

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 has reinforced its operating practices and measures to mitigate the risks of coronavirus, COVID-19, to staff, contractors and the Community:

- Strictly adhering to Government directives.
- Increased electronic communication to support management and administration functions (Zoom<sup>2</sup>).
- Deferred or significantly reduced expenditure.

CV-19 impacts on current business activities include:

- Trial iron ore mining has progressed slowly using a local Lokoja contractor due to restricted availability of local officials for site sign-off on approvals.
- Lockdown of Abuja (Federal Capital), restrictions to interstate travel and closure of Nigeria's Mines Department has limited business to within Kogi State. Online administration has been successful to obtain Government support and approvals.
- Fundraising for the Agbaja Feasibility Study is progressing via personal 1 on 1 presentations to potential new investors. In addition, online funding platforms were initiated (refer later details).

"I'm gratified by the increased recognition from our stakeholders on the unique opportunity of our Agbaja Cast Steel Project, Nigeria. I'm especially pleased by the emerging Environmental, Social and Governance (ESG) opportunity of our activities for the Community."

David Turvey – Managing Director



**MMSD officials and Community Consultation on Trial Iron Ore Mining.**

**Note: Chief Sule K.O. – Chairman CDA (LHS) and the Federal Mines Officer (FMO) of MMSD (RHS)**

The Agbaja Plateau Communities and the Ministry of Mines and Steel Development (MMSD) officials were briefed on KCM's planned small-scale trial iron ore mining in April 2020. Briefing on the scope of work reinforced our ongoing commitment, wherever possible, to local education, employment, health & safety, infrastructure and the environment. Contract employment was provided to members of the local communities in security roles of personnel and equipment and in assisting the contractor.



**Members of the Agbaja Plateau Community, KCM team and FMO at consultation on Trial Iron Ore Mining**

Additional Community programs are planned in 2020 in relation to and respect of KCM's Community Development

## The AGBAJA CAST STEEL PROJECT

### *"A Project of National Significance"*

Subject to COVID-19 guidelines & measures, the Company continued with activities in Nigeria during April 2020.

### **Agbaja Plateau Community Development Plan**

The KCM Mining team continues to coordinate activities on our Community Development Agreement (CDA). Recently, the KCM Team and the Board provided information to the Community on the status and needs of the Feasibility Study, timetable and clarification on potential 'road-blocks'. We received understanding and positive feedback from the Community and Government – "Bravo KCM team".

#### **KFE Capital Summary**

Ordinary Shares: 774,462,336  
Listed Options: 142,328,948  
Performance Rights: 26m  
Share price: \$0.032  
Market capitalisation: \$25m

#### **Board of Directors and Management**

Mr Greg Boulton AM – *Non-Executive Chairman*  
Mr David Turvey – *Managing Director*  
Mr Peter Hujlich – *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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Agreement, especially on future local business opportunities derived from iron ore mining and processing (refer later details).

### Small-Scale Trial Iron Ore Mining

The Company commenced excavation of a small-scale trial iron mining pit ~30m x 30m x 5m deep. This pit is located at the site of a previous bulk iron ore sample (pit #6) used for metallurgical and steel tests in 2018. Work was authorised and approved by FMO, MMSD and notified to the central Mines Department in Abuja.



**Community blessing of Trial Iron Ore Mining**

A local Lokoja-based civil engineering company was awarded the contract to ensure local content, align with the Community Development Agreement and mitigate COVID-19 risks. Initial work involved dewatering of the old bulk sample pit to evaluate the thickness of laterite iron ore (hard-pan overburden) and planning of blasting to loosen this material and allow 'free-digging' of higher-grade oolitic iron ore mineralisation (10-25m thick).



**Dewatered bulk sample pit**



**Initial blast hole drilling**

The local Community is actively interested in KCM's planning and mining process and always keen to understand our activities.



**Drilled & Marked Blast Holes Charged & Wired Blast Holes For initial breaking of ~1m surface laterite hard-cap iron ore (lower grade iron ore +/- overburden)**

The trial pit and stockpiles of overburden and iron ore will be used for ore characterisation tests to support iron ore reserve estimates and mining and beneficiation studies in the Feasibility Study.



**Laterite iron ore pre-strip after blasting and heavy rains.**

Importantly, these site works provide an early opportunity to reinforce Environmental, Social and Governance (ESG) procedures with the Communities in alignment to our CDA, especially employment and occupational health and safety practices (OH&S).

Key areas of future study will evaluate local business opportunities based on sustainable mining practices (zero wastes) including:

- Water Management – environment, hydrology, local use (potable, agriculture) and hydro-power.
- Building & Road Materials – bricks, tiles, aggregates.
- Horticulture – porous, fertile soils for legumes.

**These studies support our position with the proposed World Bank-MMSD MinDiver Project regarding the positive benefits of mining to local Communities.**

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

Despite COVID-19 restrictions, Kogi Iron has been in regular communication with the Ministry of Mines and Steel Development, Nigeria to secure tangible Government support of the Agbaja Cast Steel Project.

Recently, the KCM Team and the Board received a request from high levels in Government (State House) for information on the key needs and constraints for the Agbaja Cast Steel Project. The Company provided a reasoned summary response including cost and availability of power-electricity supply, investment regime and options, security of people and assets, and potential business synergy.

David Turvey commented:

*“Dialogue with MMSD is based on mutual recognition of the importance of the Agbaja Steel Project to the future economy of Nigeria. Our close relationship indicates the ongoing support, interest and growing understanding by Government of this Project of National Significance”.  
“Stay tuned to this important work in progress.”*

### MMSD – World Bank MinDiver Project (MinDiver)

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

On MMSD's request, the Company submitted a revised application for MinDiver Project funding to focus on ESG projects related to Feasibility Study activities and our current Community Development Agreement.

The Company's current small-scale trial mining has synergy in alignment with the objectives of the MinDiver Project i.e. to enhance the mining sector's contribution to the economy of Nigeria. The Company shows clear intent and is committed to “sustainable and best practice” mining and industrial development with participation, endorsement and respect of local Communities.

Aims of the Company's proposed MinDiver projects and studies are to define impacts and realise benefits of mining to the local and regional Communities including:

- a) Hydrology of the Agbaja Plateau – large diameter water bores to monitor water table and water quality and supply for Community use.
- b) Mine Water Usage and Management – purification to supply potable water to Communities; dust suppression and operational needs; pumped hydro-electricity.
- c) Recycling of Wastes (target zero waste) – use of iron ore tailings for bricks, tiles and road base; use of slags and process dusts for concrete, cement and fertilizer.
- d) Agriculture – use of ore processing middlings (fine sand) for horticulture & agriculture on Agbaja Plateau, especially for phosphorous dependent legumes.
- e) Local Contractors, Local Business and Employment Opportunities.

Consideration of the Company's MinDiver application is ongoing by MMSD. Subject to COVID-19 restrictions, meetings are planned with the MinDiver Committee to progress scopes of work, administration, management and implementation.

## Bankable Feasibility Study (BFS)

Scopes of work, completion schedules, costs and decision trees for key consultant groups have been revised and/or staged to enable progress on the Feasibility Study as early as possible (subject to funding).

- Price Waterhouse Coopers (PWC Nigeria)

Following several meetings and discussion papers, a staged proposal was received from PWC to conduct and provide:

- a) Power Options Study – environmental and infrastructure analysis, sources and current projects, cost and benefit analysis.
- b) Corporate Advisory on Feasibility Study – macroeconomics, investment policy, market analysis and entry strategy, commercial structures.

PWC Nigeria is at the forefront of promoting and supporting development of the mining industry in Nigeria, being active in MinDiver and international conferences. PWC International has >30years experience in developing mining industry policy in emerging and developing countries and was pivotal in the success of the mining industry in Indonesia.

Importantly, PWC Nigeria provides an independent conduit for communication to and from Government and independent analysis to support investment.

David Turvey commented:

*“The Company is keen to establish a strong working relationship with PWC to support our efforts with the Nigerian Government. Trustworthy communication and understanding are key to these relationships and success of the Agbaja Steel Project.”*

- Tenova (study manager), Mintek and SGS Bateman: Steel Process Optimisation Tests and Plant Design.

Addition to Tenova's staged proposal is underway to include the use of natural gas as a reductant for Direct Reduced Iron (DRI) in comparison to thermal coal. Natural gas has significant advantages in reduced wastes (CO<sub>2</sub>), higher energy efficiency, and reduced capital and operating costs.

- Lantosman: Environmental Impact Study – Steel Plant.

Tenova's revised proposal has summary information of process wastes and waste management systems for inclusion in Lantosman's EIS Steel Plant (pending).



- Infrastructure & Logistics Study.

Discussions held with various international engineering groups involved in Nigerian infrastructure projects, including Government /AfriExIm Bank recapitalisation of the Warri-Gereju railway to facilitate domestic & export transport.

The Company remains committed to assess cost-effective, sustainable new generation power technologies including gas-fired, solar and hydro-electricity +/- battery storage hybrids.

- FastMarkets: Nigeria and regional steel market study (pending scope of work).

- Iron Ore Reserve Estimate, Mine and Beneficiation Plan (pending scope of work).

## Fundraising

The Company plans to proceed with capital raising ~US\$8 million funds (~A\$12M) for the Feasibility Study over the next few months or as equity markets show signs of recovery.

Targeted new investors include:

- “High net worth individuals, family office’s and specialist resource funds” that expressed interest after the January-February ‘20 roadshows and recent 1 to 1 Zoom or Skype presentations.
- Several e-funding platforms will be trialled as a “new way of business”.
- Discussions were held on and with potential joint venture investors and cornerstone equity partners.

David Turvey commented:

*“I’m pleased with the positive response from potential new investors based on renewed investment activity and their interest and understanding on the unique advantages of the Agbaja Steel Project.”*

The Company has minimised near near-term expenditure and maintains a healthy cash balance – though we’d really like to secure adequate funding to get on with the Feasibility Study!”

## Key Future Activities (subject to COVID-19)

- Staged fundraising ~US\$8M = #1 Priority
- Complete small-scale trial mining in support of our Community Development Agreement (CDA)
- Formalise relationships and agreements with MMSD and World Bank’s MinDiver Project.
- Initiate market studies and product offtake agreements.
- Visit Nigeria when international travel resumes for meetings in Lagos and Abuja and to visit Agbaja / Lokoja to meet the Community and the Olu (paramount ruler).
- Attend and present at relevant African conferences.

## What you may not know about “our Country Manager for KCM Mining Ltd, Nigeria”, Mr Alabi Samuel Olegbenga



**Casual for Work at KCM Mining’s office - Lokoja**



**Formal for Government and Community Meetings**

1. Longest serving and integral senior member of the KCM Management Team (>8 years).
2. Visionary founding geologist and discoverer of the Agbaja Iron Ore project - blessed with missionary zeal, honesty and focus.
3. An experienced Geologist of ~3 decades, specializing in prospecting and mineral exploration. A successful explorer and consultant on industrial minerals, e.g iron ore, coal, gypsum, marble; and precious metal and stones e.g gold, tourmaline, beryl.
4. Strong knowledge and invaluable experience on community, company and government relationships.
5. A dedicated family man and “team player” for the good of the Community and Nigeria.

**Chairman of Kogi Iron Limited, Greg Boulton commented:**

*“COVID-19 has challenged us all and remains a threat to society and business. Based on prudent measures and actions, I am confident that the Company is now positioned to weather the immediate COVID-19 storm and to emerge to grow our cast steel business in Nigeria”.*

*“It’s especially pleasing that, under clear local management guidance and policies, our activities in Nigeria have progressed on small-scale trial mining with no direct COVID-19 impacts to staff, contractors and the community”.*

*“Our Agbaja Cast Steel Project is gaining recognition and support from potential new cornerstone shareholders, being seen as a unique investment opportunity.*

*“We have received positive feedback for our clear priorities on commercial drivers and the importance placed on our ESG approach to doing business.*

*“As such, the Board remains confident of funding at fair value to complete our Feasibility Studies”.*

*“We look forward to updating all stakeholders with details of progress for the Company over the coming months”.*

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

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