

QUARTERLY REPORT – DECEMBER 2018

Australian based iron ore development company, Kogi Iron Limited (ASX: KFE) (“Kogi”, “Kogi Iron”, or the “Company”) and its 100% owned Nigerian operating company, KCM Mining Limited (“KCM”) presents the quarterly activity report for the three months ended 31 December 2018.

Key activities by the Company during the quarter were:

PROJECT TESTWORK PROGRAM

Testwork on chemical and moisture analysis on the two locally sourced (Nigerian) coal samples was completed during the quarter. The successful outcome of the Torex coal testwork program proves the viability of producing a suitable metalized product using Nigerian domestic coal sources selected by Kogi for the Agbaja Cast Steel Project. Both coal sources used in the testwork program are located within 70km of the Agbaja project and have the capacity to supply 100% of the project needs (*refer ASX Announcement 19 October 2018: Successful Completion of Torex Coal Testwork Program*).

With the testwork completed work commenced on other aspects of the project including an expanded Environmental Study for the processing plant, a comprehensive marketing study and engagement with in-country steel producers targeted as customers for the billet.

FASTMARKETS MB (PREVIOUSLY METAL BULLETIN) RETAINED TO CONDUCT STEEL MARKET STUDY

In August 2018 the Company advised the market that it had retained Fastmarkets MB (previously Metal Bulletin) (‘Fastmarkets’) to provide a comprehensive market feasibility study that would be of a bankable standard and would form part of the ongoing Agbaja Cast Steel Project studies. 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

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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sizing of the Agbaja Cast Steel Project's processing facility. Refer to ASX Announcement of 16th January 2019 for a summary of the results of this study.

CORPORATE

Mr Marsden was appointed as special advisor to the Board during the quarter. Mr Marsden brings extensive experience in the global steel and iron ore industries to the Company.

At the Annual General Meeting in November 2018, shareholders appointed Mr Greg Boulton to the Board as Non-Executive Director. Mr Boulton now Chairs the Audit & Governance Committee of the Board. The creation of the new Committee is consistent with the Company's objective to continually improve its Corporate Governance Standards.

Following the retirement of long-serving Chairman Dr Ian Burston in December, Mr Don Carroll was appointed as Chairman of the Company.

During the quarter, the Company settled the amounts owing to three former directors of the Company for unpaid director fees of \$369,365 by issuing a total of 3,527,843 shares at an issue price of 10.47 cents per share.

At the end of the quarter, the Company had cash at bank of \$336,000. Expenditure levels for the quarter were higher than previously disclosed projections due to, amongst others:

- The payment of fees to consultants who have provided services for undertaking studies to progress the Agbaja Cast Steel Project Definitive Feasibility Study; and
- costs associated with visits to Nigeria and the CEO roadshow to update investors.

As at 31 December 2018 the Company had 654,871,213 fully paid ordinary shares on issue.

MINERAL TENEMENTS

As at 31 December 2018, 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

Exploration Licence 14847

Mining Lease 24607

Exploration Licence 16998

Mining Lease 25376

For more information, please contact:

Kogi Iron Limited

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About Kogi Iron (ASX: KFE)

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

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

KOGI IRON LIMITED

ABN

28 001 894 033

Quarter ended ("current quarter")

31 DECEMBER 2018

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	(181)	(784)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(544)	(1,245)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(723)	(2,025)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Mining exploration entity and oil and gas exploration entity quarterly 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) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) 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	-	-
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
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	-	-
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,059	2,361
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(723)	(2,025)
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)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	336	336

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	136	1,059
5.2 Call deposits	200	-
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)	336	1,059

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	201
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Payments of director's remuneration \$145k and payments to related party of director for reimbursement of London office and support costs incurred of \$56k

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available

Add notes as necessary for an understanding of the position

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	287
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	336
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	623*

* estimated cash flows include discretionary expenditure that will only be committed if the directors are comfortable there are sufficient cash reserves available for these and future costs. The Company is currently evaluating funding alternatives for its ongoing and planned activities.

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	n/a	n/a	n/a	n/a
10.2 Interests in mining tenements and petroleum tenements acquired or increased	n/a	n/a	n/a	n/a

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.



Sign here:
(Company secretary)

Date: 24 January 2019

Print name: Kevin Hart

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.