



# KCM Mining Limited

A Nigerian Subsidiary of Kogi Iron Limited

**KOGI IRON**

September 2, 2015

## Status as at September 2 2015

Kogi Iron (the Company), via its wholly owned Nigerian Subsidiary KCM Mining has been exploring a significant iron ore resource in Kogi State, Nigeria, and has been active in exploring and defining this resource for a period of approximately 7 years.

Achievements to date include delineating an important in-situ deposit of at least 4 billion tonnes of metalliferous iron ore resource over an area of about 150 square kilometres on the Agbaja plateau including a JORC indicated Resource of some 586 Million Tonnes; the completion of a detailed Pre-Feasibility Study (PFS) for a 5 million tonnes per annum (Mtpa) export iron ore project and a comprehensive Environmental Protection study that has governmental approval. Kogi has used internationally recognised testing and reporting Companies such as Coffey and ALS Ammtec to provide the above information.

While the results of this PFS were positive at the time of its completion in March 2014, the changes in macro-economic circumstances including the substantial decline in the International iron ore price since then has required revision to the iron ore export project proposed in the PFS.

15,000 metres of both reverse circulation and diamond core drilling has been effected to complete a JORC Indicated resource of some 586 million tonne. The quantity drilled was deliberate and aimed at providing a 20 Million Tonnes Per Annum (MTPA) ore supply for 25 years.

The Company is of the opinion that additional work should be done to vary the saleable material type by changing the ore treatment processes to include sponge iron production to be directly fed into an electric arc furnace with product initially targeted at the Nigeria domestic market.

This proposed configuration will produce a steel product with potential domestic offtake customer markets in Nigeria now at about 2.7 million tonnes per annum and to the broader international global steel market.

The next step is to undertake a Bankable Feasibility Study (BFS) which will include –

1. Infrastructure design.
2. Marketing report for both internal (Nigeria) sales and potential export tonnages.
3. Updated Environmental statement/approval.
4. Updated economics and financial analysis.
5. Financing.

Confidential discussions are now being undertaken in parallel with international companies experienced in sponge iron production to assist in preparation of the BFS.

**KCM Mining Limited**  
RC753880  
**Kogi Iron Limited**  
(Parent Company)

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Consequently the Company is in the process of now evaluating multiple options by which the BFS and working capital requirements can be funded to ensure that the above objectives can be achieved.

Beyond completion of the BFS it will be necessary to arrange project financing to fund development of the proposed project, to this end the Company has commenced discussions with a Nigerian Bank who may act as the leading local bank for the establishment of the required project financing post finalising the BFS which is scheduled for completion by mid-2016.

A handwritten signature in blue ink, appearing to read 'I.F. Burston'.

I.F. Burston  
Chairman KCM Mining Limited

## About Kogi Iron (ASX: KFE)

Kogi Iron Limited is a Perth-based company which owns 100% of the Agbaja iron ore project located in Kogi State, Republic of Nigeria, West Africa ("Agbaja" or "Agbaja Project"). The Company has completed a Preliminary Feasibility Study which determined that the development and operation of a mine and processing plant at Agbaja to produce 5 Mtpa of iron ore concentrate is technically feasible, economically viable and socially and environmentally acceptable. Concentrate from Agbaja is initially proposed to be transported via river barge along the Niger River to the Gulf of Guinea and world export markets. The Company will continue to advance access and usage agreements for an existing under-utilised heavy haulage railway that runs from near the Agbaja Project to Port Warri. This existing railway remains an important part of a longer term transport solution for an expanded production profile.



In recent years Nigeria has sought to diversify its economy, which is dominated by hydrocarbons, into minerals and related industries. Nigeria is the largest country by population in Africa with a GDP growth rate of 7.2% in 2014. The country has very transparent and consistent mining regulations and very favourable fiscal terms for foreign investment in mining.

The Company holds a land position of approximately 400km<sup>2</sup> covering 16 tenements, with the main focus being EL12124 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 EL12124.

### Forward-looking Statements

This announcement contains forward-looking statements which are identified by words such as 'anticipates', 'forecasts', 'may', 'will', 'could', 'believes', 'estimates', 'targets', 'expects',

'Plan' or 'intends' and other similar words that involve risks and uncertainties. Indications of, and guidelines or outlook on, future earnings, distributions or financial position or performance and targets, estimates and assumptions in respect of production, prices, operating costs, results, capital expenditures, reserves and resources are also forward looking statements. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions and estimates regarding future events and actions that, while considered reasonable as at the date of this announcement and are expected to take place, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and management. We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and readers are cautioned not to place undue reliance on these forward-looking statements. These forward looking statements are subject to various risk factors that could cause actual events or results to differ materially from the events or results estimated, expressed or anticipated in these statements.

### Competent Persons'

The information in this announcement that relates to Mineral Resources at Agbaja is extracted from the ASX announcement entitled "Mineral Resources at Agbaja Increase 20% to

586MT includes an Indicated Resource of 466MT" and is available to view on [www.kogijron.com](http://www.kogijron.com). The Company confirms that it is not aware of any information or data that materially affects the information included in the original market announcement and, in the case of estimated Mineral Resources or Ore Reserves, that 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 announcement.