



## ASX ANNOUNCEMENT

ASX: PLG

27 October 2021

# Quarterly Activities Report for the Period Ending 30 September 2021

### Highlights:

- Pearl Gull (ASX: PLG) listed on the ASX on 20 September 2021, following a successful oversubscribed IPO of \$4m.
- Diamond drill program underway at the Switch Pit and North Bay prospects.
- First Switch Pit drill hole returned 44.7m at 69.5% Fe confirming the extension of the ultra-high grade Seawall Haematite mineralisation along strike.
- 19 diamond holes for a total of 2,774 metres have now been completed and awaiting assay results.
- Geological interpretation work is ongoing with mineral resource consultants appointed

Pearl Gull Iron Limited (ASX: PLG) ("Pearl Gull" or "the Company") is pleased to report on activities at its high-grade iron ore exploration project on Cockatoo Island for the period ending 30 September 2021.

**Commenting on the quarter, Pearl Gull Chairman, Russell Clark said:** *"We're extremely excited to provide an update on Pearl Gull's first quarter as a listed company following the successful \$4m Initial Public Offering."*

*During the quarter we reported some very high iron ore results, consistent with grades previously reported from the historic Cockatoo Island mining operations. This is particularly encouraging for our strategy to develop a high-grade project on our tenements. We look forward to receiving more assays and updating the market on further results in the upcoming weeks."*

### Successful listing on the ASX

Pearl Gull (ASX:PLG) listed on the Australian Securities Exchange ("ASX") on 20 September 2021, following a well-supported and oversubscribed Initial Public Offering ("IPO") raising of \$4 million (before costs), with Canaccord Genuity and Taylor Collison acting as joint lead managers to the raise. The Company is



#### Registered Address

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#### Directors

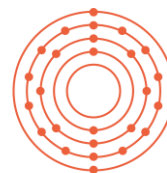
**Russell Clark** – Non-Executive Chairman  
**Jonathan Fisher** – Director  
**Alexander Passmore** – Director  
**Catherine Moises** – Non-Executive Director

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#### Projects

Switch Pit  
North Bay  
Magazine Pit

Shares on Issue	100.0M
Share Price	\$0.13c (26 Oct close)
Market Cap	\$13.0M
ASX Code	PLG



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now funded to evaluate its exploration project on Cockatoo Island and has begun to deliver successful results at the 100% owned flagship project.

### Cockatoo Island Mining Lease

Pearl Gull is targeting a premium iron ore development opportunity on Cockatoo Island, located off the northwest coast of Western Australia (Figure 1 and 2). The island sits within the Buccaneer Archipelago in the West Kimberley Division of Western Australia, and has had a rich history of iron ore mining, first commencing in the 1950s. The Island is known to host some of the highest naturally occurring iron ore mineralisation in the world.



Figure 1, 2: Cockatoo Island Location

PLG holds a granted mining lease in the central part of Cockatoo Island, adjacent to the historic Seawall Pit mine (3rd party owned), one of the world's highest-grade historic iron ore mines, with visual continuity of the ore body on to PLG tenements. The Company has three identified targets: Switch Pit – with potential for near term Direct Shipping Ore (DSO), North Bay and Magazine Pit. (see Figure 3).

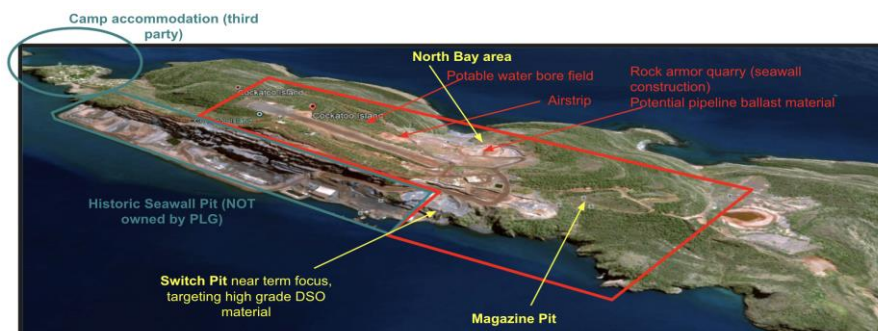
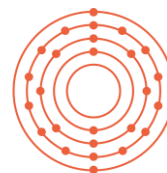


Figure 3: Project overview





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During the Quarter, Pearl Gull undertook exploration diamond drilling, initially focussed on the Switch Pit prospect followed by drilling of the North Bay and Magazine Pit prospects. The diamond drilling program is on track for completion at the end of October 2021, prior to the start of the wet season.

The Switch Pit prospect is a key target as it was historically used as a mine access ramp and is thought to contain significant iron mineralisation. In addition, the adjacent 'Seawall Haematite' deposit has been mined since the 1950's as a source of premium grade iron ore and was interpreted to extend south east into Mining Lease M04/235, held by Pearl Gull.

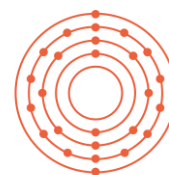
Subsequent to the end of the September quarter, on 6 October 2021, the Company announced that assay results had been received for the first diamond drill hole (21SWDD01), which was positioned to test the along strike continuation of the Seawall Haematite. The assay results are exceptional with a very high iron grade of **69.5% Fe over 44.7m** down hole. The hole was drilled vertically to maximise sample recovery and as a result the true width of mineralisation is unknown. However, historical mining records suggest a **true width of approximately 40m**.

The confirmation that the Seawall Haematite unit continues along strike is encouraging and presents a clear target for ongoing exploration.



Image 1: Core samples from the current drill campaign.





### Next assays expected

**Subsequent to the quarter**, as advised to ASX on 6 October 2021, a total of 16 diamond drill holes for ~2,445m were completed with samples from 9 entire holes (inc. 21SWDD01) and two incomplete holes dispatched to the laboratory. Assay results are expected to be received steadily over the coming weeks. The remaining samples will be dispatched to the laboratory at the completion of the drilling program in late October 2021.

### Financial

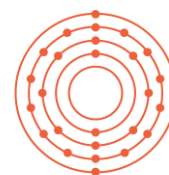
As at 30 September 2021, the Company's Cash Balance was \$2.99 million. Cash expenditure for the quarter was as follows:

- Exploration and evaluation: \$2.093 million;
- Administration and employee/consultant costs: \$116k; and
- IPO costs: \$451k.

The September quarter exploration spend is a peak period for the company for the coming 12 months with resource work and other non-field activities to be conducted over the northern wet season.

A comparison of the use of funds as per the Company's IPO Prospectus dated 5 August 2021 and actual use of funds since listing is provided below:

Use of Funds	Estimate for the two year after ASX admission (as per Revised Prospectus announced August 2021) (\$'000)	Actual Use FY22 YTD (\$'000)	Variance Under/(Over) (\$'000)
Exploration Expenditure	3,122	2,074	1,049
Rehabilitation provision	150	20	130
Convertible note interest payments	317	349	(32)
General Working Capital	469	-	469
Corporate & technical office	1,117	291	826
Estimated expenses of the Offer	776	451	325
<b>TOTAL</b>	<b>5,952</b>	<b>3,185</b>	<b>2,767</b>



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The material variances above are as a result of the Company listing during the September 2021 quarter and, at the end of September 2022 quarter, being 3 months into the 24-month budget.

Payments to related parties of the entity and their associates for the Quarter totalled \$55,000. This includes fees for both Executive and Non-executive Directors.

#### Tenement Summary

Tenement Reference	Location	Nature of Interest	Interest at beginning of quarter	Interest at end of quarter
M04/235-1	WA	Granted	100%	100%
L04/102	WA	Granted	100%	100%
L04/103	WA	Granted	100%	100%
P04/299	WA	Application	0%	0%
L04/120	WA	Application	0%	0%
L04/121	WA	Application	0%	0%
L04/122	WA	Application	0%	0%
L04/123	WA	Application	0%	0%

Authorised for release to the ASX by the Board of Pearl Gull Iron Limited.

\*\*\* ENDS \*\*\*

#### For more information:

**Russell Clark**

Chairman  
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**Matt Worner**

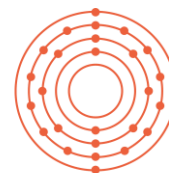
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## About Pearl Gull

Pearl Gull Iron Limited is a focused iron ore exploration and development company with mining title over a significant portion of Cockatoo Island. Cockatoo Island is situated off the north west coast of Western Australia and has a rich history of high-grade iron ore mining since the 1950's. Pearl Gull holds a significant tenure position as well critical infrastructure on Cockatoo Island. Pearl Gull's experienced Board and Management has the skills and track record to progress the various commercialisation opportunities that exist at this world class iron ore project location.

[www.pearlgulliron.com.au](http://www.pearlgulliron.com.au)

## Competent Person Statements

### Exploration Results

The information in this report that relates to Data and Exploration Results is based on information compiled and reviewed by Mr Alastair Watts a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy and General Manager Geology at Pearl Gull Iron Limited. Mr Watts has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Watts consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Additionally, the information in this report that relates to Exploration Results is extracted from the Company's ASX Announcement "Exceptional Ultra High Grade Results of 44.7m at 69.5% Fe" dated 6 October 2021. The Company confirms that it is not aware of any new information or data that materially affects the Exploration Results included in that announcement. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from those announcements.

### Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Pearl Gull Iron Limited planned exploration program(s) and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may", "potential," "should," and similar expressions are forward looking statements.



Website <https://www.pearlgulliron.com.au/>



Twitter <https://twitter.com/PearlGull>



LinkedIn <https://www.linkedin.com/company/76158277/admin/>



## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

**Pearl Gull Iron Limited**

ABN

**62 621 103 535**

Quarter ended ("current quarter")

**30 September 2021**

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(2,093)	(2,093)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(55)	(55)
	(e) administration and corporate costs	(61)	(61)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (GST Paid)	(176)	(176)
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(2,385)</b>	<b>(2,385)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	4,000	4,000
3.2	Proceeds from issue of convertible debt securities	25	25
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(451)	(451)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – interest paid on convertible notes	(349)	(349)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>3,225</b>	<b>3,225</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,159	2,159
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,385)	(2,385)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,225	3,225



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>2,999</b>	<b>2,999</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	<b>2,999</b>	2,159
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,999</b>	<b>2,159</b>

<b>6. Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to related parties and their associates included in item 1	55
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>	

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	N/A	N/A
7.2	Credit standby arrangements	N/A	N/A
7.3	Other (please specify)	N/A	N/A
7.4	<b>Total financing facilities</b>	<b>Nil</b>	<b>Nil</b>
7.5	<b>Unused financing facilities available at quarter end</b>		<b>Nil</b>
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,385)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(2,379)
8.4	Cash and cash equivalents at quarter end (item 4.6)	2,999
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	<b>2,999</b>
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	<b>1.26</b>
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: No, the first phase of the drilling program will be completed in the mid of fourth quarter 2021, and the Company anticipates that it will have a minimal exploration activity in the period after initial drilling ends.	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: Yes, the Company has recently completed an Initial Public Offering ("IPO") in September 2021 and raised \$4 million before costs. The Company remains funded for its anticipated expenditure requirements as outlined in the prospectus for the IPO.	

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, the Company expects to be able to continue its operations and to meet its business objectives based on its responses to items 1 and 2 above.

*Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.*

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 27 October 2021

Authorised by: .....By the Board.....  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.