



# TOMBADOR IRON

## **Tombador Iron Limited**

Suite 5, 85 Forrest Street  
Cottesloe WA 6011

ABN: 20 108 958 274  
ASX: TI1

Tombador Iron Limited (ASX:TI1) 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**

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## **ACTIVITIES REPORT FOR THE QUARTER ENDED 31 MARCH 2021**

29 April 2021

### **HIGHLIGHTS**

- **Heavily over-subscribed placement raising \$20Million to accelerate production**
- **Execution of Offtake Agreement with Trafigura**
- **Completion of mine site construction and commissioning of crushing and screening plant**
- **Commencement of Pre-stripping**
- **Environmental site inspection required for the award of the Operating Licence ("LO") completed;**
- **Negotiations with Brazilian Steel Mills advanced;**
- **Production is on track to commence in the second quarter of 2021 ("June Quarter").**



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## OVERVIEW

On 1 March 2021, the Company announced the successful capital raising of \$20,000,000 in a heavily over-subscribed placement. The proceeds will be used to accelerate production once licences have been obtained.

At the end of the quarter, TI1 held cash and cash equivalents of \$24.64m.

### **Key activities and milestones achieved during the quarter:**

During the March 2021 quarter ("March Quarter"), the Company has achieved significant milestones in the development of the Tombador iron ore Project ("Tombador Project"), including:

- Execution of an offtake agreement with Trafigura;
- Completion of mine site construction and commissioning of the crushing and screening plant;
- Site inspection required for environmental operating licence;
- Commencement of pre-stripping;
- Obtaining and releasing the first batch of drill core assays.

## TOMBADOR PROJECT

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

During the March 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, subject to receipt of licences.

### **Permitting**

The Company currently holds the following environmental licences:

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

During the March Quarter the Company completed construction and submitted evidence of the fulfillment of conditions of the Operating Licence to the Bahia State



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Environmental Bureau ("INEMA"). INEMA have conducted a site inspection and the Company expects the LO will be approved in the June Quarter.

On the regulatory side, the Company continued to work on converting its exploration licence into a mining licence. 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.<sup>1</sup>

On the 28<sup>th</sup> of April, the Company announced that the Ministry of Mines and Energy ("MME") granted the Mining Concession for the Tombador Project and published it in the Official Gazette on the 27<sup>th</sup> of April 2021.

Once the Operating Licence has 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. The drilling plan was extended and by the end of this reporting period the company had drilled 2,272m of HQ diamond core and received the chemical analysis from the first fifteen drill holes. The drilling program is nearing completion and the Company expects to complete drilling and receive chemical analysis results in this June Quarter. Following the drill results the Company intends to update its Mineral Resources Statement, finalise the mine plan to commence production in the June Quarter and define an Ore Reserve.

## **Site Construction**

As announced on 9 February 2021, the construction and commissioning of the crushing and screening plant was completed. The construction was completed in a little over three months by SEMEP Logística e Construção Ltda ("SEMEP") a well-known and reputable contractor in Brazil.

The fabrication and design of the crushing and screening plant was provided by Industria Mecânica Irmãos Corgozinho Ltda ("IMIC"). The design includes the use of three jaw crushers to maximise the production of lump product from the Project's compact hematite.

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

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<sup>1</sup> 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.



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## **Pre-stripping**

The Company has continued to undertake pre-stripping in preparation for production, including clearing topsoil and setting up mining benches. Once the Operating Licence has been approved, the Company will be in a position to immediately commence production of ore.

## **Logistics**

A tender process and negotiations with road contractors and port operators has commenced and continued through the period. As announced on 12<sup>th</sup> April 2021, contracts with the port operator and a trucking services company have now been executed.

VLI MULTIMODAL S.A. ("VLI") the operator of Terminal Marítimo Inácio Barbosa, Barra dos Coqueiros, Sergipe State ("Aracajú Port") has been contracted to provide stockpile storage capacity, material handling and ship loading services, sufficient for loading initial shipments of 35,000 tonnes/shipment, with the option to expand the port storage capacity.

POLIMODAL LOGISTICA E TRANSPORTES LTDA ("Polimodal") has been contracted to provide truck haulage services. Polimodal will cart the hematite lump and fines products approximately 700km from the Tombador mine to Aracaju Port.

## **Marketing and Offtake**

The Company signed a binding offtake agreement ("Offtake Agreement") on the 4<sup>th</sup> of February 2021 with Trafigura do Brasil Exportacao, Importacao e Comercio Ltda. for 100% of Tombador high grade iron ore sales to the export market.

The Offtake Agreement contains comprehensive terms relating to sale, shipment, delivery, and pricing for Tombador's high grade lump and fines products including additional working capital support through pre-delivery partial payment.

For domestic sales in Brazil, the Company has the right to separately sell the high-grade lump and fines iron ore mined from the Tombador Project either to Trafigura or directly to domestic customers.

Negotiations with major Brazilian Steel Mills ("BSM") are underway and the next step is to obtain firm orders for industrial scale 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.



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## CORPORATE

### Cash flows

During the March Quarter, the Company invested \$2.45m in developing the project, including construction of the mine site, drilling and permitting. At the end of the quarter, the Company had approximately \$24.66m in cash remaining, after a successful \$20m placement. In addition, the Company received approximately \$50k in property settlement commissions from the legacy residential sales business.

### 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 March 2021 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 March 2021 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 March Quarter, as required by ASX Listing Rule 5.3.1:

Prospectus Use of Funds	Budgeted	Actual Q2 FY21	Actual Total
Environmental and mining licensing	\$447,000	\$125,296	\$332,681
Infill drilling and mine planning	\$1,200,000	\$425,485	\$748,883
Contractor mobilisation and pre-strip	\$956,000	\$103,689	\$675,075
Site construction	\$2,668,000	\$1,048,163	\$2,547,184
Brazil project costs	\$1,808,000	\$744,296	\$1,351,946
Corporate costs	\$1,565,000	\$631,892	\$1,627,056
Working capital	\$5,180,000	\$0	\$0
Costs of the Public Offer	\$1,326,000	\$0	\$1,279,751
<b>TOTAL</b>	<b>\$15,150,000</b>	<b>\$3,078,820</b>	<b>\$8,562,575</b>

The Company continues to monitor spending, with current expenditure broadly in line with budget. The Corporate Costs expenditure is slightly higher than budgeted, as this includes additional ASX, legal and registry costs associated with the recent \$20m placement, which was not accounted for in the original prospectus budget.

The balance of expenditure is expected to be made over the projected twelve-month period, as detailed in the Use of Funds statement.



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## Payments to related parties and associates

In accordance with ASX Listing Rule 5.3.5, \$171k 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 March 2021. The payments include Non-executive Director payments of \$75k, consulting fees of \$79.8k, and \$16.2k for office rent and administration services.

Authorised for release by the Board.

## Contact:

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## 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.