

Tuesday 30 June 2020

STAGED FUNDING TO UNDERPIN STEEL PROJECT'S COVID-19 RECOVERY PLAN

- Updated strategy includes lower risk initial Phase 1 250,000tpy Nigerian steel billet plant
- Plant's design and technical scope to allow expansion to original target output of 750,000tpy
- Completion by end calendar 2020 of US\$8m raising for BFS outcome

Australian-based iron ore and steel development company, Kogi Iron Limited (ASX: KFE) ("Kogi", "Kogi Iron" or the "Company"), has announced the Company will adopt a staged funding program to ensure the continued progress of its advanced Agbaja Cast Steel Project in Nigeria.

The new approach was detailed today in a market update prepared by Kogi Iron to be embedded from the start of the new financial year. It takes into account impacts of the COVID-19 pandemic in the 1H 2020 and the subsequent economic challenges that have emerged in Nigeria this year.

The updated strategy was sanctioned at Kogi's latest Board meeting and a Technical Committee meeting with the Company's advisor, Dr Ian Burston, AM.

The COVID-19 virus and related volatile equity market conditions globally have resulted in the Company being unable to raise equity by its target date of 30th June 2020. Additional impacts of the recent oil price shock are adversely affecting near-term growth in the Nigerian economy, though ongoing Government initiatives remain supportive of investment in infrastructure and the mining industry to diversify Nigeria's economic base.

As announced earlier in 2020, Kogi Iron estimates the completion of a Bankable Feasibility Study (BFS) for the Agbaja steel project will require approximately US\$8 million in funding. Given current equity market conditions, the Company has amended its expected timeline to the next 5-6 months to raise this full amount, with timing subject to no further decline in global equity markets.

Raising funds in the least dilutive manner may be best achieved by funding in stages, with initial funding sufficient to commence early work and focus on 'critical path' key value drivers:

- Technical – steel refining test work for removal of phosphorus
- Investment Policy – gas / electricity supply and market entry.

In parallel, Kogi's 'in-country' team will continue to progress the project's Environmental, Social and Governance engagement with local communities.

KFE Capital Summary Ordinary Shares: 774,462,336 Listed Options: 142,328,948 Share price: \$0.039 Market capitalisation: \$30.2m	Board of Directors and Management Mr Greg Boulton AM – <i>Non-Executive Chairman</i> Mr David Turvey – <i>Managing Director</i> Mr Peter Huljich – <i>Non-Executive Director</i> Mr Ray Ridge – <i>Chief Financial Officer and Company Secretary</i> Mr Alabi Samuel – <i>Country Manager, KCM Mining Limited, Nigeria</i>	Contact 10 George Street Stepney SA 5069 Tel: +61 8 7324 4047 E: info@kogiiron.com W: www.kogiiron.com
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Technical – steel test work

Tenova Pyromet South Africa Pty Ltd (Tenova) has presented a draft proposal to carry out the required steel test work and plant design engineering for the Agbaja Project BFS. This is being amended to take a staged approach, to be progressed as sufficient funds are raised. Discussions with Tenova, together with recommendations from Kogi's Technical Committee, have resulted in the Board prioritising short term activity to:

- Evaluation of building a steel plant producing 750,000 tonnes per year of steel billet on a phased approach, with a Phase 1 capacity of 250,000 tonnes. The steel plant design will use conventional, well established and 'simple to operate' technology, based on readily available inputs and raw materials.

This will enable the Company to de-risk the commissioning and operation of the plant, reduce lead times for the build and mitigate the impacts of the economic downturn in Nigeria.

- Confirmation of removal of phosphorous from the feedstock iron ore, on an industrial scale in the refining process step, based on the successful preliminary tests undertaken by Tenova / Mintek RSA announced on the 25th September 2018.

This further test work is important as it is envisaged that Kogi Iron will require any future contract for the design and construction of the steel plant to contain warranties that the plant will produce steel billets to industry specification. In turn, it is anticipated that these warranties will be required to secure project finance.

Investment Policy – gas / electricity supply and market entry

The Company will progress discussions with the Nigerian Government to identify and secure the most cost-effective sources and availability of power for the steel plant and, importantly, for expansion of production capacity to at least 750,000 tonnes per annum.

It is estimated that power will constitute between 40% to 45% of operating costs for the Agbaja Steel Project.

In conjunction, the Company is planning to work with international corporate advisory groups and steel market consultants on a domestic market entry strategy to align with Government objectives for replacement of steel imports. Kogi Iron's market entry strategy will involve investment policies designed to support growth of the domestic steel industry and the Nigerian economy.

International travel to Nigeria, from Australia, may not commence until 2021 and travel restrictions are delaying progress on these critical components of the Bankable Feasibility Study. In the interim, Kogi Iron is supported in Government relations and liaison by the KCM Mining Team, with input from its legal representatives, UUBO, Mr Kevin Joseph – advisor, and with the assistance of Ms Claire Ireland – Australia's High Commissioner to Nigeria.

Environmental, Social and Governance (ESG)

Kogi's Nigerian Country Manager, Mr Alabi Samuel, continues to work very closely with the Agbaja Plateau Community, including recent small-scale trial iron ore mining, contract local employment and related small-business opportunities.

Mr Kevin Joseph continues to provide expert advice in Government and Community relations at all levels, along with access to key industry contacts in mining, construction, infrastructure and logistics.

The Company's ESG credentials are key to developing a strong working relationship with Nigeria's Ministry of Mines and Steel Development (MMSD) and the World Bank MinDiver Project.

Kogi Iron Chairman, Mr Greg Boulton AM:

"We are disappointed the Company was unable to raise by our target date of 30 June, US\$8 million to fund the full completion of the BFS. However, we are confident there is sufficient interest from other parties that we can raise the funding to progress the BFS with a focus on delivery of the key value drivers for the Agbaja Steel Project."

"The Nigerian Government continues to reinforce that the country's steel Industry is critical for Nigeria's future. With our secured iron ore resource, steel expertise of our Managing Director and consultants / advisors, and the planning achieved to date, we are in a strong position to be the first producer of steel billet in Nigeria."

"The decision for Phase 1 capacity to be 250,000 tonnes per year mitigates many risks and protects shareholder value in Kogi Iron."

"We are all experiencing impacts from the COVID-19 pandemic and economic conditions that none of us have seen in our lifetime. However, the Board remains confident the various challenges and opportunities will be pursued with energy, vigour and positive outcomes."

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). This mineral resource covers approximately 20% of the prospective plateau area within ML24606 and ML24607.

Figure 1 – Location Plan: Agbaja Cast Steel Project. Nigeria.



Table 1 – Summary Grade and Tonnage for Agbaja Iron Ore Resource

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.