



PEARL GULL IRON

# PEARL GULL IRON LIMITED

ACN 621 103 535

## INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2021

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## CORPORATE DIRECTORY

### Directors

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

### Company Secretary

Matthew Worner

### Chief Financial Officer

Silfia Morton

### Registered Office

945 Wellington Street  
West Perth, WA 6005  
Telephone: +61 8 9322 7600  
Email: admin@pearlgulliron.com.au

### Auditor

KPMG  
235 St Georges Terrace  
Perth, WA 6000

### Banker:

Westpac Banking Corporation  
40 St George's Terrace  
Perth WA 6000

### Stock Exchange Listing

Australian Securities Exchange (ASX)  
ASX Code: PLG

### Share Registry

Automic Group  
Level 2, 267 St Georges Terrace  
Perth, WA 6000

Email: hello@automic.com.au

Website: www.automic.com.au

### Legal Advisers and Tenement Solicitors

Gilbert & Tobin  
Level 16, Brookfield Place  
Tower 2, 123 St George Terrace  
Perth, WA 6000

### Company Website

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

# DIRECTORS' REPORT

Your Directors present the half-yearly report of Pearl Gull Iron Limited (“Pearl Gull” or “the Company”) for the period 1 July 2021 to 31 December 2021.

## Directors

The persons who were Directors of Pearl Gull Iron Limited during the interim reporting period and up to the date of this report are:

Mr Russell Clark	Non-Executive Chairman (appointed on 1 July 2021)
Mr Alexander Passmore	Director (appointed on 15 August 2017)
Mr Jonathan Fisher	Director (appointed on 1 February 2021)
Ms Catherine Moises	Non-Executive Director (appointed on 1 February 2021)

## Review of Operations

Pearl Gull satisfied the listing conditions, and subsequently listed on the ASX on 20 September 2021, with a ticker of PLG. On listing, the Company raised \$4 million before costs via the issue of 20,000,000 ordinary shares at \$0.20 per share and 20,000,000 free-attaching options with an exercise price of \$0.30 each and expiring on 13 September 2024. In addition, upon listing the Convertible Notes on issue were converted into 36,777,857 ordinary shares together with 36,777,857 Convertible Note Options with an exercise price of \$0.30 each and expiring on 13 September 2024.

Pearl Gull’s principal activities during the period were focused on progressing its iron ore project in Cockatoo Island, West Kimberley in Western Australia.

## 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). 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. PLG holds a granted mining lease in the central part of Cockatoo Island, adjacent to the historic Seawall Pit mine (3<sup>rd</sup> 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 identified three exploration targets: Switch Pit – with potential for near term Direct Shipping Ore (DSO), North Bay and Magazine Pit.



Figure 1

## DIRECTORS' REPORT

Pearl Gull undertook exploration diamond drilling during the September 2021 quarter, initially focussed on the Switch Pit prospect followed by drilling of the North Bay and Magazine Pit prospects. The diamond drilling program was completed during the half year, prior to the start of the wet season. The Company is now progressively receiving assay results.

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.

A total of 19 diamond drill holes for approximately 2,774m were completed in early October 2021, with assays periodically dispatched to the laboratory.

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 continuation of the Seawall Haematite along strike. 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.

On 9 November 2021, the Company announced further 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 extension of the main Seawall Haematite unit along strike 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.

Additionally on 21 December 2021, the first results from the North Bay area were received. Modest iron mineralisation was intersected in 21NBDD04.

The interpretation of results from 13 drill holes remains outstanding. Six of these holes are located in the Switch Pit area, six are located in the North Bay area, and one hole is located in the Magazine Pit area. Due to delays by the laboratory in producing the final assays, which have been outside the Company's control, the necessary interpretation work by the company is ongoing and remains incomplete.

# DIRECTORS' REPORT

## Forward Work Plan

The Company is currently focused on the following activities post period end:

- Receipt of remaining assays from drill campaign;
- Delivery of metallurgical test work;
- Delivery of resource model – approximately 1-2 months following receipt of final assays; and
- On-going work on transshipment solution planning and engineering.

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.

The Company's operating loss for the period ended 31 December 2021 was \$4,841,371 (2020: \$183,691).

## Significant Change in State of Affairs

On 20 September 2021, following a successful Initial Public Offering ("IPO") raising \$4.0m (before costs), the Company listed on the Australian Securities Exchange (ASX). As a result of the IPO the following shares and options were issued during the reporting period:

- 20,000,000 ordinary shares at \$0.20 each to raise \$4.0 million (before costs);
- 20,000,000 free-attaching options with an exercise price of \$0.30 each and expiring on 13 September 2024 to shareholders who participated in the IPO;
- 9,470,000 incentive options to Directors and key personnel with a nil exercise price and expiry date of 1 June 2026; and
- Upon listing, the Convertible Notes on issue were converted into 36,777,857 ordinary share together with 36,777,857 Convertible Note Options with an exercise price of \$0.30 each and expiring on 13 September 2024.

There were no other significant changes in the state of affairs of the Company during the period.

## Matters Subsequent to Reporting Date

DATE	DETAILS
12 January 2022	The Company entered into a binding Memorandum of Understanding with Transshipment Services Australia to develop ore exporting facilities for its Cockatoo Island Project.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future periods.

## DIRECTORS' REPORT

### Auditor's Independence Declaration

The Auditor's Independence Declaration under section 307C of the Corporation Act 2001 is included within this financial report.

This report is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'J Fisher', with a long horizontal flourish extending to the right.

**Jonathan Fisher**

Director

Perth, Western Australia, 16 March 2022



# 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 review of Pearl Gull Iron Limited for the half-year ended 31 December 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink that reads 'KPMG.' with a period at the end.

KPMG

A handwritten signature in blue ink, appearing to be 'R Gambitta'.

R Gambitta  
*Partner*

Perth

16 March 2022

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Note	31 December 2021 \$	31 December 2020 \$
Other income		58	1
Professional fees	3	(607,802)	(133,498)
Compliance costs		(98,270)	-
Employee benefit expense		(165,619)	-
Administrative costs		(52,924)	(17,213)
Exploration expenditure		(2,685,766)	(34,278)
Depreciation expense		(3,560)	-
Finance Costs		(964,589)	(32,983)
Share based payment expense	11	(631,333)	-
<b>Loss before income tax expense</b>		<b>(5,209,805)</b>	<b>(217,970)</b>
Income tax benefit		368,434	34,279
<b>Loss after income tax for the period</b>		<b>(4,841,371)</b>	<b>(183,691)</b>
<b>Other Comprehensive Loss</b>		-	-
<b>Total comprehensive loss for the period</b>		<b>(4,841,371)</b>	<b>(183,691)</b>
<b>Total comprehensive loss is attributable to:</b>			
Owners of Pearl Gull Iron Limited		<b>(4,841,371)</b>	<b>(183,691)</b>
		<b>(4,841,371)</b>	<b>(183,691)</b>
<b>Loss per share attributable to the ordinary equity holders of Pearl Gull Iron Limited:</b>			
Basic and diluted profit/(loss) per share	16	(0.05)	-

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.*

# STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	31 December 2021 \$	30 June 2021 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	1,461,554	2,158,998
Trade and other receivables		182,763	242,983
<b>Total current assets</b>		<b>1,644,317</b>	<b>2,401,981</b>
<b>Non-current assets</b>			
Exploration and evaluation expenditure	5	10,421,170	10,544,209
Property, plant, and equipment		60,717	64,278
<b>Total non-current assets</b>		<b>10,481,887</b>	<b>10,608,487</b>
<b>TOTAL ASSETS</b>		<b>12,126,204</b>	<b>13,010,468</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	6	250,527	698,809
Provisions		698,280	698,280
Convertible notes payable	7	-	6,976,344
<b>Total current liabilities</b>		<b>948,807</b>	<b>8,373,433</b>
<b>Non-current liabilities</b>			
Deferred tax liability		348,856	348,856
Provisions	8	7,462,510	7,528,393
<b>Total non-current liabilities</b>		<b>7,811,366</b>	<b>7,877,249</b>
<b>TOTAL LIABILITIES</b>		<b>8,760,173</b>	<b>16,250,682</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>3,366,031</b>	<b>(3,240,214)</b>
<b>EQUITY</b>			
Issued capital	9	13,242,573	2,057,859
Reserves	10	631,333	-
Other contributed equity	12	(1,831,240)	(1,462,807)
Accumulated losses		(8,676,635)	(3,835,266)
<b>TOTAL EQUITY/(DEFICIENCY)</b>		<b>3,366,031</b>	<b>(3,240,214)</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

# STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Issued Capital	Reserves	Other Contributed Equity	Accumulated Losses	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>	<b>2,057,859</b>	<b>-</b>	<b>(1,462,806)</b>	<b>(3,835,264)</b>	<b>(3,240,211)</b>
<b>Total comprehensive income for the period</b>					
Loss for the period ended 31 December 2021	-	-	-	(4,841,371)	(4,841,371)
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,841,371)</b>	<b>(4,841,371)</b>
<b>Transactions with owners, recorded directly in equity</b>					
Issue of shares, net of costs	11,184,714	-	-	-	<b>11,184,714</b>
Share based payments	-	631,333	-	-	<b>631,333</b>
Derecognition of current tax asset as assumed by parent entity	-	-	(368,434)	-	<b>(368,434)</b>
<b>Balance at 31 December 2021</b>	<b>13,242,573</b>	<b>631,333</b>	<b>(1,831,240)</b>	<b>(8,676,635)</b>	<b>3,366,031</b>

	Issued Capital	Other Contributed Equity	Accumulated Losses	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>	<b>-</b>	<b>(1,108,661)</b>	<b>(1,409,241)</b>	<b>(2,517,902)</b>
<b>Total comprehensive income for the period</b>				
Loss for the period ended 31 December 2020	-	-	(183,691)	(183,691)
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>(183,691)</b>	<b>(183,691)</b>
<b>Transactions with owners, recorded directly in equity</b>				
Derecognition of current tax asset as assumed by parent entity	-	(34,249)	-	(34,249)
<b>Balance at 31 December 2020</b>	<b>-</b>	<b>(1,142,940)</b>	<b>(1,592,932)</b>	<b>(2,735,872)</b>

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

# STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	31 December 2021	31 December 2020
	\$	\$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(775,608)	(150,710)
Payments for exploration and evaluation expenditure	(3,222,834)	-
Interest received	58	1
<b>Net cash outflow from operating activities</b>	<b>(3,998,384)</b>	<b>(150,709)</b>
<b>Cash flows from investing activities</b>		
Exploration and evaluation expenditure	-	(34,278)
<b>Net cash outflow from investing activities</b>	<b>-</b>	<b>(34,278)</b>
<b>Cash flows from financing activities</b>		
Proceeds from share issue (net issue costs)	3,624,743	-
Proceed from issue of convertible notes (net issue costs)	25,000	1,457,000
Interest paid on convertible notes	(348,803)	-
Proceed from borrowings	-	184,988
<b>Net cash inflow from financing activities</b>	<b>3,300,940</b>	<b>1,641,988</b>
Net increase/(decrease) in cash and cash equivalents	(697,444)	1,457,001
Cash and cash equivalents at beginning of the financial period	2,158,998	-
<b>Cash and cash equivalents at end of the period</b>	<b>5 1,461,554</b>	<b>1,457,001</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

## 1. Summary of significant accounting policies

### (a) Basis of preparation

These general purpose interim financial statements for the half year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report does not include full disclosures of the type normally included in an annual report. It is recommended that this financial report to be read in conjunction with the annual financial report for the year ended 30 June 2021 and any public announcements made by Pearl Gull Iron Limited during the half year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

#### *Historical cost convention*

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

#### *Critical accounting estimates*

In preparing this interim report, the significant judgements made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2021.

#### **New and amended standards adopted by the entity**

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period but did not have a material impact. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### (b) Use of estimates and judgements

In the process of applying the accounting policies, management has made certain judgements or estimations which have an effect on the amounts recognised in the financial information.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

#### *Recoverability of capitalised exploration and evaluation expenditure*

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the company decides to exploit the related lease itself, or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

#### *Share based payment transactions*

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined using the Black-Scholes option pricing model, and the fair value of performance rights is determined using the trinomial barrier model.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

## 1. Summary of significant accounting policies (Cont.)

### *Rehabilitation Provision*

Significant judgement is required in determining the provision for mine rehabilitation and site restorations 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.

### *Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

## 2. Segment Information

### Operating Segments

Operating segments that meet the quantitative criteria of AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to the users of the financial statements.

The Company operates within the mineral exploration industry within Western Australia.

The Company determines its operating segments by reference to internal reports that are reviewed and used by the Board of Directors (the chief operating decision maker) in assessing performance and in determining the allocation of resources. The Board of Directors currently receive Statement of Financial Position and Statement of Comprehensive Income information that is prepared in accordance with Australian Accounting Standards.

The Statement of Financial Position and Statement of Comprehensive Income information received by the Board of Directors does not include any information by segment. The executive team manages each exploration activity of each exploration concession through review and approval of statutory expenditure requirements and other operational information. Based on this criterion, the Company has only one operating segment, being exploration, and the segment operations and results are the same as the Company results.

## 3. Professional Fees

	31 December 2021	31 December 2020
	\$	\$
Accounting & audit fees	37,761	-
Legal fees	397,143	131,998
Consulting fees	172,898	1,500
<b>Total Professional Fees</b>	<b>607,802</b>	<b>133,498</b>

## 4. Cash and Cash Equivalents

	31 December 2021	30 June 2021
	\$	\$
Cash at bank and in hand	1,461,554	2,158,998
<b>Total Cash and Cash Equivalents</b>	<b>1,461,554</b>	<b>2,158,998</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

## 5. Exploration and Evaluation Asset

	31 December 2021	30 June 2021
	\$	\$
Tenement acquisition costs	2,637,040	2,637,040
Current Rehabilitation	698,280	698,280
Capitalised E&E – Rehabilitation Asset (Note 8)	7,085,850	7,208,889
<b>Total exploration and evaluation asset</b>	<b>10,421,170</b>	<b>10,544,209</b>

## 6. Trade and Other Payables

	31 December 2021	30 June 2021
	\$	\$
Trade Creditors	235,402	631,559
Accrual	-	25,000
Other payable	15,125	42,249
<b>Total Trade and Other Payables</b>	<b>250,527</b>	<b>698,809</b>

## 7. Convertible Notes Payables

	31 December 2021	30 June 2021
	\$	\$
Convertible Notes Payables	-	6,976,344
<b>Total</b>	<b>-</b>	<b>6,976,344</b>

### (a) Movement Reconciliation

	No. of Notes	\$
Balance at the beginning of the period – 1 July 2021	<b>6,043,756</b>	<b>6,976,344</b>
Additional convertible notes issued:		
Capitalised interest (at 10% per annum) <sup>1</sup>	-	124,700
Capitalised effective interest <sup>2</sup>	-	782,732
Conversion of the convertible notes into share capital at IPO	(6,043,756)	(7,534,973)
Less payment of interest payable at IPO <sup>1</sup>	-	(348,803)
Balance at the end of the period – 30 June 2021	-	-

<sup>1</sup>The capitalised interest represents the interest payable on the convertible notes. It is calculated based on 10% (per annum) of the face value the convertible notes on issue, from the issue date to 16 September 2021 (IPO date). The interest expense of \$348,803 is payable in cash and was paid on the IPO date.

<sup>2</sup>The convertible notes have a clause where the notes will convert at a discount of 70% to fair value of cash received plus interest payable on the notes at maturity. The finance costs of \$782,732 is to recognise the discount value up to various maturity dates depending on each class of convertible notes.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

## 8. Rehabilitation Provisions

	31 December 2021	30 June 2021
	\$	\$
Current rehabilitation provision	698,280	698,280
Non-current rehabilitation provision (a)	7,462,510	7,528,393
<b>Total</b>	<b>8,160,790</b>	<b>8,226,673</b>
<b>(a) Non-Current Rehabilitation Provision</b>		
Opening balance – 1 July	7,528,393	7,578,030
Movement during the period – discount unwind	57,157	65,929
Changes in rehabilitation estimate	(123,040)	(115,566)
<b>Total</b>	<b>7,462,510</b>	<b>7,528,393</b>

## 9. Contributed Equity

### (a) Issued and fully paid

	31 December 2021		30 June 2021	
	\$	No.	\$	No.
Ordinary shares	13,242,573	100,027,858	2,057,859	43,250,001
	<b>13,242,573</b>	<b>100,027,858</b>	<b>2,057,859</b>	<b>43,250,001</b>

### (b) Movement reconciliation

Ordinary Shares	No. of Shares	\$
Opening Balance at 1 July 2020	1	-
Issue of 43,250,000 shares at \$0.048 per share	43,250,000	2,098,353
Share issue costs	-	(40,494)
<b>Closing Balance at 30 June 2021</b>	<b>43,250,001</b>	<b>2,057,859</b>
Opening Balance at 1 July 2021	43,250,001	2,057,859
Issue of 20,000,000 share capital at \$0.20 per share at IPO	20,000,000	4,000,000
Conversion of January 2021, February 2021, and May 2021 convertible notes into share capital at IPO	36,777,857	7,534,973
Share issue costs	-	(350,259)
<b>Closing Balance at 31 December 2021</b>	<b>100,027,858</b>	<b>13,242,573</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

## 10. Share Based Payment Reserve

### (a) Equity settled share-based payments

	31 December 2021		30 June 2021	
	\$	No.	\$	No
Option reserve	631,333	9,470,000	-	-
	<b>631,333</b>	<b>9,470,000</b>	-	-

### (b) Movement reconciliation

#### Options

	No. of Options	\$
Balance at the beginning of the period – 1 July 2021	-	-
Issue of Incentive Options at IPO	9,470,000	631,333
Balance at the end of the period – 31 December 2021	<b>9,470,000</b>	<b>631,333</b>

(i) Refer to note 11 for further details on incentive options issued during the period.

## 11. Share Based Payments

Share based payments during the half year ended 31 December 2021 are summarised below.

### (a) Recognised share-based payment expense

	31 December 2021	31 December 2020
	\$	\$
Expense arising from equity settled share-based payment transactions	631,333	-

### (b) Securities granted during the half year

Incentive options granted during the half year period ended 31 December 2021 as share-based payments are as follows:

TRANCHE	CLASS OF SECURITIES	GRANT DATE	NUMBER OF SECURITIES	EXERCISE PRICE	EXPIRY DATE	PERFORMANCE HURDLE EXPIRY DATE
1	Incentive Options	16 Sept 2021	3,156,667	Nil – convert to ordinary shares on achievement of performance conditions	1 Jun 2026	30 Sept 2022
2	Incentive Options	16 Sept 2021	3,156,667	Nil – convert to ordinary shares on achievement of performance conditions	1 Jun 2026	1 Jun 2023
3	Incentive Options	16 Sept 2021	3,156,667	Nil – convert to ordinary shares on achievement of performance conditions	1 Jun 2026	1 Jun 2024

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

## 11. Share Based Payments (Cont'd)

The performance conditions for the Incentive Options are set out below:

Tranche	Performance Hurdles
1	The Company completes a drilling program of a minimum of 2,500 metres of diamond drilling at M04/235
2	The Company announcing the delineation of a JORC compliant Indicated Mineral Resource of at least 500kt of iron ore on M04/235 at a min ave grade of 60% Fe.
3	The Company announcing the delineation of a JORC compliant Indicated Mineral Resource of at least 5Mt of iron ore on M04/235 at a min ave grade of 60% Fe.

The Incentive Options were valued using the Black-Scholes Model using the following inputs:

Description	Inputs Used
Grant Date	16 Sept 2021
Spot rate	\$0.20
Exercise price	Nil
Volatility	95%
Dividend Yield	Nil
Fair value per Option	\$0.20

During the reporting period, Tranche 1 of Incentive Options have fully vested as the performance milestone has been met.

## 12. Other Contributed Equity

	31 December 2021	30 June 2021
	\$	\$
Balance at beginning of year	(1,462,807)	(1,108,661)
Current tax losses derecognised	(368,434)	(354,146)
<b>Balance at end of year</b>	<b>(1,831,241)</b>	<b>(1,462,807)</b>

The Company does not have a tax funding arrangement in place with Cockatoo Iron during the period ended 31 December 2021. The Company transferred tax losses of \$368,434 (2021: \$354,146) into Cockatoo Iron NL, its parent entity, under the tax consolidation. This is recorded in equity because there is no compensation from Cockatoo Iron NL for these tax losses. The Company deconsolidated from its parent entity on 16 September 2021, when the Company was listed on the ASX. The current tax losses for the period represents tax losses incurred to the date of deconsolidation.

## 13. Related Party Transactions

There were no material changes to the Company's related party transactions to those disclosed in the 30 June 2021 Annual Report.

## 14. Dividends

No dividends have been paid or declared since the start of the financial period, and none are recommended.

## 15. Commitments And Contingent Assets and Liabilities

There are no new commitments, other than the commitments that existed as at 30 June 2021 that the Company has entered into during the period under review. There have been no material changes in contingent liabilities or contingent assets since the last annual reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

## 16. Earnings Per Share

Basic earnings per share amounts are calculated by dividing net profit/(loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the total operations basic and diluted earnings per share computations:

	<b>31 December 2021</b>
<b>Basic and diluted profit/(loss) per share</b>	<b>\$</b>
Basic and diluted loss per share	(0.05)
<b>Profit/(Loss)</b>	
Loss) used in the calculation of basic and diluted earnings per share is as follows:	
Loss for the period	(4,841,371)
<b>Weighted average number of ordinary shares</b>	
Weighted average number of ordinary shares outstanding during the period used in calculating basic and diluted EPS	91,284,689

## 17. Events Subsequent to Reporting Date

DATE	DETAILS
12 January 2022	The Company entered into a binding Memorandum of Understanding with Transshipment Services Australia to develop ore exporting facilities for its Cockatoo Island Project.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

## DIRECTOR'S DECLARATION

The directors of the Company declare that:

- (a) The financial statements and notes are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with the Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory professional reporting requirements.
  - (ii) giving a true and fair view of the financial position as at 31 December 2021 and the performance for the half year ended 31 December 2021.
- (b) At the date of this statement there are reasonable grounds to believe that Pearl Gull Iron Limited will be able to pay its debts when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed on behalf of the Directors by:



**Mr Jonathan Fisher**

Director

Perth, 16 March 2022



# Independent Auditor's Review Report

To the shareholders of Pearl Gull Iron Limited

## Report on the Interim Financial Report

### Conclusion

We have reviewed the accompanying **Interim Financial Report** of Pearl Gull Iron Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Pearl Gull Iron Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 31 December 2021 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Statement of financial position as at 31 December 2021.
- Statement of profit or loss and other comprehensive income, Statement of changes in equity and Statement of cash flows for Half-year ended on that date.
- Notes 1 to 17 comprising a summary of significant accounting policies and other explanatory information.
- The Directors' Declaration.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Company in accordance with the auditor independence requirements of 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 of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.



## Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the Half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

R Gambitta  
Partner

Perth

16 March 2022