

QUARTERLY REPORT – MARCH 2018

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 March 2018.

Key activities by the Company during the quarter were:

PROJECT TESTWORK PROGRAM PROGRESSED

Metallurgical testwork associated with the commercialisation of the Agbaja oolitic iron ore deposits in Kogi State, Nigeria continued in the quarter.

The testwork program involves four distinct stages:

1. Bulk Sample Preparation and Beneficiation
2. Smelting
3. Refining
4. Process Modelling and Reporting

The first stage of **Bulk Sample Preparation and Beneficiation**, together with mineralogical and bulk chemical analysis of the ore was completed in the quarter. The results of these tests were positive in showing that using standard crushing and washing, ore does produce up-graded concentrate suitable for smelting.

Stage 2 **Smelting**, involving pre-reduction of the concentrate followed by smelting in a combination of various furnace and simulation testing to produce pig iron was also completed in the quarter. The smelting phase confirmed production of hot metal iron from the sample prepared during the Beneficiation phase. The successful results from the Smelting Phase have generated sufficient process information for furnace design and product quality. This builds on the very positive results from the Beneficiation Phase which has allowed Kogi to optimize its Process Flow Sheet for Beneficiation.

The programmed stage 3, **Refining** follows the completion of the Smelting phase and is on schedule for completion in May 2018. The Refining testwork will confirm the ideal refining conditions for impurity removal

KFE Capital Summary Ordinary Shares: 621,543,370 Unlisted options: 29.8m Share price: \$0.125 Market capitalisation: \$77.6m	Board of Directors Dr Ian Burston – <i>Non Executive Chairman</i> Mr Martin Wood – <i>Chief Executive Officer</i> Mr Kevin Joseph – <i>Executive Director</i> Mr Don Carroll – <i>Non Executive Director</i> Mr Michael Tilley – <i>Non Executive Director</i>	Contact Unit 23, 4 Ventnor Avenue, West Perth WA 6005 Tel : +61 8 9200 3456 Email: info@kogiiron.com W: www.kogiiron.com
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and converting of the pig iron into a refined billet that can be used in a process for the production of steel products. Refining testwork will also confirm commercial production viability and includes:

- Preparation and shipment of a 200kg ore sample and the required coal for the Metallization testwork at Torex (Russia) involving carrying out, in conjunction with Mintek, optimisation and compatibility tests and to simulate pelletisation. Coal samples from the identified coal operations in Nigeria have been received by Torex, who will be carrying out tests on the coal including full proximate analysis and testing of the calorific values of the coal for its usage in the processing plant.
- Preparation of the ore samples for the Haver & Boecker testwork in Perth.
- Converting to be conducted by Mintek in South Africa using the pig iron produced in the Smelting Phase to generate Direct Reduction Iron (DRI) from the scrubbed iron ore concentrate.

Part of the testwork program to be conducted by Mintek will remove the main detrimental species such as Phosphorous, Carbon and Alumina and establish the optimum recovery for iron and typical billet steelmaking iron grade.

The Haver and Boecker test work is to evaluate the effectiveness of high pressure washing as an alternative process to compare with scrubbing to remove clay and slimes from the ore.

Kogi representatives were present to witness the smelting work and will again be present to see the converting test work to be done at Mintek.

This will lead to Stage 4 **Process Modelling and Reporting** where a final technical report (including a detailed flowsheet design for the treatment of Kogi ore to provide iron ore feedstock for the production of a refined billet that can be used in a process for the production of steel products) will be produced. The detailed flowsheet design will be used to complete the Definitive Feasibility Study and ultimately to facilitate both debt and equity funding for the Project.

FINANCIAL ADVISORS

The Company's appointed debt funding advisors, London-based SD Capital Advisory Limited and GKB Ventures Limited, outlined positive aspects of the Agbaja Cast Steel Project which enhance the debt carrying capacity of the project. Early indications suggest a debt portion is likely to have a high element of Export Credit Agency cover, which is expected to be accompanied by a high level of Debt Service Reserve Accounts (2 years cover).

The Company during the quarter also appointed RFC Ambrian as its broker to provide equity raising advice for the significant equity funds required for the construction of the Agbaja Cast Steel Project. RFC Ambrian will work closely with the Company's debt advisors SD Capital and GKB Ventures.

CORPORATE

During the quarter, the Company successfully completed a private placement with sophisticated investors raising \$2,000,000 (before costs) followed by a strongly supported Share Purchase Plan raising \$938,868. The funds raised will be used to fund testwork activities, executive recruitment and on-going salary costs, in country costs and to provide working capital.

At the end of the quarter, the Company had cash at bank of \$2,052,000.

Mr Wood was appointed Chief Executive Officer on 24th January 2018.

As at 31 March 2018 the Company had 621,543,370 fully paid ordinary shares on issue and 29,800,000 unlisted options (exercise price \$0.0305, expiry date 16 Nov 2019).

MINERAL TENEMENTS

As at 31 March 2018, 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	Exploration Licence 14847
Mining Lease 24607	Exploration Licence 16998
Mining Lease 25376	

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 and, in the case of estimated Mineral Resources, which all material assumptions and technical parameters underpinning the estimates in the relevant market announcements 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 MARCH 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(536)	(1,102)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(273)	(766)
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)	-	-
1.9 Net cash from / (used in) operating activities	(809)	(1,867)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
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	-	-
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	2,900	3,953
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	(144)	(171)
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)	-	-
3.10	Net cash from / (used in) financing activities	2,756	3,782
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	105	137
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(809)	(1,867)
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)	2,756	3,782
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,052	2,052

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	2,052	105
5.2 Call deposits	-	-
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)	2,052	105

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	96
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 executive director's remuneration

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 <i>Add notes as necessary for an understanding of the position</i>	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	840
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	510
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	1,350

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	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 April 2018

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.