PEARL GULL IRON LIMITED

(formerly Pearl Gull Pty Ltd)

ACN 621 103 535

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

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FOR THE YEAR ENDED 30 JUNE 2020

C O N T E N T S

DIRECTORS' REPORT

The directors of Pearl Gull Iron Limited (formerly Pearl Gull Pty Ltd) ("the Company") present their Financial Report for the year ended 30 June 2020.

Directors
The names of the directors of the Company during or since the end of the year are:

- Ian Macliver (appointed 15 August 2017, resigned 29 March 2021)
- Aaron Constantine (appointed 15 August 2017,resigned 7 December 2020)
- Alexander Passmore (appointed 1 February 2021)
- Jonathan Fisher (appointed 1 February 2021)
- Catherine Moises (appointed 1 February 2021)

The above directors held office since the start of the financial year to the date of this report, unless indicated otherwise.

Principal activities
The Company is a company limited by shares incorporated in Australia whose shares are unlisted as at the reporting date. The Company is domiciled in Australia and was incorporated on 15 August 2017.

The principal activity of the Company during the year was:
- maintenance and evaluation of its tenement package; and
- necessary corporate activities to strategically position the Company for the future.

Review of operations
The Company generated a net loss of $491,668 (2019: $303,369) for the financial year ended 30 June 2020.

Significant changes in the state of affairs
No significant changes in the state of affairs of the Company occurred during the financial year.

Indemnification and insurance of directors and officers
The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as directors or executives, for which they may be held personally liable, except where there is a lack of good faith.
During the financial year, the Company paid a premium in respect of a contract to insure the directors & executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Events after the reporting date
In January 2021, Pearl Gull has:

(a) raised $1.457m post year end in convertible notes, $830,000 of which was used to partially repay the existing loan account to its parent entity, Cockatoo Iron NL;

(b) taken an assignment of the total of 1,334,774 of convertible notes issued by Cockatoo Iron NL (including interest accrued) to third parties in consideration for the issue of $1,334,774 of Pearl Gull convertible notes;

(c) assumed liability of $144,477 for Cockatoo's creditors and issued convertible notes; and

(d) issued Cockatoo Iron NL with 43.5 million Pearl Gull shares in satisfaction of the balance of the intercompany loan.

The result of these actions is that Pearl Gull has repaid its parent entity all monies it owed.

As to the balance of the funds raised by Pearl Gull after payments to Cockatoo, Pearl Gull intends to apply those funds to provide further working capital and the costs of undertaking an IPO.

DIRECTORS' REPORT (CONTINUED)

As announced to the ASX on 22 January 2020, Carbine Resources Limited ("Carbine") had entered into a binding Share Sale Agreement with Pearl Gull's parent entity, Cockatoo Iron NL ("Cockatoo"), to acquire all of the shares and convertible notes Cockatoo had on issue. Refer to the ASX announcement by Carbine on 22 January 2020 for details in respect of the acquisition. Subsequently, Cockatoo and Carbine withdrew from that transaction and entered into a new transaction pursuant to which Cockatoo agreed to sell all of its shares in its wholly owned subsidiary, Pearl Gull Iron Limited ("Pearl Gull") to Carbine. After a further period, Cockatoo withdrew from the revised transaction with Carbine as per the ASX announcement dated 14 December 2020 by Carbine.

In February 2021, Pearl Gull raised a further $2.26 million in convertible notes. The monies raised will be applied to commencing exploration work on the Mining Lease, funding the IPO and providing ongoing working capital.

Other than the points noted above, there has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect the operations of the Company, and the results of those operations, or the state of affairs of the Company in future financial years.

Future developments

Disclosure of information regarding likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been disclosed in this report.

Environmental regulations

The directors are not aware of any material breach of any environmental regulations under the Commonwealth or any State legislation or in any country applicable to the Company's operations.

Dividends

No dividends were paid out during the financial year. The directors do not recommend the payment of any dividend in respect of the current financial year.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-Audit Services

During the period, the Company's auditor did not perform any other services in addition to their statutory full year audit.

Rounding

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191 and in accordance with that instrument, amounts in the Financial Statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Auditor's independence declaration

The auditor's independence declaration received by the directors of the Company is included on page 6 of the financial report and forms part of the Directors' Report for the year ended 30 June 2020.

Signed in accordance with a resolution of the directors.

Alex Passmore
Director
27 April 2021

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Pearl Gull Iron Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Pearl Gull Iron Limited for the financial year ended 30 June 2020 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG.

KPMG

R Gambitta
Partner

Perth

27 April 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 $	2019 $
Expenses			
Professional fees	3	(152,263)	(5,815)
Employee benefits expense		-	(27,139)
Administrative costs	3	(12,146)	(25,026)
Exploration expenditure		(160,039)	(170,710)
Finance Costs		(93,318)	(137,568)
Pelican settlement expense		(225,000)	-
Total expenses		**(642,766)**	**(366,258)**
Profit/(Loss) before income tax		**(642,766)**	**(366,258)**
Income tax (expense)/benefit	4	151,098	62,890
Profit/(Loss) for the year		**(491,668)**	**(303,369)**
Other comprehensive Profit/(Loss)		**-**	**-**
Total comprehensive Profit/(Loss) for the year		**(491,668)**	**(303,369)**

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Financial Report.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Notes	2020 $	2019 $
CURRENT ASSETS			
Cash and cash equivalents		-	-
TOTAL CURRENT ASSETS		**-**	**-**
NON-CURRENT ASSETS			
Exploration & evaluation asset	5	10,659,774	10,225,164
TOTAL NON-CURRENT ASSETS		**10,659,774**	**10,225,164**
TOTAL ASSETS		**10,659,774**	**10,225,164**
CURRENT LIABILITIES			
Provisions	7	698,280	698,280
Borrowings	6	4,227,616	3,678,168
TOTAL CURRENT LIABILITIES		**4,925,896**	**4,376,448**
NON-CURRENT LIABILITES			
Deferred tax liabilities	4	673,750	673,750
Provisions	7	7,578,030	7,050,102
TOTAL NON-CURRENT LIABILITIES		**8,251,780**	**7,723,852**
TOTAL LIABILITIES		**13,177,676**	**12,100,300**
NET LIABILITIES		**(2,517,902)**	**(1,875,135)**
EQUITY			
Other contributed equity		(1,108,661)	(957,562)
Accumulated losses		(1,409,241)	(917,573)
TOTAL EQUITY		**(2,517,902)**	**(1,875,135)**

The Statement of Financial Position should be read in conjunction with the Notes to the Financial Report.

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(164,409)	(67,060)
Payments for exploration & evaluation		(160,039)	(170,710)
Net Cash used in Operating Activities	8	**(324,448)**	**(237,770)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration & evaluation assets		-	(187,040)
Net Cash used in Investing Activities		**-**	**(187,040)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		324,448	424,810
Net Cash from Financing Activities		**324,448**	**424,810**
NET INCREASE IN CASH HELD		-	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		-	-

The Statement of Cashflows should be read in conjunction with the Notes to the Financial Report.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Issued Capital $	*Other Contributed Equity* $	*Accumulated Losses* $	*Total Equity* $
Balance at 1 July 2018	**-**	**(220,923)**	**(614,204)**	**(835,127)**
Profit/(Loss) for the year	-	-	(303,369)	(303,369)
Total comprehensive profit for the year	-	-	(303,369)	(303,369)
Transactions with owners in their capacity as owners:				
Derecognition of current tax asset as assumed by parent entity	-	(736,639)	-	(736,639)
Balance at 30 June 2019	**-**	**(957,562)**	**(917,573)**	**(1,875,135)**

	Issued Capital $	*Other Contributed Equity* $	*Accumulated Losses* $	*Total Equity* $
Balance at 1 July 2019	**-**	**(957,562)**	**(917,573)**	**(1,875,135)**
Profit/(Loss) for the year	-	-	(491,668)	(491,668)
Total comprehensive (loss) for the year	-	-	(491,668)	(491,668)
Transactions with owners in their capacity as owners:				
Derecognition of current tax asset as assumed by parent entity	-	(151,099)	-	(151,099)
Balance at 30 June 2020	**-**	**(1,108,661)**	**(1,409,241)**	**(2,517,902)**

The Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Report.

1. GENERAL INFORMATION

The consolidated financial statements incorporate Pearl Gull Iron Limited (formerly Pearl Gull Pty Ltd) (the "Company"). The financial statements are presented in Australian dollars, which is Pearl Gull Iron Limited's functional and presentation currency.

The Company is a for-profit company limited by shares, domiciled and incorporated in Australia. Its registered office and principal place of business are:

Registered Office & Principal Place of Business:
945 Wellington Street, West Perth, WA 6005

A description of the nature of the Company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

Statement of Compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB'). The financial statements were authorized for issue, in accordance with a resolution of directors, on 27 April 2021. The directors have the power to amend and reissue the financial statements.

Historical Cost Convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2(p).

b. Adoption of new and revised accounting standards

These financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2019 with the exception of the impact of new and amended standards and interpretations issued by the AASB as follows:

AASB 16 Leases

AASB 16 *Leases* introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments.

The standard has been applied as at 1 July 2019 without adjustment to comparatives. The adoption of AASB 16 did not have a significant impact on the Company.

c. Accounting Standards and Interpretations issued but not yet effective

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Going Concern

The Company incurred a net loss of $491,668 for the year ended 30 June 2020 (2019: $977,119), and is in a net current liability position of $4,925,896 (2019: $4,376,448) and has a cash and cash equivalents balance of $nil (2019: $nil) as at the end of the year.

The ability of the entity to continue as a going concern is dependent on securing additional funding through capital raisings and/or sales of shares in Pearl Gull to continue to fund its operations.

The Directors believe the Company will have access to sufficient funding to meet the entity's working capital requirements as at the date of this report. Accordingly, the financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

In January 2021, Pearl Gull:

a) raised $1.457m in cash post year end in convertible notes, $830,000 of which was used to partially repay the existing loan account to its parent entity, Cockatoo Iron NL;
b) taken an assignment of the total of 1,334,774 of convertible notes issued by Cockatoo Iron NL (including interest accrued) to third parties in consideration for the issue of 1,334,774 of Pearl Gull convertible notes, allowing the liability to third parties to be rescheduled;
c) assumed liability of $144,477 for Cockatoo's creditors and issued convertible notes allowing the liability to pay those creditors to be rescheduled; and
d) issued Cockatoo Iron NL with 43.5 million Pearl Gull shares in satisfaction of the balance of the intercompany loan.

The result of these actions is that Pearl Gull has repaid to its parent entity Cockatoo Iron NL or discharged its liability with respect to all monies it owed and has restored the net liability position to a net asset position. In addition, in February 2021, Pearl Gull raised a further $ 2.26 million in cash via convertible notes.

As to the balance of the funds raised by Pearl Gull paid after payments to its creditors, Pearl Gull intend to apply those funds to provide further working capital and the costs of undertaking an IPO.

e. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

f. Income Tax

The income tax expense (benefit) for the period comprises current income tax expense (benefit) and deferred tax expense (benefit).

Current income tax expense charged to the Statement of Profit or Loss and Other Comprehensive Income is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expenses reflect movements in deferred tax assets and deferred tax liability balances during the period as well as unused tax losses.

Current and deferred income tax expense (benefit) charged is credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pearl Gull Iron Limited is 100% owned subsidiary of Cockatoo Iron NL, and part of Cockatoo Iron NL consolidated group. Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. 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 assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

When temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

g. Exploration and evaluation expenditure

Exploration for and evaluation of mineral resources is the search for mineral resources after the entity has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resource.

Accordingly, exploration and evaluation expenditures are those expenditures incurred in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Accounting for exploration and evaluation expenditures is assessed separately for each “area of interest”. Each “area of interest” is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

Exploration and evaluation expenditure is expensed to the profit and loss as incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current, and when existence of a commercially viable mineral reserve has been established and it is anticipated that future economic benefits are more likely than not to be generated as a result of the expenditure.

h. Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible 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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. 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 Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST. Cash flows are presented in the Statement of Cashflows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

j. **Trade and other payables**

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Company prior to the end of the financial period that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of those goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

k. Borrowings

Loans and borrowings are initially recognized at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

l. Rehabilitation provision

A provision has been made for the present value of anticipated costs for future rehabilitation of land explored or mined. The consolidated entity's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The consolidated entity recognises management's best estimate for assets retirement obligations and site rehabilitations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

m. Finance Costs

Finance costs attributable to qualifying assets are capitalized as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:
- Interest on short-term and long-term borrowings
- interest on finance leases
- unwinding of the discount on provisions

n. Revenue recognition

Revenue is measured as the fair value of the consideration received or receivable. The Company recognises revenue when the amount of revenue can be reliably measured and it is probably that future economic benefits will flow to the entity.

Interest income
Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

o. Issued Capital

Issued and paid up capital is recognised at 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Critical Accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates & judgments will, by definition, seldom equal the related actual results.

i) Valuation and Impairment of Exploration and Evaluation Assets
Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current. The future recoverability of exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself, or, if not, whether it successfully recovers the related exploration and evaluation assets through sale. Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices. To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

ii) Rehabilitation Provision
Significant judgement is required in determining the provision for mine rehabilitation and site restoration as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate and restore the mine sites and related assets. Factors that will affect this liability include future development, changes in technology, price increases and changes in interest rates. When these factors change or become known in the future, such differences will impact the site restoration provision and asset in the period in which they change or become known.

		2020	2019
3.	**PROFESSIONAL FEES**	**$**	**$**
	Accounting & audit fees	1,000	-
	Legal fees	151,263	5,815
	Total professional fees	**152,263**	**5,815**

	$	$
ADMINISTRATIVE COSTS		
Insurance	11,879	24,763
Other general expenses	267	263
Total administrative costs	**12,146**	**25,026**

		2020	2019
4.	**INCOME TAX EXPENSE**	**$**	**$**
(a)	**Income tax expense/(benefit)**		
	Current tax		
	Current tax on profit/(loss) for the year	(151,068)	(736,640)
	Total current tax expense/(benefit)	**(151,068)**	**(736,640)**
	Deferred income tax		
	Decrease/(increase) in deferred tax assets	-	-
	(Decrease)/increase in deferred tax liabilities	-	673,750
	Total deferred tax expense/(benefit)	**-**	**673,750**
	Income tax expense/(benefit)	**(151,068)**	**(62,890)**
(b)	**Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable/(asset)**		
	Profit/(loss) from continuing operations before income tax expense/(benefit)	**(642,766)**	**(366,258)**
	Tax at the Australian tax rate of 27.5% (2018: 27.5%)	(176,761)	(100,721)
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
	Finance cost	25,662	37,831
	Subtotal	**25,662**	**37,831**
	Income tax expense/(benefit)	**(151,068)**	**(62,890)**

			2020	2019
5.	**EXPLORATION & EVALUTION ASSET**		**$**	**$**
	Tenement acquisition costs	(a)	2,637,040	2,450,000
	Current Rehabilitation		698,280	698,280
	Capitalised E&E – Rehabilitation Asset	Note 7	7,324,454	7,076,884
	Total exploration and evaluation asset		**10,659,774**	**10,225,164**

	2020	2019
(a) Tenement acquisition costs	**$**	**$**
Opening balance	2,637,040	2,450,000
Additions in the year (i)	-	187,040
Disposals in the year	-	-
Closing balance 30 June	**2,637,040**	**2,637,040**

(i) In the financial year ended 30 June 2019, the Company paid $187,040 in stamp duty associated with the transaction. This amount is deemed to form part of the acquisition cost of the asset and is therefore capitalised.

(b) Rehabilitation Costs

Rehabilitation costs that are expected to be incurred are provided for as part of the cost of the exploration, evaluation, development, construction or production phase that give rise to the need for restoration. Accordingly, these costs are recognised gradually over the life of the mining tenement. The costs include obligations relating to reclamation, waste site closer, plant closure and other costs with the rehabilitation of the site.

These estimates of the rehabilitation obligation are based on anticipated technology and legal requirements and future costs, which have been discounted to their present value. Any changes in the estimates are adjusted on a progressive basis.

	2020	2019
6. BORROWINGS	**$**	**$**
Current borrowings		
Loans – non- interest bearing	4,227,616	3,678,168
Total current borrowings	**4,227,616**	**3,678,168**

At 30 June 2020, monies disbursed from Cockatoo Iron NL ("Cockatoo") through an unsecured loan arrangement with nil interest payable. At 30 June 2020, the balance of the unsecured loan was $4,227,616 (2019: $3,678,168).

		2020	2019
7. REHABILITATION PROVISION		**$**	**$**
Current Rehabilitation Provision		698,280	698,280
Non-Current Rehabilitation Provision	(a)	7,578,030	7,075,102
Total Rehabilitation Provisions		**8,276,310**	**7,748,382**

	2020	2019
(a) Non-Current Rehabilitation Provision	**$**	**$**
Opening balance	7,075,102	6,020,494
Movement during the period – Discount unwind	93,318	137,568
Changes in rehabilitation estimate	434,610	892,040
Closing balance 30 June	**7,578,030**	**7,075,102**

A provision is recognised if, as a result of a past event, the Entity has a present legal or constructive obligation that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

A provision is made for the estimated cost of rehabilitation relating to areas disturbed during the mine's operation up to reporting date but not yet rehabilitated. Provision has been made in full for all disturbed areas at the reporting date based on current estimates of costs to rehabilitate such areas, discounted to their present value based on expected future cash flows. The estimated cost of rehabilitation includes the current cost of $8,501,052. Changes in estimates are dealt with on a prospective basis as they arise.

Uncertainty exists as to the amount of rehabilitation obligations which will be incurred due to the impact of changes in environmental legislation. The amount of the provision relating to rehabilitation of mine infrastructure and dismantling obligations is recognised at the commencement of the mining project and/or construction of the assets where a legal or constructive obligation exists at that time.

The provision is recognised as a non-current liability with a corresponding asset included in exploration and evaluation assets (Note 5).

At each reporting date the rehabilitation liability is re-measured in line with changes in discount rates and timing or amount of costs to be incurred. Changes in the liability relating to rehabilitation of mine infrastructure and dismantling obligations are added to or deducted from the related asset, other than the unwinding of the discount which is recognised as finance costs in profit or loss as it occurs.

If the change in liability results in a decrease in the liability that exceeds the carrying amount of the asset, the asset is written-down to nil and the excess is recognised immediately in the income statement.
If the change in the liability results in an addition to the cost of the asset, the recoverability of the new carrying amount is considered. Where there is an indication that the new carrying amount is not fully recoverable, an impairment test is performed with the write-down recognised in profit or loss in the period in which it occurs.

8. RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO OPERATING PROFIT/(LOSS) AFTER TAX

	2020	2019
	$	$
Profit/(loss) after income tax for the year	(491,668)	(977,119)
Adjustment for non-cash income and expense items		
Finance Cost	93,318	137,568
Pelican settlement expense	225,000	-
Income tax expense/(benefit)	(151,098)	610,860
Net changes in working capital:		
Increase/(decrease) in trade and other payables	-	(9,080)
Net cash used in operating activities	**(324,448)**	**(237,770)**

9. FINANCIAL INSTRUMENTS

Financial risk management objectives
The entity's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk. The entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.
Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the entity and appropriate procedures, controls and risk limits. Finance reports to the Board on a monthly basis.

Price risk
The entity is not exposed to any significant price risk.

Interest rate risk
The entity is not exposed to any significant interest rate risk at reporting period.

Liquidity risk
Vigilant liquidity risk management requires the entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities
The following tables detail the entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

9. FINANCIAL INSTRUMENTS (continued)

2020	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade and other payables		-	-	-	-	-
Borrowings		4,227,616	-	-	-	4,227,616
Total non-derivatives		**4,227,616**	**-**	**-**	**-**	**4,227,616**

2019	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade and other payables		-	-	-	-	-
Borrowings		3,678,168	-	-	-	3,678,168
Total non-derivatives		**3,678,168**	**-**	**-**	**-**	**3,678,168**

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

10. RELATED PARTY TRANSACTIONS

Key management personnel ('KMP'):

(i) Any persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of that Company are considered key management personnel.
(ii) Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.
(iii) There were no transactions or balances with KMP or other related parties during the period ended 30 June 2020 except for the monies loaned by Pearl Gull's parent entity, Cockatoo Iron NL which the Company recognised in their balance sheet as borrowings. Total borrowings as at balance date is $4,227,616. Refer to note 6 for further details.

	2020	2019
11. AUDITOR REMUNERATION	**$**	**$**
Amounts received or due and receivable by KPMG for the audit of financial reports	-	-

12. COMMITMENTS AND CONTINGENT LIABILITIES

a) On Completion of the acquisition of Sunshine Gold's interest in the Mining Tenements, the parties executed a Revenue Sharing Agreement ("RSA"), whereby the Company was required to pay up to a maximum of $500,000 per annum of gross revenue received, to Sunshine Gold from certain non-mining activities that may be conducted by third parties within the area of the Mining Tenements. The Company held the right of pre-emption in respect of a sale by Sunshine Gold of its rights under the RSA.

During the year, Pearl Gull and its parent entity, Cockatoo Iron NL ("Cockatoo") executed a Deed of Termination and Release where it has been agreed that Sunshine Gold:

- settles any and all claims against the Company, Pearl Gull and their respective directors;
- terminates the RSA as detailed above; and
- accepts the offer, made by Carbine, to acquire Sunshine Gold's shareholding in Cockatoo where the offer is on the terms announced by Carbine on 22 January 2020,

and in consideration, the Company agreed to pay to Sunshine Gold the sum of $225,000 on the earlier of:

- the date Carbine issues its shares to Sunshine Gold in consideration for Sunshine Gold's agreement to sell its shares in the Cockatoo to Carbine; or
- if Carbine's agreement to purchase the shares and converting notes in the Cockatoo is terminated, then 5 business days after the date of termination; or
- 31 December 2020.

The sum has now been paid.

b) In order to maintain Mining Tenements, the economic entity is committed to meet the prescribed conditions under which tenements were granted. These commitments may be met in the normal course of operations by future capital raisings and/or farm-out and under certain circumstances are subject to the possibility of adjustment to the amount and timing of such obligations or by tenement relinquishment.

Exploration Expenditure Commitments	**$**
Payable:	
Not later than 12 months	16,000
Between 12 months and 5 years	Nil
Great than 5 years	Nil
	$16,000

The Company has no other contingent liabilities at reporting date.

13. EVENTS AFTER THE REPORTING DATE

In January 2021, Pearl Gull:

(a) raised $1.457m post year end in convertible notes, $830,000 of which was used to partially repay the existing loan account to its parent entity, Cockatoo Iron NL;
(b) taken an assignment of the total of 1,334,774 of convertible notes issued by Cockatoo Iron NL (including interest accrued) to third parties in consideration for the issue of $1,334,774 of Pearl Gull convertible notes;
(c) assumed liability of $144,477 for Cockatoo's creditors and issued convertible notes; and
(d) issued Cockatoo Iron NL with 43.5 million Pearl Gull shares in satisfaction of the balance of the intercompany loan.

The result of these actions is that Pearl Gull has repaid its parent entity all monies it owed. As to the balance of the funds raised by Pearl Gull after payments to the Cockatoo, Pearl Gull intends to apply those funds to provide further working capital, exploration work on the Mining Lease, and the costs of undertaking an IPO.

As announced to the ASX on 22 January 2020, Carbine Resources Limited ("Carbine") had entered into a binding Share Sale Agreement with Pearl Gull's parent entity, Cockatoo Iron NL ("Cockatoo"), to acquire all of the shares and convertible notes Cockatoo had on issue. Refer to the ASX announcement by Carbine on 22 January 2020 for details in respect of the acquisition. Subsequently, Cockatoo and Carbine withdrew from that transaction and entered into a new transaction pursuant to which Cockatoo agreed to sell all of its shares in its wholly owned subsidiary, Pearl Gull Iron Limited ("Pearl Gull"). After a further period, Cockatoo withdrew from the revised transaction with Carbine.

In February 2021, Pearl Gull raised a further $2.26 million in convertible notes. The monies raised will be applied to commencing exploration work on the Mining Lease, funding the IPO and providing ongoing working capital.

Other than the points noted above, there has not been any matter or circumstance that has arisen since the end of the financial period that has significantly affected, or may significantly affect the operations of the Company, and the results of those operations, or the state of affairs of the Company in future financial years.

PEARL GULL IRON LIMITED
ACN 621 103 535

DIRECTORS' DECLARATION
30 JUNE 2020

In the opinion of the directors of Pearl Gull Iron Limited ('the Company'):

a) The financial statements and notes set out on pages 5 to 21, are in accordance with the Corporations Act 2001, including:
   i) Giving a true and fair view of the Company's financial position as at 30 June 2020 and of their performance, for the financial year ended on that date; and
   ii) Complying with the Australian Accounting Standards and the Corporations Regulations 2001; and
b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
c) The directors draw attention to note 2(a) to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of directors.

Alex Passmore
Director
27 April 2021

Independent Auditor's Report

To the shareholders of Pearl Gull Iron Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Pearl Gull Iron Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Statement of financial position as at 30 June 2020
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit o the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other Information is financial and non-financial information in Pearl Gull Iron Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG

R Gambitta
Partner

Perth

27 April 2021