

September 2021 Quarterly Activities Report



TOMBADOR IRON

28 October 2021

Tombador Iron Limited

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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

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HIGHLIGHTS

PRODUCTION AND SALES AT THE TOMBADOR PROJECT

- Since commencing operations, this is Tombador Iron's first quarter of sales into export and local Brazil markets
- 138,400 wet metric tonnes of high-grade lump and fines were sold during the September 2021 quarter
- 149,100 wmt of ore was on stockpile as at 30th September 2021
- Repeat orders with Brazilian Steel Mills continued through the September 2021 quarter
- Cash holdings of \$28.41m as at 30th September 2021

Tombador Iron Limited CEO Gabriel Oliva commented: "The end of this quarter marks 12 months since the Company raised funds on the ASX and started building the Tombador Iron Ore project. We have successfully built the project and made the transition from construction to operations and we now have 3 months of iron ore sales under our belt."

"Our product has remarkable quality and commands a price premium based on the 65% Fe index which allows the Company to offset the recent elevated ocean freight prices. The Company will continue to focus on completing the ramp up phase and achieving target capacity of production."



TOMBADOR IRON

OVERVIEW

On 22nd July 2021, the Company announced that its first shipment departed the load port in Brazil with 38,045 wet metric tonnes ("wmt") of high-grade lump.

During the remainder of the September 2021 quarter, the Company made another two shipments and sold a total of 138,400 wmt of high grade iron ore during the quarter.

The average grade of product sold was an exceptional 65.5% Fe for lump shipments and 65.8%Fe for fines. Tombador lump ore is currently the highest grade lump ore produced in Brazil.

At the end of the September 2021 quarter, TI1 held cash and cash equivalents of \$28.41m.

TOMBADOR PROJECT

Tombador Iron Limited (TI1.ASX, the "Company") is pleased to report the first quarter of sales of its high-grade iron ore.

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.

Production and Sales

Approximately 82,000 wmt of lump product and 75,000 wmt of fines product were crushed and screened during the September 2021 quarter.

During the September 2021 quarter the company sold 76,375 wmt of high grade lump with an average grade of over 65%Fe and 37,809 wmt of fines with an average grade of over 65%Fe into the export market, and 24,217 wmt of high grade lump sales to, and repeating monthly orders for Tombador iron ore from, Brazilian steel mills. Average moisture content of the shipments was 0.97%.

Ramp up of road to port haulage was successfully managed within expectations, and has demonstrated the capacity of road haulage to support the target design levels of operations.

Storage and stockpiling capacity at the port is sufficient for regular exports on Handymax vessels. Port operations loading rates have also comfortably met the expectations for the Company's target export market requirements.

Three shipments totalling 114,184 tonnes (wmt) of high grade iron ore were sold and exported during the September 2021 quarter. Another shipment of 37,329 wmt departed on the 10th October 2021. The port has demonstrated berthing capacity to meet the Company's target export market requirements.



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Tombador invoiced for partial payments of an additional 28,896 tonnes which were delivered to the port stockpile as at 30th September 2021.

As at 30th September 2021, Tombador had approximately 94,000 tonnes of medium grade¹ ore and 55,000 tonnes of high-grade ore on stockpile at the mine and 32,000 tonnes of high-grade ore on stockpile at the port ready for export.

The Company has received \$5.56m for sales in the September 2021 quarter and \$1.07m for partial payments delivered to the port stockpile.

Ore Reserves

The process of updating the mineral resource is continuing and is expected to be complete during the December 2021 quarter. The Company will then prepare an ore reserve calculation. ASX market announcements that include mining production guidance must be based on JORC ore reserves. The ore reserve is expected to be completed in the March 2022 quarter, which will include a life of mine plan and enable the Company to provide forward-looking production guidance to the market.

Future resource development drilling and exploration activities are being planned to target the SE and NE of the initial mining area where mineralisation is open.

Dry Beneficiation Studies

In the September 2021 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. Testwork of potentially beneficiable ore types has progressed using dry sensor-based sorting technologies. These proof of concept and feasibility level studies will continue in the December 2021 quarter.

CORPORATE

Cash flows

During the September 2021 quarter, the Company continued to operate in pre-production phase as production is ramped up to target commercial production levels. The Company invested \$1.871m in developing the project, including drilling, processing, loading and hauling, trucking to port and permitting. This is reflected under the Appendix 5B under Cash flows from investing activities. At the end of the quarter, the Company had approximately \$28.41m in cash and cash equivalents.

¹Medium grade ore is defined as ore with grade below 64%Fe and above 58%Fe



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During the September 2021 quarter, payments of approximately \$6.63m were received by the company, from both external customers as part of the Company's offtake agreement, and local customers via sales at the mine gate. Payments received for export sales are on a Free on Board ("FOB") basis and are thus net of freight costs and marketing fees. Payments received for domestic sales are on a Free on Truck ("FOT") basis, i.e. sold at the mine gate. Payments received were also net of partial payments received in the prior June 2021 quarter and did not include final payments for the second and third export shipments.

Cash receipts in the export market were impacted by the elevated freight rates in the seaborne export market during the September 2021 quarter; while freight rates are anticipated to remain elevated in the December 2021 quarter, these are expected to moderate in the March 2022 quarter based on current forward curves.

The Company will report cash costs once it has moved from development phase to commercial production phase. This is expected to be by the end of the December 2021 quarter.

Use of Funds

Tombador was re-admitted to the official list of the ASX on 6th October 2020, following completion of a capital raising of \$15 million. The September 2021 quarter is included in a period covered by a Use of Funds statement in the Prospectus lodged with ASX under Listing Rule 1.1 condition 3.

A comparison of the Company's actual expenditure since re-admission through to 30th September 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 September 2021 quarter, as required by ASX Listing Rule 5.3.1:

Prospectus Use of Funds	Budgeted	Actual Q1 FY22	Actual Total
Environmental and mining licensing	\$447,000	\$0	\$450,977
Infill drilling and mine planning	\$1,200,000	\$142,394	\$1,175,234
Contractor mobilisation and pre-strip	\$956,000	\$0	\$773,556
Site construction	\$2,668,000	\$0	\$2,819,384
Brazil project costs	\$1,808,000	\$649,632	\$2,597,620
Corporate costs	\$1,565,000	\$694,099	\$3,092,361
Working capital	\$5,180,000	\$1,728,650	\$4,552,704
Costs of the Public Offer	\$1,326,000	\$0	\$1,282,670
TOTAL	\$15,150,000	\$3,214,775	\$16,744,506



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The actual expenditure to date has exceeded the Prospectus Use of Funds amount for the 12-month period since listing by approximately \$1.6m (10.6%), in light of the company accelerating the construction of the project to commence production and ramp-up within 12 months, thereby incurring production costs earlier than planned.

The Corporate Costs expenditure is higher than budgeted, as this includes additional ASX, legal and registry costs associated with the March 2021 quarter \$20m placement, which was not accounted for in the original prospectus budget. Corporate and Brazil Project costs are also higher than budgeted due to the accelerated ramp up of the project.

Payments to related parties and associates

In accordance with ASX Listing Rule 5.3.5, \$174k 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 September 2021. The payments include Director payments of \$23k, consulting fees of \$72.5k, and \$14.4k 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	872.431/2003	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.

