

TOMBOLA SIGNS BINDING TERM SHEET TO ACQUIRE LORENA PROCESSING FACILITY TO FAST-TRACK GOLD PRODUCTION EXPANSION

HIGHLIGHTS

- **Binding Term Sheet signed to acquire 100% of Lorena Mine and Processing Facility (“Lorena”).**
- **The Lorena assets include fully permitted mining and exploration leases, the existing open cut gold and copper mine, a 250,000-300,000 Tonne per annum Gold / Copper processing plant, and permitted tailings storage facility.**
- **The Lorena acquisition enables Tombola to fast-track gold production in Q4, 2022 and to undertake studies for the optimisation of gold production.**
- **Acquisition structured to utilise Tombola’s existing cash reserves and free cash flow generated by gold production starting Q4, 2022.**
- **Key acquisition terms:**
 - **50m shares in Tombola at an implied price of 6c (A\$3m).**
 - **A\$5m cash with A\$1m up front and balance over a six to nine month period.**
- **Acquisition subject to satisfactory due diligence activities, and Tombola shareholder approval at an EGM to be convened in late July 2022 in relation to the expected change in scale of the Company’s activities as a result of the Acquisition.**
- **Gold production is expected to start at Lorena in Q4, 2022.**

Tombola Gold Ltd (ASX:TBA) (“**Tombola**” or the “**Company**”) is pleased to announce that it has signed a binding Term Sheet to acquire 100% of the Lorena Processing Facility (“**Lorena**”), located only 30km from the Company’s 100% owned flagship Mt Freda Gold Mine in Cloncurry, Queensland (the “**Acquisition**”). Lorena includes an integrated CIL (Carbon In Leach) processing facility capable of treating both gold and copper ore and an associated tenement package. A map showing the Company’s existing tenement package and the Lorena assets is included in this release. **A summary of the Term Sheet is attached as an Appendix to this release.**

The Acquisition is expected to enable the Company to undertake studies to optimise its gold production capacity by July 2023. Importantly, the Acquisition is structured so that it enables Tombola to utilise its current cash reserves in a more effective way, without incurring large additional capital construction costs that would otherwise be required to build a CIL plant and tailings facility of this size.

Tombola Gold Managing Director, Byron Miles, commented:

"The acquisition of the Lorena Processing Facility delivers a step change for us in our targeted gold production. Importantly, it enables Tombola to commence planning to determine gold production rates as well as gold-optimisation planning studies. The Company aspires to significantly increase its production potential in terms of expected throughput and recovery rate, once both the original vat leaching and the Lorena facility are on stream in 2023.

The acquisition terms were negotiated to allow us to utilise our existing cash reserves and cash flow to fund the acquisition from near term gold production, which limits dilution and delivers a highly positive result for shareholders. This is another important step in delivering on our aspiration to become a meaningful Australian gold producer as we fast track to near term gold production from Lorena in Q4, 2022."



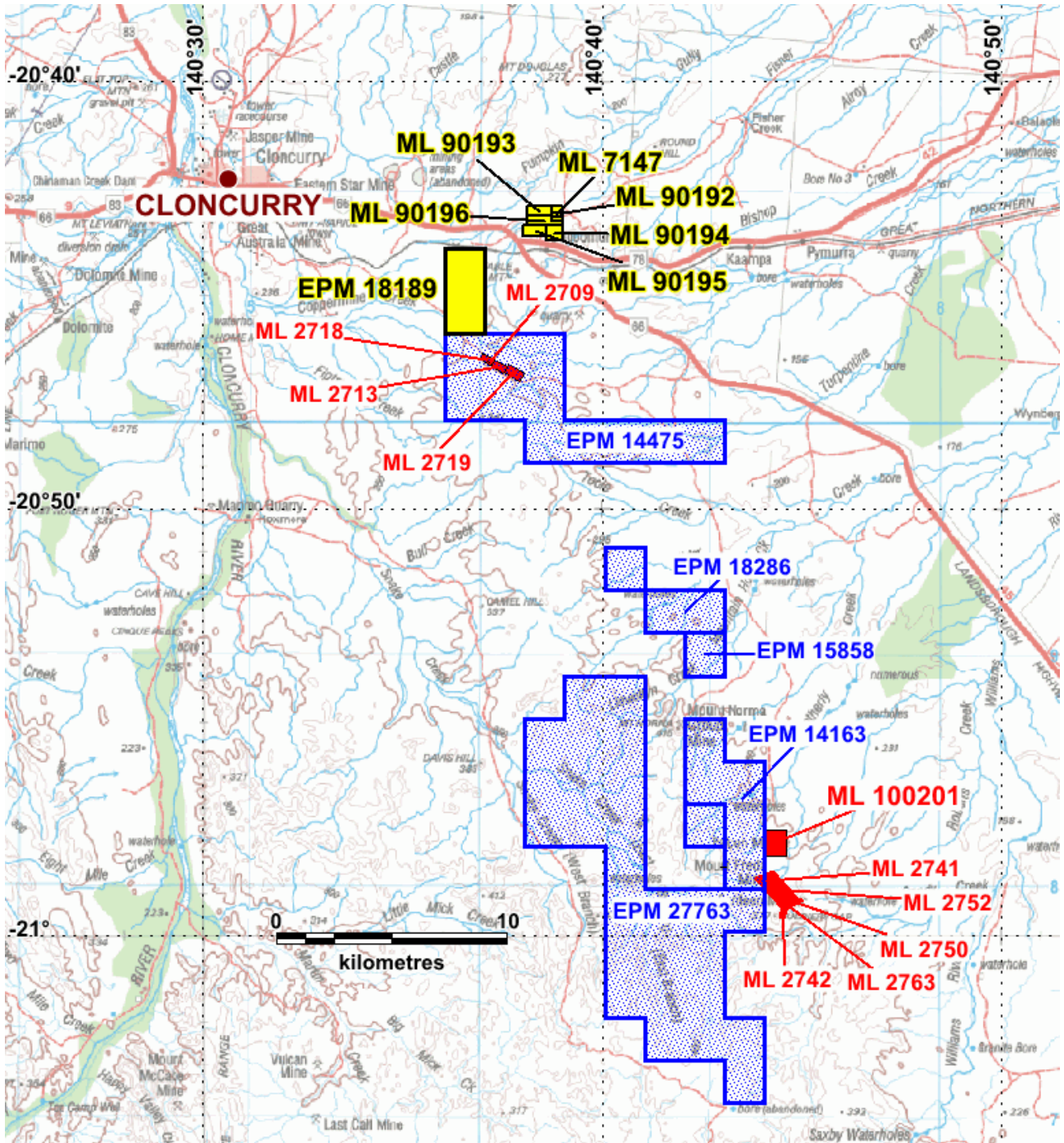
Image 1 - The Lorena Processing Facility

About Lorena

The Lorena Mine and Processing Facility is located 13km from Cloncurry on the Flinders Highway, and was commissioned in 2017 by a Joint Venture which included Malachite Resources and Chinova Resources. Operations continued at Lorena until late 2021, after which it was placed in care & maintenance pending a desire by the owners to sell the operation.

Primarily a Gold CIL Processing facility with the capacity to treat copper bearing ore, over the coming months Tombola intends to recommission the plant, expand tailings capacity, and transport ore from the Golden Mile operation to Lorena along with continuing to vat leach treat the balance of minable reserves at Mt Freda.

Tombola is currently working with several third party consultants and advisors who are assisting the Company with its plans to recommission and expand the facility with a relatively low capital expenditure before commencing treatment of Mt Freda and Golden Mile ore.



Map showing the Company's current Queensland tenement footprint (blue) together with the Lorena properties (yellow).

This Announcement was authorised by the Board of Directors.

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About Tombola Gold Ltd

Tombola Gold (ASX:TBA) is a new Australian gold producer, with mining underway and expansion in progress as the Company fast tracks to first cash flow in 2022.

Scoping Studies indicate potential for profitable operation (ASX Release - Scoping Study Propels Gold Projects Towards Production – 26 July 2021).

The Mt Freda Complex consists of several gold mines including the Mt Freda Gold Project and Golden Mile Project, which are in close proximity to core infrastructure in the area including roads and power, with the Company already advanced in constructing its own gold processing plant on site. Tombola has a well defined expansion strategy of utilising near-term gold cashflows to drive resource expansion with LOM extensions and exploration focus.

The Company also holds the Burra Project located in South Australia, a world class copper, gold and REE target, with a strategic tenement holding in a world-class domain. Burra covers 6,500² km in the G2 Structural Corridor, which hosts Olympic Dam, Carrapeteena and Prominent Hill. The Company has secured a \$300,000 grant from South Australian Governments Accelerated Discovery Initiative.

Forward Looking Statements

The materials may include forward looking statements. Forward looking statements inherently involve subjective judgement, and analysis and are subject to significant uncertainties, risks, and contingencies, many of which are outside the control of, and may be unknown to, the company. Actual results and developments may vary materially from that expressed in these materials. The types of uncertainties which are relevant to the company may include, but are not limited to, commodity prices, political uncertainty, changes to the regulatory framework which applies to the business of the company and general economic conditions. Given these uncertainties, readers are cautioned not to place undue reliance on forward looking statements. Any forward-looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or relevant stock exchange listing rules, the company does not undertake any obligation to publicly update or revise any of the forward-looking statements, changes in events, conditions or circumstances on which any statement is based.

APPENDIX A - ACQUISITION TERMS

Definitive acquisition documents ('**Sale Agreements**') to give effect to the Binding Term Sheet are to be negotiated and executed by Tombola and the vendor parties by 30 June 2022, having regard to the parties' obligation to negotiate them in good faith with regard to the provisions set out in the Binding Term Sheet.

The terms of the Sale Agreement, once conditions precedent have been satisfied, will give effect to the transfer of the CIL Plant and related assets and the associated tenement package (**Tenements**) to Tombola's wholly owned subsidiary, NQ Copper Pty Ltd.

These assets are held by three (3) vendor parties, namely:

- (a) Lorena Gold Mine Pty Ltd
- (b) Chinova Resources Pty Ltd; and
- (c) Blue Cap Assets Pty Ltd.

The Tenements are held by Volga Elderberry Pty Ltd, which the Company is acquiring pursuant to the transaction, and comprise six (6) mining leases and an exploration permit associated with the Lorena complex.

Consideration Details

The Company has agreed to pay \$8,000,000 for the assets, comprising:

- (a) cash, comprising:
 - (i) \$1,000,000, payable at completion and
 - (ii) \$4,000,000, deferred for between 180 days and 270 days after completion, depending on when the Company obtains approval for its planned expansion of the tailings dam; and
- (b) 50,000,000 shares in the Company at an implied issue price of 6 cents (\$3,000,000) issued at completion.

The cash component includes a deposit of \$100,000, which the Company has paid and which is only refundable in limited circumstances where the vendors do not comply with certain obligations under the Binding Term Sheet.

Condition Precedent

Completion of the transaction is conditional upon the Company completing its due diligence to its satisfaction by 30 June 2022. Furthermore, Tombola is to seek approval from its shareholders to proceed with the Acquisition (pursuant to Listing Rule 11.1.2 on the basis of the expected change in scale of the Company's activities) at an EGM to be convened in late July.

Security for deferred purchase price

Payment by the Company of the deferred portion of the cash consideration will be secured by first ranking security over the CIL Plant.

Environmental surety

It is proposed to leave in place current \$726,653 relating to the Tenements pursuant to the Queensland financial provisioning regime for resources projects.

Net Smelter Royalty

The Tenements are subject to 2% net smelter return in favour of Conrad Silver Mines Pty Ltd in respect of any gold, silver and copper extracted from the Tenements.