



HIGHLIGHTS

- ▶ Preliminary Feasibility Study now completed:
 - Development of a 5 Mtpa iron ore project is economically robust and technically viable
 - Highly attractive with IRR of 23.7% and pre-tax NPV of US\$420 million (@ 12% discount)
 - Capex estimate US\$497 million and capital intensity US\$99.4/t
 - Average operating cost US\$42.98/t concentrate FOB
 - Four year capital payback
 - Project ranks in the bottom quartile for capital intensity and the bottom half of the operating cost curve for magnetite projects
 - Definitive Feasibility Study (DFS) approved
- ▶ \$0.97 million raised via Share Purchase Plan
- ▶ 20% increase in Agbaja Mineral Resource to 586 million tonnes at 41.3% Fe
- ▶ Environmental and Social Impact Assessment Study completed, no impediments for mine development

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 2013. Kogi Iron is focused on becoming an African iron ore producer through the development of its 100% owned Agbaja iron ore project located in Kogi State, Republic of Nigeria (“Agbaja” or “Agbaja Project”).

During the quarter the focus for the Company was advancing study work to assess the development of the Agbaja Project, this work commenced as a Scoping Study in September 2013 and was upgraded to a Preliminary Feasibility Study (“PFS”) on 13 December 2013. On 29 January 2014 the Company was delighted to announce that the results of the PFS were positive and that the study had 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.

The Kogi Board has consequently approved for the Company to proceed to a Definitive Feasibility Study (“DFS”) as a precursor to a decision to mine at Agbaja. The DFS is expected to be completed by the end of Q4 2014.

The following is the Executive Summary from the Preliminary Feasibility Study Report:

“The PFS has been completed two months ahead of schedule which is testament to the hard work put in by the high quality team involved”
Iggy Tan, Managing Director.



PRELIMINARY FEASIBILITY STUDY

EXECUTIVE SUMMARY

Kogi Iron Limited (Kogi, Kogi Iron or the Company) is an Australian 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 holds 17 iron ore exploration licences in Kogi State, with the main focus being EL12124, which covers more than half of the Agbaja Plateau and within which is the Agbaja iron ore deposit.

This Preliminary Feasibility Study (PFS) assesses the technical and economic viability for the development of an iron ore mining and processing operation at Agbaja to produce 5.0 million tonnes of upgraded iron ore concentrate per annum.

1.1 MINERAL RESOURCES

The Agbaja Plateau hosts an extensive, shallow, flat-lying channel iron deposit and Mineral Resources currently estimated at 586 million tonnes at 41.3% Fe (within EL12124) (Agbaja Mineral Resource). The majority of the Mineral Resources are classified as Indicated (466 million tonnes at 41.4% Fe), the balance are classified as Inferred (120 million tonnes at 41.1% Fe).

The Agbaja Mineral Resource is one of the highest grade beneficiable iron ore resources in West Africa, yet the current resource covers only 20% of the Agbaja Plateau area within EL12124 that is considered prospective for channel iron mineralisation.

1.2 MAGNETITE IRON ORE DEPOSITS

Magnetite iron ore deposits generally grade around 25-40% Fe, however the Agbaja Mineral Resource is a unique sedimentary hosted magnetite deposit with a resource grade averaging 41.3% Fe, which with selective mining of higher grade material will provide a feed head grade of 45.7%, ranking it in the top quartile of magnetite projects world-wide with respect to resource grade.

Magnetite deposits are typically found in banded ironstone formations (BIFs), however Agbaja is unique in that it is a channel iron deposit (CID), with only two known similar deposits of this kind in the world. Typical BIF magnetite deposits require large amounts of energy intensive grinding to liberate the iron from its associated natural matrix, however the Agbaja CID material is relatively soft and friable and only requires moderate grinding, simple magnetic separation, and only a coarse grind particle size to liberate the iron. Consequently mining and processing costs for the Agbaja project are relative low compared to other magnetite projects. Agbaja's estimated total operating costs rank in the bottom half when compared to operating costs of all other magnetite projects.

1.3 PROJECT LOCATION

The Agbaja Plateau lies 15 km northwest of the city of Lokoja in Kogi State, and 165 km south west (highway) from Nigeria's capital city of Abuja. Lokoja has reticulated electrical power, cellular telephone networks, primary and secondary schools, hospitals and other amenities. Abuja, being the political capital of Nigeria is a well-established and serviced city; it has

a large international airport with daily flights to Europe, the middle-east and other African nations and is connected to Lokoja by a well maintained dual carriageway tarmac road (driving time ~2 hours).

Importantly, Agbaja is proximal to existing, under-utilised river and port infrastructure suitable for the transport of bulk commodities (such as iron ore concentrate).

A crucial ingredient to the commercial viability of an iron ore mine is access to bulk commodity transport infrastructure, which is one of Agbaja's key competitive advantages. Agbaja is uniquely positioned in terms of its proximity to two potential transport solutions for shipment of its iron ore concentrate; a barge loading point at Banda on the Niger River (within 20 km) and an existing heavy haulage railway line (within 80 km). Both barge and rail connect to the established export port of Warri on the Gulf of Guinea.



1.4 NIGERIA AND MINING

With a population of more than 170 million people, Nigeria is the largest and most populous country in Africa. In 2013 Nigeria had a GDP growth rate of 7.2% and is Africa's largest oil producer, with oil accounting for 95% of the country's exports. The country is now recognised as one of the fastest growing in the world and Citigroup has forecast Nigeria will grow to become the world's fifth largest economy by 2050. As one of the four "MINT" countries (Mexico, Indonesia, Nigeria and Turkey), which are set to replace the BRICs (Brazil, Russia, India and China) in terms of the world's fastest growing investment destinations, Nigeria is predicted to continue to rapidly diversify, grow and expand its economy in the coming decades. Standard Bank believes Nigeria has the fastest growing economy of all of the MINT countries and has the strongest fiscal balance, lowest public debt, and is the only country in the MINT group with a Current Account surplus.



Experts believe that the Nigerian Government's ability to implement market-oriented reforms such as modernisation of the banking systems and the recent elimination of subsidies (as urged by the International Monetary Fund) have played vital roles in positioning the country for a "take off". Recent reports put Nigeria's foreign direct investment (FDI) at US\$8.9 billion, which is estimated to account for 16% of Africa's total FDI.

As a result of its reliance on oil, the Nigerian Government has sought to diversify its economy and is working hard to encourage new forms of investment and the mining sector is one of the highest priority industries. In 2007 the country adopted a new mining act (the Nigerian Minerals and Mining Act, 2007), which was followed in 2011 by the Nigerian Minerals and Mining Regulations. Both the mining act and the mining regulations are highly transparent and internationally competitive; the government has positioned itself as a regulator of the mining industry (and not legislated mandatory government participation), and it allows 100% foreign ownership of Nigerian company's seeking to develop mining projects. Fiscal terms are competitive with a 30% company tax rate, 3% ad valorem royalty on iron ore and there are numerous incentives for mining operators such as import and customs duty exemption and a three year tax free holiday.

Nigeria is richly endowed with natural resources and Kogi Iron has secured a first mover advantage in the iron ore sector at Agbaja, which has the potential to become a significant resource project for the country.



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1.5 MINE DEVELOPMENT, PROCESSING AND CONCENTRATE PRODUCTION

1.5.1 Mine Layout and Mining Plan

Two mining areas (Stage 1 and Stage 2) have been identified, pits have been designed, and material movement schedules completed. A proposed processing plant site location has also been identified; it is in the north east portion of the area covered by the Agbaja Mineral Resource and was selected based on its central location between the two areas identified for mining operations.

The Stage 1 mining area is approximately 7.2 km² and is west of the plant site and contains approximately 158 Mt of Indicated Mineral Resources. Targeting the magnetic fraction of the Indicated Mineral Resource, the average grade of material identified for mining is estimated at 46.1% Fe, with a corresponding strip ratio of approximately 0.55 to 1. As currently designed this area will provide processing plant feed for an initial 15 years at the planned concentrate production rate of 5 Mtpa.

The Stage 2 mining area is approximately 2.2 km² and is to the east of the plant site. This area is estimated to contain approximately 66 Mt of the Indicated Mineral Resources. The average grade of material is estimated at 44.8% Fe, with a strip ratio of approximately 0.56 to 1. This area will provide processing plant feed for an additional 6 years, bringing the combined plant feed from the two areas to 21 years (at concentrate production rate of 5 Mtpa).

With a life-of-mine average strip ration of 0.55 to 1 (on Indicated Mineral Resources), mining costs for the 21 years of operations will be low, a distinct advantage of the project.

1.5.2 Mining Operations

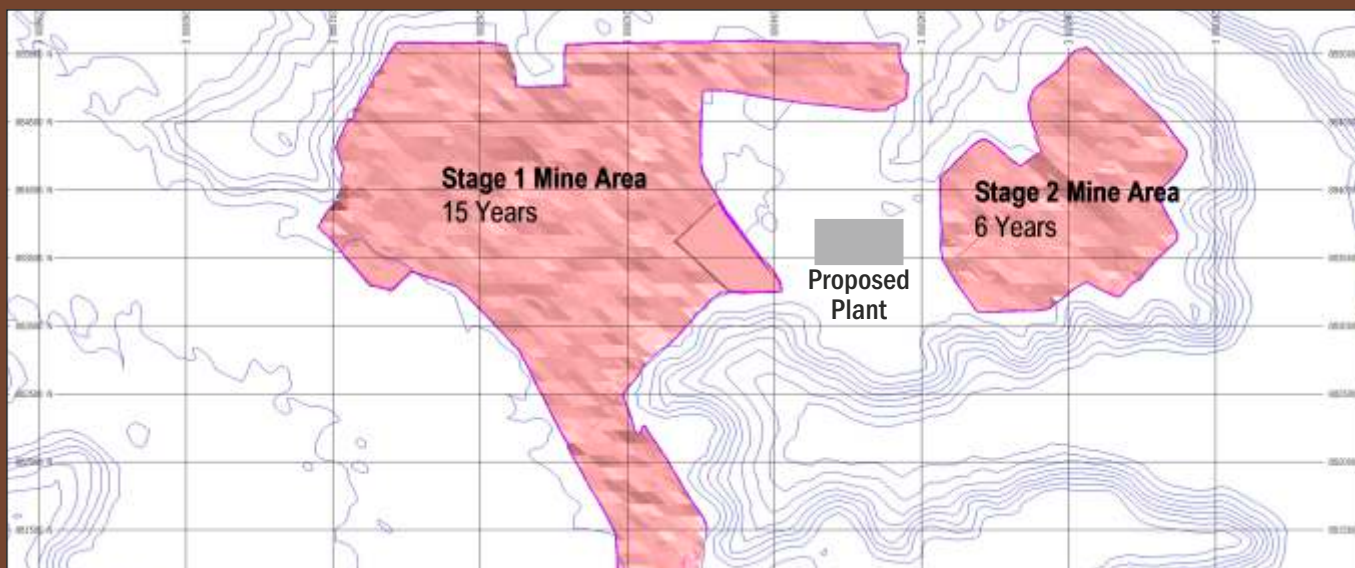
Kogi has opted for a mining contractor to conduct all site development, overburden and waste removal, open-pit mining including site rehabilitation, haulage and ore feed to a primary crusher. Mining operations will be conducted on a 24/7, 365 days per year basis and it is envisaged that production drilling and blasting will not be required, as all material is regarded as soft and friable, and amenable to “free-dig”.

In response to requests for proposals to various mining contractors (based on initial mine design and materials movement schedules), the Company has received detailed proposals from three mining contractors, two of which have West African contract mining experience. The three proposals were relatively similar in terms of approach and total overall cost. A typical mining fleet recommended by the contractors include: 1 x R9250 Excavator; 1 x R984C Excavator; 9 x 777D/F Dump Trucks; 3 x D9R Dozers; 1 x 330E Excavator / Rockbreaker; 2 x 16M Graders; 2 x 773D WT Water Trucks; and 1 x RC GC Drill Rig. Mining contractor staff numbers are in the region of 224 people, consisting of 30 staff, 149 operators and 45 maintenance personnel.

Mining costs, inclusive of all contract mining costs (overburden and mineralised material) and owner's costs used in the PFS financial model are US\$3.69/t of material feed to the processing plant, equating to US\$8.12/t of iron ore concentrate produced.

The low cost per tonne of plant feed is a reflection of the low 0.55:1 strip ratio, the softness of the Agbaja material, the short haul distances from pit to plant and pit to waste disposal points, African labor rates and the competitive pricing received from the mining contractors. These factors have always been a distinct advantage of the Agbaja Project; they have now been quantified and recognised in the PFS.

FIGURE 1: PROPOSED MINING AREA AND PLANT SITE



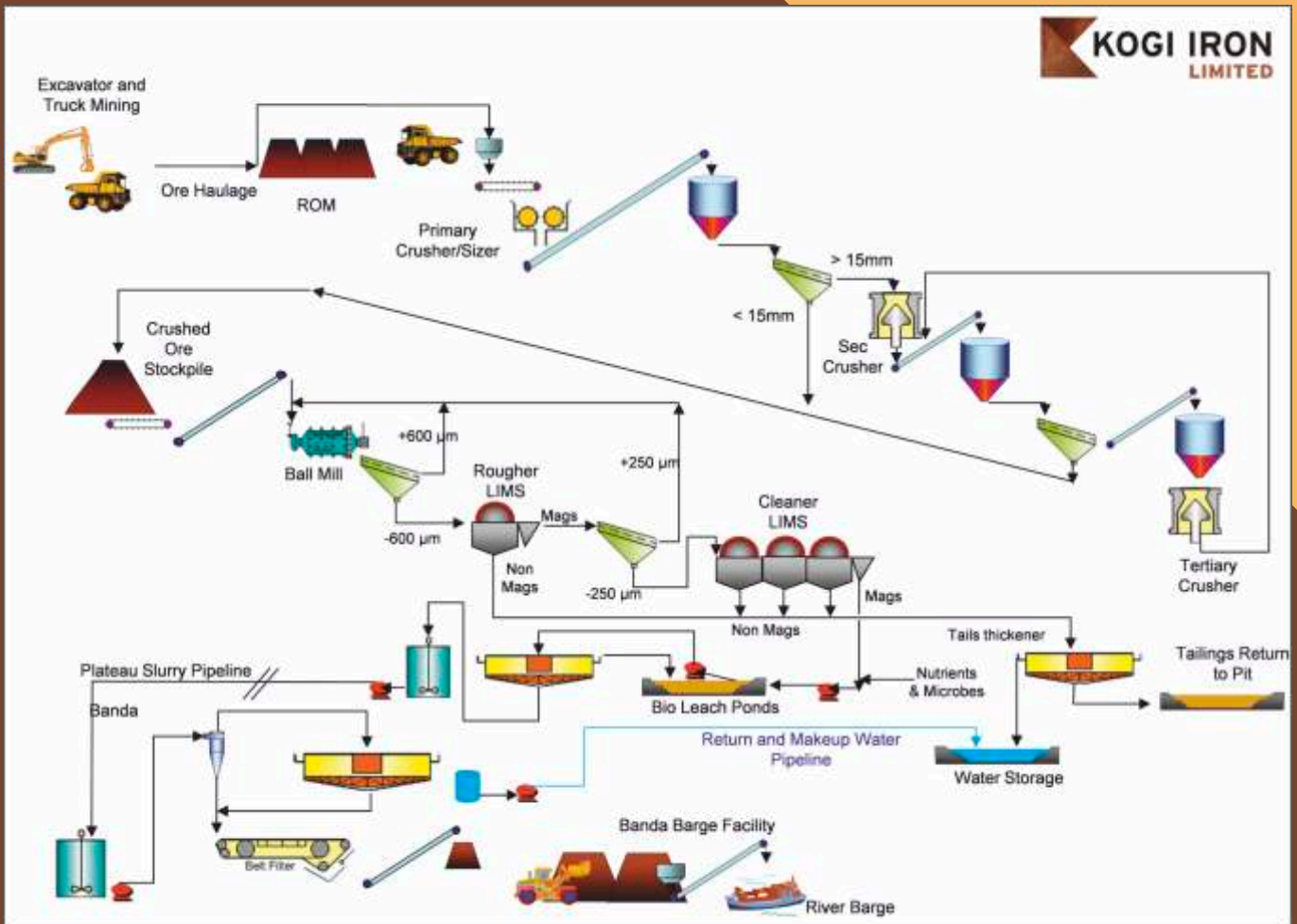


FIGURE 1: PROCESS FLOW SHEET SCHEMATIC

1.5.3 Metallurgy and Processing

The processing plant design has been finalised based on a variety of test work programs carried out by Tenova Mining and Minerals (“Tenova”) and considers results from earlier metallurgical test work programs conducted by both Tenova and Trical Mining and Metallurgical Services (“Trical”).

Tenova's PFS test work focused on subjecting the mineralised Agbaja material to proven simple physical separation techniques to produce an iron ore concentrate with the best possible finished product specifications. Test work found that the iron contained in the mineralised material begins to liberate at a size below about 1mm, so a primary grind size of 600 micron has been selected for the processing plant, with a final grind size at a relatively coarse 250 micron.

Grinding will be followed by Low Intensity Magnetic Separation (LIMS) which is a robust, high capacity and well established mineral processing technology. For the Agbaja material, laboratory testing of LIMS has demonstrated sound primary separation of iron bearing material for a reasonable final product grade and yield after regrinding of the material. Yield is expected to be ~45%, for a final iron ore concentrate grade of ~56% Fe.

Processing Flow Sheet Description

A three stage crushing circuit has been designed, comprising of two double deck banana scaling screens, one primary crusher/sizer, one secondary cone crusher, two tertiary crushers and three single deck final product screens, delivering a <15 mm product (P80) to a conical mill feed stockpile (See Figure 1). The nominal throughput of the plant is 1,894 t/hr to achieve 11.1 Mtpa of feed. It is envisaged that crusher feed will be received in a primary crusher directly from the mine via dump trucks for the first stage of size reduction. From the primary crusher, material will report to an apron feeder sizer with >15 mm material proceeding to secondary crushing and <15mm material feeding a ball mill via a 38,000t live stockpile.

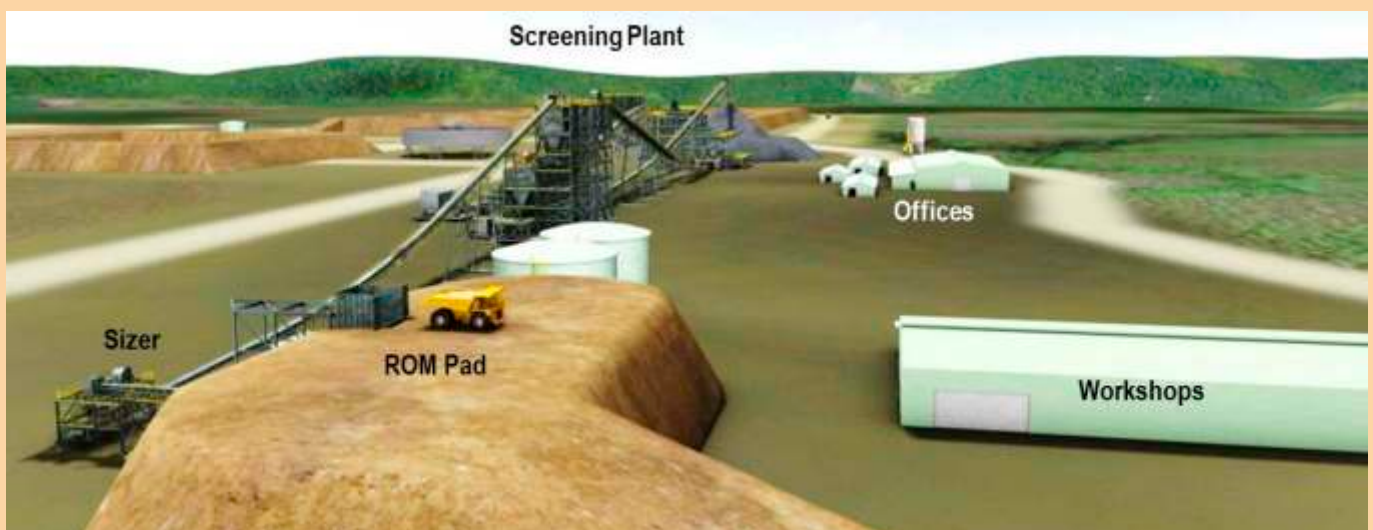
The >15 mm crushed material will be screened by a 3.0 m wide by 7.3 m long double deck banana screen with the oversize and middlings (>15 mm) from both decks conveyed to a secondary cone crusher. The secondary crushed product will be screened by three 3.0 m by 7.3 m single deck banana screens and oversize material sent to third stage crushing consisting of two HP800 cone crushers. Discharge from the tertiary crusher will be combined with the secondary crusher feed.

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The milling circuit will consist of one 6.7m diameter by 9.2m long ball mill with dual 4,500kW drives, operating in closed circuit with 30 multi-deck screens for classification of the solids. New feed to the grinding circuit will be reclaimed from the material stockpile by vibratory stockpile dischargers and conveyed to the mill hopper where it will be blended with screened mill oversize and Rougher Magnetic Separators (RMS) concentrate oversize. The mill will be sized to process a nominal, 3,900 t/hr of solids based on a circulating load of 100% of new feed of 1,590 t/hr. Mill discharge slurry density will be maintained at 70% solids by the controlled addition of water to the mill feed chute, and water addition to the mill discharge hopper will be controlled to ensure 50% solids density in the feed to one of the six sets of five multi deck screens. The objective of the multi-deck screen is to produce feed to the downstream Rougher Magnetic Separators (RMS) circuit from the undersize at a P80 of 250 μm . The oversize material (>250 μm) from the multi-deck screens will be returned to the ball mill. The underflow from the multi-deck screens will be collected, maintained at 35% density and fed to the RMS circuit.

Each RMS unit will be a single drum, low intensity magnetic separator (LIMS), counter current and operating under approximately 2000 Gauss magnetic strength at a distance of 50mm from the drum surface. The resulting concentrate (magnetic stream) is expected to recover 67% of the feed to the circuit and produce concentrate slurry at 60% solids density. The RMS product will be fed to a cleaner magnetic separation circuit (CMS) consisting of three four-way gravity distributors feeding a total of 12 triple drum magnetic separators. Each CMS unit will be a triple drum, LIMS, counter current and operating at approximately 2000 Gauss magnetic strength at a distance of 50mm from the drum surface.

PROPOSED OVERALL PLANT LAYOUT AT AGBAJA



The RMS concentrate will be upgraded by the CMS to a final Fe grade of 56%, with the non-magnetics reporting to tailings. The CMS is expected produce 5.0 Mtpa of concentrate to undergo microbial treatment to reduce the phosphorous content to 0.25% in open swimming pool style vats. Once the phosphorus levels have reached the targeted level, the slurry will be pumped out of the vats and thickened for pumping and transport to the Banda barge loading facility.

The slurry concentrate received at the Banda barge loading facility will be vacuum filtered and washed with water before being conveyed to the concentrate product load-out station at a maximum moisture content of less than 10% before being loaded onto river barges for transport. Recovered water will be returned back to the processing plant by pipeline with additional process water sourced from the Niger River.

It is envisaged that power for the Agbaja site will be provided by a dedicated natural gas fired power station. Dedicated diesel fired generators will service the Banda barging facility and the Escravos transfer station. Natural gas is the preferred energy solution for power generation for Agbaja, as it is an environmentally friendly solution supported by the Nigerian Government in its drive to increase the utilisation of the country's natural gas, much of which is currently flared as a bi-product of crude oil production. Of potential benefit to the project is an un-utilised natural gas pipeline that runs from the northern part of the prolific oil and gas province in the Niger Delta, close to the proposed processing plant site.

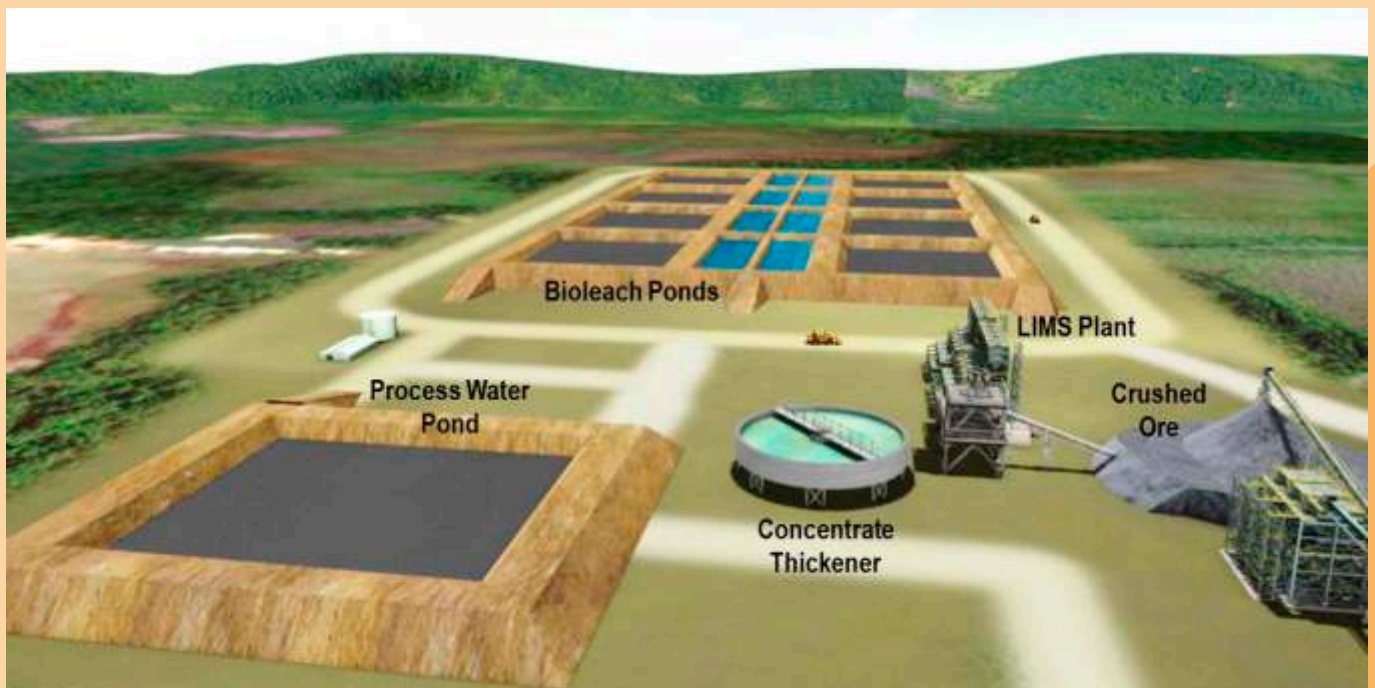
Processing and maintenance costs used in the PFS financial model is US\$6.31 per tonne of plant feed, equating to US\$13.96 per tonne of concentrate produced.



TYPICAL LIMS UNITS USED IN IRON ORE INDUSTRY



PROPOSED BIOLEACH CIRCUIT AT AGBAJA



PRELIMINARY FEASIBILITY STUDY

1.6 BARGING AND TRANSHIPMENT

It is widely accepted that barging is a lower cost form of bulk commodity transport compared to rail and trucking. Various studies have examined the economics of these three transport modes, and one study identified that rail cost is around 2 to 2.5 times more than that of barging. The study work commissioned by Kogi has demonstrated that the barging and transshipment of iron ore concentrate from Banda via the Niger River to the Gulf of Guinea is not only feasible, but highly economical.

The concentrate slurry will be filtered at Banda to have a moisture content of less than 10%, and conveyed to a covered stockpile. Barge loading will be by a travelling, luffing, telescoping barge loader filling Mississippi type barges, in a configuration of four barges. This configuration will have dimensions of 21 m beam by 286 m long and designed to carry loads of 4800 t to 8000 t depending on river water levels. The river barge configuration will be propelled by shallow draft four engine push boats with a preferred speed of 10 knots. The iron ore concentrate will be transported around 602 km from Banda along the Niger River to the Escravos Transfer Station in the Niger Delta, the travel time will be approximately 33 hours.

At the Escravos Transfer Station the concentrate will be transferred into a 20 000 t self-propelled and self-unloading ocean going barge. The ocean barge will transfer the concentrate to a floating transshipment storage facility in the Gulf of Guinea around 33 km away. The floating transshipment facility will have a storage capacity of 200 000 t of concentrate and allow the loading of Panamax and Cape size ships to the markets of the world.

The Free on Board (FOB) barging cost including lease of tugs, river and ocean barges and a transshipment facility and owner's costs is estimated at US\$18.77/dmt of concentrate or a rate of 2.96 c/t/km.

1.7 OPERATIONS MANAGEMENT

It is envisaged that the bulk of the workforce required for the project will be sourced from within Nigeria. Recruitment of site management and personnel for specialist roles will be from those industry markets (within Nigeria) where mining industry like skills may be available (such as oil and gas, civil construction and quarrying). The overall employment philosophy is “employ at the gate”, which means that all employees will meet their own accommodation requirements, the aim is for the Company not to provide accommodation for its employees. The majority of the workforce will be hired locally from Kogi State where possible. A full business unit organisational structure is provided for. The total manning is estimated to be 541 personnel consisting of 274 Kogi staff, 224 mining contractor staff and 43 other contractors.



BALL MILLING AND LIMS PLANT



RIVER BARGING CONFIGURATION



PROPOSED ESCRAVOS TRANSFER STATION



PROPOSED FLOATING TRANSHIPMENT FACILITY IN GULF OF GUINEA

1.8 ENVIRONMENTAL AND SOCIAL IMPACT

The Company has completed an Environmental and Social Impact Assessment (ESIA) which is a key component of this PFS. The ESIA work was conducted by Greenwater Environmental Services Limited (Greenwater) and commenced in January 2013. The ESIA concluded that there are no environmental or social impediments for the development of the Agbaja Project. In terms of environmental impact, the ESIA reported that the areas directly affected by Kogi Iron's proposed mining and processing activities are predominantly low value scrub land and savannah woodland intercepted by grasslands, all of which have limited agricultural use or environmental significance. There were no rare or endangered species of flora or fauna identified in the proposed mine and operational areas, and furthermore the ESIA stated that anticipated environmental impacts from planned mining, processing and associated activities can be mitigated and managed via the requisite Environmental Management Plan, submitted as part of the ESIA.

The overall assessment of the potential and associated social impacts of the Agbaja Project was positive. The ESIA gauged that the project would positively impact the local stakeholder economy and the Local Government area and communities of the Agbaja Plateau generally, with similar positive impacts on Kogi State and Nigeria. The proposed mine development will contribute to socio-economic development within the host communities and result in economic empowerment for the indigenes and residents of the Agbaja Plateau, predominantly by way of direct and indirect employment opportunities (including contract opportunities during the construction and operational phases of the proposed mine).

1.9 GOVERNMENT AND COMMUNITY PARTNERSHIP

The Company works closely with the Ministry of Mines and Steel Development and all the departments of the Ministry that are concerned with monitoring the progress of the Project, specifically the Minister's office, the Mining Cadastre office, and the Mines Inspectorates Office. Kogi Iron is encouraged by the strong support shown for the development plans of the Agbaja Project and believes that Kogi has been identified as a leader of Nigeria's burgeoning mining industry.

Kogi, through its Nigerian team has established very strong local relationships with all of the Agbaja communities, building on the initial land consent agreements that were entered into. One of the key principals incorporated in the consent agreements was the engagement of local employees, and consistent with this principal currently 75% of Kogi's Nigerian employees are indigenous to the Agbaja Plateau and the remaining 25% are indigenous to Kogi State. Kogi Iron also ensures high levels of local content in its operations where possible, with procurement from local suppliers and service providers. Supporting the social development initiatives of local communities is integral to the way Kogi Iron operates in Nigeria. Ongoing support is provided to locally appointed committees and traditional rulers in their social development endeavours, this has assisted in improving local infrastructure and services, and consequently the well-being of the respective communities.



PRELIMINARY FEASIBILITY STUDY

1.10 CAPITAL COSTS

The major capital cost component for the project is the processing facility and associated infrastructure. The engineering design and cost estimates for this facility has been carried out by Tenova Mining and Minerals (“Tenova”). Tenova is a total integrated solutions provider to the global mining, bulk material handling and minerals beneficiation and processing sectors. Tenova assesses its capital estimate for the plant to be accurate to $\pm 30\%$.

Major equipment costs were based on budget quotations from single source suppliers (18% of total estimate). The balance of the remaining equipment was derived from Tenova knowledge of similar projects and historical databases (17% of total estimate). Platework items and buildings have been quantified from the mechanical equipment list and general arrangement drawings, with supply rates and installation durations using similar locality historical data (37% of total estimate). Concrete, steelwork, pipework and electrical/instrumentation allowances have been applied as a factored percentage per the cost of mechanical equipment on a facility by facility basis (22% of total estimate). The Concentrate Pipelines, Banda Barge Facility Infrastructure, Escravos Transfer Facility Infrastructure and general process plant and off-site infrastructure costs were provided by other consultants.

TABLE 1: CAPITAL COSTS ESTIMATES

Item	US\$M
Mine Development	11.9
Processing Plant	132.7
Pipeline, Banda & Escravos	120.2
Utilities and Infrastructure	108.2
Insurance , IT, First Fills, Spares	32.5
EPCM	46.5
Contingency	45.1
Total Capital Costs	497.1
Capital Cost Intensity /t	US\$ 99.4 /t

1.11 OPERATING COSTS

The following operating costs assumptions were used in the PFS financial model:

- Mining operating costs were based on three budget submission proposals by three leading mining contractors, with Africa experience.
- Power costs are based on equipment and plant power loads and the operating units of the power supplier. Natural gas is assumed to be used as the fuel source for the Agbaja Plateau power plant under a proposal from a potential natural gas supplier.
- Plant operating costs are based on a study by Tenova.
- Pipeline pumping cost was from a study by Patterson and Cooke.
- Barging and transshipping costs were based on study by PRDW.

TABLE 2: OPERATING COSTS ESTIMATES

Operating Costs	Concentrate US\$/t
Mining	8.12
Processing incl. pipeline	13.96
Barging (FOB)	18.77
General and Administration	2.13
Total Operating Costs (FOB)	42.98

1.12 PROJECT IMPLEMENTATION

The next phase of the project development is the completion of a Definitive Feasibility Study (DFS) and approval of the Environmental and Social Impact Assessment by Nigerian authorities. The DFS is expected to be completed by end of Q4 2014.

On completion of a positive DFS, the Company will appoint an EPCM (engineering, procurement and construction management) contractor to undertake the design, procurement, construction supervision and basic project administrative tasks for the process plant and selected infrastructure. The construction schedule duration is 76 weeks from the time of appointment of the EPCM contractor, until the commencement of commissioning. Assuming a favourable DFS, mining lease grant and project finance being finalised by the end of 2014, long lead orders could be placed in Q1 2015 and construction commenced thereafter with first product being available between the end of Q4 2016 and early Q1 2017.

1.13 IRON ORE MARKET OUTLOOK

Kogi's market consultant AME expects that going forward China will have a greater reliance on seaborne iron ore imports, particularly as domestic grades continue to fall. China's seaborne iron ore demand growth is expected to be the strongest over the short term as an accelerated decline in domestic iron ore concentrate production forces steel production capacity to source a greater portion of feed from the seaborne market. In the long term, global iron ore demand is expected to grow, driven primarily by increasing demand from the developing world (excluding China), and in particular other Asian countries such as India, Indonesia and Vietnam as industrialisation in these countries leads to greater infrastructure development and higher incomes, promoting underlying steel demand growth. AME believes that the scope for steel consumption growth in these countries is substantial, particularly in India.

1.14 WEST AFRICA - THE NEXT IRON ORE HUB

Kogi supports the view of Investec Bank who have proposed that West Africa has the potential to become the next global iron ore hub, underpinned by ongoing Chinese demand for seaborne iron ore. The reasons supporting this belief include the following:

- West African presents an opportunity to break the current iron ore supply oligopoly, as many quality iron ore deposits in the region are held by others.
- China is over-dependent on iron ore imports from Australia and Brazil, the development of West Africa would assist in alleviating this dependence.
- China is likely to continue to see downward pressure on domestic iron ore grades, resulting in increased demand for imports.
- There is more "low hanging fruit" in West Africa in terms of large scale, low cost, long life deposits.
- Many West Africa deposits have low strip ratios and consequently competitive mining and processing costs.
- Additional production is required to offset a decline in the India seaborne output.
- Many undeveloped West African projects are proximal to port/rail infrastructure.
- It has lower capital intensity and operating costs opportunities compared to Australia and Brazil.
- China is uniquely positioned to partner in infrastructure development (rail especially), in parallel with mine development.



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1.15 KOGI PRODUCT AND PRICE FORECAST

Based on metallurgical test-work and processing plant design incorporating bioleaching the typical indicative analysis of the proposed Agbaja Fines product is detailed in Table 3.

Agbaja Fines will have the advantage of low silica content, which will strongly appeal to Asian customers. The product will also have the advantage of low impurities such as alkalis (K₂O+Na₂O) which can cause significant blast furnace operational problems and compares favourably to the South African ores which have high alkali levels. The titanium level of the Agbaja Fines is also low, which contributes to the production of a more fluid slag. For a magnetite concentrate Agbaja Fines will be quite coarse, which makes the product more attractive for sintering and is in the size range of concentrates commonly sintered in China. The LOI (Loss on Ignition) of 7.28% results in a calcined Fe value of 60.4%.

Agbaja Fines is an ideal blend with high silica, low phosphorous product from the Pilbara (Australia) and Brazil bringing the overall silica, alumina and phosphorus levels down of the blended product. Based on market feedback, the product is saleable and Kogi expects some price discount for phosphorous and alumina.

Kogi's long term price forecast for its Agbaja Fines (56% Fe) product is US\$73/dmt FOB, Nigeria. This equates to an iron ore fines 58% Fe - CFR Tianjin Port (China) price of US\$103/dmt (including discounts). A more detailed marketing analysis and strategy will be carried out in the DFS and will include sintering testing, individual bulk samples for prospective customers and a full Value in Use analysis for a more complete evaluation of the product.

1.16 FINANCIAL EVALUATION

Cash flow modelling of the proposed operation shows a pre-tax, equity Net Present Value for the project of US\$420 million (at discount rate of 12%) with total EBITDA cash flow generated over the 21 year project life of US\$2.854 billion. The cash flow model utilises real dollars as its basis and thus does not factor any inflationary impact on revenue or expenses, and a discount rate of 12% was used for NPV determination. The pre-tax Internal Rate of Return is 23.7%.

Based on total capital expenditure of US\$497 million and full year production cash flow of US\$136 million (average), the project has a payback period (excluding financing costs) of 4 years. A long term forecast price of US\$73 per tonne FOB Nigeria (56% Fe, with discounts) has been used. The project generates an average of US\$365 million of sales revenue per annum.

As expected, the project is sensitive to iron ore price and operating costs. To a lesser extent the project is sensitive to capital costs.

Component	%
Fe	56.0
SiO ₂	3.8
Al ₂ O ₃	6.6
P	0.25
LOI (1000)	7.28
Sizing P80	193µm

TABLE 3: AGBAJA FINES – INDICATIVE ANALYSIS



FIGURE 2: KOGI'S LONG TERM PRICE FORECAST VS 5 YEAR 58% FINES CFR TIANJIN PRICE

Item	US\$/dmt
58% Fe CFR Price (LT Forecast)	110
Shipping Nigeria to China	(25)
FOB Nigeria for 58% w/o disc	85
Discount	(7)
FOB Nigeria for 58% w disc	78
Price adjustment @ \$2.5 per Fe Unit	(5)
FOB Nigeria for 56% (w disc)	73
Equal 58% Fe CFR China (\$1.77 dmtu)	103

TABLE 4: FOB PRICE NIGERIA FOR AGBAJA FINES (56%)

Financial Results Pre-tax, without financing	Discount	Result
Net Present Value	10%	US\$574 M
	12%	US\$420 M
	14%	US\$302 M
Internal Rate of Return		23.7%
Pay back		4 Years
EBITDA (Ave pa)		US\$136 M pa
Gross Margin (per tonne)		US\$30/t

TABLE 5: FINANCIAL RESULTS

1.17 FINANCIAL EVALUATION DISCUSSION

The Agbaja Project is a robust and attractive project. The payback of the project is excellent at 4 years with a net present value of US\$420 million (@ 12% discount) and Internal Rate of Return of 23.7%.

PRELIMINARY FEASIBILITY STUDY

TABLE 6: SENSITIVITY ANALYSIS

Financial Results Pre-tax, without financing	% Change	Value	NPV Change	NPV @ 12 %
Iron Ore Price	+10%	US\$80/t FOB	+ 50%	US\$630 M
	0%	US\$73/t FOB	0 %	US\$420 M
	-10%	US\$66/t FOB	- 50%	US\$211 M
Capital Costs	+10%	US\$547 M	- 11%	US\$373 M
	0%	US\$497 M	0 %	US\$420 M
	-10%	US\$447 M	+11%	US\$469 M
Opex Costs	+10%	US\$47/t FOB	- 31%	US\$291 M
	0%	US\$43/t FOB	0 %	US\$420 M
	-10%	US\$38/t FOB	+31%	US\$548 M

Operating Costs

The Agbaja Project operating costs of a low US\$43/t also ranks in the bottom half for magnetite projects around the world. The operating costs are also more in line with those of DSO hematite iron ore projects, primarily due to the low strip ratio, moderate grinding, simple processing, and the low cost barging transport solution.

1.18 COMPETITIVE ANALYSIS

Both the capital intensity and operating costs per tonne for the Agbaja Project compare favourably with other planned or recently developed iron ore projects, as shown in Figure 3.

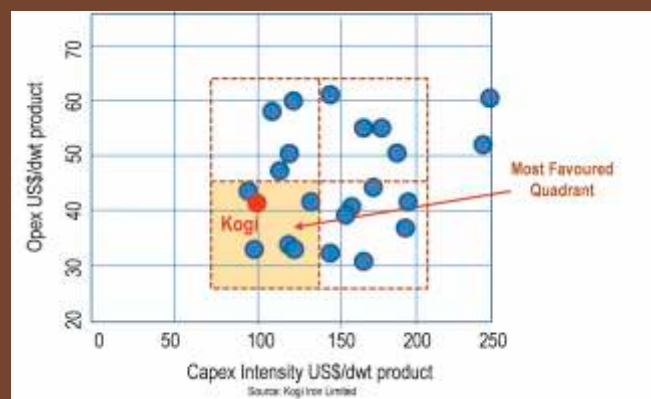


FIGURE 3: COST PROFILE AND CAPITAL INTENSITY MATRIX - MAGNETITE PROJECTS

Capital Intensity

The Agbaja Project capital intensity of a low US\$99/t ranks in the bottom quartile for magnetite projects around the world (see Figure 5). The Capital intensity is comparable to DSO hematite iron ore projects. The main reason for the low capital costs are soft ore, simple processing, and the river transport system.

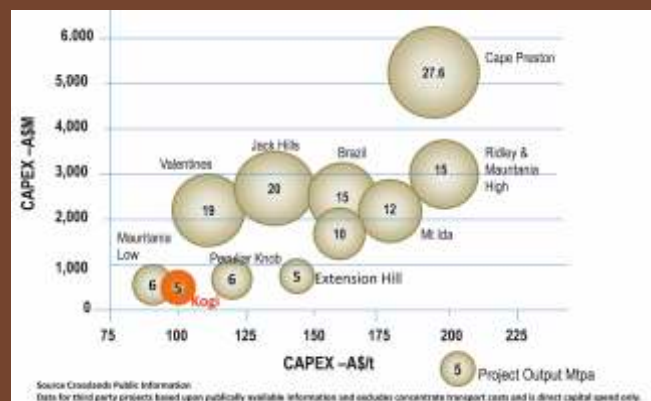


FIGURE 5: CAPEX AND CAPITAL INTENSITY - MAGNETITE PROJECTS

Most Favoured Quadrant

The Agbaja Project is positioned in the most favoured cost profile and lowest Capital Intensity Matrix quadrant (bottom left quadrant) which reflects in the overall potential and attractiveness of the project.

1.19 PROJECT RISK

An Integrated Risk Assessment has been undertaken on the project. This assessment included both a qualitative and a quantitative analysis of the risks and uncertainties associated with the project. The objective of the risk analysis was to identify and prioritise the risks involved with the project, build a comprehensive list of potential risks and identify mitigation actions to manage the high risk items.

It is relevant that the Agbaja Project may provide Kogi with future expansion upside, in 5 Mtpa expansion modules and with very significant financial upside. The strategy is to establish a robust project producing positive cash flows, which will then enable the Company to leverage itself to take advantage of the modular expansion potential.



1.20 CONCLUSION AND RECOMMENDATIONS

This Preliminary Feasibility Study (PFS), which commenced as a Scoping Study in September 2013, is the first time that a comprehensive study has been conducted into the viability of the commercial development of the Agbaja Plateau iron ore deposit in Nigeria.

The Agbaja Mineral Resource is one of the highest grade beneficiable iron ore resources in West Africa with massive scale potential. A crucial ingredient to the commercial viability of an iron ore mine is access to bulk commodity transport infrastructure, which is one of Agbaja's key competitive advantages.

The Agbaja Project is a robust and attractive project. The payback of the project is excellent at 4 years with a net present value of US\$420 million (@ 12% discount) and Internal Rate of Return of 23.7%. The Agbaja Project ranks in the bottom quartile for capital intensity and bottom half of operating cost curve of magnetite projects around the world. The Agbaja Project is positioned in the most favoured cost profile and lowest Capital Intensity Matrix quadrant (bottom left quadrant) which reflects in the overall potential and attractiveness of the project.

Considering the technical and commercial analysis presented in the PFS, it is recommended that the Company proceed towards mine development at Agbaja by completion of a Definitive Feasibility Study (DFS).

Other key activities for the Company during the quarter included:

SHARE PURCHASE PLAN RAISED \$0.97M

On 30 October 2013 the Company advised it had raised \$0.97 million via a Share Purchase Plan ("SPP"). This followed an earlier capital raising of \$1.2 million, completed on 25 September 2013 via share placement to sophisticated and professional investors. The combined capital raisings of \$2.17 million enabled the Company to commence a Scoping Study (upgraded to a Preliminary Feasibility Study) for the Agbaja Project. The Kogi Iron Board acknowledges the support of shareholders in the both the share placement and the SPP. Kogi Iron Chairman Dr Ian Burston and Non-Executive Director Mr Don Carroll each participated in the share placement through individual investments of \$500,000 and \$100,000 respectively. These investments were approved by shareholders at the Company's Annual General Meeting which was held on 29 November 2013 in Perth.

MINERAL RESOURCES INCREASE TO 586 MILLION TONNES

The Company announced a substantial increase in the estimated Mineral Resources for the Agbaja Project during the quarter. The global Mineral Resource for Agbaja increased 20% from the previous estimate of 488 million tonnes, to 586 million tonnes with an in-situ iron grade of 41.3% ("Updated Mineral Resource").

Importantly, the Updated Mineral Resource includes for the first time an Indicated Mineral Resources of 466 million tonnes at 41.4% Fe, with the balance of the Mineral Resources classified as Inferred (120 million tonnes at 41.1% Fe)(refer Table 1).

The Updated Mineral Resource was reported in accordance with the JORC Code (2012) and was compiled by Mr David Slater from independent, international consultancy, Coffey Mining Pty Ltd ("Coffey") and Dr Warwick Crowe from International Geoscience Pty Ltd.

The Updated Mineral Resource is an important milestone in Kogi's vision to be an African iron ore producer. Of particular significance is the classification of 466 million tonnes of resources as Indicated which demonstrates an increased level of geological confidence in the Agbaja deposit and provided a solid platform upon which the Company based its Preliminary Feasibility Study.

OTHER KEY ACTIVITIES

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

TABLE 1: AGBAJA MINERAL RESOURCES INCLUDING SUMMARY GRADE TONNAGE FOR LATERITE (ZONE A) AND OOLITIC (ZONE B) HORIZONS (20% FE LOWER CUTOFF IS APPLIED)

To date Kogi Iron has drilled only 20% of the area prospective for channel iron mineralisation within EL12124 on the Agbaja Plateau, demonstrating the tremendous potential scale of the iron mineralisation on the Plateau. The Indicated Mineral Resource as it currently stands has the potential to support a long term mining operation producing in excess of the 5 Mtpa of iron ore concentrate contemplated in the Preliminary Feasibility Study. The average iron grade of 41.4% for the Indicated Resource ranks Agbaja as one of the highest grade, beneficiable iron ore deposits in West Africa which sets it apart from other projects.

ENVIRONMENTAL AND SOCIAL IMPACT STUDY

During the quarter, the Company completed the Environmental and Social Impact Assessment ("ESIA") for the Agbaja Project, on schedule. The ESIA work was conducted by Greenwater Environmental Services Limited ("Greenwater") and commenced in January 2013, the ESIA concluded that there are no environmental or social impediments for the development of the Agbaja Project.

The Company will submit the ESIA to the Federal Ministry of Environment in January 2014, where there will be a mandatory 21 working day public exposure period, followed by a panel review of the ESIA conducted by the Nigerian Federal Ministry of Environment and Mines Environmental Compliance Department. Approval of the ESIA is anticipated at the completion of this process.

CORPORATE

On 31 December 2013 the Company had cash at bank of approximately \$1.2 million.

On 29 November 2013 the company held its Annual General Meeting in Perth, Western Australia. The meeting was well attended and all resolutions were passed on a show of hands. Results of the meeting were announced to the ASX on 29 November 2013.

During the quarter the Company issued 17,638,881 new fully paid ordinary shares at \$0.09 per share for a total of \$1,587,499 pursuant to the Share Purchase Plan which completed 30 October 2013 (\$987,499) and the placement of shares to directors (Dr Burston & Mr Carroll) approved by shareholders at the Company's 2013 Annual General Meeting on 29 November 2013 (\$600,000).

The Company also issued 7,500,000 fully paid Loan Performance Shares at \$0.11 per share to the Managing Director Mr Ignatius Tan during the quarter. The Loan Performance Shares are subject to various vesting conditions pursuant to the Company Loan Share Plan and the issue of the shares was approved by shareholders at the Company's 2013 Annual General Meeting on 29 November 2013.

On 30 November 2013 15,020,002 unlisted options with an exercise price of \$0.20 expired, unexercised; the Company now has no options on issue.

At the date of this report the Company has 320,198,563 fully paid ordinary shares on issue.

MINING TENEMENTS HELD AT 31 DECEMBER 2013

All tenements are in Nigeria and 100% held by KCM Mining Limited a wholly owned subsidiary of Kogi Iron Limited:

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



ABOUT KOGI IRON (ASX:KFE)

Kogi Iron Limited is an Australian company striving towards 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"). The Agbaja Plateau hosts an extensive, shallow, flat-lying channel iron deposit with a current 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). The Mineral Resource covers approximately 20% of the prospective Plateau area within Kogi's EL12124.

The Company recently completed a Preliminary Feasibility Study (PFS) which determined that the development of an iron ore mining and processing operation at Agbaja to produce 5 Mtpa of upgraded iron ore concentrate was technically and economically viable. The project is robust and highly attractive with an IRR of 23.7%, an estimated pre-tax NPV of US\$420 million (@ 12% discount) and a four year capital payback. Agbaja's CAPEX estimate is US\$497 million and capital intensity is US\$99.4/t, ranking it in the bottom quartile for magnetite projects. Forecast average operating costs of US\$42.98/t concentrate FOB places the project in the bottom half of the operating cost curve of for magnetite projects. The Company is now proceeding with a Definitive Feasibility Study which will be completed by the end of Q4 2014. The PFS established that iron ore concentrate from Agbaja will be transported by river barges on the Niger River from a site approximately 22 km from the planned processing plant to the Gulf of Guinea, then transhipped to large ocean going vessels for export to world markets. The Company is entering a very exciting phase in its development and planned emergence as an African iron ore producer. Kogi Iron has the scale, the strategy and the team to deliver.

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 Person's Statement:

The information in this announcement that relates to the 2013 Mineral Resource for the Agbaja Project is based on information compiled by David Slater, Principal Resource Geologist of Coffey Mining who is a Chartered Professional Member of The Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists and by Dr Warwick Crowe, of International Geoscience who is a Member of the Australian Institute of Geoscientists. Both David Slater and Dr Warwick Crowe have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. David Slater and Dr Warwick Crowe each consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

For more information, please contact:

CORPORATE

Iggy Tan

Managing Director

Kogi Iron Limited

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Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

KOGI IRON LIMITED

ABN

28 001 894 033

Quarter ended ("current quarter")

31 December, 2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(772)	(1,578)
(b) development	-	-
(c) production	-	-
(d) administration	(504)	(1,114)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	6	13
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and Development refund	-	-
Net Operating Cash Flows	(1,272)	(2,681)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:	-	-
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 - Other	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(1,272)	(2,681)

1.13	Total operating and investing cash flows (brought forward)	(1,272)	(2,681)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,587	2,215
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	(11)	(35)
	Net financing cash flows	1,577	2,180
1.20	Net increase (decrease) in cash held	305	(500)
1.21			
1.22	Cash at beginning of quarter/year to date	881	1,693
	Exchange rate adjustments to item 1.20	13	6
	Cash at end of quarter	1,199	1,199

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	355
1.24	Aggregate amount of payments to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Director fee's and consultancy, Managing Director 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	550
4.2	Development	-
4.3	Production	-
4.4	Administration	400
Total		950

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	1,199	881
5.2	Deposits at call	-	-
5.3	Bank overdraft		
5.4	Other (provide details)		
Total: cash at end of quarter (item 1.22)		1,199	881

Changes in interest in mining tenements

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

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	320,198,563	184,531,896		Fully paid
7.4 Changes during quarter				
(a) Increases through issues	17,638,881	17,638,881	\$0.09	Fully Paid
(b) Decreases through returns of capital, buy-backs	7,500,000	-	\$0.11	Fully Paid
7.5 +Convertible debt securities (description)				
7.6 Changes during quarter				
(a) Increases through issues				
(b) Decreases through securities matured, converted				
7.7 Options				
7.8 Issued during quarter				

7.9	Exercised during quarter				
7.10	Expired during quarter	15,020,002	Nil	<i>Exercise Price</i> \$0.20	Expired 30 November 2013
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

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 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Dated: 31 January, 2014

Print Name:

Shane Volk
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 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, 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 1022: *Accounting for Extractive Industries* and AASB 1026: *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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