TOMBADOR IRON

CONDENSED CONSOLIDATED INTERIM REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

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

DIRECTORS' REPORT

The Directors of Tombador Limited ("**TI1**" or the "**Company**" and, together with its controlled entities, the "**Group**") submit herewith the condensed consolidated interim report of the Group for the half-year ended 31 December 2021 ("**H1 FY22**").

DIRECTORS

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

Directors have been in office since the start of the financial year to the date of this 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.

SUMMARY REVIEW OF OPERATIONS

Cross Reference Presentations:
December 2021 Investor Presentation: https://cutt.ly/1ASp0ij
October 2021 Investor Presentation: https://cutt.ly/aASaHSn
August 2021 Company Presentation: https://cutt.ly/KASsGGj

Iron Ore Production

The Company's key operational focus over the period was to ramp up production and sales of high-grade lump and fines iron ore to Brazilian and export markets. During the half, the Company achieved sales of lump and fines ore of 242,300 wet metric tonnes (wmt) and held 191,500wmt on stockpile at the end of the period.

The operational team at the mine site have increased production rates within or above pre-development expectations and are on track to achieve production run rates outlined in the Pre-Feasibility Study (announced 1 March 2022) during 2H FY 2022.

Iron Ore and Shipping Markets

Historically elevated global seaborne freight prices resulted in the Company electing to prioritise sales to Brazilian steel producers during the second half of 2021. The appetite within Brazil's domestic steel market for Tombador's premium hematite product has resulted in increased and recurring sales to local buyers.

Global iron ore prices were volatile during the half year period, with prices for 62% Fe product beginning the period above US$200/t and ending the period at US$116/t with lows of circa US$85/t experienced during November 2021.

The combination of higher seaborne freight rates and a volatile commodity price resulted in the Company electing to manage export volumes on a shipment-for-shipment basis, with an objective to export when the Company could be satisfied that such sales would achieve positive profit margins.

Beneficiation Studies

Study work continued into the potential 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 barren waste for potential processing (beneficiation) at a later date. Test work of potentially beneficiable ore types has continued using dry sensor-based sorting technologies. Preliminary results from proof-of-concept study test work have been encouraging.

Significant events after balance sheet date

On 1 March 2022, the Company announced the Tombador Project's Pre-Feasibility Study (PFS) and the Ore Reserves. The PFS supports a maiden Ore Reserve at the Tombador project of 5.59Mt at a grade of 65.5% Fe, with a production target of 1.2 million tonnes per annuum of Direct Shipping Ore (DSO) over five years.

The impact of the Coronavirus (COVID-19) pandemic is ongoing. 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.

No matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the consolidated entity's operation, the result of those operations, or the consolidated entity's state of affairs in future financial years.

Dividends paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for the payment of dividends has been made.

Auditor's independence declaration

Section 307C of the Corporations Act 2001 requires our auditors, 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 3 and forms part of this Directors' report for the period ended 31 December 2021.

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
16 March 2022

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the condensed consolidated interim financial report of Tombador Iron Limited for the half-year ended 31 December 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 review; and

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

Perth, Western Australia
16 March 2022

D I Buckley
Partner

hlb.com.au

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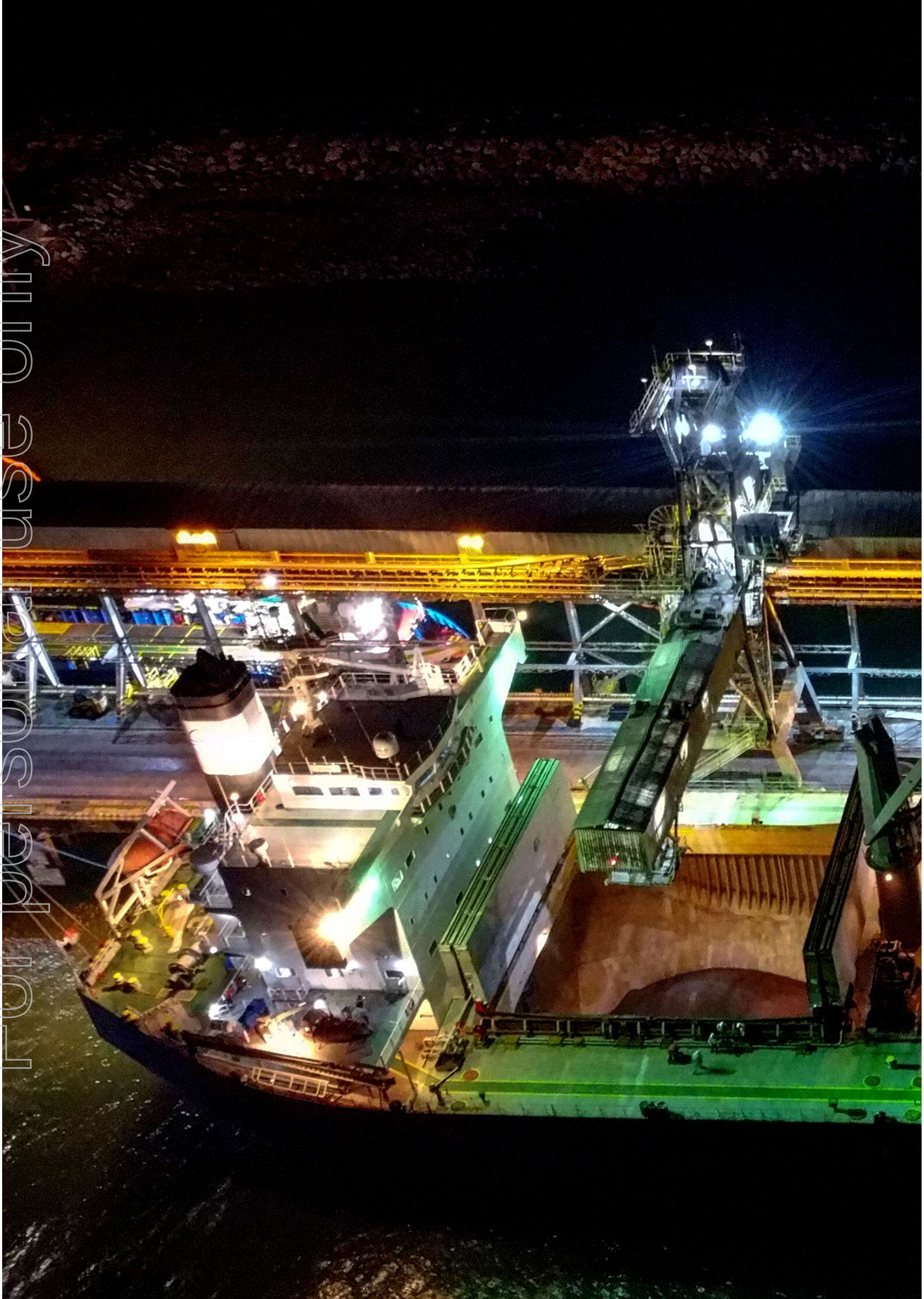

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2021

	Note	Half-year ended 31-Dec-21 $	Half-year ended Restated * 31-Dec-20 $
CONTINUING OPERATIONS			
Revenue	**3**	6,282,186	-
Cost of goods sold	**4**	(2,275,472)	-
Gross Profit		**4,006,714**	**-**
Other Income		9,695	26,207
Administration and other expenses	**5**	(3,189,386)	(5,685,475)
Operating profit/(loss) before finance cost		**827,023**	**(5,659,268)**
Finance income		-	29
Finance cost		(220,361)	(45,071)
Profit/(loss) before income tax		**606,662**	**(5,704,310)**
Tax benefit/(expense)	**6**	(927,241)	-
Loss after tax for the period from continuing operations		**(320,579)**	**(5,704,310)**
DISCONTINUED OPERATIONS			
Profit from discontinued operations		-	304,542
Total net loss after income tax		**(320,579)**	**(5,399,768)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(230,171)	(358,151)
Other comprehensive loss for the period, net of tax		**(230,171)**	**(358,151)**
Total comprehensive loss for the year		**(550,750)**	**(5,757,919)**
Loss attributable to members of the parent entity			
Loss per share from Continuing Operations attributable to the owners of Tombador Iron Limited			
Basic loss per share (cents)	**12**	(0.02)	(0.35)
Diluted loss per share (cents)	**12**	(0.02)	(0.35)
Loss per share attributable to the owners of Tombador Iron Limited			
Basic loss per share (cents)	**12**	(0.02)	(0.34)
Diluted loss per share (cents)	**12**	(0.02)	(0.34)

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

* The comparative statement of profit or loss and other comprehensive income is restated for the overstatement of share based payment for the reverse acquisition of Tombador Iron limited by $15,000,000. Refer to note 16 for the 2021 Annual Report for further details.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	Consolidated 31-Dec-21 $	Consolidated 30-Jun-21 $
Current Assets			
Cash and cash equivalents		25,233,750	24,704,473
Trade and other receivables	**9a**	3,121,741	193,907
Inventory	**8**	4,659,982	-
Other assets		148,597	110,651
Total Current Assets		33,164,070	25,009,031
Non-Current Assets			
Property, plant and equipment	**7**	2,140,654	14,485,401
Right-of-use assets		3,950,286	4,821,930
Total Non-Current Assets		6,090,940	19,307,331
Total Assets		**39,255,010**	**44,316,362**
Current Liabilities			
Trade and other payables	**9b**	3,112,707	6,993,290
Lease liability		1,013,422	1,068,272
Provisions		78,272	87,069
Total Current Liabilities		4,204,401	8,148,631
Non-Current Liabilities			
Lease liability		3,171,444	3,993,154
Provisions		3,228,776	3,420,754
Total Non-Current Liabilities		6,400,220	7,413,908
Total Liabilities		**10,604,621**	**15,562,539**
Net Assets		**28,650,389**	**28,753,823**
Equity			
Share Capital	**10**	36,471,957	36,472,270
Reserves	**11**	1,134,430	916,972
Accumulated losses		(8,955,998)	(8,635,419)
Total Equity		**28,650,389**	**28,753,823**

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES OF EQUITY

For the half-year ended to 31 December 2021

		Share Capital $	Accumulated losses $	Foreign Currency Translation Reserve $	Share-based Payment Reserve	Total Equity $
Balance at 1 July 2021		**36,472,270**	**(8,635,419)**	**520,798**	**396,174**	**28,753,823**
Loss for the period		-	(320,579)	-	-	(320,579)
Other comprehensive loss		-	-	(230,171)	-	(230,171)
Total comprehensive loss for the period		**-**	**(320,579)**	**(230,171)**		**(550,750)**
Transactions with owners in their capacity as owners:						
Share-based payments		-	-	-	447,629	447,629
Adjustment to unmarketable parcel sale	10	(313)	-	-	-	(313)
Balance at 31 December 2021		**36,471,957**	**(8,955,998)**	**290,627**	**843,803**	**28,650,389**

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES OF EQUITY

For the half-year ended to 31 December 2020

	Share Capital $	Accumulated Losses $	Foreign Currency Translation Reserve Restated $	Share-based Payment Reserve	Total Equity $
Balance at 1 July 2020	**11,712**	**(10,048)**	**10**	**-**	**1,674**
Loss for the period	-	(5,399,768)	-	-	(5,399,768)
Other comprehensive loss	-	-	(358,151)	-	(358,151)
Total comprehensive loss for the period	**-**	**(5,399,768)**	**(358,151)**	**-**	**(5,757,919)**
Transactions with owners in their capacity as owners:					
Shares issued on conversion of convertible notes	16,599	-	-	-	16,599
Share-based payments	-	-	-	272,991	272,991
Effective consideration to the reverse acquisition of Tombador Iron Limited	3,831,263	-	-	-	3,831,263
Shares issued during the year	15,000,000	-	-	-	15,000,000
Less: transaction costs	(1,345,409)	-	-	-	(1,345,409)
Shares issued to convert debt to equity	235,671	-	-	-	235,671
Balance at 31 December 2020	**17,749,836**	**(5,409,816)**	**(358,141)**	**272,991**	**12,254,870**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.
The comparative statement of changes of equity is restated for the overstatement of share-based payment for the reverse acquisition of Tombador Iron limited by $15,000,000. Refer to note 16 for the 2021 Annual Report for further details.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Note	Half-year ended 31-Dec-21 $	Half-year ended 31-Dec-20 $
Cash flows from operating activities			
Receipts from customers and government grants		4,220,494	335,250
Payments to suppliers and employees		(9,746,235)	(2,550,902)
Interest received		-	29
Interest paid		(148,806)	(127,410)
Income tax paid		(617,553)	-
Net cash used in operating activities		(6,292,100)	(2,343,033)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		-	(734,507)
Proceeds from disposals of subsidiaries		-	137,151
Cash balance acquires on reverse acquisition principles		-	187,907
Proceeds from disposals of non-current assets		-	59,806
Payments for assets in construction		(10,536,113)	(1,306,609)
Receipts from customers - commissioning revenue		17,766,409	-
Payment for plant and equipment		(27,635)	(35,019)
Net cash provided by/(used in) investing activities		7,202,661	(1,691,271)
Cash flows from financing activities			
Proceeds from issue of shares		-	15,000,000
Transaction costs relating to issue of shares		(313)	(1,183,246)
Repayment of lease liabilities		(497,819)	(182,303)
Net cash (used in)/ provided by financing activities		(498,132)	13,634,451
Net increase in cash and cash equivalents		412,429	9,600,147
Cash and cash equivalents at beginning of period		24,704,473	8,733
Exchange rate adjustment		116,848	250
Cash and cash equivalents at end of period		25,233,750	9,609,130

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

Contents of the notes to the financial statements

1. Significant changes in the current reporting period
2. Segment information
3. Revenue
4. Cost of goods sold
5. Other expenses
6. Taxation
7. Property and equipment
8. Inventory
9. Financial instruments
10. Share capital
11. Reserves
12. Earnings per share
13. Commitments and contingencies
14. Subsequent events
15. Basis of preparation

1. Significant changes in the current reporting period

During the period covered by this Financial Report, the Company achieved commercial levels of production. Associated mine assets are now considered available for use and depreciation commenced. See note 7 for further information.

Prior to achieving commercial levels of production, revenue and expenditure associated with bringing operations to commercial levels were capitalised against the mine assets.

The cashflows from revenues and costs of production during the commissioning phase were classified as investing cashflows in the statement of cashflows. This results in material differences in classification from the reported quarterly cashflows as the December 2021 quarter cashflows are presented with these cashflows as operating cashflows. The resulting difference in classification between the quarterly and statutory operating and investing cashflows is $11,212,000.

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 was discontinued in the prior half-year 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 period ended 31 December 2021.

2. Segment information (continued)

	Australia $	Singapore $	Brazil $	Discontinued $	Elimination $	Consolidated $
Segment performance December 2021						
Revenue	-	-	6,282,186	-	-	6,282,186
Interest income	-	-	-	-	-	-
Other income	9,695	-	-	-	-	9,695
Profit/(Loss) before tax	(1,668,884)	(358,189)	2,633,735	-	-	606,662
Profit/(Loss) after tax	(1,668,884)	(358,189)	1,706,494	-	-	(320,579)
Depreciation and amortisation	-	(1,873)	(42,379)	-	-	(44,252)
Finance cost	-	-	(220,361)	-	-	(220,361)
Segment performance December 2020						
Interest income	-	-	29	-	-	29
Other income	379,497	-	-	622,157	(938,028)	63,626
(Loss)/ Profit before tax	(417,615)	(4,652,154)	(634,541)	304,542	-	(5,399,768)
(Loss)/ Profit after tax	(417,615)	(4,652,154)	(634,541)	304,542	-	(5,399,768)
Depreciation	-	-	(9,168)		-	(9,168)
Finance cost	(33,494)	-	(11,577)	(38,392)	-	(83,463)

2. Segment information (continued)

	Australia $	Singapore $	Brazil $	Discontinued $	Elimination $	Consolidated $
As at 31 December 2021						
Segment Assets	30,226,898	21,499,451	19,338,693	-	(31,810,032)	39,255,010
Segment Liabilities	65,287	22,276,939	10,477,315	-	(22,214,920)	10,604,621
Acquisition of non-current assets	-	-	10,908,749	-	-	10,908,749
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

3. Revenue

	31-Dec-21 $	31-Dec-20 $
Revenue- Brazil sales	2,474,740	-
Revenue- export sales	3,807,446	-
	6,282,186	-

Under AASB 15 Revenue from Contracts with Customers, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control requires judgement. Revenue from sale of goods is recognised when the goods are delivered, and control has passed to the customer.

4. Cost of goods sold

	31-Dec-21 $	31-Dec-20 $
Mine costs	1,009,297	-
Mine asset depreciation	38,200	-
Shipping and freight	881,178	-
Royalties	329,815	-
Other	16,982	-
	2,275,472	-

Cost of goods sold includes all costs related to mining and milling, net of costs capitalised to mine development and production stripping. This category also includes movements in the cost of inventory and any net realisable value write downs.

5. Other expenses

	31-Dec-21 $	31-Dec-20 $
Administrative and operating expenses	1,166,593	489,290
Employee expenses	1,006,329	267,709
Directors and external consultant expenses	504,897	530,812
Depreciation and amortisation	6,052	9,168
Occupancy expenses	57,886	7,061
Share based payment in relation to reverse acquisition	-	4,287,610
Fair value on gain on disposal of investments	-	(17,666)
Share-based payments	447,629	111,491
	3,189,386	5,685,475

6. Taxation

	31-Dec-21 $	31-Dec-20 $
Income tax recognised in profit or loss		
Current tax expense	927,241	-
Income tax expense/ (income)	927,241	-
The prima facie income tax expense / (benefit) on pre-tax accounting profit / (loss) from operations reconciles to the income tax expense as follows:		
Accounting profit / (loss) before income tax	606,662	(8,625,371)
Income tax at 25.0% (2020: 26%)	151,666	(2,242,596)
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Non-deductible expenses	46,436	1,201,698
Non-assessable income	(74,131)	(13,097)
Adjustments recognised in the current year in relation to the current tax of previous years	3,299,105	63,908
Tax on remitted & unremitted foreign earnings	927,241	(135,405)
Effect of temporary differences recognised directly in equity	(52,777)	(681,974)
Impact from change in tax rate on unrecognised DTAs	-	69,518
Temporary differences not recognised	(3,370,299)	1,737,948
Income tax expense	927,241	-

The tax rate used in the above reconciliation is the corporate tax rate of 25.0% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in this tax rate since the previous reporting period.

At 31 December 2021, net deferred tax assets of $1,952,048 have not been recognised in terms of AASB112 Income Taxes. The Group does not currently have foreseeable future taxable profits in Australia against which the deductible temporary differences and unused tax losses comprising this net deferred tax amount may be utilised.

	31-Dec-21 $	30-Jun-21 $
Deferred tax assets		
The balance comprises temporary differences attributable to:		
Intangible assets	83,100	83,100
Trade & other payables	11,278	3,750
Employee benefits	20,488	21,767
Lease Liability	772,040	1,265,357
Unused tax losses	1,106,908	4,033,705
Other reserves	71,067	-
Other future deductions	585,781	1,120,150
Amount offset to deferred tax liabilities pursuant to set-off provision	(698,614)	(1,205,483)
Net deferred tax assets	1,952,048	5,322,346

7. Property and equipment

	31-Dec-21 $	30-Jun-21 $
Software and IT equipment	35,645	64,157
Lab equipment	208,890	202,406
Assets under Construction	-	14,218,838
Plant and equipment	1,896,119	-
	2,140,654	14,485,401

Movement in carrying amounts of plant and equipment

	Software and IT equipment	Lab equipment	Assets under construction	Plant and equipment	Total
Balance at 1 July 2021	64,157	202,406	14,218,838	-	14,485,401
Additions	-	27,635	-	-	27,635
Capitalisation of pre-commercial cost of production	-	-	10,536,113	-	10,536,113
Pre-production revenue netted off	-	-	(22,517,885)	-	(22,517,885)
Capitalisation of right of use asset amortisation	-	-	425,184	-	425,184
Capitalisation of finance cost of lease liability	-	-	123,729	-	123,729
Reallocation on achieving commercial production	-	-	(1,992,870)	1,992,870	-
Depreciation	(1,873)	(4,179)	-	(38,200)	(44,252)
Exchange differences	(26,639)	(16,972)	(793,109)	(58,551)	(895,271)
Balance at 31 December 2021	35,645	208,890	-	1,896,119	2,140,654

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.

During the half year ended 31 December 2021 commercial levels of production were achieved and the mine asset and plant and equipment are therefore classified as available for use. Once assets are available for use, depreciation is calculated on a units of production method for mine asset and a straight-line method for other assets, with expected useful lives as follows:

Software and IT equipment	3 years
Lab equipment	5 years
Plant and equipment	7 – 10 years

8. Inventory

	31-Dec-21 $	30-Jun-21 $
At cost		
Stock at mine - Lump	945,668	-
Stock at mine - Fines	3,714,314	-
Total Inventory	4,659,982	-

Inventory represents ore stock and is physically measured or estimated and valued at the lower of cost and net realisable value. Cost is determined by the weighted average method and comprises direct purchase costs and an appropriate portion of fixed and variable overhead costs, including depreciation and amortisation, incurred in converting ore. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs of selling the final product, including royalties.

9. Financial Instruments

(a) Trade and other receivables

	31-Dec-21 $	30-Jun-21 $
Trade debtors- at amortised cost	3,121,741	193,907
	3,121,741	193,907

(b) Trade and other payables

	31-Dec-21 $	30-Jun-21 $
Trade creditors	1,133,884	2,155,729
Customer advances	866,142	4,751,476
Income tax payable	298,828	-
Accruals and other payables	813,853	86,085
	3,112,707	6,993,290

The Group has a number of financial instruments which are not measured at fair value on a recurring basis. The carrying amount of these financial instruments approximates their fair values.

10. Share capital

a) Issued share capital

	31-Dec-21		30-Jun-21	
	Number	$	Number	$
Ordinary shares fully paid	2,129,346,373	36,471,957	2,114,096,373	36,472,270

b) Movement in ordinary share capital

Movements in ordinary share capital	Number of Shares	Issue Price	$
On issue at 1 July 2021	2,114,096,373		36,472,270
Shares issued on vesting of Tranche 1 performance rights	7,625,000	-	-
Shares issued on vesting of Tranche 2 performance rights	7,625,000	-	-
Adjustment to unmarketable parcel sale	-	-	(313)
On issue at 31 December 2021	2,129,346,373	-	36,471,957

11. Reserves

	31-Dec-21 $	30-Jun-21 $
Share-based payment reserve (i)	843,803	396,174
Foreign currency translation reserve	290,627	520,798
	1,134,430	916,972

(i) Movement in share-based payment reserve

	Number of options	Number of performance rights	$
On issue at 1 July 2021	19,750,000	46,500,000	396,174
Recognition of share - based payment expense for performance rights issued to Directors	-	-	118,056
Recognition of share - based payment expense for performance rights issued to consultants and employees	-	-	329,573
Shares issued on vesting of Tranche 1 performance rights	-	(7,625,000)	-
Shares issued on vesting of Tranche 2 performance rights	-	(7,625,000)	-
On issue at 31 December 2021	19,750,000	31,250,000	843,803

12. Loss per share

Loss per ordinary share is calculated on the Group's loss after tax of $320,579 and the weighted average number of shares in issue during the period of 2,114,096,373.

	31-Dec-21 cents	31-Dec-20 cents
Basic and diluted loss per share	(0.02)	(0.34)
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	2,114,096,373	1,607,130,145

13. Commitments and contingencies

There are no other commitments or contingent liabilities outstanding at 31 December 2021.

14. Subsequent events

On 1 March 2022, the Company announced the Tombador Project's Pre-Feasibility Study (PFS) and the Ore Reserves. The PFS supports a maiden Ore Reserve at the Tombador project of 5.59Mt at a grade of 65.5% Fe, with a production target of 1.2 million tonnes per annuum of Direct Shipping Ore (DSO) over five years.

The impact of the Coronavirus (COVID-19) pandemic is ongoing. 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.

No matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the consolidated entity's operation, the result of those operations, or the consolidated entity's state of affairs in future financial years.

15. Basis of preparation

This condensed consolidated interim financial report for the half-year ended 31 December 2021 has been prepared in accordance with Accounting Standard AASB *134 Interim Financial Reporting* and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with IAS 134 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 the any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations 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 standards adopted by the Group in the current reporting period had no material impact.

15. Basis of preparation (continued)

The following accounting policy has not been disclosed in previous reports:

i) Sale of iron ore

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 recognised the revenue during the commissioning phase under AASB 116 Plant, Property and Equipment, as a reduction of the Asset under construction cost.

a) New and amended standards adopted by the group

A number of amended standards became applicable for the current reporting period. The group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

b) Impact of standards issued but not yet applied by the entity

The following new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been adopted by the Group:

- AASB 17 *Insurance Contracts*
- AASB 2020-3 *Annual improvements and other amendments*
- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*
- AASB 2021-5 *Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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.

c) Key estimates and significant accounting judgements

The preparation of half-year financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In the 30 June 2021 Annual Report, commercial production was defined as 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 two-month period. During the period, the definition of commercial production was reassessed to include other factors such as cashflow and cash positive operations. Under the revised definition, commercial production was achieved on 30 November 2021.

Apart from the revision in the definition of commercial production, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group when compiling its annual 30 June 2021 financial statements.

DIRECTORS DECLARATION

In the directors' opinion:

(a) the financial statements and notes set out on pages 10 to 21 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 31 December 2021 and of its performance for the financial period ended on that date, and

(b) 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.

Anna Neuling
Non-executive chair
16 March 2022

HLB MANN JUDD
ADVISORY AND ACCOUNTING

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

Report on the Condensed Interim Financial Report

Conclusion

We have reviewed the accompanying condensed consolidated interim financial report of Tombador Iron Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising 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 interim 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 31 December 2021 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 interim 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 interim 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 interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 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 interim 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

HLB Mann Judd
Chartered Accountants

Buckley

D I Buckley
Partner

Perth, Western Australia
16 March 2022

TOMBADOR IRON

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