

## QUARTERLY REPORT – DECEMBER 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) provides the quarterly activities report for the three months ending 31 December 2020 (the “Quarter”).

Early in the Quarter, the Company set its immediate priorities as:

1. Board renewal.
2. Capital Raising:
  - to urgently cover imminent financial obligations; and
  - to prepare for a more substantial capital raising, in early 2021, required to fund the scoping and feasibility studies for the Company’s Agbaja Project.
3. Establishing a timetable and milestones for further assessment and validation of the critical aspects of those scoping and feasibility studies.

### **Board Renewal**

In mid-September 2020, the Company engaged an executive search firm, Foley Durham, to undertake a process to identify two new directors. The Company was pleased to announce the appointment of Sean Gregory and Richard Little as Non-Executive Directors, on the 9 November 2020.

These appointments coincided with the appointment of Craig Hart as Chairman of the Kogi Board, and the retirement of Greg Boulton as Chairman, and David Turvey as Managing Director. Both Messrs Boulton and Turvey remained as Non-Executive Directors of the Board until the completion of the Annual General Meeting (AGM) on 15 December 2020, providing an appropriate transition.

Pleasingly, all of the new Directors, Messrs Hart, Gregory and Little were re-elected at the Company’s AGM, with strong shareholder voting support.

Peter Huljich continues as a Director, with his African domain experience and his financial and legal skills being an important component of the new Board.

For the near term, the Board has decided not to appoint a Managing Director, as the Board are taking on a more hands-on role, focussing on the immediate priorities for the Company.

## Capital Raising

With a cash balance at 31 October of only \$299,000, the Company established a two stage process.

The first stage was to raise capital to cover basic operations and ensure that the Nigerian licence fees of A\$200,000, due in February 2021, will be paid on time and without a request for extension.

To this end, the Company engaged Fresh Equities to work with the recently mandated Canaccord Genuity to proceed with an equity placement targeting \$800,000 to \$1,000,000. We comfortably exceeded our target, raising a total \$1,425,000. Support was primarily provided by new investors, together with some existing Kogi shareholders.

The second stage is targeting a more substantial raise of \$4 to \$5 million, in Q1 2021, to provide the financial resources required to progress the scoping and feasibility studies for the Company's Agbaja Project.

## Assessment, Testing and Feasibility

Further assessment of preliminary and positive test results will include further validation of:

- Technical – refining tests including removal of phosphorous;
- Infrastructure – the provision of the most appropriate and affordable power source to deliver project viability and sustainability;
- Government Foreign Investment Policy – facilitation of market entry for replacement of steel imports, and a possible support and subsidisation of the option for competitive gas supply; and
- Commercial – component costs, financial model (NPV, IRR, Payback).

The timetable for these above key assessments, subject to the raising of capital:

|         |                                                                                              |
|---------|----------------------------------------------------------------------------------------------|
| Q1 2021 | Tender revised feasibility study scope and raise further capital                             |
| Q2 2021 | Continue detailed feasibility study and further modelling of capital and operating estimates |
| Q3 2021 | Explore JV strategic partnerships and liquidity event options                                |

## Finance

For the quarter ended 31 December 2020, the Company reported:

- Net Cash outflows for operating and investing activities of \$425,000, including \$113,000 for direct exploration expenditure.
- Net Cash inflows from financing activities of \$1,530,000, being a placement raising \$1,425,000 together with \$105,000 received under the existing equity funding facility with Sorbie Bornholm LP. The equity funding facility with Sorbie Bornholm LP continues to provide working capital, on a monthly basis, with the amount of the monthly instalments to be received linked to the Company's share price each month. This facility will conclude in August 2021.

At the end of the Quarter, the Company had cash at bank of \$1,405,000.

Section 6.1 of the Appendix 5B includes payments made to related parties and associates of \$183,000. These payments relate to remuneration paid to the Managing Director and Directors' fees payable to Non-executive Directors.

## Mineral Tenements

As at 31 December 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

Authorised for release by the Board

For further information, please contact:

Craig Hart

Non-executive Chairman

Kogi Iron Limited

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## About Kogi Iron (ASX: KFE)

Kogi Iron Limited is an Adelaide-based company with the objective of becoming a producer of cast steel billet product that can be sold to fabricators of finished 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 of scrap steel raw materials. The Agbaja project, located on the Agbaja plateau approximately 15km northwest of Lokoja city in Kogi State and 200km southwest of Abuja, the capital city of Nigeria, opens the opportunity for domestic production of steel.

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) – Refer ASX announcement 10 December 2013. This mineral resource covers approximately 20% of the prospective plateau area within ML24606 and ML24607.

## Appendix 5B

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

Name of entity

Kogi Iron

ABN

28 001 894 033

Quarter ended ("current quarter")

31 December 2020

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(6 months)<br/>\$A'000</b> |
|-----------------------------------------------------------|------------------------------------|------------------------------------------------|
| <b>1. Cash flows from operating activities</b>            |                                    |                                                |
| 1.1 Receipts from customers                               |                                    |                                                |
| 1.2 Payments for                                          |                                    |                                                |
| (a) exploration & evaluation                              | (113)                              | (185)                                          |
| (b) development                                           |                                    |                                                |
| (c) production                                            |                                    |                                                |
| (d) staff costs                                           | (154)                              | (341)                                          |
| (e) administration and corporate costs                    | (168)                              | (253)                                          |
| 1.3 Dividends received (see note 3)                       |                                    |                                                |
| 1.4 Interest received                                     |                                    |                                                |
| 1.5 Interest and other costs of finance paid              |                                    |                                                |
| 1.6 Income taxes paid                                     |                                    |                                                |
| 1.7 Government grants and tax incentives                  | 10                                 | 10                                             |
| 1.8 Other (provide details if material)                   |                                    |                                                |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(425)</b>                       | <b>(769)</b>                                   |

|                                                |  |  |
|------------------------------------------------|--|--|
| <b>2. Cash flows from investing activities</b> |  |  |
| 2.1 Payments to acquire or for:                |  |  |
| (a) entities                                   |  |  |
| (b) tenements                                  |  |  |
| (c) property, plant and equipment              |  |  |
| (d) exploration & evaluation                   |  |  |
| (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<br>\$A'000 | Year to date<br>(6 months)<br>\$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)                   |                            |                                       |
| <b>2.6</b>                           | <b>Net cash from / (used in) investing activities</b> | -                          | -                                     |

|             |                                                                                         |              |              |
|-------------|-----------------------------------------------------------------------------------------|--------------|--------------|
| <b>3.</b>   | <b>Cash flows from financing activities</b>                                             |              |              |
| 3.1         | Proceeds from issues of equity securities (excluding convertible debt securities)       | 1,530        | 1,689        |
| 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 | (89)         | (89)         |
| 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>1,441</b> | <b>1,600</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                             | 388   | 573   |
| 4.2       | Net cash from / (used in) operating activities (item 1.9 above)              | (425) | (769) |
| 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)             | 1,441 | 1,600 |

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

| <b>Consolidated statement of cash flows</b> |                                                   | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(6 months)<br/>\$A'000</b> |
|---------------------------------------------|---------------------------------------------------|------------------------------------|------------------------------------------------|
| 4.5                                         | Effect of movement in exchange rates on cash held | 1                                  | 1                                              |
| <b>4.6</b>                                  | <b>Cash and cash equivalents at end of period</b> | <b>1,405</b>                       | <b>1,405</b>                                   |

| <b>5.</b>  | <b>Reconciliation of cash and cash equivalents</b><br>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<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-------------------------------------|
| 5.1        | Bank balances                                                                                                                                                               | 1,405                              | 388                                 |
| 5.2        | Call deposits                                                                                                                                                               |                                    |                                     |
| 5.3        | Bank overdrafts                                                                                                                                                             |                                    |                                     |
| 5.4        | Other (provide details)                                                                                                                                                     |                                    |                                     |
| <b>5.5</b> | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>                                                                                            | <b>1,405</b>                       | <b>388</b>                          |

| <b>6.</b> | <b>Payments to related parties of the entity and their associates</b>                   | <b>Current quarter<br/>\$A'000</b> |
|-----------|-----------------------------------------------------------------------------------------|------------------------------------|
| 6.1       | Aggregate amount of payments to related parties and their associates included in item 1 | (183)                              |
| 6.2       | Aggregate amount of payments to related parties and their associates included in item 2 |                                    |

*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

| <b>7. Financing facilities</b>                                                                         | <b>Total facility amount at quarter end \$A'000</b>                                                                                                                                                                                                                                                                                         | <b>Amount drawn at quarter end \$A'000</b> |
|--------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| <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                                                                                                    | <b>Total financing facilities</b>                                                                                                                                                                                                                                                                                                           |                                            |
| 7.5                                                                                                    | <b>Unused financing facilities available at quarter end</b>                                                                                                                                                                                                                                                                                 |                                            |
| 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. |                                            |
|                                                                                                        |                                                                                                                                                                                                                                                                                                                                             |                                            |

| <b>8. Estimated cash available for future operating activities</b>                                                                                                                                                                  | <b>\$A'000</b>                                                                                                                                                                                                   |       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| 8.1                                                                                                                                                                                                                                 | Net cash from / (used in) operating activities (item 1.9)                                                                                                                                                        | (425) |
| 8.2                                                                                                                                                                                                                                 | (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))                                                                                                                         | -     |
| 8.3                                                                                                                                                                                                                                 | Total relevant outgoings (item 8.1 + item 8.2)                                                                                                                                                                   | (425) |
| 8.4                                                                                                                                                                                                                                 | Cash and cash equivalents at quarter end (item 4.6)                                                                                                                                                              | 1,405 |
| 8.5                                                                                                                                                                                                                                 | Unused finance facilities available at quarter end (item 7.5)                                                                                                                                                    | -     |
| 8.6                                                                                                                                                                                                                                 | Total available funding (item 8.4 + item 8.5)                                                                                                                                                                    | 1,405 |
| 8.7                                                                                                                                                                                                                                 | <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>                                                                                                                                    | 3.31  |
| <i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i> |                                                                                                                                                                                                                  |       |
| 8.8                                                                                                                                                                                                                                 | If item 8.7 is less than 2 quarters, please provide answers to the following questions:                                                                                                                          |       |
| 8.8.1                                                                                                                                                                                                                               | 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:                                                                                                                                                                                                          |       |
|                                                                                                                                                                                                                                     |                                                                                                                                                                                                                  |       |
| 8.8.2                                                                                                                                                                                                                               | 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:                                                                                                                                                                                                          |       |
|                                                                                                                                                                                                                                     |                                                                                                                                                                                                                  |       |

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

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

Answer:

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

## 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 January 2021.....

Authorised by: .....The Board of Directors.....  
(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.