

# March 2023 Quarterly Activities Report



## TOMBADOR IRON

28 April 2023

### 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

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## HIGHLIGHTS

- The Company sold 186,000 wmt of high-grade product during the March 2023 quarter, the highest sales volume in a quarter since production commenced
- 156,000 wet metric tonnes (wmt) of lump and fines ore was produced during the March 2023 quarter
- 495,000 wmt of lump and fines ore were on stockpile (to a value of AUD\$14.4m at cost of production) as at 31 March 2023
- Cash holdings of AUD\$15.27m as at 31 March 2023
- Sales contract with major Brazil steel mill executed during the quarter
- Focus on market development in Brazil and in the European & Asian export markets to optimise operational margins
- Two shipments of high-grade iron ore exported to the Asian Market out of the Enseada Port and one shipment out of TMIB Port to the European Market during the March 2023 quarter



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**Tombador Iron Limited CEO Gabriel Oliva commented:** "I am pleased to present our results for the quarter, which demonstrate our continued growth and progress on our sales ramp-up. We delivered our first sales agreement with a major Brazilian Steel Mill along with our first shipments reaching the Asian market made possible through a new logistic route and larger vessels out of the Port of Enseada. As we move forward, we will continue to focus on the sales buildout to ensure sustainable value to our shareholders."

## OVERVIEW

The Company maintained its strategy to build sales in the Brazilian domestic market during the March 2023 quarter and achieved its highest volume of sales for any given quarter to date since production at the mine commenced.

On 23 February 2023 the company executed its first major contract with a tier 1 steel mill in Brazil. The agreement provides for the delivery of a flexible monthly volume of iron ore through to the end of 2023.

Production was maintained at approximately 50,000 tonnes of ore per month with increased sales volumes reducing stockpile inventory.

Tombador lump ore remains the highest-grade lump ore produced in Brazil. The Company selectively sold a total of 186,000 wmt of high-grade iron ore during the quarter. 58,800 wmt was sold to the domestic Brazil market, 95,700 was exported to the Asian market and the remaining 31,400 wmt was exported to Europe.

At the end of the March 2023 quarter, TI1 held cash and receivables of AUD\$24.23m, (including receivables of AUD\$8.88m relating to sales executed in the March 2023 quarter for which payments were received during April 2023).

## TOMBADOR PROJECT

Tombador Iron Limited (TI1.ASX, the "Company") produced 156,000 wmt and sold 186,000 wmt of iron ore for the March 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 continued development of sales to the local Brazilian market.
- Monitoring the situation in Europe and the freight market to Asia for export sales opportunities;
- Managing production and sales to best match market conditions;
- Studying the feasibility of beneficiating medium grade iron ore.



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## **Production**

The March 2023 quarter production of crushed and screened product was a total of approximately 156,000 wmt. This was comprised of 82,000 wmt of lump product and 74,000 wmt of fines product.

As at 31 March 2023, Tombador had approximately 495,000 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.

Sales volumes were higher than production as the Company moved stockpile inventory during the quarter. The Company is continuing its strategy monitoring market conditions and managing production and sales to realise positive margins for its valuable resource.

The Company used excess production capacity in the quarter for maintenance, waste stripping and preparing areas approved under the alteration licence (LA) for extending mining operations and stockpile area.

An infill drilling program was ongoing through the March 2023 Quarter, and the Company will update its Mineral Resource and Ore Reserve estimates on the completion of the program.

## **Sales**

During the March 2023 quarter the Company sold approximately 186,000 wmt and achieved its highest volume of sales for any given quarter since operations commenced.

On 23 February 2023 the Company executed its first major contract with a tier 1 steel mill in Brazil. The agreement provides for the delivery of a flexible monthly volume of iron ore through to the end of 2023.

Approximately 58,800 wmt of high-grade product was sold to various Brazilian steel mills in the domestic market.

There was a total of three export shipments in the March 2023 quarter. A combination of increased confidence in the iron ore market and reduced ocean freight prices during the March 2023 quarter paved the way for sales opportunities into the Asian market.

Tombador secured contracts and delivered two export shipments of high-grade iron ore totalling 95,700 wmt to the Asian market in the March 2023 quarter.



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These export shipments were made possible by loading larger 45,000 wmt vessels through the port of Enseada, located in Maragogipe. The remaining 31,400 wmt was exported to Europe in a shipment out of TMIB Port.

Tombador will continue to focus on growing sales to meet production capacity and to move stockpile inventory where it is deemed economic to do so.

## **Dry Beneficiation Studies**

In the March 2023 quarter, study work continued to evaluate the potential 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. Following positive results in bulk test work for sensor-based sorting technology, definitive technical and economic analysis was ongoing in the March 2023 quarter.

Additional bulk samples were collected in the December 2022 quarter in preparation for both dry and wet jigging test work which commenced in the March 2023 quarter. The objective for these tests will be to provide a comparison with sensor-based sorting for lump size fractions and determine if the overall yield can be increased by upgrading the fines to a saleable product.



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## CORPORATE

### Cash flows

The March 2023 quarter resulted in a net cash amount of AUD\$3.34m being generated during operating activities in the quarter, as shown in the Company's Appendix 5B. The product on stockpile increased by AUD\$0.5m to an approximate value of AUD\$14.4m, valued at the cost of production.

The Company invested AUD\$1.55m in developing the project in the quarter, which predominantly related to capital expenditure to continue the work to extend the pit design in line with the mine plan, as shown in the Company's Appendix 5B as deferred stripping costs, in addition to AUD\$42k in small asset purchases.

The Company spent AUD\$0.735m on financing costs related to the lease of its mining equipment.

At the end of the quarter, the Company had approximately AUD\$15,268m 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\$162k 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 2023. The payments include Director payments of \$92k, consulting fees of \$54k, and \$16k for office rent and administration services.

### Authorised for release by the Board.

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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	872.431/200	100%	100%

ENDS.



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## 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. Tombador is building sales volumes within the Brazilian steel industry with repeat orders received from several domestic steel mills and other potential Brazilian customers currently trialling the Company's high-grade lump and fines products.

The Company's Board of Directors is focused on maximising profit margins from mining operations and returning dividends to shareholders.

