



# TOMBADOR IRON

27 November 2023

## **TOMBADOR IRON LIMITED GENERAL MEETING – NOTICE AND PROXY FORM**

Dear Shareholders

### **2023 EXTRAORDINARY GENERAL MEETING**

The Company's general meeting is scheduled to be held virtually via teleconference on Wednesday, 27 December 2023 at 10:00am (AWST) (**Meeting**).

Shareholders will be able to attend and participate in the Meeting via live Zoom audiocast by registering via the Automic website.

In accordance with new provisions under the Corporations Act, the Company will not be sending hard copies of the Notice of Meeting to shareholders unless a shareholder has previously requested a hard copy. The Notice of Meeting can be viewed and downloaded <https://www.tombadoriron.com/investors>.

The Company **strongly encourages Shareholders to lodge a directed proxy form prior to the meeting**. Questions should also be submitted in advance of the Meeting as this will provide management with the best opportunity to prepare for the Meeting, for example by preparing answers in advance to Shareholders questions. However, votes and questions may also be submitted during the Meeting. Further details of how to participate in the Meeting are set out in the Online Meeting Guide.

Please find below links to important Meeting documents:

- Notice of Meeting and Explanatory Memorandum: <https://www.tombadoriron.com/investors>
- Online Meeting platform: <https://www.automicgroup.com.au/virtual-agms/>

Alternatively, a complete copy of the important Meeting documents has been posted on the Company's ASX market announcements page.

If you have nominated an email address and have elected to receive electronic communications from the Company, you will also receive an email to your nominated email address with a link to an electronic copy of the important Meeting documents.

If you are unable to access any of the important Meeting documents online, please contact the Company Secretary, Abby Macnish Niven, on +61 8 6382 1805 or via email at [admin@tombadoriron.com](mailto:admin@tombadoriron.com)

The Company will notify Shareholders via the Company's website at [www.tombadoriron.com](http://www.tombadoriron.com) and the Company's ASX Announcement Platform at [asx.com.au](http://asx.com.au) (ASX:TII) if changing circumstances impact the planning or arrangements for the Meeting.



# TOMBADOR IRON

This announcement is authorised for market release by the Board of Tombador Iron Limited.

Sincerely,

**Abby Macnish Niven**  
Company Secretary

**Contact:**

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**TOMBADOR IRON LIMITED**  
**ACN 108 958 274**

**NOTICE OF GENERAL MEETING**

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Notice is given that the Meeting will be held at:

**TIME:** 10.00am (WST)  
**DATE:** Wednesday, 27 December 2023  
**PLACE:** Via virtual teleconference

***The business of the Meeting affects your shareholding and your vote is important.***

***This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.***

***IMPORTANT INFORMATION: The General Meeting will be held as a virtual Meeting. If you are a shareholder and you wish to attend the General Meeting virtually, please register in advance for the virtual Meeting.***

***The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10.00am (WST) on Monday 25 December 2023.***

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# BUSINESS OF THE MEETING

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## AGENDA

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### 1. RESOLUTION 1 – DISPOSAL OF MAIN UNDERTAKING

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, under and for the purposes of Listing Rule 11.2 and for all other purposes, approval is given for the sale by the Company of 100% of its equity interest in the Tombador Iron Ore Project, and in its wholly owned Brazilian subsidiary, Tombador Iron Mineracao, to PJ INVESTIMENTOS E PARTICIPAÇÕES LTDA on the terms and conditions set out in the Explanatory Statement."*

A voting exclusion statement applies to this Resolution. Please see below.

**Voting Exclusion Statement:**

<b>Resolution 1 – Disposal of Main Undertaking</b>	The Company will disregard any votes cast in favour of this Resolution by or on behalf of PJ INVESTIMENTOS E PARTICIPAÇÕES LTDA (or any of its associates) or any other person who will obtain a material benefit as a result of the Disposal (except a benefit solely by reason of being a Shareholder) (each, an <b>Excluded Party</b> ). However, this does not apply to a vote cast in favour of the Resolution by: (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or (b) the chair of the meeting as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of an Excluded Party excluded from voting, on the Resolution; and (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.
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## Voting and online attendance

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The Company is pleased to provide Tombador Iron Limited Shareholders with the opportunity to attend the Meeting through an online meeting platform powered by its share registry, Automic, where Shareholders will be able to watch, listen, and vote online.

### To access the Meeting online:

1. Open your internet browser and go to [investor.automic.com.au](http://investor.automic.com.au).
2. Login with your username and password or click "**register**" if you haven't already created an account. **Shareholders are encouraged to create an account prior to the start of the Meeting to ensure there is no delay in attending the Meeting online.**
3. After logging in, a banner will be displayed at the top once the Meeting is open for registration, click on "View" when this appears.
4. Click on "**Register**" and follow the steps
5. Click on the URL to join the webcast where you can view and listen to the Meeting.
6. Once the Chair of the Meeting has declared the poll open for voting click on "**Refresh**" to be taken to the voting screen.
7. Select your voting direction and click "**confirm**" to submit your vote. Note that you cannot amend your **vote after it has been submitted**

## Voting by proxy

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A Proxy Form is attached to this Notice. This is to be used by Shareholders if they wish to appoint a representative to vote in their place. All Shareholders are invited to attend the Meeting or, if they are unable to attend, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting.

Please note that:

- a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- a proxy need not be a member of the Company; and
- a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details regarding the appointment of proxies and lodgement of Proxy Forms.

To be valid, your Proxy Form (and any power of attorney under which it is signed) must be received at one of the addresses given below no later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid.

**By online voting:** <https://investor.automic.com.au/#/loginsah>  
**By email:** [meetings@automicgroup.com.au](mailto:meetings@automicgroup.com.au)  
**By fax:** +61 2 8583 3040  
**By post:** Automic  
GPO Box 5193  
Sydney NSW 2001

If a Shareholder appoints the Chair as his or her proxy or the Chairman is appointed as the Shareholder's proxy by default and the Shareholder does not direct the Chairman as to how to vote, then the Proxy Form provides that the Shareholder expressly authorises the Chair (who is a member of the Key Management Personnel) to exercise the proxy in

respect of the relevant item of business, even where the Resolution in respect of an item of business is directly or indirectly connected to the remuneration of one or more members of the Key Management Personnel or is a resolution in respect of which the Chair has a material personal interest.

***Should you wish to discuss the matters in this Notice please do not hesitate to contact the Company Secretary on +61 8 6382 1805.***

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolution which is the subject of the business of the Meeting.

ASX takes no responsibility for the contents of this Notice.

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### 1. BACKGROUND TO DISPOSAL OF MAIN UNDERTAKING

#### 1.1 Sale Agreement

As announced by the Company on 25 October 2023, the Company has entered into an agreement with PJ INVESTIMENTOS E PARTICIPAÇÕES LTDA (the **Buyer**) pursuant to which the Company has agreed to sell to the Buyer 100% of the Company's equity interest in its wholly owned subsidiary, Tombador Iron Mineracao (**Tombador Brazil**) subject to the receipt of Shareholder approval (**Sale Agreement**). Tombador Brazil holds the mining concession, "Portaria nº 165/SGM/MME", which comprises the Tombador Iron Ore Project (the **Project**).

The disposal of the Project, and sale of Tombador Brazil the subject of the Sale Agreement, constitutes a disposal of the Company's main undertaking (**Disposal**) (the subject of Resolution 1).

A summary of the material terms and condition precedents of the Sale Agreement is set out in Schedule 1 to this Notice.

The purpose of Resolution 1 is to seek Shareholder approval for the Disposal in accordance with Listing Rule 11.2 and, more generally, to provide Shareholders with an opportunity to vote in favour or against the Disposal.

Shareholders should refer to Section 2.2 for a summary of Listing Rule 11.2 and the implications for the Company if Shareholder approval for the Disposal is not obtained.

#### 1.2 Background on the Company and the reasons for the Proposed Sale

The Company is an Australian public company that owns 100% of the Tombador Iron Ore Project located in Bahia State, Brazil. The Company commenced production of premium-grade lump and fines hematite iron ore in May 2021 from a low-capex open-pit mining operation.

Further details of the Company's recent activities at the Project and other business operations are available on the Company's ASX platform (ASX:T11).

A description of the Company's activities and operation at the Project and in particular the circumstances that led to the proposal before Shareholders are set out below.

From the commencement of production to the end of June 2023, the Company produced over 1.6 million tonnes of ore from the Project, of which 1.2 million tonnes were sold. On 30 June 2023, 420,000 tonnes of iron ore product were on stockpile and more than 90% of this was fines.

In September 2022 the Company engaged WALM BH Engenharia Ltda (**WALM**), a major Brazilian geotechnical consultancy, to conduct a review of the life of mine pit design parameters to be used in an updated Ore Reserve Estimate. Whilst the

program of works, including a substantial amount of geotechnical drilling, was conducted from October 2022 to November 2023 to update the life of mine pit design parameters, WALM also recommended the introduction of interim pit wall parameters for all pit walls. These interim pit wall parameters were shallower than those in the Preliminary Feasibility Study (**PFS**) as multiple zones of structural weakness had been identified through the mining process, oriented subparallel to the primary ore zone and which had the potential to affect pit slope stability. These shallower angles were then introduced for new mining benches, which increased mining strip ratios. Following a site visit in November 2022, WALM stated "From a geotechnical point of view, it was found during the technical visit that there are some issues of instability of benches, verified and potential, which need to be studied to propose more appropriate geometries. However, despite these issues it can be said that, in global terms, there were "no imminent problems in the pit."

The Company continued to work with WALM to complete their recommended program of works to establish the final pit design parameters. These parameters were to be used in an update to the Ore Reserve Estimate which was forecasted to be completed in Q1 2024 at which time the Company would be able to reassess the project economics in a format that would be compliant for a public announcement.

### **Geotechnical Event**

On 30 June 2023, an unexpected geotechnical event occurred at the Project in which the southern pit wall failed through more than 4 benches (the **Geotechnical Event**). The failure and resultant slipped material restricted access to ore that had been planned to be mined in H2 2023 and H1 2024. This necessitated safety and remediation works, additional waste stripping and cutback activities, utilising the interim geotechnical parameters, to provide access to ore for mining. However, site management provided initial internal guidance that alternative plans could be made and production and sales for the quarter ending September 2023 would not be materially impacted.

As it became more apparent that production targets for Q3 2023 were being adversely impacted and following a site visit by the Board and CEO to the Project from 30 August 2023 to 1 September 2023, the site management provided an updated production forecast and the Company announced on 4 September 2023 that it expected that production and sales for the September 2023 quarter would be lower than the prior quarter, partly due to the Geotechnical Event.

### **Financial Forecast**

An update of the mine plan and the resulting cashflow forecasts for Q4 2023 and H1 2024 over the period from late September into early October 2023 showed likely scenarios where the Company would continue to operate at a loss into H1 2024. Notably, the scenario analysis showed multiple outcomes where there would not be sufficient cash to fund the required demobilisation and rehabilitation of the Project (a significant liability provision for the Company) if a decision to suspend operations was delayed into Q1 2024. Factors influencing these scenarios included:

- (a) safe rectification of the southern wall failure, which had significantly reduced access to available ore;
- (b) adoption of interim pit wall angles that were shallower than those in the PFS;

- (c) increase in mine operational costs caused by higher fuel prices, inflation, longer hauling and higher strip ratios;
- (d) limited accessible ore which constrained production and sales; and
- (e) higher oil prices increasing freight and reducing sales prices.

In summary these factors created an environment for ongoing higher costs (both variable and fixed) and lower revenues (both in volumes and prices).

### **Suspension of Operations**

As announced on 11 October 2023, the Board decided to suspend mining operations. The basis for the suspension was as follows:

(a) **Assessment of the economic viability of the Project**

A factor in assessing the economic viability included an update to the life of mine pit design parameters as the wall angles impact the life of mine strip ratio and the quantity of Ore Reserves. Other key factors, such as an update to the geological model and the increases in costs would also impact the Ore Reserves and economic viability of the Project. Finalising the geotechnical works and updating the Ore Reserve estimate to assess the Project economics was scheduled to be completed in February 2024.

(b) **Uncertainty of revenue**

Sales volumes of iron ore lump were constrained by production and access to ore and it was unlikely the Company would be able to quickly sell a large volume of fines product at a positive margin in current market conditions with high freight costs based off likely fines pricing discussions with Brazilian domestic and overseas customers.

Record high importation of steel from the Asian markets into Brazil was also affecting the Brazilian steel industry, triggering lower volumes of raw materials being purchased by Brazil steel mills and creating another layer of uncertainty for volumes into H1 2024.

(c) **Resource conservation and preservation of the Company's financial position**

Suspending operations allowed the Company to preserve its financial position and cash levels whilst the Project's economics were reassessed and provided the Company with more flexibility if and when it decided to restart operations.

### **Proposed sale of the Project**

As the Company entered into discussions with its mining contractor regarding the suspension of operations, it received an offer from the Buyer, who is a party affiliated with the Project's mining contractor, to purchase Tombador Brazil. Following a period of negotiation with the Buyer, the Company announced on 25 October 2023, that it would accept the offer subject to Shareholder approval.

The decision to sell the Project was thoroughly considered by the Board. The basis for the decision is explained further in Section 1.3 of the Notice.

The Company confirms that it is not aware of any new information or data other than as set out in this Notice that materially affects the information included in its previous announcement with respect to the Project and its assets.

### **1.3 Basis of decision to sell the Project**

The decision to sell the Company's main undertaking, the Project, has been negotiated to preserve value to shareholders and is in the view of the Board in shareholders' best interests for the following reasons:

- (a) based off the information currently available to the Company, the Consideration for the Project (including the assumption of the liabilities noted in this Notice) is, in all the circumstances, reasonable, based on the analysis conducted which showed multiple outcomes where the Company would not have sufficient cash to fund the required demobilisation and rehabilitation of the Project (a significant liability provision for the Company) and where the suspension of operations at the Project continued into 2024. The Board also anticipated that geotechnical studies would confirm that the final pit design parameters would be shallower than those in the PFS and given operations costs have increased since the PFS, it could be expected that Ore Reserves would be reduced;
- (b) the Company will not incur the demobilisation, care and maintenance costs, geotechnical work, remobilisation, pit remediation costs, and the increased costs associated with accessing ore supply; and
- (c) the Company will not retain substantial rehabilitation liabilities as the rehabilitation liabilities will be transferred upon the sale of Tombador Brazil (that is, they are retained in this company which is being acquired by the Buyer).

In the Directors' view, based on the current information available, the Project was unlikely to be economically viable going forward.

The Company engaged AE Advisors as financial advisors to undertake a thorough evaluation of the strategic options available to the Company and to assist with the review and evaluation of the offer and Disposal.

### **1.4 Advantages**

The Directors consider that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on Resolution 1:

- (a) the Disposal maximises the available cash position of the Company, which can then be used to either acquire a suitable investment opportunity after completion of the Disposal or be distributed to Shareholders in the most appropriate method;
- (b) the sale of Tombador Iron Brazil will also alleviate the Company of the significant demobilisation and rehabilitation costs associated with the alternative strategy of a continued suspension of operations at the Project, estimated to be at least AUD\$4-5 million, thus resulting in a significantly higher effective cash reserve when compared to the alternative strategy;
- (c) the royalty payment of 4.25% on gross revenue from iron ore sales of direct ship ores, is expected to deliver significant cash flows going forward, both

on the sale of the current 410,000 tonnes of stockpiles held at the Project, and from any future production over the mine life;

- (d) the elimination of associated Brazilian corporate costs by December 2023 offers immediate relief to the Company's balance sheet and conserves the Company's cash position in comparison to the alternative strategy of a prolonged suspension of operations at the Project and working through the implications of the geotechnical event; and
- (e) the process of selling a distressed mining asset can be prolonged with significant uncertainties. The Buyer, who has an intimate knowledge of the Project operations, is best placed to understand the condition of the mine and its operational challenges which will expedite the due diligence and sale process. Alternative arrangements risk a protracted sale process which would result in the significant depletion of cash reserves with no guarantee of finding a suitable alternative acquirer.

## **1.5 Disadvantages**

The Directors believe that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on Resolution 1:

- (a) the consequence of the Disposal is that the Company will sell its main producing asset being the Tombador Iron Ore Project, which may not be consistent with the investment objectives of all Shareholders;
- (b) notwithstanding the unanimous recommendation by the Board that, in the absence of a superior proposal, the Disposal is in the best interests of Shareholders, you may believe that the Disposal is not in your best interests or believe that the Disposal Consideration is inadequate; and
- (c) there is a risk that the Company may not be able to locate and acquire suitable investment opportunities after completion of the Disposal, in which case the Company would look at the most appropriate method of returning the Company's available cash to Shareholders at that point in time.

## **1.6 Implications of Shareholders not approving Resolution 1**

If Resolution 1 is not approved by Shareholders, it is likely that the Sale Agreement will terminate and the benefits of the Disposal of the Project, as described in Section 1.4 above, will not eventuate.

As discussed in this Notice, in circumstances where Shareholders do not approve Resolution 1, the financial implications for the Company will be material and in the most severe case there is a risk this may culminate in an insolvency event for the Company in the future.

This belief is based upon the analysis conducted by the Company in conjunction with AE Advisors, which showed multiple outcomes where the Company would not have sufficient cash to fund the required demobilisation and rehabilitation of the Project (a significant liability provision for the Company) and where the suspension of operations at the Project continued into 2024 and beyond.

The trading in the Company's Shares will remain suspended until the Company has a sufficient level of operations and funding to satisfy the ASX under Chapter 12 of the Listing Rules that the Shares should be re-instated to trading.

## 1.7 Implications of Shareholders approving Resolution 1

If Resolution 1 is approved by Shareholders, it is likely that the Sale Agreement will complete and the benefits of the Disposal of the Project, as described in Section 1.4 above, will eventuate. The following additional matters are also relevant if the Disposal is approved by Shareholders:

### (a) **Re-compliance risk**

As trading in the Company's Shares is presently suspended, the Company will need to re-comply with Chapters 1 and 2 of the Listing Rules as if it were seeking admission to the Official List of ASX because it will not have a sufficient level of operations or assets after the Disposal is completed. There is no certainty that the Company will be in a position to re-comply or that the re-compliance will be completed within the normal 2-year time frame from suspension as set by ASX (unless the 2-year time frame is extended). In that case, the Company may be de-listed, and it will become an unlisted public company with no liquidity in the trading of its Shares.

### (b) **Additional requirements for capital**

There is a risk that the conditions for settlement of the Disposal cannot be fulfilled even though Shareholders have approved Resolution 1. If the Disposal is not completed, the Company will incur the liabilities as set out in this Notice. In this case, the Company will require additional funding together with the Company's existing cash reserves to meet the immediate objectives of the Company and in the current circumstances there is no certainty that this funding will be available.

In this case, the financial implications for the Company will be material and in the most severe case there is a risk this will culminate in an insolvency event for the Company in the future.

### (c) **New projects and acquisitions**

Upon completion of the Disposal, the Company will consider and assess other new business opportunities. These new business opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of tenements/permits, and/or direct equity participation.

There can be no guarantee that any proposed acquisition will be completed or be successful. If any proposed acquisition is not completed, monies advanced may not be recoverable, which may have a material adverse effect on the Company. If an acquisition is completed, the Directors will need to reassess at that time, the funding allocated to new projects, which may result in the Company raising additional capital (if available). Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, the usual risks associated with the new project/business activities will remain.

If there is no new opportunity identified, it is likely that the Company would look at the most appropriate method of returning the Company's available cash to Shareholders at that point in time.

## 1.8 PJ INVESTIMENTOS E PARTICIPAÇÕES LTDA (BUYER)

The Company has entered into the Sale Agreement pursuant to which the Company has agreed to dispose of its main undertaking to PJ INVESTIMENTOS E PARTICIPAÇÕES LTDA (**Buyer**). The Buyer is an affiliate of the Company's mining contractor, SEMEP LOGISTICA E CONSTRUCAO LTDA (**SEMEP**). SEMEP has invested in project infrastructure and equipment and their intention is to continue mining operations post completion of the sale. The Buyer will take over the costs and benefits of the Tombador Project from 1 November 2023.

Other than the contractual relationship with SEMEP, neither Tombador Iron Limited nor any of its Directors have a business or personal relationship with the Buyer or any of its affiliates. Additionally, as far as the Company is aware, the Buyer holds no equity interest in the Company.

## 1.9 Financial effect of the Disposal

In consideration for the sale of the Project, the Company will receive:

- (a) BRL\$10,000,000 (equal to A\$3,166,830 based on an exchange rate of 0.3167) in staged payments;
- (b) a royalty of 4.25% on gross revenue from iron ore sales of direct ship ores from the Project; and
- (c) a BRL\$5,000,000 (equal to A\$1,584,065 based on an exchange rate of 0.3167) tax refund (PIS and COFINS) if the Federal Government of Brazil approves the refund requests,

(together, the **Consideration**).

The impact of the Disposal on the Company is set out in the pro forma balance sheet contained in Schedule 2.

The proceeds received from the Disposal will be applied to the potential acquisition of a suitable main undertaking for the Company, or in the absence of a suitable asset, the Company would look at the most appropriate method of returning the Company's available cash to Shareholders at that point in time.

The Company's assets and liabilities proposed to be sold (as set out in the pro forma balance sheet in Schedule 2) from the Disposal is as follows:

Assets held for sale	Value (\$) AUD
Inventory at cost	12,353,139
Property, plant and equipment	2,715,877
Capitalised stripping costs	16,606,121
Right-of-use asset	7,479,051
<b>Total</b>	<b>39,154,188</b>

The above assets represent 69.6% of the total assets of the Company as at 31 October 2023.

Liabilities held for sale	Value (\$) AUD
Lease Liability	9,155,152
Rehabilitation Provision	3,350,748
<b>Total</b>	<b>12,505,900</b>

The Company notes that if the Disposal is not approved, then the Company would need to give 60 days' notice to the mining contractor of intention to suspend activities, then allowing a 30 day demobilisation period. The Company would be liable for the ongoing contractor costs for the notice period and for the demobilisation costs and the associated expenses of the contractor. The Company would estimate that this would result in a significant portion of the remaining cash to be depleted.

### 1.10 The Company's intentions on completion of the Disposal

The Company confirms that it intends to:

- (a) continue to pursue its business of locating and acquiring suitable investment opportunities in order to add a new asset to the Company; and
- (b) depending on the outcome of the above process, the Company may also look at the most appropriate method of returning the Company's available cash to Shareholders.

The estimated expenditure required to complete the proposed activities above over the next 12 months is approximately A\$1.035 million, which is broken down as follows:

Activities	Expenditure (A\$)
Australian entity administration costs (12 months)	600,000
Australian Insurance renewal costs	150,000
Singapore entity administration costs (12 months)	35,000
Costs related to location of a potential new asset	250,000
<b>Total</b>	<b>1,035,000</b>

### 1.11 Listing Rule matters

The Company notes that Listing Rule 12.3 provides:

*"If half or more of an entity's total assets is cash or in a form readily convertible into cash, ASX may suspend quotation of the entity's securities until it invests those assets or uses them in the entity's business. The entity must give holders of ordinary securities in writing details of the investment or use..."*

Notwithstanding Listing Rule 12.3, ASX will generally continue the quotation of a listed entity's securities for six months from the date of the agreement to complete a disposal. In this case, the Company is already suspended accordingly following

completion of the Disposal, it will therefore be necessary for the Company to satisfy ASX that it has sufficient operations to seek re-instatement to continue quotation of its securities or, if not, re-comply with the Listing Rules.

### 1.12 Group structure

Upon completion of the Disposal, the corporate structure of the Company will change to the extent that the Company will no longer own Tombador Brazil via its Singapore subsidiary (Tombador Iron Singapore Pte Ltd).

### 1.13 Proposed changes to the Company's board and management

There will be no changes to the Company's Board of the Company as a result of the Disposal.

At a management level, Mr Gabriel Oliva, Chief Executive Officer, will no longer be an employee of the Company by virtue of the disposal of the subsidiary.

### 1.14 Effect on capital structure

The Disposal will have no effect on the capital structure of the Company.

### 1.15 Indicative timetable

Subject to the Listing Rules and Corporations Act requirements, the Company anticipates completion of the Disposal will be in accordance with the following timetable:

Event	Date*
ASX announcement of Disposal	25 October 2023
Notice of Meeting for the Disposal sent to Shareholders	27 November 2023
Shareholder Meeting to approve the Disposal	27 December 2023
Closing of Sale Agreement	27 December 2023

\*Please note this timetable is indicative only and the Directors reserve the right to amend the timetable as required

### 1.16 Recommendation from the Board

None of the Directors have a material interest in the outcome of Resolution 1, other than as a result of their interest, if any, arising solely in their capacity as Shareholders.

The Directors unanimously recommend Shareholders vote **IN FAVOUR OF** Resolution 1 in the absence of a superior proposal.

The Company also notes that the substantial shareholder, **Colomi Singapore Pte Ltd**, has committed that it intends to vote **IN FAVOUR OF** Resolution 1 in the absence of a superior proposal.

The Directors' reasons are as follows, consistent with the advantages of the transaction:

- (a) the Disposal maximises the available cash position of the Company, which can then be used to either acquire a suitable investment

opportunity after completion of the Disposal or be distributed to Shareholders in the most appropriate method;

- (b) the sale of Tombador Brazil will also alleviate the Company of the significant demobilisation and rehabilitation costs associated with the alternative strategy of a continued suspension of operations at the Project, estimated to be at least AUD\$4-5 million, thus resulting in a significantly higher effective cash reserve when compared to the alternative strategy;
- (c) the royalty payment of 4.25% on gross revenue from iron ore sales of direct ship ores, is expected to deliver significant cash flows going forward, both on the sale of the current 410,000 tonnes of stockpiles held at the Project, and from any future production over the mine life;
- (d) the elimination of associated Brazilian corporate costs by December 2023 offers immediate relief to the Company's balance sheet and conserves the Company's cash position in comparison to the alternative strategy of a prolonged suspension of operations at the Project and working through the implications of the geotechnical event; and
- (e) the process of selling a distressed mining asset can be prolonged with significant uncertainties. The Buyer, who has an intimate knowledge of the Project operations, is best placed to understand the condition of the mine and its operational challenges which will expedite the due diligence and sale process. Alternative arrangements risk a protracted sale process which would result in the significant depletion of cash reserves with no guarantee of finding a suitable alternative acquirer.

Notwithstanding the recommendation of your Directors, the ultimate decision whether to sell the Tombador Iron Project is one for Shareholders to make based on the information set out in this Notice.

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## **2. RESOLUTION 1 – DISPOSAL OF MAIN UNDERTAKING**

### **2.1 General**

This Notice of Meeting has been prepared to seek Shareholder approval for the matters required to complete the Disposal for the purposes of ASX Listing Rule 11.2. The ASX takes no responsibility for the contents of the Notice.

### **2.2 Listing Rule 11.2**

Subject to Resolution 1 passing, the Company is proposing to proceed with the Disposal.

ASX Listing Rule 11.2 requires a listed company to obtain the approval of its shareholders to a disposal of its main undertaking. The Disposal is a disposal of the Company's main undertaking for these purposes.

Resolution 1 seeks the required Shareholder approval to the Disposal on the terms of the Sale Agreement under, and for the purposes of, ASX Listing Rule 11.2.

If Resolution 1 is passed, the Company will be able to proceed with the Disposal, resulting in the Company being in an optimal position to review and identify new investment and acquisition opportunities to create value for Shareholders (in addition to the other implications as set out in this Notice).

If Resolution 1 is not passed, the Company will not be able to proceed with the Disposal which may result in the Company being unable to address the capital requirements of the Company going forward and may result in the Company being unable to sustain the Brazilian operations and meet the demobilisation costs and rehabilitation liabilities of the Project (in addition to the other implications as set out in this Notice).

All items material to be disclosed to Shareholders to obtain approval under ASX Listing Rule 11.2 are set out in this Notice. The Directors are not aware of any other commercial information that is material to the question of whether Shareholders should approve the Resolution.

The Buyer is not a related party of the Company, and Shareholder approval for the Disposal is not required for the purposes of ASX Listing Rule 10.1.

### 2.3 Listing Rule 10.1

The Company confirms that:

- (a) none of the shareholders, directors or officers of the Buyer are parties to whom Listing Rule 10.1 applies; and
- (b) the Disposal has been negotiated on an arms' length basis.

### 2.4 Directors' interests and recommendations

None of the Directors have a material interest in the outcome of Resolution 1, other than as a result of their interest, if any, arising solely in their capacity as Shareholders.

The Directors have a relevant interest in the securities of the Company as set out in the following table:

Director	Shares	Performance Rights	Percentage (%) (Undiluted)	Percentage (%) (Fully Diluted)
Stephen Quantrill <sup>1</sup>	3,000,000	4,500,000	0.35%	0.34%
Anna Neuling <sup>2</sup>	5,000,000	2,250,000	0.34%	0.33%
Keith Liddell <sup>3</sup>	20,479,936	2,250,000	1.05%	1.04%
David Chapman <sup>4</sup>	3,400,000	2,250,000	0.26%	0.26%

**Notes:**

- 1. Comprising: **100% held indirectly via Trust.**
- 2. Comprising: **24% held indirectly via SMSF & 75% held indirectly via Trust.**
- 3. Comprising: **100% held directly.**
- 4. Comprising: **100% held indirectly via SMSF.**

The Directors have approved the proposal to put Resolution 1 to Shareholders.

Having regard to the advantages and disadvantages of the Disposal above, each Director intends to vote all of their Shares in favour of Resolution 1.

Based on the information available, the Directors consider that the proposed Disposal is in the best interests of the Company and recommend that Shareholders vote in favour of Resolution 1 in the absence of a superior proposal.

## **2.5 Other Material Information**

There is no information material to the making of a decision by a Shareholder in the Company whether or not to approve Resolution 1 (being information that is known to any of the Directors, and which has not been previously disclosed to Shareholders) other than as disclosed in this Explanatory Statement and the Schedules.

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## GLOSSARY

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**A\$** means Australian Dollar.

**Board** means the current board of directors of the Company.

**BRL\$** means Brazilian Dollar.

**Buyer** means PJ INVESTIMENTOS E PARTICIPAÇÕES LTDA.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Company** means Tombador Iron Limited (ACN 108 958 274).

**Consideration** has the meaning given in Section 1.9.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the current directors of the Company.

**Disposal** means the Company's sale of the Tombador Iron Ore Project and its equity interest in its 100% owned Brazilian subsidiary, Tombador Iron Brazil as outlined in Section 1.1 of this Notice.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

**Geotechnical Event** has the meaning given in Section 1.1.

**Listing Rules** means the Listing Rules of ASX.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**PFS** means Preliminary Feasibility Study.

**Project** has the meaning given in Section 1.1.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Sale Agreement** means the agreement entered into by the Company and the Buyer as outlined in Section 1.1 of this Notice.

**SEMEP** means SEMEP LOGISTICA E CONSTRUCAO LTDA.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a registered holder of a Share.

**Tombador Brazil** means Tombador Iron Mineracao Ltda, the Company's 100% owned Brazilian subsidiary.

**WALM** means WALM BH Engenharia Ltda.

**WST** means Western Standard Time as observed in Perth, Western Australia.

## SCHEDULE 1 – MATERIAL TERMS OF THE SALE AGREEMENT

The material terms of the Sale Agreement are as follows:

<b>Project</b>	Tombador Iron Project
<b>Name of Agreement</b>	Purchase and Lease Proposal of Tombador Project
<b>Parties</b>	(a) PJ INVESTIMENTOS E PARTICIPAÇÕES LTDA ( <b>Buyer</b> ); (b) COLOMI IRON MINERACAO LTDA ( <b>Colomi Iron</b> ); (c) TOMBADOR IRON LIMITED ( <b>Tombador Australia</b> ); (d) TOMBADOR IRON MINERACAO LTDA (the <b>Company</b> or <b>Tombador Brazil</b> ); and (e) COLOMI SINGAPORE PTE LTD ( <b>Tombador Singapore</b> ), (together, the <b>Parties</b> ).
<b>Date of Agreement</b>	24 October 2023
<b>Summary of the Agreement</b>	(a) The Company is a 100% owned subsidiary of Tombador Australia and holds the mining concession, "Portaria nº 165/SGM/MME", which comprises the Tombador Iron Project ( <b>Mining Concession</b> ). (b) The Buyer has agreed to acquire the Mining Concession and related assets via the acquisition of 100% of the shares in the Company from Tombador Australia ( <b>Acquisition</b> ).
<b>Consideration</b>	In consideration for the Acquisition, the Buyer has agreed to pay Tombador Australia R\$10,000,000, comprising: (a) R\$5,000,000 on the Takeover Date; and (b) Five successive payments of R\$1,000,000 on the date that is 30 days, 60 days and 90 days from the Takeover Date. On the basis that the Federal Government of Brazil approves the Company's refund requests, the Buyer has also agreed to pay Tombador Australia a tax refund of approximately R\$5,000,000.

<b>Conditions Precedent</b>	<p>This Acquisition is conditional upon the satisfaction of the following conditions:</p> <p>(a) <b>Due Diligence:</b> the Buyer confirming that it is satisfied, at its absolute discretion, with its financial, legal and technical due diligence of the Company and Mining Concession and</p> <p>(b) <b>Shareholder approvals:</b> Tombador Australia receiving all necessary shareholder approvals required to lawfully complete the Acquisition as required by the ASX Listing Rules;</p> <p>(c) <b>Regulatory approvals:</b> The Parties receiving all necessary corporate, governmental and regulatory approvals pursuant to the Corporations Act and any other applicable law to allow the Parties to lawfully complete the Acquisition; and</p> <p>(d) <b>Sale and Purchase Agreement:</b> The Parties executing a formal Sale and Purchase Agreement (<b>SPA</b>) on the same or similar terms as this document,</p> <p>(together, the <b>Conditions</b>).</p>
<b>Takeover Date</b>	<p>The proposed takeover date will be the later of 1 December 2023 or the date on which Tombador Australia obtains shareholder approval for the Acquisition (<b>Takeover Date</b>).</p>
<b>Royalties and lease agreement</b>	<p>On the Takeover Date, Colomi Iron, Tombador Australia and the Company shall execute a lease agreement related to the surface properties, which shall include a monthly royalty of 6% (six per cent) of the amount effective received in the prior month from the Company's gross revenue, paid by the Company and guaranteed by the Buyer, divided as to the preexisting 1.75% to the landowner (Colomi Iron) and 4.25% to Tombador Australia (or another nominated corporate vehicle), subject to sales prices being calculated on the sale value achieved to end customers (whether sold directly or through related party companies and if to related parties then at higher of the sale value or the prevailing market price so as to ensure the price is on an arm's length basis).</p> <p>If royalty payment owed to Tombador Australia are unpaid for a continuous period of six months or more, Tombador Australia shall have a clawback right to acquire back 100% of the Company's equity interest in the Mining Concession under conditions to be established in the definitive documents of the Acquisition.</p>
<b>Iron ore rights</b>	<p>The Buyer will acquire all iron ore with &gt; 45% Fe, which is property of the Company. The acquisition of the iron ore with &lt; 45% Fe will be negotiated and agreed directly with Colomi Iron. In exchange for this ownership, the Buyer is willing to pay the royalties (6%), studies, technology, and beneficiation routes for upgrading the iron ore &lt; 45% Fe. If the beneficiation of the iron ore &lt; 45% Fe is not viable, Colomi Iron has the right to the iron ore &lt; 45% Fe.</p> <p>The acquisition of the iron ore by the Buyer will be set out in a separate agreement entered into by the Buyer, the Company and Colomi Iron.</p>
<b>Governing Law</b>	<p>The Acquisition shall be governed by and construed and interpreted in accordance with the laws of Federative Republic of Brazil and the Parties irrevocably and unconditionally submit to the exclusive jurisdiction of the courts of Belo Horizonte/MG, Brazil.</p>

## SCHEDULE 2 – PRO FORMA BALANCE SHEET OF THE GROUP

Balance Sheet	31-Oct-23 \$	Sale Adjustments \$	Adjusted 31-Oct-23 \$
<b>Current Assets</b>			
Cash and cash equivalents	11,653,290	3,166,830	14,820,120
Trade and other receivables	2,591,648		2,591,648
Inventory	12,353,139	(12,353,139)	-
Other assets	2,821,648		2,821,648
<b>Total Current Assets</b>	<b>29,419,725</b>	<b>(9,186,309)</b>	<b>20,233,416</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	2,731,391	(2,715,877)	15,514
Capitalised stripping asset	16,606,121	(16,606,121)	-
Right-of-use assets	7,479,051	(7,479,051)	-
<b>Total Non-Current Assets</b>	<b>26,816,563</b>	<b>(26,801,049)</b>	<b>15,514</b>
<b>Total Assets</b>	<b>56,236,288</b>	<b>(35,987,358)</b>	<b>20,248,930</b>
<b>Current Liabilities</b>			
Trade and other payables	2,109,237		2,109,237
Lease liability	2,854,964	(2,854,964)	-
Provisions	430,598		430,598
<b>Total Current Liabilities</b>	<b>5,394,799</b>	<b>(2,854,964)</b>	<b>2,539,835</b>
<b>Non-Current Liabilities</b>			
Lease liability	6,300,188	(6,300,188)	-
Provisions	3,350,748	(3,350,748)	-
<b>Total Non-Current Liabilities</b>	<b>9,650,936</b>	<b>(9,650,936)</b>	<b>-</b>
<b>Total Liabilities</b>	<b>15,045,735</b>	<b>(12,505,900)</b>	<b>2,539,835</b>
<b>Net Assets</b>	<b>41,190,553</b>	<b>(23,481,458)</b>	<b>17,709,095</b>
<b>Equity</b>			
Share Capital	36,471,957		36,471,957
Reserves	7,327,011	(5,654,372)	1,672,639
Accumulated losses	(2,608,415)	(17,827,086)	(20,435,501)
<b>Total Equity</b>	<b>41,190,553</b>	<b>(23,481,458)</b>	<b>17,709,095</b>

Your proxy voting instruction must be received by **10.00am (AWST) on Monday, 25 December 2023**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

## SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

### YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

### STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

### DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

### STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

### SIGNING INSTRUCTIONS

**Individual:** Where the holding is in one name, the Shareholder must sign.

**Joint holding:** Where the holding is in more than one name, all Shareholders should sign.

**Power of attorney:** If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

**Companies:** To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

**Email Address:** Please provide your email address in the space provided.

**By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.**

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

### Lodging your Proxy Voting Form:

#### Online

Use your computer or smartphone to appoint a proxy at <https://investor.automic.com.au/#/loginsah> or scan the QR code below using your smartphone

**Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.**



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