



KOGI IRON
LIMITED



QUARTERLY REPORT – MARCH 2022

26 April 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 March 2022 (**the Quarter**).

Highlights for the Quarter

- Exploration update on the Pilbara Macro Metals Projects with drilling planned for the next quarter.
- Appointment of Fastmarkets and commencement of works to provide an updated market feasibility report including the provision of the latest steel billet sales price forecast on the Agbaja Project.
- Successful completion of \$1.7M Equity Placement and launch of the Share Purchase Plan and Options Prospectus Offer to shareholders on the same terms as the Placement
- Shipment Agbaja coal sample arrived in Durban and to be consolidated with the iron ore sample from Mintek in South Africa
- Scoping of the Front-End Engineering Design (FEED) project completed and due to commence in April 2022
- Environmental and Social Impact Assessment community engagement completed. The Federal Government Panel hearing was undertaken in April 2022.
- Lodgement of half year financial report as at 31 December 2021.

Introduction

The Quarter was important for the Company, having successfully raised \$1.707million in a Placement and launched a Share Purchase Plan which will assist the Company to meet its obligations and progress key immediate activities such as the Macro Metals initial drilling campaign and the Fastmarkets market feasibility report leading to an updated Scoping Study and advancement of the feasibility study.

Strategic Partners, Advisors and Financiers

The elements of the scoping study as preliminarily defined in terms of internal rate of return and net present value of the project, are sufficiently positive to afford us to have discussions with third party financiers advisors and strategic parties even before the final feasibility study is completed.

The initial metrics were based on some conservative assumptions and that position is anticipated to most likely further improve once the future market assessment parameters are validated by the updated Fastmarkets report due to be completed in June 2022.

To this end the Chairman of Kogi Iron Limited, while in London immediately before Easter, had a number of discussions with Investment banks and advisory practices who have significant interests and domain experience in Western Africa projects.

Some of the positive feedback included:

- The clarity of the Kogi Iron Agbaja strategy was well received
- The fact that it was a steel importation replacement project and not just another mining project was seen as a positive to the extent that it demonstrates an element of uniqueness and national significance that was likely to attract significant ongoing interest
- The intent to explore in country Nigerian interest this year and to explore alignment with potential synergistic energy suppliers and related projects was thought to be a sound de-risking activity and a pathway for project acceleration

The company is resolved to work with an internationally renowned advisory firm to, with the board, engage the financier and strategic partner cohort. The Board will seek to make an advisory appointment the completion of the Fastmarkets report and the updated scoping study report.

The investment and advisory firms with whom the Chairman met in London have asked to be included in the Board's considerations.

Key Project Activities Planned for 2022

The ongoing principal focus is to take forward an iron ore mining and steel producing capability for Nigeria that will be a project of potential national significance. The Agbaja project will provide the fastest growing economy in Africa with the ability to replace its reliance on imported steel product.

Kogi has also in late 2021 acquired iron ore tenements in the Pilbara with near term development prospects with a view to generating revenues that will drive the company's sustainability, provide a second and local project and deliver short term shareholder value.

The key activities planned for 2022 are:

Nigeria:

- In-country Market Feasibility Study and Feasibility Testing Gateway, with an updated scoping study report based on latest steel billet price forecast
- DRI testing conducted by UHT and FLS. This is a key study, proving the metal yield data, and process characteristics, key to the next stage of plant design
- Export of bulk Nigerian coal sample bound for FLS testing
- Export of Bulk Agbaja Fe sample to FLS testing facility in USA
- Environmental and Social Impact Study – Community Consultation and approval
- Front End Engineering Design scoping
- Feasibility – Project Design

Macro:

- Complete heritage surveys
- Drilling
- Mapping
- Reporting of Mineral Resources

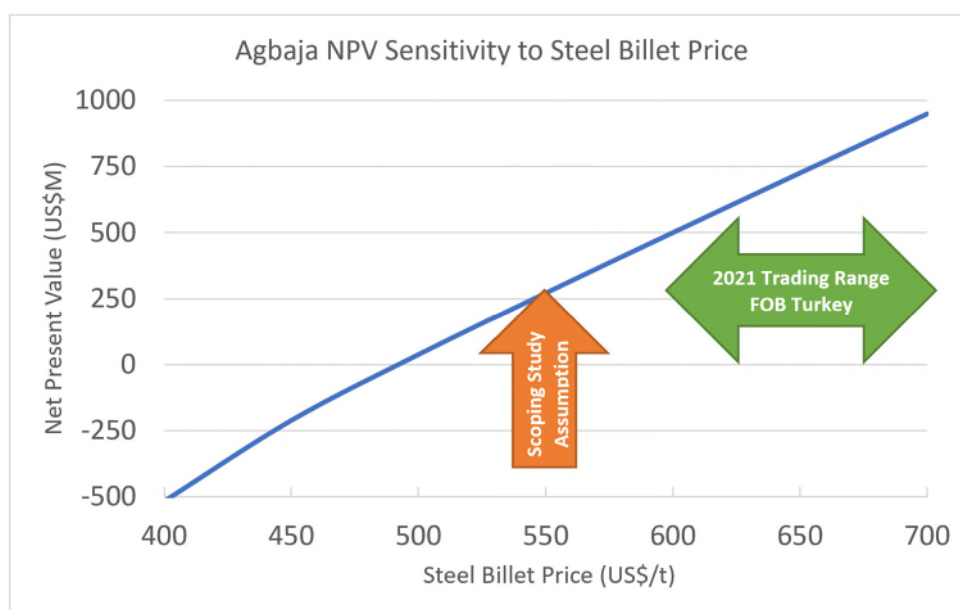
Agbaja Project Update

During the March 2022 quarter the Company appointed Fastmarkets, a reputable and global leader in commodity pricing to assist with a market feasibility report including the provision of a steel billet sales price forecast applicable primarily for the Nigerian domestic market.

There have been significant changes to the global steel market over the past 12 months and in particular the last two months. Importation of steel billets and other finished or semi-finished products have historically been dominated by Black Sea port origins. The recent conflict in Ukraine has significantly disrupted the regional and global steel and other markets.

The extent of systemic changes to the steel market is presently being evaluated and will be incorporated into the current Fastmarkets study. Over the past 12 months there has been a general trend of increased steel billet prices in the region and this is likely to be translated into the domestic steel market in Nigeria.

The updated market feasibility report is expected to be completed in June and the data will be incorporated into the projects financial model. This report will form an integral part of the overall feasibility study presently underway and as can be seen from the below table the Agbaja NPV is highly sensitive to increases in the steel billet price. Other inputs, including energy costs, are being evaluated and these will also be incorporated into the update project model in due course.



After some logistical issues, the coal sample shipped from Lagos has arrived in Durban, South Africa and is due to be consolidated with the iron ore sample as prepared by Mintek in Johannesburg. Shareholders may be aware of the recent severe flooding in Durban over the last few weeks and the significant disruption to the global supply and distribution systems. A shipping date for the consolidated sample container destined for the USA has not yet been confirmed.

As a result of this it is likely the consolidated coal and iron ore sample will not meet the agreed testing slot with FL Smidth, Salt Lake City research facility. We are presently attempting to negotiate a new testing slot. UHT testing will not be affected by the current logistics issues and will continue as per the schedule. The combined impact of logistics delays may move the completion of the draft Feasibility Study into the first quarter of 2023 due to circumstances outside the company's control.

In the meantime, the project will continue with Front End Engineering Design (FEED) and other key elements of the feasibility study are continuing as per the schedule. The FEED study has now been fully scoped and will commence at the end of April 2022.

The revised Environmental and Social Impact Assessment (ESIA) has undergone community review. The Panel hearing convened by the Federal Minister for the Environment is expected to be held in the last week of April 2022.

Macro Metals Update

During the March 2022 Quarter the Company commissioned leading mining consultant firm CSA Global Pty Ltd (CSA Global) to review the eight projects Kogi has acquired. CSA Global have recommended RC drilling at Catho Well North, Wiluna West, and Mt Padbury. Mapping has been recommended at Cane River, Five Mile, Mt Pynton, and Fig Tree (refer ASX Announcement 22 March 2022)

Kogi has selected Catho Well North for initial drilling due to its proximity to Onslow Port (180km) and the quality of low deleterious elements from previous drilling (Refer ASX Announcement 23/9/2021 for Exploration Results). The CSA Global review identified an area in the north of the tenement where significant mineralisation was evident in drilling across three drill sections, each 400m apart for a strike length of 1200m.

Key highlights of the geological review completed by leading mining consultant firm CSA Global Pty Ltd were.

- 4,400m of infill reverse circulation (RC) drilling recommended at Catho Well North with the objective of informing a maiden Mineral Resource estimate following the drilling
- RC Drilling also recommended at Wiluna West.
- Mapping recommended at other projects.

Kogi Iron has selected Catho Well North as the highest priority drilling target and is seeking to arrange drilling as soon as possible. To facilitate this a Heritage Survey is required and discussions to schedule the survey are ongoing with the Traditional Owners and are expected to be resolved favourably soon.

Financial – Capital Raising Placement and Share Purchase Plan

On 30 March 2022, the Company announced a \$5 million capital raising program comprised of a strongly supported \$1.7 million Share Placement (**Placement**) and an upcoming Share Purchase Plan (**SPP**) to raise up to \$3.3 million.

The Placement comprised 213,375,000 fully paid ordinary shares in the capital of the Company (**Shares**) at a price of \$0.008 per Share, together with one free-attaching listed option (**Option**) exercisable at \$0.02 each up until 30 December 2024, for every two Shares subscribed for and exercisable, to sophisticated, institutional and professional investors, raising approximately \$1.7 million.

The SPP entitles Eligible Shareholders, irrespective of the size of their shareholding, to purchase up to \$30,000 worth of Shares at an issue price of \$0.008 (**Price**), with one free-attaching listed option (**Option**) with an exercise price of \$0.02 for every two Shares subscribed for and exercisable up to 31 December 2024, being the same price as the Shares and the same Option terms offered to sophisticated and professional investors under the Placement. The SPP is still open, and the closing date has been extended to 6th May 2022.

The proceeds raised under the Placement and SPP will be used:

- to fund the next 12-18 months planned work program on the Macro Metals Australian iron ore projects and tenements and the company is ready to proceed with exploration and drilling to define mineral resources and to develop near term production opportunities; and
- as an alternative to drawing down the next \$2,000,000 tranche of the funding facility that the Company has in place with Diversified Metals to continue the Agbaja project feasibility study; and
- for general working capital purposes.

The Board encourages and recommends to Shareholders to take up their SPP entitlement offer. Please refer to the offer website for further details:

<https://spp.kogiiron.com/>

Corporate

Cancellation of Directors option approved by shareholders on 15 December 2022

The Board decided to cancel all Director options approved by shareholders on 15 December 2020, due to the legal proceedings claimed by Leadenhall Australia Pty Ltd challenging the issue of options awarded to the Directors of Kogi Iron Limited.

Taking the Company's interests above all, the Board took the view that it could not be distracted from achieving the Company's strategic goals for 2022. This legal proceeding has now been discontinued. The Board will revert to Shareholders with an updated remuneration and share option plan for the Company for their approval.

Change of Company Secretary

On 24 February 2022, the Company announced the appointment of the Company Secretary, Ms Patricia Vanni. Kogi would like to thank departing Company Secretary, Mr Ray Ridge for his efforts

throughout the Company's last couple of years.

Change of Auditor

RSM Australian Partners (RSM) have been appointed as auditor of the Company. The change of auditors follows the resignation of BDO Audit (WA) Pty Ltd, and ASIC's consent to the resignation in accordance with s329(5) of the Corporations Act 2001. The change occurred due to the move of the Company head office to Melbourne and there were no disputes or disagreements with the outgoing auditor.

Securities Information

As at 31 March 2022, the Company had 1,317,577,756 fully paid ordinary shares on issue and 19.8M unlisted options granted at various vesting and expiration dates.

Quarterly Cash Flows

For the Quarter, the Company recorded:

- Net cash outflows from Operating and Investing activities of \$706,000 with majority of this being exploration expenditure of \$479,000 with main payments for annual Agbaja licence fees, other feasibility study works and Macro Metals exploration review by CSA Global.
- Net cash flow from Financing activities of \$439,000 comprising of:
 - \$1.039 million received from the Placement (the balance of the \$1.7 million total Placement was received subsequent to 31 March 2022); and
 - \$600,000 cash repayment on the Diversified Metals Financing Facility. Under this facility the company received \$2 million and has already settled \$480,000 of the face value by the way of shares and \$600,000 by way of cash repayment. The remaining face value of this subscription right is \$1,060,000 which can be settled by issue of shares or cash repayment.
- Resulting in an ending cash balance as at 31 March 2022 of \$1.53 million

Payments to Directors of \$120,000, 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.

For further information, please contact:

Craig Hart
Non-executive Chairman
Kogi Iron Limited
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Email: info@kogiiron.com

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.

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	Formerly of 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. 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.

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 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(479)	(1,083)
(b) development		
(c) production		
(d) staff costs	(120)	(326)
(e) administration and corporate costs	(103)	(320)
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)		
1.9 Net cash from / (used in) operating activities	(702)	(1,729)

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	(4)	(15)
(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 (9 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	(4)	(68)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,039	1,039
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	-	(71)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(600)	(600)
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	439	368

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,793	2,955
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(702)	(1,729)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4)	(68)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	439	368

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 (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,526	1,526

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	1,526	1,793
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)	1,526	1,793

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	(120)
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 <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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)	(702)
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)	(702)
8.4	Cash and cash equivalents at quarter end (item 4.6)	1,526
8.5	Unused finance facilities available at quarter end (item 7.5)	
8.6	Total available funding (item 8.4 + item 8.5)	1,526
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.2
<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:26 April 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.