

QUARTERLY REPORT – DECEMBER 2019

Australian based iron ore and steel 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 2019.

Key activities by the Company during the quarter were:

NIGERIA MINING WEEK

Managing Director David Turvey, Chairman Mr Greg Boulton AM and Samuel Alabi, KCM’s country manager, attended the 4th Annual Nigeria Mining Week Conference in Abuja, Nigeria.

The Nigeria Mining Conference was the ideal opportunity and timing to promote the profile of the Agbaja Cast Steel Project. Overall, the conference was well attended and supported by all mining industry sectors (Government, financial, services, local companies, academics), with a positive energy about recent progress and the future of mining in Nigeria.

David Turvey presented on the status and activities of the Agbaja Cast Steel Project and Kogi Iron Limited via its Nigerian subsidiary KCM Mining Limited and also contributed to several industry workshops on foreign investment, security and safety, and commodity trends and opportunities.

Public recognition by the Nigerian Government of the Agbaja Cast Steel Project as a “Project of National Significance” has significantly increased the Company’s profile. Based on this recognition, opportunities for support of the Bankable Feasibility Study are being progressed with several International and domestic Nigerian organisations, especially related to social infrastructure and capacity building.

CHANGE TO CHAIRMAN OF DIRECTORS

Mr Greg Boulton AM was appointed as Chairman of the board of directors during this quarter. This is following the decision made by Don Carroll that with a restructured board now comprised of directors with the necessary experience to develop the Company’s Agbaja Project it is appropriate to step down from the role of Chairman to that of a Non-Executive Director so that he has sufficient time to manage his other work and personal interests. Mr Carroll remains fully committed to the Kogi board and its progress and is fully supportive of the appointment of Mr Boulton as the new Chairman, and ensures the revitalized board continues to have the continuity of knowledge that Mr Carroll offers.

MINING LEASE APPROVAL

A fourth African iron ore mining lease was granted to KCM Mining Limited, Kogi’s 100% owned Nigerian subsidiary. Mining lease No. 29796 grants the right for the Kogi Iron group to develop and operate a mine for a period of 25 years, and is renewable. This mining lease covers 15.25km² in the northeast part of the Agbaja

<p>KFE Capital Summary Ordinary Shares: 774,061,174 Listed Options: 142,328,948 Performance Rights: 26m Share price: \$0.06 Market capitalisation: \$46m</p>	<p>Board of Directors Mr Greg Boulton AM – <i>Non-Executive Chairman</i> Mr David Turvey – <i>Managing Director</i> Mr Don Carroll – <i>Non-Executive Director</i> Mr Peter Huljich – <i>Non-Executive Director</i></p>	<p>Contact Unit 23, 4 Ventnor Avenue, West Perth WA 6005 Tel : +61 8 9200 3456 Email: info@kogiiron.com W: www.kogiiron.com</p>
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Plateau, Lokoja District, Kogi State and relates to the tenure previously held by Kogi as Exploration Licence 14847.

The latest approval delivers Kogi Iron a contiguous total of ~145 square kilometres of four mining leases and one exploration lease at KCM's Agbaja Plateau cast steel project in Kogi State, southern Nigeria and close to substantial domestic and export infrastructure. The project will mine leased local iron ore deposits as a feedstock for its own cast steel plant to supply to steel manufacturing and product fabricators in both Nigeria and overseas.

SHARE PLACEMENT AND SHARE PURCHASE PLAN

The company completed a two-phase capital raising to primarily fund a Bankable Feasibility Study (BFS) on its wholly-owned and advanced Agbaja Plateau iron ore mining and cast steel mill project.

The capital raising comprised:

- share placements to US-based institutional investor Sorbie Bornholm LP for commitments of \$2m, and various Australian professional and sophisticated investors for a further \$350,000; and
- a share purchase plan which closed with \$860,000 raised.

SETTLEMENT OF OVERDUE DIRECTOR FEES

The Company settled overdue amounts owing to one former and one current Director of the Company. As disclosed in Note 22 of Kogi's Financial Report for the year ended 30 June 2019, A\$400,000 was owing to Dr Ian Burston and A\$240,000 was owed to Mr Don Carroll for services rendered prior to 31 December 2017. The respective parties agreed to settle the owed amounts by way of a share issue at an issue price of 4.03 cents per share.

The current Kogi Board says it is encouraged by Dr Burston and Mr Carroll's willingness to take shares as settlement of the overdue amounts owing and sees this as a sign of confidence in the Agbaja Cast Steel Project. The settlement of these overdue fees has a positive impact on the Company's balance sheet as it reduced Kogi's current liabilities by A\$640,000.

CORPORATE

At the end of the quarter, the Company had cash at bank of \$1,147,700.

As at 31 December 2019 the Company had on issue:

- 774,061,174 fully paid ordinary shares;
- 142,328,948 Listed Options; and
- 26,000,000 Unlisted Performance rights

MINERAL TENEMENTS

As at 31 December 2019, 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:

Mining Lease 24606
Mining Lease 24607
Mining Lease 25376

Mining Lease 29796
Exploration Licence 28784

For and on behalf of the Board
Kevin Hart
Company Secretary

For more information, please contact:
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About Kogi Iron (ASX: KFE)

Kogi Iron Limited is a Perth-based company with the objective of becoming a producer of cast steel product that can be sold to manufacturers of steel products through the development of its 100% owned Agbaja Cast Steel project located in Kogi State, Republic of Nigeria, West Africa (“Agbaja” or “Agbaja Project”). Nigeria has substantial domestic demand for steel products, which is currently met largely through imports. The Agbaja project, located on the Agbaja plateau approximately 15km northwest of Lokoja city in Kogi State and approximately 200km southwest of Abuja, the capital city of Nigeria, opens the opportunity for domestic production of steel billets. 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 ML24606 and ML24607.

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

The Company confirms that it is not aware of any information or data that materially affects the information included in the original market announcements referred to in this announcement and, in the case of estimated Mineral Resources, 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 announcements.

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 2019

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(165)	(309)
(b) development	-	-
(c) production	-	-
(d) staff costs	(196)	(546)
(e) administration and corporate costs	(224)	(491)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	2
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)	-	-
1.9 Net cash from / (used in) operating activities	(584)	(1,344)

2. Cash flows from investing activities

2.1 Payments to acquire:		
(a) property, plant and equipment	(9)	(9)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

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Mining exploration entity and oil and gas exploration entity quarterly report

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)	-	-
2.6	Net cash from / (used in) investing activities	(9)	(9)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares/options	1,360	1,360
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	(60)	(286)*
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	-	-
3.10	Net cash from / (used in) financing activities	1,300	1,074

*\$226k issue costs relate to options issued on 28th June 2019 and 3rd July 2019. The proceeds received from the option issue were recorded in the June 2019 quarter.

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	441	1,427
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(584)	(1,344)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(9)	(9)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,300	1,074
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,148	1,148

Mining exploration entity and oil and gas exploration entity quarterly report

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,097	140
5.2 Call deposits	51	301
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,148	441

6. Payments to directors of the entity and their associates

- | | Current quarter
\$A'000 |
|--|----------------------------|
| 6.1 Aggregate amount of payments to these parties included in item 1.2 | 188 |
| 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 to directors for consulting fees and settlement of previous CEO fees.

7. Payments to related entities of the entity and their associates

- | | Current quarter
\$A'000 |
|--|----------------------------|
| 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

8. Financing facilities available

Add notes as necessary for an understanding of the position

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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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9. Estimated cash outflows for next quarter**\$A'000**

9.1 Exploration and evaluation	450
9.2 Development	-
9.3 Production	-
9.4 Staff costs	380
9.5 Administration and corporate costs	190
9.6 Other	
9.7 Total estimated cash outflows	1,020*


* The Directors are currently evaluating capital raising alternatives to provide additional funding for the Company's future planned activities and further details will be provided as soon as these plans have been completed. Estimated cash outflows include discretionary expenditure that will only be incurred if the directors are comfortable there are sufficient cash reserves available for these and future costs.

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	EL14847	Exploration licence replaced by Mining lease below ML29796	100%	-
10.2	Interests in mining tenements and petroleum tenements acquired or increased	ML29796	Mining Lease Replaces EL14847above	n/a	100%

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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: 20 January 2020

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.