

June Quarterly Activities Report



TOMBADOR IRON

30 July 2021

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 has commenced production of high-grade hematite iron ore from a simple open cut mining operation during Q2 CY2021

Executive Director
Stephen Quantrill

Non-Executive Directors
Anna Neuling – Chair
David Chapman
Keith Liddell

CEO
Gabriel Oliva

Company Secretary
Abby Macnish Niven

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

HIGHLIGHTS

PRODUCTION COMMENCES AT THE TOMBADOR PROJECT

- **Mining Concession and Operating Licence granted**
- **Secured access to iron ore port export facilities**
- **Executed trucking services agreement to haul ore to the port**
- **First shipment of 38,045wmt of high-grade lump departed on 22nd July 2021**
- **Industrial tests with Brazilian Steel Mills underway**
- **Cash holdings of \$23.965m at 30 June 2021**

Tombador Iron Limited CEO Gabriel Oliva commented: "The Tombador Iron team is very pleased to have delivered on the key milestones required to bring the world class Tombador Iron Ore mine into operation within 9 months of the company's relisting on the ASX. The Board and management acknowledge the tremendous work completed by the team on the ground in Brazil and look forward to ramping up production of our high-grade lump and fines products for delivery into export and domestic Brazilian steel markets".



TOMBADOR IRON

OVERVIEW

On 21st May 2021, the Company announced the award of the Operating Licence and commenced production of high-grade hematite at the Tombador mine site with the first shipment of high-grade lump departing the port on 22nd July 2021.

At the end of the quarter, TI1 held cash and cash equivalents of \$23.965m.

Key activities and milestones achieved during the quarter

During the June 2021 quarter ("June Quarter"), the Company has achieved all remaining milestones in the development of the Tombador iron ore Project ("Tombador Project") to bring the project into production, including:

- Completing the infill drilling program and release the results of drill core assays
- Mining Concession published in the Official Gazette on 27th April 2021
- Operating Licence from the Environmental Agency of the state of Bahia published in Official Gazette on 20th May 2021
- Executing the final contracts for trucking and port operations
- Commencement of production of high-grade lump and fines hematite
- Delivery and sales of high-grade lump to customers

TOMBADOR PROJECT

Tombador Iron Limited (TI1.ASX, the "Company") is pleased to report that it commenced production during the June Quarter.

During the June Quarter, the Company completed all remaining steps required to bring the Tombador Project ("Tombador Project") in the State of Bahia, northeast of Brazil, into production.

The Company is now focusing efforts on ramping up production, studying the feasibility of beneficiating medium iron grade rock, and producing a JORC Ore Reserve.

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 September 2020 (vegetation clearing, construction and site works permitted);
- Operating Licence ("LO") granted on 20th May 2021 (mining operations and sale of Ore permitted).

The Company is now fully permitted and has already commenced all operations to mine and sell lump and fines ore to its customers.



TOMBADOR IRON

Infill Drilling

The infill drilling campaign targeting the preliminary mining area comprising of 38 holes and 2,552.95m is complete. All samples have been processed and assays received.

The process of updating the mineral resource has commenced and once complete, the Company will prepare an ore reserve calculation. The ore reserve will include a life of mine plan and enable the Company to provide forward looking production guidance. Future resource development drilling and exploration activities are being planned to target the SE, NE and NW where mineralisation is open.

Pre-stripping

The Company has finished pre-stripping including clearing topsoil and setting up mining benches.

Logistics

As announced on 12th April 2021, contracts with the port operator and a trucking services company were executed which includes:

- Truck haulage services for approximately 700km from the Tombador mine to the Port;
- Stockpile storage, material handling and ship loading services, with the first shipment of over 38,000 tonnes being loaded in July 2021.

Marketing and Offtake

The Company signed a binding offtake agreement ("Offtake Agreement") on 4th 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.

The Company commenced delivering high-grade lump to the port stockpile in the June Quarter and received partial payments totalling approximately AUD\$4.5m. Following the end of the reporting period, on 22 July 2021 the first shipment of 38,045 wet metric tonnes was sold through Trafigura to a Northern European steel maker. The Company sold the cargo at a fixed price, based on the 65%Fe Index in order to capitalise on the current strong iron ore price environment.

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.



TOMBADOR IRON

Industrial tests are underway with two major Brazilian Steel Mills (“BSMs”) Following the industrial tests, the Company expects to negotiate long term sales agreements with the BSMs.

Dry Beneficiation Studies

In the June Quarter, study work commenced 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) at a later date. Testwork of potentially beneficiable ore types has commenced using dry sensor-based sorting technologies. These proof of concept and feasibility level studies will be progressed in the September Quarter.

CORPORATE

Cash flows

During the June Quarter, the Company invested \$3.60m in developing the project, including construction of the mine site, purchase of required equipment, drilling and permitting. At the end of the quarter, the Company had approximately \$23.97m in cash remaining.

During the Quarter, pre-payments of approximately AUD\$4.5m was received under the offtake agreement. In addition, the Company received approximately \$23k in property settlement commissions from the legacy residential sales business.

The Company will report cash costs once it has moved from development phase to commercial production phase for accounting purposes. This is expected to be by the end of the December 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 June 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 30 June 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 June Quarter, as required by ASX Listing Rule 5.3.1:



TOMBADOR IRON

Prospectus Use of Funds	Budgeted	Actual Q3 FY21	Actual Total
Environmental and mining licensing	\$447,000	\$118,296	\$450,977
Infill drilling and mine planning	\$1,200,000	\$283,957	\$1,032,840
Contractor mobilisation and pre-strip	\$956,000	\$98,481	\$773,556
Site construction	\$2,668,000	\$272,200	\$2,819,384
Brazil project costs	\$1,808,000	\$596,042	\$1,947,988
Corporate costs	\$1,565,000	\$771,206	\$2,398,262
Working capital	\$5,180,000	\$2,824,054	\$2,824,054
Costs of the Public Offer	\$1,326,000	\$2,919	\$1,282,670
TOTAL	\$15,150,000	\$ 4,967,155	\$ 13,529,731

The Company continues to monitor spending, with current expenditure broadly in line with budget. The Corporate Costs expenditure is 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.

Payments to related parties and associates

In accordance with ASX Listing Rule 5.3.5, \$186k 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 30 June 2021. The payments include Non-executive Director payments of \$99.1k, consulting fees of \$72.5k, and \$14.4k for office rent and administration services.

Authorised for release by the Board.

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.



TOMBADOR IRON

ABOUT TOMBADOR IRON LIMITED

Tombador Iron Ltd owns 100% of the fully permitted Tombador Iron Ore mine located in Bahia State Brazil.

Tombador commenced production of premium-grade lump and fines hematite iron ore in May 2021 from a low-capex open-pit mining operation.

Tombador's lump ore is in scarce supply globally and is suitable for Direct Reduced Iron and/or Blast Furnace steelmakers. Offtake partner Trafigura will purchase 100% of lump and fines product which Tombador sells into the international export market. Potential customers from the Brazilian steel industry have also indicated interest in Tombador's ore.

The company's board of directors is focused on rapidly ramping up production at the Tombador Project to achieve the potential of the operations and return dividends to shareholders.

