

September 2022 Quarterly Activities Report



28 October 2022

Tombador Iron Limited

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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

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HIGHLIGHTS

- The Company produced 221,000 wet metric tonnes (wmt) of lump and fines ore during the September 2022 Quarter, taking total production since project inception to over 1 million wmt
- 137,500 wmt of high-grade lump and fines were sold during the September 2022 quarter
- 492,000 wmt of lump and fines ore were on stockpile as at 30 September 2022
- The Company announced a maiden dividend for the 2021 financial year of 0.28c per share during the quarter
- Cash holdings of AUD\$25.3m as at 30 September 2022
- Focus on sales market development in Brazil and in the export market to optimise operational margins.

Tombador Iron Limited CEO Gabriel Oliva commented:

"Last quarter we produced over 220,000 tonnes of lump and fines product. We have now produced over 1,000,000 tonnes of high grade ore from the project since commencement of mining. We sold 137,500 tonnes of product last quarter which included the largest quarter of domestic market sales to date. We are continuing our efforts to shorten the average distance to customers and building sales within the Brazilian steel industry up to our production capacity. As ever, iron ore prices have remain volatile and difficult to predict. The Company will continue to monitor shipping rates and European market conditions to export sales attract appropriate margins whilst we ramp up our marketing to domestic customers."



TOMBADOR IRON

OVERVIEW

The Company has continued to focus on growing sales and market development in the Brazil domestic market with the last quarter being the largest quarter of sales to the domestic market to date.

Production and sales have been managed to market conditions with persistent decade-high dry bulk freight rates, an energy crisis and market disruption in Europe remaining issues through the quarter.

Tombador lump ore remains the highest-grade lump ore produced in Brazil. The Company selectively sold a total of 137,500 wmt of high-grade iron ore during the quarter. 63,800 wmt was sold to the domestic Brazil market, and the remaining 73,700 wmt was exported in two shipments.

At the end of the September 2022 quarter, T11 held cash and receivables of AUD\$27.86m, (including receivables of AUD\$2.56m relating to sales executed in the September 2022 quarter for which payments were received in October 2022).

TOMBADOR PROJECT

Tombador Iron Limited (T11.ASX, the "Company") is pleased to report production of 221,000 wmt and sales of 137,500 wmt of iron ore for the September quarter.

The Company continues to focus on:

- Growing the volume of high-grade lump and fines sales, and shortening the average distance to clients with local Brazil market development;
- Monitoring the situation in Europe for export sales opportunities;
- Managing production and sales to better match market conditions;
- Studying the feasibility of beneficiating medium grade iron rock.



TOMBADOR IRON

Production

During the September 2022 quarter the Company passed the production milestone of producing over one million wet metric tonnes of high-grade ore from the Tombador mine.

Approximately 115,000 wmt of lump product and 106,000 wmt of fines product were crushed and screened during the September 2022 quarter, for a total production of 221,000 wmt.

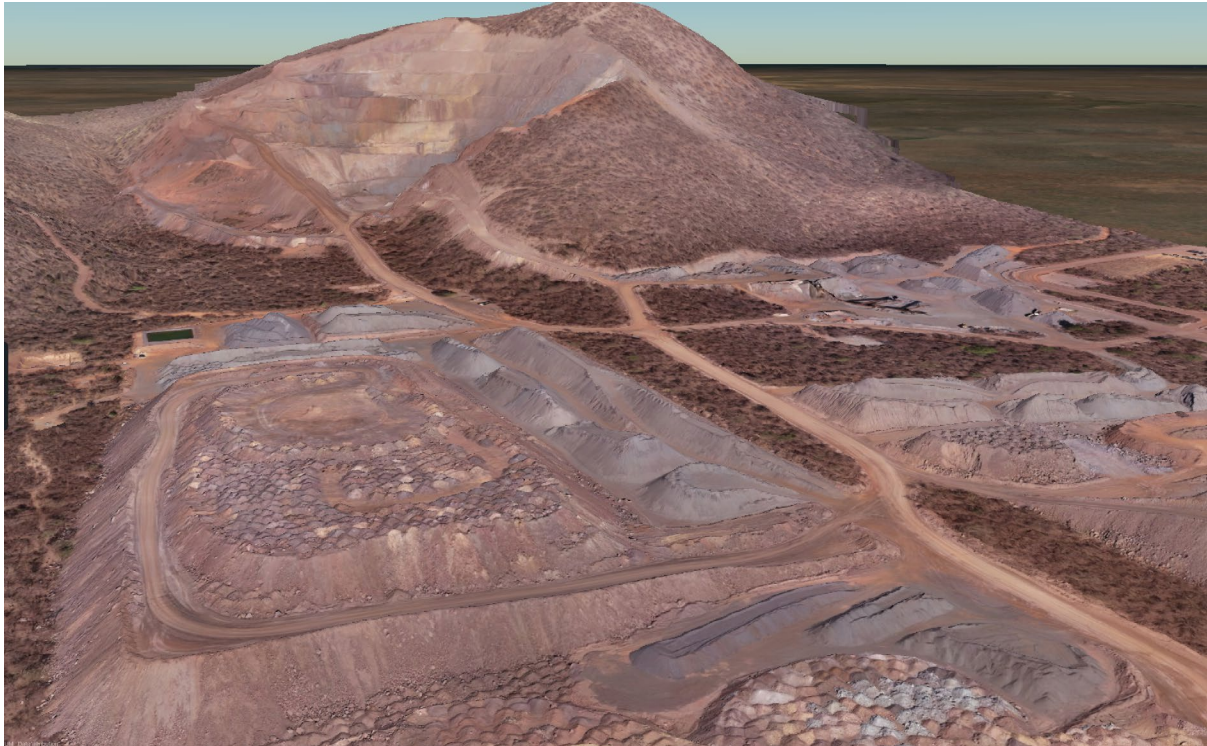


Figure 1 – 3D Model of Tombador Mine and Stockpiles

As at 30 September 2022, Tombador had approximately 492,000 tonnes of product on stockpiles.

Stockpiles both at the mine and at the port are valued at the cost of production and accounted for on the Company's Balance Sheet until such time as the product is sold.

Production tonnes have been higher than sales and inventory has increased during the quarter. The Company is continuing its strategy of managing production and sales to realise positive margins for its valuable resource in the prevailing market.

The Company used excess production time and capacity in the quarter for maintenance and additional waste stripping.



TOMBADOR IRON

Sales

During the September 2022 quarter, the Company sold 63,800 wmt of high-grade lump and fines product to the various Brazilian steel mills in the domestic market.

The Company also loaded two export shipments, totalling 73,692 wmt of high-grade lump to Tier 1 European steel mills during the September 2022 quarter.

As a result of the decade-high freight rates, energy crisis and market disruption in Europe the Company is managing production and sales to market conditions.

Progress has been made in the domestic market procurement process and the Company is taking necessary steps to build its reputation as a reliable supplier. This is a critical step to securing long term orders and sales agreements

Tombador will continue to focus on growing sales to meet production capacity and move inventory.

Dry Beneficiation Studies

In the September 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. Initial bulk sample test work was completed in the June quarter and further samples were collected in the September 2022 quarter for a program of bulk test work scheduled for the December 2022 quarter.



TOMBADOR IRON

CORPORATE

Cash flows

The September 2022 quarter resulted in a net cash amount of AUD\$1.9m being utilised during operating activities in the quarter, as shown in the Company's Appendix 5B. The product on stockpile increased by AUD\$3.8m to an approximate value of AUD\$13.5m, valued at the cost of production.

The Company invested AUD\$2.122m in developing the project in the quarter, which related to capital expenditure of \$2.117m to extend the pit design in line with the mine plan, as shown in the Company's Appendix 5B as deferred stripping costs. The Company also spent \$5k on computer and lab equipment during the quarter.

The Company spent AUD\$706k on financing costs related to the lease of both mining equipment and housing.

At the end of the quarter, the Company had approximately AUD\$25.3m 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\$198k 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 2022. The payments include Director payments of \$129k, consulting fees of \$53k, 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.

