Tombador Iron Limited
(Formerly RESA Group)

ABN 20 108 958 274

Condensed Consolidated Interim Report for the Half-Year Ended 31 December 2020

CONSOLIDATED INTERIM REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

CONTENTS

DIRECTORS

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

CHIEF EXECUTIVE OFFICER
Mr Gabriel da Cunha Oliva

COMPANY SECRETARY
Mrs Abby Macnish Niven

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

SOLICITORS
Steinepreis Paganin
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16 Milligan Street
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BANKERS
National Australia Bank Limited
Level 32, 100 Miller Street
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REGISTERED OFFICE
Tombador Iron Limited
Suite 5, 85 Forrest Street
Cottesloe WA 6011

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

STOCK EXCHANGE LISTING
The Company's shares are listed and quoted on the Australian Securities Exchange Limited ("ASX").
Home Exchange: Sydney, NSW
ASX code: TI1 (previously RE1)

Web Site: www.tombadoriron.com

CONSOLIDATED INTERIM REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

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DIRECTORS' REPORT

The Directors of Tombador Limited (formerly RESA Group Limited) ("**TI1**" or the "**Company**" and, together with its controlled entities, the "**Group**") submit herewith the consolidated financial statements of the Group for the financial period ended 31 December 2020 ("**H1 FY21**").

DIRECTORS

Mrs Anna Neuling	(Non - Executive Chair) Appointed 25 September 2020
Mr David Chapman	(Non - Executive Director) Appointed 25 September 2020
Mr Stephen Quantrill	(Non - Executive Director)
Mr Keith Liddell	(Non - Executive Director) Appointed 25 September 2020
Mr Bill Nikolouzakis	(Executive Director and CEO) Resigned 25 September 2020
Mr Andrew Jensen	(Non - Executive Director) Resigned 25 September

Directors have been in office since the start of the financial year to the date of this report, unless otherwise stated.

Mr Gabriel da Cunha Oliva was appointed as Chief Executive Officer on 25 September 2020.

SUMMARY REVIEW OF OPERATIONS

On 6 October 2020, the Company was successfully reinstated to official quotation on the ASX following its re-compliance with chapters 1 and 2 of the ASX Listing Rules. Tombador Iron Limited raised $15,000,000 pursuant to the offer made under its prospectus dated 6 August 2020. The Company issued 600,000,000 shares at an issue price of $0.025 under the offer.

Following the successful re-compliance and capital raise the Company has made significant progress developing the Tombador iron ore project in Bahia, Brazil. Key activities and milestones achieved during the half year period include:

- Execution of key contracts:
    - Mining and construction contract with SEMEP, a Brazilian contract mining company;
    - Drilling contract to commence the infill drilling program with SERVDRILL, a Brazilian drilling company; and
    - Contract to purchase crushing and screening plant with IMIC, a leading manufacturer of mining and processing equipment.
- Commencement of the infill drilling program on 26 October 2020. Drilling has been ongoing since this time.
- Commencement of mine site construction. With progress to date the Company is well on track to commence production in the June Quarter of 2021.

Significant events after balance sheet date

On 4 February 2021, the Group announced the completion of an Offtake Agreement with Trafigura do Brasil Exportacao, Importacao e Comercio Ltda. Under the terms of the Offtake Agreement, Trafigura will purchase 100% of the high grade lump and fines iron ore mined from the Tombador Project that the Company sells into the international export market.

On 8 February 2021, the Group announced that it has successfully commissioned the crushing and screening plant and tested it with ore, with the plant ready for operations with a design capacity of 400 tonnes per hour. The Company is currently awaiting the Ministry of Mines and Energy to grant the Company's Mining Concession which follows the approval of the PAE (feasibility study) by the National Mining Agency on the 1 December 2020. Once the Mining Concession and the Operating License have been obtained, the Company will be allowed to operate the mine.

On 1 March 2021, the Company announced that it had received binding commitments from new and existing investors to raise approximately $20,000,000 through a Placement. The Company issued 253,164,557 fully paid ordinary shares at an issue price of $0.079 per share, raising $20,000,000, before costs, on 3 March 2021.

Apart from the matters noted above, no other matters or circumstances have arisen since the end of the half- year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

DIRECTORS' REPORT

Dividends paid or recommended

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

Auditor's independence declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence declaration is set out on page 3 and forms part of this Directors' report for the period ended 31 December 2020.

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

On behalf of the Directors,

Ms Anna Neuling
Non – Executive Chair
15 March 2021

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Tombador Iron Limited (formerly RESA Group Limited) for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Perth, Western Australia
15 March 2021

D I Buckley
Partner

HLB MANN JUDD
ADVISORY AND ACCOUNTING

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

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Tombador Iron Limited (formerly RESA Group Limited) ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

Responsibility of the directors for the financial report

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

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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Independence

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
15 March 2021

Buckley

D I Buckley
Partner

DIRECTORS' DECLARATION

In the opinion of the Directors of Tombador Iron Limited (the "Company");

a. the accompanying interim financial statements and notes thereto are in accordance with *the Corporations Act 2001* including:

   i. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and

   ii. complying with Australian Accounting Standards, the *Corporations Regulations 2001*, professional reporting requirements and other mandatory requirements.

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

c. the interim financial statements and notes thereto are in accordance with Interim Financial Reporting Standards issued by the International Accounting Standards Board.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 303(5) of the *Corporations Act 2001* for the half-year ended 31 December 2020.

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

Ms Anna Neuling
Non - Executive Director and Chair

Perth, 15 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2020

	Note	6 months to 31 Dec 2020 $
Other Income		26,207
Administration expenses		(349,982)
Operating expenses		(139,308)
Employee expenses		(267,709)
Directors and external consultant expenses		(530,812)
Depreciation and amortisation		(9,168)
Occupancy expenses		(7,061)
Share based payment in relation to reverse acquisition	12	(19,287,610)
Fair value gain on disposal of investments		17,666
Share-based payments	14	(111,491)
Operating (loss) before financing costs		**(20,659,268)**
Financial income		29
Financial expenses		(45,071)
Net financing costs		**(45,042)**
Loss from continuing operations before income tax		**(20,704,310)**
Income tax expense		-
Net loss from continuing operations after income tax		**(20,704,310)**
Net profit from discontinued operations	3	304,542
Total net loss after income tax		**(20,399,768)**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations		(358,151)
Other comprehensive loss for the half-year		(358,151)
Total comprehensive loss for the half-year		**(20,757,919)**
Loss attributable to:		
Members of the parent entity		(20,399,768)
		(20,399,768)
Total comprehensive loss attributable to:		
Members of the parent entity		(20,757,919)
		(20,757,919)
Loss per share for loss from Continuing Operations attributable to the Owners of Tombador Iron Limited		
Basic loss per share (cents)	15	(1.29)
Diluted loss per share (cents)	15	(1.29)
Loss per share for loss attributable to the Owners of Tombador Iron Limited		
Basic loss per share (cents)	15	(1.27)
Diluted loss per share (cents)	15	(1.27)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes. There are no comparative period balances as the Accounting Parent was incorporated on 14 January 2020, refer to Note 2(c) for more details.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	31 December 2020 $	30 June 2020 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	9,609,130	8,733
Trade and other receivables	5	27,995	-
Other assets	6	862,042	-
TOTAL CURRENT ASSETS		**10,499,167**	**8,733**
NON-CURRENT ASSETS			
Plant and equipment	7	2,927,834	-
Right-of-use asset	8	5,019,163	-
Exploration and evaluation expenditure	9	543,305	240
TOTAL NON-CURRENT ASSETS		**8,490,302**	**240**
TOTAL ASSETS		**18,989,469**	**8,973**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		116,051	7,299
Lease liabilities	8	1,035,684	-
TOTAL CURRENT LIABILITIES		**1,151,735**	**7,299**
NON-CURRENT LIABILITIES			
Lease liabilities	8	4,143,405	-
Provisions	10	1,439,459	-
TOTAL NON-CURRENT LIABILITIES		5,582,864	-
TOTAL LIABILITIES		**6,734,599**	**7,299**
NET ASSETS		**12,254,870**	**1,674**
EQUITY			
Issued capital	11	32,749,836	11,712
Reserves		(85,150)	10
Accumulated losses		(20,409,816)	(10,048)
TOTAL EQUITY		**12,254,870**	**1,674**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Share-based Payment Reserve	Total
	$	$	$	$	$
Balance as at 1 July 2020	**11,712**	**(10,048)**	**10**	**-**	**1,674**
Net loss for the period	-	(20,399,768)	-	-	(20,399,768)
Other comprehensive loss	-	-	(358,151)	-	(358,151)
Total comprehensive loss for the period	**-**	**(20,399,768)**	**(358,151)**	**-**	**(20,757,919)**
Transactions with owners in their capacity as equity holders					
Issue of convertible notes	16,599	-	-	-	16,599
Share-based payments	-	-	-	272,991	272,991
Effective consideration to the reverse acquisition of Tombador Iron Limited	18,831,263	-	-	-	18,831,263
Shares issued during the period	15,000,000	-	-	-	15,000,000
Less: transaction costs	(1,345,409)	-	-	-	(1,345,409)
Shares issued to convert debt to equity	235,671	-	-	-	235,671
Balance as at 31 December 2020	**32,749,836**	**(20,409,816)**	**(358,141)**	**272,991**	**12,254,870**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes. There are no comparative period balances as the Accounting Parent was incorporated on 14 January 2020, refer to Note 2(c) for more details.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	6 months to 31 Dec 2020
Cash flows from operating activities		
Receipts from customers and government grants		335,250
Payments to suppliers and employees		(2,550,902)
Interest received		29
Interest paid		(127,410)
Net cash used in operating activities		**(2,343,033)**
Cash flows from investing activities		
Payments for exploration and evaluation expenditure		(734,507)
Proceeds from disposals of subsidiaries	13	137,151
Cash balance acquired on reverse acquisition principles	12	187,907
Proceeds from disposals of non-current assets		59,806
Payments for assets in construction		(1,306,609)
Payment for plant and equipment		(35,019)
Net cash used in investing activities		**(1,691,271)**
Cash flows from financing activities		
Proceeds from issue of shares		15,000,000
Transaction costs relating to issue of shares		(1,183,246)
Repayment of lease liabilities		(182,303)
Net cash provided by financing activities		**13,634,451**
Net increase in cash and cash equivalents		**9,600,147**
Cash and cash equivalents at the beginning of period		8,733
Exchange rate adjustment		250
Cash and cash equivalents at the end of period	**4**	**9,609,130**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes. There are no comparative period balances as the Accounting Parent was incorporated on 14 January 2020, refer to Note 2(c) for more details.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION

The financial report covers Tombador Iron Limited as a consolidated entity consisting of Tombador Iron Limited and the entities it controlled during the period ("the Group"). The financial report consists of the financial statements, notes to the financial statements and the Directors' declaration. Tombador Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These general purpose condensed consolidated financial statements for the half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These condensed consolidated general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the annual financial report. It is recommended that these financial statements be read in conjunction with the reviewed financial report for the period ended 31 August 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

The half-year financial statements were authorised for issue on 15 March 2021.

b) Basis of preparation

The half-year financial report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

For the purposes of preparing the report, the half-year has been treated as a discrete reporting period.

c) Comparative figures

Tombador Iron Singapore Pte Ltd ("TIS") was incorporated on 14 January 2020 with the purpose of acquiring and holding Brazilian tenement 872.431/2003 through its 100% owned subsidiary Tombador Iron Mineracao Ltda. As described in note 2(d) below, TIS is deemed as the accounting acquirer following reverse acquisition principles. The comparative figures relating to 31 December 2019 are not disclosed as TIS was not yet incorporated at that time.

d) Accounting policies and methods of computation

The accounting policies and methods of computation are consistent with those of the previous financial period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group.

The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES

Business combinations (continued)

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in profit or loss.

Reverse Acquisition

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

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

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

Refer to note 9 for details of the reverse acquisition and its financial effects during the current financial year.

Exploration and Evaluation expenditure

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

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

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

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES

Exploration and Evaluation expenditure (continued)

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

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

Provision for restoration and 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.

Property, Plant and Equipment

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:

- Mining Equipment — Life of mine
- Process Plant — Life of mine

The useful lives of the mine properties are often dependent on the life of the orebody to which they relate. Where this is the case, the lives of mining properties, and their long-lived processing equipment are generally based on the expected life of the orebody. The life of the orebody is estimated on the basis of the life-of-mine plan.

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.

e) Significant accounting judgments and key estimates

The preparation of half-year financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing this half-year financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report of Tombador Iron Singapore Pte Ltd, being the accounting parent, for the period ended 31 August 2020, except as noted below.

Exploration and evaluation expenditure

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. An assessment by the Group of its previously capitalised exploration and evaluation expenditures did not result in any impairment of tenements for the half-year ended 31 December 2020 (refer Note 11).

Share - based payments

The Company makes equity settled share-based payments to parties, including directors, which are measured at fair value at the date of grant and expensed on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. The fair values are determined using the relevant option pricing models. Vesting assumptions are reviewed during each reporting period to ensure they reflect current expectations (refer Note 14).

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 10).

Key assumptions used

	2020
Current cost estimate	$2,125,599
Pre-tax risk-free interest rate (%)	4.5
Length of the project (yrs)	7

Leases

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

To determine the incremental borrowing rate, the group:

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

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES

e) Significant accounting judgments and key estimates (continued)

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

Key assumptions used

	2020
Average incremental borrowing rate (%)	6.5

Share - based payments on reverse acquisition

The Group measured the cost of listing as the difference between the fair value of the shares deemed to have been issued by Tombador Iron Singapore (the non listed entity) and the fair value of the accounting acquiree's (listed entity). The fair value of the deemed shares issues is based on a number of estimates and assumptions. The cost of listing is recognised as an expense in the statement of profit or loss and other comprehensive income. The reverse acquisition transaction is further discussed in Note 12.

f) New accounting standards and interpretations not yet adopted

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the period ended 31 December 2020. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

g) Financial position

The Group recorded a net loss after tax of $20,399,768 and experienced total cash outflow from operating activities of $2,518,049 for the period ended 31 December 2020, and at that date, had a net working capital position of $9,347,432. Included in the reported loss for the period, is an amount of $19,287,610 for the cost of the ASX listing.

The Group completed its ASX re-compliance on 5 October 2020 and successfully raised $15m as part of the ASX listing and raised a further $20m subsequent to reporting date.

Notwithstanding the loss incurred for the period, the Directors are of the view that the Group is a going concern based on the following reasons:

- A significant part of the loss incurred during the period was attributable to the reverse acquisition resulting in the Group recognising a non-cash share based payment expense of $19,287,610 in its statement of profit and loss and other comprehensive income.
- The Group had net assets of $12,262,531 at 31 December 2020.
- The Group had a cash balance of $9,609,130 at 31 December 2020.
- On 3 March 2021, the Company issued 253,164,557 shares at an issue price of $0.079 per share, raising $20m before costs.

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The financial statements do not include any adjustments relative to the recoverability and classification of recorded asset amounts or, to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

3. SEGMENT INFORMATION

The Group is organised into three operating segments:

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

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

Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker has been identified as the Board of Directors of Tombador Iron Limited. The following table presents the revenue, results and certain asset and liability information regarding the segment information provided to the Board of Directors for the period ended 31 December 2020.

	Australia	Singapore	Brazil	Discontinued	Eliminations	Consolidated
	$	$	$	$	$	$
Revenue						
Sales to external customers	-	-	-	47,374	-	47,374
Government grants	-	-	-	29,500	-	29,500
Interest received	-	-	29	-	-	29
Less: direct costs	-	-	-	(51,031)	-	(51,031)
Other income	379,497	-	-	622,157	(938,028)	63,626
Gross profit	**379,497**	**-**	**29**	**618,500**	**(938,028)**	**59,998**
Operating expenses	(781,284)	(253,053)	(613,825)	(17,519)	938,028	(727,653)
Loss on disposal of subsidiaries	-	-	-	(139,778)	-	(139,778)
Profit on disposal of investments	17,666	-	-	-	-	17,666
Share-based payments	-	(111,491)	-	-	-	(111,491)
Depreciation and amortization	-	-	(9,168)	-	-	(9,168)
Cost of listing	-	(19,287,610)	-	-	-	(19,287,610)
Impairment of receivables	-	-	-	(118,269)	-	(118,269)
Finance costs	(33,494)	-	(11,577)	(38,392)	-	(83,463)
(Loss)/Profit before income tax	**(417,615)**	**(19,652,154)**	**(634,541)**	**304,542**	**-**	**(20,399,768)**
	$	$	$	$	$	$
Assets						
Segment assets	13,353,692	10,833,023	13,214,491	20,487	(18,432,224)	18,989,469
Liabilities						
Segment liabilities	65,166	11,044,873	6,647,796	-	(11,023,236)	6,734,599

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

4. CASH AND CASH EQUIVALENTS

	Consolidated 31 December 2020	Consolidated 30 June 2020
	$	
Cash at bank and on hand	9,609,130	8,733
	9,609,130	**8,733**

5. TRADE AND OTHER RECEIVABLES

	Consolidated 31 December 2020	Consolidated 30 June 2020
	$	$
Trade receivables	31,366	-
Less: allowance for expected credit losses	(3,371)	-
	27,995	**-**

6. OTHER ASSETS

	Consolidated 31 December 2020	Consolidated 30 June 2020
Current	$	$
Prepayments	862,042	-
	862,042	**-**

7. PLANT AND EQUIPMENT

	Consolidated 31 December 2020	Consolidated 30 June 2020
	$	$
IT equipment	35,019	-
Assets in construction	2,892,815	-
Total	**2,927,834**	**-**

Movements in carrying amounts of plant and equipment

	Assets under construction	IT equipment	Total
	$	$	$
Balance at 1 July 2020	-	-	-
Additions	2,892,815	35,019	2,927,834
Depreciation	-	-	-
Balance at 31 December 2020	**2,892,815**	**35,019**	**2,927,834**

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

8. LEASES

Right-of-use asset	Housing and storage $	Mining equipment $	Consolidated 31 December 2020 $
Cost			
At 1 July 2020	-	-	-
Additions	137,691	5,139,253	5,276,944
At 31 December 2020	137,691	5,139,253	**5,276,944**
Accumulated Depreciation			
At 1 July 2020	-	-	-
Charge for the half-year	9,107	248,674	257,781
	9,107	248,674	**257,781**
Carrying amount			
At 1 July 2020	-	-	-
At 31 December 2020	**128,584**	**4,890,579**	**5,019,163**
Lease Liabilities			
At 1 July 2020	**-**	**-**	**-**
New lease liabilities entered into during the period	137,691	5,139,253	5,276,944
Add: Interest	790	84,078	84,868
Less: Payments	(7,434)	(175,289)	(182,723)
Closing balance	131,047	5,048,042	**5,179,089**
Represented by:			
Current lease liabilities	45,251	990,433	1,035,684
Non-current lease liabilities	85,796	4,057,609	4,143,405
	131,047	5,048,042	**5,179,089**

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

9. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated 31 December 2020 $
At 1 July 2020	240
Additions	543,065
At 31 December 2020	**543,305**

The ultimate recoupment of exploration and evaluation expense carried forward is dependent on successful development and exploitation, or alternatively sale of the area of interest. Factors that could impact the future recoverability include the level of reserves of resources, future technological changes (including changes to environmental restoration obligations) and changes to commodity prices.

The Group aims to produce a premium quality lump iron ore product and a high grade sintering fines from its 67% Fe deposit. The Group is targeting commencement of production on the Project within 12 months of acquisition.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

10. PROVISIONS

Restoration and rehabilitation provision

	Consolidated 31 December 2020 $
Opening balance at 1 July	-
Estimate of provision taken to assets in construction at the commencement of the mine construction	1,417,295
Unwinding of discount	10,786
Exchange difference	11,378
Closing balance at 31 December	**1,439,459**

The Group has provision for mine site restoration associated with Tombador Project in Bahia, Brazil.

11. CONTRIBUTED EQUITY

(a) Issued share capital

	Consolidated	
	Shares	**$**
Ordinary shares fully paid	**1,860,942,816**	**32,749,836**

(b) Movement in ordinary share capital

Date	Details	Number of shares	$
01/07/2020	Share capital of Tombador Iron Singapore Pte Ltd	80,000	11,712
31/08/2020	Issue of convertible shares	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	18,831,263
31/08/2020	Shares to satisfy debt	9,426,853	235,671
31/08/2020	Capital raising	600,000,000	15,000,000
31/08/2020	Transaction costs	-	(1,345,409)
31/12/2020	Balance at the end of the period	**1,860,942,816**	**32,749,836**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands or on a poll every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

12. REVERSE ACQUISITION

Acquisition of Tombador Singapore Limited

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

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

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

The Group consequently recognised a share-based payment of $19,287,610 in its statement of profit and loss and other comprehensive income, representing the cost of the listing. The cost is calculated as the difference in the fair value of the shares deemed to have been issued by TIS (the non-listed entity) and the fair value of the accounting acquiree's identifiable net liabilities.

Assets acquired and liabilities assumed:	**$**
Cash and cash equivalents	187,907
Trade and other receivables	606,524
Trade and other payables	(1,250,778)
Net Liabilities assumed	**(456,347)**
Share-based payment for reverse acquisition	19,287,610
Acquisition date fair value of the total consideration transferred	**18,831,263**

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

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

13. DISPOSAL OF SUBSIDIARIES

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

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

Details of the sale of the subsidiaries:

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

14. SHARE-BASED PAYMENTS

Performance rights issued to directors

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

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

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

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

14. SHARE-BASED PAYMENTS (CONTINUED)

	Vested	Value Attributed	Value Expensed at 31 December 2020
		$	$
Tranche A Performance Rights	Nil	81,250	9,408
Tranche B Performance Rights	Nil	81,250	9,408
Tranche C Performance Rights	Nil	81,250	9,409
Tranche D Performance Rights	Nil	58,305	5,429
		302,055	**33,654**

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

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

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

Performance Rights issued to consultants and employees

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

	Vested	Value Attributed	Value Expensed at 31 December 2020
		$	$
Tranche A, B, C Performance Rights	Nil	628,125	62,813
Tranche D Performance Rights	Nil	150,248	15,024
		778,373	**77,837**

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

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

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

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

14. SHARE-BASED PAYMENTS (CONTINUED)

Options issued to corporate advisor of the Capital Raising

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

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

15. LOSS PER SHARE

	Consolidated
	cents
Basic and Diluted Loss per Share	
From continuing operations	(1.29)
From discontinued operations	0.02
Total basic and diluted loss per share	**(1.27)**
Reconciliation of Loss used in calculating Loss per Share	
From continuing operations	(20,704,310)
From discontinued operations	304,542
	(20,399,768)
Weighted Average Number of Shares Used as the Denominator	
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	**1,607,130,145**

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

16. SUBSIDIARIES

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by Group
Tombador Iron Singapore Pte Ltd	Corporate	Singapore	100%
Tombador Iron Mineracao Ltds	Exploration	Brazil	100%
RESA IBNA Pty Limited	Discontinued	Australia	100%
RESA FSA Pty Limited	Discontinued	Australia	100%

17. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group has no contingent liabilities or contingent assets at 31 December 2020.

18. SUBSEQUENT EVENTS

On 4 February 2021, the Group announced the completion of an Offtake Agreement with Trafigura do Brasil Exportacao, Importacao e Comercio Ltda. Under the terms of the Offtake Agreement, Trafigura will purchase 100% of the high grade lump and fines iron ore mined from the Tombador Project that the Company sells into the international export market.

On 8 February 2021, the Group announced that it has successfully commissioned the crushing and screening plant and tested it with ore, with the plant ready for operations with a design capacity of 400 tonnes per hour. The Company is currently awaiting the Ministry of Mines and Energy to grant the Company's Mining Concession which follows the approval of the PAE (feasibility study) by the National Mining Agency on the 1 December 2020. Once the Mining Concession and the Operating License have been obtained, the Company will be allowed to operate the mine.

On 1 March 2021, the Company announced that it had received binding commitments from new and existing investors to raise approximately $20m through a Placement. The Company issued 253,164,557 fully paid ordinary shares at an issue price of $0.079 per share, raising $20m, before costs, on 3 March 2020.

Apart from the matters noted above, no other matters or circumstances have arisen since the end of the half- year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.