

# December 2023 Quarterly Activities Report



## TOMBADOR IRON

31 January 2024

### 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.

Tombador commenced production of high-grade hematite iron ore from a simple open cut mining operation during Q2 CY2021. The Project was sold in December 2023.

**Executive Director**  
Stephen Quantrill

**Non-Executive Directors**  
Anna Neuling – Chair  
David Chapman  
Keith Liddell

**Company Secretary**  
Abby Macnish Niven

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## KEY EVENTS

- **The Company completed the sale of the Tombador Iron Ore Project in Bahia State, Brazil on 31 December 2023.**
- **The Company sold 33,800 wet metric tonnes (wmt) of high-grade product from 1 October up to 31 October 2023.**
- **34,700 wmt of lump and fines ore was produced from 1 October up to 31 October 2023.**
- **The operational handover of the Project commenced on 1 November 2023.**
- **Cash holdings of AUD\$8.6m as at 31 December 2023, with first sales payment of AUD\$1.2m received in early January 2024.**

Tombador Iron Limited's quarterly report for December 2023 summarises the key dates of the sale of its Tombador Iron ore hematite mine. On 25 October 2023 the Company announced that it had accepted the offer from PJ INVESTIMENTOS E PARTICIPAÇÕES LTDA to acquire the Tombador Iron Project. The sale was approved by shareholders on 27 December 2023 and completed on 31 December 2023.

This quarterly report provides the production and sales up to 31 October 2023, as from 1 November 2023 PJ INVESTIMENTOS E PARTICIPAÇÕES LTDA took over the operations, costs and revenues of the Tombador project. The Company is currently in voluntary suspension as it has sold its main undertaking and is considering its options for relisting or returning capital to shareholders.



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## TOMBADOR PROJECT

Tombador Iron Limited (T11.ASX, the "Company") produced 34,700 wmt and sold 33,800 wmt of iron ore up to 31 October 2023. Production and sales for the remainder of the December 2023 quarter are not attributable to the Company as the handover of the Project commenced on 1<sup>st</sup> November 2023.

During the Quarter the Company focused on:

- The sale of the Tombador Iron project;
- A smooth transition of the project's operations to safeguard the welfare of employees, and to ensure continuous supply of ore to key customers;
- Exploring market opportunities to move fines stockpiles in the export market before 31 October 2023;
- Reducing pit wall slopes cutback operations and additional geotechnical works;
- Slope monitoring and other safety measures.

### Project Sale

On the 11<sup>th</sup> of October 2023 the Company announced that the Board had decided to suspend mining operations at the Tombador Project after careful consideration of safety and geotechnical advice, market conditions and uncertainty of project economics.

As the Company entered into discussions with its mining contractor regarding the suspension, it received an offer from PJ INVESTIMENTOS E PARTICIPAÇÕES LTDA, which is a party affiliated with the project's mining contractor, to purchase the Company's Brazilian assets associated with the Tombador Iron Project.

On the 25<sup>th</sup> of October 2023 the Company announced that it had accepted the offer to acquire the Tombador Iron Project, subject to shareholder approvals.

Under the terms of the agreement, PJ INVESTIMENTOS E PARTICIPAÇÕES LTDA, were to acquire the Company's Brazilian subsidiary, Tombador Iron Mineracao and take over the operations, costs, and revenues of the Tombador project from 1 November 2023 in anticipation of the Company's shareholder approval of the transaction. In consideration the Company is to receive:

- staged payments totalling BRL\$10million,
- a royalty of 4.25% on gross revenue from iron ore sales of direct ship ores, and
- approximately BRL\$5 million tax refund (PIS and COFINS) subject to Federal Government of Brazil approval of refund requests.

The offer was accepted to preserve value to shareholders and considered the risks and costs associated with retaining and operating the project. These included the



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required cutback operations and increased waste strip ratio necessitated by geotechnical advice, and the uncertainty of project economics whilst waiting for updated final pit design parameters. Retaining a project with suspended operations would also incur demobilization costs, care and maintenance costs and an ongoing rehabilitation liability.

During the December 2023 reporting period the Company worked closely with PJ INVESTIMENTOS E PARTICIPAÇÕES LTDA to facilitate a smooth transition. The project's operations continued to safeguard the welfare of employees during the sale process, and ensured a continuous supply of ore to key customers.

The Company held an Extraordinary General Meeting on 27 December 2023 where the sale of the Tombador Iron Project was approved by shareholders, allowing the Company to finalise the sale process.

## **Production**

From 1 October up to 31 October 2023 the production of crushed and screened product was a total of approximately 34,700 wmt. This was comprised of 18,600 wmt of lump product and 15,200 wmt of fines product. From 1 November 2023 operations were the responsibility of PJ INVESTIMENTOS E PARTICIPAÇÕES LTDA.

Production remained constrained due to the previously announced unexpected geotechnical event, and the additional cutback, geotechnical work and safety measures put in place. Shallower pit slopes were adopted while awaiting final geotechnical pit slope studies following completion and analysis of a program of geotechnical drilling and mapping.

As at 31 October 2023, Tombador had approximately 414,000 tonnes of product on stockpiles comprised of 22,000 wmt of lump product and 392,000 wmt of fines product. Stockpiles both at the mine and at the port were valued at the cost of production and accounted for on the Company's Balance Sheet until such time as the product is sold. The stockpile inventory formed a part of the sale to PJ INVESTIMENTOS E PARTICIPAÇÕES LTDA.

## **Sales**

From 1 October up to 31 October 2023 the Company sold approximately 33,800 wmt which was placed entirely in the domestic market. The Company maintained a conservative sales program with its Brazil domestic customers to mitigate the effect of the recent production constraints. From 1 November 2023 sales were the responsibility of INVESTIMENTOS E PARTICIPAÇÕES LTDA.

The Company did explore market opportunities to move fines stockpiles in the export market, however suitable buyers were not secured in the quarter.

From 1 November 2023 the Company receives a royalty of 4.25% on gross revenue from iron ore sales of direct ship ores from INVESTIMENTOS E PARTICIPAÇÕES LTDA.



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## Cash flows

The December 2023 quarter resulted in a net cash amount of AUD\$3.47m being utilised during operating activities in the quarter, as shown in the Company's Appendix 5B. This expenditure included one-off costs related to the sale of the project, including transition costs, staff termination costs, legal costs and the finalisation of drilling contracts.

The Company spent AUD\$1.8m on cutback and waste stripping in the quarter, which was apportioned to capital expenditure, as shown in the Company's Appendix 5B, in addition to AUD\$7k in small asset purchases.

The Company spent AUD\$356k on financing costs related to the lease of its mining equipment.

At the end of the quarter, the Company had approximately AUD\$8.617m in cash. The Company currently holds no bank loans. The first sales payment was received in early January 2024, totalling approximately AUD\$1.190m cash.

## CEO Notice of Discharge

A notice of discharge was executed with the Company's Chief Executive Officer, Mr Gabriel Oliva, effective 1 December 2023, in accordance with the terms of his employment agreement.

## Payments to related parties and associates

In accordance with ASX Listing Rule 5.3.5, AUD\$221k 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 2023. The payments include Director payments of \$141.6k, consulting fees of \$63.5k, and \$16k for office rent and administration services.

## Authorised for release by the Board.

## Contact:

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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%	0%

Note the tenement was sold during the December 2023 Quarter.

**ENDS.**

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