

29 May 2019

CAPITAL RAISING - \$1.3M ENTITLEMENT OFFER

Kogi Iron Limited (ASX: KFE, “Kogi”, “the Company”) announces that it is offering eligible shareholders the opportunity to participate in a fully underwritten pro-rata non-renounceable entitlement issue of one (1) new listed option (**Option**) for every five (5) fully paid ordinary shares in the capital of the Company (**Shares**) held at the record date at an issue price of \$0.01 per Option (**Entitlement Offer**).

The Entitlement Offer will be conducted pursuant to a prospectus, which the Company intends to lodge with ASIC and ASX on 29 May and 30 May 2019 respectively (**Prospectus**).

Those directors who hold Shares have confirmed they will be taking up their pro-rata entitlements in full, and for those directors who do not currently own securities in the Company, they have agreed to sub-underwrite a portion of the amount to be raised.

The funds to be raised under the Entitlement Offer, being up to \$1,323,289 (less costs of the Entitlement Offer), will provide working capital funding whilst it arranges further funding required to complete the Definitive Feasibility Study for the Agbaja Cast Steel Project in Nigeria.

The Entitlement Offer is conditionally underwritten by Patersons Securities Limited (**Underwriter**) who is also acting as Corporate Advisor and Lead Manager for the Entitlement Offer. Refer to Annexure 1 for details of the fees payable to the Underwriter and for the terms and conditions of the Underwriting Agreement.

Further details in relation to the use of funds to be raised and fees payable to the Underwriter will be set out in the Prospectus.

The Entitlement Offer is being made to all shareholders of the Company (**Shareholders**) named on its register of members at 5:00pm (WST) on 4 June 2019, whose registered address is in Australia or New Zealand (**Eligible Shareholder**).

The Options issued under the Entitlement Offer will form a new class of securities of the Company, will be quoted and will be exercisable by paying 10 cents per Option at any time on or before 5.00pm (WST) on 31 December 2021. Shares issued on exercise of the Options will rank equally with all Shares already on issue.

Eligible Shareholders will be mailed a Prospectus, together with an Entitlement and Acceptance Form by no later than 7 June 2019. Your entitlement will be set out on the personalised Entitlement and Acceptance Form accompanying the Prospectus.

Key dates for the Offer

Event	Proposed Date
Prospectus and Appendix 3B lodged with ASX	30 May 2019
Notice of Rights Issue sent to security holders	31 May 2019
Existing shares quoted on an 'ex' basis	3 June 2019
Record date	5:00pm (WST) 4 June 2019
Despatch of Rights Issue Documents to Eligible Shareholders	7 June 2019
Offer Period Opens	
Offer Period Closes*	24 June 2019
Options quoted on a deferred settlement basis	25 June 2019
Notification of under-subscriptions to ASX (if any)	27 June 2019
Options Issued and Holding statements despatched	28 June 2019
Trading of Options commences	1 July 2019

** The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the Options are expected to commence trading on ASX may vary.*

For more information, please contact:

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About Kogi Iron (ASX: KFE)

Kogi Iron Limited is a Perth-based company with the objective of becoming an African iron ore and steel producer through the development of its 100% owned Agbaja iron ore and steel project located in Kogi State, Republic of Nigeria, West Africa ("Agbaja" or "Agbaja Project").

Nigeria has substantial domestic demand for steel products, which is currently met largely through imports. The Agbaja project, located about 200km south of the Nigerian capital Abuja, opens the opportunity for domestic production of pig iron products.

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.

Annexure 1 – Fees Payable to the Underwriter and Terms and Conditions of Underwriting Agreement

Pursuant to the Underwriting Agreement the Company has agreed to pay the Underwriter (or its nominee):

- (a) **(Underwriting Fee):** 5% of the gross amount underwritten by the Underwriter (being approximately \$66,164). All sub-underwriting fees will be paid by the Underwriter from this fee;
- (b) **(Issue Management Fee):** 2% of the total gross amount raised under the Offer (being approximately \$26,466);
- (c) **(Corporate Advisory Fee):** \$10,000 payable monthly in advance commencing 1 June 2019 for a period of 6 months.

The Underwriter is also entitled to be reimbursed for out-of-pocket expenses incidental to the Offer.

In the event that the Company terminates the Underwriting Agreement without cause, the Underwriter will be entitled to a termination fee of \$25,000 and the reimbursement of any incurred or accrued expenses up to the date of termination.

In addition to the fees payable pursuant to the Underwriting Agreement, the Company will also pay the Underwriter a fee of \$25,000 (payable 50% on commencement of the Prospectus preparation and 50% on completion of the Offer), and issue to the Underwriter 10,000,000 Options (exercisable at \$0.10 on or before 31 December 2021).

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if:

- (a) **(Indices fall):** at any time, either of the Standard & Poors or ASX Small Resources or Small Ordinaries Index is at a level that is 10% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement; or
- (b) **(Share Price):** the Shares of the Company that trade on the ASX under the ASX code of “KFE” close on any day during the Offer period at a price that is lower than the 20% discount to the 5 day VWAP at the time the Prospectus is lodged.; or
- (c) **(No Official Quotation):** Official quotation of the New Options issued under the Offer has not been granted by the date specified in the timetable by which the company is required to notify ASX of any shortfall or, having been granted, is subsequently withdrawn, withheld or qualified; or
- (d) **(Supplementary prospectus):**
 - (i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence as described in the “Adverse Chage” paragraph below, forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriter may reasonably require; or
 - (ii) the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter; or
- (e) **(Non-compliance with disclosure requirements):** it transpires that this Prospectus does not contain all the information required by the Corporations Act; or
- (f) **(Misleading Prospectus):** it transpires that there is a material statement in this Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of section 713 of the Corporations Act) or if any statement in the Prospectus

becomes or misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive; or

(g) **(Restriction on allotment):** the Company is prevented from allotting the New Options under the Offer within the time required by the Underwriting Agreement, the Corporations Act, the ASX Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority; or

(h) **(Withdrawal of consent to Prospectus):** any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent; or

(i) **(ASIC application):** an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to this Prospectus, by the Shortfall Notice Deadline Date (or such other date agreed in writing between the parties) has arrived, and that application has not been dismissed or withdrawn; or

(j) **(Takeovers Panel):** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act; or

(k) **(Hostilities):** there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, the United Kingdom, the United States of America, or the Peoples Republic of China or Colombia, Chile or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;

(l) **(Authorisation)** any authorisation which is material to anything referred to in this Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter; or

(m) **(Indictable offence):** a director or senior manager of the Company or any of its subsidiaries is charged with an indictable offence;

(n) **(Termination Events):** subject always to the Material Adverse Effect qualification described below, any of the following events occurs:

(i) **(Default):** default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;

(ii) **(Incorrect or untrue representation):** any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;

(iii) **(Contravention of Constitution or Act):** a contravention by the Company or any of its subsidiaries of any provision of its constitution, the Corporations Act, the ASX Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;

(iv) **(Adverse change):** an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of the Company or any of its subsidiaries including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;

(v) **(Error in Due Diligence Results):** it transpires that any of the due diligence results or any part of the verification material was false, misleading or deceptive or that there was an omission from them;

- (vi) **(Significant change)**: a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (vii) **(Public statements)**: without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer, the issue of Shares under the Offer or the Prospectus;
- (viii) **(Misleading information)**: any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the issue of Shares under the Offer or the affairs of the Company or any of its subsidiaries is or becomes misleading or deceptive or likely to mislead or deceive;
- (ix) **(Official Quotation qualified)**: the Official Quotation is qualified or conditional;
- (x) **(Change in Act or policy)**: there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (xi) **(Prescribed Occurrence)**: a Prescribed Occurrence (as defined in the Underwriting Agreement) occurs;
- (a) **(Suspension of debt payments)**: the Company suspends payment of its debts generally;
- (xii) **(Event of Insolvency)**: an event of insolvency occurs in respect of the Company or any of its subsidiaries;
- (xiii) **(Judgment against a Relevant Company)**: a judgment in an amount exceeding \$50,000 is obtained against the Company or any of its subsidiaries and is not set aside or satisfied within 7 days;
- (xiv) **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against the Company or any of its subsidiaries, other than any claims foreshadowed in the Prospectus;
- (xv) **(Board and senior management composition)**: there is a change in the composition of the Board or a change in the senior management of the Company before completion of the Offer without the prior written consent of the Underwriter;
- (xvi) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of the Company or any of its subsidiaries or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company or any of its subsidiaries;
- (xvii) **(Timetable)**: there is a delay in any specified date in the timetable set out in the Underwriting Agreement which is greater than 3 Business Days, without the written consent of the Underwriter (such consent not to be unreasonably withheld or delayed);
- (xviii) **(Force Majeure)**: a force majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;
- (xix) **(Certain resolutions passed)**: the Company or any of its subsidiaries passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xx) **(Capital Structure)**: the Company or any of its subsidiaries alters its capital structure in any manner not contemplated by this Prospectus;

(xxi) **(Investigation)**: any person is appointed under any legislation in respect of companies to investigate the affairs of the Company and any of its subsidiaries; or

(xxii) **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

The Underwriter may not exercise its rights under termination event(s) above unless, in the reasonable opinion of the Underwriter reached in good faith, the occurrence of a termination event has or is likely to have, or two or more termination events together have or are likely to have a Material Adverse Effect or could give rise to a liability of the Underwriter under the Corporations Act or otherwise.