



# TOMBADOR IRON

## Consolidated Interim Report for half year ended 30 June 2023



ABN 20 108 958 274



# CORPORATE DIRECTORY

## DIRECTORS

Ms 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

Ms 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 5, 191 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

## WEBSITE ADDRESS:

[www.tombadoriron.com](http://www.tombadoriron.com)



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## DIRECTORS' REPORT

The directors submit their report on the Group consisting of Tombador Iron Limited ("Tombador") and the entities it controlled (the "Group") for the six-month period ended 30 June 2023.

### DIRECTORS

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

Directors have been in office since the start of the financial year to the date of the report, unless otherwise stated. Mr Gabriel da Cunha Oliva was the Chief Executive Officer since the start of the financial year to the date of this report.

### Principal Activities

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

### SUMMARY REVIEW OF OPERATIONS

#### Operating Results

The profit for the Group for the 6-month period ended 30 June 2023 from continuing operations after providing for income tax amounted to \$3,145,323 (30 June 2022: \$3,814,571). At the reporting date the Group had cash and cash equivalents of \$21,994,774 (30 June 2022: \$14,182,028) and a net asset position of \$42,793,493 (30 June 2022: \$36,272,727).

#### Review of Operations

During the 6-month period ended 30 June 2023 (the "period"), the Company produced 372,400 wet metric tonnes ("wmt") of high-grade ore from the Tombador Iron Mineracao iron ore project ("Tombador Project" or the "Project") in the State of Bahia, Brazil.

The Company continued to focus on market development and sales growth in the Brazilian domestic market. 503,450 wmt of high-grade iron ore was sold during the 6-month period, the highest sales volume achieved in a period to date.

From 1 January 2023 to 30 June 2023 the key milestones achieved include:

- Delivery and sales of 503,450 wmt of high-grade lump and fines to customers,
- The largest 6-month period of sales to the domestic market to date, accounting for 50% of total sales,
- Produced over 372,400 tonnes of high-grade ore,
- Secured contracts with three major steel mills in Brazil and delivered shipments to the Asian market.





## Mining Operations

The Tombador crushing and screening plant produced a total of 372,400 wmt during the 6-month period ended 30 June 2023, comprised of 205,100 wmt of lump product and 167,300 wmt of fines product.

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

As at 30 June 2023, Tombador had approximately 421,000 tonnes of product on stockpiles. Stockpiles are valued at the cost of production and accounted for on the Company's Statement of Financial Position until such time as the product is sold. Sales volumes were higher than production as the Company moved stockpile inventory during the period. The Company is continuing its strategy of monitoring market conditions and managing production and sales to realise positive margins for its valuable resource.

An infill drilling program was ongoing through the period, and the Company will update its Mineral Resource and Ore Reserve estimates on the completion of the program.

## Logistics

The company moved product from the Tombador mine to local customers via public roads using haulage contractors. For export customers, truck haulage services for the 700km route from the Tombador Project to the Ports were also contracted. The port operators were contracted to arrange stockpile storage capacity, material handling and ship loading services. The port near Aracaju is able to load shipments of 38,000 tonnes/shipment and the port near Aratu is capable of loading larger 45,000 tonne ships.

## **Sales and Marketing**

During the 6 months ended 30 June 2023 the company sold its largest volume in a period and surpassed one million tonnes of iron ore sold. Sales were comprised of 128,400 wmt of lump and 124,800 wmt of fines to the local Brazil market and 108,800 wmt of lump and 141,450 wmt of fines to the export market.

The growth in the domestic market is shown by more than double the volume of iron ore sales relative to the previous 6 month period and by the execution of three contracts with tier 1 Brazilian steel mills.

Exports were sold in six shipments through Tombador's marketing offtake partner to both European and Asian customers. Exports to the Asian market were made possible with higher market prices and lower freight by loading larger 45,000 wmt vessels through the port of Enseada, located in Maragogipe. Tombador receives working capital support through pre-delivery partial payment from its offtake partner for export shipments.

## **Dry Beneficiation Studies**

The Company progressed its studies 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. Following positive technical results in bulk test work for sensor-based sorting (SBS) technology, further definitive technical and economic analysis was ongoing in the period. The current assessment is that the economic return for SBS technology is marginal, and the economic analysis is expected to be completed in the December 2023 quarter.

Study focus has turned to dry and wet jigging test work continued through the period and is expected to be concluded in the December 2023 quarter. The objective for these tests will be to provide a comparison with sensor-based sorting for lump size fractions and determine if the overall yield can be increased by upgrading the fines to a saleable product.

## **Dividends Paid or Recommended**

No dividends were paid or declared during the financial period. No recommendation for the payment of dividends has been made.

## **Significant changes in the start of affairs**

During the period, no matters or circumstances have arisen during the six-month period ended 30 June 2023 which have significantly affected the operating of the Company.

## **Significant Events Occurring after the Reporting Date**

The initial internal assessments of the geotechnical event which occurred at the end of June 2023, was that it did not result in any expected impact on September 2023 quarter production, however following third party inspections by geological consultants, the Company has undertaken additional geotechnical works, inspections and safety restrictions, which have partially impacted on production levels for September 2023 quarter production.

Other than the above, no matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operating of the Group, the results of those operations, or state of affairs of the Group in future financial years.

### **Auditor's Independence Declaration**

Section 307C of the Corporations Act 2001 requires our auditor, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence declaration is set out on page 8 and forms part of this Directors's report for the period ended 30 June 2023.

Signed in accordance with a resolution of Directors made pursuant to Section 306(3) of the Corporations Act 2001.

On behalf of the Directors,



Ms Anna Neuling  
**Non-Executive Chair**  
Perth, Western Australia  
13 September 2023

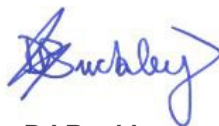


## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Tombador Iron Limited for the half-year ended 30 June 2023, 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 review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia  
13 September 2023



**D I Buckley**  
Partner

**hlb.com.au**

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.







# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 30 June 2023

	Note	6 months ended 30 June 2023 \$	6 months ended 30 June 2022 \$
<b>CONTINUING OPERATIONS</b>			
Revenue	2	52,641,369	26,281,601
Cost of goods sold	3	(43,864,219)	(17,854,782)
<b>Gross profit</b>		<b>8,777,150</b>	<b>8,426,819</b>
Other income		239,879	49,158
Administration and other expenses	4	(3,147,412)	(3,703,052)
<b>Operating profit before finance cost</b>		<b>5,869,617</b>	<b>4,772,925</b>
Finance cost		(1,427,240)	(364,836)
<b>Profit before income tax</b>		<b>4,442,377</b>	<b>4,408,089</b>
Tax expense	5	(1,297,054)	(593,518)
<b>Profit after tax for the year from continuing operations</b>		<b>3,145,323</b>	<b>3,814,571</b>
<b>Total profit after income tax</b>		<b>3,145,323</b>	<b>3,814,571</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		3,119,525	2,349,508
<b>Other comprehensive income for the year, net of tax</b>		<b>3,034,325</b>	<b>2,349,508</b>
<b>Total comprehensive income for year</b>		<b>6,264,848</b>	<b>6,164,079</b>
<b>Profit attributable to members of the parent entity</b>			
Profit per share from Continuing Operations attributable to the owners of Tombador Iron Limited			
Basic earnings per share (cents)	11	0.15	0.18
Diluted earnings per share (cents)	11	0.14	0.18

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 2023

	Note	30 June 2023 \$	31 December 2022 \$
<b>Current Assets</b>			
Cash and cash equivalents	6a	21,994,774	14,182,028
Trade and other receivables	6b	8,813,155	4,082,911
Inventory	7	12,724,887	13,913,339
Other assets		963,940	2,088,338
<b>Total Current Assets</b>		<b>44,496,756</b>	<b>34,266,616</b>
<b>Non-Current Assets</b>			
Property, plant, and equipment	8	12,062,672	9,195,160
Right-of-use assets	6d	8,696,743	8,572,600
<b>Total Non-Current Assets</b>		<b>20,759,415</b>	<b>17,767,760</b>
<b>Total Assets</b>		<b>65,256,171</b>	<b>52,034,376</b>
<b>Current Liabilities</b>			
Trade and other payables	6c	7,306,521	3,183,147
Lease liability	6d	4,150,779	2,972,016
Provisions		1,449,103	465,978
<b>Total Current Liabilities</b>		<b>12,906,403</b>	<b>6,621,141</b>
<b>Non-Current Liabilities</b>			
Lease liability	6d	6,304,622	6,357,488
Provisions		3,251,653	2,783,020
<b>Total Non-Current Liabilities</b>		<b>9,556,275</b>	<b>9,140,508</b>
<b>Total Liabilities</b>		<b>22,462,678</b>	<b>15,761,649</b>
<b>Net Assets</b>		<b>42,793,493</b>	<b>36,272,727</b>
<b>Equity</b>			
Share Capital	9	36,471,957	36,471,957
Reserves	10	7,215,460	3,840,017
Accumulated losses		(893,924)	(4,039,247)
<b>Total Equity</b>		<b>42,793,493</b>	<b>36,272,727</b>

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



## CONSOLIDATED STATEMENT OF CHANGES OF EQUITY

For the 6 months ended 30 June 2023

	Issued Capital	Accumulated losses	Foreign Currency Translation Reserve	Share-based Payment Reserve	Total Equity
	\$	\$	\$	\$	\$
<b>Balance at 1 January 2023</b>	<b>36,471,957</b>	<b>(4,039,247)</b>	<b>2,715,985</b>	<b>1,124,032</b>	<b>36,272,727</b>
Profit for the period	-	3,145,323	-	-	3,145,323
Other comprehensive income	-	-	3,119,525	-	3,119,525
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>3,145,323</b>	<b>3,119,525</b>	<b>-</b>	<b>6,264,848</b>
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	-	-	-	255,918	255,918
<b>Balance at 30 June 2023</b>	<b>36,471,957</b>	<b>(893,924)</b>	<b>5,835,510</b>	<b>1,379,950</b>	<b>42,793,493</b>

For the 6 months ended 30 June 2022

	Issued Capital	Accumulated losses	Foreign Currency Translation Reserve	Share-based Payment Reserve	Total Equity
	\$	\$	\$	\$	\$
<b>Balance at 1 January 2022</b>	<b>36,471,957</b>	<b>(8,955,998)</b>	<b>290,627</b>	<b>843,803</b>	<b>28,650,389</b>
Profit for the period	-	3,814,571	-	-	3,814,571
Other comprehensive income	-	-	2,349,508	-	2,349,508
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>3,814,571</b>	<b>2,349,508</b>	<b>-</b>	<b>6,164,079</b>
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	-	-	-	227,500	227,500
<b>Balance at 30 June 2022</b>	<b>36,471,957</b>	<b>(5,141,427)</b>	<b>2,640,135</b>	<b>1,071,303</b>	<b>35,041,968</b>

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



## CONSOLIDATED STATEMENT OF CASH FLOWS

For the 6 months ended 30 June 2023

	6 months ended 30 June 2023 \$	6 months ended 30 June 2022 \$
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and government grants	49,878,823	30,808,038
Payments to suppliers and employees	(35,238,103)	(21,791,681)
Receipts from other income	68,574	58,853
Interest expense	(468,759)	(932,987)
Income tax refund received/(paid)	186,588	(1,467,676)
Royalty payments	(2,957,657)	-
<b>Net cash inflow from operating activities</b>	<b>11,469,466</b>	<b>6,674,547</b>
<b>Cash Flows from Investing Activities</b>		
Receipts from customers - commissioning revenue	-	890,431
Payments to suppliers and employees – commissioning costs	-	(296,727)
Payment for plant and equipment	(2,634,104)	(2,768,515)
<b>Net cash outflow from investing activities</b>	<b>(2,634,104)</b>	<b>(2,174,811)</b>
<b>Cash Flows from Financing Activities</b>		
Repayment of lease liabilities	(1,546,322)	(1,419,417)
<b>Net cash outflow from financing activities</b>	<b>(1,546,322)</b>	<b>(1,419,417)</b>
<b>Net increase in cash and cash equivalents</b>	<b>7,289,040</b>	<b>3,080,319</b>
Cash and cash equivalents at the start of the period	14,182,028	25,233,750
Exchange rate adjustment	523,706	1,107,916
<b>Cash and cash equivalents at the end of the period</b>	<b>21,994,774</b>	<b>29,421,985</b>

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





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

## Contents of the notes to the financial statements

1. Segment information
2. Revenue
3. Cost of goods sold
4. Administration and other expenses
5. Taxation
6. Financial assets and financial liabilities
7. Inventory
8. Plant and equipment
9. Share capital
10. Reserves
11. Earnings per share
12. Commitments and contingencies
13. Subsequent events
14. Basis of preparation



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

## How our numbers are calculated:

This section provides additional information about those individual line items in the financial statements 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.

### 1. 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).

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 six-month period ended 30 June 2023.

The Group's entire revenue stream is generated from its iron ore mine located in Brazil. The Group has three customers who generated in excess of 10% of the Group's revenue. These customers generated 93.5% of the Group's revenue for the period.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 June 2023

### 1. Segment information

	Australia \$	Singapore \$	Brazil \$	Elimination \$	Consolidated \$
<b>Segment performance 6 months ended 30 June 2023</b>					
Revenue	-	-	52,641,369	-	52,641,369
Other income	82,574	-	157,305	-	239,879
Profit/(Loss) before tax	(1,072,602)	(255,676)	5,770,655	-	4,442,377
Profit/(Loss) after tax	(1,072,602)	(255,676)	4,473,601	-	3,145,323
Depreciation	(798)	(10,127)	(2,637,574)	-	(2,648,499)
Finance cost	-	-	(1,427,240)	-	(1,427,240)
<b>Segment performance 6 months ended 30 June 2022</b>					
Revenue	-	-	26,281,601	-	26,281,601
Other income	49,149	-	9	-	49,158
Profit/(Loss) before tax	(1,675,670)	(222,762)	6,306,521	-	4,408,089
Profit/(Loss) after tax	(1,675,670)	(222,762)	5,713,003	-	3,814,571
Depreciation	(5,879)	(10,451)	(1,879,691)	-	(1,896,021)
Finance cost	-	-	(364,836)	-	(364,836)

	Australia \$	Singapore \$	Brazil \$	Elimination \$	Consolidated \$
<b>As at 30 June 2023</b>					
Segment Assets	26,653,054	83,048	52,921,695	(14,401,626)	65,256,171
Segment Liabilities	773,988	(23,792)	21,712,482	-	22,462,678
Acquisition of non-current assets	-	-	2,621,854	-	2,621,854
<b>As at 31 December 2022</b>					
Segment Assets	27,524,230	251,749	37,791,335	(13,532,938)	52,034,376
Segment Liabilities	828,481	7,791	14,925,377	-	15,761,649
Acquisition of non-current assets	-	-	4,808,041	-	4,808,041



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

### 2. Revenue

	Consolidated Entity	
	6 months ended 30 June 2023	6 months ended 30 June 2022
	\$	\$
Revenue – Lump	28,306,796	17,439,872
Revenue – Fines	24,334,573	8,841,729
<b>Total Revenue</b>	<b>52,641,369</b>	<b>26,281,601</b>

	Consolidated Entity	
	6 months ended 30 June 2023	6 months ended 30 June 2022
	\$	\$
Revenue - Brazil Sales	23,039,537	9,530,539
Revenue - Export Sales	29,601,832	16,751,062
<b>Total Revenue</b>	<b>52,641,369</b>	<b>26,281,601</b>

#### *Sale of iron ore (commissioning revenue)*

Revenue is recognised for export sales 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. For internal sales, the revenue is recognised when the goods have been passed to the buyer at the mine gate.

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.

### 3. Cost of Goods Sold

	Consolidated Entity	
	6 months ended 30 June 2023	6 months ended 30 June 2022
	\$	\$
Cost of ore sold – Lumps	7,366,098	3,643,300
Cost of ore sold – Fines	7,440,810	1,909,396
Port charges	26,121,996	14,231,512
Royalties	2,882,975	1,373,639
Mine absorption charges	(10,289,171)	(9,730,537)
Drilling, blasting and haulage charges	10,082,274	6,185,405
Other charges	259,237	242,067
<b>Total Cost of Goods Sold</b>	<b>43,864,219</b>	<b>17,854,782</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

### 4. Administration and other expenses

	Consolidated Entity	
	6 months ended 30 June 2023	6 months ended 30 June 2022
	\$	\$
Share-based payments	255,918	227,500
Administrative expenses	2,258,514	1,444,577
Marketing expenses	33,176	46,145
Occupancy costs	82,479	52,740
Other Expenses	20,349	52,209
Employee benefits expense	2,450,541	1,589,193
Depreciation and amortisation costs	2,648,499	1,941,269
Mine absorption charges	(4,602,064)	(1,650,581)
<b>Total administration and other expenses</b>	<b>3,147,412</b>	<b>3,703,052</b>

### 5. Taxation

	Consolidated Entity	
	6 months ended 30 June 2023	6 months ended 30 June 2022
	\$	\$
<b>Tax Expense</b>		
Current tax expense	1,297,054	593,518
<b>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:</b>		
Accounting profit before income tax	4,442,377	4,408,089
Income tax benefit calculated at 30% (30 June 2022: 25%)	1,332,713	1,102,022
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income		
Non-deductible expenses	968,003	122,380
Non-assessable income	-	74,131
Current year tax losses not recognised	372,513	(245,780)
Effect of tax in foreign jurisdictions	(1,257,317)	593,518
Movement in unrecognised temporary differences	(16,507)	(144,623)
Deductible equity raising costs	(102,351)	(650,598)
Temporary differences not recognised	-	(257,532)
<b>Income tax expense attributable to entity</b>	<b>1,297,054</b>	<b>593,518</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

### Deferred tax balances

For the 6-months to 30 June 2022, net deferred tax assets of \$3,245,421 (6-months to 31 December 2022: \$3,017,325) have not been recognised in terms of AASB112 Income Taxes. The Parent Company 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.

	Consolidated Entity	
	30 June 2023	31 December 2022
	\$ 30.00%	\$ 30.00%
<b>Recognised deferred tax assets and liabilities</b>		
<b>Deferred tax assets</b>		
Employee provisions	4,655	3,473
ROU assets	-	-
	<u>4,655</u>	<u>3,473</u>
Set-off of deferred tax liabilities	<u>(4,655)</u>	<u>(3,473)</u>
Net deferred tax assets	<u>-</u>	<u>-</u>
<b>Deferred tax liabilities</b>		
Plant & equipment	(4,655)	(3,473)
ROU liability	-	-
Other DTLs	-	-
Gross deferred tax liabilities	<u>(4,655)</u>	<u>(3,473)</u>
Set-off of deferred tax liabilities	<u>4,655</u>	<u>3,473</u>
<b>Net deferred tax liabilities</b>	<u>-</u>	<u>-</u>
<b>Unused tax losses and temporary differences for which no deferred tax asset has been recognised</b>		
Deferred tax assets have not been recognised in respect of the following using corporate tax rates of:	30.00%	30.00%
Deductible temporary differences	366,510	485,370
Tax revenue losses	2,842,280	2,495,324
Tax capital losses	<u>36,631</u>	<u>36,631</u>
<b>Total unrecognised deferred tax assets</b>	<u><b>3,245,421</b></u>	<u><b>3,017,325</b></u>

The corporate tax rates on both recognised and unrecognised deferred tax assets and deferred tax liabilities have been calculated with respect to the tax rate that is expected to apply in the year the deferred tax asset is realised or the liability is settled.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

## 6. Financial assets and financial liabilities

The Group holds the following financial instruments:

		Consolidated Entity	
		30 June 2023	31 December 2022
		\$	\$
<b>Financial assets</b>			
Financial assets at amortised cost			
Cash and cash equivalents	6a	21,994,774	14,182,028
Trade and other receivables	6b	8,813,155	4,082,911
<b>Financial liabilities</b>			
Liabilities at amortised cost			
Trade and other payables	6c	7,306,521	3,183,147
Lease liabilities	6d	10,455,401	9,329,504

### a) Cash and cash equivalents

		Consolidated Entity	
		30 June 2023	31 December 2022
		\$	\$
Cash at bank and on hand		21,994,774	14,182,028

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

### b) Trade and other receivables

		Consolidated Entity	
		30 June 2023	31 December 2022
		\$	\$
<b>Current</b>			
Trade debtors-at amortised cost		8,813,155	2,130,381
Accrued revenue		-	1,952,530
		<u>8,813,155</u>	<u>4,082,911</u>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

### c) Trade and other payables

	Consolidated Entity	
	30 June 2023	31 December 2022
	\$	\$
Trade creditors	5,421,049	1,692,532
Customer advances	206,157	148,853
Accruals and other payables	1,679,315	1,341,762
	<b>7,306,521</b>	<b>3,183,147</b>

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.

### d) Leases

#### Amounts recognised in the statement of financial position

Right-of-use asset	Mining equipment	Consolidated 30 June 2023
	\$	\$
<b>Cost</b>		
At 1 January 2023	13,111,035	<b>13,111,035</b>
Lease reassessment	1,549,223	<b>1,549,223</b>
Exchange difference	1,490,835	<b>1,490,835</b>
<b>At 30 June 2023</b>	<b>16,151,094</b>	<b>16,151,094</b>
<b>Accumulated Depreciation</b>		
At 1 January 2023	4,538,435	<b>4,538,435</b>
Charge for the 6 month period ended 30 June 2023	1,747,441	<b>1,747,441</b>
Lease reassessment	502,847	<b>502,847</b>
Exchange difference	665,628	<b>665,628</b>
<b>At 30 June 2023</b>	<b>7,454,351</b>	<b>7,454,351</b>
<b>Carrying amount</b>		
At 31 December 2022	8,572,600	<b>8,572,600</b>
At 30 June 2023	8,696,743	<b>8,696,743</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

Lease Liabilities	Mining equipment	Consolidated 30 June 2023
	\$	\$
<b>At 1 January 2023</b>	<b>9,329,504</b>	<b>9,329,504</b>
Lease reassessment	1,686,712	<b>1,686,712</b>
Add: Interest	540,049	<b>540,049</b>
Less: Payments	(2,165,763)	<b>(2,165,763)</b>
Exchange difference	1,064,899	<b>1,064,899</b>
<b>Closing Balance at 30 June 2023</b>	<b>10,455,401</b>	<b>10,455,401</b>
<b>Represented by:</b>		
Current lease liabilities	4,150,779	<b>4,150,779</b>
Non-current lease liabilities	6,304,622	<b>6,304,622</b>

### 7. Inventory

	Consolidated Entity	
	30 June 2023	31 December 2022
	\$	\$
Inventory – Lump at cost	1,370,830	2,381,523
Inventory – Fines at cost	11,354,057	11,531,816
	<b>12,724,887</b>	<b>13,913,339</b>

### 8. Plant and equipment

	Consolidated Entity	
	30 June 2023	31 December 2022
	\$	\$
Furniture	24,954	22,717
Software and IT equipment	136,994	127,822
Lab equipment	239,012	245,513
Assets under construction	11,326	1,364
Plant and equipment	2,276,396	2,197,596
Mine property	200,049	206,017
Stripping asset	9,173,941	6,394,131
	<b>12,062,672</b>	<b>9,195,160</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

### Movement in carrying amounts of plant and equipment

	Furniture \$	Software and IT equipment \$	Lab equipment \$	Assets under construction \$	Plant and equipment \$	Mine Property \$	Stripping Asset \$	Consolidated Entity Total \$
<b>Balance at 1 January 2023</b>	<b>22,717</b>	<b>127,822</b>	<b>245,513</b>	<b>1,364</b>	<b>2,197,596</b>	<b>206,017</b>	<b>6,394,131</b>	<b>9,195,160</b>
Additions	-	9,944	-	10,620	44,368	-	2,556,922	<b>2,621,854</b>
Reallocation	1,056	368	-	(1,424)	-	-	-	-
Depreciation	(1,382)	(13,860)	(32,273)		(204,791)	(16,636)	(632,116)	<b>(901,058)</b>
Exchange differences	2,563	12,720	25,772	766	239,223	10,668	855,004	<b>1,146,716</b>
<b>Balance at 30 June 2023</b>	<b>24,954</b>	<b>136,994</b>	<b>239,012</b>	<b>11,326</b>	<b>2,276,396</b>	<b>200,049</b>	<b>9,173,941</b>	<b>12,062,672</b>
Cost	29,480	193,992	344,180	11,326	2,905,493	255,512	10,195,432	<b>13,935,415</b>
Accumulated Depreciation	(4,526)	(56,998)	(105,168)	-	(629,097)	(55,463)	(1,021,491)	<b>(1,872,743)</b>
<b>Balance at 30 June 2023</b>	<b>24,954</b>	<b>136,994</b>	<b>239,012</b>	<b>11,326</b>	<b>2,276,396</b>	<b>200,049</b>	<b>9,173,941</b>	<b>12,062,672</b>





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

### 9. Share capital

#### a) Issued share capital

	30 June 2023		31 December 2022	
	Number	\$	Number	\$
Ordinary shares fully paid	2,149,607,373	36,471,957	2,136,982,373	36,471,957

#### b) Movement in ordinary share capital

Date	Details	Number of shares	\$
01/01/2023	Balance at the beginning of the year	2,136,982,373	36,471,957
31/05/2023	Performance shares exercised into ordinary shares	12,625,000	-
30/06/2023	Closing balance	2,149,607,373	36,471,957

#### 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 Group, ordinary shareholders rank after all other shareholders and creditors are fully entitled to any proceeds of liquidations.

### 10. Reserves

	Consolidated Entity	
	30 June 2023	31 December 2022
	\$	\$
Share-based payment reserve	1,379,950	1,124,032
Foreign current translation reserve	5,835,510	2,715,985
	<b>7,215,460</b>	<b>3,840,017</b>

Movement reconciliation in share-based payment reserve	Number of options	Number of Performance Rights	\$
On issue at 1 January 2023	19,750,000	31,125,000	1,124,032
Performance shares issued to directors	-	3,750,000	-
Performance shares exercised into ordinary shares	-	(12,625,000)	-
Recognition of share-based payment expense for performance rights	-	-	255,918
On issue 30 June 2023	19,750,000	22,250,000	1,379,950

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

Set out below are summaries of the movements of performance rights granted to key management personnel of the Company:

Grant date	Expiry date	Exercise price	Balance at start of year	Granted	Balance at end of year
31 May 2023	31 May 2025	Nil	-	3,750,000	3,750,000
				<b>3,750,000</b>	<b>3,750,000</b>

For the performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Risk-free interest rate	Fair value at grant date
31 May 2023	31 May 2025	\$0.02	Nil	150%	3.16%	\$0.02

### 11. Earning per shares (EPS)

Earnings per ordinary share is calculated on the Group's profit after tax of \$3,145,323 and the weighted average number of shares in issue during the year of 2,134,808,067 and the weighted average number of dilutive potential ordinary shares of 2,172,757,166.

	Consolidated Entity	
	6 months ended 30 June 2023 Cents	6 months ended 30 June 2023 cents
<b>Basic and diluted profit per share</b>		
From continuing operations	0.15	0.18
Total basic and diluted profit per share	0.14	0.18

### 12. Commitments and contingencies

There are no other commitments or contingent liabilities outstanding at 30 June 2023 (31 December 2022: \$nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

## 13. Subsequent events

The initial internal assessments of the geotechnical event which occurred at the end of June 2023, was that it did not result in any expected impact on September 2023 quarter production, however following third party inspections by geological consultants, the Company has undertaken additional geotechnical works, inspections and safety restrictions, which have partially impacted on production levels for September 2023 quarter production.

Other than the above, no matters or circumstances have arisen since the end of the six-month period ended 30 June 2023 which have significantly affected or may significantly affect the operating of the Group, the results of those operations, or state of affairs of the Group in future financial years.

## 14. Basis of preparation

This condensed consolidated interim financial report for the half year ended 30 June 2023 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Act 2001. Compliance with AASB 134 ensures compliance with IAS 34 Interim Financial Reporting.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the Corporation Act 2001.

The accounting policies and computations adopted and applied by the Group are consistent with those of the previous financial year and corresponding interim reporting period. New and amended standard standards adopted by the Group in the current reporting period had no material impact.

*a) Amendments to Accounting Standards and new interpretations that are mandatory effective from the current reporting period*

The Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Board (the AASB) that are relevant to its operations and effective for the current reporting period. There has been no impact on the Group results as a result of these new standards.

Any new or amended Accounting Standards or Interpretation that are not yet mandatory have not been early adopted.

## 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 2023 and of its performance for the financial period ended 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**  
**13 September 2023**

**INDEPENDENT AUDITOR'S REVIEW REPORT**

To the Members of Tombador Iron Limited

**Report on the Condensed Half-Year Financial Report***Conclusion*

We have reviewed the half-year 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 2023, 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Tombador Iron Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Basis for Conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

*Responsibility of the Directors for the Financial Report*

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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*Auditor's Responsibility for the Review of the Financial Report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

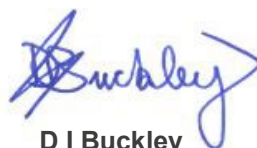
*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



**HLB Mann Judd**  
Chartered Accountants

**Perth, Western Australia**  
**13 September 2023**



**D I Buckley**  
Partner



**TOMBADOR IRON**

**TOMBADOR IRON LIMITED**

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