

QUARTERLY REPORT – MARCH 2020

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 March 2020.

COVID-19: UPDATE AND IMPLICATIONS

Due to the rapid escalation and global impacts of coronavirus, COVID-19, the Company has acted early and strongly to reinforce its operating guidelines to mitigate risks to staff, contractors and community:

- Adhering to Government advice and directives.
- Restricted travel (local, domestic and international).
- Social distancing at meetings and general activities.
- Diligent and increased personal hygiene.
- Self-isolation on showing any illness symptoms.
- Electronic communication wherever possible.

Impacts on operations in Nigeria include closure of the Mines Department and travel limited to Kogi State.

Due to COVID-19 related market volatility, the Company has taken prudent fiscal measures to ensure security of our assets and preserve our cash balance and has:

- Deferred current fundraising activities for the Feasibility Study.
- Stopped all non-discretionary expenditure.
- Reduced or deferred fees for Directors, contractors, and consultants.
- Moved the administration, secretarial functions and registered office to Adelaide with effect from 1st May 2020.

Key activities by the Company during the quarter were:

AGBAJA PLATEAU COMMUNITY DEVELOPMENT PLAN

During the quarter, the KCM Mining team has been coordinating and implementing activities on the Kogi Community Development Agreement (CDA). Activities conducted in the quarter included using local community members and local contractors to repair and maintain the KCM sample storage facility at Agbaja, and ongoing site works on the Okpaka Water Bore. The Agbaja Plateau Communities are frequently briefed on activities and progress, especially those related to the CDA. We continue to receive positive feedback from the Community and the Nigerian Government. The KCM Mining team continues to coordinate activities subject to COVID-19 guidelines and measures.

KFE Capital Summary Ordinary Shares: 774,462,336 Listed Options: 142,328,948 Performance Rights: 26m Share price: \$0.03 Market capitalisation: \$23m	Board of Directors Mr Greg Boulton AM – <i>Non-Executive Chairman</i> Mr David Turvey – <i>Managing Director</i> Mr Peter Huljich – <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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SMALL-SCALE TRIAL IRON ORE MINING

The Company has approved the excavation of a small-scale trial iron mining pit ~30m x 30m x 5m deep. This pit will be located at the site of a previous bulk iron ore sample (pit #6) used for metallurgy and steel tests in 2018.

Work will be completed during April 2020. A local Lokoja-based civil engineering company was awarded the contract to ensure local content, align with the Community Development Agreement and mitigate COVID-19 risks. Community members will be contracted by KCM Mining for security and logistics functions and potentially as labor by the operator.

These works provide an early opportunity to reinforce Environmental, Social and Governance (ESG) procedures with the Communities, especially occupational health and safety practices (OH&S). It will support our relationship with the World Bank-MMSD MinDiver Project regarding the positive benefits of mining to local Communities.

The trial pit and stockpiles of overburden and iron ore will be used to support reserve estimates and for ore characterisation tests, water studies, building material and agriculture studies in the Feasibility Study.

NIGERIA MINING CONFERENCE, LONDON AND INDABA CONFERENCE, CAPE TOWN

The Honourable Minister – Arc. Olamilekan Adegbite, Ministry for Mines and Steel Development, Nigeria held half day seminars in London in January and in Cape Town at the Indaba Conference in February. On request of the Minister, Kogi contributed to panel discussions and presented an update of the Agbaja Steel Project. Positive feedback was received on our commitment and professionalism in evaluation and progressing towards development of the Project.

Ongoing, regular dialogue with the Ministry of Mines and Steel Development, Nigeria has been quite positive and focused on obtaining tangible Government support and facilitation of the Agbaja Cast Steel Project.

During Indaba Cape Town 2020, The Honourable Minister - Arc. Olamilekan Adegbite called a briefing meeting to discuss working relationships and a proposed application by the Company for Project related capacity building and ESG funding by the current MMSD - World Bank MinDiver Project. In support of the Agbaja Cast Steel Project, he requested the Company to submit a revised application for MinDiver Project funding to focus on ESG projects related to the Company's Feasibility Study activities and current Community Development Agreement.

Discussion and consideration of the Company's revised MinDiver application are ongoing, including synergy with the recently commissioned small-scale trial mining.

BANKABLE FEASIBILITY STUDY (BFS)

Due to impacts of COVID-19, physical work on key aspects of the Feasibility Study has been delayed or deferred until sufficient funding is secured and workforces return. Importantly, the scopes of work, completion schedules, costs and decision trees for key consultant groups have been revised and/or staged to enable progress on the Feasibility Study as early as possible.

- Tenova (study manager), Mintek and SGS Bateman: Steel Process Optimisation Tests and Plant Design. Staged proposal considered for ore beneficiation test work (Mintek RSA) and for providing a bulk coal sample from Nigeria to FLSmidth for DRI tests.
- Lantosman: Environmental Impact Study – Steel Plant. Summary information of process wastes and waste management systems was sourced from Tenova's proposed steel tests to include for completion of the EIS Steel Plant (pending).

- Infrastructure & Power Options Study.
Discussions held with various international engineering groups currently involved in Nigerian projects, including infrastructure projects with Government and World Bank.
Focus on cost-effective, sustainable new generation power technologies including gas-fired, solar and hydro-electricity +/- battery storage hybrids.
- FastMarkets: Nigeria and regional steel market study.
Discussions held with key target customers of steel billet products.
- Iron Ore Reserve Estimate, Mine & Beneficiation Plan.
Contract pending agreed scope of work.

FUNDRAISING

The Company received unanimous, positive responses from potential new investors on its decision to defer capital raising until market volatility had reduced and on renewed investment activity. They gave strong support and appreciated the Company's prompt measures to minimise expenditure and maintain a healthy cash balance. Recent, positive news has been received from several independent fund managers and corporate advisors in North America, Japan and Germany of an emerging trend of global capital flows to the commodity sector, especially to under-valued projects with quality, tangible asset bases or operations. As such, the Company plans to proceed with capital raising ~US\$8 million funds (~A\$12M) for the Feasibility Study over the next few months or when equity markets show signs of recovery. Targeted new investors include "high net worth individuals or family offices and specialist resource funds" that have expressed interest following the late January to early February roadshow in Europe, London and North America. In conjunction, the Company has assessed and will trial a couple of e-funding platforms, including a specialist African project platform. Preliminary discussions were held with several potential joint venture investors and cornerstone equity partners, including large industrial groups and steel industry companies. All parties showed interest relative to positive progress on the Feasibility Study and a clearer understanding of business structures and financial model.

RESIGNATION OF DIRECTOR

Mr Don Carroll resigned as director on 2nd April 2020. Mr Carroll had been an integral part of the Kogi board since 2010 and participated in the transformation of the Agbaja Cast Steel Project from its initial exploration phase, through a Preliminary Feasibility Study as a potential iron ore exporter to that of an emerging steel billet producer. Mr Carroll remains available to provide support for the Company going forward.

CORPORATE

At the end of the quarter, the Company had cash at bank of \$758,000

The Company's Appendix 5B Quarterly cash flow report accompanies this report.

Section 6.1 of the Appendix 5B includes payments made to related parties and associates of \$230,000. These payments relate to Executive and Non-executive Director remuneration and include a payment of \$95,000 to the non-executive directors for 50% of their overdue fees relating to the period up to November 2019. With measures now in place to preserve cash balances, the Company has deferred the payment of the remaining overdue fees owing to ongoing directors. Amounts owing to Don Carroll were settled after quarter end at the time of his resignation.

As at 31 March 2020 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 March 2020, 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 29796

Mining Lease 24607

Exploration Licence 28784

Mining Lease 25376

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 or oil and gas exploration entity quarterly cash flow report

Name of entity

KOGI IRON LIMITED

ABN

28 001 894 033

Quarter ended ("current quarter")

31 MARCH 2020

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 (if expensed)	(273)	(582)
(b) development	-	-
(c) production	-	-
(d) staff costs	(236)	(782)
(e) administration and corporate costs	(53)	(544)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(562)	(1,906)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	(9)
(d) exploration & evaluation (if capitalised)	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow 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) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) 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)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	223	1,583
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(51)	(337)
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	172	1,246
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,148	1,427
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(562)	(1,906)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(9)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	172	1,246

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	758	758

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	308	1,098
5.2	Call deposits	450	50
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)	758	1,148

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
230
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>			
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>			
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000	
8.1	Net cash from / (used in) operating activities (Item 1.9)	(562)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(562)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	758
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	758
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	1.35

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: No. Due to the current impact of COVID-19, the Company has taken prudent fiscal measures to ensure security of assets and preservation of cash balance by, amongst others, stopping all non-discretionary expenditure, reducing / deferring fees for Directors, contractors and consultants and moving administration functions to Adelaide. The March quarter included payments to directors for 50% of accrued fees, as the measures taken above include deferring payments to directors and reducing fees, the next quarter will see a decrease in these payments.

- Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Due to market volatility impacted by COVID-19, the Company has deferred fundraising activities for its Feasibility Study. The Company plans to proceed with a capital raising in the coming months when equity markets show signs of recovery.

- Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, with the measures currently in place to ensure security of its assets and preservation of cash reserves, combined with the plan to raise further capital in the coming months, the Directors are of the opinion that the entity will be able to continue its operations and meet its business objectives.

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.

Date: 29 April 2020

Authorised by: The Board of Kogi Iron Limited
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.