

QUARTERLY REPORT – SEPTEMBER 2014

Highlights:

- **Completion of 1:5 non-renounceable Entitlement Offer raising approximately \$1.921 million**
- **Value realisation process commenced for Agbaja Project**

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 30 September 2014.

Key activities by the Company during the quarter were:

Completion of 1:5 non-renounceable Entitlement Offer

The Company successfully completed a 1:5 non-renounceable Entitlement Offer of new shares at an issue price of \$0.03 per share with a free attaching option for each new share subscribed, each option having an exercise price of \$0.08 and expiring 31 May 2017.

Under the Entitlement Offer \$1.921 million was raised, before costs and the set-off of director loans to the Company, resulting in the issue of 64,037,940 new fully paid ordinary shares and 64,037,940 free attaching options, which are listed on the Australian Securities Exchange ("ASX") (ASX code: KFEO).

The capital structure of the Company following the close of the Entitlement Offer is:

Ordinary shares listed on ASX	376,669,836
Loan performance shares not listed on ASX and subject to vesting conditions	<u>47,900,000</u>
Total ordinary shares	424,569,836
31 May 2017 options listed on ASX (exercise price \$0.08)	102,704,606

Commencement of a process to realise value for the Agbaja Project

During the quarter, the Company commenced a process to realise value from the Agbaja Project, which could involve a joint development with a strategic partner, or a partial sell down of Kogi's interest in the Agbaja Project, or acquisition by a counterparty of all the issued capital in Kogi Iron.

To that end, the Company is engaged with several diversified and vertically integrated Nigerian industrial groups that have all expressed an interest in possible involvement in the Agbaja Project.

Following initial meetings with the respective groups in Dubai, London and Singapore, follow-on meetings have occurred. Confidentiality deeds have been executed and the exchange of more detailed information about the Company and the Agbaja Project is underway.

Although discussions with the groups are at an early stage, commercial-in-confidence and incomplete, the Board is encouraged by progress made during the quarter. The Company anticipates further meetings with the groups in coming months as the commercial terms of a possible transaction are defined. Shareholders will be informed in a timely manner of any significant developments, albeit the process is expected to take many months.

Share Register

A number of changes occurred on the Company's share register during the quarter, resulting in it becoming more open.

Those changes included the completion of an in-specie distribution by TGP Australia Limited ("TGP") (then the Company's largest shareholder) of its Kogi Iron shares to its shareholders, thereby reducing TGP's holding in the Company from 29.77% to 2.67%.

As a consequence of TGP's in-specie distribution and the Entitlement Offer, the Company's Chairman Dr Ian Burston became a substantial holder of Kogi's issued share capital at 6.93%.

Finally, following the completion of the Entitlement Offer, Lanstead Capital L.P., a specialist international investment firm, is the Company's largest shareholder with approximately 7.8% of the issued capital.

Corporate

The Company re-located to a more cost effective corporate office in Ventnor Avenue, West Perth.

At the end of the quarter, the Company has cash at bank of approximately \$1.05 million.

The Company published its 2014 Annual Report on Friday 26 September 2014. The report is available for download on the Company web site www.kogiiiron.com, and hard-copies are available from the Company, upon request.

The Annual General Meeting of the Company will be held at 3.00pm WST on Thursday 20 November 2014 at the "Celtic Club", 48 Ord Street, West Perth. Shareholders are encouraged to attend the meeting in person and/or lodge their proxy votes up until 3.00pm on Tuesday 18 November 2014 – for further information or assistance, please contact the Company Secretary.

Mineral Tenements

As at 30 September 2014, the following mineral tenements were held by KCM Mining Limited, a Nigerian registered, 100% owned subsidiary of Kogi Iron ("KCM"). All of the mineral tenements are located in the Federal Republic of Nigeria and KCM has a 100% interest in each tenement:

Exploration Licence 8583	Exploration Licence 12124
Exploration Licence 8886	Exploration Licence 9791
Exploration Licence 6350	Exploration Licence 9792
Exploration Licence 6351	Exploration Licence 9793
Exploration Licence 6352	Exploration Licence 9794
Exploration Licence 7060	Exploration Licence 9796
Exploration Licence 7061	Exploration Licence 9797
Exploration Licence 10586	Exploration Licence 13258
Exploration Licence 14847	

For more information, please contact:

Kogi Iron Limited
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Email: info@kogiiiron.com

About Kogi Iron (ASX: KFE)

Kogi Iron Limited is a Perth-based company with the objective of becoming an African iron ore producer through the development of its 100% owned Agbaja iron ore project located in Kogi State, Republic of Nigeria, West Africa ("Agbaja" or "Agbaja Project"). The Company has completed a Preliminary Feasibility Study which determined that the development and operation of a mine and processing plant at Agbaja to produce 5 Mtpa of iron ore concentrate is technically feasible, economically viable and socially and environmentally acceptable. Concentrate from Agbaja will initially be transported via river barge along the Niger River to the Gulf of Guinea and world export markets. The Company will continue to advance access and usage agreements for an existing under-utilised heavy haulage railway that runs from near the Agbaja Project to Port Warri. This existing railway remains an important part of a longer term transport solution for an expanded production profile.

In recent years Nigeria has sought to diversify its economy, which is dominated by hydrocarbons, into minerals and related industries. Nigeria is the largest country by population in Africa with a GDP growth rate of 7.2% in 2014. The country has very transparent and consistent mining regulations and very favourable fiscal terms for foreign investment in mining.

The Company holds a land position of approximately 400km² covering 16 tenements, with the main focus being EL12124 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 EL12124.



Forward-looking Statements

This announcement contains forward-looking statements which are identified by words such as 'anticipates', 'forecasts', 'may', 'will', 'could', 'believes', 'estimates', 'targets', 'expects', 'plan' or 'intends' and other similar words that involve risks and uncertainties. Indications of, and guidelines or outlook on, future earnings, distributions or financial position or performance and targets, estimates and assumptions in respect of production, prices, operating costs, results, capital expenditures, reserves and resources are also forward looking statements. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions and estimates regarding future events and actions that, while considered reasonable as at the date of this announcement and are expected to take place, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and management. We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and readers are cautioned not to place undue reliance on these forward-looking statements. These forward looking statements are subject to various risk factors that could cause actual events or results to differ materially from the events or results estimated, expressed or anticipated in these statements.

Competent Persons' Statements

The information in this announcement that relates to Mineral Resources at Agbaja is extracted from the ASX announcement entitled "Mineral Resources at Agbaja Increase 20% to 586MT includes an Indicated Resource of 466MT" and is available to view on www.kogiiron.com. The Company confirms that it is not aware of any information or data that materially affects the information included in the original market announcement and, in the case of estimated Mineral Resources or Ore Reserves, which all material assumptions and technical parameters underpinning the estimates in the relevant market announcement 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 announcement.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8 Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10, 01/05/2013

Name of entity

KOGI IRON LIMITED

ABN

28 001 894 033

Quarter ended ("current quarter")

30 September, 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation	(179)	(179)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(480)	(480)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	2	2
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other	-	-
Net Operating Cash Flows		(657)	(657)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity swaps	(850)	(850)
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity swaps settled	49	49
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Disposal of fixed assets	12	12
Net investing cash flows		(789)	(789)
1.13	Total operating and investing cash flows (carried forward)	(1,446)	(1,446)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,446)	(1,446)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	2,570	2,570
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other - payment of finance lease	-	-
1.19	Other - share issue costs	(190)	(190)
	Net financing cash flows	2,380	2,380
1.20	Net increase (decrease) in cash held	934	934
1.21			
1.22	Cash at beginning of quarter/year to date	117	117
	Exchange rate adjustments to item 1.20	(1)	(1)
	Cash at end of quarter	1,050	1,050

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	223
1.24	Aggregate amount of payments to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors remuneration

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount Available \$A'000	Amount Used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and Evaluation	150
4.2 Development	-
4.3 Production	-
4.4 Administration	150
Total	300

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,050	117
5.2 Deposits at call	-	-
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1,050	117

Changes in interest in mining tenements and petroleum tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements and petroleum tenements acquired or increased				

+ See chapter 19 for defined terms.

Issues and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security	Amount paid up per security
7.1 Partly paid ⁺securities				
7.2 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 ⁺Ordinary securities	424,569,836	376,669,836		Fully paid
7.4 Changes during quarter				
(a) Increases through issues	64,037,940	64,037,940	\$0.03	Fully paid
(b) Decreases through returns of capital, buy-backs				
7.5 ⁺Convertible debt securities (description)				
7.6 Changes during quarter				
(a) Increases through issues				
(b) Decreases through securities matured, converted				
7.7 Options				
	102,704,606	102,704,606	Exercise Price \$0.08	Expiry 31 May 2017
7.8 Issued during quarter	102,704,606	102,704,606	Nil	Exercise Price \$0.08, Expiry 31 May 2017

⁺ See chapter 19 for defined terms.

Mining exploration entity and oil and gas exploration entity quarterly report

7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance Statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to the ASX (see note 5).
- 2 This statement does ~~does not~~ give a true and fair view of the matters disclosed.

Sign here:



Dated: 31 October, 2014

Print Name: Shane Volk
(~~Director~~/Company Secretary)

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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