



Tombador Iron Limited

Suite 5, 85 Forrest Street
Cottesloe WA 6011

ABN: 20 108 958 274
ASX: TI1

Tombador Iron Limited (ASX:TI1) is an Australian company established in October 2020.

The Company owns 100% of the world-class Tombador iron ore project in Bahia State, Brazil.

Tombador plans to develop a low capex, simple, open-cut mining operation within 12 months of listing.

Non-Executive Directors

Anna Neuling – Chair
David Chapman
Keith Liddell
Stephen Quantrill

CEO

Gabriel Oliva

Company Secretary

Abby Macnish Niven

Contact us

www.tombadoriron.com
info@tombadoriron.com
+61 8 6382 1805

ACTIVITIES REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2020

30 October 2020

HIGHLIGHTS

- Completion of the public offer under its prospectus dated 6 August 2020 RESA Group Limited successfully renamed as Tombador Iron Limited (ASX:RE1/ASX:TI1);
- Completion of capital raising, successfully raising the maximum \$15m;
- Mr Gabriel Oliva appointed CEO of the Company effective 29 July 2020;
- Appointment of Non-Executive Chairman, Ms Anna Neuling, Non-Executive Directors Mr Keith Liddell and Mr David Chapman concurrent with the resignations of Mr Bill Nikolouzakis and Mr Andrew Jensen as Directors on 25 September 2020;
- Successful reinstatement to official quotation on the ASX on 6 October 2020 subsequent to the quarter ending Q1 FY21, following re-compliance with chapters 1 and 2 of the ASX Listing Rules;
- Strong settlements quarter with \$764k in settlement commission revenues from the property settlements receivables book asset; and
- Removal of all activities and on-going costs associated with the former property-related RESA Group businesses.



TOMBADOR IRON

Overview:

As of 30 September 2020, the shares of TI1 (formerly RE1) remained suspended. Subsequently and shortly after the closure of the quarter, the Company was successfully reinstated to official quotation on the ASX on 6 October 2020 following its re-compliance with chapters 1 and 2 of the ASX Listing Rules. During the quarter TI1 raised \$15,000,000 pursuant to the offer made under its prospectus dated 6 August 2020. Further, subsequent to the quarter, the Company issued 600,000,000 shares at an issue price of \$0.025 under the offer.

At the end of the quarter, TI1 held cash and cash equivalents of \$15.17m, a material increase from the \$241k held at the end of the last quarter 30 June 2020 as a result of strong settlement commission collections and the closure of the capital raise. \$15,000,000 of the cash was held as restricted cash with the release subject to several conditions which were satisfied subsequent to the quarter upon completion of the acquisition of Tombador Iron.

Key activities and milestones achieved during the quarter:

During Q1 FY21, the Company continued to achieve and deliver on significant milestones towards completing the Tombador Iron acquisition. Key milestones achieved:

- Completion of the public offer under its prospectus dated 6 August 2020. RESA Group Limited successfully renamed as Tombador Iron Limited (ASX:RE1/ASX:TI1);
- Positive EGM results, the EGM was held on the 31st of August 2020 with all of the resolutions passed by shareholders;
- Completion of capital raising, successfully raising the maximum \$15m announced on the 4th of September 2020;
- Strong settlements quarter of \$764k of settlement commissions from the property settlements receivables book from past property sales;
- Mr Gabriel Oliva appointed as CEO of the Company effective 29 July 2020;
- Successful resolution and closure of two legal proceedings, both generating positive results for the RESA IBN Pty Ltd entity;
- Payment of \$195k of ATO debt obligations under RESA NPA Pty Ltd with the ATO granting remission of \$38k in general interest charges;
- Closure of 3 non-operating subsidiaries complete, RESA FIP Pty Ltd, RESA NP Pty Ltd and RESA IBNP Pty Ltd;
- Cessation of all non-core costs associated with the discontinued property-related businesses; and
- Appointment of Non-Executive Chair, Ms Anna Neuling, Non-Executive Directors Mr Keith Liddell and Mr David Chapman, concurrent with the resignations of Mr Bill Nikolouzakis and Mr Andrew Jensen as Directors on 25 September 2020.



Pleasingly, during the quarter the Company continued to settle and collect a high number of settlement commissions, representing over \$764k recorded. The strong settlements and collection of commission revenues enabled the Company to fund transaction costs related to the acquisition of Tombador Iron and re-compliance with Chapters 1 and 2 of the ASX Listing Rules, repay principle obligations to the ATO and settle a large number of trade creditors.

Appendix 4C Commentary

- \$764k of settlement commissions collected;
- A slight adjustment to the closing cash balance of \$241k at 30 June 2020 vs \$256k reported in the June 2020 quarterly activity report;
- C. \$200k of staff costs relate to back payments for prior periods;
- Payments to related parties of disclosed in item 6.1 of the Appendix 4C for the quarter accompanying this quarterly activity report, were payments of directors fees and salaries. \$49.5k was paid to former director Mr Bill Nikolouzakis for salaries and \$7.5k was paid to former director Mr Andrew Jensen for director fees. \$7.5k was paid to current director Mr Stephen Quantrill for director fees.

At the end of the quarter, the Company's gross future receivables book balance fell below \$600k with a net value of \$420k. The Company would like to note that over 23% of the net commissions on future property settlements included in the future receivables book have an anticipated completion date during 2022. Given the longer-term settlement and collection dates along with on-going costs associated with operating the collections, the Company has decided to sell the future receivables book for a cash consideration to focus solely on the mining operations.

Subsequent events after 30 September 2020

As announced on 28 October 2020, the Company has entered into a binding agreement with Tomahawk property Pty Ltd to acquire 100% of the Company's discontinued property-related subsidiaries (RESA IBD Pty Ltd and RESA NPA Pty Ltd). The sale includes the future receivables book with an anticipated value of gross c. \$330k and net c.\$225k. The Company has agreed to sell the settlement book along with the subsidiaries to Tomahawk for a one-off cash consideration of \$123,103 representing c. 55% of the net book value of the settlements book. The transaction is subject to conditions precedent with settlement expected to occur by mid-November 2020.

Mining Highlights:

- Reinstatement to official quotation with TI1 shares lifted from suspension on 6th October 2020 following the Company's re-compliance with chapters 1 and 2 of the ASX Listing Rules;
- Appointment of Mr Gabriel Oliva as CEO;



TOMBADOR IRON

- Transfer of environmental installation license from Colomi Iron Mineracao to Tombador Iron Mineracao completed and published on the 3rd of October 2020;
- Execution of key contracts:
 - Mining and construction contract with SEMEP, a Brazilian contract mining company;
 - Drilling contract to commence the infill drilling program with SERVDRILL, a Brazilian drilling company, who mobilised to site in the week of 19 October 2020; and
 - Contract to purchase crushing and screening plant with IMIC, a leading manufacturer of mining and processing equipment.
- Commencement of the infill drilling program on 26 October 2020

Authorised for release by the Board.

Contact:

Gabriel Oliva
CEO
gabriel@tombadoriron.com

Abby Macnish Niven
Company Secretary
info@tombadoriron.com
+61 8 6382 1805

Lucas Robinson
Investor Relations
luscas@corporatestorytime.com
+61 408 228 889

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Tombador Iron Limited (formerly RESA Group Limited)

ABN

20 108 958 274

Quarter ended (“current quarter”)

30 September 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date 3 months \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	764	764
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(74)	(74)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(312)	(312)
(f) administration and corporate costs	(502)	(502)
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	69	69
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(55)	(55)

2. Cash flows from investing activities

- 2.1 Payments to acquire or for:
- (a) entities
 - (b) businesses
 - (c) property, plant and equipment
 - (d) investments
 - (e) intellectual property
 - (f) other non-current assets

Consolidated statement of cash flows	Current quarter \$A'000	Year to date 3 months \$A'000
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (cash acquired)	4	4
2.6 Net cash from / (used in) investing activities	4	4
3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	15,000	15,000
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(13)	(13)
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 (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	14,987	14,987
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	241	241
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(55)	(55)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	4	4

Consolidated statement of cash flows		Current quarter \$A'000	Year to date 3 months \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	14,987	14,987
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	15,177	15,177

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	15,177	241
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)	15,177	241

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	57
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

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	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		
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.		
	N/A		

8. Estimated cash available for future operating activities		\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(55)
8.2	Cash and cash equivalents at quarter end (item 4.6)	15,177
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	15,177
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	275.95

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 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:

8.6.2 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:

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

Answer:

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 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: 30 October 2020

Authorised by: Abby Macnish Niven (Company Secretary)

(by the Board of Directors)

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 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 standard applies 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.