



KOGI IRON
LIMITED



QUARTERLY REPORT – DECEMBER 2021

31 JANUARY 2022

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 31 December 2021 (the **Quarter**).

Highlights for the Quarter

- Completion of studies leading to the compilation and release of the Agbaja Scoping Study report resulting in a NPV of nearly A\$400 million
- Commencement of the updated Agbaja Environmental permitting process
- Completion of the Macro Metals acquisition
- Ashley Pattison appointed Non-Executive Director
- Agbaja exploration license EL 28784 has successfully been converted to a mining lease ML 35769

Key Activities Planned for 2022

Given the outcome of the scoping study confirming an initial project valuation of circa \$400 million, it will be a key initiative to market and promote the KFE story and project attributes to new shareholders, brokers and promoters. The key message will be to define the merits of this business and its key value compared to its current market cap.

In addition to the Agbaja project valuation also the opportunity to further promote the business with respect to the revenue opportunities that we expect will flow out of the Macro Metals Western Australia projects.

Each of these projects' future pathways, we believe, provide content for the corporations marketing and promotional programs for creating incremental shareholder value as the message is more widely distributed.

The key activities planned are:

- Commencement of Phase 3 of the Agbaja Feasibility Study
- Exporting and test work of the Agbaja iron ore and coal sample
- Updated Agbaja market and offtake feasibility study
- Drilling and exploration activities on the Macro tenements
- Second subscription right with Diversified Metals Holdings LLC provides Kogi with an option for a further \$2 million in funding

Introduction

The Quarter was a pivotal one for the Company, having taken a significant step forward with the release of the Scoping Study for its Agbaja iron and steel project in Kogi State, Nigeria (Agbaja Project) and having added quality Australian iron ore assets through the acquisition of Macro Metals Limited ("Macro Metals").

Kogi's primary asset remains the Agbaja Project, a project of potentially national significance. The Agbaja Project is buoyed by the favourable results demonstrated in the Scoping Study released on the ASX on 13 December 2021. The Resource definition and potential small scale production opportunities offered by the Macro Metals projects provides an excellent short term strategy that compliments the longer term potential investment returns from the Agbaja project.

Agbaja Project

During the December 2021 quarter the Company completed the following key outcomes for the Agbaja project:

Scoping Study

The Scoping Study released during the quarter is a critical element of the feasibility study process and is a mechanism to communicate the key project attributes and assumptions to shareholders and key stakeholders, facilitating a better

understanding of the inherent value of the Agbaja Project. The Scoping Study brought together the work and combined studies to date completed previously and during the current Phase 1 and Phase 2 of the Feasibility Study. The Company is pleased to advise the successful transition to Phase 3 of the Feasibility Study.

The Scoping Study has demonstrated the potential for strong financial metrics for the Agbaja Project based on a proposed stand-alone open pit mine supplying a conventional crush, screen, scrubbed iron ore product to a steel billet plant located at the site. The Company envisages owning and managing the steel billet and casting plant and contracting the open pit mining and power generation.

The Scoping Study delivered the following production and financial results:

Scoping Study Economic Outcome:

At an average steel billet price of USD 550 / tonne (current import prices being over USD 600/ tonne), the Scoping Study provides the following financial estimates:

- **NPV of approximately USD 273 million or AUD 390 million (after tax);**
- IRR of approximately 14% (after tax); and
- Payback period of 6 years (after tax) from the start of development.

Key Production and Cost Estimates:

The economic outcome was based on the following key assumptions:

- A mining production rate of 1.7 Mtpa at an average grade of 46.7% Fe for an initial 25 year operation;
- That mining schedule only utilises a small portion of the 586 Mt @ 41.3% Fe Indicated and Inferred Mineral Resource, and more than 92% of the Mineral Resource scheduled for mining is in the Indicated Resource classification;
- Steel billet production of approximately 500,000 tpa;
- Mining and steel billet operating costs of approximately USD 390 / billet tonne; and
- Capital expenditure of approximately USD 507 million.

The Company considers the Agbaja Project to be technically low risk given the present understanding and the amount of test work completed on the metallurgy of the conversion of iron ore into a steel billet product.

CAPEX Estimation

As part of the Feasibility Phase 2 and Scoping Study process the Company commissioned Tenova to prepare capital cost estimates for the steel process plant. These costs were incorporated into the Scoping Study and will be utilised and developed further following the completion of the DRI testing mid-2022 and ultimately incorporated into the Final Feasibility Study. This body of work has been an achievement of a significant project milestone and follows the successful completion of the OPEX study in the previous Quarter.

Community Development Agreement

During the quarter the Company and its wholly owned subsidiary, KCM Mining, renewed the Community Development Agreement for an additional 5 years. The new CDA is consistent with the terms of the agreement it replaces and is a key agreement with the communities and the ancestral owners of the land relevant to our Agbaja Project.

Conversion of EL28784 to ML 35769

The company is pleased to advise that exploration license EL 28784 that had been due to expire on 31 December 2021 has successfully been converted to a mining lease ML 35769. The mining lease is north of the main license containing the published JORC Resource for the Agbaja project. The total area for ML 35769 is 22.8 Km2. The Company plans to undertake exploration in this area later in 2022 or in 2023..

Environment Approval

During January 2022, a revised Environmental and Social Impact Report (ESIR) was completed and submitted to the Nigerian Federal Minister for Environment. This report incorporates the details contained with the previously approved ESIR for mining and processing (approved in January 2015) and updates for the incorporation of the steel billet plant. Subsequently the Minister has approved the commencement of public display of the Environmental Impact Assessment (EIS) report and the initiation of the Panel approval process. The relevant advertising has been completed and public display of the EIS is now taking place. There have been no public comments to date. The completion of this work is ahead of schedule by several months.

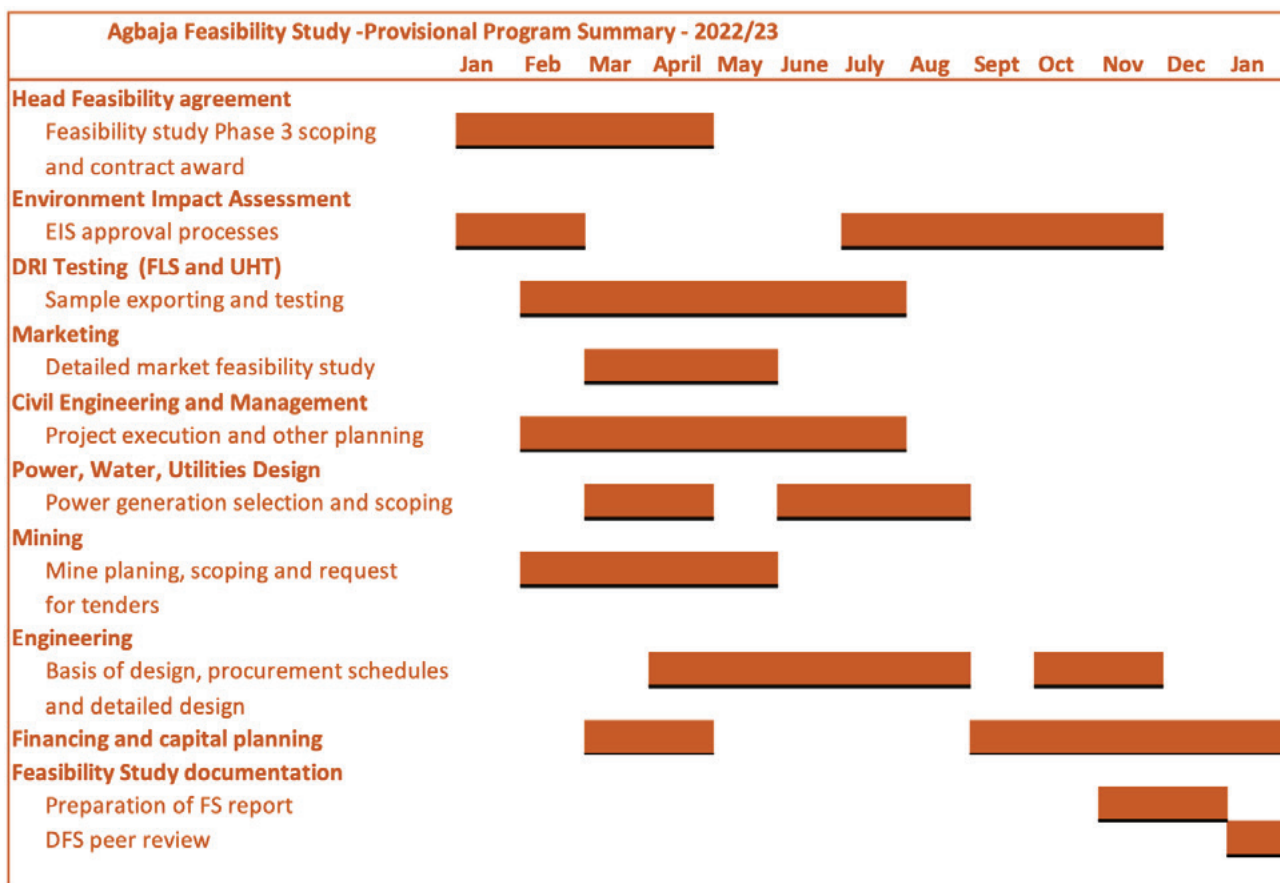
Activities Planned for Q1 2022

Key feasibility study activities for next quarter include:

- The detailed scoping and contract for the Feasibility Study head contractor for completion of the Feasibility Study and design.
- Environmental permitting.
- Exporting of the iron ore and coal sample for testwork.
- Appointment of mining consultants.
- Scoping and appointment of market feasibility advisors.
- Planning for project management and civil works.
- Commencement of basis of design works.

Commencement of Feasibility Study - Phase 3

The Company is targeting completion of the Feasibility Study in December 2022 in accordance with the provisional schedule shown overleaf.



The Company is mindful of the supply chain and other Covid related issues that could potentially impact the timing of this schedule however wherever possible the company utilises technologies and processes to mitigate these potential impacts.

Appointment of Feasibility Head Contractor Phase 3

Following the advancement of phase 2 of the Feasibility Study which incorporates the DRI test work and much of the work now completed in the Scoping Study. The company is now in the process of appointing the head contractor for the final stage (Phase 3) of the Feasibility Study. This is consistent with the phased approach referred to and reported against in the 2021 quarterly reports.

Iron Ore and Coal Exporting and Testing

The DRI testing to be conducted by FLS and UHT is on track for completion mid-2022. The completion of the DRI and associated metallurgical testwork is expected to confirm the extensive metallurgical test work completed to date and will provide information essential for plant design. The export of coal and iron ore may be impacted by the current global supply chain disruption, but the feasibility schedule is designed to run several processes concurrently.

Mining Study

The Company plans to appoint an international mining consultant to assist with tasks associated with mine planning, documentation for mining contractor request for tenders and feasibility costings. Several ancillary studies will be initiated during the year including topographical, hydrology, geotechnical and other studies. Mining is planned to be contracted.

Market Feasibility Studies

The Company completed an extensive Market Feasibility Study in 2018. An updated market Feasibility Study will be commissioned in the first quarter of 2022. The company recognises that data underpinning the sales forecasting and project model is critical for the negotiation of a mining contract, Build Own Operate style agreement for the power station and for project finance discussions.

MACRO METALS

Acquisition Completion

On 23 September 2021, the Company announced the execution of a binding term sheet to acquire Macro Metals, subject to shareholder approval.

Macro Metals beneficially owns 100% of a high-quality portfolio of iron ore assets in Western Australia. The assets are located in the Pilbara and Midwest regions of Western Australia, areas renowned for its iron ore mines. An Inferred Mineral Resource of 11.5Mt at 53.1% Fe has been estimated for the West Pilbara Project and iron mineralisation has been demonstrated with drilling at Catho Well North, Cane River, Wiluna West and Mt Padbury (refer ASX Announcement 23/9/21). A further two highly prospective tenement applications in the Central Pilbara, Mt Pyrton and Fig Tree are progressing to grant.

Following a General Meeting, held on 19 November 2021, where the acquisition received overwhelming shareholder approval, Kogi proceeded to complete the acquisition, including the issue of 384,615,383 ordinary shares as consideration to the vendors. As a result of the Share issue, Kogi welcomed highly regarded mining investors Tolga Kumova, Evan Cranston, Ashley Pattison, Rob Jewson and Peter Gianni as cornerstone Kogi shareholders. This is an experienced team with a history of delivering project outcomes.

Following completion of the acquisition, Ashley Pattison joined the Board of Kogi Iron Limited as a non-executive Director effective 30 November 2021.

Post-acquisition Activities

Expert iron ore geologists from CSA Global have been commissioned to review and design appropriate exploration programs for each of the Macro Metals projects in turn.

Catho Well North has emerged from this review as being the most likely project to rapidly progress to a Mineral Resource estimate of a suitable quality and in a location within trucking distance of export ports. CSA Global have designed a 4,500m RC drilling program to achieve this aim. The drilling will be focused on the eastern end of the main mesa, infilling to a 200m x 50m spacing, where previous drilling by FMG yielded the following results:

- WP0169: 10m @ 53.8% Fe, 0.031% P, 6.46% SiO₂, 3.32% Al₂O₃, 11.1% LOI from 3m
- WP0167: 10m @ 50% Fe, 0.028% P, 10.61% SiO₂, 4.15% Al₂O₃, 11.3% LOI from 2m
- WP0168: 9m @ 51.43% Fe, 0.032% P, 6.48% SiO₂, 3.05% Al₂O₃, 12.7% LOI from 3m
- WP0155: 8m @ 52.15% Fe, 0.025% P, 9.46% SiO₂, 3.86% Al₂O₃, 10.9% LOI from 0m
- WP0149: 6m @ 53.62% Fe, 0.033% P, 8.17% SiO₂, 4.12% Al₂O₃, 9.78% LOI from 0m
- WP0173: 6m @ 52.34% Fe, 0.025% P, 9.46% SiO₂, 3.86% Al₂O₃, 10.9% LOI from 7m
- WP0143: 6m @ 52.54% Fe, 0.018% P, 9.04% SiO₂, 3.68% Al₂O₃, 10.9% LOI from 2m
- WP0164: 6m @ 52.2% Fe, 0.026% P, 7.63% SiO₂, 5.53% Al₂O₃, 10.47% LOI from 1m
- WP0165: 3m @ 56.64% Fe, 0.025% P, 4.49% SiO₂, 2.78% Al₂O₃, 10.53% LOI from 4m

A heritage survey is planned to be conducted at Catho Well North by the Traditional Owners, following their traditional summer law time and ahead of the drilling program.

Tenement Administration

Federal Republic of Nigeria

All interests in tenements in Nigeria are held by Kogi's 100% owned subsidiary KCM. KCM has a 100% interest in each of the following mining and exploration tenements:

- Mining Lease 24606
- Mining Lease 24607
- Mining Lease 25376
- Mining Lease 29796
- Mining Lease 35769
- Exploration Licence 32561

Australia

All interests in tenements in Australia are held by Kogi's 100% owned subsidiary Macro Metals. Macro Metals was acquired by Kogi in the current Quarter. Macro Metals has a 100% interest in each of the following exploration tenements and applications:

- Exploration lease Eo8/3086 (Catho Well North)
- Exploration lease Eo8/1997 (West Pilbara)
- Exploration lease Eo8/3078 (Cane River)
- Exploration lease E53/2031 (Wiluna West)
- Exploration lease E52/3701 (Mt Padbury)
- Application Eo8/3365 (Five Mile)
- Application E47/4493 (Fig Tree)
- Application E47/4236 (Mt Pyrton)

The management of the Australian tenements have been successfully handed over to Austwide Tenement Managers. Now that a footprint has been established in Western Australia, Macro Metals is actively watching for additional tenement acquisition opportunities.

Corporate

Quarterly Cash Flows

For the Quarter, the Company recorded:

- Net cash outflows from Operating and Investing activities of \$0.65 million.
- Net cash outflows from Financing activities of \$0.03 million.
- Resulting in an ending cash balance of \$1.79 million.

Payments to Directors of \$103,000, 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.

Independent Investment Research Report

The company has commissioned an independent investment research report. This is an update to the report that was last issued in March 2019. This will incorporate the uplift in shareholder value from the change in management, funding raised, the progress made on the Agbaja feasibility project including the recently completed scoping study and the acquisition of several iron ore tenements in Western Australia from Macro Metals Limited. This report will be completed in mid-February and will be released on our website.

Competent Persons' Statement

Deposit	Competent Person	Employer	Professional Institute
Agbaja Mineral Resource	David Slater	Coffey Mining	MAusIMM(CP) MAIG
West Pilbara Mineral Resource	Dmitry Pertel	CSA Global Pty Ltd	MAIG
Western Australian Iron Ore Exploration Results	Robert Wason	Mining Insights Pty Ltd	MAusIMM

The information in this report that relates Exploration Results and Mineral Resources is based on the information of the Competent Persons listed in the table above. Each of the Competent Persons have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity they are undertaking to qualify as Competent Persons under the JORC Code (2012). 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.

For further information, please contact:

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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.

Kogi Iron Limited also has a number of interests in iron ore projects in the Pilbara and Midwest regions of Western Australia, through its 100% owned subsidiary Macro Metals Limited. Existing Indicated Resource in accordance with JORC 2012 Guidelines of 11.5Mt at 53.1% Fe which is confined to a single mesa. (For further details in relation to Macro Metals Limited, refer ASX Announcement 23 September 2021).

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 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(425)	(604)
(b) development		
(c) production		
(d) staff costs	(103)	(206)
(e) administration and corporate costs	(109)	(218)
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	-	-
1.8 Other (provide details if material)	(11)	(11)
1.9 Net cash from / (used in) operating activities	(648)	(1,039)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements		
(c) property, plant and equipment		(53)
(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 (6 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	-	(53)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	(29)	(71)
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	(29)	(71)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,469	2,955
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(648)	(1,039)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(53)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(29)	(71)

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 (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	1	1
4.6	Cash and cash equivalents at end of period	1,793	1,793

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,793	2,469
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)	1,793	2,469

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	(103)
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

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)	(648)
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)	(648)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,793
8.5 Unused finance facilities available at quarter end (item 7.5)	
8.6 Total available funding (item 8.4 + item 8.5)	1,793
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.8
<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:31 January 2022.....

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.