

1 March 2018

PRESS RELEASE

Kogi Iron Limited Debt Arranging Advisors give update on Export Credit Financing status and attend Global Trade Review Conference in Lagos

GKB Ventures along with SD Capital Advisory Ltd have been mandated by Kogi Iron Limited to arrange debt funding for its Agbaja Integrated Steel Project in Nigeria. Drawing on his experience in funding such projects Mr Buck (Director of GKB Ventures) outlined the positive aspects of the Agbaja Project that would potentially secure a project finance package:

- Import substitution of steel product with sales proceeds in US\$ being held offshore
- Strong EPCM contractors on a turnkey bonded contract
- Simple Low cost proven technology
- 100% owned iron ore raw material supply (JORC resource of 586mt @ 41.3% Fe) with required coal and limestone all within a 70 km radius
- Full ESIA / Equator compliance
- Community agreements and full mining licences are in place

The above positive features all enhance the debt carrying capacity of the project, and early indications suggest a debt portion of the finance package is likely to have a high element of Export Credit Agency cover, which is expected to be accompanied by a high level of Debt Service Reserve Accounts (2 years cover).

Export Credit Agencies (“ECA”) act as intermediaries between national governments and exporters to issue export finance. In the case of Kogi Iron this would be to finance the export of capital equipment to Nigeria to construct the Agbaja Project and associated steel forging equipment. ECA’s typically operate in three ways – 1) Direct Lending to a project; 2) Financial Intermediary Loans (where the ECA bank loans funds to a commercial bank that in turn on lends those funds to the project and; 3) Interest Rate Equalisation whereby a commercial lender lends to a project at below market rate and receives compensation from the ECA for the difference between its received interest and the market rate.

Whilst the Definitive Feasibility Study has yet to be completed and with the next round of equity being raised, a number of financial institutions expressed interest in receiving more details to explore how they could potentially be involved. Initial engagement has been positive and has resulted in Kogi Iron Limited receiving several indications of interest in the debt component of the project financing with a typical response from interested lending banks being ‘We are interested in working with you to progress this project and looking forward keenly to receiving more information’.

Whilst in Nigeria Gabriel Buck and David Buckle (Chairman of SD Capital Advisory Ltd) and Kevin Joseph (Director of Kogi Iron Limited) attended The Global Trade Review conference in Lagos, Nigeria which is the premier event

KFE Capital Summary Ordinary Shares: 612,154,685 Unlisted options: 29.8m Share price: \$0.098 Market capitalisation: \$60m	Board of Directors Dr Ian Burston – <i>Non Executive Chairman</i> Mr Martin Wood – <i>Chief Executive Officer</i> Mr Kevin Joseph – <i>Executive Director</i> Mr Don Carroll – <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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for trade and finance professionals in West Africa. At this year’s event Mr Buck and Mr Joseph presented the Agbaja Project to a delegation of Bankers, Export Credit Agencies and Insurers all active in the development and funding of projects in Nigeria. Mr Joseph then took Mr Buck and Mr Buckle on a site visit and also met with the Minister of Mines & Steel Development - Dr Kayode Fayemi, who remarked that the Agbaja Project is a “flagship project for the Federal Government” and that the government strongly supports the Agbaja Project as part of its drive to diversify away from the oil sector (a key part of the Government’s Economic Recovery and Growth Plan 2017-2020).

Similar levels of support were expressed by traditional leaders in Kogi State (Nigeria) namely the Massi of Agbaja Plateau and the representatives of the Paramount Chief in the area, the Olu of the Oworowo who all endorsed the Project reinforcing their communities’ agreement and support as evidenced in the Community Development Agreement.

Ian Burston – Chairman of Kogi Iron Limited commented “As we move into the project financing phase for the Agbaja Project we are delighted by the level of Nigerian support for this project at both a national and local level and impressed by the level of knowledge of the Agbaja Project displayed by key Government Ministers and Traditional Leaders.”

About Kogi Iron (ASX: KFE)

Kogi Iron Limited is a Perth-based company with the objective of becoming a producer of iron ore feedstock that can be sold to manufacturers of steel products 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.