

CAPITAL RAISING OF UP TO \$10.3 MILLION TO ADVANCE THE AGBAJA IRON AND STEEL PROJECT

Australian based iron ore and steel development company, Kogi Iron Limited (ASX: KFE) (Kogi, Kogi Iron, or the Company) and its 100% owned Nigerian operating company, KCM Mining Limited (KCM) is pleased to announce an equity capital raising of up to \$10.3 million before costs, by way of an institutional share placement to raise up to \$6.5 million, and a non-renounceable rights issue to raise up to \$3.8 million.

The Company has been focused on raising capital to ensure that the feasibility program and other works associated with the Company's 100% owned Agbaja Cast Steel project, located in Kogi State, Republic of Nigeria, can proceed uninterrupted. The Company is also mindful of providing existing and new shareholders with an opportunity to participate within the Company's capital plan. The Company's capital plan has been structured as follows:

1. An institutional placement of fully paid ordinary shares (**Shares**) in Kogi Iron to Diversified Metals Holdings LLC (the **Subscriber**), a U.S.-based institutional investor, raising up to \$6,500,000 (the **Placement**). The Placement comprises:
 - An initial placement of \$2.14 million of Shares to raise \$2.0 million will occur following a shareholders' meeting expected to be held on 11 June 2021, subject to the Company obtaining approval of Kogi's shareholders at that meeting (**First Placement**);
 - In addition, the Subscriber has granted Kogi the right to complete a second placement of \$2.14 million of Shares to raise \$2.0 million, prior to the first anniversary of the First Placement (**Second Placement**); and
 - Finally, subject to the mutual consent, an additional \$2.5 million of Shares may be placed by Kogi to the Subscriber to raise \$2.5 million.

Each placement will be made by way of the Subscriber prepaying the subscription price of the Shares (**Placement Shares**) in a lumpsum payment. Kogi will issue the Placement Shares at the Subscriber's request within 24 months of the date of the corresponding prepayment. The number of shares so issued by the Company will be determined by applying the Purchase Price (as detailed further below). In lieu of issuance of Placement Shares, Kogi has the ability to repay the subscription price in cash.

2. Under the rights Issue, eligible Kogi shareholders may apply for one (1) new share for every four (4) fully paid ordinary shares in the Company held at 5.00pm AEST on Wednesday 7 May 2021 (the **Record Date**), at an issue price of \$0.018 per New Share., to raise up to approximately A\$3,800,000 before costs (**Rights Issue**). The issue price represents a discount of:
 - 21.7% to the closing market price of the Company's Shares on 23 April 2021 (being the last trading day prior to this announcement) of A\$0.023 per Share; and
 - 17.4% to the volume weighted average market price of the Company's Shares for the 5 trading days to close of the trade on 23 April 2021 of \$A0.0218 per Share.
3. The Company has also successfully closed-out of the existing equity swap and financing facility, with Sorbie Bornholm LP, resulting in payment to Kogi of \$65,000.

The capital raised from the Placement and Rights Issue will be primarily directed to activities associated with progressing the feasibility study for the development of the Company's Agbaja Cast Steel project, and the provision of the Company's general working capital requirements.

Further details of the Placement and the Rights Issue are provided below.

Placement

Kogi will issue Placement Shares in relation to all or part of the Placements made by the Subscriber, at the Subscriber's request, within 24 months of the date of the corresponding prepayment. The number of shares so issued by the Company will be determined by applying the Purchase Price (as set out below) to the subscription price prepaid by the Subscriber, but subject to the Floor Price (as set out below). The Purchase Price will be equal to \$0.034 initially, representing a premium of approximately 48% to the closing price of the Company's shares on 23 April 2021 (if the Placement Shares are issued prior to 26 August 2021).

Subject to the Floor Price described below, from 26 August 2021, the Purchase Price will reset to the average of the five-daily volume-weighted average prices selected by the Subscriber during the 20 consecutive trading days immediately prior to the date of the Subscriber's notice to issue shares, less an 8% discount (or a 10% discount if the Placement Shares are issued after 26 April 2022) (rounded down to the next one tenth of a cent, or if the share price exceeds \$0.10, the next half a cent). The Purchase Price will, nevertheless, be the subject of the Floor Price of \$0.01. If the Purchase Price formula results in a price that is less than the Floor Price, the Company may refuse to issue shares and instead opt to repay the relevant subscription price in cash (with a 5% premium), subject to the Subscriber's right to receive Placement Shares at the Floor Price in lieu of such cash repayment. The Purchase Price will not be the subject of a cap (thereby ameliorating a potential dilutive effect of a capital raising at today's share price level).

The Company will have the right (but no obligation) to refuse an issuance of shares in relation to the Subscriber's request for issuance and instead to repay the subscription amount by making a payment to the Subscriber equal to the number of shares that would have otherwise been issued multiplied the Purchase Price or, if greater, the market value of the Placement Shares at that time.

The Subscriber will not be obligated to provide the Second Placement, and/or may reduce the size of the Second Placement, if the market price of the Company's shares is below \$0.009 and does not recover to above that level within two months after the Subscriber providing the Company with notice thereof. In addition, the Company and the Subscriber will each have the right to postpone the Second Placement by up to two months.

The Company will make an initial issuance of 9.8 million Placement Shares to the Subscriber at the time of the funding of First Placement (subject to obtaining shareholder approval), towards the ultimate number of Placement Shares to be issued. Alternatively, in lieu of applying these shares towards the aggregate number of the Placement Shares to be issued by the Company, the Subscriber may make a further payment to the Company equal to the value of these shares determined using the Purchase Price at the time of the payment.

The proceeds from the Second Placement will not exceed 15% of the Company's market capitalisation, without the Subscriber's consent.

Neither the Subscriber nor Kogi has any obligation in relation to the Second Placement unless, during the six months following the date of this announcement, Kogi exercises its option to put the Second Placement to the Subscriber. In order to exercise this option, Kogi must have sufficient placement capacity to conduct the Second Placement at the time of exercising that option, obligating the Subscriber to provide the funding, prior to the first anniversary of the First Placement. Kogi will determine whether to exercise the option prior to the deadline for its exercise, based on its capital requirements, the macroeconomic conditions, its share price, and its capacity under Listing Rule 7.1.

The Company has agreed, subject to obtaining shareholder approval, concurrent with the funding of First Placement, to pay a fee of \$159,900 to the Subscriber by way of the issue of shares (at the reset Purchase Price as at the time of their issue) (of which \$48,000 will be paid regardless of whether shareholder approval is obtained (in cash, in the absence of shareholder approval)) and to grant 14.8 million unlisted options to the Subscriber exercisable during the 36 months following their grant at 140% of the average of the daily volume-weighted average price of the shares during the 20 trading days prior to their grant.

Rights Issue

Shareholders who are registered as shareholders at the Record Date with a registered address in Australia or New Zealand ("Eligible Shareholders") will be eligible to participate in the Rights Issue. Under the Rights Issue, Eligible Shareholders may apply for one (1) Share (**New Share**) for every four (4) Shares in the Company held on the Record Date, at an issue price of \$0.018 per Share. Eligible Shareholders will also be able to apply for additional Shares over and above their pro rata entitlement, such applications to be allocated by the Board from any shortfall arising from shareholders not taking up their full entitlement.

Pursuant to the Rights Issue, the Company will issue up to approximately 211.4 million New Shares (based on the undiluted share capital of the Company on 23 April 2021, without taking into account the impact of rounding). The New Shares issued under the Rights Issue will be fully paid ordinary shares and will rank equally in all respects with the existing Shares on issue.

The Rights Issue is non-renounceable. This means that shareholders' rights to subscribe for Shares under the Rights Issue are not transferable.

The Rights Issue will be conducted in accordance with the section 708AA of the Corporations Act 2001 (Cth), without lodgement of a prospectus or other disclosure document.

The Rights Issue is not expected to have any effect on the control of the Company. The structure of the Rights Issue is such that no shareholder will be issued with New Shares that would result in their voting power in the Company exceeding 19.9%.

Holders of existing options for Shares will be provided with notice of their right to exercise their options in order to be eligible to participate in the Rights Issue in respect of the Shares underlying their options.

Full details of the Rights Issue will be provided in an Offer Memorandum for the Rights Issue expected to be lodged with ASX on Friday 30 April 2021. The Company anticipates that the Offer Memorandum and accompanying Entitlement and Acceptance Form will be dispatched to Eligible Shareholders on Wednesday 12 May 2021.

The anticipated timetable for the Rights Issue is as follows:

| EVENT | DATE |
|---|-------------------------|
| Announcement of the Non-Renounceable Rights Issue – Lodge with ASX 1) Announcement of Rights Issue, and 2) Appendix 3B | Monday, 26 April 2021 |
| Offer Memorandum lodged with the ASX together with a notice under section 708AA(2)(f) of the Corporations Act (lodged after market opening) | Friday, 30 April 2021 |
| Notice to Shareholders – Notice of Rights Issue sent to shareholders | Wednesday, 5 May 2021 |
| Ex date – the date on which Shares commence trading without the entitlement to participate in the Rights Issue | Thursday, 6 May 2021 |
| Record date – the date for determining entitlements of Shareholders to participate in the Rights Issue (5.00pm AEST) | Friday, 7 May 2021 |
| Offer memorandum sent to Shareholders – dispatch of Offer Memorandum and Entitlement and Acceptance Forms – Rights Issue opens for acceptances | Wednesday, 12 May 2021 |
| Closing date – the last day for receipt of acceptance forms (5.00pm AEST) | Tuesday, 22 June 2021 |
| Deferred Settlement Trading commences – New Shares commence quotation on the ASX on deferred settlement basis | Wednesday, 23 June 2021 |
| Issue date – Allotment of New Shares. Deferred settlement trading ends | No later than noon |
| | Tuesday, 29 June 2021 |
| Expected commencement of normal trading in New Shares on ASX | Wednesday, 30 June 2021 |
| Dispatch of holding statements to Shareholders who participated in the Rights Issue | Friday, 2 July 2021 |

KFE reserves the right to amend this timetable, subject to the ASX Listing Rules.

Shareholders with queries concerning the Rights Issue should contact their stockbroker or other professional adviser. I would also encourage you to read the Company's recent ASX announcements.

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The Company will lodge an Appendix 3B in relation to the Placement and an Appendix 3B in relation to the Rights Issue, immediately following this announcement.

Authorised for release by the Board

For further information, please contact:

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About Kogi Iron (ASX: KFE)

Kogi Iron Limited is a 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) – Refer ASX announcement 10 December 2013. This mineral resource covers approximately 20% of the prospective plateau area within ML24606 and ML24607.

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