



TOMBADOR IRON

ANNUAL REPORT FOR YEAR ENDED 30 JUNE 2022



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: T11

WEBSITE ADDRESS:

www.tombadoriron.com



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CHAIRMAN'S ADDRESS

Dear Shareholders

Since Tombador Iron Limited's (ASX:T11) maiden iron ore shipment in July 2021, the Company has achieved commercial production for accounting purposes on 1 December 2021 and in June 2022, produced over 100,000wmt of lump and fines product which is equal to the run rate of our production target of 1.2Mtpa.

In March 2022, Tombador announced its pre-feasibility study which demonstrated strong financial returns from its maiden ore reserves of 5.59Mt at 65.5%Fe and had a mine life of 5 years based off the forecasted annual production of 1.2Mtpa.

The Company produced 754,000 wet metric tonnes (wmt) of lump and fines ore during the year and sold 477,000 wet metric tonnes (wmt) of lump and fines ore to the overseas and domestic Brazil markets.

As a Company, we are focusing on growing the volume of high-grade lump and fines sales into the domestic Brazil market, studying the feasibility of beneficiating the medium iron grade rock and finalising the ramp-up phase including availability and efficiency of the crushing and screening plant.

Whilst our focus is production and related sales, we like to think that we are producing in a safe, environmentally respectful and socially responsible manner with our programs with the local community providing school equipment, jobs and income to the local community, road safety campaigns, and minimizing our ecological footprint.

I would like to thank Stephen Quantrill, Gabriel Oliva and the rest of the Tombador team for their individual commitment and support for Tombador. I also want to thank our Board of directors for supporting Tombador and its team through their advice and guidance.

Lastly thank you to our shareholders whose support during this exciting time is being rewarded by our first shareholder dividend of 0.28c per share, which delivers a yield of approximately 12% on the 28 September 2022 closing share price of 2.3 cents.

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 2022. 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 a Non-Executive Director of ASX-listed S2 Resources Ltd Prior to moving to Non-Executive Director in August 2022, Anna was Executive Director of S2 Resources Ltd since it was demerged from Sirius Resources Limited as part of its merger with IGO in 2015. Anna has held various roles at Sirius since its inception and was Executive Director – Corporate and Commercial at the time of the \$2.7 billion merger.

Ms Neuling has 20 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: 750,000 (24 month escrow) indirectly held.

Escrowed shares (24 months): 2,250,000 indirectly held.

Other directorships in listed entities held in the previous three years

Non-Executive Director of S2 Resources (ASX: S2R) from July 2022 to current.
Executive Director of S2 Resources (ASX: S2R) from 28 May 2015 to July 2022.

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

Qualifications and Experience

Executive Director (Appointed 21 May 2018, previously Non-Executive)

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 (continued)

Interest in shares, options and performance rights	Performance Rights: 750,000 (24 month escrow) indirectly held. Escrowed shares (24 months): 2,250,000 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

Non-Executive Director (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: 700,000 in joint names.
Share: 2,250,000 (24 months escrow) in own name.
Shares: 16,779,936 (24 month escrow) in joint names.
Performance Rights: 750,000 (24 month escrow) directly held.

Other directorships in listed entities held in the previous three years

None.

Mr David Chapman

Non-Executive Director (Appointed 25 September 2020)

Qualifications and Experience

Mr Chapman brings thirty-nine 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 much 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: 750,000 (24 month escrow) indirectly held.
Escrowed shares: (24 months): 2,250,000 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.
Non-Executive Director Taruga Minerals Limited from 1 October 2021 to current.



2. Company Secretary/Chief Financial Officer

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 16 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.

Interest in shares, options and performance rights

Shares: 2,175,000 indirectly held.
Performance rights: 750,000 indirectly held.

3. Chief Executive Officer

Mr Gabriel Oliva **Appointed 29 July 2020**

Gabriel Oliva is a Brazilian mining and contract law specialist with significant experience in mining start-ups and project financing. Mr Oliva 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 – USUPPORT.

His previous experience includes corporate legal counsel and business manager for Colomi Iron Mineracao and in-house lawyer responsible for Brazilian financing package for the Santa Rita Nickel Mine (TSX).

Mr Oliva has experience in the development of various other junior mining companies exploring for minerals such as nickel, iron, kaolin and manganese.

Interest in shares, options and Performance rights

Performance rights: 4,500,000 (24 month escrow) directly held.

4. 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.

5. Operating Results

The profit for the consolidated entity from continuing operations after providing for income tax amounted to \$3,493,992 (30 June 2021 loss: \$8,982,674). At the reporting date the consolidated entity had cash and cash equivalents of \$29,421,985 and a net asset position of \$35,041,968.

6. Review of Operations

During the past year ending 30 June 2022, the Company commenced sales and shipments from the Tombador Iron Mineracao high grade iron ore project ("Tombador Project" or the "Project") in the State of Bahia, Brazil.

The Company increased production and sales over the past year with a growing focus of selling product into the local Brazil market. From July 2021 to 30 June 2022 the key milestones achieved include:

- Delivery and sales of 477,000 wet metric tonnes ("wmt") of high-grade lump and fines to customers with the first export shipment in July 2021,
- Achieved the plant nameplate capacity of 100,000 tonnes per month during the month of June 2022,
- Produced over 754,000 tonnes of high-grade ore, and
- Updated its Mineral Resources in December 2021 and released its maiden Ore Reserve of 5.59Mt of high-grade hematite in March 2022.





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.

As stated in the Tombador Project Pre-Feasibility Study and Ore Reserves announcement on 1 March 2022 the PFS life of mine pit design is larger in surface area than previous estimates. During the reporting period the Company prepared and submitted a request for the extension and expansion of its current licenses with both the National Mining Agency and the Environmental department, INEMA.

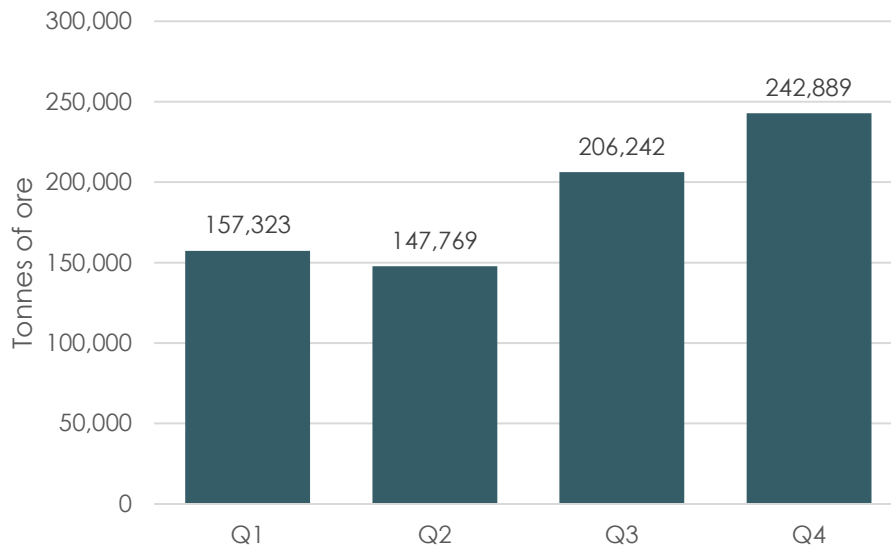
Mining Operations

The Tombador crushing and screening plant produced a total of 754,000 wmt during the last financial year, comprised of 411,000 wmt of lump product and 343,000 wmt of fines product. The production rate was increased through the year achieving the plant nameplate production capacity in June 2022 of 1.2Mtpa.

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



Annual Production (July 2021 to June 2022)



Logistics

The company moved product from the Tombador mine to local customers via public roads using haulage contractors. For export customers a contractor provided truck haulage services products approximately 700km from the Tombador Project to the Port. The port operator was contracted to arrange stockpile storage capacity, material handling and ship loading services, sufficient for loading shipments of 38,000 tonnes/shipment.

Sales and Marketing

During the past 12 months ending 30 June 2022 the company sold 268,400 wmt of lump ore and 66,400 wmt of fines to the export market and 94,500 wmt of lump and 47,800 wmt of fines to the local Brazil market.

The exports were sold in the nine shipments through Tombador's marketing offtake partner to steel producers in the European market. Tombador receives working capital support through pre-delivery partial payment from its offtake partner for these export shipments.

The Company has been selling directly to domestic customers with consistent monthly orders from some notable Brazilian steel mills. With a focus on increasing sales in the local market, the Company sold ore for industrial tests to five steel mills during the reporting period. As of 30 June 2022 some tests are ongoing with repeat orders and others have turned into consistent monthly deliveries.

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). Proof-of-concept sensor-based sorting technology study results were positive and lead to a bulk sample test work being completed during the past year. An expanded bulk sample test work is planned for the next financial year.



7. Annual Mineral Resource and Ore Reserves Statement

The Company carries out an annual review of its iron ore Mineral Resources and Ore Reserves at the Tombador project in Bahia, Brazil, as required by the ASX Listing Rules. The review was carried out as at 30 June 2022. The original Mineral Resource was disclosed to ASX on 24 December 2021 and Ore Reserves on 1 March 2022 and both the Mineral Resources and the Ore Reserves had an effective date of 8 November 2021.

Estimation Governance Statement

The Company ensures that all Mineral Resource and Ore Reserves estimations are subject to appropriate levels of governance and internal controls.

Exploration results are collected and managed by competent qualified geologists and overseen by the Geoscience Manager. All data collection activities are conducted to industry standards based on a framework of quality assurance and quality control protocols covering all aspects of sample collection, topographical and geophysical surveys, drilling, sample preparation, physical and chemical analysis and data and sample management. Mineral Resource and Ore Reserves estimates are prepared by appropriately qualified, independent Competent Persons.

If there is a material change in the estimate of a Mineral Resource or Ore Reserves, the estimate and supporting documentation in question is reviewed by a suitable qualified independent Competent Persons and announced to the ASX in accordance with the Listing Rules.

The Company reports its Mineral Resources and Ore Reserves on an annual basis in accordance with JORC Code 2012.

High-Grade DSO Hematite Mineral Resource Tables as at 30 June 2022

Table 1 - Hematite Mineral Resource

Classification	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)
Measured	3.09	64.84	3.92	0.58	0.073
Indicated	3.00	65.82	3.72	0.62	0.078
Measured & Indicated	6.09	65.32	3.82	0.60	0.075
Inferred	1.62	61.93	9.32	0.64	0.085
Total	7.71	64.61	4.97	0.61	0.077

Table 2 - High Phosphorus Hematite Mineral Resource

Classification	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)
Measured	0.26	60.67	8.65	1.12	0.326
Indicated	0.02	56.41	13.38	1.27	0.308
Total	0.27	60.4	8.95	1.13	0.325



Assumptions for Table 1 & 2.

1. Hematite and High Phosphorus Hematite resources use a cut-off grade of 55% Fe.
2. Mineral Resources were prepared in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012) incorporating drilling data acquired up to 8 November 2021 and depleted to 30 June 2022 topographic surface.
3. All figures have been rounded to the relative accuracy of the estimates. Summed amounts may not add due to rounding.

High-Grade DSO Hematite Mineral Resource Tables as at 8 November 2021

Table 3A - Hematite Mineral Resource

Classification	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)
Measured	3.98	64.60	4.46	0.61	0.069
Indicated	3.02	65.77	3.76	0.63	0.078
Measured & Indicated	7.00	65.11	4.16	0.62	0.073
Inferred	1.62	61.92	9.33	0.64	0.086
Total	8.62	64.51	5.13	0.63	0.075

Table 4A - High Phosphorus Hematite Mineral Resource

Classification	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)
Measured	0.29	60.70	8.46	1.17	0.327
Indicated	0.02	56.41	13.38	1.27	0.308
Total	0.30	60.45	8.74	1.17	0.326

High-Grade DSO Hematite Mineral Resources totalled 7.98Mt as at 30 June 2022, inclusive of Ore Reserves. This represents an 11% decrease in DSO Mineral Resources when compared to the remaining total Mineral Resources as at 8 November 2021. Depletion in the Mineral Resource occurred due to iron ore production.

Talus and Itabirites Mineral Resource Tables as at 30 June 2022

The Company is currently studying the amenability of beneficiating talus and itabirites which contain decimetric (10cm) bands of high-grade hematite to produce a high-grade hematite product.

Table 5 - Talus Mineral Resource

Classification	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)
Inferred	2.54	37.94	38.60	1.77	0.017
Total	2.54	37.94	38.60	1.77	0.017



Tombador has assigned mineral rights to the itabirites that do not contain decimetric bands of high-grade hematite (60%Fe within the band) for future beneficiation as iron ore concentrate to Colomi Iron Mineracao. Colomi Iron Mineracao has agreed to pay Tombador a royalty for iron concentrate produced from the itabirites.

Table 6 - Siliceous Itabirite Mineral Resource

Classification	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)
Measured	1.29	34.09	47.20	1.09	0.051
Indicated	1.66	34.88	47.63	0.95	0.036
Inferred	19.20	37.41	43.86	0.90	0.026
Total	22.15	37.03	44.34	0.92	0.028

Table 7 - Dolomitic Itabirite Mineral Resource

Classification	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)
Measured	2.65	30.63	21.36	0.82	0.036
Indicated	2.22	30.33	27.35	0.96	0.034
Inferred	8.46	31.92	17.35	0.79	0.044
Total	13.33	31.40	19.82	0.82	0.041

Potential beneficiable itabirite material to produce high grade hematite was logged following the infill drilling and is the basis for the estimate of the Beneficiable Mineral Resource in the Table 6 below. The Beneficiable resource is a subset of the Siliceous Itabirite (ICS) resource.

Table 8 - Beneficiable Mineral Resource

Classification	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)
Measured	0.03	37.24	44.44	0.96	0.014
Indicated	0.18	37.85	43.08	0.69	0.016
Inferred	3.99	39.56	41.2	1.05	0.019
Total	4.20	39.47	41.3	1.04	0.019

Assumptions for Tables 3, 4, 5 and 6.

1. Talus, Siliceous Itabirite, Dolomitic Itabirite and Beneficiable resources use a cut-off grade of 20% Fe
2. Beneficiable resource is a subset of the Siliceous Itabirite (ICS) resource.
3. Mineral Resources were prepared in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012) incorporating drilling data acquired up to 8 November 2021 and depleted to 30 June 2022 topographic surface.
4. All figures have been rounded to the relative accuracy of the estimates. Summed amounts may not add due to rounding



Talus and Itabirites Mineral Resource Tables as at 8 November 2021

Table 9A - Talus Mineral Resource

Classification	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)
Inferred	2.86	37.97	38.53	1.85	0.017
Total	2.86	37.97	38.53	1.85	0.017

Table 10A - Siliceous Itabirite Mineral Resource

Classification	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)
Measured	1.68	34.94	45.78	1.03	0.044
Indicated	2.07	35.38	47.07	0.91	0.032
Inferred	19.20	37.41	43.86	0.90	0.026
Total	22.96	37.05	44.29	0.91	0.028

Table 11A - Dolomitic Itabirite Mineral Resource

Classification	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)
Measured	2.70	30.84	21.04	0.82	0.036
Indicated	2.26	30.51	27.07	0.96	0.034
Inferred	8.46	31.92	17.35	0.79	0.044
Total	13.42	31.46	19.73	0.82	0.041

Table 12A - Beneficiable Mineral Resource

Classification	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)
Measured	0.09	37.54	44.45	0.76	0.014
Indicated	0.31	37.99	43.22	0.71	0.017
Inferred	4.00	39.56	41.20	1.05	0.019
Total	4.40	39.41	41.41	1.02	0.019

Talus and itabirites Mineral Resources totalled 42.2Mt as at 30 June 2022, inclusive of Ore Reserves. This represents a 3% decrease in talus and itabirite Mineral Resources when compared to the remaining total Mineral Resources as at 8 November 2021. Depletion in the Mineral Resource occurred due to mining and these Mineral Resources have been stockpiled.



Tombador Ore Reserves as at 30 June 2022

Category	Tonnage (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)
Proved	2.56	65.13	2.21	0.58	0.081
Probable	2.45	65.94	2.56	0.56	0.077
Total Ore Reserve	5.01	65.53	2.38	0.57	0.079

Tombador Ore Reserves as at 8 November 2021

Category	Tonnage (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)
Proved	3.14	65.19	2.27	0.59	0.079
Probable	2.45	65.94	2.56	0.56	0.077
Total Ore Reserve	5.59	65.52	2.40	0.58	0.078

Ore Reserves totalled 5.01 Mt at 65.5% Fe as at 30 June 2022. This represents a 10% decrease in Ore Reserves when compared to the Ore Reserves as at 8 November 2021 which was the effective date of the last Ore Reserve estimate. Depletion in the Ore Reserve occurred due to iron ore production.

Competent Person's Statement

The information in this report that relates to Mineral Resources is based on and fairly represents information and supporting documentation compiled by or compiled under the supervision of Mr Leonardo Rocha who is a Member of the Australian Institute of Geoscientists (AIG 7623). Mr Rocha works for GE21 consultancy group, independent to Tombador Iron Limited. Mr Rocha has sufficient experience relevant to the type of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code of Reporting Exploration Results, Mineral Resources and Ore Reserves. Mr Rocha visited the Tombador Project mine site from 23rd November 2021 to 25th of November 2021. Mr Rocha consents to the disclosure of information in this announcement in the form and context in which it appears. The Company confirms it is not aware of any new information or data that materially affects the information included in the relevant market announcement and all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

The information in this report that relates to Ore Reserves is based on and fairly represents information and supporting documentation compiled by or compiled under the supervision of Mr Porfírio Cabaleiro Rodriguez who is a Fellow of the Australian Institute of Geoscientists (AIG 3708). Mr Rodriguez is the mining director for GE21 consultancy group, independent to Tombador Iron Limited. Mr Rodriguez has sufficient experience relevant to the type of mineralisation and type of deposit under consideration to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code of Reporting Exploration Results, Mineral Resources and Ore Reserves. Mr Rodriguez consents to the disclosure of information in this announcement in the form and context in which it appears. The Company confirms it is not aware of any new information or data that materially affects the information included in the relevant market announcement and all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. In relation to the production target and forecast financial information referred to in the report, the Company confirms that all material assumptions underpinning the production target and the forecast financial information derived from the production target continue to apply and have not materially changed since the announcement of the feasibility study on 1 March 2022.



This Annual Mineral Resource and Ore Reserves Statement is based on and fairly represents the information and supporting documentation prepared by the above-mentioned Competent Persons. It is approved as a whole by Mr Rodriguez, a Competent Person who is a Fellow of the Australian Institute of Geoscientists and is currently the mining director for GE21 consultancy group, independent to Tombador Iron Limited. Mr Rodriguez has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves (JORC Code).

8. Dividends Paid or Recommended

No dividends were paid or declared during the financial year (June 2021: Nil). Since the end of the financial year, the Directors have recommended for the payment of an unfranked ordinary dividend of 0.28 cents per share, to be paid on or around 28 October 2022.

9. Events Occurring after the Reporting Date

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 Company, the results of those operations, or state of affairs of the Company in future financial years apart from those listed below:

The Directors have recommended the payment of an unfranked ordinary dividend of \$0.0028 per share with payment to be made on or around 28 October 2022.

10. Likely Developments and Expected Results of Operations

The Company will continue with its strategy as set out in the operations update above.

11. 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 works to fully understand potential sustainability risks and opportunities to better inform its ongoing operations, strategy and investment decisions.

12. 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.

13. 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.

14. 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 24 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.

15. 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 31.

16. Significant changes in the state of affairs

During the financial year the Group commenced full scale mining operations at its high grade hematite iron ore deposit located in Bahia, Brazil with the Group's maiden iron ore shipment made in July 2021.

The Company reached commercial production for accounting purposes on 1 December 2021.

Other than the above, no other matters or circumstances have arisen during the financial year which have significantly affected the operating of the Company, the results of those operations, or state of affairs of the Company.

For a detailed discussion about the performance and financial position of the Group, please refer to our operating and financial review on pages 7-15.



17. 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	13	13
Mr Stephen Quantrill	13	13
Mr David Chapman	13	13
Mr Keith Liddell	13	13

18. Shares under Option

18,250,000 shares were issued on the exercise of performance rights during the financial year ended 30 June 2022.

At date of this report, the Company had the following options and performance rights on issue:

- T11 OP25: 4,750,000 unlisted options exercisable at \$0.052 expiring on 14 October 2025
- T11 OP20: 15,000,000 unlisted options exercisable at \$0.035 expiring on 25 September 2023
- T11APERF: 23,625,000 performance rights expiring on 1 September 2025

19. 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 2022 comprised the Chief Executive Officer 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	20 February 2018	21 May 2021
	Executive Director	21 May 2021	Current
Mr Keith Liddell	Non-executive Director	25 September 2020	Current
Mr Gabriel Oliva	Chief Executive Officer	29 July 2020	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
- J Other transactions 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, profit/(loss), earnings per share ("EPS") and share price of the Group as at 30 June 2022 and 30 June 2021.

	2022	2021
Revenue	32,563,787	-
Other Income (\$)	58,853	41,565
Net profit/(loss) after tax (\$)	3,493,992	(8,625,371)
EPS (cents per share)	0.16	(0.49)
Share price (cents)	2.3	8.5

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.

The company engaged external advice during the financial year to ensure that 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.



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. \$152,725 of bonus payments were made during the financial year. For the 2022 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.

Employee Securities Incentive Plan

The Employee Securities Incentive Plan ("Plan") was adopted by the Group at the 12 November 2021 Annual General Meeting ("AGM").

The current Plan provides the Board with the discretion to issue securities 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.

No securities have been issued under the Plan as at 30 June 2022.

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.



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 2022 is set out below:

2022	Short-term benefits		Post-employment benefits	Share based payments	Total	Performance related
	Salary and fees	Bonuses	Superannuation	Other		
	\$	\$	\$	\$		
Non-Executive Directors						
Ms Anna Neuling	60,000	-	-	44,514	104,514	43%
Mr David Chapman	75,000	-	-	44,514	119,514	37%
Mr Keith Liddell	75,000	-	-	44,514	119,514	37%
Executive KMP						
Mr Stephen Quantrill	200,003	50,000	-	44,514	294,517	32%
Mr Gabriel Oliva	258,435	72,725	-	66,771	397,931	35%
Ms Abby Macnish Niven	147,500	30,000	-	22,257	199,757	26%
Total	815,938	152,725	-	267,084	1,235,747	22%

During the current financial year, the Group made payments to the following companies:

- \$60,000 to Erasmus Consulting Pty Ltd, an entity related to Chairperson Anna Neuling.
- \$75,000 to Parati Pty Ltd, an entity related to Director David Chapman.
- The USD equivalent of AUD\$75,000 to Keshel Consulting Limited, an entity related to Director Keith Liddell.
- \$404,664 to McRae Investments, an entity related to Director Stephen Quantrill. The payments for directors' fees (\$200,003) and management fees included the rental of office space and shares facilities and travel expenses. \$50,000 related to the fee for Chief Financial Officer and company secretary services, provided by Abby Macnish as an employee of McRae Investments from 1 July 2021 to 31 December 2021.
- \$97,500 to CAMS Advisory Pty Ltd, an entity related to CFO/Company Secretary Abby Macnish for Chief Financial Officer and company secretary services from 1 January 2022 to 30 June 2022.

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



D Details of Remuneration (continued)

Details of the remuneration of KMP of the Group for the year ended 30 June 2021 is set out below:

2021	Short-term benefits		Post-employment benefits	Share based payments		Performance related
	Salary and fees	Bonuses	Superannuation	Other	Total	
	\$	\$	\$	\$	\$	
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%
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 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	523,354	-	-	106,883	630,237	17%

Mr Keith Liddell is 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 to 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)

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

30-Jun-22	Balance 1/07/2021	Conversion/Additions	Balance 30/06/2022
Non-Executive Directors			
Ms Anna Neuling (i)	2,000,000	1,500,000	3,500,000
Mr David Chapman (ii)	400,000	1,500,000	1,900,000
Mr Keith Liddell (iii)	16,779,936	2,950,000	19,729,936
Executive KMP			
Mr Stephen Quantrill (v)	-	1,500,000	1,500,000
Mr Gabriel Oliva	-	-	-
Ms Abby Macnish Niven (vi)	1,425,000	750,000	2,175,000
TOTAL	20,604,936	8,200,000	28,804,936

- (i) Anna Neuling converted 1,500,000 performance rights into 1,500,000 escrowed shares (6 October 2022 escrow date)
- (ii) David Chapman converted 1,500,000 performance rights into 1,500,000 escrowed shares (6 October 2022 escrow date)
- (iii) Keith Liddell converted 2,250,000 performance rights into 2,250,000 escrowed shares (6 October 2022 escrow date). He also purchased 700,000 ordinary shares on market
- (iv) Stephen Quantrill converted 1,500,000 performance shares into 1,500,000 escrowed shares (6 October 2022 escrow date)
- (v) Abby Macnish Niven converted 750,000 performance rights into 750,000 ordinary shares

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
Former Non-Executive Directors					
Mr Andrew Jensen	64,191	(3,208)	-	(60,983)	-
Executive KMP					
Mr Stephen Quantrill	-	-	-	-	-
Mr Gabriel 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)	21,758,034	(1,575,037)	20,604,936

- (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, and are included as part of the placement amount.



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

30-Jun-22	Balance 1/07/2021	Granted as Remuneration	Exercise of Performance Rights	Balance at retirement	Balance 30/06/2022
Non-Executive Directors					
Ms Anna Neuling	3,000,000	-	(1,500,000)	-	1,500,000
Mr David Chapman	3,000,000	-	(1,500,000)	-	1,500,000
Mr Keith Liddell	3,000,000	-	(2,250,000)	-	750,000
Executive KMP					
Mr Stephen Quantrill	3,000,000	-	(1,500,000)	-	1,500,000
Mr Gabriel Oliva	4,500,000	-	-	-	4,500,000
Ms Abby Macnish Niven	1,500,000	-	(750,000)	-	750,000
TOTAL	18,000,000	-	(7,500,000)	-	10,500,000

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
Former Non-Executive Directors					
Mr Andrew Jensen	-	500,000	-	(500,000)	-
Executive KMP					
Mr Stephen Quantrill	-	3,000,000	-	-	3,000,000
Mr Gabriel 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)	-
TOTAL	-	19,000,000	-	(1,000,000)	18,000,000

E Contractual Arrangements

Key terms of employment contracts for executive KMP's

Stephen Quantrill – Executive Director

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

Gabriel Oliva – Chief Executive Officer

- Base Salary \$17,403 per month;
- Effective date: 12 June 2020;
- Subject to ongoing service, the Company may pay a performance-based bonus over and above the fee;
- Notice period: 90 days.

Abby Macnish Niven – Company Secretary/Chief Financial Officer

- Annual consulting fee of \$195,000 (exclusive of GST);
- Effective date: 1 January 2022;
- Subject to ongoing service, the Company may pay a performance-based bonus over and above the fee;
- Notice period: 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 7,500,000 performance rights were exercised by directors and other key management personnel and subsequent to balance date, an additional 2,250,000 performance rights were exercised by directors. At the signing of this report the Company has 8,250,000 (2021: 18,000,000) performance rights outstanding to directors and KMP. 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	750,000
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	750,000
Tranche 4 ^(iv)	31/08/2020	750,000	31/08/2025	1.794	750,000
Mr David Chapman					
Tranche 1 ⁽ⁱ⁾	31/08/2020	750,000	31/08/2025	2.5	750,000
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	750,000
Tranche 4 ^(iv)	31/08/2020	750,000	31/08/2025	1.794	750,000
Mr Stephen Quantrill					
Tranche 1 ⁽ⁱ⁾	31/08/2020	750,000	31/08/2025	2.5	750,000
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	750,000
Tranche 4 ^(iv)	31/08/2020	750,000	31/08/2025	1.794	750,000
Mr Keith Liddell					
Tranche 1 ⁽ⁱ⁾	31/08/2020	750,000	31/08/2025	2.5	750,000
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	750,000
Tranche 4 ^(iv)	31/08/2020	750,000	31/08/2025	1.794	750,000
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	375,000
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	375,000
Tranche 4 ^(iv)	31/08/2020	375,000	31/08/2025	1.794	375,000

- (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 23 to the financial statements.

G Equity Instruments Issued on Exercise of Remuneration Options, Performance Rights and Performance Shares

During the financial year 7,500,000 performance rights were exercised by directors and other key management personnel and subsequent to balance date, an additional 2,250,000 performance rights were exercised by directors. At the signing of this report the Company has 8,250,000 (2021: 18,000,000) performance rights outstanding to directors and KMP.

No remuneration options were exercised during the financial year.

H Voting and Comments made at the Company's 2021 Annual General Meeting ('AGM')

At the 2021 AGM, 100.00% of the votes received supported the adoption of the Remuneration Report for the year ended 30 June 2021. 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 2022 (2021: Nil).

J Other Transactions with KMP

During the current financial year, the Group made fee payments of \$404,664 (2021: \$364,152) to McRae Investments, an entity related to Director Stephen Quantrill. The payments were for directors' fees and management fees including the rental of office space and shares facilities and travel expenses, and \$50,000 (2021: \$100,000) related to the fee for chief financial officer and company secretary services.

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
30 September 2022



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 2022, 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
30 September 2022



D I Buckley
Partner

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

		Consolidated	Consolidated
	Note	2022 \$	2021 \$
CONTINUING OPERATIONS			
Revenue	2	32,563,787	-
Cost of goods sold	3	(20,130,254)	-
Gross profit		12,433,533	-
Other Income		58,853	41,565
Administration and other expenses	4	(6,892,438)	(8,914,844)
Operating profit before finance cost		5,599,948	(8,873,279)
Finance income		-	1,608
Finance cost	5	(585,197)	(111,003)
Profit/(loss) before income tax		5,014,751	(8,982,674)
Tax expense	6	(1,520,759)	-
Profit/ (loss) after tax for the year from continuing operations		3,493,992	(8,982,674)
DISCONTINUED OPERATIONS			
Profit from discontinued operations		-	357,303
Total profit/(loss) after income tax		3,493,992	(8,625,371)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		2,119,337	520,788
Other comprehensive income for the year, net of tax		2,119,337	520,788
Total comprehensive income/(loss) for year		5,613,329	(8,104,583)
Profit/(loss) attributable to members of the parent entity			
Profit/(loss) per share from Continuing Operations attributable to the owners of Tombador Iron Limited			
Basic earnings/(loss) per share (cents)	14	0.16	(0.49)
Diluted earnings/(loss) per share (cents)	14	0.16	(0.49)
Profit/(loss) per share attributable to the owners of Tombador Iron Limited			
Basic earnings per share (cents)	14	0.16	(0.47)
Diluted earnings /(loss) per share (cents)	14	0.16	(0.47)

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 2022

	Note	Consolidated 2022 \$	Consolidated 2021 \$
Current Assets			
Cash and cash equivalents	7a	29,421,985	24,704,473
Trade and other receivables	7b	368,016	193,907
Inventory	8	9,793,497	-
Other assets	9	1,059,402	110,651
Total Current Assets		40,642,900	25,009,031
Non-Current Assets			
Property, plant, and equipment	10	4,991,481	14,485,401
Right-of-use assets	7d	9,795,691	4,821,930
Total Non-Current Assets		14,787,172	19,307,331
Total Assets		55,430,072	44,316,362
Current Liabilities			
Trade and other payables	7c	6,841,707	6,993,290
Lease liability	7d	2,754,814	1,068,272
Provisions	11	159,322	87,069
Total Current Liabilities		9,755,843	8,148,631
Non-Current Liabilities			
Lease liability	7d	7,977,949	3,993,154
Provisions	11	2,654,312	3,420,754
Total Non-Current Liabilities		10,632,261	7,413,908
Total Liabilities		20,388,104	15,562,539
Net Assets		35,041,968	28,753,823
Equity			
Share Capital	12	36,471,957	36,472,270
Reserves	13	3,711,438	916,972
Accumulated losses		(5,141,427)	(8,635,419)
Total Equity		35,041,968	28,753,823

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 2022

	Issued 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
Profit for the period	-	3,493,992	-	-	3,493,992
Other comprehensive income	-	-	2,119,337	-	2,119,337
Total comprehensive income for the period	-	3,493,992	2,119,337	-	5,613,329
<i>Transactions with owners in their capacity as owners:</i>					
Adjustment to unmarketable parcel sale	(313)	-	-	-	(313)
Share-based payments	-	-	-	675,129	675,129
Balance at 30 June 2022	36,471,957	(5,141,427)	2,640,135	1,071,303	35,041,968

For the year ended to 30 June 2021

	Issued Capital	Accumulated losses	Foreign Currency Translation Reserve	Share-based Payment Reserve	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 income/ (loss) for the period	-	(8,625,371)	520,788	-	(8,104,583)
<i>Transactions with owners in their capacity as owners:</i>					
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)	520,798	396,174	28,753,823

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 2022

	Note	2022 \$	2021 \$
Cash Flows from Operating Activities			
Receipts from customers and government grants		35,028,532	32,967
Payments to suppliers and employees (inclusive of GST)		(31,537,916)	(2,699,096)
Receipts from other income		58,853	1,608
Interest expense		(1,081,793)	(30,769)
Income tax paid		(2,085,229)	-
Net cash inflow/(outflow) from operating activities	15	382,447	(2,695,290)
Cash Flows from Investing Activities			
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		18,656,840	4,915,079
Payments to suppliers and employees – commissioning costs		(10,832,840)	-
Payment for plant and equipment		(2,796,150)	(9,835,862)
Net cash inflow/(outflow) from investing activities		5,027,850	(4,535,919)
Cash Flows from Financing Activities			
Proceeds from issue of shares		-	35,000,000
Transaction costs relating to issue of shares		(313)	(2,461,475)
Repayment of lease liabilities	7(d)	(1,917,236)	(610,866)
Net cash inflow from financing activities		(1,917,549)	31,927,659
Net increase in cash and cash equivalents		3,492,748	24,696,450
Cash and cash equivalents at the start of the period		24,704,473	8,733
Exchange rate adjustment		1,224,764	(710)
Cash and cash equivalents at the end of the period		29,421,985	24,704,473

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 2022

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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.

1. Segment information
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15. Cash flow information



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 year ended 30 June 2022.

The Group's entire revenue stream is generated from its iron ore mine located in Brazil. The Group has two customers who generated in excess of 10% of the Group's revenue. These customers generated 88% of the Group's revenue for the period. In the prior reporting period FY2021 the Group had only one customer which generated 100% of revenue.



1. Segment information

	Australia \$	Singapore \$	Brazil \$	Discontinued \$	Elimination \$	Consolidated \$
Segment performance 2022						
Revenue	-	-	32,563,787	-	-	32,563,787
Interest income	-	-	-	-	-	-
Other income	58,844	-	9	-	-	58,853
Profit/(Loss) before tax	(3,344,554)	(580,951)	8,940,256	-	-	5,014,751
Profit/(Loss) after tax	(3,344,554)	(580,951)	7,419,497	-	-	3,493,992
Depreciation	(5,879)	(12,324)	(1,923,070)	-	-	(1,941,273)
Finance cost	-	-	(585,197)	-	-	(585,197)
Segment performance 2021						
Interest income	-	-	1,608	-	-	1,608
Other income	41,565	-	-	-	-	41,565
Loss before tax	(6,052,902)	(489,683)	(2,678,734)	357,303	238,645	(8,625,371)
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

	Australia \$	Singapore \$	Brazil \$	Discontinued \$	Elimination \$	Consolidated \$
As at 30 June 2022						
Segment Assets	28,922,823	56,695	30,532,588	-	(4,082,034)	55,430,072
Segment Liabilities	209,382	51,376	20,127,346	-	-	20,388,104
Acquisition of non-current assets	20,720	-	10,489,571	-	-	10,510,291
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



2. Revenue

	2022 \$	2021 \$
Revenue – Lump	23,294,755	-
Revenue – Fines	9,269,032	-
Total Revenue	32,563,787	-

	2022 \$	2021 \$
Revenue - Brazil Sales	12,005,279	-
Revenue - Export Sales	20,558,508	-
Total Revenue	32,563,787	-

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

	2022 \$	2021 \$
Cost of ore sold – Lumps	5,098,156	-
Cost of ore sold – Fines	1,909,396	-
Port charges	15,112,691	-
Royalties	1,703,454	-
Mine absorption charges	(11,346,914)	-
Drilling, blasting and haulage charges	7,377,101	-
Other charges	276,370	-
Total Cost of Goods Sold	20,130,254	-



4. Administration and other expenses

	2022 \$	2021 \$
Share-based payment in relation to reverse acquisition	-	4,287,610
Share-based payments	675,129	234,674
Administrative expenses	2,617,222	1,281,432
Marketing expenses	46,145	13,872
Occupancy costs	110,626	46,268
Other Expenses	52,209	302,779
Employee benefits expense	3,100,419	2,748,209
Depreciation and amortisation costs	1,941,269	-
Mine absorption charges	(1,650,581)	-
Total administration and other expenses	6,892,438	8,914,844

Accounting policy

Depreciation and amortisation

Refer to note 7 and 10 for details on depreciation, amortisation and impairment.

5. Finance costs

	Note	2022 \$	2021 \$
Finance charges on lease liabilities		610,103	-
Finance charges on banking facilities		-	30,769
Non-cash interest accretion on rehabilitation provision		201,943	80,234
Gain on lease modification	7d	(226,849)	-
Total finance costs		585,197	111,003

6. Taxation

	2022 \$	2021 \$
Income tax		
Current tax expense	1,520,759	-
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 profit/(loss) before income tax	5,014,752	(8,625,371)
Income tax benefit calculated at 25% (2021:26%)	1,253,688	(2,242,596)
Tax effect of amounts which are not deductible/taxable) in calculating taxable income		
Non-deductible expenses	168,816	1,201,698
Non-assessable income	-	(13,097)
Adjustment recognised in current year in relation to the current tax of previous years	3,053,325	63,908
Effect of tax in foreign jurisdictions	1,520,759	-
Effect of temporary differences on other unrecognised DTAs	(144,623)	-
Effect of temporary differences that would be recognised directly in OCI	-	(135,405)
Effect of temporary differences that would be recognised directly in equity	(703,375)	(681,974)
Impact from change in tax rate on unrecognised DTAs	-	69,518
Temporary differences not recognised	(3,627,831)	1,737,948
Income tax expense	1,520,759	-



Deferred tax balances

At 30 June 2022, net deferred tax assets of \$1,694,514 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.

	Deferred Tax Assets \$	Deferred Tax Liabilities \$	Net \$
Unrecognised deferred tax assets and liabilities as at 30 June 2022 comprise:			
Property, plant & equipment	83,100	-	83,100
Right of use assets	-	(2,448,923)	(2,448,923)
Lease Liabilities	2,683,191	-	2,683,191
Trade and other payables	11,250	-	11,250
Employee benefits	39,831	-	39,831
Other liabilities	-	(56,712)	(56,712)
Other Reserves	664,788	-	664,788
Unused tax losses	174,114	-	174,114
Other future deductions	543,875	-	543,875
Unrecognised deferred tax assets / (liabilities) before set-off	4,200,149	(2,505,635)	1,694,514
Set-off of deferred tax liabilities	(2,505,635)	2,505,635	-
Net unrecognised deferred tax asset	1,694,514	-	1,694,514

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.

7. Financial assets and financial liabilities

The Group holds the following financial instruments:

		2022	2021
		\$	\$
Financial assets			
Financial assets at amortised cost			
Cash and cash equivalents	7a	29,421,985	24,704,473
Trade and other receivables	7b	368,016	193,907
Financial liabilities			
Liabilities at amortised cost			
Trade and other payables	7c	6,841,707	6,993,290
Lease liabilities	7d	10,732,763	5,061,426

a) Cash and cash equivalents

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

	2022	2021
	\$	\$
Cash at bank and on hand	29,421,985	24,704,473

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.

b) Trade and other receivables

	2022	2021
	\$	\$
Current		
Trade debtors-at amortised cost	368,016	193,907
	<u>368,016</u>	<u>193,907</u>

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.

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.

c) Trade and other payables

	2022	2021
	\$	\$
Trade creditors	3,246,230	2,155,729
Customer advances	2,638,854	4,751,476
Accruals and other payables	956,623	86,085
	<u>6,841,707</u>	<u>6,993,290</u>

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.

d) Leases

Amounts recognised in the statement of financial position

Right-of-use asset	Housing and storage \$	Mining equipment \$	Consolidated 30 June 2022 \$
Cost			
At 1 July 2021	148,007	5,524,285	5,672,292
Lease modification	21,663	7,692,478	7,714,141
Exchange difference	(2,488)	(576,476)	(578,964)
At 30 June 2022	167,182	12,640,287	12,807,469
Accumulated Depreciation			
At 1 July 2021	48,449	801,913	850,362
Charge for the year	50,179	2,738,317	2,788,496
Exchange difference	(3,839)	(623,241)	(627,080)
	94,789	2,916,989	3,011,778
Carrying amount			
At 1 July 2021	99,558	4,722,372	4,821,930
At 30 June 2022	72,393	9,723,298	9,795,691

Lease Liabilities	Housing and storage \$	Mining equipment \$	Consolidated 30 June 2022 \$
At 1 July 2021	116,788	4,944,638	5,061,426
Lease modification	12,797	7,474,495	7,487,292
Add: Interest	4,046	1,077,940	1,081,986
Less: Payments	(52,588)	(2,946,634)	(2,999,222)
Exchange difference	2,056	99,225	101,281
Closing balance as 30 June 2022	83,099	10,649,664	10,732,763
Represented by:			
Current lease liabilities	62,919	2,691,895	2,754,814
Non-current lease liabilities	20,180	7,957,769	7,977,949

During the commissioning stage of the mine, the depreciation of right-of-use asset of \$1,140,965 (2021: \$787,981) 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 depreciation post commercial production being achieved has been expensed in the statement of profit or loss and other comprehensive income.

During the commissioning stage of the mine, interest of \$471,690 (2021: \$243,840) has been capitalised as it meets the definition of borrowing cost on qualifying asset based on AASB 123 Borrowing costs.

The financing cashflow repaying lease liabilities was \$1,917,236 (2021: \$610,866).



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 on an ongoing basis 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 identified several changes to its leases and made the following modifications:

- Rental property leases were previously assumed to be renewed annually at review date for a five year period. Due to the changing needs of the project, this has been revised to only assume

renewal of the leases at the next review date for a period of 12 months. This will continue to be reviewed annually.

- The mining equipment lease charges have increased due to the addition of mining equipment during the financial year.
- The mining equipment lease value has been updated in light of the cost of equipment materially at the contract renewal.
- The mining equipment lease charge changed from a day rate to a monthly rate.
- Both the property and equipment lease values have been adjusted to compensate for the increase Brazilian interest rates during the year.

As a result of this review, the housing and storage right of use asset increased by \$21,663 and the housing and storage lease liability increased by \$12,797 and a gain on modification was recognised in the statement of profit or loss and other comprehensive income of \$8,866, and the mining equipment right of use asset increased by \$7,692,478 and the mining equipment lease liability increased by \$7,474,495 and a gain on modification was recognised in the statement of profit or loss and other comprehensive income of \$217,983.

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.

8. Inventory

	2022 \$	2021 \$
Inventory – Lump	3,013,004	-
Inventory – Fines	6,780,493	-
	9,793,497	-

Accounting policy

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. Other assets

	2022	2021
	\$	\$
Prepayments	113,266	110,651
Deferred Expenditure	24,134	-
Taxes recoverable	922,002	-
	<u>1,059,402</u>	<u>110,651</u>

10. Plant and equipment

	2022	2021
	\$	\$
Software and IT equipment	127,200	64,157
Lab equipment	266,692	202,406
Assets under Construction	5,988	14,218,838
Plant and equipment	2,074,532	-
Mine property	218,787	
Stripping Asset	2,298,282	
	<u>4,991,481</u>	<u>14,485,401</u>



Movement in carrying amounts of plant and equipment

	Software and IT equipment	Lab equipment	Assets under construction	Plant and equipment	Mine Property	Stripping Asset	Total
Balance at 1 July 2021	64,157	202,406	14,218,838	-	-	-	14,485,401
Additions	81,386	83,228	5,621	434,911	-	2,191,004	2,796,150
Capitalisation of pre-commercial costs of production	-	-	10,832,840	-	-	-	10,832,840
Pre-production revenue netted off	-	-	(23,408,316)	-	-	-	(23,408,316)
Capitalisation of right of use asset depreciation	-	-	1,140,965	-	-	-	1,140,965
Reassessment of rehabilitation provision	-	-	-	-	(1,065,065)	-	(1,065,065)
Capitalisation of finance cost of lease liability	-	-	471,690	-	-	-	471,690
Reallocation	-	-	(2,984,678)	1,698,195	1,286,483	-	-
Depreciation	(23,924)	(31,079)	-	(185,644)	(19,595)	(33,497)	(293,739)
Exchange differences	5,581	12,137	(270,972)	127,070	16,964	140,775	31,555
Balance at 30 June 2022	127,200	266,692	5,988	2,074,532	218,787	2,298,282	4,991,481
Cost	152,301	299,799	5,988	2,272,289	239,534	2,333,965	5,303,876
Accumulated Depreciation	(25,101)	(33,107)	-	(197,757)	(20,747)	(35,683)	(312,395)
Balance at 30 June 2022	127,200	266,692	5,988	2,074,532	218,787	2,298,282	4,991,481



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	5 years
Lab equipment	5 years
Plant and equipment	7 and 10 years
Mine property	Life of mine units of production
Stripping asset	Life of mine units of production

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.

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 2022, there were no indicators of impairment or impairment reversal present. No impairment expenses or impairment reversals thereof have been recognised during the period (2021: 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.

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. In April 2022, the Company commenced the cut back of a new area of the mine pit, and has capitalised the development stripping associated with this work during the period.

Capitalised development and production stripping costs are classified as "Stripping Asset". Development stripping costs are considered in combination with other assets of an operation for the purpose of undertaking impairment assessments. Amortisation of capitalised development stripping costs is determined on a unit of production basis for each separate area of interest.

Removal of waste material normally continues throughout the life of a mine. This activity is referred to as production stripping and commenced in December 2021 upon the initial extraction of ore.



11. Provisions

	2022 \$	2021 \$
Current		
Employee benefits	159,322	87,069
Total current	159,322	87,069
Non-current		
Rehabilitation	2,654,312	3,420,754
Total non-current	2,654,312	3,420,754

Movement in Provisions in 2022

	Rehabilitation and restoration provision \$	Employee benefits \$	Total \$
Opening balance at 1 July 2021	3,420,754	87,069	3,507,823
Adjustment for change in discount rate	(1,065,065)	-	(1,065,065)
Finance cost	201,943	-	201,943
Exchange difference	96,680	-	96,680
Amounts recognised during the year	-	72,253	72,253
Closing balance at 30 June 2022	2,654,312	159,322	2,813,634

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.

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.

On an annual basis, the Company reviews the applicable discount rate used to calculate the net present value (NPV) of the rehabilitation provision at reporting date.

For the reporting period ended 30 June 2021 the discount rate was 4.50%, which reflected the cash rate in Brazil at the time of initial commencement of the project.

For the reporting period ended 30 June 2022, the Company has reviewed the previous discount rate of 4.50% and noted that the current interest rates in Brazil are now materially higher. Therefore, the present value of the restoration and rehabilitation provision at reporting date has been re-calculated using the longer-term interest rate in Brazil of 10.00% and the adjustments to present value of the provision for restoration and rehabilitation of \$1,065,065 has been applied to the Group's mine properties asset.

12. Share capital

a) Issued share capital

	2022		2021	
	Number	\$	Number	\$
Ordinary shares fully paid	2,132,346,373	36,471,957	2,114,107,373	36,472,270

b) Movement in ordinary share capital

Date	Details	Number of shares	\$
1/07/2020	Balance at the beginning of the year	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	9,426,853	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	2,114,107,373	36,472,270
29/09/2021	Adjustment to unmarketable parcel sale	-	(313)
06/10/2021	Shares issued on vesting of Tranche 1 performance rights	7,625,000	-
06/10/2021	Shares issued on vesting of Tranche 2 performance rights	7,625,000	-
08/06/2022	Shares issued on vesting of Tranche 3 performance rights	3,000,000	-
30/06/2022	Balance at the end of the year	2,132,357,373	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 Company, ordinary shareholders rank after all other shareholders and creditors are fully entitled to any proceeds of liquidations.

13. Reserves

	2022 \$	2021 \$
Share-based payment reserve	1,071,303	396,174
Foreign current translation reserve	2,640,135	520,798
	3,711,438	916,972

Movement reconciliation in share-based payment reserve	Number of options	Number of Performance Rights	\$
On issue at 30 June 2021	19,750,000	46,500,000	396,174
Shares issued on vesting of tranche 1 performance rights	-	(7,625,000)	-
Shares issued on vesting of tranche 4 performance rights	-	(7,625,000)	-
Shares issued on vesting of tranche 3 performance rights	-	(3,000,000)	-
Recognition of share - based payment expense for performance rights issued in previous years	-	-	675,129
On issue at 30 June 2022	19,750,000	28,250,000	1,071,303

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 consultants, employees and directors but not exercised
- the grant date fair value of shares issued to consultants, employees and directors.
- the grant date fair value of performance rights issued to consultants, employees and directors.

b) Foreign currency translation reserve

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



14. Earnings per share (EPS)

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 profit after tax of \$3,493,992 and the weighted average number of shares in issue during the year of 2,125,440,894.

	2022 cents	2021 cents
Basic and diluted profit/(loss) per share		
From continuing operations	0.16	(0.49)
From discontinued operations	-	0.02
Total basic and diluted profit/(loss) per share	0.16	(0.47)

b) Reconciliations of profit/(loss) used in calculating loss per share

	2022 \$	2021 \$
From continuing operations	3,493,992	(8,982,674)
From discontinued operations	-	357,303
	<u>3,493,992</u>	<u>(8,625,371)</u>

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:

	2022	2021
Weighted average number of shares on issue		
Weighted average number of ordinary shares used as the denominator in calculating basic profit/(loss) per share	2,125,440,894	1,816,919,199
Weighted average number of ordinary shares used as the denominator in calculating diluted profit/(loss) per share	2,168,651,894	1,816,919,199



15. Cash flow information

	2022	2021
	\$	\$
Reconciliation of cash flows from operating activities with loss from ordinary activities after income tax:		
Profit/(Loss) for the year	3,493,992	(8,625,371)
Adjusted for non-cash items:		
Depreciation	1,941,273	-
Share-based payment	675,129	234,674
Capitalisation of finance cost on lease liability	(471,690)	-
Gain on lease modifications	(226,849)	-
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	201,943	80,234
Changes in assets and liabilities:		
(Increase)/Decrease in trade and other receivables	(174,109)	(357,511)
(Increase)/Decrease in other assets	(948,751)	(110,651)
(Increase)/Decrease in inventory	(9,793,497)	-
Increase/(Decrease) in trade and other payables	5,612,753	1,953,159
Increase/(Decrease) in provisions	72,253	-
Net cash inflows from operating activities	382,447	(2,695,290)



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:

16. Critical estimates, judgements, and errors
17. Financial risk management
18. Capital management

16. 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. Impairment of property, plant and equipment

The future recoverability of property, plant and equipment 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 property, plant and equipment 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 property, plant and equipment 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.

ii. Determining the beginning of commercial 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 completion of reasonable testing of the mine plant and equipment, throughput levels at or near expected levels, the ability to produce iron ore in saleable form and other factors such as cashflow and cash positive operations.



Based on these factors, it was determined that commercial production was achieved on 30 November 2021.

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 11).

The Group has reviewed the and adjusted the pre-tax risk-free interest rate from 4.50% to 10.00% reflecting the increase in Brazil interest rates.

Key assumptions used:

	2022
Current cost estimate	\$2,654,312
Pre-tax risk-free interest rate (%)	10.0
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 or the market price of the Company's shares on measurement date. Vesting assumptions are reviewed during each reporting period to ensure they reflect current expectations (refer Note 23).

v. 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 leases, 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.

The Group has reviewed its leases and made the following modifications:

- Rental property leases were previously assumed to be renewed annually at review date for a five-year period. Due to the changing needs of the project, this has been revised to only assume renewal of the leases at the next review date for a period of 12 months. This will continue to be reviewed annually.
- The mining equipment lease charges have increased due to the addition of mining equipment during the financial year.
- The mining equipment lease value has been updated in light of the cost of equipment increasing in line with Brazil CPI at the contract renewal.
- Both the property and equipment lease values have been adjusted to compensate for the increase in Brazilian interest rates during the year, moving from 4.50% to 10.0%.

17. 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:

		2022	2021
		\$	\$
Financial assets			
Financial assets at amortised cost			
Cash and cash equivalents	7a	29,421,985	24,704,473
Trade and other receivables	7b	368,016	193,907
Financial liabilities			
Liabilities at amortised cost			
Trade and other payables	7c	6,841,707	6,993,290
Lease liabilities	7d	10,732,763	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 dollars, was as follows:

	2022		2021	
	USD	BRL	USD	BRL
Cash and cash equivalents	17,709,502	4,341,813	15,098,865	1,053,335
Trade Receivables	-	366,216	-	193,907
Other Receivables	-	1,059,402	-	5,002
Trade Payables	(19,759)	(3,134,483)	(38,729)	(2,106,118)
Other Payables	(31,625)	(3,446,465)	(21,486,011)	(4,751,476)
Lease liabilities	-	(10,732,763)	-	(5,061,426)
	17,658,118	(11,546,280)	(6,425,875)	(10,666,776)

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 and USD cash held in Tombador Iron Singapore Pte Ltd.

	Impact on post-tax profit (loss)	
	2022	2021
	\$	\$
BRL/AUD exchange rate - increase 10%*	276,199	(280,803)
BRL/AUD exchange rate - decrease 10%*	(337,576)	280,803
USD/AUD exchange rate – increase 10%*	(2,211,538)	(2,148,601)
USD/AUD Exchange rate decrease 10%*	2,702,991	2,626,068
*Holding all other variables constant		

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:

	2022		2021	
	Weighted average interest rate	Balance \$	Weighted average interest rate	Balance \$
Cash and cash equivalents	0.53%	29,421,985	0%	24,704,473



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 2022, if interest rates had moved, as illustrated in the table below, with all other variables held constant, profit and equity would have been affected as follows:

<i>Judgements of reasonably possible movements:</i>	Profit	Profit
	higher/(lower)	higher/(lower)
	2022	2021
	\$	\$
+ 1.0% (100 basis points)	294,220	247,045
- 1.0% (100 basis points)	(294,220)	(247,045)

iii. Commodity price risk

The Group is 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 revenue is exposed to fluctuation in the price of iron ore. As at 30 June 2022, if iron ore prices had changed by 10%, as illustrated in the table below, with all other variables held constant, profit and equity would have been affected as follows:

<i>Iron ore price movement:</i>	Profit	Profit
	higher/(lower)	higher/(lower)
	2022	2021
	\$	\$
Iron ore price – increase 10%	3,256,379	-
Iron ore price – decrease 10%	(3,256,379)	-

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 2022, 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 undiscounted contractual maturities of financial liabilities:

	1 year or less	1-5 years	> 5 years	Total
2022	\$	\$	\$	\$
Trade and other payables	6,841,707	-	-	6,841,707
Lease Liabilities	2,754,814	9,795,691	-	12,550,505
2021				
Trade and other payables	6,993,290	-	-	6,993,290
Lease Liabilities	1,068,272	4,821,930	-	5,890,202

18. 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 19.

19. Interest in Subsidiaries

19. 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 2022	Equity holding ¹ 2021
Legal Parent				
Tombador Iron Limited	Corporate	Australia		
Legal Subsidiaries				
Tombador Iron Singapore Pte Ltd	Corporate	Singapore	100%	100%
Tombador Iron Mineracao Ltda	Mining	Brazil	100%	100%

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

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Tombador Iron Limited as at 30 June 2022 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.

- 20. Commitments, contingent liabilities, and contingent assets
- 21. Subsequent events

20. Commitments and contingencies

There are no other commitments or contingent liabilities outstanding at 30 June 2022 (2021: \$nil).

21. Subsequent events

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 Company, the results of those operations, or state of affairs of the Company in future financial years apart from those listed below:

On 30 September 2022 the Company declared an unfranked ordinary dividend of \$0.0028 per share with payment to be made on or around 28 October 2022.



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.

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

22. 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 19.

c) Key management personnel compensation

	2022	2021
	\$	\$
Short-term employee benefits	815,938	523,354
Bonuses	152,725	-
Share-based payments	267,084	106,883
	<u>1,235,747</u>	<u>630,237</u>

During the current financial year, the Group made payments to the following companies:

- \$60,000 to Erasmus Consulting Pty Ltd, an entity related to Chairperson Anna Neuling.
- \$75,000 to Parati Pty Ltd, an entity related to Director David Chapman.
- The USD equivalent of AUD\$75,000 to Keshel Consulting Limited, an entity related to Director Keith Liddell.
- \$404,664 to McRae Investments, an entity related to Director Stephen Quantrill. The payments for directors' fees (\$200,003) and management fees included the rental of office space and shares facilities and travel expenses. \$50,000 related to the fee for Chief Financial Officer and company secretary services, provided by Abby Macnish as an employee of McRae Investments from 1 July 2021 to 31 December 2021.
- \$97,500 to CAMS Advisory Pty Ltd, an entity related to CFO/Company Secretary Abby Macnish for Chief Financial Officer and company secretary services from 1 January 2022 to 30 June 2022.

All transactions were on normal terms and conditions.



d) Loans to/from related parties

No loans to/from related party at year end.

23. 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 or in some instances the market price of the Company's shares on measurement date.

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 \$675,129 (2021: \$234,674) results from several transactions summarised below:

Transactions	2022 \$	2021 \$
Directors share based payment expense	178,056	78,999
Employees and consultants share based payment expense	497,073	155,675
Options issued to corporate advisors	-	161,500
Total expense for period	675,129	396,174
Represented by:		
Share-based payment expense	675,129	234,674
Cost of capital raising	-	161,500
	675,129	396,174

24. 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 Mann Judd

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:

	2022 \$	2021 \$
Audit and review of financial reports		
Group	73,718	99,726
Controlled entities	-	17,065
Total audit and review of financial reports	73,718	116,791
Other services		
Consulting services	-	41,388
Total services provided by HLB	73,718	158,179

b) Auditors of Tombador Iron Mineracao Ltda – HLB Brazil

	2022 \$	2021 \$
Audit and review of financial reports		
Controlled entities	50,553	8,031
Total services provided by HLB Brazil	50,553	8,031



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:

	2022	2021
	\$	\$
Current Assets	7,463,138	9,535,047
Non-Current Assets	21,459,685	21,871,567
Total Assets	28,922,823	31,406,614
Current Liabilities	209,382	23,431
Non-Current Liabilities	-	-
Total Liabilities	209,382	23,431
Net Assets/(Liabilities)	28,713,441	31,383,183
Equity		
Issued capital	36,443,646	92,302,613
Reserves	1,071,303	396,174
Accumulated losses	(8,801,508)	(61,315,604)
Total Equity	28,713,441	31,383,183

Statement of Profit or Loss and Other Comprehensive Income

	2022	2021
	\$	\$
Loss after income tax	(3,344,554)	(5,127,713)
Other comprehensive income	-	-
Total comprehensive income/(loss) for the year	(3,344,554)	(5,127,713)



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 2022 are outlined in the table below:

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	1 January 2022	30 June 2023



AASB 2020-1	<p>f) AASB 141 to align the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.</p> <p>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</p> <p>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.</p>	1 January 2023	30 June 2024
AASB 2021-2	<p>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates</p> <p>This Standard amends:</p> <ul style="list-style-type: none"> 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 <p>AASB Practice Statement 2, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.</p>	1 January 2023	30 June 2024

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 2021, the Group has adopted all Accounting Standards and Interpretations mandatory to annual periods beginning on or before 1 July 2021. 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.

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) 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.

d) 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 2022 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
30 September 2022

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 2022, 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 2022 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
<p data-bbox="245 389 751 418">Achievement of commercial production</p>	
<p data-bbox="245 423 341 452">Note 10</p>	
<p data-bbox="245 468 900 768">The Tombador Iron Project achieved commercial production during the year, transitioning from the development phase to the commercial production stage. During the development stage, the Group capitalised all costs of production, depreciation on mining equipment, right of use asset amortisation and the finance costs attributable to mining equipment lease liabilities, while also applying revenue from Iron Ore sales to the pre-commercial production development asset.</p>	<p data-bbox="911 468 1433 526">Our audit procedures included but were not limited to the following:</p>
<p data-bbox="245 801 900 922">The Tombador Iron Project transition to commercial production is considered to be a key audit matter as it was deemed most important to the users of the financial statements.</p>	<ul style="list-style-type: none"> <li data-bbox="911 546 1433 674">- Evaluated the Group's processes and controls in place with respect to recognition of revenue and costs of production. <li data-bbox="911 696 1433 887">- Assessed the allocation of costs between operating expenditure and capital expenditure by inspecting documentation on a sample basis and assessing the nature of the underlying activity.
<p data-bbox="245 956 900 1077">The Group used judgement in the identification and allocation of cost between operating expenditure and capitalised expenditure. The risks we focussed on included:</p>	<ul style="list-style-type: none"> <li data-bbox="911 907 1433 1068">- Challenged the Group's determination of commercial production by evaluating the criteria by which the declaration was made against the underlying documentation and industry practice.
<ul style="list-style-type: none"> <li data-bbox="245 1097 900 1126">- The existence of capital expenditure; and <li data-bbox="245 1146 900 1272">- The capital nature of expenditure particularly the determination of when the Tombador Iron Project was considered capable of operating at commercial production and in a manner intended by the Group. 	<ul style="list-style-type: none"> <li data-bbox="911 1088 1433 1146">- Assessed the disclosures in the financial report.
<p data-bbox="245 1308 448 1337">Stripping Asset</p>	
<p data-bbox="245 1341 341 1370">Note 10</p>	
<p data-bbox="245 1404 900 1552">The Group recognised a stripping asset in relation to removing overburden and other waste material in order to gain access to ore deposits. The stripping asset involves the estimation of the life of mine waste to ore strip ratio.</p>	<p data-bbox="911 1404 1433 1462">Our audit procedures included but were not limited to the following:</p>
<p data-bbox="245 1585 900 1644">The Stripping asset is considered a key audit matter as it involves a high level of estimation.</p>	<ul style="list-style-type: none"> <li data-bbox="911 1482 1433 1610">- Evaluated the Group's processes and controls in place with respect to reconciliation of physical mining quantities and costs of production. <li data-bbox="911 1630 1433 1688">- Assessed the life of mine strip ratio with reference to the mine resource. <li data-bbox="911 1709 1433 1800">- Agreed the monthly strip ratio to the monthly mining physical quantities reconciliations. <li data-bbox="911 1821 1433 1881">- Agreed the allocation of monthly mining costs to underlying records. <li data-bbox="911 1901 1433 1966">- Assessed the disclosures in the financial report.

Mining equipment lease modification

Note 7 d)

During the year, the Group's mining equipment lease was modified for the addition of mining equipment, the mining equipment lease charge changed from a day rate to a monthly rate, and the mining equipment lease charge increased materially on contract revision. The lease liability and associated right of use asset was remeasured using a revised discount rate.

As a result of the modification, the mining equipment right of use asset increased by \$7,692,478 and the mining equipment lease liability increased by \$7,474,495 and a gain on modification was recognised in the statement of profit or loss and other comprehensive income of \$217,983.

The mining equipment lease modification is considered a key audit matter as it involves a high level of estimation and involved most communication with those charge with management.

Our audit procedures included but were not limited to the following:

- Evaluated the Group's processes and controls in place with respect to lease accounting.
- Reviewed the contract mining agreement.
- Agreed the monthly equipment charges to invoice.
- Ensured the lease modification was accounted for in accordance with AASB 16 *Leases*.
- Recalculated the lease liability and right of use asset.
- Considered the appropriateness of the revised discount rate.
- Assessed the disclosures in the financial report.

Rehabilitation and restoration provision

Note 11

The Group reviewed and updated the discount rate on the rehabilitation and restoration provision in light of the increased in interest rates in Brazil. Therefore, the present value of the restoration and rehabilitation provision at reporting date has been re-calculated using a revised discount rate of 10.00% and the adjustments to present value of the provision for restoration and rehabilitation of \$1,065,065 has been applied to the Group's mine properties asset.

The rehabilitation and restoration provision is considered a key audit matter as it involves a high level of estimation and involved most communication with those charge with management.

Our audit procedures included but were not limited to the following:

- Evaluated the Group's processes and controls in place with respect to the provision.
- Considered an appropriate discount rate by analysing Brazil's current risk-free rate of interest, forecast future risk-free rate of interest and 10-year average risk-free rate.
- Recalculated the lease liability and right of use asset.
- Considered the impact of a range of sensitivities on the provision.
- Assessing the disclosures in the financial report against the requirements of the accounting standards.

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 2022, 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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 2022.

In our opinion, the Remuneration Report of Tombador Iron Limited for the year ended 30 June 2022 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
Chartered Accountants

Perth, Western Australia
30 September 2022



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 28 September 2022)

	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	23,625,000	26

Holders of over 20% of unlisted securities

There are no holders of more than 20% of unlisted securities as at 28 September 2022.

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	58	8,347	0.00
above 1,000 up to and including 5,000	18	53,874	0.00
above 5,000 up to and including 10,000	184	1,492,850	0.07
above 10,000 up to and including 100,000	804	36,580,096	1.71
above 100,000	1,010	2,098,847,206	98.22
TOTALS:	2,074	2,136,982,373	100.00

There are 490 holders holding less than a marketable parcel of ordinary shares based on the closing market price as at 28 September 2022.

Ordinary Shares Subject to Escrow

There are the following equity securities currently subject to either regulatory or voluntary escrow (as at 28 September 2022):

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 28 September 2022)

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	944,463,354	44.20%

Equity Security Holders (Current as at 28 September 2022)

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	44.20%
2	NORTRUST NOMINEES LIMITED	86,005,337	4.02%
3	MCRAE INVESTMENTS PTY LTD	43,663,745	2.04%
4	MANNWEST GROUP PTY LTD	32,101,265	1.50%
5	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS DRP>	30,292,024	1.42%
6	IRAL PTY LTD <IRAL A/C>	25,000,000	1.17%
7	MRS CATHERINE MURCH (MINJAL SUPER FUND A/C)	22,000,000	1.03%
8	BNP PARIBAS NOMS PTY LTD	21,208,815	0.99%
9	JSC WEALTH MANAGEMENT PTY LTD	20,316,859	0.95%
10	KEITH STEWART LIDDELL AND SHELAGH JANE LIDDELL	16,779,936	0.79%
11	MRS TRACEY LEE PAPPIN <PAPPIN SUPER FUND A/C>	16,000,182	0.75%
12	BOODUP NOMINEES PTY LTD <OTTER SUPER FUND A/C>	13,000,000	0.61%
13	UBS NOMINEES PTY LTD	11,594,937	0.54%
14	THE MAMF GROUP PTY LTD	11,359,384	0.53%
15	JOHN DAHLEN SUPERANNUATION FUND PTY LTD	10,718,000	0.50%
16	GIOKIR PTY LTD	9,287,334	0.43%
17	CITICORP NOMINEES PTY LTD	7,789,030	0.36%
18	MR KRIS RICHARD COURT & MRS SUZANNAH JANE COURT	7,000,000	0.33%
18	ARDROY SECURITIES PTY LTD <CAMERON INVESTMENT A/C>	7,000,000	0.33%
18	BAKALA PTY LTD <BAKALA SUPER FUND A/C>	7,000,000	0.33%
18	COURT FINANCIAL SERVICES PTY LTD	7,000,000	0.33%
19	SUPERHERO SECURITIES LIMITED <CLIENT A/C>	6,368,559	0.30%
20	NOORAMA INVESTMENTS PTY LTD <NOORMA SUPER A/C>	6,200,000	0.29%
TOTALS:		1,362,148,761	63.74%



Tenement Schedule at 30 June 2022

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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