Tombador Iron Limited
ABN: 20 108 958 274
Suite 5, 85 Forrest Street
Cottesloe WA 6011

29 September 2021

ASX Announcement

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

Tombador Iron Limited (ASX:TI1) (TI1 or the **Company**) proudly publishes our Financial Year 2021 Annual Report as announced to the ASX.

The Company notes that the cash balance as at 30 June 2021 in the Annual Financial Report is correctly shown as $24,704,473. This figure differs from the end cash balance disclosed in the Company's Quarterly Cashflow Report released to the ASX on 30 July 2021, which is shown as $23,965,000 (an understatement of $742,265). This difference is due to incorrect exchange rates used for currency translations when preparing the Quarterly Cashflow Report.

Additionally, there are several differences in the classifications of cash flow between the Quarterly Cashflow Report and the Annual Financial Report. The Company notes that this is because the statutory cashflow statement in the Annual Report has classified certain cashflows as "investing" to adhere with the relevant accounting standards, as compared to "operating" in the Cashflow Reports, which include the classifications from prior to the relisting in October 2020, when the Company operated as a real estate commission business.

For further information, please contact:

Abby Macnish Niven
CFO & Company Secretary
T: +61 8 6382 1805
E: info@tombadoriron.com

The announcement has been authorised for release by the Board.

TOMBADOR IRON

ANNUAL REPORT
FOR YEAR ENDED 30 JUNE 2021

ABN 20 108 958 274

CORPORATE DIRECTORY

DIRECTORS

Mrs Anna Neuling (Non-Executive Chair)
Mr David Chapman (Non-Executive Director)
Mr Keith Liddell (Non-Executive Director)
Mr Stephen Quantrill (Executive Director)

CHIEF EXECUTIVE OFFICER

Mr Gabriel da Cunha Oliva

COMPANY SECRETARY

Mrs Abby Macnish Niven

AUDITORS

HLB Mann Judd (WA Partnership)
Level 4, 130 Stirling Street
Perth WA 6000

SOLICITORS

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

BANKERS

National Australia Bank Limited
Level 32, 100 Miller Street
North Sydney NSW 2060

REGISTERED OFFICE

Tombador Iron Limited
Suite 5, 85 Forrest Street
Cottesloe WA 6011

SHARE REGISTRY

Automic Registry Services
Level 2, 267 St Georges Terrace
Perth WA 6000

STOCK EXCHANGE LISTING

The Company's shares are listed and
quoted on the Australian Securities Exchange Limited ("ASX").
ASX code: TI1 (previously RE1)

WEBSITE ADDRESS:

www.tombadoriron.com

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CHAIRMAN’S ADDRESS

Dear Shareholders

On behalf of the Board of Tombador Iron Limited, I am pleased to present the Annual Report for the year ended 30 June 2021.

Following its relisting on the ASX in October 2020, Tombador Iron Ltd (ASX: TI1) has made significant progress. The Company has:

- signed an offtake agreement in February 2021 with Trafigura da Brasil Exportação, Importação e Comercio Ltda for 100% of the TI1 export sales for an initial 3-year term,
- completed mine construction in February 2021,
- raised A$20million in March 2021 to accelerate the ramp up of planned production; bring forward the studies, licencing, procurement of capital equipment and commencement of operations for a beneficiation processing plant; and provide general working capital,
- executed trucking and port contracts in April 2021 to haul and ship ore sold into the international market,
- obtained granting of its Mining Concession in relation to the Tombador Project in April 2021, and
- received the Operating License approval in May 2021.

Achieving all of the milestones above resulted in the maiden shipment of high-grade lump ore being in July 2021, only 10 months from relisting.

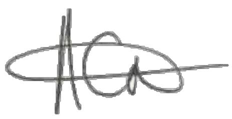
Tombador is currently in the production ramp-up phase of the project and is expecting to complete an updated Mineral Resources estimate and its maiden Ore Reserve in Q1 2022 which will include a life of mine plan and enable the Company to provide forward-looking production guidance to the market.

As a Company, we are proud of what we have achieved by working with the local community, the regulatory government departments, suppliers and customers to construct a safe, efficient mine and processing plant.

Our employees, contractors and consultants have all contributed to the success so far of the project and it is important to note that this was achieved during the impact that Covid-19 has had on Brazil since March 2021.

On behalf of all shareholders, I would like to thank Stephen Quantrill, Gabriel Oliva and the rest of the Tombador team for their outstanding efforts and for the outcomes already achieved in such a short period.

Yours Sincerely,



Anna Neuling
Non-Executive Chair

DIRECTORS' REPORT

Your directors submit their report on the consolidated entity consisting of Tombador Iron Limited ("Tombador") and the entities it controlled (the "Group" or the "consolidated entity") during the year ended 30 June 2021.

In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

1. Directors

The names, qualifications, experience and special responsibilities of each person who has been a Director during the year and to the date of this report are:

Ms Anna Neuling Qualifications and Experience	**Non-Executive Chairman** (Appointed 25 September 2020) Ms Neuling is currently an executive director of S2 Resources Ltd (ASX: S2R) which was demerged from Sirius Resources Ltd (Sirius) as part of its merger with IGO Limited in 2015. She has held various roles at Sirius since its inception and was Executive Director – Corporate and Commercial at the time of the $2.7bn merger. Ms Neuling has 15 years of experience in financial and corporate roles in the resources industry with ASX listed companies including LionOre Mining International, Antipa Minerals Ltd and Avoca Resources Ltd. Prior to that, Anna worked at Deloitte in London and Perth. Ms Neuling is a fellow of the Institute of Chartered Accountants in England and Wales and a Graduate of the Australian Institute of Company Directors. Anna also holds a degree in mathematics from the University of Newcastle (UK).
Interest in shares, options and performance rights	Shares: 2,000,000 indirectly held. Performance Rights: 3,000,000 (24 month escrow) indirectly held.
Other directorships in listed entities held in the previous three years	Executive Director of S2 Resources (ASX: S2R) from 28 May 2015 to current. Non-Executive Director of MLG Oz Ltd (ASX:MLG) from 23 March 2021 to current. Non-Executive Director of CZR Resources Ltd (ASX:CZR) from 2 November 2020 to 25 September 2021.
Mr Stephen Quantrill	**Director (Executive)** (Appointed 21 May 2018, previously Non-Executive)
Qualifications and Experience	Mr Quantrill is a chartered engineer with over 20 years' experience in multifaceted roles in business leadership, ownership and advisory. Mr Quantrill acts as chairman and company director across a range of businesses and industries, including in investment, resources (iron ore, oil and gas), property, biotechnology, agri-industry, advisory and engineering. Mr Quantrill's roles include non-executive director of Neuroscientific Biopharmaceuticals Ltd (ASX:NSB) and executive chairman of McRae Investments, the venture capital and investment holding company established by Harold Clough in 1965. Mr Quantrill holds a BSc (Civil Engineering), Bachelor of Commerce, an MBA, is a Fellow of FINSIA, a Graduate Member of the Australian Institute of Company Directors and an Engineering Executive Member of Engineers Australia.

1. Directors' report (continued)

Interest in shares, options and performance rights	Performance Rights: 3,000,000 (24 month escrow) indirectly held.
Other directorships in listed entities held in the previous three years	Non-Executive Director of NeuroScientific Biopharmaceuticals (ASX: NSB) from 13 February 2015 to current.
Mr Keith Liddell	**Director (Non-Executive)** (Appointed 25 September 2020)
Qualifications and Experience	Mr Liddell is an experienced metallurgical engineer, founder and chair of listed and unlisted companies including founder chairman of Sally Malay Mining Ltd (now Panoramic Resources Ltd) and Mineral Securities Ltd (resource investment house) and former managing director of Aquarius Platinum Ltd. Mr Liddell has raised over $1 billion of equity and has taken numerous resource projects from exploration to production.
Interest in shares, options and performance rights	Shares: 16,779,936 (24 month escrow) in joint names, 700,000 acquired post balance date. Performance Rights: 3,700,000 (24 month escrow) directly held.
Other directorships in listed entities held in the previous three years	None.
Mr David Chapman	**Director (Non-Executive)** (Appointed 25 September 2020)
Qualifications and Experience	Mr Chapman brings thirty-eight years resource industry experience as a geologist in senior and executive management roles with WMC Resources Ltd and the junior sector within Australia and overseas. His experience covers operations, exploration project management and construction, business development and project financing. Mr Chapman has spent about half of his professional career on exploration and project development in Brazil and is a fluent Portuguese speaker. He was a Director of WMC Resources Brazil office from 1991 to 2000 where he was responsible for exploration programs for gold and base metals throughout Brazil and French Guiana. He was later involved in the financing and construction of a significant base metal operation in Brazil. Through these activities he has developed and retains a strong industry network within Brazil and South America.
Interest in shares, options and performance rights	Shares: 400,000 indirectly held. Performance Rights: 3,000,000 (24 month escrow) indirectly held.
Other directorships in listed entities held in the previous three years	Non-Executive Director of Dreadnought Resources Ltd (ASX:DRE) from 9 April 2019 to 31 July 2019.

Mr Andrew Jensen (Non-executive)	(resigned 25 September 2020)
Mr Bill Nikolouzakis (Executive and Chief Executive Officer)	(resigned 25 September 2020)

2. Company Secretary

Ms Abby Macnish Niven	**Appointed 1 May 2020**
Experience	Abby Macnish Niven (BComm, BSc, CFA, GAICD) has held the role of Company Secretary since April 2020. Ms Niven has over 15 years' experience in wealth management in Australia. She holds a Bachelor of Commerce degree with a double major in Commerce and Science, is a CFA Charterholder and is a member of the Australian Institute of Company Directors. She has also completed the Certificate in Governance Practice.

3. Chief Executive Officer

Mr Gabriel Oliva	**Appointed 29 July 2020**
Experience	Gabriel Oliva is a Brazilian mining and contract law specialist with significant experience in mining start-ups and project financing. Gabriel holds a Bachelor's Degree in Law and is a member of the Brazilian Bar Association (OAB/RJ), and a board member of the Shippers Association of Bahia – USUPORT. His previous experience includes ccorporate legal counsel and business manager for Colomi Iron and in-house lawyer responsible for Brazilian financing package for the Santa Rita Nickel Mine (TSX). Gabriel has experience in the development of various other junior mining companies exploring for minerals such as nickel, iron, kaolin and manganese.

4. Principal Activities

Tombador Iron is an Australian publicly listed company that owns 100% of the Tombador high grade iron ore project in Bahia State, Brazil. The Company has a JORC certified Mineral Resource estimate and is developing a low capital cost, simple, open-cut mining operation.

5. Operating Results

The loss for the consolidated entity from continuing operations after providing for income tax amounted to \$8,982,674 (30 June 2020: \$10,048) which includes a non-cash share-based payment expense of \$4,287,610 in relation to the reverse acquisition of Tombador Iron Singapore on 31 August 2020. At the reporting date the consolidated entity had cash and cash equivalents of \$24,704,473 and a net asset position of \$28,753,823.

6. Review of Operations

During the past year ending 30 June 2021, the Company made significant progress in developing the Tombador high grade iron ore project ("Tombador Project" or the "Project") in the State of Bahia, Brazil.

The successful milestones achieved from capital raising through to departure of its maiden shipment of high-grade lump in July 2021 include:

- Completion of capital raising and ASX re-compliance with TI1 shares trading on 6th October 2020;
- Mining and construction contract with SEMEP, a Brazilian contract mining company;
- Execution of an offtake agreement with Trafigura;
- Completion of mine site construction and commissioning of the crushing and screening plant;
- Completing the infill drilling program and release the results of drill core assays;
- Obtaining the Operating Licence from the Environmental Agency of the state of Bahia ("INEMA");
- Executing the final contracts for trucking and port operations;
- Commencement of production of high-grade lump and fines hematite;
- Delivery and sales of high-grade lump to customers with the first shipment in July 2021.

TOMBADOR PROJECT - OPERATIONS

Approvals & Permitting

The Company currently holds the following licences granted by the Environmental Agency of the state of Bahia ("INEMA"):

- Preliminary Licence ("LP") granted in 2018 (involves Social and Environmental approvals);
- Installation Licence ("LI") granted in September 2020 (vegetation clearing, construction and site works permitted);
- Operating Licence ("LO") granted on 20 May 2021 (mining operations and sale of ore permitted).

The Tombador exploration tenement was fully converted into a Mining Concession ("Portaria nº 165/SGM/MME") granted by the Ministry for Mines and Energy and published in the Official Gazette on 27 April 2021.

The Company is fully permitted and has already commenced all operations to mine and sell lump and fines ore to its customers.

Site Construction

The construction and commissioning of the crushing and screening plant was completed on 9 February 2021. The construction was finalised in just over three months by a well-known and reputable contractor in Brazil.

Mining Operations

The Mining Contractor (SEMEP) and its subcontractors are providing all equipment and staffing for drilling and blasting, mining, crushing and screening operations, and maintaining equipment and mine site infrastructure for the Project.

Pre-stripping

The Company has concluded pre-stripping in preparation for production, including clearing topsoil and setting up haul roads and ramps to access mining benches.

Logistics

A tender process and negotiations with trucking contractors and port operators was carried out by the Company through 2021. As announced on 12 April 2021, contracts with the port operator and a trucking services company have been executed.

The trucking contractor provides truck haulage services and is carting the hematite lump and fines products approximately 700km from the Tombador Project to the Port. The port operator has been contracted to arrange stockpile storage capacity, material handling and ship loading services, sufficient for loading shipments of 38,000 tonnes/shipment, with the option to expand the port storage capacity.

Marketing and Offtake

The Company signed a binding offtake agreement ("Offtake Agreement") on 4 February 2021 with Trafigura do Brasil Exportação, Importação e Comércio Ltda for 100% of Tombador high-grade iron ore sales to the export market.

The Offtake Agreement contains comprehensive terms relating to sale, shipment, delivery, and pricing for Tombador's high-grade lump and fines products including additional working capital support through pre-delivery partial payment.

For domestic sales in Brazil, the Company has the right to separately sell the high-grade lump and fines iron ore mined from the Tombador Project either to Trafigura or directly to domestic customers.

Following successful industrial tests, the Company expects to negotiate long term sales agreements with Brazilian Steel Mills ("BSMs"). Industrial tests are underway with a number of major BSMs, resulting in repeat orders subsequent to the end of this reporting period.

Infill Drilling

An infill drilling campaign targeting the preliminary mining area comprising of 38 holes and 2,552.95m was completed in May 2021. All samples have been processed and assays received.

The process of updating the Mineral Resource has commenced and once complete, the Company will prepare a JORC compliant Ore Reserve calculation. The Ore Reserve will include a life of mine plan and enable the Company to provide forward looking production guidance. Future resource development drilling and exploration activities are being planned to target the South-East, North-East and North-West of the preliminary mining area where mineralisation is open.

Dry Beneficiation Studies

The Company has initiated a study to evaluate the opportunity to upgrade medium iron grade rock and mineralised waste located on Tombador Iron tenements into a high-grade lump product. Since operations began, medium iron grade rock and mineralised waste have been classified and stockpiled separately from waste for potential processing (beneficiation) at a later date. Testwork of potentially beneficiable ore types has commenced using dry sensor-based sorting technologies. These proof of concept and feasibility level studies will be progressed during the next financial year.

7. Dividends Paid or Recommended

No dividends were paid or declared since the start of the financial year (June 2020: Nil). No recommendation for the payment of dividends has been made.

8. Events Occurring after the Reporting Date

On 23 July 2021 the Company announced that its first shipment sailed from the load port in Brazil with 38,045 wet metric tonnes of high-grade iron ore lump.

9. Likely Developments and Expected Results of Operations

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

10. Environmental Regulation

Tombador seeks to incorporate Environmental, Social and Governance (ESG) principles into all components of its daily operations, investment evaluation processes and long-term strategy.
To deliver sustainable value to its investors and, consistent with that aim, Tombador has adopted an ESG Investment Policy to guide the company's consideration of ESG issues in its investment decision-making process. Consistent with the ESG Investment Policy, Tombador will seek to fully understand potential sustainability risks and opportunities to better inform its ongoing operations, strategy and investment decisions.

11. Proceedings on behalf of the Group

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

12. Indemnification and insurance of officers and auditors

During the financial year, the Group paid a premium to insure the Directors and officers of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities (other than legal costs) that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

During or since the end of the financial year, the Group has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums in favour of its Directors as follows:

- subject to the Corporations Act 2001, an indemnity in respect of liability to persons other than the Group and its related bodies corporate, that they may incur while acting in their capacity as an officer of the Group or a related body corporate, except for specified liabilities where that liability involves a lack of good faith or is for legal costs for defending certain legal proceedings; and
- the requirement that the Group maintain appropriate directors' and officers' insurance for the officer.

No liability has arisen under these indemnities as at the date of the report.

There is no indemnity cover in favour of the auditor of the Group during the financial year.

13. Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 25 to the consolidated financial statements. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the impartiality and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

14. Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 26.

15. Meetings of Directors

Formal meetings and meetings conducted by circular resolutions of the Directors held during the financial year were as follows:

	Directors' Meetings	
	Number eligible to attend	**Number attended**
Ms Anna Neuling	11	11
Mr Stephen Quantrill	16	16
Mr David Chapman	11	11
Mr Keith Liddell	11	11
Mr Bill Nikolouzakis	5	5
Mr Andrew Jensen	5	4

16. Shares under option

No shares were issued on the exercise of options during the financial year ended 30 June 2021.
On 31 August 2020, the Company approved the issue of 15,000,000 options to its corporate advisor.

At date of this report, the Company had the following options and performance rights on issue:
- TI1 0P25: 4,750,000 unlisted options exercisable at $0.052 expiring on 14/10/2025
- TI1 0P20: 15,000,000 unlisted options exercisable at $0.035 expiring on 01/09/2023
- TI1 PERF: 46,500,000 performance rights expiring on 01/09/2025

17. Remuneration Report (Audited)

The remuneration report details the key management personnel remuneration agreements for the Group in accordance with the requirements of the Corporations Act 2001 and its regulations. The information provided in this remuneration report has been audited as required by section 308 (3C) of the Corporations Act 2001.

The Remuneration Report details the remuneration arrangements for Key Management Personnel ("KMP"). KMP in 2021 comprised the Managing Director and other key executives (Executive KMP), as well as non-executive directors.

Name of Director	Position	Date Appointed	Date Ceased
Ms Anna Neuling	Non-executive Chair	25 September 2020	Current
Mr David Chapman	Non-executive Director	25 September 2020	Current
Mr Stephen Quantrill	Non-executive Director Executive Director	20 February 2018 21 May 2021	21 May 2021 Current
Mr Keith Liddell	Non-executive Director	25 September 2020	Current
Mr Gabriel da Cunha Oliva	Chief Executive Officer	25 September 2020	Current
Mr Bill Nikolouzakis	Executive Director and Chief Executive Officer	24 August 2018	25 September 2020
Mr Andrew Jensen	Non-executive Director	1 May 2020	25 September 2020
Mr Hayward Tan	Non-executive Director Tombador Iron Singapore	14 January 2021	Current
Ms Abby Macnish Niven	Chief Financial Officer and Company Secretary	25 September 2020	Current

There have been no other changes after the reporting date and up to the date that the financial report was authorised for issue.

The Remuneration Report is set out under the following main headings:

A	Remuneration Philosophy
B	Remuneration Governance, Structure and Approvals
C	Remuneration and Performance
D	Details of Remuneration
E	Contractual Arrangements
F	Share-based Compensation
G	Equity Instruments Issued on Exercise of Remuneration Options
H	Voting and comments made at the Company’s 2020 Annual General Meeting
I	Loans with KMP

A Remuneration Philosophy

KMP have authority and responsibility for planning, directing and controlling the activities of the Group.

The Group's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

B Remuneration Governance, Structure and Approvals

Remuneration of Directors is currently set by the Board of Directors. The Board has not established a separate Remuneration Committee at this point in the Group's development. It is considered that the size of the Board along with the level of activity of the Group renders this impractical. The Company did engage a tax advisor for tax advice relating to proposed Director long term incentive awards. The Board, acting as a Remuneration Committee, is primarily responsible for:

- The over-arching executive remuneration framework;
- Operation of the incentive plans which apply to executive directors and senior executives, including key performance indicators and performance hurdles;
- Remuneration levels of executives; and
- Non-Executive Director fees.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

❖ Non-Executive Remuneration Structure

The remuneration of Non-Executive Directors consists of Board and Committee fees. The total aggregate fixed sum per annum to be paid to Non-Executive Directors shall be no more than $500,000 as detailed in the Company's Constitution, which was approved by ordinary resolution of the Shareholders in General Meeting held on 31 August 2020.

Remuneration of Non-Executive Directors is based on fees approved by the Board and is set at levels to reflect market conditions and encourage the continued services of the Directors. The chair's fees are determined independently to the fees of the Non-Executive Director's based on comparative roles in the external market. In accordance with the Company's Constitution, the Directors may at any time, subject to the Listing Rules, adopt any scheme or plan which they consider to be in the interests of the Company and which is designed to provide superannuation benefits for both present and future Non-Executive Directors, and they may from time to time vary this scheme or plan.

The remuneration of Non-Executive Directors is detailed in Table 1 and their contractual arrangements are disclosed in "Section E – Contractual Arrangements". Remuneration may also include an invitation to participate in share-based incentive programmes in accordance with Company policy.

The nature and amount of remuneration is collectively considered by the Board of Directors with reference to relevant employment conditions and fees commensurate to a company of similar size and level of activity, with the overall objective of ensuring maximum stakeholder benefit from the retention of high-performing Directors.

❖ **Executive Remuneration Structure**

The nature and amount of remuneration of executives are assessed on a periodic basis with the overall objective of ensuring maximum stakeholder benefit from the retention of high-performance Directors.

The main objectives sought when reviewing executive remuneration is that the Company has:

- Coherent remuneration policies and practices to attract and retain Executives;
- Executives who will create value for shareholders;
- Competitive remuneration offered benchmarked against the external market; and
- Fair and responsible rewards to Executives having regard to the performance of the Group, the performance of the Executives and the general pay environment.

Refer below for details of Executive Directors' remuneration.

C Remuneration and Performance

The following table shows the gross revenue, losses, earnings per share ("EPS") and share price of the Group as at 30 June 2021 and 30 June 2020.

	2021	2020
Other Income ($)	41,565	-
Net loss after tax ($)	(8,625,371)	(10,048)
EPS (cents per share)	(0.49)	(0.01)
Share price (cents)	8.5	2.1

Relationship between Remuneration and Company Performance
Given the current phase of the Company's development, the Board does not consider earnings during the current financial year when determining, and in relation to, the nature and amount of remuneration of KMP.

The pay and reward framework for key management personnel may consist of the following areas:

a) Fixed Remuneration – base salary
b) Variable Short-Term Incentives
c) Variable Long-Term Incentives

The combination of these would comprise the key management personnel's total remuneration.

a) Fixed Remuneration – Base Salary

The fixed remuneration for each KMP is influenced by the nature and responsibilities of each role and knowledge, skills and experience required for each position. Fixed remuneration provides a base level of remuneration which is market competitive and comprises a base salary inclusive of statutory superannuation or equivalent in the place of employment. It is structured as a total employment cost package.

Key management personnel are offered a competitive base salary that comprises the fixed component of pay and rewards. External remuneration consultants may provide analysis and advice to ensure base pay is set to reflect the market for a comparable role.

No external advice was taken during the financial year. Base salary for key management personnel is reviewed annually to ensure the KMP's pay is competitive with the market. The pay of key management personnel is also reviewed on promotion. There is no guaranteed pay increase included in any key management personnel's contract.

C Remuneration and Performance (continued)

b) Variable Remuneration – Short -Term Incentives (STI)

Discretionary cash bonuses may be paid to KMP annually, subject to the requisite Board and shareholder approvals where applicable. No bonus payments were made during the financial year. For the 2021 Financial year, milestone based KPI's which, if achieved, will lead to cash bonus payments.

c) Variable Remuneration – Long-Term Incentives (LTI)

Options

There have been no options issued to employees at the date of this financial report.

Performance Rights Plan

The Performance Rights Plan ("Plan") was adopted by the Group at the 31 August 2020 Extraordinary General Meeting ("AGM").

The current Plan provides the Board with the discretion to grant Performance Rights to eligible participants which will vest subject to the achievement of performance hurdles as determined by the Board from time to time.

The objective of the Plan is to attract, motivate and retain KMPs and it is considered by the Group that the Plan and the future issue of Performance Rights under the Plan will provide selected participants with the opportunity to participate in the future growth of the Group. The Plan will enable the Group to make grants to Eligible Participants so that long-term incentives form a key component of their total annual remuneration.

The Board believes that grants under the Plan will serve a number of purposes including:

- to act as a key retention tool; and
- to focus attention on future shareholder value generation.

Under the Plan, eligible Participants will be granted Performance Rights. Vesting of any of these Performance Rights will be subject to the achievement of various KPIs which can be varied each year and aligned to the individual's performance.

Each Performance Right represents a right to be issued one share at a future point in time, subject to the satisfaction of any vesting conditions. No exercise price is payable. The quantum of the Performance Rights to be granted will be determined with reference to market practice and will be subject to approval by the Board.

Performance will be assessed at the end of the performance period.

Any grants under the Plan will be subject to the achievement of KPIs. Appropriate KPIs may be formulated for each Eligible Participant to participate in the Plan based on their role and responsibilities in the Group.

Performance Rights will lapse if the participant leaves the Group prior to all the vesting conditions being fulfilled although the Board has the ability, at its sole discretion, to vest some or all the Rights if "good leaver" exemptions apply to the ceasing of employment. Persons who are terminated for "bad leaver" reasons automatically lose their entitlement.

D Details of Remuneration

Details of the nature and amount of each major element of the remuneration of each KMP of the Group during the financial year are:

Table 1 – Remuneration of KMP of the Group for the year ended 30 June 2021 is set out below:

	Short-term benefits		Post-employment benefits	Share based payments		
2021	**Salary and fees**	**Non-monetary benefits**	**Superannuation**	**Other**	**Total**	**Performance related**
	$	**$**	**$**	**$**	**$**	**%**
Non-Executive Directors						
Ms Anna Neuling	46,091	-	-	13,941	60,032	23%
Mr David Chapman[1]	55,625	-	-	13,941	69,566	20%
Mr Keith Liddell[2]	74,452	-	-	13,941	88,393	16%
Non-Executive Director of a subsidiary						
Mr Hayward Tan	7,362	-	-	2,324	9,686	24%
Former Non-Executive Director		-				
Mr Andrew Jensen	15,000	-	-	11,618	26,618	44%
Executive KMP						
Mr Stephen Quantrill	59,543	-	-	13,941	73,484	19%
Mr Gabriel da Cunha Oliva	156,629	-	-	20,912	177,541	12%
Ms Abby Macnish Niven	100,000	-	-	6,971	106,971	7%
Former Executive KMP						
Bill Nikolouzakis	16,014	-	-	11,618	27,632	42%
Total	**530,716**	**-**	**-**	**109,207**	**639,923**	**17%**

Mr Keith Liddell and Mr Hayward Tan are paid in USD. Mr Gabriel da Cunha is paid in BRL. Their salary and fees have been translated using average rates.

[1] This amount does not include the fees paid for Mr Chapman's role on the Technical Advisory Committee. This fee, equalling $21,250, is paid to Southern Geoscience Consultants Pty Ltd, a company of which Mr Chapman is one of the Directors.

[2] This amount includes the fees paid for Mr Liddell's role on the Technical Advisory Committee. This fee, equalling the USD equivalent of AUD$21,250, is paid directly to Mr Liddell.

D Details of Remuneration (continued)

Details of the remuneration of KMP of the Group for the year ended 30 June 2020 is set out below:

2020	Short-term benefits		Post-employment benefits	Share based payments		
	Salary and fees	Non-monetary benefits	Superannuation	Other	Total	Performance related
	$	$	$	$	$	%
Non-Executive Directors						
Mr Stephen Quantrill	30,000	-	-	-	30,000	-
Mr Calvin Ng	6,821	-	-	-	6,821	-
Mr Andrew Jensen	7,500	-	-	-	7,500	-
Executive KMP						
Bill Nikolouzakis	263,161	-	14,250	8,077	285,488	2.8%
Total	**307,482**	**-**	**14,250**	**8,077**	**329,809**	**2.8%**

Table 2 – Shareholdings of KMP (direct and indirect holdings)

30-Jun-21	Balance 1/07/2020	Consolidation of Capital (i)	Placement	Balance at resignation	Balance 30/06/2021
Non-Executive Directors					
Ms Anna Neuling	-	-	2,000,000	-	2,000,000
Mr David Chapman	-	-	400,000	-	400,000
Mr Keith Liddell (ii)	-	-	16,779,936	-	16,779,936
Non-Executive Director of a subsidiary					
Mr Hayward Tan(iii)	-	-	500,000	-	500,000
Former Non-Executive Directors					
Mr Andrew Jensen	64,191	(3,208)	-	(60,983)	-
Executive KMP					
Mr Stephen Quantrill	-	-	-	-	-
Mr Gabriel da Cunha Oliva	-	-	-	-	-
Ms Abby Macnish Niven	-	-	1,425,000	-	1,425,000
Former Executive KMP					
Mr Bill Nikolouzakis	379,954	(18,998)	1,153,098	(1,514,054)	-
TOTAL	444,145	(22,206)	22,258,034	(1,575,037)	21,104,936

(i) At the General Meeting held on 31 August 2020, the Shareholders approved a share consolidation which reduced the number of Tombador's ordinary shares on issue by converting every 2 shares to 1.9 shares. This column represents the reduction in the KMP ordinary share holding as a result of the share consolidation

(ii) Keith Liddell held 1,421 shares in Tombador Iron Singapore. These shares have been exchanged to Tombador Iron's shares upon reverse acquisition.

(iii) Hayward Tan purchased 500,000 shares on market during the financial year.

Table 3 – Performance Rights holdings of KMP (direct and indirect holdings)

30-Jun-21	Balance 1/07/2020	Granted as Remuneration	Exercise of Performance Rights	Balance at retirement	Balance 30/06/2021
Non-Executive Directors					
Ms Anna Neuling	-	3,000,000	-	-	3,000,000
Mr David Chapman	-	3,000,000	-	-	3,000,000
Mr Keith Liddell	-	3,000,000	-	-	3,000,000
Non-Executive Director of a subsidiary					
Mr Hayward Tan	-	500,000	-	-	500,000
Former Non-Executive Directors					
Mr Andrew Jensen	-	500,000	-	(500,000)	500,000
Executive KMP					
Mr Stephen Quantrill	-	3,000,000	-	-	3,000,000
Mr Gabriel da Cunha Oliva	-	4,500,000	-	-	4,500,000
Ms Abby Macnish Niven	-	1,500,000	-	-	1,500,000
Former Executive KMP					
Mr Bill Nikolouzakis	-	500,000	-	(500,000)	500,000
TOTAL	-	19,500,000	-	(1,000,000)	18,500,000

E CONTRACTUAL ARRANGEMENTS

Key terms of employment contracts for executive KMP's

Stephen Quantrill – Executive Director

- $200,000 (exclusive of GST) per annum consulting fee;
- Effective date: 21 May 2021;
- Subject to ongoing service, the Company may pay a performance-based bonus over and above the Fee;
- 3-month notice period.

Gabriel da Cunha Oliva – Chief Executive Officer

- Base Salary $17,403 per month;
- Effective date: 12 June 2020;
- Notice period of 90 days.

Abby Macnish Niven – Chief Financial Officer

- Annual consulting fee of $50,000;
- Effective date: 1 May 2020;
- Notice period of 1 month.

F SHARE-BASED COMPENSATION

The Company rewards Directors for their performance and aligns their remuneration with the creation of shareholder wealth by issuing performance rights. Share-based compensation is at the discretion of the Board and no individual has a contractual right to receive any guaranteed benefits.

Shares

There were no shares provided to KMP during the current financial year.

Performance Rights

During the financial year, the Company issued 19,000,000 performance rights to Directors and other key management personnel. The terms and conditions of each tranche of performance rights affecting remuneration in the current or future reporting period are as follows:

Name	Grant Date	Number Granted	Expiry Date	Value of each Right (cents)	Vested
Ms Anna Neuling					
Tranche 1(i)	31/08/2020	750,000	31/08/2025	2.5	-
Tranche 2(ii)	31/08/2020	750,000	31/08/2025	2.5	-
Tranche 3(iii)	31/08/2020	750,000	31/08/2025	2.5	-
Tranche 4(iv)	31/08/2020	750,000	31/08/2025	1.794	-
Mr David Chapman					
Tranche 1(i)	31/08/2020	750,000	31/08/2025	2.5	-
Tranche 2(ii)	31/08/2020	750,000	31/08/2025	2.5	-
Tranche 3(iii)	31/08/2020	750,000	31/08/2025	2.5	-
Tranche 4(iv)	31/08/2020	750,000	31/08/2025	1.794	-
Mr Stephen Quantrill					
Tranche 1(i)	31/08/2020	750,000	31/08/2025	2.5	-
Tranche 2(ii)	31/08/2020	750,000	31/08/2025	2.5	-
Tranche 3(iii)	31/08/2020	750,000	31/08/2025	2.5	-
Tranche 4(iv)	31/08/2020	750,000	31/08/2025	1.794	-
Mr Keith Liddell					
Tranche 1(i)	31/08/2020	750,000	31/08/2025	2.5	-
Tranche 2(ii)	31/08/2020	750,000	31/08/2025	2.5	-
Tranche 3(iii)	31/08/2020	750,000	31/08/2025	2.5	-
Tranche 4(iv)	31/08/2020	750,000	31/08/2025	1.794	-
Mr Andrew Jensen					
Tranche 1(i)	31/08/2020	125,000	31/08/2025	2.5	-
Tranche 2(ii)	31/08/2020	125,000	31/08/2025	2.5	-
Tranche 3(iii)	31/08/2020	125,000	31/08/2025	2.5	-
Tranche 4(iv)	31/08/2020	125,000	31/08/2025	1.794	-
Mr Bill Nikolouzakis					
Tranche 1(i)	31/08/2020	125,000	31/08/2025	2.5	-
Tranche 2(ii)	31/08/2020	125,000	31/08/2025	2.5	-
Tranche 3(iii)	31/08/2020	125,000	31/08/2025	2.5	-
Tranche 4(iv)	31/08/2020	125,000	31/08/2025	1.794	-
Mr Gabriel da Cunha Oliva					
Tranche 1(i)	31/08/2020	1,125,000	31/08/2025	2.5	-
Tranche 2(ii)	31/08/2020	1,125,000	31/08/2025	2.5	-
Tranche 3(iii)	31/08/2020	1,125,000	31/08/2025	2.5	-
Tranche 4(iv)	31/08/2020	1,125,000	31/08/2025	1.794	-
Ms Abby Macnish Niven					
Tranche 1(i)	31/08/2020	375,000	31/08/2025	2.5	-
Tranche 2(ii)	31/08/2020	375,000	31/08/2025	2.5	-
Tranche 3(iii)	31/08/2020	375,000	31/08/2025	2.5	-
Tranche 4(iv)	31/08/2020	375,000	31/08/2025	1.794	-

(i) Tranche 1 vesting is subject to the Company achieving in respect of the Tombador Project, an aggregate of at least 30,000 tonnes of cumulative iron ore production sold to third party customers from the Tenement with a grade greater than 62% Fe.

(ii) Tranche 2 vesting is subject to the Company achieving in respect of the Tombador Project, an aggregate of at least 1,000,000 tonnes of cumulative iron ore production sold to third party customers from the Tenement with a grade greater than 62% Fe.

(iii) Tranche 3 vesting is subject to the Company achieving net positive operational cashflows (as evidence by the Appendix 5B to the ASX).

(iv) Tranche 4 vesting is subject to the Company achieving in respect of the Tombador Project, an aggregate of at least 25,000 tonnes of cumulative iron ore production per month for 3 months with a cut-off grade greater than 62% Fe and the Company's Shares achieving a volume weighted average price (VWAP) of $0.05 or more for at least 20 consecutive trading days.

The Performance Rights were issued for nil consideration and no consideration will be payable upon the vesting of the Performance Rights. Rights granted under the Performance Rights Plan carry no dividend or voting rights. Details of Performance Rights provided as part of remuneration to Key Management Personnel are shown above.

The assessed fair value at grant date of Performance Rights granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above.

Further information on the performance rights is set out in Note 22 to the financial statements.

G EQUITY INSTRUMENTS ISSUED ON EXERCISE OF REMUNERATION OPTIONS, PERFORMANCE RIGHTS AND PERFORMANCE SHARES

No remuneration options or performance shares were exercised during the financial year.

H VOTING AND COMMENTS MADE AT THE COMPANY'S 2020 ANNUAL GENERAL MEETING ('AGM')

At the 2020 AGM, 100.00% of the votes received supported the adoption of the Remuneration Report for the year ended 30 June 2020. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

I LOANS WITH KMP

There were no loans made to any KMP during the year ended 30 June 2021 (2020: Nil).

J OTHER TRANSACTIONS WITH KMP

During the current financial year, the Group made fee payment of $364,152 to McRae Investments, an entity related to Director Stephen Quantrill. The payments for directors' fees and management fees included the rental of office space and shares facilities and travel expenses. $100,000 related to the fee for chief financial officer and company secretary services.

$US969 (2020: nil) was reimbursed to Hayward Tan for travel and legal expenses.

All transactions were on normal terms and conditions.

End of Remuneration Report.

This report is made in accordance with a resolution of directors.

Ms Anna Neuling
Non-Executive Chair

Perth, Western Australia
29 September 2021

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Tombador Iron Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
29 September 2021

D I Buckley
Partner

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2021

	Note	Consolidated 2021 $	Consolidated 2020 $
CONTINUING OPERATIONS			
Other Income		41,565	-
Administration and other expenses	**3(b)**	(8,914,844)	(9,801)
Operating profit before finance cost		**(8,873,279)**	**(9,801)**
Finance income		1,608	-
Finance cost	**3(a)**	(111,003)	(247)
Loss before income tax		**(8,982,674)**	**(10,048)**
Tax expense	**4**	-	-
Loss after tax for the year from continuing operations		(8,982,674)	(10,048)
DISCONTINUED OPERATIONS			
Profit from discontinued operations	**17**	357,303	-
Total net loss after income tax		(8,625,371)	(10,048)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		520,788	10
Other comprehensive income for the year, net of tax		**520,788**	**10**
Total comprehensive loss for the year		(8,104,583)	(10,038)
Loss attributable to members of the parent entity			
Loss per share from Continuing Operations attributable to the owners of Tombador Iron Limited			
Basic earnings per share (cents)	**24**	(0.49)	(0.01)
Diluted earnings per share (cents)	**24**	(0.49)	(0.01)
Loss per share attributable to the owners of Tombador Iron Limited			
Basic earnings per share (cents)	**24**	(0.47)	(0.01)
Diluted earnings per share (cents)	**24**	(0.47)	(0.01)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	Consolidated 2021 $	Consolidated 2020 $
Current Assets			
Cash and cash equivalents	**5(b)**	24,704,473	8,733
Trade and other receivables	**5(a)**	193,907	-
Other assets		110,651	-
Total Current Assets		25,009,031	8,733
Non-Current Assets			
Property, plant, and equipment	**6**	14,485,401	-
Exploration and evaluation assets	**7**	-	240
Right-of-use assets	**5(d)**	4,821,930	-
Total Non-Current Assets		19,307,331	240
Total Assets		**44,316,362**	**8,973**
Current Liabilities			
Trade and other payables	**5(c)**	6,993,290	7,299
Lease liability	**5(d)**	1,068,272	-
Provisions	**9**	87,069	-
Total Current Liabilities		8,148,631	7,299
Non-Current Liabilities			
Lease liability	**5(d)**	3,993,154	-
Provisions	**9**	3,420,754	-
Total Non-Current Liabilities		7,413,908	-
Total Liabilities		**15,562,539**	**7,299**
Net Assets		**28,753,823**	**1,674**
Equity			
Share Capital	**10**	36,472,270	11,712
Reserves	**11**	916,972	10
Accumulated losses		(8,635,419)	(10,048)
Total Equity		**28,753,823**	**1,674**

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

CONSOLIDATED STATEMENT OF CHANGES OF EQUITY

For the year ended to 30 June 2021

	Issued Capital $	Accumulated losses $	Reserves $	Total Equity $
Balance at 1 July 2020	**11,712**	**(10,048)**	**10**	**1,674**
Loss for the period	-	(8,625,371)	-	(8,625,371)
Other comprehensive income	-	-	520,788	520,788
Total comprehensive loss for the period	-	(8,625,371)	520,788	(8,104,583)
Transactions with owners in their capacity as owners:				
Shares issued on conversion of convertible notes	16,599	-	-	16,599
Share-based payments	-	-	396,174	396,174
Effective consideration to the reverse acquisition of Tombador Iron Limited	3,831,263	-	-	3,831,263
Shares issued during the year	35,000,000	-	-	35,000,000
Less: transaction costs	(2,622,975)	-	-	(2,622,975)
Shares issued to convert debt to equity	235,671	-	-	235,671
Balance at 30 June 2021	**36,472,270**	**(8,635,419)**	**916,972**	**28,753,823**

	Issued Capital $	Accumulated losses $	Reserves $	Total Equity $
Balance at 14 January 2020	-	-	-	-
Loss for the period	-	(10,048)	-	(10,048)
Other comprehensive loss		-	10	10
Total comprehensive loss for the period	-	(10,048)	10	(10,038)
Transactions with owners in their capacity as owners:				
Shares issued during the year	11,712	-		11,712
Balance at 30 June 2020	**11,712**	**(10,048)**	**10**	**1,674**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

	Note	2021 $	2020 $
Cash Flows from Operating Activities			
Receipts from customers and government grants		32,967	-
Payments to suppliers and employees (inclusive of GST)		(2,699,096)	(2,739)
Interest received		1,608	-
Interest expense		(30,769)	-
Net cash outflow from operating activities	**12**	**(2,695,290)**	**(2,739)**
Cash Flows from Investing Activities			
Payments for exploration and evaluation expenditure		-	(240)
Proceeds from disposals of subsidiaries		137,151	-
Cash balance acquired on reverse acquisition principles		187,907	-
Proceeds from disposals of non-current assets		59,806	-
Receipts from customers - commissioning revenue		4,915,079	-
Payment for plant and equipment		(9,835,862)	-
Net cash outflow from investing activities		**(4,535,919)**	**(240)**
Cash Flows from Financing Activities			
Proceeds from issue of shares		35,000,000	11,712
Transaction costs relating to issue of shares		(2,461,475)	-
Repayment of lease liabilities	**5(d)**	(610,866)	-
Net cash inflow from financing activities		**31,927,659**	**11,712**
Net increase in cash and cash equivalents		24,696,450	8,733
Cash and cash equivalents at the start of the period		8,733	-
Exchange rate adjustment		(710)	-
Cash and cash equivalents at the end of the period		**24,704,473**	**8,733**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Contents of the notes to the financial statements

1. Significant changes in the current reporting period

During the period covered by this Financial Report, the financial position and performance of the Group was particularly affected by the acquisition of Tombador Iron Singapore Pte Ltd (TIS) from the TIS shareholders. TIS owns the high grade Tombador hematite iron ore deposit which is located in Bahia, Brazil.

On 31 August 2020, RESA Group Limited (RESA) acquired 100% of the issued shares of Tombador Iron Singapore Pte Ltd (an unlisted entity). RESA also changed its name to Tombador Iron Limited on the same date. Under the principles of AASB3 *Business Combinations*, Tombador Iron Singapore (the unlisted entity) is the accounting acquirer in the acquisition and therefore, the transaction has been accounted for as a reverse acquisition. Refer Note 16 for details.

For a detailed discussion about the performance and financial position of the Group, please refer to our operating and financial review on pages 7 to 9.

How our numbers are calculated:

This section provides additional information about those individual line items in the financial statement that the directors consider most relevant in the context of the operation of the Group, including:

- Accounting policies that are relevant for an understanding of the items recognised in the financial statements. These cover situations where the accounting standards either allow a choice or do not deal with the particular type of transaction.
- Analysis, including segment information.
- Information about estimates and judgements made in relation to particular items.

2. Segment information
3. Expenses
4. Taxation
5. Financial assets and liabilities
6. Property and equipment
7. Exploration and evaluation expenditure
8. Impairment of non-current assets
9. Provisions
10. Share capital
11. Reserves
12. Cash flow information

2. Segment information

The Group is organised into three operating segments:

- Corporate segment in Australia (Tombador Iron Limited)
- Corporate segment in Singapore (Tombador Iron Singapore Pte Limited)
- Tombador Iron Ore Project in Brazil (Tombador Iron Mineracao Ltda).

Operations relating to the former RESA Group has been discontinued and is shown as a separate segment.

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker has been identified as the Board of Directors of Tombador Iron Limited. The following table presents the revenue, results and certain asset and liability information regarding the segment information provided to the Board of Directors for the year ended 30 June 2021.

In the comparative period, the Group operated in a single segment being the corporate segment in Singapore – Tombador Iron Singapore Pte Limited.

2. Segment information

	Australia $	Singapore $	Brazil $	Discontinued $	Elimination $	Consolidated $
Segment performance 2021						
Interest income	-	-	1,608	-	-	1,608
Other income	41,565	-	-	-	-	41,565
Profit/(Loss) before tax	(6,052,902)	(489,683)	(2,678,734)	357,303	238,645	(8,625,371)
Profit/(Loss) after tax	(6,052,902)	(489,683)	(2,678,734)	357,303	238,645	(8,625,371)
Depreciation	-	-	-	-	-	-
Finance cost	30,769	-	80,234	-	-	111,003
Segment performance 2020						
Interest income	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Loss before tax	-	10,048	-	-	-	10,048
Loss after tax	-	10,048	-	-	-	10,048
Depreciation	-	-	-	-	-	-
Finance cost	-	247	-	-	-	247

	Australia $	Singapore $	Brazil $	Discontinued $	Elimination $	Consolidated $
As at 30 June 2021						
Segment Assets	31,406,614	21,063,144	23,288,616	-	(31,442,012)	44,316,362
Segment Liabilities	23,431	21,524,100	15,501,019	-	(21,486,011)	15,562,539
Acquisition of non-current assets	8,674	134,911	19,163,746	-	-	19,307,331
As at 30 June 2020						
Segment Assets	-	8,973	-	-	-	-
Segment Liabilities	-	7,299	56,839,873	-	-	78,072,724
Acquisition of non-current assets	-	-	-	-	-	-

	Note	2021 $	2020 $

3. Expenses

a) Finance costs

Finance charges on banking facilities		30,769	247
Non-cash interest accretion on rehabilitation provision	9	80,234	-
		111,003	247

b) Administration and other expenses include:

Share-based payment in relation to reverse acquisition	16	4,287,610	-
Share-based payments	22	234,674	-
Administrative expenses		1,281,432	-
Marketing expenses		13,872	-
Occupancy costs		46,268	9,801
Other Expenses		302,779	-
Employee benefits expense		2,748,209	-
		8,914,844	9,801

Accounting policy

a) Employee benefits expense

Wages, salaries, sick leave and other employee benefits

Liabilities for wages and salaries, including non-monetary benefits and other employee benefits expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Annual leave and long service leave

The Group expects its annual leave benefits to be settled wholly within 12 months of each reporting date. The obligation is measured at the amount expected to be paid when the liabilities are settled. The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to future wage and salary levels, experience of employee departures, and periods of service. Future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

b) Depreciation and amortisation

Refer to note 6 and 8 for details on depreciation, amortisation and impairment.

4. Taxation

	2021 $	2020 $
Income tax		
The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:		
Accounting loss before income tax	(8,625,371)	-
Income tax benefit calculated at 26% (2020:27.5%)	(2,242,596)	-
		-
Tax effect of amounts which are not deductible/taxable) in calculating taxable income		-
Non-deductible expenses	1,201,698	-
Non-assessable income	(13,097)	-
Adjustment recognised in current year	63,908	-
Effect of temporary differences that would be recognised directly in OCI	(135,405)	-
Effect of temporary differences that would be recognised directly in equity	(681,974)	-
Impact from change in tax rate on unrecognised DTAs	69,518	-
Temporary differences not recognised	1,737,948	-
Income tax expense	-	-

At 30 June 2021, net deferred tax assets of $5,322,346 have not been recognised in terms of AASB112 Income Taxes. The Group does not currently have foreseeable future taxable profits against which the deductible temporary differences and unused tax losses comprising this net deferred tax amount may be utilised.

	2021 $	2020 $
Deferred tax assets		
The balance comprises temporary differences attributable to:		
Intangible assets	83,100	-
Trade & other payables	3,750	-
Employee benefits	21,767	-
Lease Liability	1,265,357	-
Unused tax losses	4,033,705	-
Other future deductions	1,120,150	-
		-
Amount offset to deferred tax liabilities pursuant to set-off provision	(1,205,483)	-
Net deferred tax assets	5,322,346	-

4. Taxation (continued)

Accounting policy

Deferred income tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting nor taxable profit or loss; or are associated with investments and loans in controlled entities and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability settled, based on tax rates (and laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity and not in the income statement.

Deferred tax assets and liabilities are offset only if a legally enforceable right exists to set off tax assets against tax liabilities and the deferred tax assets and liabilities relate to the same taxation authority.

Income tax

The income tax expense/(benefit) for the year comprises current income tax expense/(income) and deferred tax expense/(income). Current income tax expense charged to the statement of profit or loss and other comprehensive income is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities/(assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

5. Financial assets and financial liabilities

The Group holds the following financial instruments:

		2021 $	2020 $
Financial assets			
Financial assets at amortised cost			
Trade and other receivables	**5(a)**	193,907	-
Cash and cash equivalents	**5(b)**	24,704,473	8,733
Financial liabilities			
Liabilities at amortised cost			
Trade and other payables	**5(c)**	6,993,290	7,299
Lease liabilities	**5(d)**	5,061,426	-

a) Trade and other receivables

	2021 $	2020 $
Current		
Trade debtors-at amortised cost	193,907	-
Expected credit loss	-	-
	193,907	-

Accounting policy

Initial recognition and measurement and subsequent measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost. For purpose of subsequent measurement, the Group's financial assets comprise fully of financial assets at amortised cost (debt instruments).

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Interest received is recognised as part of finance income in the statement of profit or loss and other comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost include trade receivables (not subject to provisional pricing) and other receivables.

5. Financial assets and financial liabilities (continued)

Accounting policy (continued)

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. ECLs are recognised in two stages:

- For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-month ECL).
- For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECL).

For trade receivables (not subject to provisional pricing) and other receivables due in less than 12 months, the Group applies the simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. The Group has established a provision matrix for trade receivables that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For any other financial assets carried at amortised cost (which are due in more than 12 months), the ECL is based on the 12-month ECL when there has not been a significant increase in credit risk since origination. The 12-month ECL is the proportion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date.

When there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information. The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

5. Financial assets and financial liabilities (continued)

b) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

	2021 $	2020 $
Cash at bank and on hand	24,704,473	8,733

Cash and cash equivalents comprise cash on hand which are subject to an insignificant risk of changes in value.

Accounting policy

Cash and short-term deposits in the statement of financial position comprise cash at bank and on hand and short-term deposits with an original maturity period of three months or less.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts, if any.

c) Trade and other payables

	2021 $	2020 $
Trade creditors	2,155,729	7,299
Customer advances	4,751,476	-
Accruals and other payables	86,085	-
	6,993,290	7,299

The Directors consider that the carrying amount of trade and other payables approximates their fair value. All amounts are considered short term, and none are past due.

The amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

Trade payables are not interest bearing and are stated at their fair value on initial recognition. After initial recognition these are measured at amortised cost using the effective interest method.

Sale of iron ore (commissioning revenue)

Revenue is recognised when control of the goods has passed to the buyer based upon agreed delivery terms. For sales of iron ore, this is when the ore is loaded onto the ship.

The price to be received on sales of iron ire is provisionally prices and recognised at the estimate of the consideration receivable that is highly probable of not reversing by reference to the relevant contractual price and the estimated mineral specifications.

The Group recognises commissioning revenue under AASB 116 *Plant, Property and Equipment,* as a reduction of the Asset under construction cost.

5. Financial assets and financial liabilities (continued)

d) Leases

Amounts recognised in the statement of financial position

Right-of-use asset	Housing and storage $	Mining equipment $	Consolidated 30 June 2021 $
Cost			
At 1 July 2020	-	-	-
Additions	148,007	5,524,285	5,672,292
At 30 June 2021	148,007	5,524,285	5,672,292
Accumulated Depreciation			
At 1 July 2020	-	-	-
Charge for the year	44,591	743,390	787,981
Exchange difference	3,858	58,523	62,381
	48,449	801,913	850,362
Carrying amount			
At 1 July 2020	-	-	-
At 30 June 2021	**99,558**	**4,722,372**	**4,821,930**

Lease Liabilities	Housing and storage $	Mining equipment $	Consolidated 30 June 2021 $
At 1 July 2020	-	-	-
New lease liabilities entered into during the year	148,007	5,524,285	5,672,292
Add: Interest	3,208	240,635	243,843
Less: Payments	(34,681)	(839,334)	(874,015)
Exchange difference	254	19,052	19,306
Closing balance	116,788	4,944,638	5,061,426
Represented by:			
Current lease liabilities	49,307	1,018,965	**1,068,272**
Non-current lease liabilities	67,481	3,925,673	**3,993,154**

No amounts have been recognised in the statement of profit and loss based on the following:

- The depreciation of right-of-use asset has been capitalised as Asset under construction based on AASB 16 *Leases* stating that the cost of an item of property, plant and equipment may include costs incurred relating to leases of assets that are used to construct plant and equipment.
- The interest has been capitalised based as it meets the definition of borrowing cost on qualifying asset based on AASB 123 *Borrowing costs.*
- The financing cashflow repaying lease liabilities was $610,866 (2020: $Nil)

5. Financial assets and financial liabilities (continued)

The Group's leasing activities and how these are accounted for

The Group as lessee:

The Group leases mining equipment, housing for the key staff on site as well as various warehouse space.

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for the short-term leases (defined as leases with lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

i. Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification.

The Group did not make any such adjustments during the period.

5. Financial assets and financial liabilities (continued)

The Group's leasing activities and how these are accounted for (continued)

ii. Right of use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

The Group applied AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in 'Plant and Equipment' policy.

6. Property and equipment

	2021 $	2020 $
Software and IT equipment	64,157	-
Lab equipment	202,406	-
Assets under Construction	14,218,838	-
	14,485,401	-

Movement in carrying amounts of plant and equipment

	Software and IT equipment $	Lab equipment $	Assets under construction $	Total $
Balance at 1 July 2020	-	-	-	-
Additions	64,157	202,406	9,350,891	9,617,454
Transfer from Exploration and evaluation expenditure (Note 7)	-	-	543,305	543,305
Pre-production revenue netted off	-	-	(163,603)	(163,603)
Rehabilitation provision capitalised	-	-	3,340,520	3,340,520
Right of use assets depreciation capitalised (Note 5d)	-	-	787,981	787,981
Lease liability interest capitalised	-	-	243,840	243,840
Foreign exchange	-	-	115,904	115,904
Balance at 30 June 2021	64,157	202,406	14,218,838	14,485,401
Balance at 1 July 2019	-	-	-	-
Additions	-	-	-	-
Balance at 30 June 2020	-	-	-	-

6. Property and equipment (continued)

Accounting policy

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the items. Repairs and maintenance are charged to the profit or loss during the reporting period in which they were incurred.

Once assets are available for use, depreciation is calculated using the straight-line method to allocate asset costs over their estimated useful lives, as follows:

Software and IT equipment	3 years
Lab equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Development expenditure

All expenditure for the Mine Development is included in development expenditure under Asset in construction heading. Development expenditure is recorded at historical cost.

Upon reclassification from exploration and evaluation expenditure, the recoverable amount has been estimated as the asset's value in use, using the present value of future cash flows based upon available reserves calculated by the Company's geologists in accordance with industry guidelines, using a discount rate of 12%. As a result of this assessment, no impairment was deemed necessary.

Once a mining project has been established as commercially viable and technically feasible, expenditure other than that on land, buildings and plant and equipment is capitalised under development expenditure. Development expenditure costs include past capitalised exploration and evaluation costs, pre-production development costs, development excavation, development studies and other subsurface expenditure pertaining to that area of interest. Costs related to surface plant and equipment and any associated land and buildings are accounted for as property, plant and equipment.

Development costs are accumulated in respect of each separate area of interest. Revenue and costs associated with commissioning new assets in the period before they are capable of operating in the manner intended by management, are capitalised. Development costs incurred after the commencement of production are capitalised to the extent they are expected to give rise to a future economic benefit.

When an area of interest is abandoned or the Directors decide that it is not commercial or technically feasible, any accumulated cost in respect of that area is written off in the financial period the decision is made. Each area of interest is reviewed at the end of each accounting period and accumulated cost written off to the profit or loss to the extent that they will not be recoverable in the future.

Amortisation of carried forward exploration and development costs is charged on a unit of production basis over the life of economically recoverable reserves once production commences.

Development assets are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, development assets are allocated to cash-generating units to which the development activity relates. The cash generating unit shall not be larger than the area of interest.

Development stripping

Overburden and other mine waste materials are often removed during the initial development of a mine in order to access the mineral deposit. This activity is referred to as development stripping.

The directly attributable costs (inclusive of an allocation of relevant operational overhead expenditure) are capitalised as development costs. Capitalisation of development stripping costs ceases and amortisation of those capitalised costs commences upon extraction of ore. Amortisation of capitalised development stripping costs is determined on a unit of production basis for each separate area of interest.
Capitalised development and production stripping costs are classified as 'Development Expenditure". Development stripping costs are considered in combination with other assets of an operation for the purpose of undertaking impairment assessments.

Removal of waste material normally continues throughout the life of a mine. This activity is referred to as production stripping and commences upon extraction of ore.

7. Exploration and evaluation expenditure

	2021 $	2020 $
Opening balance	240	-
Expenditure during financial year	543,065	240
Transfers to development expenditure (Note 6)	(543,305)	-
Closing balance	-	240

On 21 May 2021 the Company announced the operating license has been granted for Tombador project and production commenced. This demonstrates the commercial viability of extracting a mineral resource and AASB 6 *Exploration for and Evaluation of Mineral Resources* is no longer applicable. As the Company entered the development phase of the mining value chain, the exploration and evaluation expenditure have been transferred to the development expenditure and accounted for under AASB 116 *Property, Plant and Equipment.*

Upon reclassification from exploration and evaluation expenditure, the recoverable amount has been estimated as the asset's value in use, using the present value of future cash flows based upon available reserves calculated by the Company's geologists in accordance with industry guidelines, using a discount rate of 12%. As a result of this assessment, no impairment was deemed necessary.

7. Exploration and evaluation expenditure (continued)

Accounting policy

Costs incurred during exploration and evaluation related to an area of interest are accumulated. Costs are carried forward provided such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities in an area of interest have not at reporting date reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. In these instances, the entity must have the rights of tenure to the area of interest and must be continuing to undertake exploration operations in the area. Costs incurred prior to the grant of tenure are not accumulated.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that carrying value of exploration and evaluation asset may exceed its recoverable amount. Impairment indicators include:

- the period of which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and it's not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; and
- sufficient data exists to indicate that, although a development in specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale

The recoverable amount of exploration and evaluation asset is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount.

Where a decision is made to proceed with the development in respect of particular area of interest, the relevant exploration and evaluation asset is tested for impairment and is then reclassified to mine properties and development.

8. Impairment of non-current assets

The Group reviews the carrying value of the assets of each Cash Generating Unit (CGU) at each balance date for indicators of potential impairment or reversal thereof. Where such indicators exist, the Company utilises the approaches under applicable accounting pronouncements for assessment of any impairment expenses or reversals.

As at 30 June 2021, there were no indicators of impairment or impairment reversal present. No impairment expenses or impairment reversals thereof have been recognised during the period (2020: nil).

Accounting policy

Recoverable amount of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value-in-use. Recoverable amount is determined for an individual asset, unless the asset's value-in-use cannot be estimated to be close to its fair value less cost to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In allocating an impairment loss, the carrying amount of an individual asset is not taken below its individual recoverable amount.

An assessment is also made at each reporting date as to whether there is any indication that a previously recognised impairment loss may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only where there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

After such a reversal, the depreciation or amortisation charges are adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

9. Provisions

	2021 $	2020 $
Current		
Employee benefits	87,069	-
Total current	87,069	-
Non-current		
Rehabilitation	3,420,754	-
Total non-current	3,420,754	-

Movement in Provisions in 2021

	Rehabilitation and restoration provision $	Employee benefits $	Total $
Opening balance at 1 July			
Estimate of provision taken to assets in construction at the commencement of the mine construction	3,321,121	-	3,321,121
Unwinding of discount	80,234	-	80,234
Exchange difference	19,399	-	19,399
Amounts recognised during the year	-	87,069	87,069
Closing balance at 30 June	3,420,754	87,069	3,507,823

Accounting policy

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Employee benefits, salaries and annual leave
Liabilities for salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employee's services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Rehabilitation
A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of exploration and development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of removing facilities, abandoning sites and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal and other requirements and technology. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.

9. **Provisions (continued)**

Accounting policy (continued)

Rehabilitation (continued)
The initial estimate of the restoration and rehabilitation provision relating to exploration and development and production facilities is capitalised into the cost of the related asset and depreciated on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

10. Share capital

a) Issued share capital

	2021		2020	
	Number	$	Number	$
Ordinary shares fully paid	2,114,096,373	36,472,270	80,000	11,712

b) Movement in ordinary share capital

Date	Details	Number of shares	$
14/01/2020	Opening Balance	-	-
14/01/2020	Issue of shares - Share capital of Tombador Iron Singapore Pte Ltd	80,000	11,712
30/06/2020	Balance at the end of the period	80,000	11,712
31/08/2020	Shares issued on conversion of convertible notes	12,825	16,599
31/08/2020	Elimination of legal acquiree share capital on reverse acquisition	(92,825)	-
31/08/2020	Recognition of legal acquirer share capital on reverse acquisition	151,392,727	-
31/08/2020	Consolidation of capital (1.9 for 2 basis)	(7,569,072)	-
31/08/2020	Consideration shares	1,107,692,308	3,831,263
31/08/2020	Shares to satisfy debt	9,415,853	235,671
31/08/2020	Capital raising	600,000,000	15,000,000
1/03/2021	Capital raising	253,164,557	20,000,000
	Transaction costs	-	(2,622,975)
30/06/2021	Balance at the end of the year	2,114,096,373	36,472,270

10. Share Capital (continued)

Accounting policy

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are recorded in equity as a deduction, net of tax, from the proceeds.

Terms and conditions of ordinary shares

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors are fully entitled to any proceeds of liquidations.

11. Reserves

	2021 $	2020 $
Share-based payment reserve	396,174	-
Foreign current translation reserve	520,798	10
	916,972	10

Movement reconciliation in share-based payment reserve	Note	Number of options	Number of Performance Rights	$
On issue at 14 January 2020		-	-	-
On issue at 1 July 2020		-	-	-
Recognition of legal acquiree options on reverse acquisition		5,605,000	-	-
Consolidation of capital (1.9 for 2 basis)		(280,250)	-	-
Lapsed options		(574,750)	-	-
Performance rights issued to directors		-	13,000,000	-
Recognition of share - based payment expense for performance rights issued to Directors	**22(i)**	-	-	78,999
Performance rights issued to consultants and employees		-	33,500,000	-
Recognition of share - based payment expense for performance rights issued to consultants and employees	**22(ii)**	-	-	155,675
Options issued to corporate advisors		15,000,000	-	-
Recognition of capital raising cost for options issued to corporate advisors	**22(iii)**	-	-	161,500
On issue at 30 June 2021		19,750,000	46,500,000	396,174

Reconciliation of financial liability to financial cashflows	2021 $	2020 $
New Lease liabilities entered into during the year	5,672,292	
Financing cashflow	(610,866)	-
	5,061,426	-

11. Reserves (continued)

Nature and purpose of reserves

a) Share-based payment reserve

The share-based payments reserve is used to recognise:

- the grant date fair value of options issued to employees and directors but not exercised
- the grant date fair value of shares issued to employees and directors.

b) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 28 and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

12. Cash flow information

	2021 $	2020 $
Reconciliation of cash flows from operating activities with loss from ordinary activities after income tax:		
Loss for the year	(8,625,371)	(10,048)
Adjusted for non-cash items:		
Depreciation	-	-
Share-based payment	234,674	-
Listing fee	4,287,610	-
Net assets of disposed subsidiaries	(139,768)	-
Loss on disposal of investments	(17,666)	-
Non-cash interest accretion on rehabilitation provision	80,234	-
Changes in assets and liabilities:		
(Increase)/Decrease in trade and other receivables	(357,511)	-
Increase/(Decrease) in trade and other payables	1,953,159	7,299
(Increase)/Decrease in other assets	(110,651)	-
Net cash inflows from operating activities	(2,695,290)	(2,749)

Managing risk:

This section of the notes discusses the Group's exposure to various risks and shows how these could affect the Group's financial position and performance:

13. Critical estimates, judgements, and errors
14. Financial risk management
15. Capital management

13. Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be sensitive to changes in estimates and assumptions. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there have been actual adjustments this year as a result of an error and of changes to previous estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and judgements may differ from the related actual results and may have a significant effect on the carrying amount of assets and liabilities within the next financial year and on the amounts recognised in the financial statements. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i. Determining the beginning of production

Judgement is required to determine when capitalisation of development costs ceases and amortisation of mine assets commences upon the start of commercial production. This is based on the specific circumstances of the project, and considers when the specific asset is substantially complete and becomes 'available for use' as intended by management which includes consideration of the following factors:

- completion of reasonable testing of the mine plant and equipment;
- mineral recoveries, availability and throughput levels at or near expected levels;
- the ability to produce iron ore in saleable form (where more than an insignificant amount is produced); and
- the achievement of continuous production.

Commercial production means production equal to seventy percent (70.0%) of the Project's planned concentrator throughput, based on design capacity at that stage of construction, averaged over a continuous two-month period.

13. Critical estimates and judgements (continued)

ii. Impairment of capitalised mine development expenditure

The future recoverability of capitalised mine development expenditure is dependent on a number of factors, including the level of mineral resources and ore reserves, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices and exchange rates. The Group regularly reviews the carrying values of its mine development assets in the context of internal and external consensus forecasts for commodity prices and foreign exchange rates, with the application of appropriate discount rates for the assets concerned. To the extent that capitalised mine development expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made. Capitalised mine development expenditure is assessed for recoverability along with property, plant and equipment.

iii. Environmental rehabilitation obligations

The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for asset retirement obligations in the period in which they are incurred. Actual costs incurred and actual timing thereof in future periods can differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates can affect the carrying amount of this provision.

Estimated long-term environmental provisions, comprising pollution control, rehabilitation and mine closure, are based on the Group's environmental policy taking into account current technological, environmental and regulatory requirements. Provisions for future rehabilitation costs have been determined, based on calculations which require the use of estimates (refer note 9).

Key assumptions used:

	2021
Current cost estimate	$4,967,065
Pre-tax risk-free interest rate (%)	4.5
Length of the project (yrs)	7
Length of rehabilitation process (yrs)	4

iv. Share-based payments

The Company makes equity settled share-based payments to parties, including directors, which are measured at fair value at the date of grant and expensed on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. The fair values are determined using the relevant option pricing models. Vesting assumptions are reviewed during each reporting period to ensure they reflect current expectations (refer Note 22).

v. Share-based payments on reverse acquisition

The Group measured the cost of listing as the difference between the fair value of the shares deemed to have been issued by Tombador Iron Singapore (the non listed entity) and the fair value of the accounting acquiree's (listed entity). The fair value of the deemed shares issues is based on a number of estimates and assumptions. The cost of listing is recognised as an expense in the statement of profit or loss and other comprehensive income. The reverse acquisition transaction is further discussed in Note 16.

13. Critical estimates and judgements (continued)

vi. Leases

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Tombador Iron Limited, which does not have recent third-party financing, and
- makes adjustments specific to the lease, including term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

Key assumptions used:

	2021
Average incremental borrowing rate (%)	6.5

vii. Recoverable amount of exploration and evaluation expenditure reclassified to development expenditure

Upon reclassification from exploration and evaluation expenditure, the recoverable amount has been estimated as the asset's value in use, using the present value of future cash flows based upon available reserves calculated by the Company's geologists in accordance with industry guidelines, using a discount rate of 12%. As a result of this assessment, no impairment was deemed necessary.

14. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure and manage different types of risks to which it is exposed.

These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange prices. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future cash flow forecasts.

Risk management is carried out by Management and overseen by the Board of Directors with assistance from suitably qualified external advisors.

The main risks arising for the Group are foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

The carrying values of the Group's financial instruments are as follows:

		2021 $	2020 $
Financial assets			
Financial assets at amortised cost			
Trade and other receivables	**5(a)**	193,907	-
Cash and cash equivalents	**5(b)**	24,704,473	8,733
Financial liabilities			
Liabilities at amortised cost			
Trade and other payables	**5(c)**	6,993,290	7,299
Lease liabilities	**5(d)**	5,061,426	-

a) Market risk

(i) *Foreign exchange risk*

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollar, was as follows:

	2021		2020	
	USD	BRL	USD	BRL
Trade Receivables	-	193,907	-	-
Other Receivables	-	5,002	-	-
Trade Payables	(38,729)	(2,106,118)	(581)	(1,713)
Other Payables	(21,486,011)	(4,751,476)	-	-
	(21,524,739)	(6,658,685)	(581)	(1,713)

14. Financial risk management (continued)

a) Market risk (continued)

(i) *Foreign exchange risk (continued)*

Sensitivity

As shown in the table above, the group is primarily exposed to changes in USD/AUD and BRL/AUD exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from BRL-denominated expense in Tombador Iron Mineracao Ltda.

	Impact on post-tax loss	
	2021	2020
	$	$
BRL/AUD exchange rate - increase 10% (2020 -10%)*	(243,668)	-
BRL/AUD exchange rate - decrease 10% (2020 -10%)*	297,816	-
USD/AUD exchange rate – increase 10% (2020 -10%)*	(44,516)	(1,005)
USD/AUD Exchange rate decrease 10% (2020-10%)*	54,410	1,005
*Holding all other variables constant		

Profit is more sensitive to movements in the Australian dollar/Brazilian real exchange rates in 2021 than 2020 because of the minimal transactions in the comparative period.

(ii) *Interest rate risk*

The Group is exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest bearing financial instruments. The Group's exposure to this risk relates primarily to the Group's cash and any cash on deposit. The Group does not use derivatives to mitigate these exposures. The Group manages its exposure to interest rate risk by holding certain amounts of cash in fixed and floating interest rate facilities. At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	2021		2020	
	Weighted average interest rate	Balance $	Weighted average interest rate	Balance $
Cash and cash equivalents	0%	24,704,473	0%	8,733

14. Financial risk management

a) Market risk (continued)

(ii) *Interest rate risk (continued)*

Sensitivity

Within the analysis, consideration is given to potential renewals of existing positions and the mix of fixed and variable interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. The 1% increase and 1% decrease in rates is based on reasonably expected possible changes over a financial year.

At 30 June 2021, if interest rates had moved, as illustrated in the table below, with all other variables held constant, losses and equity would have been affected as follows:

Judgements of reasonably possible movements:	**Profit higher/(lower) 2021 $**	**Profit higher/(lower) 2020 $**
+ 1.0% (100 basis points)	247,045	87
- 1.0% (100 basis points)	(247,045)	(87)

(iii) *Commodity price risk*

In future years, the Group will be exposed to commodity price risk arises from iron ore held as inventory.
The policy of the Group is to sell iron ore at the spot price, and it has not entered into any hedging contracts. The Group's revenues will be exposed to fluctuation in the price of iron ore. There is no impact on the loss before income tax for changes in the iron ore price.

b) Credit risk

Credit risk is the risk that a third party might fail to fulfil its performance obligations under the terms of a financial instrument. Credit risk arises from cash and cash equivalents and receivables. The Group closely monitors its financial assets and maintains its cash deposits in a high-quality financial institution with a minimum A-/A3 credit rating.

As at 30 June 2021, the Group is unaware of any information which would cause it to believe that these financial assets are not fully recoverable.

c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The Group does not have any external borrowings.
The following are the contractual maturities of financial liabilities:

2021	1 year or less $	1-5 years $	> 5 years $	Total $
Trade and other payables	6,993,290	-	-	6,993,290
Lease Liabilities	1,068,272	3,993,154		5,061,426
2020				
Trade and other payables	7,299	-	-	7,299

15. Capital management

The Group defines capital as the total equity attributable to common shareholders. Capital is managed by the Group's management and governed by the Board of Directors. The Group is not subject to any externally imposed capital requirements.

Group structure:

This section provides information that will help users understand how the Group structure affects the financial position and performance of the Group as a whole. In particular, there is information about changes to the structure that occurred during the year.

A list of significant subsidiaries is provided in note 18.

16. Reverse Acquisition
17. Discontinued operation
18. Interest in Subsidiaries

16. Reverse acquisition

i. Acquisition of Tombador Singapore Limited

On 31 August 2020 RESA Group (now Tombador Iron Limited, the legal parent entity) acquired 100% of the issue share capital of Tombador Iron Singapore Pte Ltd (TIS). TIS is a Singapore incorporated entity which, via its wholly owned subsidiary, Tombador Iron Mineracao Ltda (TIM), owns the high grade Tombador hematite iron ore deposit located in Bahia, Brazil.

Under the terms of the transaction RESA Group Limited (ASX: RE1) issued 1,107,692,308 shares to the shareholders of TIS, resulting in TIS acquiring 88.51% of the legal parent entity's issued capital. Notwithstanding that the transaction took the format of a reverse acquisition as described in AASB 3 Business Combinations, the transaction was not deemed a business combination on the basis that RESA Group Limited did not meet the definition of a business as noted in that standard.

The Group applied, by analogy, the guidance in AASB 3 on reverse acquisitions, resulting in TIS (the non-listed operating entity) being identified as the accounting acquirer and RESA Group Limited (the listed non-operating entity) being identified as the accounting acquiree. As the transaction is not within scope of AASB 3, the transaction was treated as a share-based payment transaction accounted for in accordance with AASB 2 Share-based payments.

The Group consequently recognised a share-based payment of $4,287,610 in its statement of profit or loss and other comprehensive income, representing the cost of the listing. The cost is calculated as the difference in the fair value of the shares deemed to have been issued by TIS (the non-listed entity) and the fair value of the accounting acquiree's identifiable net liabilities.

16. Reverse acquisition (continued)

i. Acquisition of Tombador Singapore Limited (continued)

Assets acquired and liabilities assumed:	**$**
Cash and cash equivalents	187,907
Trade and other receivables	606,524
Trade and other payables	(1,250,778)
Net Liabilities assumed	**(456,347)**
Share-based payment for reverse acquisition	4,287,610
Acquisition date fair value of the total consideration transferred	**3,831,263**

Net cash inflow on acquisition is as follows:	**$**
Net cash acquired	187,907
Cash paid	-
Net consolidated cash inflow	187,907

Condensed consolidation interim report for the half-year ended 31 December 2020

As disclosed in the condensed consolidation interim report for the half-year ended 31 December 2020 the Group reported a net loss after tax of $20,399,768. Included within the loss was a share-based payment expense in relation to the reverse acquisition of $19,287,610.

The acquisition was completed contemporaneously with a capital raise of $15,000,000. The 600,000,000 shares issued were considered in the calculation of the acquisition date fair value of the total consideration transferred (under reverse acquisition principles), however the cash raised, in error, was not included in the net assets of the group (for the purposes of the calculation, not disclosure) which led to an overstatement of the share-based payment expense of $15,000,000.

The corrected share-based payment expense as disclosed above is $4,287,610. The corrected half-year net loss after tax was $5,399,768. Importantly, the net asset position and total equity, as disclosed in the statement of financial position was not misstated, however, within equity, the consideration shares fair value as disclosed in the contributed equity note and accumulated losses both reduced by the same $15,000,000 amount.

16. Reverse acquisition (continued)

ii. Accounting policy – reverse acquisition

A reverse acquisition occurs when the acquirer is the entity whose equity interests have been acquired and the issuing entity is the acquiree. This might be the case when a private entity arranges to have itself 'acquired' by a smaller public entity as a means of obtaining a stock exchange listing. Although legally the issuing entity is regarded as the parent and the private entity is regarded as the subsidiary, the legal subsidiary is the accounting acquirer if it has the power to govern the financial and operating policies of the legal parent so as to obtain benefits from its activities.

In a reverse acquisition, the cost of the business combinations is deemed to have been incurred by the legal subsidiary in the form of equity instruments issued to the owners of the legal parent. The published price of the equity instruments of the acquirer is used to determine the cost of the combination, or where this is not available, the deemed fair value of its shares, and a calculation shall be made to determine the cost of the combination, or where this is not available, the deemed fair value of its shares, and a calculation shall be made to determine the number of equity instruments that acquirer would have to issue to provide the same percentage ownership interest of the combined entity to the owners/shareholders of the acquirer as they have in the combined entity as a result of the reverse acquisition. The fair value of the number of equity instruments so calculated shall be used as the cost of the combination.

On 31 August 2020, RESA Group acquired 100% of the issued shares of Tombador Iron Singapore Pte Ltd (an unlisted entity). RESA changed its name to Tombador Iron Limited on the same date. Under the principles of AASB 3 Business Combinations, Tombador Iron Singapore (the unlisted entity) is the accounting acquirer in the deemed business combination and therefore, the transaction has been accounted for as a reverse acquisition.

17. Discontinued operation

i. Description

On 24 October 2020 the Group entered into a Heads of Agreement with Tomahawk Property Pty Limited and announced the sale of 100% of the shares in two subsidiaries: RESA NPA Pty Limited and RESA IBN Pty Limited. The Group previously advised of its intension to exit the property business and concentrate on the Tombador Project in Bahia (Brazil).

The subsidiaries were sold on 24 December 2020 and are reported in the current period as part of the discontinued operations. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

ii. Details of the sale of subsidiaries

	RESA IBN Pty Limited $	RESA NPA Pty Limited $	Total $
Consideration received and receivable:			
Cash received	106,039	31,112	137,151
Net assets disposed off	(213,880)	(63,039)	(276,919)
Loss on sale	**(107,841)**	**(31,927)**	**(139,768)**

17. Discontinued operation (continued)

iii. Financial performance and cash flow information

After the disposals described above, on 17 June 2021 the Group deregistered RESA IBNA Pty Limited and RESA FSA Pty Limited. The financial performance and cash flow information presented are for the period from 1 September 2020 to 24 December 2020 for RESA IBN and RESA NPA Pty Limited, 1 September to 17 June 2021 for RESA IBNA Pty Limited and RESA FSA Pty Limited.

	2021 $	2020 $
Revenue	153,593	-
Write back of provision for expected credit losses	592,657	-
Expenses	(249,178)	-
Profit before income tax	497,071	-
Income tax expense	-	-
Loss on sale of subsidiary after income tax (point ii. above)	(139,768)	-
Profit from discontinued operation	**357,303**	-
Net cash outflow from operating activities	(87,987)	-
Net cash inflow from investing activities (includes an inflow of $137,151 from the sale of RESA IBN Pty Limited and RESA NPA Pty Limited)	225,138	-
Net increase in cash generated by the subsidiaries	137,151	-

18. Interest in subsidiaries

The condensed consolidated financial statements incorporate the assets, liabilities, and results of the following subsidiaries in accordance with the accounting policy described below:

Name of entity		Country of incorporation	Equity holding[1] 2021	Equity holding 2020
Legal Parent				
Tombador Iron Limited	Corporate	Australia		
Legal Subsidiaries				
Tombador Iron Singapore Pte Ltd	Corporate	Singapore	100%	-
Tombador Iron Mineracao Ltda	Exploration	Brazil	100%	-

[1] The proportion of ownership interest is equal to the proportion of voting power held.

18. Interest in subsidiaries (continued)

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Tombador Iron Limited as at 30 June 2021 and the results of all subsidiaries for the year then ended. Tombador Iron Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the Consolidated Entity, are shown separately within the Equity section of the consolidated Statement of Financial Position and in the consolidated Statement of Profit or Loss and Statement of Other Comprehensive Income.

Intercompany transactions, balances, and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Unrecognised items:

This section of the notes provides information about items that are not recognised in the financial statements as they do not (yet) satisfy the recognition criteria.

19.Commitments, contingent liabilities, and contingent assets
20.Subsequent events

19. Commitments and contingencies

There are no other commitments or contingent liabilities outstanding at 30 June 2021.

20. Subsequent events

The impact of the Coronavirus (COVID-19) pandemic is ongoing and remains uncertain. Whilst the impact of the pandemic for the Group up to 30 June 2021 has been limited, it is not practicable to estimate the potential impact, positive or negative, after the reporting date.

The situation continues to evolve and remains dependent on measures imposed by the Australian Government, Brazilian Government and other countries. Of particular relevance to the Group are the localised impact to mining operations and the broader macro demand impact on markets for commodities.

Subsequent to period end:

On 22 July 2021 Tombador Iron Limited announced its first shipment sailed from the port in Brazil with 38,045 wet metric tonnes of high grade iron ore lump. The shipment was sold through Tombador's export marketer, Trafigura.

On 16 September 2021 Tombador Iron Limited announced that the outstanding quality of the Tombador lump product had now been validated by the final certificate of analysis the Company has received from independent surveyors in relation to the maiden shipment, confirming the grade was in excess of Fe65%.

Further details:

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

21. Related party transactions
22. Share – based payments
23. Remuneration of auditors
24. Earnings per share
25. Parent entity financial information
26. Summary of significant accounting policies

21. Related party transactions

a) Parent entity

The Group is controlled by Tombador Iron Limited, the legal parent.

b) Subsidiaries

Interests in subsidiaries are set out in note 18.

c) Key management personnel compensation

	2021 $	2020 $
Short-term employee benefits	530,716	7,356
Post-employment benefits	-	-
Long-term benefits	-	-
Share-based payments	109,207	-
	639,923	7,356

During the current financial year, the Group made fee payment of $364,152 to McRae Investments, an entity related to Director Stephen Quantrill. The payments for directors' fees and management fees included the rental of office space and shares facilities and travel expenses. $100,000 related to the fee for chief financial officer and company secretary services.

During the current financial year, the Group paid fees for Mr Chapman's role on the Technical Advisory Committee. This fee, equalling $21,250, is paid to Southern Geoscience Consultants Pty Ltd, a company of which Mr Chapman is one of the Directors. The Group also paid fees for Mr Liddell's role on the Technical Advisory Committee. This fee, equalling the USD equivalent of AUD$21,250, was paid directly to Mr Liddell. $US969 (2020:nil) was reimbursed to Hayward Tan for travel and legal expenses. All transactions were on normal terms and conditions.

d) Loans to/from relates parties

No loans to/from related party at year end

22. Share based payments

Equity settled transactions

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using valuation techniques appropriate to the instrument being valued, such as Black-Scholes models or Monte Carlo simulations.

In determining the fair value of the equity instruments granted, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Tombador Iron Limited.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- the extent to which the vesting period has expired; and
- the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The Statement of Profit or Loss and Other Comprehensive Income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The share-based payment expense recognised in profit or loss of $234,674 results from several transactions summarised below:

22. Share based payments (continued)

Equity settled transactions (continued)

Transactions	2021 $	2020 $
Performance rights issued to directors (i)	78,999	-
Performance rights issued to consultants and employees (ii)	155,675	-
Options issued to corporate advisors (iii)	161,500	
Total expense for period	396,174	-
Represented by:		
Share-based payment expense	234,674	-
Cost of capital raising	161,500	-
	396,174	-

i. Performance rights issued to directors

On 31 August 2020, the Company approved the issue of 13,000,000 performance rights to directors.

The 13,000,000 performance rights were issued in four tranches and subject to the following vesting conditions:

- 3,250,000 Tranche 1 Performance Rights, upon achieving in respect of the Tombador Project, an aggregate of at least 30,000 tonnes of cumulative iron ore production sold to third party customers from the Tenement with a grade greater than 62% Fe.
- 3,250,000 Tranche 2 Performance Rights, upon achieving in respect of the Tombador Project, an aggregate of at least 1,000,000 tonnes of cumulative iron ore production sold to third party customers from the Tenement with a grade greater than 62% Fe.
- 3,250,000 Tranche 3 Performance Rights, upon the Company achieving net positive operational cashflows (as evidence by the appendix 5B to the ASX)
- 3,250,000 Tranche 4 Performance Rights, upon achieving in respect of the Tombador Project, an aggregate of at least 25,000 tonnes of cumulative iron ore production per month for 3 months with a cut-off grade greater than 62% Fe and the Company's Shares achieving a volume weighted average price (VMAP) of $0.05 or more for at least 20 consecutive trading days.

	Vested	Value Attributed	Value Expensed at 30 June 2021
Tranche 1 Performance Rights	Nil	81,250	21,250
Tranche 2 Performance Rights	Nil	81,250	21,250
Tranche 3 Performance Rights	Nil	81,250	21,250
Tranche 4 Performance Rights	Nil	58,305	15,249
		302,055	78,999

22. Share based payments (continued)

Equity settled transactions (continued)

The value of the performance rights was determined using the following models and the inputs detailed below:

- Binomial Tree (Lattice) Model for Tranches A, B, C
- Monte Carlo Model for Tranche D

	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Number granted	3,250,000	3,250,000	3,250,000	3,250,000
Expected volatility (%)	100	100	100	100
Risk-free interest rate (%)	0.41	0.41	0.41	0.41
Expected life of option (years)	5	5	5	5
Share price at grant date (cents)	2.5	2.5	2.5	2.5
Fair value at grant date (cents)	2.5	2.5	2.5	1.794

ii. Performance Rights issued to consultants and employees

The Company also issued 33,500,000 performance rights to its employees and consultants with the vesting conditions consistent with the performance rights issued to the directors.

	Vested	Value Attributed	Value Expensed at 30 June 2021
Tranche A, B, C Performance Rights	Nil	628,125	125,625
Tranche D Performance Rights	Nil	150,248	30,050
		778,373	155,675

The value of the performance rights was determined using the following models and the inputs detailed below:

- Binomial Tree (Lattice) Model for Tranches 1, 2, 3
- Monte Carlo Model for Tranche 4

	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Number granted	8,375,000	8,375,000	8,375,000	8,375,000
Expected volatility (%)	100	100	100	100
Risk-free interest rate (%)	0.41	0.41	0.41	0.41
Expected life of option (years)	5	5	5	5
Share price at grant date (cents)	2.5	2.5	2.5	2.5
Fair value at grant date (cents)	2.5	2.5	2.5	1.794

22. Share based payments (continued)

Equity settled transactions (continued)

iii. Options issued to corporate advisor of the Capital Raising

On 31 August 2020, the Company approved the issue of 15,000,000 options to its corporate advisor. These options have an exercise price of $0.035 each and expire 3 years after the date of issue. A total fair value of $161,500 has been recognised as cost of capital raising (refer note 10). The options were valued using Black and Scholes model and the inputs are detailed below:

Number granted	15,000,000
Expected volatility (%)	80
Risk-free interest rate (%)	0.25
Expected life of option (years)	3
Share price at grant date (cents)	2.25
Fair value at grant date (cents)	1.08

23. Remuneration of auditors

During the year the following fees were paid or payable for services provided by HLB Mann Judd Australia (HLB) as the auditor of the parent entity, Tombador Iron Limited, by HLB's related network firms and by non-related audit firms:

a) Auditors of the Group – HLB and related network firms

During the year the following fees were paid or payable for services provided by HLB Mann Judd (HLB) as the auditor of the parent entity, Tombador Iron Limited, by HLB's related network firms and by non-related audit firms:

	2021 $	2020 $
Audit and review of financial reports		
Group	99,726	-
Controlled entities	17,065	-
Total audit and review of financial reports	116,791	-
Other services		
Consulting services	41,388	-
Total services provided by HLB	158,179	-

b) Other auditors and their related network firms

	2021 $	2020 $
Audit and review of financial reports		
Controlled entities	8,031	-
Total services provided by other auditors (excluding HLB)	8,031	-

24. Earnings per share

a) Basic and diluted earnings per share

i. Basic earnings per share

Basic earnings per share is calculated by dividing the profit/loss attributable to equity holders of the company excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

ii. Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-tax effect of interest and other financing costs associated with the dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Earnings per ordinary share is calculated on the Group's loss after tax of $8,625,371 and the weighted average number of shares in issue during the year of 1,816,919,199.

	2021 cents	2020 cents
Basic and diluted profit/(loss) per share		
From continuing operations	(0.49)	(0.01)
From discontinued operations	0.02	-
Total basic and diluted profit/(loss) per share	(0.47)	(0.01)

b) Reconciliations of loss used in calculating loss per share

	2021 $	2020 $
From continuing operations	(8,982,674)	(10,048)
From discontinued operations	357,303	-
	(8,625,371)	(10,048)

c) Weighted average number of shares used as the denominator

The weighted average number of shares in issue for the purpose of calculating basic and diluted earnings per share and basic and diluted adjusted earnings per share are as follows:

	2021	2020
Weighted average number of shares in issue		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	1,816,919,199	130,475,822

The comparative average number of ordinary shares have been restated to the equivalent Tombador Iron Limited shares.

25. Parent entity financial information

a) Summary financial information

The individual financial statements for the parent entity, Tombador Iron Ltd, show the following aggregate amounts:

	2021 $	2020 $
Current Assets	9,535,047	31,414
Non-Current Assets	21,871,567	42,410
Total Assets	31,406,614	73,554
Current Liabilities	23,431	402,791
Non-Current Liabilities	-	-
Total Liabilities	23,431	402,791
Net Assets/(Liabilities)	31,383,183	(329,237)
Equity		
Issued capital	92,302,613	55,858,654
Reserves	396,174	-
Accumulated losses	(61,315,604)	(56,187,891)
Total Equity	31,383,183	(329,237)

Statement of Profit or Loss and Other Comprehensive Income

	2021 **$**	**2020** **$**
Loss after income tax	(5,127,713)	(515,153)
Other comprehensive income	-	-
Total comprehensive income/(loss) for the year	(5,127,713)	(515,153)

26. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to the period presented. These financial statements present the financial information for Tombador Iron Limited as a consolidated entity consisting of Tombador Iron Limited and the entities controlled throughout the period (Group or consolidated entity).

a) Basis of preparation

These general purpose financial statements have been prepared on a going concern basis in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Tombador Iron Limited is a for-profit entity for the purpose of preparing the financial statements.

i. Compliance with IFRS

The consolidated financial statements of the Tombador Iron Limited group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

ii. Historical cost convention

These financial statements have been prepared on the historical cost basis.

iii. New standards and interpretations not yet adopted

Australian Accounting Standards and Interpretations relevant to the Group that have recently been issued or amended but are not yet effective, have not been adopted by the Group for the period ended 30 June 2021 are outlined in the table below:

Reference	Summary	Application date of the standard	Applies to financial year ended
AASB 2020-8	**Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2 Requires that for-profit private sector entities:** This Standard amends the Standards listed to help entities to provide financial statement users with useful information about the effects of the interest rate benchmark reform on those entities' financial statements. As a result of these amendments, an entity: a) will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; b) will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and c) will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.	1 January 2021	30 June 2022

26. Summary of significant accounting policies (continued)

Reference	Summary	Application date of the standard	Applies to financial year ended
AASB 2020-3	**Annual Improvements to IFRS Standards 2018–2020 and Other Amendments** This Standard amends: a) the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences; b) AASB 3 to update references to the Conceptual Framework for Financial Reporting; c) AASB 9 to clarify when the terms of a new or modified financial liability are substantially different from the terms of the original financial liability; d) AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset; e) AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making; and f) AASB 141 to align the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.	1 January 2022	30 June 2023
AASB 2020-1	**Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current** Amends AASB 101 to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver, a breach of covenant, or settlement of the liability). The mandatory application date of the amendment has been deferred by 12 months to 1 January 2023 by AASB 2020-6.	1 January 2023	30 June 2024
AASB 2021-2	***Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*** This Standard amends: a) AASB 7, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements; b) AASB 101, to require entities to disclose their material accounting policy information rather than their significant accounting policies; c) AASB 108, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates; d) AASB 134, to identify material accounting policy information as a component of a complete set of financial statements; and AASB Practice Statement 2, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.	1 January 2023	30 June 2024

26. Summary of Significant Accounting Policies (continued)

(a) Basis of preparation (continued)

v. New standards and interpretations not yet adopted

The Group assessed that none of the new accounting standards and interpretations will have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

vi. New standards and interpretations adopted

Since 1 July 2020, the Group has adopted all Accounting Standards and Interpretations mandatory to annual periods beginning on or before 1 July 2020. Adoption of these standards and interpretations did not have a material effect on the financial position or performance of the Group.

(b) Foreign currency translation

i. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income. Non-monetary assets and liabilities measured at historical cost are translated using the exchange rates at the date of the transaction (and not retranslated). Non-monetary assets and liabilities measured at fair value are translated using the exchange rates at the date when fair value was determined.

26. Summary of significant accounting policies (continued)

iii. Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for the statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of profit or loss and other comprehensive income, as part of the gain or loss on sale where applicable. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(c) Comparative figures

Tombador Iron Singapore Pte Ltd ("TIS") was incorporated on 14 January 2020 with the purpose of acquiring and holding Brazilian tenement 872.431/2003 through its 100% owned subsidiary Tombador Iron Mineracao Ltda. As described in note 16, TIS is deemed as the accounting acquirer following reverse acquisition principles.

(d) Goods and services tax (GST and Brazilian equivalents)

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST (and equivalents) incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST (and equivalents) is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST (and equivalents) included.

The net amount of GST (and equivalents) recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST (and equivalents) component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST (and equivalents) recoverable from, or payable to, the taxation authority.

(e) Sale of iron ore (commissioning revenue)

Revenue is recognised when control of the goods has passed to the buyer based upon agreed delivery terms. For sales of iron ore, this is when the ore is loaded onto the ship.

The price to be received on sales of iron ore is provisionally priced and recognised at the estimate of the consideration receivable that is highly probable of not reversing by reference to the relevant contractual price and the estimated mineral specifications.

The Group recognises commissioning revenue under AASB 116 *Plant, Property and Equipment,* as a reduction of the Asset under construction cost.

DIRECTORS DECLARATION

In the directors' opinion:

(a) the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:

    (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

    (ii) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial period end on that date.

(b) the financial statements and notes comply with International Financial Reporting Standards.

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Directors

Anna Neuling
Non-Executive Chair
29 September 2021

INDEPENDENT AUDITOR'S REPORT
To the members of Tombador Iron Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Tombador Iron Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	How our audit addressed the key audit matter
Assets under construction Refer to Note 6	
The Group has recorded mine properties of $14,218,838 as at 30 June 2021. These relate to assets under construction at the Group's Tombador Iron Project in Brazil, and are being recognised in accordance with AASB 116 *Property, Plant and Equipment*. Included in this amount is exploration and evaluation expenditure that was previously recognised under AASB 6 *Exploration for and Evaluation of Mineral Resources* but has been transferred out to mine properties as the Group has entered the development phase of the mining value chain. Our audit focussed on the Group's assessment of the carrying amount of the assets under construction, as this is one of the most significant assets of the Group. We planned our work to address the audit risk that the capitalised expenditure may no longer meet the recognition criteria of the standards. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of the mine property and development assets may exceed their recoverable amount.	Our procedures included but were not limited to the following: We examined the costs recognised in accordance with AASB 116. We obtained an understanding of the Board's definition of commercial production to ensure that the company is indeed in the development stage and is not currently in production. We considered and assessed the Directors'' assessment of impairment under AASB 136 *Impairment of Assets* We performed substantive testing of a sample of transactions during the year. We ensured rights to tenure is current. We examined the disclosures made in the financial report.
Rehabilitation and Restoration Provision Refer to Note 9	
The Group has recorded a rehabilitation and restoration provision of $3,420,754 as at 30 June 2021. The Group has obligations to restore the area on which it has conducted drilling activities. The provision is for the expected future costs associated with the rehabilitation activities. The site restoration provision was a key audit matter due to the significant judgement involved in estimating costs which are planned to be incurred in future years and the related timing of incurring those costs.	Our procedures included but were not limited to the following: We considered the procedures employed by the Group for the calculation of the rehabilitation and restoration provision for its mine site in Brazil. We evaluated the inputs into the client's calculation, considering the requirements of the Brazilian mining authority, and critically challenged the key estimates and assumptions made. We assessed the reasonableness of the discount rate applied to the expected cash flows. We performed sensitivity analyses on the key estimates and assumptions in the Group's calculations.
Reverse Acquisition Refer to Note 16	
During the year, RESA Group Limited (now Tombador Iron Limited) acquired 100% of the issued capital of Tombador Iron Singapore Pte	Our procedures included but were not limited to the following:

Limited (TIS). This transaction was enacted through the issuance of shares in RESA Group Limited, such that the shareholders of TIS obtained control of RESA Group Limited. Accordingly, management determined that this transaction was a reverse acquisition under the principles outlined in AASB 3 *Business Combinations.* Although the guidance of AASB 3 was used to identify the accounting acquirer and accounting acquiree, the transaction itself was not within the scope of AASB 3, with the transaction instead being identified as a share-based payment transaction and therefore accounted for under AASB 2 *Share-based Payment*. Accounting for this transaction and the disclosure requirements are sufficiently complex, requiring assumptions and judgements in determine the fair value of the consideration paid and net identifiable liabilities acquired.	We read the relevant agreements in order to gain an understanding of the key terms and conditions of the transaction. We reviewed management's assessment of the fair value of the gross consideration paid, and agreed the assessment to the relevant supporting information. We obtained audit evidence that the acquisition-date assets and liabilities of the acquiree were fairly stated. We ensured that the net impact of the reverse acquisition was correctly reflected in the consolidated statement of profit and loss and other comprehensive income, and that no goodwill was recognised as a result of this transaction. We assessed the adequacy of the Group's disclosures in respect to this transaction, including the presentation of the comparative information, being that of Tombador Iron Singapore Pte Limited.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Tombador Iron Limited for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
29 September 2021

Buckley

D I Buckley
Partner

ADDITIONAL ASX INFORMATION

The shareholder information set out below was applicable as at the dates specified.

Unlisted Securities (Current as at 27 September 2021)

	Number on Issue	Number of Holders
TI1OP25 - unlisted options exercisable at $0.052 expiring 14/10/2025	4,750,000	2
TI1OP20 - unlisted options exercisable at $0.035 expiring 01/09/2023	15,000,000	28
TI1PERF - performance rights expiring 01/09/2025	46,500,000	26

Holders of over 20% of unlisted securities

There are no holders of more than 20% of unlisted securities as at 27 September 2021.

Distribution of Equity Securities

Analysis of numbers of ordinary shareholders by size of holding:

	Holders	Number of Units	% of Issued Capital
above 0 up to and including 1,000	56	9,010	0.00
above 1,000 up to and including 5,000	18	57,740	0.01
above 5,000 up to and including 10,000	224	1,825,116	0.18
above 10,000 up to and including 100,000	915	42,423,039	4.22
above 100,000	1,055	961,844,756	95.60
TOTALS:	**2,268**	**1,006,159,661**	**100.00**

There are 396 holders holding less than a marketable parcel of ordinary shares based on the closing market price as at 27 September 2021.

Ordinary Shares Subject to Escrow

There are the following equity securities currently subject to either regulatory or voluntary escrow (as at 27 September 2021):

Holder Name	Number of Shares
COLOMI SINGAPORE PTE LTD	944,463,354
MCRAE INVESTMENTS PTY LTD	43,663,745
KEITH STUART LIDDELL & SHELAGH JANE LIDDELL	16,779,936
DOMAIN PROPERTY MANAGEMENT PTY LTD	255,404

On-market Buy-Back

There is no current on-market buy-back.

Voting Rights

The voting rights attaching to each class of equity securities are set out below:

a) Ordinary Shares: On a show of hands every member present at a meeting of by proxy shall have one vote and upon a poll each share shall have one vote.
b) Options: The securities have no voting rights.
c) Performance Rights: The securities have no voting rights.

Substantial Holders (Current as at 27 September 2021)

Substantial holders of equity securities in the Company as per the substantial shareholders notices are set out below:

Holder Name	Number of Shares	% of Issued Capital
COLOMI SINGAPORE PTE LTD & MCRAE INVESTMENTS PTY LTD	990,106,267	46.8%

Equity Security Holders (Current as at 27 September 2021)

The names of the twenty largest holders of quoted equity securities (ordinary shares) are listed below:

	Holder Name	Number of Shares	% of Issued Capital
1	COLOMI SINGAPORE PTE LTD	944,463,354	44.67%
2	NORTRUST NOMINEES LIMITED	86,005,337	4.07%
3	MCRAE INVESTMENTS PTY LTD	43,663,745	2.07%
4	MANNWEST GROUP PTY LTD	35,067,028	1.66%
5	IRAL PTY LTD <IRAL A/C>	25,000,000	1.18%
6	UBS NOMINEES PTY LTD	22,461,159	1.06%
7	MRS SARAH CAMERON	20,316,859	0.96%
8	KAMBERG INVESTMENTS LIMITED	16,779,936	0.79%
8	KEITH STUART LIDDELL & SHELAGH JANE LIDDELL	16,779,936	0.79%
9	BOODUP NOMINEES PTY LTD <OTTER SUPER FUND A/C>	15,100,000	0.71%
10	METECH SUPER PTY LTD <METECH NO 2 SUPER FUND A/C>	15,000,000	0.71%
11	MR JAMES MURCH & MRS CATHERINE MURCH <MINJAL SUPER FUND A/C>	12,000,000	0.57%
12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,404,381	0.54%
13	MR SCOTT SPENCER PAPPIN & MRS TRACEY LEE PAPPIN <PAPPIN SUPER FUND A/C>	11,000,000	0.52%
14	MR GREGORY MAURICE PINKUS & MRS LISA MARIE PINKUS <PINKUS FAMILY SUPER FUND A/C>	10,875,001	0.51%
15	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	9,720,054	0.46%
16	JOHN DAHLSEN SUPERANNUATION FUND PTY LTD	9,518,000	0.45%
17	GIOKIR PTY LTD	9,287,334	0.44%
18	JG ASSET HOLDINGS PTY LTD	8,500,000	0.40%
19	AMBER COURT NOMINEES PTY LTD <MIN MIN LIGHT A/C>	8,000,000	0.38%
20	GLENBERVIE ROAD PTY LTD <OLIPHANT FAMILY A/C>	7,500,000	0.35%
TOTALS:		**1,338,442,124**	**63.31%**

Tenement Schedule at 30 June 2021

The Company's interests in tenements are set out below:

Location	Project	Tenement Number	Ownership %
Sento Sé	Tombador Project	872.431/2003	100%

TOMBADOR IRON

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