-Scholes option valuation methodology, resulted in valuations of \$0.1325 per option for the \$0.25 exercise priced options and \$0.1247 each for the \$0.35 exercised price options. Under AASB 2 "Share-based Payments", the value of shares and options issued to directors, employees and consultants were accounted for as a cost in the Income Statement. All remuneration options issued, vested on grant date. Details on the valuation of the options, including assumptions used, are set out in note 28.

During the year, no remuneration options were exercised by the directors and no options lapsed.

The value of options granted during the year were as follows:

J Palermo	\$257,200
J H Hills	\$257,200
D F Lynton-Brown	\$128,600

DIRECTORS' INTERESTS IN SHARES AND OPTIONS OF THE COMPANY

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

	Number of Ordinary Shares	Number of Options over Ordinary Shares
John Palermo	5,061,313	9,374,208
John Henry Hills	11,203,403	13,826,889
D F Lynton-Brown	6,034,784	10,765,376

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 2008 and the number of meetings attended and circular resolutions executed by each director:

	Number Eligible to Attend	Number Attended
John Palermo	10	10
John Henry Hills	10	10
D F Lynton-Brown	10	10

DIVIDENDS

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

SHARE OPTIONS

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

Listed Options

* 83,867,665 options exercisable at \$0.20 on or before 31 December 2008

Unlisted Options

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

* 2,500,000 options exercisable at \$0.25 on or before 31 December 2011

* 2,500,000 options exercisable at \$0.35 on or before 31 December 2011

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of subsequent events are set out in note 26.

INDEMNIFICATION AND INSURANCE OF DIRECTORS

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

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

Insurance of Officers

Since the end of the previous financial year, the Company has paid insurance premiums of \$11,350 in respect of directors and officers liability and corporate reimbursement, for directors and officers of the Company. The insurance premiums relate to:

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

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 55.

NON-AUDIT SERVICES

Any non-audit services that may have been provided by the entity's auditor, Stantons International is shown at note 20. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Dated at Perth this 30th day of September, 2008.

Signed in accordance with a resolution of the directors.



JOHN HENRY HILLS
Director

	Note	Consolidated		Parent Entity	
		2008 \$	2007 \$	2008 \$	2007 \$
Revenue	2	767,288	812,702	767,154	812,230
Administration expense	3(c)	(91,254)	(63,335)	(68,620)	(48,434)
Auditor's remuneration	3(c)	(34,691)	(30,598)	(29,636)	(25,654)
Borrowing costs	3(a)	(102,000)	(102,000)	(102,000)	(102,000)
Company secretarial costs	3(c)	(22,500)	(30,000)	(22,500)	(30,000)
Consulting fees	3(c)	(232,673)	(127,528)	(232,673)	(127,528)
Depreciation	3(a)	(10,473)	(13,126)	(4,118)	(4,777)
Diminution in value of loans and investments	3(c)	(16,740)	–	(594,751)	(746,833)
Directors' benefits	3(c)	(643,000)	–	(643,000)	–
Exploration expenditure written off	3(c)	(57,898)	(57,473)	(9,093)	(14,984)
Insurance	3(c)	(26,204)	(33,620)	(26,204)	(33,620)
Rent and outgoings	3(c)	(23,562)	(16,510)	(19,740)	(16,510)
Travel and accommodation	3(c)	(37,341)	(32,965)	(36,674)	(32,516)
Other expenses	3(b&c)	(338,253)	(133,414)	(142,713)	(113,941)
(Loss)/profit before income tax		(869,301)	172,133	(1,164,568)	(484,567)
Income tax	4	(2,222)	–	–	–
(Loss)/profit after income tax		(871,523)	172,133	(1,164,568)	(484,567)
(Loss)/profit attributable to minority equity interest	17	(6,099)	9,252	–	–
(Loss)/profit attributable to members of Pelican Resources Limited	16	(865,424)	162,881	(1,164,568)	(484,567)
Basic (loss)/earnings per share (cents per share)	22	(0.93)	0.17		
Diluted (loss)/earnings per share (cents per share)	22	–	0.17		

Where diluted earnings per share are not dilutive they are not disclosed.

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

	Note	Consolidated		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Current Assets					
Cash and cash equivalents	5	1,133,661	1,679,036	1,120,136	1,656,816
Trade and other receivables	6	233,180	299,800	43,760	92,420
Other	7	163,653	170,025	154,044	160,416
Total Current Assets		1,530,494	2,148,861	1,317,940	1,909,652
Non Current Assets					
Other financial assets	8	99,586	19,375	1,050,587	969,376
Plant and equipment	9	17,823	22,660	9,277	8,541
Mineral exploration and evaluation expenditure	10	2,834,478	2,222,676	–	–
Total Non Current Assets		2,951,887	2,264,711	1,059,864	977,917
Total Assets		4,482,381	4,413,572	2,377,804	2,887,569
Current Liabilities					
Trade and other payables	11	145,189	97,153	110,293	75,676
Non interest bearing liabilities	13	562,322	293,126	330	–
Total Current Liabilities		707,511	390,279	110,623	75,676
Non Current Liabilities					
Interest bearing liabilities	12	850,000	850,000	850,000	850,000
Deferred tax liabilities		2,222	–	–	–
Total Non Current Liabilities		852,222	850,000	850,000	850,000
Total Liabilities		1,559,733	1,240,279	960,623	925,676
Net Assets		2,922,648	3,173,293	1,417,181	1,961,893
Equity					
Contributed equity	14 (a)	7,603,270	7,603,194	7,603,270	7,603,194
Reserves	15	961,268	334,938	1,056,804	437,024
Accumulated losses	16	(5,700,072)	(4,834,648)	(7,242,893)	(6,078,325)
Total parent entity interest		2,864,466	3,103,484	1,417,181	1,961,893
Minority equity interest	17	58,182	69,809	–	–
Total Equity		2,922,648	3,173,293	1,417,181	1,961,893

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

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2008

	Ordinary Share Capital \$	Reserves \$	Accumulated Losses \$	Minority Equity Interests \$	Total \$
Consolidated					
Balance at 01/07/2006	7,603,194	294,247	(4,959,918)	(24,761)	2,912,762
Prior year losses attributable to minorities allocated to holding company	-	-	(37,611)	37,611	-
Options issued during the year	-	67,868	-	-	67,868
Transaction costs	-	(26,678)	-	-	(26,678)
Profit attributable to members of parent entity	-	-	162,881	-	162,881
Profit attributable to minority equity interests	-	-	-	9,252	9,252
Equity interests attributable to minority equity interests	-	-	-	48,051	48,051
Net effect of changes in translation reserve	-	(499)	-	(344)	(843)
Balance at 30/06/2007	7,603,194	334,938	(4,834,648)	69,809	3,173,293
Balance at 01/07/2007	7,603,194	334,938	(4,834,648)	69,809	3,173,293
Shares issued during the year	76	-	-	-	76
Options issued during the year	-	643,000	-	-	643,000
Loss attributable to members of parent entity	-	-	(865,424)	-	(865,424)
Loss attributable to minority equity interests	-	-	-	(6,099)	(6,099)
Net effect of changes in translation reserve	-	6,550	-	(5,528)	1,022
Net effect of changes in asset revaluation reserve	-	(23,220)	-	-	(23,220)
Balance at 30/06/2008	7,603,270	961,268	(5,700,072)	58,182	2,922,648
Parent					
Balance at 01/07/2006	7,603,194	395,834	(5,593,758)	-	2,405,270
Options issued during the year	-	67,868	-	-	67,868
Transaction costs	-	(26,678)	-	-	(26,678)
Loss attributable to members of parent entity	-	-	(484,567)	-	(484,567)
Balance at 30/06/2007	7,603,194	437,024	(6,078,325)	-	1,961,893
Balance at 01/07/2007	7,603,194	437,024	(6,078,325)	-	1,961,893
Shares issued during the year	76	-	-	-	76
Options issued during the year	-	643,000	-	-	643,000
Loss attributable to members of parent entity	-	-	(1,164,568)	-	(1,164,568)
Net effect of changes in asset revaluation reserve	-	(23,220)	-	-	(23,220)
Balance at 30/06/2008	7,603,270	1,056,804	(7,242,893)	-	1,417,181

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

STATEMENT OF CASH FLOWS
for the year ended 30 June 2008

	Note	Consolidated		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Cash Flows from Operating Activities					
Payments to suppliers and employees		(757,307)	(495,716)	(543,967)	(1,187,110)
Interest received		92,759	113,225	92,625	113,153
Royalties received		730,012	668,992	730,012	668,992
Interest paid		(102,000)	(102,000)	(102,000)	(102,000)
Other receipts		-	2,589	-	2,189
Net Cash (Used in)/Provided by Operating Activities	18(b)	(36,536)	187,090	176,670	(504,776)
Cash Flows from Investing Activities					
Payment for the purchase of subsidiary		-	-	(1,000)	-
Payments for exploration expenditure		(789,871)	(907,609)	(9,093)	(14,984)
Loans from/(to) other entities		286,196	223,208	(697,853)	-
Proceeds from sale of plant and equipment		-	13,773	-	1,500
Payment for plant and equipment		(6,262)	(3,632)	(5,480)	(1,600)
Payment for bond on tenement		-	(9,000)	-	-
Net Cash Used in Investing Activities		(509,937)	(683,260)	(713,426)	(15,084)
Cash Flows from Financing Activities					
Repayment of borrowings		-	(21,183)	-	-
Proceeds from issue of shares and options		76	67,868	76	67,868
Costs associated with share and option issues		-	(26,678)	-	(26,678)
Net Cash Provided by Financing Activities		76	20,007	76	41,190
Net decrease in cash and cash equivalents held		(546,397)	(476,163)	(536,680)	(478,670)
Cash and cash equivalents at the beginning of the financial year		1,679,036	2,155,308	1,656,816	2,135,486
Effect of exchange rate changes on cash holdings		1,022	(109)	-	-
Cash and cash equivalents at the end of the financial year	18(a)	1,133,661	1,679,036	1,120,136	1,656,816

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 30 September 2008.

The financial report of Pelican Resources Limited complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS), in their entirety. Compliance with AIFRS ensures that the financial report also complies with International Financial Reporting Standards (IFRS) in their entirety.

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

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the entities controlled by Pelican Resources Limited (parent entity) as at 30 June 2008 and the results of the controlled entities for the year then ended. The effects of all transactions between Pelican Resources Limited and its controlled entities are eliminated in full.

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

Minority interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

(b) Income Tax

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

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

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

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

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Plant and Equipment

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

Plant and equipment

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

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

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value method commencing from the time the asset is held ready for use.

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

Plant and equipment	13.5 – 100%
Motor vehicles	22.5%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date and where adjusted, shall be accounted for as a change in accounting estimate. Where depreciation rates or method are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method.

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

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

(d) Exploration and Development Expenditure

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

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

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

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Leases

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

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

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

(f) 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.

(g) 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.

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 income statement.

(h) 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 income statement.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Investments in Associates

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

(j) Foreign Currency Transactions and Balances

Functional and presentation currency

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

Transaction and balances

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

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

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 income statement.

Controlled entities

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

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

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

(k) 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.

(l) 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).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Borrowing Costs

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

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

(n) Goods and Services Tax (GST)

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

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

(o) Earnings per share

(i) *Basic Earnings per share*

Basic earnings per share is determined by dividing the operating profit/(loss) after income tax attributable to members of Pelican Resources Limited by the weighted average number of ordinary shares outstanding during the financial year.

(ii) *Diluted Earnings per Share*

Diluted earnings per share adjusts the amounts used in the determination of basic earnings per share by taking into account unpaid amounts on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial year.

(p) Contributed Equity

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

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

(q) Australian Accounting Standards and Amendments Issued but not yet Effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The Group's and the parent entity's assessment of the impact of new standards and interpretations that may affect the Group is set out below.

(i) *AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8*

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group has not yet decided when to adopt AASB 8. Application of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.

(ii) *Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]*

The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and – when adopted – will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Group, as the Group does not have any qualifying assets.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Australian Accounting Standards and Amendments Issued but not yet Effective (continued)

(iii) *Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101*

A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group intends to apply the revised standard from 1 July 2009.

(iv) *Revised AASB 127 Consolidated and Separate Financial Statements.*

Changes the accounting for investments in subsidiaries. Key changes include: the remeasurement to fair value of any previous/retained investment when control is obtained/lost, with any resulting gain or loss being recognised in profit or loss; and the treatment of increases in ownership interest after control is obtained as transactions with equity holders in their capacity as equity holders. The revised standard will become mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the revised standard on the Group's financial report.

(v) *AASB 2008-1 Amendments to Australian Accounting Standard – Share-based Payment: Vesting Conditions and Cancellations.*

Changes the measurement of share-based payments that contain non-vesting conditions. AASB 2008-1 becomes mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the amending standard on the Group's financial report.

(r) 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 report 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 Group. 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 10 – Mineral Exploration and Evaluation Expenditure

Note 25 – Financial Instruments

Note 28 – Share Based Payments

NOTE 2: REVENUE

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Revenue				
Royalties	679,137	696,038	679,137	696,038
Interest earned	88,151	114,075	88,017	114,003
Other	–	2,589	–	2,189
Total revenue	767,288	812,702	767,154	812,230

NOTE 3: EXPENSES AND LOSSES/(GAINS)

(a) Expenses

Depreciation of non-current assets

Plant and equipment	8,636	7,864	4,118	4,777
Motor vehicle	1,837	5,262	–	–
Total depreciation of non-current assets	10,473	13,126	4,118	4,777

Borrowing cost expense

Interest expense on convertible notes	102,000	102,000	102,000	102,000
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(b) Net foreign currency (gains)/losses

	173,965	4,834	–	–
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(c) Significant Items

Profit/(loss) before income tax includes the following expenses whose disclosure is relevant in explaining the financial performance of the entity:

Administration expenses	91,254	63,335	68,620	48,434
Auditor's remuneration	34,691	30,598	29,636	25,654
Company secretarial costs	22,500	30,000	22,500	30,000
Consulting fees	232,673	127,528	232,673	127,528
Diminution in value of loans	16,740	–	594,751	746,833
Directors' benefits	643,000	–	643,000	–
Exploration expenditure written off	57,898	57,473	9,093	14,984
Insurance	26,204	33,620	26,204	33,620
Rent and outgoings	23,562	16,510	19,740	16,510
Travel and accommodation	37,341	32,965	36,674	32,516
Other expenses	164,288	128,580	142,713	113,941
	1,350,151	520,609	1,825,604	1,190,020

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
NOTE 4: INCOME TAX				
The prima facie tax on (loss)/profit before income tax is reconciled to the income tax as follows:				
(Loss)/profit before income tax	(869,301)	172,133	(1,164,568)	(484,567)
Income tax calculated at 30%	(260,790)	51,640	(349,370)	(145,370)
Add back:				
Income accrued	(6,239)	(255)	(6,239)	(255)
Non deductible expenses	4,159	1,328	859	1,328
Unrealised foreign exchange gains	52,190	-	-	-
Provisions	(2,672)	1,435	172,336	224,176
Share based payments	192,900	-	192,900	-
Capitalised exploration written off	(183,541)	(255,074)	-	-
Capital raising costs	(9,387)	(9,118)	(9,387)	(9,118)
Prior year losses recouped	-	-	(1,099)	(70,761)
Future income tax benefits not brought to account	213,380	210,044	-	-
Income tax expense	-	-	-	-
Deferred tax assets:				
Capital raising costs	18,010	24,096	18,010	24,096
Provisions	226,380	193,432	1,365,603	1,186,308
Carried forward tax losses	1,925,852	1,712,472	591,533	592,632
	2,170,242	1,930,000	1,975,146	1,803,036
Deferred tax liabilities:				
Capitalised exploration costs	850,343	666,803	-	-
Accrued income	13,169	6,930	13,169	6,930
Deferred tax liabilities via overseas subsidiary	2,222	-	-	-
	865,734	673,733	13,169	6,930

NOTE 5: CASH AND CASH EQUIVALENTS

Cash at bank	73,661	29,036	60,136	6,816
Deposits at call	1,060,000	1,650,000	1,060,000	1,650,000
	1,133,661	1,679,036	1,120,136	1,656,816

NOTE 6: TRADE AND OTHER RECEIVABLES

Current				
Accrued royalties	25,402	76,277	25,402	76,277
Goods and services tax	32,797	31,541	18,358	16,143
Advance/loan – other parties	174,981	191,982	-	-
	233,180	299,800	43,760	92,420

As of 30 June 2008, trade and other receivables do not contain impaired assets and are not past due. It is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables.

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
NOTE 7: OTHER				
Current				
Deposits held	123,000	123,000	114,000	114,000
Accrued revenue	18,493	23,101	18,493	23,101
Prepayments	22,160	23,924	21,551	23,315
	<u>163,653</u>	<u>170,025</u>	<u>154,044</u>	<u>160,416</u>

NOTE 8: OTHER FINANCIAL ASSETS

Non Current

Related party receivables:

Controlled entities	–	–	3,892,948	3,314,936
Less: provision for non recovery	–	–	(3,892,948)	(3,314,936)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

Unlisted investments at cost:

Shares in controlled entities	–	–	951,001	950,001
Less: provision for diminution in value	–	–	–	–
	<u>–</u>	<u>–</u>	<u>951,001</u>	<u>950,001</u>

Listed investments at fair value:

Shares in other entities	675,000	620,000	675,000	620,000
Less: provision for diminution in value	(627,365)	(600,625)	(627,365)	(600,625)
	<u>47,635</u>	<u>19,375</u>	<u>47,635</u>	<u>19,375</u>

Options in other entities

Options in other entities	65,171	–	65,171	–
Less: provision for diminution in value	(13,220)	–	(13,220)	–
	<u>51,951</u>	<u>–</u>	<u>51,951</u>	<u>–</u>
	<u>99,586</u>	<u>19,375</u>	<u>1,050,587</u>	<u>969,376</u>

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
NOTE 9: PLANT AND EQUIPMENT				
Plant and equipment at cost	34,487	29,725	29,210	25,230
Less: accumulated depreciation	(22,993)	(15,231)	(19,933)	(16,689)
Total plant and equipment	11,494	14,494	9,277	8,541
Motor vehicles at cost	32,491	32,491	–	–
Less: accumulated depreciation	(26,162)	(24,325)	–	–
Total motor vehicles	6,329	8,166	–	–
Total plant and equipment	17,823	22,660	9,277	8,541
Reconciliation of the carrying amount for plant and equipment and motor vehicles is set out below:				
Plant and equipment				
Carrying amount at beginning of year	14,494	18,563	8,541	13,218
Additions	6,262	5,295	5,480	1,600
Disposals	–	(1,500)	–	(1,500)
Net book value of plant and equipment disposed	(626)	–	(626)	–
Depreciation expense	(8,636)	(7,864)	(4,118)	(4,777)
Carrying amount at end of year	11,494	14,494	9,277	8,541
Motor vehicles				
Carrying amount at beginning of year	8,166	29,634	–	–
Disposals	–	(16,206)	–	–
Depreciation expense	(1,837)	(5,262)	–	–
Carrying amount at end of year	6,329	8,166	–	–
Total carrying amount at end of year	17,823	22,660	9,277	8,541

NOTE 10: MINERAL EXPLORATION AND EVALUATION EXPENDITURE

Balance at beginning of year	2,222,676	1,372,431	–	–
Exploration and mining expenditure incurred during the year	669,700	907,718	9,093	14,984
Expenditure written off	(57,898)	(57,473)	(9,093)	(14,984)
Balance at end of year	2,834,478	2,222,676	–	–
Exploration expenditure carried forward in respect of areas of interest in the exploration and evaluation phase	2,834,478	2,222,676	–	–

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.

NOTE 11: TRADE AND OTHER PAYABLES

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Trade creditors and accrued expenses	123,462	77,815	88,606	57,315
Goods and services tax	21,687	18,361	21,687	18,361
Withholding tax	40	977	-	-
	<u>145,189</u>	<u>97,153</u>	<u>110,293</u>	<u>75,676</u>

NOTE 12: INTEREST BEARING LIABILITIES

Non Current

Convertible notes *	<u>850,000</u>	<u>850,000</u>	<u>850,000</u>	<u>850,000</u>
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* The Company has issued 850 unsecured convertible notes with a face value of \$1,000 each bearing 12% interest per annum. The notes are transferable and are convertible at any time by the holder in minimum parcels of 10 notes on each occasion, into fully paid ordinary shares and options at a price equal to \$0.05, or 80% of the average price of the shares over the last 5 trading days prior to conversion, whichever is the lower, per share plus a free attaching option exercisable at \$0.20 on or before 31 December 2008. On 10 April 2008, the conversion date was extended for a period of 18 months.

NOTE 13: NON-INTEREST BEARING LIABILITIES

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Loan – subsidiary	-	-	330	-
Loan – other parties	<u>562,322</u>	<u>293,126</u>	<u>-</u>	<u>-</u>

NOTE 14: CONTRIBUTED EQUITY

(a) Issued Capital

93,302,005 Ordinary shares fully paid (2007: 93,301,626)	<u>7,603,270</u>	<u>7,603,194</u>	<u>7,603,270</u>	<u>7,603,194</u>
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(b) Movements in ordinary share capital of the Company during the past two years were as follows:

Date	Details	No. of Shares	Issue Price	\$
01/07/2006	Opening balance	93,301,626		7,603,194
28/08/2007	Conversion of options	379	\$0.20	76
	Less: transaction costs arising on share issues	-		-
30/06/2008	Closing balance	<u>93,302,005</u>		<u>7,603,270</u>

NOTE 14: CONTRIBUTED EQUITY (continued)

(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 2008 and no dividends are expected to be paid in 2009.

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.

Consolidated		Parent Entity	
2008	2007	2008	2007
\$	\$	\$	\$

NOTE 15: RESERVES

(a) Composition

Options reserve	1,080,024	437,024	1,080,024	437,024
Foreign currency translation reserve	(95,536)	(102,086)	–	–
Asset revaluation reserve	(23,220)	–	(23,220)	–
	<u>961,268</u>	<u>334,938</u>	<u>1,056,804</u>	<u>437,024</u>

(b) Movements in options of the Company were as follows:

Details	No. of Listed Options	No. of Unlisted Options	Issue Price	\$
Opening balance at 1 July 2007	83,868,044	6,000,000	–	437,024
Option conversion	(379)	–	–	–
Pursuant to members resolution (a)	–	2,500,000	\$0.1325	331,250
Pursuant to members resolution (b)	–	2,500,000	\$0.1247	311,750
Less: transaction costs				–
Closing balance at 30 June 2008	<u>83,867,665</u>	<u>11,000,000</u>		<u>1,080,024</u>

(a) Options exercisable at \$0.25 on or before 31/12/2011.

(b) Options exercisable at \$0.35 on or before 31/12/2011.

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
NOTE 16: ACCUMULATED LOSSES				
Balance at beginning of the year	(4,834,648)	(4,959,918)	(6,078,325)	(5,593,758)
(Loss)/profit attributable to members of Pelican Resources Limited	(865,424)	162,881	(1,164,568)	(484,567)
Prior year losses attributable to minorities allocated to holding company	-	(37,611)	-	-
Balance at end of the year	(5,700,072)	(4,834,648)	(7,242,893)	(6,078,325)

NOTE 17: MINORITY EQUITY INTEREST

Reconciliation of minority equity interest in controlled entities:				
Opening balance	69,809	(24,761)	-	-
Share of prior year's losses allocated to holding company	-	37,611	-	-
Share of current year's (loss)/profit after income tax	(6,099)	9,252	-	-
Share of current year's equity	-	48,051	-	-
Share of current year's translation reserve	(5,528)	(344)	-	-
	58,182	69,809	-	-

NOTE 18: NOTES TO THE STATEMENT OF CASH FLOWS

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

Cash and cash equivalents (Note 5)	1,133,661	1,679,036	1,120,136	1,656,816
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- b) Reconciliation of net cash and cash equivalents used in operating activities to loss after income tax:

(Loss)/profit for the year	(865,424)	162,881	(1,164,568)	(484,567)
Equity settled share based payments	643,000	-	643,000	-
Exploration and evaluation expenditure written off	57,898	57,473	9,093	14,984
Depreciation	10,473	13,126	4,118	4,777
Diminution in value of loans and investments	16,740	(19,375)	594,752	(19,375)
Loss on disposal of plant and equipment	626	2,270	626	-
Minority interest for the year	(6,099)	9,252	-	-
Movements in assets and liabilities:				
Receivables	55,483	(27,896)	55,483	(27,896)
Net GST receivable	2,070	2,903	1,111	3,999
Prepayments	1,764	(10,603)	1,764	(10,578)
Payables	44,711	(2,941)	31,291	13,880
Deferred tax	2,222	-	-	-
Net cash (used in)/provided by operating activities	(36,536)	187,090	176,670	(504,776)

Consolidated		Parent Entity	
2008	2007	2008	2007
\$	\$	\$	\$

**NOTE 18: NOTES TO THE STATEMENT OF
CASH FLOWS (continued)**

- c) Acquisition of entity
On 24 August 2007, the Company incorporated Pelican Pacific Pty Ltd with an issued capital of \$1,000.

Cost	-	-	1,000	-
Cash outflow	-	-	1,000	-

- d) Non-cash investing and financing activities
There were no non-cash investing or financing transactions during the year.

NOTE 19: KEY MANAGEMENT PERSONNEL

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

(a) Directors and Specified Executives

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

Directors

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

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

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

	Primary Benefits			Post Employment		Share Based Payments Shares/Options	Other Benefits	TOTAL \$	% Consisting of Options
	Salary & Fees	Cash Bonus	Non-Monetary	Super-annuation	Retirement Benefits				
Directors									
Palermo, J – Chairman (non-executive)									
2008	110,253	-	3,784	16,350	-	257,200	-	387,587	66%
2007	87,693	-	4,594	12,600	-	-	-	104,887	0%
Hills, J – Director (executive)									
2008	131,285	-	3,783	16,350	-	257,200	-	408,618	63%
2007	154,178	-	4,594	13,850	-	-	-	172,622	0%
Lynton-Brown, D – Director (non-executive)									
2008	-	-	3,783	16,350	-	128,600	-	148,733	86%
2007	3,750	-	4,594	12,600	-	-	-	20,944	0%
Total Remuneration: Directors									
2008	241,538	-	11,350	49,050	-	643,000	-	944,938	
2007	245,621	-	13,782	39,050	-	-	-	298,453	

Consolidated		Parent Entity	
2008	2007	2008	2007
\$	\$	\$	\$

**NOTE 19: KEY MANAGEMENT PERSONNEL
(continued)**

(b) Compensation of Key Management Personnel

Compensation by category:

Short-term	252,888	259,403	252,888	259,403
Post employment	49,050	39,050	49,050	39,050
Share-based payments	643,000	–	643,000	–
	<u>944,938</u>	<u>298,453</u>	<u>944,938</u>	<u>298,453</u>

(c) Transactions with Key Management Personnel

Either individually or through companies under their control, or through companies under the control of a director related entity, John Palermo and John Hills received payment for the provision of geological consulting (includes payment of geologists' salaries and rental of premises) and general consultancy, secretarial and administrative services under normal commercial terms and conditions during this financial year.

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

	Consolidated	
	2008	2007
	\$	\$
Geological expenses (John Hills)	62,045	70,555
Secretarial and administrative (John Palermo)	45,060	23,091
	<u>107,105</u>	<u>93,646</u>

Amounts payable or receivable to directors and their director related party entities at balance date arising from these transactions were as follows:

Payables	<u>40,606</u>	<u>16,278</u>
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(d) Shareholdings by Directors

	Balance 01/07/07 (No. of Shares)	Received Remuneration (No. of Shares)	No. of Options Exercised	Net Other Change (No. of Shares)	Balance 30/06/08 (No. of Shares)
Director					
J Palermo	5,061,313	–	–	–	5,061,313
J H Hills	11,203,403	–	–	–	11,203,403
DF Lynton-Brown	6,034,784	–	–	–	6,034,784
Total Directors	<u>22,299,500</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>22,299,500</u>

**NOTE 19: KEY MANAGEMENT PERSONNEL
(continued)**

(e) Listed Options and Rights Holdings by Directors

	Balance 01/07/07 (No. Options)	Granted as Remuneration (No. Options)	No. of Options Acquired	No. of Options Exercised	Net Change Other (No. Options)	Balance 30/06/08 (No. Options)	Total Vested 30/06/08 (No. Options)	Total Exercisable (No. Options)
Director								
J Palermo	5,374,208	-	-	-	-	5,374,208	5,374,208	5,374,208
J H Hills	9,826,889	-	-	-	-	9,826,889	9,826,889	9,826,889
DF Lynton- Brown	7,765,376	-	-	-	-	7,765,376	7,765,376	7,765,376
Total	22,966,473	-	-	-	-	22,966,473	22,966,473	22,966,473

(f) Unlisted Options and Rights Holdings by Directors

	Balance 01/07/07 (No. Options)	Granted as Remuneration (No. Options)	No. of Options Exercised	Net Change Other (No. Options)	Balance 30/06/08 (No. Options)	Total Vested 30/06/08 (No. Options)	Total Exercisable (No. Options)
Director							
J Palermo	2,000,000	2,000,000	-	-	4,000,000	4,000,000	4,000,000
J H Hills	2,000,000	2,000,000	-	-	4,000,000	4,000,000	4,000,000
DF Lynton-Brown	2,000,000	1,000,000	-	-	3,000,000	3,000,000	3,000,000
Total	6,000,000	5,000,000	-	-	11,000,000	11,000,000	11,000,000

(g) Remuneration Options (2008)

	Grant No.	Grant Date	Expiry Date	Terms and conditions for each grant		
				Exercise Price \$	First Exercise Date	Last Exercise Date
J Palermo	2,000,000	27/11/2007	31/12/2011	\$0.25 & \$0.35	27/11/2007	31/12/2011
J H Hills	2,000,000	27/11/2007	31/12/2011	\$0.25 & \$0.35	27/11/2007	31/12/2011
DF Lynton-Brown	1,000,000	27/11/2007	31/12/2011	\$0.25 & \$0.35	27/11/2007	31/12/2011

Using the Black-Scholes option valuation methodology, resulted in valuations of \$0.1325 per option for the \$0.25 exercise priced options and \$0.1247 each for the \$0.35 exercised price options. Under AASB 2 "Share-based Payments", the value of shares and options issued to directors, employees and consultants are accounted for as a cost in the Income Statement over the vesting period.

Remuneration Options (2007)

During the year ended 30 June 2007, no shares or options were issued to directors and consultants for remuneration purposes.

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
NOTE 20: REMUNERATION OF AUDITORS				
Amount paid or due and payable to the auditors for:				
Audit services – Stantons International	29,136	25,654	29,136	25,654
– Overseas auditors	5,055	4,944	–	–
Other services – Stantons International	–	–	–	–
– RSM Bird Cameron Partners	500	–	500	–
	<u>34,691</u>	<u>30,598</u>	<u>29,636</u>	<u>25,654</u>

NOTE 21: CONTROLLED ENTITIES

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

	Country of Incorporation	Book Value of Shares held by Parent Entity		Effective Percentage Held	
		2008	2007	2008	2007
		\$	\$	%	%
Sunrise Exploration Pty Ltd	AUS	1	1	100	100
Sunshine Gold Pty Ltd	AUS	950,000	950,000	100	100
Pelican Pacific Pty Ltd	AUS	1,000	–	100	–
Sunlight Resources Philippines, Inc.	PHP	–	–	70	70
Sunpacific Resources Philippines, Inc.	PHP	–	–	100	100
Sunrom Philippines Holding Corp'n.	PHP	–	–	100	100
Sibuyan Nickel Properties Dev. Corp'n.	PHP	–	–	75	75
		<u>951,001</u>	<u>950,001</u>		

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
NOTE 21: CONTROLLED ENTITIES				
(continued)				
Related party receivables with controlled entities:				
Sunrise Exploration Pty Ltd	-	-	1,401,146	1,399,336
Less: provision for non recovery	-	-	(1,401,146)	(1,399,336)
	-	-	-	-
Sunshine Gold Pty Ltd	-	-	2,491,802	1,915,600
Less: provision for non recovery	-	-	(2,491,802)	(1,915,600)
	-	-	-	-
Pelican Pacific Pty Ltd	-	-	(330)	-
Less: provision for non recovery	-	-	-	-
	-	-	(330)	-
Sunpacific Resources Philippines, Inc.	-	-	-	-
Less: provision for non recovery	-	-	-	-
	-	-	-	-
Sunrom Philippines Holding Corp'n.	-	-	-	-
Less: provision for non recovery	-	-	-	-
	-	-	-	-
Sibuyan Nickel Properties Development Corp'n.	-	-	-	-
Less: provision for non recovery	-	-	-	-
	-	-	-	-

NOTE 22: EARNINGS PER SHARE

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

	Consolidated	
	2008	2007
	\$	\$
(Loss)/profit used in calculating basic and diluted earnings per share	(865,424)	162,881
	Number of Shares	Number of Shares
Weighted average number of ordinary shares used in calculating:		
Basic earnings per share	93,301,944	93,301,626
Diluted earnings per share	-	95,482,403

Diluted earnings per share and weighted average number of ordinary shares has not been disclosed for the financial year ended 30 June 2008 as it results in a more favourable result per share than that of basic loss per share.

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

NOTE 23: COMMITMENTS FOR EXPENDITURE

In order to maintain current rights of tenure to mining tenements, the Company will be required to outlay in 2008/09 amounts of \$90,631 (2007: \$154,438) in respect of minimum tenement expenditure requirements and lease rentals. The obligations are not provided for in the accounts and are payable as follows:

	Consolidated		Parent Entity	
	2008 \$	2007 \$	2008 \$	2007 \$
Not later than one year	90,631	154,438	-	-
Later than one year but not later than 2 years	90,631	154,438	-	-
Later than 2 years but not later than 5 years	271,893	463,314	-	-
	<u>453,155</u>	<u>772,190</u>	-	-

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

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

NOTE 24: SEGMENT INFORMATION

Geographical Segments:

Revenue	Australia		Philippines		Eliminations		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$	\$	\$
Sales to customers outside the consolidated entity	679,137	696,038	-	-	-	-	679,137	696,038
Other revenues from customers outside the consolidated entity	88,017	116,592	134	72	-	-	88,151	116,664
Total segment revenue	767,154	812,630	134	72	-	-	767,288	812,702

Results

Segment result	(1,434,489)	(766,866)	(82,109)	34,985	651,174	894,762	(865,424)	162,881
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Assets

Segment assets	4,651,994	4,801,325	2,146,949	1,531,482	(2,316,562)	(1,919,235)	4,482,381	4,413,572
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Liabilities

Segment liabilities	5,094,032	4,429,731	2,051,163	1,345,275	(5,585,462)	(4,534,727)	1,559,733	1,240,279
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NOTE 24: SEGMENT INFORMATION (continued)

Business Segments:

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

NOTE 25: RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise cash and short-term deposits and convertible notes.

The main purpose of these financial instruments is to finance the Company's operations. The Company 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 Company's policy that no trading in financial instruments shall be undertaken.

The main risk arising from the Company's financial instruments is cash flow interest rate risk. Other minor risks are either summarised below or disclosed at Note 14 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 Company's exposure to the risks of changes in market interest rates relates primarily to the Company's short-term deposits with a floating interest rate. These financial assets with variable rates expose the Company to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Company does not engage in any hedging or derivative transactions to manage interest rate risk.

The following tables set out the carrying amount by maturity of the Company's exposure to interest rate risk and the effective weighted average interest rate for each class of these financial instruments.

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

NOTE 25: RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Consolidated

	Non Interest Bearing		Weighted Average Effective Interest Rate %		Floating Interest Rate		Fixed Interest Rate		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Financial Assets										
- Cash and cash equivalents	73,661	29,036	7.74	6.28	1,060,000	1,650,000	-	-	1,133,661	1,679,036
- Deposits held	-	-	4.10	4.00	123,000	123,000	-	-	123,000	123,000
- Receivable other parties	174,981	191,982	-	-	-	-	-	-	174,981	191,982
- GST	32,797	31,541	-	-	-	-	-	-	32,797	31,541
- Accrued royalties	25,402	76,277	-	-	-	-	-	-	25,402	76,277
- Accrued revenue	18,493	23,101	-	-	-	-	-	-	18,493	23,101
Total Financial Assets	325,334	351,937			1,183,000	1,773,000	-	-	1,508,334	2,124,937
Financial Liabilities										
- Trade creditors and accrued expenses	123,462	77,815	-	-	-	-	-	-	123,462	77,815
- Withholding tax payable	40	977	-	-	-	-	-	-	40	977
- Loan - other parties	562,322	293,126	-	-	-	-	-	-	562,322	293,126
- GST	21,687	18,361	-	-	-	-	-	-	21,687	18,361
- Convertible notes	-	-	12.00	12.00	-	-	850,000	850,000	850,000	850,000
Total Financial Liabilities	707,511	390,279			-	-	850,000	850,000	1,557,511	1,240,279
Net Financial (Liabilities)/Assets	(382,177)	(38,342)			1,183,000	1,773,000	(850,000)	(850,000)	(49,177)	884,658

NOTE 25: RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Parent Entity	Non Interest Bearing		Weighted Average Effective Interest Rate %		Floating Interest Rate		Fixed Interest Rate		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Financial Assets										
- Cash and cash equivalents	60,136	6,816	7.74	6.28	1,060,000	1,650,000	-	-	1,120,136	1,656,816
- Deposits held	-	-	4.10	4.00	114,000	114,000	-	-	114,000	114,000
- GST	18,358	16,143	-	-	-	-	-	-	18,358	16,143
- Accrued royalties	25,402	76,277	-	-	-	-	-	-	25,402	76,277
- Accrued revenue	18,493	23,101	-	-	-	-	-	-	18,493	23,101
Total Financial Assets	122,389	122,337			1,174,000	1,764,000	-	-	1,296,389	1,886,337
Financial Liabilities										
- Trade creditors and accrued expenses	88,606	57,315	-	-	-	-	-	-	88,606	57,315
- Loan - subsidiary	330	-	-	-	-	-	-	-	330	-
- GST	21,687	18,361	-	-	-	-	-	-	21,687	18,361
- Convertible notes	-	-	12.00	12.00	-	-	850,000	850,000	850,000	850,000
Total Financial Liabilities	110,623	75,676			-	-	850,000	850,000	960,623	925,676
Net Financial Assets / (Liabilities)	11,766	46,661			1,174,000	1,764,000	(850,000)	(850,000)	335,766	960,661

NOTE 25: RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest Rate Sensitivity

Consolidated

At 30 June 2008, if interest rates had changed by 10% during the entire year with all other variables held constant, profit for the year and equity would have been \$8,162 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 2008 from 7.74% to 8.51% (10% decrease : 6.97%) representing a 77 basis points shift. This would represent two to three interest rate changes which is reasonably possible in the current environment. The bias coming from the Reserve Bank of Australia and confirmed by market expectations is that interest rates in Australia are more likely to move down than up 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.

Parent

At 30 June 2008, if interest rates had changed by 10% during the entire year with all other variables held constant, profit for the year and equity would have been \$8,162 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 2008 from 7.74% to 8.51% (10% decrease : 6.97%) representing a 77 basis points shift. This would represent two to three interest rate changes which is reasonably possible in the current environment. The bias coming from the Reserve Bank of Australia and confirmed by market expectations is that interest rates in Australia are more likely to move down than up 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 balance sheet and notes to the financial statements.

The parent and consolidated entity do not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into. The most significant receivable is an amount of \$174,981 advanced to various parties via Sibuyan Nickel Properties Dev. Corp'n.

Liquidity Risk

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

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
NOTE 25: RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)				
Contracted maturities of liabilities at 30 June				
Payables				
– less than 30 days	145,189	97,153	110,293	75,676
Convertible notes				
– greater than 12 months	850,000	850,000	850,000	850,000
	<u>995,189</u>	<u>947,153</u>	<u>960,293</u>	<u>925,676</u>

Foreign Exchange Risk

The consolidated entity is exposed to foreign exchange rate arising from various currency exposures, primarily with respect to the PESO.

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

The consolidated entity's exposure to foreign currency risk at the reporting date was as follows:

	2008 PESO \$	2007 PESO \$
Total Assets	94,034,266	61,217,914
Total Liabilities	89,838,890	53,774,706

Foreign Currency Risk Sensitivity Analysis

At 30 June, the effect on profit and equity as a result of changes in the value of the Australian Dollar to the foreign currencies, with all other variables remaining constant is as follows:

	2008 Change in equity with a +/- 10% change in AUD to PESO \$	2007 Change in equity with a +/- 10% change in AUD to PESO \$
Total Assets	195,177	139,226
Total Liabilities	186,469	122,298

The Company is not exposed to foreign exchange risk as all transactions of the Company are in Australian dollars.

Reconciliation of Net Financial Assets to Net Assets

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Net financial assets/ (liabilities)	(49,177)	884,658	335,766	960,661
Other financial assets	99,586	19,375	1,050,587	969,376
Prepayments	22,160	23,924	21,551	23,315
Plant and equipment	17,823	22,660	9,277	8,541
Mineral exploration and evaluation expenditure	2,834,478	2,222,676	–	–
Other liabilities	(2,222)	–	–	–
Net assets	<u>2,922,648</u>	<u>3,173,293</u>	<u>1,417,181</u>	<u>1,961,893</u>

NOTE 25: RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Net Fair Values

For assets and other liabilities the net fair value approximates their carrying value. The parent and consolidated entity have no financial liabilities but do 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 balance sheet and in the notes to and forming part of the financial statements.

NOTE 26: EVENTS SUBSEQUENT TO BALANCE DATE

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

NOTE 27: CONTINGENT LIABILITIES

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

NOTE 28: SHARE BASED PAYMENTS

The following share based payments arrangements existed as at 30 June 2008.

To date the following options were granted to directors of the consolidated entity:

J Palermo

- 2,000,000 listed options exercisable at \$0.20 on or before 31 December 2008;
- 2,000,000 unlisted options exercisable at \$0.10 on or before 31 December 2008;
- 1,000,000 unlisted options exercisable at \$0.25 on or before 31 December 2011; and
- 1,000,000 unlisted options exercisable at \$0.35 on or before 31 December 2011.

J H Hills

- 2,000,000 listed options exercisable at \$0.20 on or before 31 December 2008;
- 2,000,000 unlisted options exercisable at \$0.10 on or before 31 December 2008;
- 1,000,000 unlisted options exercisable at \$0.25 on or before 31 December 2011; and
- 1,000,000 unlisted options exercisable at \$0.35 on or before 31 December 2011.

D F Lynton-Brown

- 2,000,000 listed options exercisable at \$0.20 on or before 31 December 2008;
- 2,000,000 unlisted options exercisable at \$0.10 on or before 31 December 2008;
- 500,000 unlisted options exercisable at \$0.25 on or before 31 December 2011; and
- 500,000 unlisted options exercisable at \$0.35 on or before 31 December 2011.

NOTE 28: SHARE BASED PAYMENTS (continued)

Fair value of options granted

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 impact of dilution, the share price at grant date and expected price volatility of the underlying share and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2008 included:

- (a) options are granted for no consideration
- (b) exercise price: \$0.25 and \$0.35
- (c) grant date: 27 November 2007
- (d) expiry date: 31 December 2011
- (e) share price at grant date: \$0.175
- (f) expected price volatility of the Company's shares: 118%
- (g) risk-free interest rate: 6.48%

The shared-based payment expense for the year was \$643,000.

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

	Weighted average exercise price 2008	Number of Options 2008	Weighted average exercise price 2007	Number of Options 2007
Outstanding at 1 July	\$0.15	12,000,000	\$0.15	12,000,000
Forfeited during the year	–	–	–	–
Exercised during the year	–	–	–	–
Granted during the year	\$0.30	5,000,000	–	–
Outstanding at 30 June	\$0.225	17,000,000	\$0.15	12,000,000
Exercisable at 30 June	\$0.225	17,000,000	\$0.15	12,000,000

The options outstanding at 30 June 2008 have an exercise price in the range of \$0.10 to \$0.35 and a weighted average remaining contractual life of 2 years.

The directors declare that the financial statements and notes set out on pages 21 to 51 and remuneration disclosures set out in the Remuneration Report are in accordance with the Corporations Act 2001, including:

1. (a) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
(b) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2008 and of their performance for the financial year ended on that date.
2. The Chief Executive Officer and Chief Finance Officer have each declared that:
 - (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Dated this 30th day of September, 2008.



JOHN HENRY HILLS
Director

Stantons International

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PELICAN RESOURCES LIMITED

Report on the Financial Report and the AASB 124 remuneration disclosures contained in the Directors' Report

We have audited the accompanying financial report of Pelican Resources Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

We have also audited the remuneration disclosures contained in the Directors' Report under the heading "remuneration report" on pages 17 to 19.

Directors' responsibility for the Financial Report and the AASB 124 remuneration disclosures contained in the Directors' Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

The directors of the Company are also responsible for the remuneration disclosures contained in the Directors' Report.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is also to express an opinion on the remuneration disclosures contained in the Directors' Report based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the remuneration disclosures contained in the Directors' Report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the remuneration disclosures contained in the Directors' Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report and the remuneration disclosures contained in the Directors' Report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the Directors' Report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion on the financial report

In our opinion:

- (a) the financial report of Pelican Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report of the Group also complies with International Financial Reporting Standards as disclosed in note 1.

Auditor's opinion on the AASB 124 remuneration disclosures contained in the directors' report

In our opinion the remuneration disclosures that are contained in pages 17 to 19 of the Directors' Report comply with section 300 A of the *Corporations Act 2001*.

STANTONS INTERNATIONAL
(An Authorised Audit Company)

Stantons + attendants



K G Lingard
Director

West Perth, Western Australia
30 September 2008

Stantons International

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30 September 2008

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

Dear Directors

RE: PELICAN RESOURCES LIMITED

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

As the Audit Director for the audit of the financial statements of Pelican Resources Limited for the year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely
STANTONS INTERNATIONAL
(Authorised Audit Company)



K G Lingard
Director

QUOTED SECURITIES

(a) ORDINARY FULLY PAID SHARES

(i) DISTRIBUTION OF SHAREHOLDERS AS AT 15 SEPTEMBER 2008:

SPREAD OF HOLDINGS	NO. OF HOLDERS	NO. OF SHARES	PERCENTAGE OF ISSUED CAPITAL %
1 – 1,000	343	171,274	0.18
1,001 – 5,000	745	1,706,102	1.83
5,001 – 10,000	246	1,767,917	1.89
10,001 – 100,000	366	12,125,492	13.00
100,001 +	109	77,531,220	83.10
	1,809	93,302,005	100.00

The number of shareholdings held in less than marketable parcels is 1,186.

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

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

NAME	NO. OF ORDINARY SHARES HELD	PERCENTAGE OF ISSUED SHARES %
1. Mr Bryan Welch	11,000,000	11.79
2. Veltex Pty Ltd	8,481,064	9.09
3. D F Lynton-Brown Pty Ltd	5,899,784	6.32
4. Mr Jose Moraza & Mr Antonio Moraza	4,197,445	4.50
5. Coastpark Pty Ltd	3,878,971	4.16
6. Citicorp Nominees Pty Ltd	3,874,932	4.15
7. PAJ Investments Pty Ltd	3,750,000	4.02
8. Manikay Pty Ltd	2,528,881	2.71
9. Mr Douglas Green	2,000,000	2.14
10. Mr Eduardo Gaspar	1,500,000	1.61
11. Mr Jose Cabarrus	1,255,091	1.35
12. Monarch Corporation Pty Ltd	1,209,678	1.30
13. Avanteos Investments Ltd	1,162,500	1.25
14. Hanscon Holdings Pty Ltd	1,000,000	1.07
15. Tel WA Pty Ltd	1,000,000	1.07
16. Mr Anthony Palermo	901,734	0.97
17. Super 4 Pty Ltd	886,663	0.95
18. Bond Street Custodians Ltd	830,000	0.89
19. Ramsab Pty Ltd	700,000	0.75
20. Seashells Resort Pty Ltd	682,797	0.73
	56,739,540	60.82

QUOTED SECURITIES (continued)

(a) ORDINARY FULLY PAID SHARES (continued)

(iii) VOTING RIGHTS

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

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

(iv) SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders as recorded in the Register of Members as at 15 September 2008;

Name	Ordinary Shares	
	No.	%
Mr Bryan Welch	11,000,000	11.79
Veltex Pty Ltd	8,481,064	9.09
D F Lynton-Brown Pty Ltd	5,899,784	6.32

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

(i) DISTRIBUTION OF OPTIONHOLDERS AS AT 15 SEPTEMBER 2008:

SPREAD OF HOLDINGS	NO. OF HOLDERS	NO. OF OPTIONS	PERCENTAGE OF ISSUED OPTIONS %
1 - 1,000	11	7,755	0.01
11,001 - 5,000	30	80,813	0.10
5,001 - 10,000	21	179,938	0.21
10,001 - 100,000	108	5,674,863	6.77
100,001 +	87	77,924,296	92.91
	257	83,867,665	100.00

QUOTED SECURITIES (continued)

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

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

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

	NAME	NO. OF OPTIONS HELD	PERCENTAGE OF ISSUED OPTIONS %
1.	Mr Bryan Welch	11,000,000	13.12
2.	Veltox Pty Ltd	8,433,477	10.06
3.	D F Lynton-Brown Pty Ltd	6,355,196	7.58
4.	Avanteos Investments Ltd	4,556,400	5.43
5.	Monarch Corporation Pty Ltd	3,655,497	4.36
6.	Solero Nominees Pty Ltd	2,810,000	3.35
7.	D F Lynton-Brown Pty Ltd	2,704,337	3.22
8.	Coastpark Pty Ltd	2,585,981	3.08
9.	PAJ Investments Pty Ltd	2,500,000	2.98
10.	Dolphin Technology Pty Ltd	2,000,000	2.38
11.	Monarch Corporation Pty Ltd	1,290,924	1.54
12.	Manikay Pty Ltd	1,264,441	1.51
13.	Super 4 Pty Ltd	1,264,440	1.51
14.	Finance Associates Pty Ltd	1,100,000	1.31
15.	Mr Jose Cabarrus	1,000,000	1.19
16.	Megatop Nominees Pty Ltd	1,000,000	1.19
17.	Tel WA Pty Ltd	1,000,000	1.19
18.	Perma-Seal Australia Pty Ltd	987,592	1.18
19.	National Pacific Investments Pty Ltd	900,000	1.07
20.	Mr Anthony Vetter	850,000	1.01
		57,258,285	68.26

iii) VOTING RIGHTS

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

UNQUOTED SECURITIES

(a) OPTIONS

As at 15 September 2008 there existed the following unquoted options:

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

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

(ii) 2,500,000 OPTIONS EXERCISABLE AT \$0.25 EACH ON OR BEFORE 31 DECEMBER 2011

Name	Options	%
Dolphin Technology Pty Ltd <The Dolphin A/c>	1,000,000	40.00
Veltox Pty Ltd <Sanzalia Family A/c>	1,000,000	40.00
D F Lynton-Brown Pty Ltd <Superannuation A/c>	500,000	20.00
	<u>2,500,000</u>	<u>100.00</u>

(iii) 2,500,000 OPTIONS EXERCISABLE AT \$0.35 EACH ON OR BEFORE 31 DECEMBER 2011

Name	Options	%
Dolphin Technology Pty Ltd <The Dolphin A/c>	1,000,000	40.00
Veltox Pty Ltd <Sanzalia Family A/c>	1,000,000	40.00
D F Lynton-Brown Pty Ltd <Superannuation A/c>	500,000	20.00
	<u>2,500,000</u>	<u>100.00</u>

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

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

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

Board Composition and Functions

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

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

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

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

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

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

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

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

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

Director Independence

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

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

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

Risk Management

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

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

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

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

Audit Committee

The Company believes it is not of a size to justify having an Audit Committee. All directors are involved in overseeing the existence and maintenance of internal controls, accounting systems and external audit arrangements.

Procedure for the Selection of New Directors

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

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

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

Remuneration of Board Members

The Company has not established a Remuneration Committee however the full Board oversees the remuneration of senior executives and executive directors.

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

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

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

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

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

Conflicts of Interest

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

Code of Conduct

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

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

Annual General Meeting

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

Disclosure of Information to ASX and Investors

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

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

	ASX Principle	Status	Reference/comment
Principle 1:	Lay solid foundations for management and oversight		
1.1	Formalise and disclose the functions reserved to the Board and those delegated to management	N/A	<p>The Company has not adopted this recommendation to formalise and disclose the functions reserved to the Board and those delegated to management. The Company has a small board, comprising three directors, two of whom are non-executive (including the Chairman).</p> <p>The Company considers the expense of sourcing additional directors at this stage of its development is unwarranted. The roles and functions within the Company must remain flexible in order for it to best function within its level of available resources.</p> <p>Meetings are held at such times as may be necessary to address any specific significant matters that may arise.</p> <p>The Board believes the alignment of the interests of directors with those of shareholders as being the most efficient way to ensure shareholders interests are protected.</p>
Principle 2:	Structure the Board to add value		
2.1	A majority of Board members should be independent directors	N/A	Given the Company's background, the nature and size of its business and the current stage of its development, the Board comprises three directors, two of whom are non-executive (including the independent Chairman). The Board believes that this is both appropriate and acceptable at this stage of the Company's development.
2.2	The chairperson should be an independent director	A	
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual	A	The positions of Chairman and Managing Director are held by separate persons.
2.4	The Board should establish a nomination committee	N/A	The Board has no formal nomination committee. Acting in its ordinary capacity from time to time as required, the Board carries out the process of determining the need for, screening and appointing new directors. In view of the size and resources available to the Company, it is not considered that a separate nomination committee would add any substance to this process.
2.5	Provide the information indicated in Guide to reporting on Principle 2	A (in part)	The skills and experience of directors are set out in the Company's Annual Report and on its website.

A = Adopted

N/A = Not adopted

	ASX Principle	Status	Reference/comment
Principle 3: Promote ethical and responsible decision-making			
3.1	Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to: <ul style="list-style-type: none"> 3.1.1 the practices necessary to maintain confidence in the Company's integrity 3.1.2 the responsibility and accountability of individuals for reporting or investigating reports of unethical practices 	A	The Company has formulated a Code of Conduct which can be viewed on the Company's website.
3.2	Disclose the policy concerning trading in company securities by directors, officers and employees	A	The Company has formulated a securities trading policy which can be viewed on its website.
3.3	Provide the information indicated in Guide to Reporting on Principle 3	N/A	The Company has not established an audit committee. The Board as a whole addresses the governance aspects of the full scope of the Company's activities to ensure that it adheres to appropriate ethical standards.
Principle 4: Safeguard integrity in financial reporting			
4.1	Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards	A	
4.2	The Board should establish an audit committee	N/A	
4.3	Structure the audit committee so that it consists of: <ul style="list-style-type: none"> • Only non-executive directors • A majority of independent directors • An independent chairperson who is not the chairperson of the Board • At least three members 	N/A (in part)	The Company has not established an audit committee. The Board as a whole addresses the governance aspects of the full scope of the Company's activities to ensure that it adheres to appropriate ethical standards.

A = Adopted

N/A = Not adopted

	ASX Principle	Status	Reference/comment
Principle 4:	Safeguard integrity in financial reporting (continued)		
4.4	The audit committee should have a formal charter	N/A	The Company has not established an audit committee but an audit committee charter does exist and is dealt with by the full Board.
4.5	Provide the information indicated in Guide to reporting on Principle 4	A	
Principle 5:	Make timely and balanced disclosure		
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance	N/A	The Company has instigated internal procedures designed to provide reasonable assurance as to the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with relevant laws and regulations. The Board is acutely aware of the continuous disclosure regime and there are strong informal systems in place to ensure compliance, underpinned by experience.
5.2	Provide the information indicated in Guide to Reporting on Principle 5	N/A	The Board receives monthly reports on the status of the Company's activities and any new or proposed activities. Disclosure is reviewed as a routine agenda item at each Board meeting.
Principle 6:	Respect the rights of shareholders		
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings	A	In line with adherence to continuous disclosure requirements of ASX all shareholders are kept informed of major developments affecting the Company. This disclosure is through regular shareholder communications including the Annual Report, Quarterly Reports, the Company website and the distribution of specific releases covering major transactions or events.
6.2	Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the audit and the preparation and content of the auditor's report	A	Shareholders are encouraged to exercise their right to vote, either by attending meetings, or by lodging a proxy. The Company's auditors attend all annual general meetings.

A = Adopted

N/A = Not adopted

	ASX Principle	Status	Reference/comment
	Principle 7: Recognise and manage risk		
7.1	The Board or appropriate board committee should establish policies on risk oversight and management	N/A	<p>While the Company does not have formalised policies on risk management the Board recognises its responsibility for identifying areas of significant business risk and for ensuring that arrangements are in place for adequately managing these risks. This issue is regularly reviewed at Board meetings and risk management culture is encouraged amongst employees and contractors.</p> <p>Determined areas of risk which are regularly considered include:</p> <ul style="list-style-type: none"> • performance and funding of exploration activities • budget control and asset protection • status of mineral tenements • land access and native title considerations • compliance with government laws and regulations • safety and the environment • continuous disclosure obligations • sovereign risk
7.2	<p>The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the Board in writing that:</p> <p>7.2.1 the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board</p> <p>7.2.2 the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects</p>	A	
7.3	Provide information indicated in Guide to Reporting on Principle 7	N/A	

A = Adopted

N/A = Not adopted

	ASX Principle	Status	Reference/comment
Principle 8:	Encourage enhanced Performance		
8.1	Disclose the process for performance evaluation of the Board, its committees and individual directors, and key executives	N/A	<p>The Company does not consider it appropriate to have a sub-committee of the Board to consider remuneration matters.</p> <p>The remuneration of executive and non-executive directors is reviewed by the Board with the exclusion of the director concerned. The remuneration of management and employees is reviewed by the Board and approved by the chairman.</p> <p>Acting in its ordinary capacity, the Board from time to time carries out the process of considering and determining performance issues including the identification of matters that may have a material effect on the price of the Company's securities. Whenever relevant, any such matters are reported to ASX.</p>
Principle 9:	Remunerate fairly and responsibly		
9.1	Provide disclosure in relation to the Company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance	A	<p>The Company discloses remuneration-related information in its Annual Report to shareholders in accordance with the Corporations Act 2001.</p> <p>Remuneration levels are determined by the Board on an individual basis, the size of the Company making individual assessment more appropriate than formal remuneration policies. In doing so, the Board seeks to retain professional services as it requires, at reasonable market rates, and seeks external advice and market comparisons where necessary.</p>
9.2	The Board should establish a remuneration committee	N/A	The Company does not consider it appropriate to have a sub-committee of the Board to consider remuneration matters.
9.3	Clearly distinguish the structure of non-executive directors remuneration from that of executives	A	
9.4	Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders	A	
9.5	Provide information indicated in ASX Guide to Reporting on Principle 9	A (in part)	

A = Adopted

N/A = Not adopted

	ASX Principle	Status	Reference/comment
Principle 10:	Recognise legitimate interests of Stakeholders		
10.1	Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders	A	<p>The Company's Code of Conduct is set out in the Company's website.</p> <p>The Board continues to review existing procedures over time to ensure adequate processes are in place.</p> <p>All directors, employees and contractors are expected to act with the utmost integrity and objectivity in their dealings with other parties, striving at all times to enhance the reputation and performance of the Company.</p>



PELICAN
RESOURCES LIMITED