

## QUARTERLY REPORT – DECEMBER 2016

Australian based iron ore development company, Kogi Iron Limited (ASX: KFE) (“Kogi”, “Kogi Iron”, or the “Company”) and its 100% owned Nigerian operating company, KCM Mining Limited (“KCM”) presents the quarterly activity report for the three months ended 31 December 2016.

Key activities by the Company during the quarter were:

### MOU TO ADVANCE AGBAJA IRON AND STEEL PROJECT

During the quarter Kogi signed Memoranda of Understanding (MOUs) with two major African-based groups to progress the Company’s Agbaja iron ore and steel project in Nigeria.

The MOUs are with South Africa-based Tenova Pyromet (“Tenova”) and Nigeria-based PW Group (“PW”), two groups Kogi has identified as suitable providers of technical, engineering, construction and mining services to the Agbaja project.

The MOUs create a framework under which contracts for service can be negotiated subject to suitable commercial terms being agreed.

Tenova is a leading company in the design and supply of high-capacity electric submerged-arc smelting furnaces and complete smelting plants for the production of ferroalloys, base metals, slag cleaning and alloy refining.

PW is a mining, construction and civil engineering group that has operated in Nigeria for 42 years, serving a wide range of corporate and government clients such as Shell, Chevron and the Nigerian Federal Government.

Tenova has previously worked with Kogi conducting production testing of ore from the Agbaja project to assess the levels of Fe content and impurities after processing in the manner proposed by Kogi.

Part of Tenova’s brief will be to assist Kogi in finalising the Definitive Feasibility Study for the project. This was originally due for completion in June this year but has taken longer than expected due to additional time being needed for expert validation of Kogi’s proposed processing plant throughput, operating and cost parameters, a greater than anticipated complexity in financial modelling and project planning. While Kogi has previously announced that it had achieved substantial completion of the study further consideration of these issues will likely delay finalisation late into the first half of 2017. One of the first tasks Tenova will be undertaking is a review of the timeline to complete the DFS. The revised timing will be advised to the market when it is to hand.

Kogi have continued having various study meetings on working towards a Definitive Feasibility Study with Tenova, with work continuing at a good pace. Kogi has also continued the work on the required infrastructure needed with continued discussions with PW Nigeria.

## COMMUNITY DEVELOPMENT AGREEMENT

Kogi finalised the Community Development Program Agreement ('CDA') for the Agbaja iron ore and steel project.

The CDA was signed at a ceremony in Agbaja by the nominated members of the Agbaja Communities, assigned to do so by the Paramount Ruler, representatives of the Honorable Minister of Mines and Steel Development, and Kevin Joseph, KCM Mining's Chief Executive Officer and Director.

The agreement includes consents and support for the project from the local community – a prerequisite for mining projects in Nigeria – as well as the support KCM Mining proposes to deliver for the local people.

This includes local employment, training and education of prospective employees, and assistance with supply of power and water to local villages.

The CDA, having met the minimum legal requirements, was approved by the Federal Government of Nigeria in January 2017.

## MINING LICENCE APPLICATIONS

Following the signing of the CDA, Kogi (through its 100% owned subsidiary KCM Mining Limited) lodged its mining licence applications with the Nigerian Ministry of Mines & Steels Development.

The application covers two mining licences to ensure the entire footprint of its Agbaja tenements are covered for the long term.

The tenements subject to the mining licence applications cover 90.7 km<sup>2</sup>, where the Company has a JORC-certified resource of 586 million tonnes.

It is expected processing of the Mining Licence applications, will take place early in the 2017.

**Table 1 – Summary Grade Tonnage for Laterite (Zone A) and Oolitic (Zone B) Horizons (20% Fe lower cut off is applied) Refer ASX announcement 10 December 2013.**

Classification	Tonnes (Mt)	Fe (%)
<b>Zone A (Laterite Mineralisation)</b>		
Indicated	147.5	33.2
Inferred	33.9	31.7
Total Indicated + Inferred (Zone A)	181.4	32.9
<b>Zone B (Oolitic Mineralisation)</b>		
Indicated	318.7	45.2
Inferred	86.3	44.7
Total Indicated + Inferred (Zone B)	405.0	45.1
<b>Combined Zone A and Zone B</b>		
<b>Total Indicated</b>	<b>466.2</b>	<b>41.4</b>
<b>Total Inferred</b>	<b>120.1</b>	<b>41.1</b>
<b>Total Indicated + Inferred</b>	<b>586.3</b>	<b>41.3</b>

## FUNDING AGREEMENT

In October 2016, Kogi concluded a private placement funding agreement for up to US\$5.8 million with Bergen Global Opportunity Fund, LP ('Bergen') to fund the ongoing development of its Agbaja Iron and Steel Project (refer to ASX announcement on 10<sup>th</sup> October 2016).

Under the agreement, Bergen will subscribe for shares in the Company, on a monthly basis, in the amount of US\$50,000 per month. Kogi and Bergen may increase this amount up to US\$250,000 by mutual consent.

In the quarter to 31 December 2016, Kogi has received two tranches of US\$50,000 each and has issued 8,658,270 shares in accordance with the agreement.

## CORPORATE

On 4 January 2017 the Board of Kogi Iron Limited sadly advised the sudden death of Non-Executive Director Mr Brian King. Brian joined the Board in February 2012 and was a valued Board member whose contribution to the Company was appreciated.

During the quarter the Company advised the resignation of Mr. Piers Lewis as Company Secretary and the appointment of Mr Kevin Hart. Mr Hart is a Chartered Accountant and partner of Endeavour Corporate, an advisory firm which specialises in the provision of company secretarial and accounting services to ASX listed entities.

At the end of the quarter, the Company had cash at bank of \$143,000.

As at 31 December 2016, the Company has 474,520,612 fully paid ordinary shares on issue and 114,716,606 ASX quoted options (exercise price \$0.08, expiry date 31 May 2017).

## MINERAL TENEMENTS

As at 31 December 2016, the following mineral tenements were held by KCM. All of the mineral tenements are located in the Federal Republic of Nigeria and KCM has a 100% interest in each tenement:

Exploration Licence	6350	Exploration Licence	12124
Exploration Licence	8583	Exploration Licence	12847
Exploration Licence	8886	Exploration Licence	16998

For more information, please contact:

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Email: [info@kogiron.com](mailto:info@kogiron.com)

### About Kogi Iron (ASX: KFE)

Kogi Iron Limited is a Perth-based company with the objective of becoming an African iron ore producer through the development of its 100% owned Agbaja iron ore project located in Kogi State, Republic of Nigeria, West Africa ("Agbaja" or "Agbaja Project"). The Company has completed a Preliminary Feasibility Study which determined that the development and operation of a mine and processing plant at Agbaja to produce 5 Mtpa of iron ore concentrate is technically feasible, economically viable and socially and environmentally acceptable. Concentrate from Agbaja will initially be transported via river barge along the Niger River to the Gulf of Guinea and world export markets. The Company will continue to advance access and usage agreements for an existing under-utilised heavy haulage railway that runs from near the Agbaja Project to Port Warri. This existing railway remains an important part of a longer term transport solution for an expanded production profile.

In recent years Nigeria has sought to diversify its economy, which is dominated by hydrocarbons, into minerals and related industries. Nigeria is the largest country by population in Africa with a GDP growth rate of 7.2% in 2014. The country has very transparent and consistent mining regulations and very favourable fiscal terms for foreign investment in mining.

The Company holds a land position which covers a large part of the Agbaja Plateau. The Agbaja Plateau hosts an extensive, shallow, flat-lying channel iron deposit with an Indicated and Inferred Mineral Resource of 586 million tonnes with an in-situ iron grade of 41.3% reported in accordance with the JORC Code (2012). This mineral resource covers approximately 20% of the prospective plateau area within EL12124.

### Forward-looking Statements

This announcement contains forward-looking statements which are identified by words such as 'anticipates', 'forecasts', 'may', 'will', 'could', 'believes', 'estimates', 'targets', 'expects', 'plan' or 'intends' and other similar words that involve risks and uncertainties. Indications of, and guidelines or outlook on, future earnings, distributions or financial position or performance and targets, estimates and assumptions in respect of production, prices, operating costs, results, capital expenditures, reserves and resources are also forward looking statements. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions and estimates regarding future events and actions that, while considered reasonable as at the date of this announcement and are expected to take place, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and management. We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and readers are cautioned not to place undue reliance on these forward-looking statements. These forward looking statements are subject to various risk factors that could cause actual events or results to differ materially from the events or results estimated, expressed or anticipated in these statements.

### Competent Persons' Statements

The information in this announcement that relates to Mineral Resources at Agbaja is extracted from the ASX announcement entitled "Mineral Resources at Agbaja Increase 20% to 586MT" includes an Indicated Resource of 466MT" and is available to view on [www.kogiron.com](http://www.kogiron.com). The Company confirms that it is not aware of any information or data that materially affects the information included in the original market announcement and, in the case of estimated Mineral Resources or Ore Reserves, which all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

KOGI IRON LIMITED

### ABN

28 001 894 033

### Quarter ended ("current quarter")

31 DECEMBER 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date ( 6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(143)	(265)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(188)	(471)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(331)</b>	<b>(735)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date ( 6 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	138	138
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>138</b>	<b>138</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	336	740
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(331)	(735)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	138	138
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>143</b>	<b>143</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	143	336
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>143</b>	<b>336</b>

<b>6. Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to these parties included in item 1.2	87
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Payments of director's remuneration

<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	132
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	87
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>219*</b>

\* On 10 October 2016 the Company announced the terms of a Private Placement Agreement entered into with Bergen Global Opportunity Fund LP. Estimated cash outflows will be funded under this agreement.

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	n/a	n/a	n/a	n/a
10.2 Interests in mining tenements and petroleum tenements acquired or increased	n/a	n/a	n/a	n/a

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .....  
(Company secretary)

Date: 30 January 2017

Print name: Kevin Hart

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.