



ASX ANNOUNCEMENT

ASX: PLG

31 January 2022

Activities Report for the Quarter Ended 31 December 2021

Highlights:

- Continued delivery of ultra high-grade haematite results from Switch Pit exploration drilling program.
- Successful and safe completion of diamond drill program at the Switch Pit, Magazine and North Bay Prospects – 16 holes and ~2,445 metres completed.
- Results for 13 drill holes remain outstanding and are expected to be released in February.
- Commencement of development related studies including resource modelling for DSO potential and metallurgical test work on beneficiation of mid-grade ore types.
- MOU signed with Transshipment Australia Pty Ltd regarding ore loading solutions for Cockatoo Island Project.

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 during the December 2021 Quarter.

Pearl Gull’s Non-Executive Chairman, Russell Clark commented: “*The December Quarter saw the Company achieve several significant operational milestones, following its successful IPO in September 2021. The most significant of these was the completion of our maiden diamond drilling campaign at the Cockatoo Island Project.*

Initial assay results from Switch Pit were exceptional with the remainder of the assay results expected in the coming few weeks. Once these have been received, we will establish a resource model. Additionally, we are progressing metallurgical test work to establish a beneficiation flow sheet for the lower grade material on the tenements.



Registered Address

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ACN 621 103 535
ABN 62 621 103 535

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www.pearlgulliron.com.au

Directors

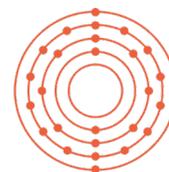
Russell Clark – Non-Executive Chairman
Jonathan Fisher – Director
Alexander Passmore – Director
Catherine Moises – Non-Executive Director

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Projects

Switch Pit
North Bay
Magazine Pit

Shares on Issue 100.0M
Share Price \$0.07c (27 January close)
Market Cap \$7.0M



More recently, we announced that we have executed an MOU with Transshipment Australia (see announcement of 12 January 2022) whose input and expertise will bring great benefit to the Company as we look to deliver the ore export mechanism to bring the Project into production.”

Cockatoo Island Mining Lease

During the Quarter, Pearl Gull completed exploration drilling at the Switch Pit, North Bay and Magazine Pit prospects. The diamond drilling program consisted of 16 holes with 2,445m completed. Importantly, this operational activity was completed safely, without incident and prior to the start of the wet season.

Switch Pit Prospect

The Switch Pit prospect area was a key target as it was historically used as a mine access ramp into the high grade Seawall Pit and was thought to contain significant iron mineralisation. The ‘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 (ie the Switch Pit area), held by Pearl Gull.

The Switch Pit diamond drilling program comprised a total of 11 holes for 1,098.8m.

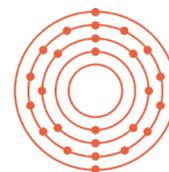
On 6 October 2021, the Company announced that assay results had been received for the first diamond drill hole (21SWDD01), which was positioned to test the along strike continuation of the Seawall Haematite. The assay results were exceptional with a very high iron grade of 69.5% Fe over 44.7m down hole.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

On 9 November 2021, the Company announced the continuation of high-grade haematite drilling results with hole 21SWDD02 delivering 65.9m at 55.5% Fe from surface (including 11.8m at 65.5% Fe). This result supported the Seawall Haematite mineralisation in hole 21SWDD01.

On 21 December 2021, the Company announced further Switch Pit drilling results with high-grade haematite, with hole 21SWDD03 delivering 10.9m at 62.6% Fe from 18.4m depth down hole supporting the earlier high-grade Seawall haematite mineralisation in holes 21SWDD01 and 21SWDD02.

The assay results continue to display high-grade iron material as an along strike extension of the main Seawall Haematite unit and the adjacent lower grade footwall iron mineralisation. The footwall iron mineralisation will be tested for beneficiation via Wet High Intensity Magnetic Separation (WHIMS) with results expected in the coming months. This type of material was previously processed on Cockatoo Island using similar beneficiation processes to produce a high grade (>66% Fe) finished product.





Next assays expected

Results from 13 drill holes remain outstanding. Six holes located in the Switch Pit and North Bay areas respectively and one hole located in the Magazine Pit area. The company expects results to be released in February.

North Bay Prospect

The first results from the North Bay prospect (announced on 21 December 2021) have been received. Modest iron mineralisation was intersected in 21NBDD04 within haematitic sandstones and quartzites including;

- 2.23m @ 32.4% Fe from 16.3m down hole
- 2.85m @ 47.7% Fe from 66.1m down hole
- 2.75m @ 44.1% Fe from 87.9m down hole
- 1.58m @ 46.4% Fe from 102.1m down hole
- 2.2m @ 43.7% Fe from 110.5m down hole
- 2.2m @ 38.0% Fe from 117.3m down hole
- 2.7m @ 43.2% Fe from 137.2m down hole

Corporate

Annual General Meeting

Pearl Gull held its Annual General Meeting on 30 November 2021 with all resolutions put to the Meeting being passed.

Post Quarter Activities

On 12 January 2022, the Company announced that it had entered into a binding MOU with leading ore transshipment specialist Transshipment Australia Pty Ltd (**TSA**), which will see TSA bring its industry expertise to deliver ore loading solutions for the Cockatoo Island Project. Initial design concepts have been developed.

A key aspect of the planning being undertaken is finalising an efficient, capital light ore export facility which can be placed close to the mining and crushing / screening operations to minimise ore handling and rehandling.

TSA has extensive experience around Australia with construction and operation of similar bulk commodity facilities, especially when operating within the large tidal variations experienced in Northern Australia. As part of the project the company has identified a suitable bay on the southern side of the island within 400m of the Switch Pit area. Initial planning by the partners has identified the potential for waste from the operations to be utilised to form a stockpile area above the high tide mark from which a loading hopper, a





conveyor and barge loading facility could be constructed to service the vessels intended to transport the ore to potential markets.

Both companies will, under the agreement, develop these plans jointly through concept, approval and implementation in order to ensure a successful project outcome.

The close proximity to both the planned operations and suitable barging areas will negate the need for the company to construct expensive ship loading facilities. The opportunity for the Company to incorporate aspects of the mine waste stockpiling in the development of the tranship loading facility will bring significant operational savings in both the areas of mining and shipping costs of the project.

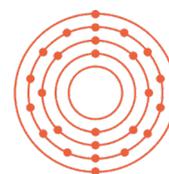
Forward Work Plan

The Company is currently focused on the following activities in the quarter:

- Receipt of remaining assays from drill campaign – expected in the next month
- Delivery of metallurgical test work – targeting next 2 months
- Delivery of resource model – approximately 1-2 months following receipt of final assays
- Transhipment solution planning and engineering – ongoing work

Delivery of the resource model will assist the Company with planning the next stages of work as the Company considers the potential layout and flow sheet for a small scale mining operation.





Financial

As at 31 December 2021, the Company's Cash Balance was \$1.46 million. Cash expenditure for the quarter was as follows:

- Exploration and evaluation: \$1.068 million;
- Administration and employee/consultant costs: \$237k; and
- IPO costs: \$310k.

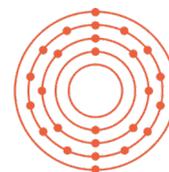
A comparison of the use of funds as per the Company's IPO Prospectus dated 5 August 2021 and actual use of funds since listing is provided below:

Use of Funds	Estimate for the two years after ASX admission (as per Revised Prospectus announced in August 2021) (\$'000)	Actual Use 2022 YTD (\$'000)	Variance Under/(Over) (\$'000)
Exploration Expenditure	3,122	3,141	(19)
Rehabilitation provision	150	20	130
Convertible note interest payments	317	349	(32)
General Working Capital	469	-	469
Corporate & technical office	1,117	452	666
Estimated expenses of the Offer	776	761	15
TOTAL	5,952	4,723	1,230

The material variances are as a result of the Company listing during the September 2021 quarter and, at the end of December 2021 quarter, being 6 months into the 24-month budget.

Payments to related parties of the entity and their associates for the Quarter totalled \$72,000. 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
Pearl Gull Iron Limited
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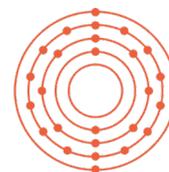
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About Pearl Gull (www.pearlgulliron.com.au)

Pearl Gull Iron Limited is an 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

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")

31 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(1,068)	(3,161)
(b) development	-	-
(c) production	-	-
(d) staff costs	(64)	(119)
(e) administration and corporate costs	(173)	(234)
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)	78	(98)
1.9 Net cash from / (used in) operating activities	(1,227)	(3,612)
2. Cash flows from investing activities		
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	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
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)	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	4,000
3.2 Proceeds from issue of convertible debt securities	-	25
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(310)	(761)
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)
3.10 Net cash from / (used in) financing activities	(310)	2,915

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	2,999	2,159
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,227)	(3,612)
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)	(310)	2,915

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,462	1,462

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,462	2,999
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,462	2,999

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	72
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>		

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
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 Total financing facilities	Nil	Nil
7.5 Unused financing facilities available at quarter end		Nil
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.	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,227)
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)	(1,227)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,462
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	1,462
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.19
<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 current level of net operating cash flows will not continue in the short term. The December 2021 quarter included significant drilling on Cockatoo Island, whereas during the March quarter little field work will be undertaken with recommencement to occur once the 2022 calendar year plans have been finalised. The Company is currently progressing mineralisation interpretation and resource studies from drilling results received from the 2021 program.	
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 is in the process of finalising its 2022 calendar year operational plans and costs associated studies. Once this has been finalised the Company will assess any potential capital raising, including timing, structure and quantum.	

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

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: 31 January 2022

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.