CHAIRMAN'S LETTER TO SHAREHOLDERS

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) provide this Chairman's update ahead of the Annual General Meeting scheduled for 15 December 2020.

Introduction

The purpose of this shareholder update is to:

- Define the company's priorities for 2021;
- Allow shareholders to engage with the plan and priorities of the current board members seeking election;
- Clarify some of the resolutions we are asking shareholders to support;
- Answer some frequently asked questions received from shareholders; and
- Provide a reminder of AGM proxy voting procedures and deadline for submission.

Immediate Priorities

Shortly after joining the board, it was clear that three priorities presented themselves for immediate attention:

1. Renew the board to augment the skill and experience dynamic;
2. Raise some immediate capital to cover imminent financial obligations; and
3. Prepare for a substantial raise of capital in early 2021, required to drive the business to the attainment of a key milestones and feasibility assessment.

1. Renew the board with additional capability and skill

The search for additional and appropriate board members commenced on 15 September 2020. The search was undertaken by Foley Durham, an executive search firm whose principal is Jason Foley. Jason Foley as a shareholder of 7,261,754 shares agreed to undertake the search on a no fee basis.

The final applicants were shortlisted on or around 30 October, completing a 6 week search period concluding with the announcement of the appointment of two new non-Executive Directors being Richard Little and Sean Gregory.

The reason that Richard and Sean were invited to join the board at that time was to provide the board with a level of further objectivity and the benefits of their considerable experience and skill.

This approach assisted the raising of the urgently needed placement capital and moreover has supported in the formulation of the clear go-forward plan summarised in this update and will be further presented at the AGM on 15 December 2020.

In conclusion, with the appointment of Messrs Gregory and Little to work with Messrs Huljich and Hart and Ridge (company secretary), we have a board and management team:

- That has an appropriate balance of skill and experience;
- Is a team that is working effectively and efficiently;
- That has benefited from the co-operation of the retiring directors; and
- Is prepared to commit to additional hours beyond what is expected in order to avoid the costs of additional executive appointments unless and until the business procures a significant amount of working capital to justify such an appointment.

It has been implied that other nominations have been overlooked by the current board when they were submitted on 2 November 2020.

That is not the case as the process to recruit Messrs Little and Gregory was substantially advanced, and as such it was determined that the nominations of Messrs Middleton and Lebbon would instead be determined by shareholders at the Annual General Meeting, as will the nominations of Messrs Hart, Little and Gregory.

Therefore, given the importance of a collaborative and united board and for the reasons detailed above, the board recommends that shareholders vote against resolutions 10 and 11 relating to the proposed election of Messrs Lebbon and Middleton.

2. Immediately raise working capital requirements

The focus was to raise capital to cover basic operations and ensure that the Nigerian licence fees of A$200,000 due February 2021 will be paid on time and without a request for extension.

The cash balance of the business as at 31 October was only $299,000.

The decision to proceed with an expedited private placement using our appointed advisors was decided in the expectation that the market was unlikely to support an alternative capital raise given the recent sell off by some shareholders of a significant parcel of shares.

Fresh Equities working with Canaccord were appointed to progress a placement targeting $800,000 to $1,000,000 to provide basic working capital requirements through the next 12 months. This target was determined having regard to the plan to reduce the operating costs of the business including not replacing the Managing Director before a more substantial capital raising.

We comfortably exceeded our target, raising a total $1,425,000. Support was primarily provided by new investors, together with some existing Kogi shareholders. Existing shareholder participation included an entity that had recently notified the Company of a substantial divestment of shares (refer ASX announcement 4 November 2020).

As a result of this raising, we now have an ability to cover:

- Reduced corporate costs;
- Engage consultants to progress some key areas of the feasibility studies;
- Manage Nigerian stakeholder relations and enhance that communication post COVID pandemic; and
- Expedite our progress toward a second stage substantial raise of capital in early 2021 to provide the financial resources to undertake the feasibility studies detailed later in this presentation.

3. Raise the capital required to undertake agreed feasibility program

Post the Annual General meeting, the board proposes to immediately work with the company's strategic capital raising advisors to prepare for the most appropriate approach to raise circa $4-5 million.

The timing of this capital raise is planned to occur in the first quarter of calendar year 2021.

Priorities for 2021

We wish shareholders to appreciate the very clear priorities that the board has set for the year ahead.

The patience of this shareholder group is noted, as is their requirement that expedited progress is achieved in the shortest possible timeframe.

As such the key priorities against which the board expects to be assessed in 2021 are as follows:

Substantial raise of $4-5 million to fund the required assessments and feasibility studies

The current board has appointed Canaccord Genuity (CG) as its primary strategic capital raising advisor. CG understand the resolve of the board to raise the required funding in early 2021.

Subject to the recommended resolutions being passed at the AGM, the board proposes to announce its capital raising plans and the terms early 2021.

Strategic Partner Evaluation

It is the view of this board that the company must consider all avenues for attaining project commencement and success.

One option may be for the company to assess the options to partner with a substantial mining or steel producing corporation with the capability and financial resources to, in co-operation with Kogi Iron Limited, drive a faster than otherwise possible progress timetable.

This assessment will be completed in the third quarter of calendar year 2021.

Assessment, Testing and Feasibility

Further assessment of preliminary and positive test results will include further validation of:

- Technical – refining tests including removal of phosphorous;
- Infrastructure – the provision of the most appropriate and affordable power source to deliver project viability and sustainability;
- Government Foreign Investment Policy – facilitation of market entry for replacement of steel imports, and a possible support and subsidisation of the option for competitive gas supply; and
- Commercial – component costs, financial model (NPV, IRR, Payback).

The timetable for these key assessments, subject to the raising of capital:

Dec 2020 - Jan 2021	Complete review of the existing extensive test work and unpublished studies
Q1 2021	Tender revised feasibility study scope and raise further capital
Q2 2021	Continue detailed feasibility study and further modelling of capital and operating estimates
Q3 2021	Explore JV strategic partnerships and liquidity event options

The Asset and Project Significance

It is important that we reflect and consider the asset that Kogi Iron Limited has in place and the significance of this project. All strategy and plans should be debated and agreed in that context and the patient shareholder group will require continual re-validation ongoing that the project remains of merit and is attainable within an acceptable period from here.

Some points to keep top of mind in providing relevant context for all plans will include:

Project Significance	Agbaja Cast Steel Project is publicly recognised as a *"Project of National Significance"* by Nigeria's Minister of Mines and Steel Development
Nigeria Country Attributes	• Most populous African nation • Population is 190M • Largest African economy GDP US$500BN - #25 global • Large rapidly growing middle class • Stable and functioning democracy
Summary of Opportunities and Advantages	• Unique, equity growth play in Emerging Market Country • Strong economic growth & latent market demand 2~5Mtpy • Potential low-cost power options • Potential JV and strategic partner opportunities • KFE's Agbaja Project is designed to produce high quality, competitively priced cast steel products to replace the current imports of scrap steel. This is the unique opportunity that Kogi Iron Limited and its shareholders has before it

Resolutions being Considered at the AGM

The directors believe that all of the resolutions are in the best interests of the Company, other than resolutions 10 and 11. The directors recommend that shareholders vote in favour of resolutions 1 to 9 and 12 to 17 inclusive, and vote against resolutions 10 and 11.

Some further clarifications have been requested regarding the options package that has been submitted for shareholder approval (resolutions 12 to 17).

The options are as per the table in the notice of meeting:

		Tranche 1	Tranche 2	Tranche 3	Total	Subject to Resolution Number
Craig Hart	Chairman	5,000,000	5,000,000	10,000,000	20,000,000	12
Richard Little	Non-Executive Director	3,000,000	3,000,000	6,000,000	12,000,000	13
Sean Gregory	Non-Executive Director	3,000,000	3,000,000	6,000,000	12,000,000	14
Peter Huljich	Non-Executive Director	3,000,000	3,000,000	6,000,000	12,000,000	15
Greg Boulton	Retiring Director	1,500,000			1,500,000	16
David Turvey	Retiring Director	1,500,000			1,500,000	17
					59,000,000	

The recommendations have had regard to the following considerations:

Option Exercise Hurdles

The **Tranche 1** Options have an exercise price of A$0.03 and vest immediately upon the granting of the Options, following shareholder approval of this Resolution.

The exercise price is 30% above the prevailing share price at the time the notice of meeting was issued. It is further submitted that this is a fair recognition of the recent capital placement of $1.4 million, being the only capital transaction for some time and was raised within weeks of the current board being fully constituted.

The **Tranche 2** Options have an exercise price of A$0.05 and vest upon the completion of capital raised of not less than $4 million over the next 12 months following the date of this AGM.

The raising of a substantial amount of capital is critical to achieve the key milestone of independent feasibility assessment. As such, the second tranche is geared to this deliverable.

The option exercise price is more than twice the prevailing share price at the time the notice of meeting was issued.

The **Tranche 3** options have an exercise price of A$0.10 and vest at the earlier of:

- the volume weighted average price of the Company's Shares traded on the ASX for 30 consecutive business days exceeding A$0.15, or
- one year from the date of approval of this Resolution at the Annual General Meeting.

Qualification

The exercise price for the tranche 3 options represents a premium to the prevailing share price, at the time of issuing the notice of meeting, of approximately 600%

Moreover, the exercise price aligns with the exercise price of $0.10 for 142,328,948 listed options, that if exercised would deliver to the business capital of circa A$14.2 million in additional cash to progress the Agbaja Cast Steel Project.

The final tranche of the options is deliberately dependent on increasing the share price to a level that delivers the business a significant benefit.

Other Considerations

The primary driver of the proposed option package is to attract and retain the talent, at board level, who we believe will make a valuable and material contribution to the strategic plans of the business. It is also in recognition of the board's plan to manage the Company over the near term, in the absence of a Managing Director, in order to conserve and focus available cash resources on the key priorities noted above.

The options package was only submitted after the directors agreed to the cancellation of 24,000,000 in performance rights. Some of those performance hurdles may still have been achieved through the actualisation of the plans that have been summarised above.

It was a key consideration to replace performance rights with options insofar as the exercise of performance options at least delivers to the business further cash on exercise of those options.

The options suggested as being appropriate for Messrs Boulton and Turvey (the retiring directors), Resolution Numbers 16 and 17, were recommended for the following reasons:

- recognition of efforts during the difficult Covid-19 period, especially in relationships with Nigerian Government and support of the Community Development Agreement;
- the cancellation of the performance rights (previously approved by shareholders at 2019 AGM);
- their co-operation and time committed to the incoming directors;
- the immediate reduction of their monthly fees;
- their retirement at the AGM leading to a significant saving in operating overheads in 2021; and
- the amount of the options recommended was considered proportionate and appropriate.

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Answers to some Frequently Asked Questions

Shareholders have received correspondence from the other individuals standing for election to the board (the subject matter of resolution 10 and 11). We have received many calls from concerned shareholders. We thought it would be useful to share with the broader shareholder group, some of the commonly asked questions and our answers provided.

What is the preferred number of directors?

In the interests of effective and efficient decision making, and in the confidence that the required skills are now adequately represented, we believe the ideal board size is 4 directors plus the company secretary and CFO.

Craig Hart as Chair, Peter Huljich as a continuing Director, Sean Gregory's technical experience and Richard Little's commercial and financial capabilities represents, it is submitted a well-balanced and fully constituted board.

The present directors seeking election at the AGM believe that they will work well together without adding additional nominated directors.

Accordingly, if Messrs Lebbon or Middleton were successfully elected as directors, it is the present position of Messrs Hart, Little and Gregory that they would retire on the basis that their planned approach or the preferred board constitution has not been accepted by shareholders.

The proposed board is prepared to nominate the progress milestones by which they should be held accountable.

Why was the recent placement undertaken?

The recent placement was undertaken in order to put the company in a position of holding adequate working capital in order to effectively meet its impending contractual obligations.

At the time of the placement, the company had $299,000 in cash. This was considered entirely inadequate, even after the reduction in operating expenses, particularly considering the $200,000 for the Nigerian licence fees due early in the new year.

The current share price and the recent sell off by a large shareholder were all factors considered in determining that the required funding was unlikely to be raised from the market at large. As such it was determined to leverage the support of Fresh Equities, in cooperation with the newly mandated Canaccord Genuity, to raise the required funds with speed. As such shareholders were not selectively chosen to participate.

On receiving advice of the placement some existing shareholders insisted on being included and were directed to the Company's capital raising partners.

Of the final placement of $1,425,000 an amount of $1,015,000 represented new investors sourced by Fresh Equities. The amount of $410,000 represented contributions from existing shareholders

Why are options proposed to be granted to Messrs Boulton and Turvey (the retiring directors)?

It is the intent of this board to focus on the future and to be less distracted by the commentary of some shareholders regarding historical moments of contention.

The new board members have been positively welcomed by the retiring directors.
The previous efforts of the retiring directors while not leading to funds being raised as they had hoped, did provide useful groundwork for the incoming directors.

Moreover, the retiring directors have accepted the cancellation of performance rights, accepted a reduction in fees and have also agreed to retire at the completion of the Annual General Meeting.

In these circumstances and having regard to the quantum of the proposed options, the board is comfortable recommending the option package for these retiring directors. In the event that these options are exercised, the company will receive additional funds which was not the case under the cancelled performance rights.

Why are the Options being proposed for Directors?

The detail of the options and the qualifying metrics have been explained to various shareholders in line with what is set out earlier in this presentation. I am pleased to confirm that as the full picture regarding the progress hurdles have been fully understood, that there has been acceptance of the scheme by the sample of shareholders who have made contact to date.

It is submitted that the shareholders vote in favour of the options as defined. The limited base remuneration of the directors in assuming many executive responsibilities (at a significant saving to previous year operating expenses) has been accepted in the knowledge that outcome based rewards may be earned on achieving key progress milestones.

It is likely that given the limited remuneration and the costs already saved, that the directors seeking election would be unable to proceed at the current levels of commitment if the options were not approved by the shareholders.

Proxy Voting Procedures

All valid proxy votes must be received 48 hours prior to the meeting, being 1.00 pm (ACDT) on 13th December 2020.

If you elected to receive notices by email, you will have received a link to where the notice and other materials could be viewed or downloaded via email. If you have not elected to receive notices by email, a copy of your personalised proxy form will have been posted to you.

If you can't locate your email or proxy form, a replacement can be arranged by contacting the Company's registry, Link Market Services Limited, on 1300 554 474.

Proxies may be completed online at www.linkmarketservices.com.au - Select 'Investor Login' and in the "Single Holding" section enter Kogi Iron Limited or the ASX code KFE in the Issuer name field, your Security Reference Number (SRN) or Holder Identification Number (HIN) (which is shown on the front of your proxy form), postcode and security code which is shown on the screen and click 'Login'. Select the 'Voting' tab and then follow the prompts. You will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website.

Alternatively, proxy forms may be lodged through the following methods:

- Post to the Company, c/- Link Market Services Limited, Locked Bag A14, Sydney South, NSW 1235;
- on facsimile number (+61 2) 9287 0309; or
- by hand delivery to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138.

Authorised for release by the Board

For further information, please contact:

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About Kogi Iron (ASX: KFE)

Kogi Iron Limited is an Adelaide-based 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 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 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.