

QUARTERLY REPORT – JUNE 2021

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), is pleased to provide the quarterly activities report for the three months ending 30 June 2021 (the “Quarter”).

HIGHLIGHTS FOR THE QUARTER

- **Completed key elements of the feasibility study**
- **Completed key elements of the planned document and study review**
- **Developed inputs for the next phases of the feasibility study**
- **Planned exploration activities at the Agbaja northern tenements**
- **Secured funding, approved by shareholders at a general meeting held on 11 June 2021**
- **Closed out a finance facility with Sorbie Bornholm LP**

INTRODUCTION

As confirmed during the annual general meeting in December 2020 the Company’s focus is to commission and complete, at the earliest possibility, a program of feasibility studies to prove up the opportunity that the Kogi Agbaja project represents.

To achieve this primary objective, the Company set about raising capital sufficient to complete this task. Following the general meeting of shareholders in June 2021 we are pleased to confirm that access to the required capital is now in place.

This is a critical milestone achievement and removes the frustration, for the Company and shareholders alike, regarding insufficient capacity to commit to the expenditure required for the feasibility study and other activities.

The Company is now undertaking a number of feasibility activities simultaneously and significant progress has been achieved despite the fact that some modules have experienced delays due to factors out of our control. This disruption was primarily due to the unfortunate circumstances for consultants, located in South Africa being heavily compromised by both civil unrest in South Africa and Covid-19 issues, substantially more serious than that encountered in Australia. This situation has now stabilised and a number of reports have been received in the last week and are currently being evaluated.

The preliminary findings associated with the operating cost review (part of the first phase of the feasibility study) are particularly pleasing in that they demonstrate technical feasibility, insofar as an ability to produce commercial grade steel utilising technology commonly available. From here the next steps in the feasibility study are likely to be less technically complex than may have been the case if this review had been less favourable.

Moreover, the initial review does confirm the inherent value of the substantial iron ore resource held by the Company.

From this platform the Company will quickly move to the next stages of the feasibility study and currently taking steps to ensure the way forward is adequately resourced, leveraging the funding that enables an expedited path.

Over the next quarter the Company will move through the next stages of the feasibility study which include:

- Energy study;
- Steel market review;
- Evaluation of the operating cost review;
- Next stage feasibility scoping and contract award;
- Steel production test work; and
- Resource studies and exploration.

At a corporate level, the Company recognises the value of exploring opportunities in addition to the feasibility studies program. To that end, the Company has been exploring a number of potential strategic partnerships and other opportunities that may have the potential to create shareholder value and diversify risk. We will keep shareholders informed of any developments in this regard at the earliest appropriate opportunity.

MONTHLY REPORTING

In addition to meeting any continuous disclosure requirements, the Company plans to institute a monthly progress reporting regime to be released on the ASX and posted to Kogi website on generally towards the end of each month. The Company's website is:

<http://www.kogiiron.com>

We also request that any shareholders, whom have not already done so, please register your online details and ensure your contact details are up to date with the Company's share register. Details of the share register are available on the website.

FEASIBILITY STUDY

Operating Cost Review and Process Design

In 2018 the Company commissioned Mintek, a global leader in mineral and metallurgical innovation, to conduct a pilot scale study which successfully demonstrated the smelting and refining process of Agbaja iron ore to produce commercial quality crude steel.

As part of the first phase of the current feasibility study, the Company is conducting an operating cost review. This includes a review of the likely technological processes required. Prior to the estimating the associated costs, the review has investigated the likely commercial scale equipment and processes that might best replicate the Mintek pilot scale study referred to above. Tenova, the consultants undertaking the operating cost review, have commissioned FL Smidth (FLS) and Uvan Hagfors Teknolgi (UHT) to undertake this commercial scale evaluation and costing. Both firms being leaders in their respective fields of process and equipment design within the steel smelting sector.

The operating cost review report is now due by the end of August, following a short delay due to Covid-19 related issues and civil unrest in South Africa (as noted above). Despite this delay, progress reports from Tenova have been received on a regular basis and significant elements to date confirm that:

- the previous pilot scale study can be replicated at a commercial scale;
- the proposed Kogi process flowsheet is consistent with industry existing benchmarks; and
- application of the process flowsheet adequately deals with the unique characteristics of the Agbaja ore including the removal of Phosphorus (P) via the converting stage

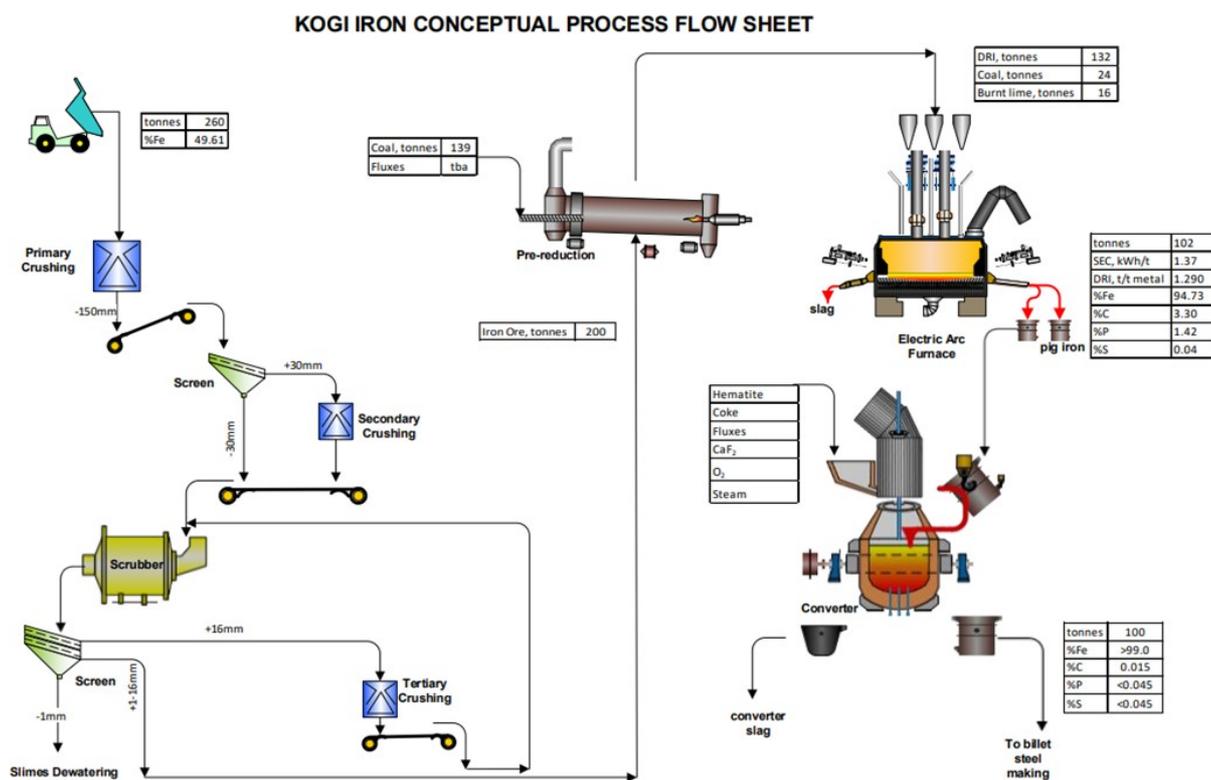


Figure 1 - Agbaja Iron and Steel Project process flow sheet.

From a technical risk perspective, the current process flowsheet consists of a series of well-established technologies. The apparent reduced requirement to undertake any special design process and equipment build is significant and has the potential to lower the overall project risk and cost that would otherwise be the case. The Company has an extensive data base of studies and reports that provide a base of intellectual property required to facilitate the development of the Agbaja project.

The findings and progress to date represent a significant step forward in the feasibility study process and leads to the type of test work that will now be designed for the next phase of the study. We will release details of the next phase of the feasibility study upon final receipt and evaluation of the operating cost review.

Document Gap analysis

As reported last quarter (March 2021), work was planned to evaluate the numerous studies and documents within the KFE document system. The number of documents within the system currently exceeds 40,000, so this is no small task. The primary objective of this work is to identify those studies containing current and relevant information suitable to the feasibility study and to identify reports that may simply need updating or refreshing due to the lapse of time. The immediate priority of this review was to identify material of use for the work running in parallel by FLS and UHT as outlined above. The later aspect is now well advanced.

We are pleased to announce that KFE has appointed Ms Isabel Geldenhuys as metallurgical consultant to assist with the study reviews and other aspects of the proposed feasibility study. Isabel has had a long association with the Agbaja project and KFE during her employment as manager of Mintek's Pyrometallurgy Division and is based in South Africa.

The initial stage of the document review (metallurgical and process) is now complete. The document gap analysis also identifies new studies, reports and processes that are required (or those to be refreshed) in order to progress with the next stage of the feasibility study.

In the case of the Kogi feasibility study we do have the benefit of the substantial amount of work that has already been completed. Thankfully there are a number of reports that are contextually relevant in the scheme of the feasibility study that will allow us to progress without rework.

To date findings from this review include prioritisation of the following feasibility study activities:

- Further test work to be undertaken by FLS (requiring the bulk sample to be processed by Mintek) to complete more detailed studies initiated during the operating cost review;
- The Direct Reduced Iron (DRI) test work and development work aimed at finalising the DRI flowsheet, which requires optimisation with respect to use of fines and aspects of pre-processing of the ore to achieve the high degree of metallization required for the melting stage;
- Analysis of the origin and context of the bulk sample currently stored in South Africa to provide further correlation to the Resource;
- Assessment of furnace technology to ensure there is no uncertainty with respect to the choice of smelting technology within the context of the project location, access to power, quality of grid, etc; and
- Updating of other identified documents and studies progressively for inclusion into the next phases of the feasibility study.

EXPLORATION AND GEOLOGY

Tenements

All the mining and exploration 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
- Exploration Licence 32561

During the quarter the Kogi team in Agbaja, Lokoja State commenced a mapping study within our northern area lease, EL 28784 and ML 25376. It is likely the Company will make application to convert EL 28794, to a full ML, later in the year.

Exploration

KFE has previously reported its mineral resources statement as 586 million tonnes with an in-situ grade of 41.3% and comprise an Indicated Mineral Resource of 466 million tonnes at 41.4% Fe and an Inferred Mineral Resource of 120 million tonnes at 41.1% Fe. (refer ASX announcement 10/12/13). The scale of the Mineral Resource is vast compared to the contemplated production rate.

The Company is planning to undertake a ground exploration of its northern tenements (ML25376, and EL28784) to satisfy tenement and government requirements. This may include drilling the iron mineralisation aiming to identify higher grade zones and/or geological mapping aimed at identifying any potential for coal deposits.

Any such exploration would be included in steps to satisfy the government exploration requirements for these tenements.

IN-COUNTRY REPORT

Tenement Administration

During the quarter Kogi State Federal Mine Officers (FMO) attended the Agbaja field office to conduct a routine review and inspection of exploration activities on the EL28784.

As stated above the Company is considering exploration activities on this tenement in the near term. Refer above for plans to satisfy this requirement.

Health and Safety

Like many parts of the world Nigeria is experiencing a significant wave of Covid-19 infections. The combination with low testing and vaccination rates has resulted in the requirement for imposition of significant community restrictions and curfews. These measures do not seem to be impacting the ability to operate effectively in the immediate area of the Agbaja project. However, supply chains and services have been impacted.

KFE currently have several service contracts (including those involved in performing the operating cost review) running out of South Africa (SA). Covid-19 rates in SA are currently in excess of 26,000 per day. This along with other political events have fueled significant civil unrest which led to rioting and looting. All of which has been widely reported by global media.

Some consultants and international employees (and their family members) have been directly affected by Covid-19.

CORPORATE

Quarterly Cash Flows

For the Quarter, the Company recorded:

- Net cash outflows from Operating and Investing activities of \$0.34 million;
- Net cash inflows from Financing activities of \$2.22 million after costs, received in relation to the First Placement, the Rights Issue and settlement of the Sorbie Bornholm LP equity swap and financing facility, as detailed further in the Funding section below;
- Resulting in an ending cash balance of \$2.96 million.

Payments to Directors of \$72,000, as noted in item 6.1 of the attached Appendix 5B, relates to Directors fees paid for the quarter.

For further information in relation to the quarterly cash flows, refer to the attached Appendix 5B.

Funding

During the quarter the Company focused on raising capital to ensure funding of the feasibility program and other works associated with the Company's 100% owned Agbaja Cast Steel project.

The Company provided existing and new shareholders with an opportunity to participate within the Company's capital plan via a non-renounceable rights issue.

Details of the Company's capital plan was structured as follows:

1. An institutional placement of fully paid ordinary shares (Shares) in Kogi Iron to Diversified Metals Holdings LLC (the Subscriber), a U.S.-based institutional investor, raising up to \$6,500,000 (the Placement).

The Placement comprised:

- An initial placement of Shares to the value of \$2.14 million, approved by shareholders at a general meeting held on 11 June 2021, which raised \$2.0 million (First Placement);
- A right to take up a second placement of Shares to the value of \$2.14 million, to raise a further \$2.0 million, at the sole discretion of Kogi, such discretion to be exercised by 26 October 2021, subject to available placement capacity; and
- Finally, subject to mutual consent, an additional \$2.5 million of Shares may be placed by Kogi to the Subscriber to raise \$2.5 million.

For further details, refer ASX announcement of 26 April 2021.

2. Eligible Kogi shareholders were provided the opportunity to apply for one new share for every four fully paid ordinary shares in the Company held at 5.00pm AEST on Wednesday 7 May 2021, at an issue price of \$0.018 per Share (Rights Issue). The Rights Issue closed on 22 June 2021, raising funds of \$157,620, before costs.

The total shortfall under the Rights Issue was 202,689,794 shares (Shortfall Shares). The Directors will now consider the alternatives to issue the Shortfall Shares. Any Shortfall Shares so issued will, in accordance with the Listing Rules, have to be issued within 3 months after the Closing Date and must be issued at a price that is not less than the issue price of \$0.018 per share offered under the Rights Issue. Accordingly, the Company has the ability to raise a further \$3.6 million under this process.

3. The Company successfully closed-out of the existing equity swap and financing facility, with Sorbie Bornholm LP, resulting in payment to Kogi of \$65,000.

Authorised for release by the Board

For further information, please contact:

Craig Hart
Non-executive Chairman
Kogi Iron Limited
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Email: info@kogiiron.com

About Kogi Iron (ASX: KFE)

Kogi Iron Limited is a 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 Iron and 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

Competent Persons' Statement

The information in this announcement that relate to Mineral Resources for the Agbaja Project is based on information compiled by David Slater, Principal Resource Geologist of Coffey Mining who is a Chartered Professional Member of The Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr Slater has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Previously announced information is cross referenced to the original announcements. In these cases, the Company is not aware of any new information or data that materially affects the information presented and that the technical parameters underpinning the estimates continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons 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

ABN

28 001 894 033

Quarter ended ("current quarter")

30 June 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(116)	(522)
(b) development		
(c) production		
(d) staff costs	(61)	(502)
(e) administration and corporate costs	(93)	(414)
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
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(270)	(1,428)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements		
(c) property, plant and equipment	(71)	(71)
(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 \$A'000	Year to date (12 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	(71)	(71)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,222	4,015
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	(46)	(135)
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	2,176	3,880

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,120	573
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(270)	(1,428)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(71)	(71)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,176	3,880

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 (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	1
4.6	Cash and cash equivalents at end of period	2,955	2,955

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	2,955	1,120
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)	2,955	1,120

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(72)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

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. 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)	(270)
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)	(270)
8.4	Cash and cash equivalents at quarter end (item 4.6)	2,955
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	2,955
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	10.9
<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 July 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.