



TOMBADOR IRON

Tombador Iron Limited

Suite 5, 85 Forrest Street
Cottesloe WA 6011

ABN: 20 108 958 274
ASX: T11

Tombador Iron Limited (ASX:T11) is an Australian company established in October 2020.

The Company owns 100% of the world-class Tombador iron ore project in Bahia State, Brazil.

Tombador plans to develop a low capex, simple, open-cut mining operation by Q2CY 2021.

Non-Executive Directors

Anna Neuling – Chair
David Chapman
Keith Liddell
Stephen Quantrill

CEO

Gabriel Oliva

Company Secretary

Abby Macnish Niven

Contact us

www.tombadoriron.com
info@tombadoriron.com
+61 8 6382 1805

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 DECEMBER 2020

29 January 2021

HIGHLIGHTS

- **Maximum \$15m funds received in capital raise associated with reinstatement to official quotation on the ASX, 6 October 2020;**
 - **Commencement of infill drilling program;**
 - **Commencement and ongoing construction of mine site facilities including the crushing and screening plant;**
 - **Mobilisation of mining equipment and personnel by the contract mining company;**
 - **Environmental programs continuing towards the award of the Operating Licence (“LO”);**
 - **Negotiations with Brazilian Steel Mills and International Offtake Parties advanced;**
 - **Production is on track to commence in the second quarter of 2021 (“June Quarter”).**
-



TOMBADOR IRON

OVERVIEW

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. During the previous quarter TI1 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.

At the end of the quarter, TI1 held cash and cash equivalents of \$9.659m.

Key activities and milestones achieved during the quarter:

During the December 2020 quarter ("December Quarter"), the Company has achieved significant milestones in the development of the Tombador iron ore Project ("Tombador Project"), including:

- 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 and is expected to be completed in the March quarter of 2021 ("March Quarter").
- Commencement of mine site construction. With progress to date the Company is well on track to commence production in the June Quarter.

TOMBADOR PROJECT

Tombador Iron Limited (TI1.ASX, the "Company") is pleased to report on its activities for the December Quarter.

During the December Quarter the Company made significant progress on its planned development of the Tombador Project ("Tombador Project") in the State of Bahia, northeast of Brazil with production on track to commence in the June Quarter.

Permitting

The Company currently holds the following licenses:

- Preliminary Licence ("LP") granted in 2018 (involves Social and Environmental approvals);



TOMBADOR IRON

- Installation Licence ("LI") granted in 2020 (vegetation clearing, construction and site works permitted);

On 3 October 2020, the Company successfully transferred the LI from Colomi Iron Mineração Ltda to Tombador Iron Mineração Ltda (subsidiary of the Company) paving the way for the application for the Operating License ("LO").

During the December Quarter the Company has been working on environmental programs that are required to achieve the LO after the construction of the Project and approval from the Bahia State Environmental Bureau ("INEMA").

The following key activities have commenced during the December Quarter:

- Clearing of vegetation: the area for mine site offices, the crush and screen plant, and a substantial proportion of the proposed mining area have been cleared;
- Ongoing Environmental Programs:
 - Monitoring the quality of water;
 - Monitoring the quality of air;
 - Monitoring the quality of noise levels;
- Social and communications programs with the local Community;
- Application for the Operating Licence (LO);

On the regulatory side, the Company continued to work on converting its exploration license into a mining license. As previously advised, the Company has:

- 100% ownership of Tenement;
- Final Exploration Report approved;
- PAE (feasibility study) approved by the National Mining Agency ("ANM") on the 1st of December 2020.¹

The Company is now awaiting the Ministry of Mines and Energy ("MME") to grant the Company's Mining Concession.

Once the Mining Concession and the Operating License have been obtained, the Company will be allowed to operate the mine and sell lump and fines ore to its customers.

Infill Drilling

On 26 October 2020, the Company commenced its infill drilling program with two diamond drill rigs. By the end of this reporting period the company had drilled 1,095m and sent core from the first fourteen drill holes to undergo chemical analysis. The drilling is ongoing and the Company expects to complete drilling and receive chemical analysis results in this March Quarter. Following the drill results the Company

¹ The PAE is a mandatory feasibility study of the Project which is submitted to the National Mining Agency to ensure the Company has a viable plan to exploit the deposit before a mining concession is granted.



TOMBADOR IRON

intends to update its Mineral Resources Statement, finalise the mine plan to commence production in the June Quarter and define an Ore Reserve.

Contractor Mobilisation and Site Construction

As announced on 20 October 2020, the Company started the construction of the Tombador Project, following the engagement of SEMEP Logística e Construção Ltda ("SEMEP") a well-known and reputable contractor in Brazil.

SEMEP and its subcontractors are providing all equipment and staffing for Tombador site construction, drilling and blasting, mining, operating the crusher, and maintaining equipment and mine site infrastructure for the life of the Project.



Figure 1: Tombador Project Site Facilities

During the December Quarter, the key activities for construction have been achieved:

- Footings for the crushing and screening plant have been poured;
- Civil equipment for the construction phase has been mobilised;
- Site civil works, foundations and construction of infrastructure, including site offices, restaurant, laboratory, and maintenance workshop and ancillary infrastructures have been completed;
- Mine accesses and road infrastructure have been constructed.



TOMBADOR IRON



Figure 2: Mine Access & Road Infrastructure

Also, on 20 October 2020, the Company secured and ordered the crushing and screening plant for the Tombador Project from Industria Mecânica Irmãos Corgozinho Ltda (“IMIC”).

IMIC have provided a plant design which is expected to maximise the production of lump product from the Project's compact hematite. This design includes the use of 3 jaw crushers with a total design production rate capacity of up to 400 tonnes per hour.

Critical items of the crushing and screening plant have been delivered to site and assembly of the plant has commenced.



Figure 3: Crushing & Screening Plant assembly in progress



TOMBADOR IRON

Logistics

A tender process and negotiations with road contractors and port operators has commenced and continued through the period. The Company expects to conclude these negotiations in the March Quarter.

Marketing and Offtake

Negotiations with an international offtake marketer are advanced and the Company expects to conclude them and enter into an agreement in the March Quarter.

Significant progress has been made with major Brazilian Steel Mills ("BSM") in marketing the Tombador product including providing samples for testwork.

Negotiations with BSM are underway and the next step is to obtain a firm order for industrial tests once the Tombador Project is licensed for production and sales.

Following the industrial tests, the Company expects to negotiate long term sales agreements with the BSM.

Staff build-out

The recruitment of suitably experienced personnel for the majority of key positions for the Tombador mining operations has been successfully undertaken, in preparation for the commencement of mining operations in the June Quarter.

CORPORATE

Cash flows

During the December Quarter, the Company invested \$2.6m in readying the project, including contraction of the mine site, drilling and permitting. At the end of the quarter, the Company had approximately \$9.6m in cash remaining. In addition, the Company received \$163k in property settlement commissions from the legacy residential sales business.

Sale of Subsidiaries and Investments

During the quarter, the Company sold the subsidiaries RESA IBN Pty Ltd and RESA NPA Pty Ltd (**together the Subsidiaries**), which together hold the rights to the Company's remaining residential sales settlement book (**Settlement Book**).

The Settlement Book is part of the Company's previous residential sales business which entitles the Company to receive commissions on future property settlements. Sale of the Settlement Book allows the Company to complete its exit from its previous real estate business and focus solely on its iron ore operations going forward.

The Company received a one-off cash payment of \$137k, representing an estimated 55% of the net book value of the Settlement Book.



TOMBADOR IRON

The Company also sold a shareholding in Proptech Group (**ASX:REV**) on market for approximately \$60k during the quarter.

Use of Funds

Tombador was re-admitted to the official list of the ASX on 6 October 2020, following completion of a capital raising of \$15 million. The December quarter is included in a period covered by a Use of Funds statements in the Prospectus lodged with ASX under Listing Rule 1.1 condition 3.

A comparison of the Company's actual expenditure since re-admission to 31 December 2020 against the estimated expenditure in the Use of Funds statement is set out below in accordance with ASX Listing Rule 5.3.4. The table also shows the Company's expenditure for the December Quarter, as required by ASX Listing Rule 5.3.1:

Prospectus Use of Funds	Budgeted	Actual Q2 FY21	Actual Total
Environmental and mining licencing	\$447,000	\$207,385	\$207,385
Infill drilling and mine planning	\$1,200,000	\$323,398	\$323,398
Contractor mobilisation and pre-strip	\$956,000	\$571,386	\$571,386
Site construction	\$2,668,000	\$1,499,021	\$1,499,021
Brazil project costs	\$1,808,000	\$607,650	\$607,650
Corporate costs	\$1,565,000	\$995,164	\$995,164
Working capital	\$5,180,000	\$0	\$0
Costs of the Public Offer	\$1,326,000	\$1,279,751	\$1,279,751
TOTAL	\$15,150,000	\$5,483,756	\$5,483,756

The Company continues to monitor spending, with current expenditure in line with budget. The balance of expenditure is expected to be made over the projected twelve-month period, as detailed in the Use of Funds statement.

Payments to related parties and associates

In accordance with ASX Listing Rule 5.3.5, \$153k was paid to related parties or their associates during the quarter, as shown in section 6 of the Company's Cashflow Report (Appendix 5B) for the Quarter ended 31 December 2020. The payments include Non-executive Director payments of \$48k, consulting fees of \$55k, and \$50k for office rent and administration services.

Authorised for release by the Board.



TOMBADOR IRON

Contact:

Gabriel Oliva
CEO
gabriel.oliva@tombadoriron.com

Abby Macnish Niven
Company Secretary
info@tombadoriron.com
+61 8 6382 1805

Lucas Robinson
Investor Relations
lucas@corporatetorytime.com
+61 408 228 889



TOMBADOR IRON

TENEMENT SCHEDULE

The Company's interests in tenements are set out below:

Location	Project	Tenement Number	Interest at beginning of Quarter	Interest at End of Quarter
Sento Sé	Tombador Project	872.431/2003	100%	100%

ENDS.