

The Boards of Australia's Kogi Iron Limited (ASX: KFE, 'Kogi' or 'the Company') and KCM Mining Limited (KCM) are pleased to provide this update to all stakeholders and interested parties on our advanced Agbaja Cast Steel Project, Nigeria.

"COVID-19: Update & Implications"

The Company is thankful to report no direct incidence of COVID-19 with the KCM team, their families and friends, associates, and the Agbaja Plateau Community. Recent information, measures and initiatives include:

- Limited travel and activities on the Agbaja Plateau.
- Monitoring and adhering to Government directives.
- KCM provided Personal Protective Equipment (PPE) directly for use by the local Community.
- Anecdotal reports are that selected interstate travel restrictions may be lifted in Nigeria, late June 2020.

Significant impacts of COVID-19 on current business activities include:

- **Equity fundraising** for the Agbaja Project Feasibility Study has been difficult and delayed due to market uncertainty. Based on expressions of interest and indicative offers, it is planned to progress fundraising to include:
 - a) Several on-line investor platforms for equity,
 - b) Africa-focused institutions and Development Banks,
 - c) Other funding structures,
 - d) Corporate opportunities. (refer later details).
- **Trial iron ore mining** has progressed slowly during May and early June due to:
 - a) heavy rains restricting the use of equipment,
 - b) limiting damage to access roads and infrastructure,
 - c) mitigating against the introduction of COVID-19 by contractors and visiting Government officials.
- **Lockdown of Abuja** (Federal Capital) has restricted 'face to face' business with Government. The Company acknowledges the tragic passing due to COVID-19 of Mr Abba Kyari – Chief of Staff to President Muhammadu Buhari.

"Despite COVID-19, I'm pleased we were able to progress our Environmental, Social and Governance (ESG) activities with the Community. However, we expect headwinds ahead, especially with difficult capital markets and delays to our Feasibility Study."
"We remain enthusiastic and diligent on the Project."

David Turvey – Managing Director

The AGBAJA CAST STEEL PROJECT

"A Project of National Significance"

Subject to COVID-19 guidelines & measures, the Company continued with reduced activities in Nigeria during May to mid-June 2020.

Agbaja Plateau Community Development Plan

The KCM Mining team continues to coordinate activities on our Community Development Agreement (CDA). Frequent communication with the Community Committee on their opinions, comments and ideas has received understanding and positive feedback.

Small-Scale Trial Iron Ore Mining

The Company continued excavation of a small-scale trial iron ore mining pit (~30m x 30m x 5m deep), using a local Lokoja-based company to align with the Community Development Agreement and to mitigate COVID-19 risks.



Initial mining and stockpiling of oolitic iron ore with Sunday Awoyemi (KCM geologist) on grade control duties. (Note: low strip ratio with iron ore at or near surface)



Stockpiles of higher-grade oolitic iron ore, est. 52-55% Fe (Note: daily, heavy storm clouds)

KFE Capital Summary

Ordinary Shares: 774,462,336
Listed Options: 142,328,948
Performance Rights: 26m
Share price: \$0.049
Market capitalisation: \$42m

Board of Directors and Management

Mr Greg Boulton AM – *Non-Executive Chairman*
Mr David Turvey – *Managing Director*
Mr Peter Huljich – *Non-Executive Director*
Mr Ray Ridge – Chief Financial Officer and Company Secretary
Nr Alabi Samuel – Country Manager, KCM Mining Limited, Nigeria.

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Trial iron ore mining progressed slowly in early May due to impacts of daily, heavy monsoonal rains. Following discussions with the Community, the Company ordered the local contractor to cease work in mid-May to early June for several reasons:

- a) Pits were being continually filled with surface waters that required costly 24/7 pumping.
- b) Restricted the use of heavy equipment to limit damage and maintenance to local Community roads and site access roads and infrastructure, especially bridges and drainage culverts.
- c) Restricted travel of KCM Team, contractors and visiting Government officials to mitigate against introduction of COVID-19 to the Agbaja Plateau Communities.



Strong surface water flows continually disrupt operations and fill the trial iron ore mining pit.

Mining was restarted late in the second week of June 2020 and is scheduled for completion by the end of June at no additional cost to budget – weather permitting.

On completion, the trial mining pit will be mapped, sampled and assayed with technical information used to support the geological model and iron ore reserve estimate.

Overburden materials and stockpiles of ‘Run of Mine’ (ROM) iron ore are planned to be used for ore characterisation tests to support mining and beneficiation studies in the Feasibility Study. These characterisation tests involve crushing, wet screening and attrition of ROM iron ore to determine yield and physico-chemical properties of various particle size fractions, nominally:

- a) +3-10mm iron ore concentrate containing ~55-56% Fe = “feedstock for the steel billet plant”
- b) +1-3mm = “sand wastes” (potential low-grade ore)
- c) -1mm to slimes = “fine wastes”

The Company is committed to assess and establish sustainable mining practices with targets of zero waste. Studies to evaluate impacts, benefits and possible local business opportunities from mining and processing iron ore were discussed with the local Agbaja Community including:

- a) Water Management – hydrology and environmental baselines (surface and subsurface water depletion or contamination), local water use (potable consumption, agriculture), hydro-power.
- b) Building & Road Materials – bricks, tiles, construction aggregates using sand waste and fine waste.
- c) Horticulture & Agronomy – using sand waste as porous soils with a high phosphorus nutrient availability, especially for legumes e.g. ground nuts, soybeans.

These studies reinforce the Company’s commitment to “best practice” Environmental, Social and Governance (ESG) procedures and are aligned with our Community Development Agreement (CDA).

David Turvey commented:

“These ESG and business evaluation studies show the Company’s professional intent and strongly complement our current application for MMSD - World Bank MinDiver Project funding on the positive benefits of mining to local Communities.”

Government of Nigeria - Ministry of Mines and Steel Development (MMSD)

Despite COVID-19 restrictions, Kogi Iron and KCM Mining have maintained regular communication with the Ministry of Mines and Steel Development, Nigeria and relevant Government Departments.

The Company is working with MMSD towards a Facilitation Agreement to identify and secure tangible Government support for the Agbaja Steel Project. This agreement recognises the importance of the Agbaja Steel Project as a “Project of National Significance” and its role to support economic growth in Nigeria. Key areas addressed by this Facilitation Agreement include cost and availability of natural gas and electricity supply, investment regime and options, security of people and assets, and potential business synergy to recapitalisation of the nearby Ajaokuta Steel Works (not fully operated ~30 years).

Subsequent to COVID-19 restrictions, meetings are planned with key Government Ministers and Departments to progress the Facilitation Agreement. These discussions and meetings are planned to include Claire Ireland – Australian High Commissioner, Nigeria in recognition of the high professional standards and strong level of current investment by Australian exploration and mining companies in Africa.

MMSD – World Bank MinDiver Project (MinDiver)

<https://projects.worldbank.org/en/projects-operations/project-detail/P159761?lang=en>

The World Bank Group and related organisations, such as the International Finance Corporation (IFC) and African Development Bank (ADB), are extremely important in times of global economic crisis such as the current “double black swan events” of COVID-19 and coincident oil price shock. These organisations have been extremely busy being called upon to lend assistance and financial support for emerging economies, including Nigeria that has been significantly impacted and is particularly vulnerable.

The MMSD – World Bank MinDiver Project Team recently held a six-monthly status review of its activities, the impacts of COVID-19 and for planning of future work programs and budgets. It is understood that the Company’s application for MinDiver Project funding was considered, though a detailed response remains pending.

Aims of the Company’s application for MinDiver Project funding are focussed on ESG aspects of our Feasibility Study activities and Community Development Agreement. Objectives are to define impacts and realise benefits of mining to the local and regional Communities including:

a) Hydrology of the Agbaja Plateau.

Studies conducted by specialist consultants supported by international groundwater consultants e.g. Golders. Drilling of large diameter water bores to monitor the water table and water quality to supply for Community use i.e. independent environmental baseline and monitoring.

b) Mine Water Usage and Management.

Studies conducted by specialist mining consultants supported by independent, local consultants e.g. SRK Mining, Knight Piesold, Lantosman. Water purification and distribution systems to supply potable water to Communities, alternatively for use in dust suppression and/or pumped hydro-electricity.

c) Recycling of Wastes (target zero waste).

Studies conducted by industrial waste and international environmental consultants with input and skills training for local environmental consultants.

Establish potential uses for iron ore wastes (sand and fine fractions) and overburden materials for manufacture of bricks, tiles and/or road base aggregates; and potential use of slags and process dusts as functional additives for concrete, cement and fertilizer.

d) Agriculture.

Studies conducted by international and local agriculture research organisations and/or agronomy consultants. Establish potential use of ore processing middlings (fine sand) for horticulture & agriculture on Agbaja Plateau, especially for increased productivity and yields from phosphorous sensitive legume crops such as peanuts, lentils, chickpeas, lupins, soybeans.

e) Local Employment and Business Opportunities.

Evaluation of a-d) and other areas of skills training and employment conducted by international and local consultants with input by local Government.

Subject to COVID-19 restrictions, meetings are planned with the World Bank (Washington DC) and the MinDiver Project Committee, Nigeria to progress the Company’s funding application. Claire Ireland – Australian High Commissioner, Nigeria has expressed interest to attend meetings in recognition of support and funding by the Australian Government for World Bank activities.

MinDiver has planned an updated article on Kogi Iron’s activities for its next newsletter (pending review).



Nigeria Mining Week’19: Minister MMSD– H.E. Olamilekan Adebite (LHS), Ms. Claire Ireland – Australia’s High Commissioner (RHS) and Mr. Michael Stanley – World Bank Group - Lead for Extractives and Energy (centre)

David Turvey commented:

“A close working relationship with the MMSD - World Bank MinDiver Project is vitally important for all parties to demonstrate and highlight mining industry best practice in Environmental, Social and Governance activities”.

“The Company is committed and well placed to provide tangible ESG and economic benefits to the Community and all Nigerian people from the Agbaja Steel Project”.

Bankable Feasibility Study (BFS)

A significant impact of COVID-19 has been the delay in equity fundraising to enable Feasibility Study activities.

Consequently, the scopes of work for key Feasibility Study consultants have been focussed to concentrate on critical path decisions and key project drivers in the near-term and to preserve cash balance pending full funding.

- Price Waterhouse Coopers (PWC Nigeria)
 - a) Power Options – competitive gas supply contract to underpin private investment in gas-fired electricity.
 - b) Corporate Advisory – “ring-fenced” investment policy, especially gas supply contract, import substitution and synergy with Ajaokuta Steel.
- Tenova Pyromet and Tier 1 Steel Sub-Consultants
 - a) Consider staged, modular steel production at 250Ktpy, 500Ktpy (base case) and +750Ktpy.
 - b) Reduce phosphorus in intermediate iron and steel products.
 - c) Ensure sourcing criteria and warranties for Export Credit Agency (ECA) funding.
- Other Consultants (to be confirmed)
 - a) Lantosman – environmental management plans.
 - b) FastMarkets – market entry via import parity pricing.
 - c) SRK & AGV Mining – ore reserve and mine plan.
 - d) Infrastructure and Logistics – cost / benefit options, including potential for export of iron ore concentrates to supply spot high-price markets.

David Turvey commented:

“Our Feasibility Study is essential to answer key questions on technical viability (phosphorus removal via conventional refining) and cost of power supply”.

“Subject to COVID restrictions, the Company wants to ‘get on with it’ (Feasibility Study) and will assess all options to fast track progress on the Agbaja Steel Project.”

Fundraising

The Company is pleased our current equity funding with Sorbie Bornholm LP continues to provide valuable working capital on a monthly basis until August 2021.

The most significant impact of COVID-19 has been a delay in equity fundraising of the Feasibility Study due to:

- a) Uncertainty in the global finance sector, especially for investment in high risk-reward projects in emerging economies.
- b) Investors rebalancing portfolios to target deeply discounted investments in ‘blue-chip’ companies e.g. banks, airlines, food.
- c) Investors taking short-term advantage of market volatility and value rebound.

Importantly, several expressions of interest and indicative offers were received for near-term funding and medium-term investment. These opportunities to secure new investors will be considered by the Board and progressed over the next 5-6 months in conjunction with several non-exclusive corporate advisory mandates.

Funding and investment opportunities:

- a) High net worth individuals, family office's and specialist funds with an interest in unique, emerging mineral resource and industrial stories in Africa.
- b) On-line investor platforms for equity, including resource focussed Australian based e-platforms.
- c) Financial institutions and Development Banks that are keen to align with Export Credit Agency (ECA) funding.
- d) Other supportive funding structures to complement our current relationship with Sorbie Bornholm LP.
- e) Corporate opportunities for cornerstone investment in significant equity positions.

David Turvey commented:

“I’ve hosted about 120 skype-zoom-teleconference investor calls over the past couple of months to familiarise potential investors with the Kogi story. It’s helpful to have a unique story to engender interest on the fundamental advantages of the Agbaja Steel Project.”

“While we progress with our fundraising, the Company aims to preserve our cash position with prudent spending measures and focussed activities”.

Key Future Activities (subject to COVID-19)

- Fundraising ~US\$8M to enable the Feasibility Study.
- Formalise agreements with Nigeria’s Ministry of Mines and Steel Development (MMSD) and the World Bank MinDiver Project.
- Focus work and decisions on key project drivers being gas / power and phosphorus reduction in iron and steel products.
- Ongoing support of Community and ESG initiatives.

Chairman of Kogi Iron Limited, Greg Boulton commented:

“COVID-19 remains a threat to global society and our way of life. The Board sees ongoing global economic headwinds, though remains confident we will weather the storm to progress and grow our business”.

“Positive feedback on our priorities and commercial drivers provide Kogi with direction to funding efforts and the Feasibility Study”.

“We look forward to updating all stakeholders on progress by the Company and, in the near-term, request support and patience to help realise this unique project and investment opportunity.”

For and on behalf of the Board,
David Turvey
Managing Director

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