

16 January 2019

FASTMARKETS MB (PREVIOUSLY METAL BULLETIN) COMPLETES MARKET STUDY

Kogi Iron Limited and its Nigerian subsidiary KCM Mining (ASX: KFE, 'Kogi', 'the Company') is pleased to provide an update on its ongoing studies to build a steelmaking facility and produce steel billet for sale to the domestic Nigerian and regional markets.

In August 2018 the Company advised the market that it had retained Fastmarkets MB (previously Metals Bulletin) ('Fastmarkets') to provide a comprehensive a market feasibility study that would be of a bankable standard and would form part of the ongoing Agbaja Cast Steel Project DFS. In conducting this study Fastmarkets was required to give a detailed analysis of the steel industry in Nigeria and West Africa, including:

- Steelmaking raw material costs and substitutes
- Competitor and customer analysis
- Existing and future market demand for Kogi cast steel billet products
- Recommend an appropriate product mix and plant size
- Price forecasts

The objective of the Fastmarkets study (titled 'Kogi Iron Market Feasibility') was to confirm the overall level of potential market demand for the Cast Steel Product that Kogi intends to produce from the Agbaja Cast Steel Project.

The information from the study will be fed into the DFS which will amongst other things determine the sizing of the Agbaja Cast Steel Project's processing facility.

RESULTS OF STUDY

Steel billet is an intermediate product used by steelmakers to produce finished steel products such as reinforced bar, wire rod and wire products, steel merchant bar and structural shapes.

Fastmarkets confirmed that based on bulk sample process work undertaken by Mintek/Tenova for Kogi (refer ASX release dated 25 September 2018), the Agbaja iron ore produced a high quality steel product having minimal impurities with the following metallurgical properties:

- 99.61% Fe (iron)
- 0.0939% C (carbon)
- 0.003% Mn (manganese)
- 0.015% Si (silicon)
- 0.0194 % P (phosphorus)
- <0.0632 % S (sulfur)

KFE Capital Summary Ordinary Shares: 654,871,213 Share price: \$0.12 Market capitalisation: \$79m	Board of Directors Mr Don Carroll – <i>Non-Executive Chairman</i> Mr Martin Wood – <i>Managing Director</i> Mr Greg Boulton – <i>Non-Executive Director</i> Mr Michael Tilley – <i>Non-Executive Director</i>	Contact Unit 23, 4 Ventnor Avenue, West Perth WA 6005 Tel : +61 8 9200 3456 Email: info@kogiiron.com W: www.kogiiron.com
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An extensive review of Nigerian and regional steel demand was undertaken by Fastmarkets including Fastmarkets' analysts travelling to Nigeria to interview potential customers and steel market participants. A summary of their key findings is provided below.

Economic & Market Outlook Highlights

The study evaluated a number of growth scenarios for Nigeria based on the following macro-economic forecasts:

- Economic growth in Nigeria is accelerating after the 2016-18 recession.
- Implementation of the Economic Recovery and Growth Plan 2017–2020 should accelerate after elections in early 2019.
- Economic growth is expected to recover to 2.8% in 2019 and 4-4.5% in medium term in line with historic levels¹.
- Construction growth rates (the major market for long products made from billet) will rise at 5-7% per annum in the medium term.
- Billet demand expected to return to previous levels of 2.3m tonnes by 2022-23 and rise to 2.9m tonnes by 2030.
- Risks to economic growth include a downturn in Chinese demand and a shift to a more generalised protectionist environment (led by the USA).

Billet Pricing Forecast

Based on the above scenario analysis Fastmarkets were able to reach the following conclusions on long term pricing of steel products in Nigeria:

- Fastmarkets forecasts a long-term average billet price over the period from 2019 to 2030 of US\$476/tonne with a range of US\$428/tonne to US\$ 513/tonne ex-works Lokoja, Nigeria.
- This is based on:
 - a long-term international price of US\$441/tonne fob Black Sea (compared to 2018 average price of US\$489/tonne) and a 5% billet import tariff (expected to be imposed from 2019).
 - Nigerian demand outlook.
 - Balance between forecast Nigerian supply and demand.
- This is conservative compared to current prices of:
 - Lagos local rebar US\$468/tonne and CARES rebar (International quality) US\$620/tonne.
 - Abuja local rebar US\$509/tonne, and CARES rebar US\$708/tonne; and
 - Port Harcourt local rebar US\$468/tonne and CARES rebar US\$675/tonne.
- CARES is a United Kingdom based standards organization that provides impartial quality control review of rebar product. Kogi believes its billet will be of a quality which will assist future offtake partners in reaching CARES quality criteria.

¹ World Bank Economic Update, May 2018

Market Billet Demand and Kogi

Fastmarkets were then able to examine the potential billet market available for Kogi:

- Based solely on forecast market demand for steel billets Fastmarkets considers the Nigerian market has a capacity to handle additional new billet production of up to 1.5m tpy. The DFS will include a determination of the optimum sizing of the plant to be built by Kogi.
- Fastmarkets also recommended export markets in Cameroon and Ghana be considered with forecast market capacity of 100-250,000 tpy.
- The bulk of sales will be to domestic steelmakers as a more profitable option than ferrous scrap.
- If technically possible, Fastmarkets recommended the sale of Direct Reduced Iron (DRI) as an option, notably during the start-up phase or if billet demand is below the base case scenario.

In the longer term, Fastmarkets forecast that if Nigeria were to reach per capita consumption of 21kg in 2030 (still less than the 2017 average of 28kg), billet demand could be ~4.5m tpy. Given the low levels of current per capita demand and the potential for upside growth in steel demand, Fastmarkets recommended that planning of the Agbaja Project take into account a potential Phase II to cater for additional output.

Offtake Agreements

Given the current status of the project, Fastmarkets considered that it would be premature for Kogi to sign binding offtake agreements with prospective customers. Nevertheless, Fastmarkets did broach the subject with the companies that they identified as potential key customers. There was interest shown by these parties and a willingness to discuss offtake options more seriously at a future date.

Don Carroll – Chairman of Kogi Iron Limited commented ‘With the completion of this very positive market study we are delighted to have taken another step on the ongoing journey to the completion of the Definitive Feasibility study for the Agbaja Cast Steel Project.’

The Company will continue to update shareholders as and when new information and results come to hand.

About Fastmarkets MB

Fastmarkets MB, formerly Metal Bulletin, is an independent steel industry consultancy that specialises in steel industry research, based in London, United Kingdom. Fastmarkets has over 130 years of commodity expertise and is a leading and trusted price reporting and intelligence service. Its price reporters are required to follow robust pricing procedures, clearly defined methodologies and price specifications during their market reporting and pricing sessions. All calculations or assessments are verified through their integrated peer review system, to guarantee quality control and compliance.

The market study was completed using Fastmarkets and publicly available data. External sources include World Steel Association (WSA), International Steel Statistics Bureau (ISSB), Oxford Economic Forecasting (OEF), International Monetary Fund (IMF) as well as publicly available company data. Analysts from Fastmarkets travelled to Nigeria in November 2018 to interview potential customers and steel market participants.

Cautionary Statement Regarding Forward Looking Forecasts

This announcement contains forward looking statements which are identified by words such as “forecasts”, “believes”, “estimates”, “expects”, “intends” and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement may take place.

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 the Company and the Directors.

The Company cannot and does not give any assurance that the results, performance, long-term pricing of steel products or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information in this announcement, except where required by law.

These forward-looking statements are subject to various risk factors that could cause the Company’s actual results to differ materially from the results expressed or anticipated in this announcement.

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About Kogi Iron (ASX: KFE)

Kogi Iron Limited is a Perth-based company with the objective of becoming an African iron ore and steel producer through the development of its 100% owned Agbaja iron ore 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. The Agbaja project, located about 200km south of the Nigerian capital Abuja, opens the opportunity for domestic production of pig iron products.

The Company holds a land position which covers a large part of the Agbaja Plateau. The Agbaja Plateau hosts an extensive, shallow, flat-lying channel iron deposit with an Indicated and Inferred Mineral Resource of 586 million tonnes with an in-situ iron grade of 41.3% reported in accordance with the JORC Code (2012). This mineral resource covers approximately 20% of the prospective plateau area within ML24606 and ML24607.

Table 1 – Summary Grade Tonnage for Laterite (Zone A) and Oolitic (Zone B) Horizons (20% Fe lower cut off is applied) Refer ASX announcement 10 December 2013.

Classification	Tonnes (Mt)	Fe (%)
Zone A (Laterite Mineralisation)		
Indicated	147.5	33.2
Inferred	33.9	31.7
Total Indicated + Inferred (Zone A)	181.4	32.9
Zone B (Oolitic Mineralisation)		
Indicated	318.7	45.2
Inferred	86.3	44.7
Total Indicated + Inferred (Zone B)	405.0	45.1
Combined Zone A and Zone B		
Total Indicated	466.2	41.4
Total Inferred	120.1	41.1
Total Indicated + Inferred	586.3	41.3

The Company confirms that it is not aware of any information or data that materially affects the information included in the original market announcements referred to in this announcement and, in the case of estimated Mineral Resources, all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.