

QUARTERLY REPORT – DECEMBER 2017

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 2017.

Key activities by the Company during the quarter were:

PROJECT TESTWORK PROGRAM COMMENCED

Testing of the bulk sample of iron ore from the Agbaja Iron Project in Nigeria commenced during the period.

The scope of the testwork program includes beneficiation, smelting and converting, and is being conducted by Mintek in South Africa, a global leader in mineral processing and pyro-metallurgy. The aim of the testwork is to definitively confirm the flow sheet for the treatment of the iron ore to produce iron billets for steel making. The outcome from the testwork will be used to define the final design criteria to complete the DFS and ultimately to finalise both debt and equity funding for the Project. Kogi has appointed its own representative, based in South Africa, to monitor the testwork program and costs, as well as providing regular feedback to the Board of Directors.

Beneficiation phase of testing was recently completed with the Smelting phase to be completed over the coming months.

MINING LEASE GRANTED

Mining Lease ML25376 was granted to KCM Mining Limited (“KCM”), Kogi’s 100% owned Nigerian subsidiary, by the Federal Republic of Nigeria, Ministry of Mines and Steel Development. The Lease covering 20 cadastral units over 4 square kilometres is valid for a period of 25 years and is renewable. KCM now holds 100% interest in Mining Leases ML24606, ML24607 and ML 25376 and retains its interest in Exploration Licences EL14847 and EL16998.

KFE Capital Summary	Board of Directors	Contact
Ordinary Shares: 592,154,685	Dr Ian Burston – <i>Non Executive Chairman</i>	Unit 23, 4 Ventnor Avenue,
Unlisted options: 29.8m	Mr Kevin Joseph – <i>Executive Director</i>	West Perth WA 6005
Share price: \$0.14	Mr Don Carroll – <i>Non Executive Director</i>	Tel : +61 8 9200 3456
Market capitalisation: \$82.9m	Mr Michael Tilley – <i>Non Executive Director</i>	Email: info@kogiiron.com
	Mr Martin Wood – <i>Non Executive Director</i>	W: www.kogiiron.com

FUNDING AGREEMENT TERMINATED

On 3 October 2017, the Company advised that the Share Purchase Subscription Agreement (“Agreement”) with Bergen was terminated. The final share issuance in relation to the agreement occurred on the 16th November 2017.

FINANCIAL ADVISORS

The Company appointed London-based SD Capital Advisory Limited and GKB Ventures Limited, as joint finance advisors to assist in the development of debt and equity funding options for the Kogi integrated steel project in Nigeria. The funding option analysis will be undertaken jointly by both advisors and will assist the company in developing a funding strategy whilst the feasibility study is underway.

CORPORATE

On 17 October 2017, the Company appointed Martin Wood as a Non-Executive Director. Mr Wood is the founder and Managing Director of Vicarage Capital, a London based full service brokerage house focused on the resources sector. He brings to Kogi a long career in advising mid cap UK corporate companies on project finance negotiations, M&A execution, asset disposal and strategic advice. Subsequent to quarter end, Mr Wood was appointed Managing Director and Chief Executive Officer of Kogi.

At the end of the quarter, the Company had cash at bank of \$105,000.

As at 31 December 2017, the Company had 592,154,685 fully paid ordinary shares on issue and 29,800,000 unlisted options (exercise price \$0.0305, expiry date 16 Nov 2019).

MINERAL TENEMENTS

As at 31 December 2017, 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
Mining Lease 24607
Mining Lease 25376

Exploration Licence 14847
Exploration Licence 16998

For more information, please contact:

Kogi Iron Limited
Tel (office): +61 8 9200 3456
Email: info@kogiiron.com

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 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 and, in the case of estimated Mineral Resources, which all material assumptions and technical parameters underpinning the estimates in the relevant market announcements 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 2017

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	(411)	(566)	
(b) development	-	-	
(c) production	-	-	
(d) staff costs	-	-	
(e) administration and corporate costs	(320)	(494)	
1.3 Dividends received (see note 3)	-	-	
1.4 Interest received	1	1	
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	(730)	(1,059)	

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	-	-	

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	66	1,109
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	(2)	(82)
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	64	1,027

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	771	137
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(730)	(1,059)
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)	64	1,027
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	105	105

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	105	771
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)	105	771

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

Current quarter \$A'000
92
-

Payments of executive director's remuneration

7. Payments to related entities of the entity and their associates

- 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

Current quarter \$A'000
-
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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

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.

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

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	670
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	330
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	1,000*

* The Company has entered into mandates with Terrain Capital Ltd and SD Capital Advisory Limited to raise up to \$2 million (before costs), with the right to accept oversubscriptions of a further \$2 million (before costs). The estimated cash outflows are made on the assumption of completing the capital raising and may be revised dependant on funding availability.

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	ML25376 Nigeria	Conversion of Exploration licences to Mining Leases	100%	100%

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: 30 January 2018

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.