

# March 2022 Quarterly Activities Report



## TOMBADOR IRON

29 April 2022

### **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 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**

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## HIGHLIGHTS

- The Company produced 206,000 wet metric tonnes (wmt) of lump and fines ore during the March 2022 Quarter, the highest production rate during a quarter to date
- This quarter marked the Company's maiden positive net cash from operating activities of \$3.3m
- PFS underpins robust project economics & Ore Reserve estimate at Tombador or 5.59Mt at 65.5%Fe
- 98,000 wmt of high-grade lump and fines were sold during the March 2022 quarter
- 294,000 wmt of lump and fines ore were on stockpile as at 31 March 2022
- Cash holdings of AUD\$28.38m as at 31 March 2022
- Focus on sales market development in Brazil and in the export market to better match sales at positive margins to production.



# TOMBADOR IRON

## OVERVIEW

During the quarter, the Company focused on increasing production capacity at the mine, whilst developing the Brazil domestic market and selectively selling the high-grade product into the export market where the Company was able to achieve positive profit margins.

*Tombador Iron Limited CEO Gabriel Oliva commented:*

*"We produced 206,000wmt of high-grade lump and fines in the March quarter, our best quarterly production yet. With the satisfactory improvement in production, towards our production target of 1.2Mtpa<sup>1</sup>, we are now focusing on market development to better match sales at positive margins to production."*

Tombador selectively sold a total of 97,954 wmt of high-grade iron ore during the quarter. With the persistent high seaborne freight costs the Company focused in the quarter on increasing the volume of sales into the domestic market, selling 63,348 wmt to Brazilian Steel Mills this quarter, the most local sales per quarter to date. The remaining 34,606 wmt sold was an export shipment with an exceptional grade of 66%Fe.

Tombador lump ore remains the highest-grade lump ore produced in Brazil.

At the end of the March 2022 quarter, T11 held cash and receivables of AUD\$31.80m, (including receivables of \$3.43m relating to sales executed in the March 2022 quarter for which payments were received in April 2022).

## TOMBADOR PROJECT

Tombador Iron Limited (T11.ASX, the "Company") is pleased to report its highest production quarter of iron ore to date.

The Company continues to focus on:

- Finalising the ramp-up phase and increasing the production rate and the availability of the crushing and screening plant;
- Growing the volume of high-grade lump and fines sales, with focus on the local Brazil market development and customer acceptance in the export market;
- Studying the feasibility of beneficiating medium iron grade rock.

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<sup>1</sup> As reported in the Company's announcement "Tombador Project Pre-Feasibility Study and Ore Reserves" (announced 1 March 2022)



# TOMBADOR IRON

## Production

Approximately 114,000wmt of lump product and 92,000wmt of fines product were crushed and screened during the March 2022 quarter, for a total production of 206,000wmt.

The addition of the tertiary cone crushing circuit has resulted in the highest production throughput in a quarter to date. The additions allow the plant to cater for customer requirements and allows for more flexibility in plant maintenance.



*Figure 1 – A Tertiary Crushing Circuit was added in the December Quarter*

As at 31 March 2022, Tombador had approximately 294,000 tonnes of product on stockpiles, including approximately 246,000 tonnes of product on stockpiles at the mine and 48,352 tonnes of high-grade product on stockpile at the port.

The stockpile at the mine of 246,000 tonnes is valued at the cost of production and accounted for on the Company's Balance Sheet until such time as the product is sold.

Production has been higher than sales and inventory has accordingly increased during the quarter as the Company continues with its strategy to develop the local Brazilian market to complement export product, especially whilst shipping rates remain at historically elevated levels. The Company continues to focus on realising positive margins for its valuable resource in the prevailing market.



# TOMBADOR IRON

## Sales

During the March 2022 quarter, the Company continued to develop the local Brazilian market and sold 15,600 wmt of high-grade lump product and 47,800 wmt of fines product to various Brazilian steel mills in the quarter. The company also loaded one ship for sale into the export market, totalling 34,606 wmt of ultra high-grade lump with an average grade of over 66%Fe. The average moisture content of the shipment was 0.57%. Since commencing export sales in mid-July 2021, the Company has now shipped a total of approximately 224,420 wmt of lump and fines products into the European market.

Subsequent to the March 2022 quarter's end, the Company has also loaded a shipment of high-grade lump in April 2022, for a total 36,181 wmt.

During the quarter, the Company received AUD\$12.68m in relation to completed sales to both domestic and export customers, and AUD\$3.67m for partial payments delivered to the port stockpile.

Additionally, in April 2022, a further AUD\$3.66m has been received in payment of sales executed in the March 2022 quarter, and two final payments for March 2022 quarter shipments are expected to be received in the June 2022 quarter.

Since moving to commercial production for accounting purposes on 1 December 2021 the Company has received AUD\$17.62m in net cash collected from sales, as disclosed in the Operating Activities section item 1.1 of the Company's Appendix 5B.



# TOMBADOR IRON

## Mineral Resource

During the March 2022 quarter the Company released its maiden Ore Reserve based on the updated Mineral Resource estimate of 8.92Mt at 64.4%Fe of high-grade hematite using a cut-off grade of 55%Fe as categorised in Table 1 and 2 below. This Mineral Resource was extracted from the Company's announcement "Mineral Resource Update" (announced 24 December 2021). The Company confirms that it is not aware of any new information or data that materially affects the information included in the "Mineral Resource Update" announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in that announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the "Mineral Resource Update" announcement.

*Table 1 - Hematite Mineral Resource*

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

Hematite and High Phosphorus Hematite resources use a cut-off grade of 55% Fe.

*Table 2 - High Phosphorus Hematite Mineral Resource*

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

Hematite and High Phosphorus Hematite resources use a cut-off grade of 55% Fe.



# TOMBADOR IRON

## Ore Reserve

The Company completed its Pre-Feasibility Study and released its maiden Ore Reserve at Tombador of 5.59Mt at 65.5%Fe on 1 March 2022. The Ore Reserve has been stated by an external consultant GE21 Consultoria Mineral Ltda ("GE21") using the Mineral Resource in Table 1 and Table 2. It is based on the production rate of 1.2Mtpa of lump and fines product with a life of mine waste to ore strip ratio of 3.8:1. The information in this document that relates to Ore Reserve Estimates and Production Targets have been extracted from the Company's announcement "Tombador Project Pre-Feasibility Study and Ore Reserves" (announced 1 March 2022). The Company confirms that it is not aware of any new information or data that materially affects the information included in the "Tombador Project Pre-Feasibility Study and Ore Reserves" announcement and that all material assumptions and technical parameters underpinning the Ore Reserve estimates and Production Target in that announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market Announcement. As stated in the Tombador Project Pre-Feasibility Study and Ore Reserves announcement the PFS life of mine pit design is larger in surface area than previous estimates and the Company is currently in the process of submitting a request for the extension and expansion of its current licenses with both the National Mining Agency and the Environmental department, INEMA.

*Table 3 - Ore Reserve*

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

## Dry Beneficiation Studies

In the March 2022 quarter, study work continued into the evaluation 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 barren waste for potential processing (beneficiation) at a later date. Proof-of-concept sensor-based sorting technology study results have been positive. In response, bulk sample test work commenced in the March 2022 quarter and will continue in the June 2022 quarter.





# TOMBADOR IRON

## CORPORATE

### Cash flows

The March 2022 quarter marked the first full reporting quarter since the Company moved to commercial production on 1 December 2021 for accounting purposes. Pleasingly, the quarter resulted in a net cash amount of \$3.3m being generated from for operating activities in the quarter, as shown in the Company's Appendix 5B.

The Company invested AUD\$401k in developing the project in the quarter, including capital expenditure of \$392k to add the cone crusher circuit to the crushing and screening plant.

At the end of the quarter, the Company had approximately AUD\$28.4m in cash. The Company currently holds no bank loans.

### Payments to related parties and associates

In accordance with ASX Listing Rule 5.3.5, AUD\$119k 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 2021. The payments include Director payments of \$67k, consulting fees of \$36k, and \$16k for office rent and administration services.

### Authorised for release by the Board.

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# 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	872.431/200	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 quality and trials are in progress.

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

