

17 June 2014

Share Placement, and Non-renounceable, pro-rata Entitlement Offer

Kogi Iron Limited (ASX: KFE) ("Kogi", "Kogi Iron" or the "Company") and its 100% owned Nigerian operating company, KCM Mining Limited ("KCM") are pleased to announce the following capital raisings:

- share placement to an institutional investor, and various professional and sophisticated investors ("Placement");
- pro-rata, non-renounceable entitlement offer on the basis of one new share at \$0.03 for each five shares currently held, with a free attaching listed option (exercise price \$0.08 and expiry of 31 May 2017) ("Attaching Options") to raise up to an additional \$1.9 million ("Entitlement Offer");
- Entitlement Offer is partially underwritten to \$655,726 by Terrain Capital Markets Limited; and
- funds to be used to progress a range of alternatives to realise value from the Company's 100% owned Agbaja iron ore project ("Agbaja Project"), corporate costs and general working capital including the holding costs of the Agbaja Project.

Placement

Kogi Iron has entered agreements to place 40,333,333 fully paid ordinary shares at \$0.03 and 38,666,666 Attaching Options. The shares and Attaching Options will be issued under the Company's existing 15% share placement capacity pursuant to ASX Listing Rule 7.1 and its 10% additional placement capacity pursuant to ASX Listing Rule 7.1A as approved by shareholders at the Company's 2013 Annual General Meeting.

Lanstead

Lanstead Capital L.P. ("Lanstead"), an institutional investor, has subscribed for 33,333,333 new ordinary shares at \$0.03 per share (the "Lanstead Subscription Shares") for an aggregate consideration of \$1,000,000. Lanstead will also receive 33,333,333 Attaching Options. In addition, the Company has entered into an Equity Swap Agreement with Lanstead, which allows the Company to retain much of the economic interest in the Lanstead Subscription Shares. The Equity Swap Agreement will allow the Company to secure much of the potential upside arising from near term news flow.

The Equity Swap Agreement provides that the Company's economic interest will be determined and payable in 18 monthly settlement tranches as measured against a Benchmark Price of \$0.04 per share. If the measured share price exceeds the Benchmark Price, for that month, the Company will receive more than 100 per cent of the monthly settlement due. There is no upper limit placed on the additional proceeds receivable by the Company as part of the monthly settlements. Should the share price be below the Benchmark Price, the Company will receive less than 100 per cent of the expected monthly settlement on a pro rata basis. Of the subscription proceeds of \$1,000,000 the Company will use \$150,000 for working capital and \$850,000 for investment in the Equity Swap under the Agreement as described above. In no case would a decline in the Company's share price result in any increase in the number of ordinary shares received by Lanstead or any other advantage accruing to Lanstead.

The Company will also issue 1,666,667 new ordinary shares to Lanstead in consideration for the Equity Swap Agreement. All shares to be issued to Lanstead will rank pari passu with the existing shares on issue. Settlement of the Lanstead component of the Placement will occur after the Record Date for the Entitlement Offer (details below), with the issue of the Attaching Options to occur following the closing of the Entitlement Offer.

The structure of this placing is designed to provide the Company with flexibility in continuing to advance the Agbaja Project while realising results as well as maintaining a constant source of funds covering a substantial part of the Company's longer term cash flow requirements.

Professional and Sophisticated investors

The balance of the Placement (5,333,333 shares and 5,333,333 Attaching Options) will raise \$160,000 (before costs) and is to a variety of professional and sophisticated investors who are all currently shareholders of the Company; the Company acknowledges the on-going support of these individuals.

Settlement of the balance of the Placement will also occur after the Record Date for the Entitlement Offer (details below), with the issue of the Attaching Options to occur following the closing of the Entitlement Offer.

Entitlement Offer

The Company is pleased to advise shareholders of a non-renounceable, Entitlement Offer on the same terms as the Placement.

The Entitlement Offer will be 1 share at an issue price of \$0.03 for every 5 shares held at the Record Date, and 1 Attaching Option. Shareholders will have the opportunity to apply for shares including the Attaching Option in excess of their individual pro-rata, entitlement.

All of the non-executive directors of the Company intend to take up 100% of their individual entitlements under the Entitlement Offer for an aggregate amount of \$274,274, and in addition the non-executive directors have agreed to sub-underwrite the issue for \$320,726 taking total non-executive director participation in the Entitlement Offer to a maximum of \$595,000 of which \$300,000 will be set-off against loans owing by Kogi to several non-executive directors.

The Entitlement Offer will raise up to approximately \$1,921,191 before expenses and is partially underwritten to \$655,726 by Terrain Capital Markets Limited (AFSL No. 240 284).

The indicative timetable for the Entitlement Offer is:

| Event | Date* |
|---|--------------|
| Lodgement of Appendix 3B with ASX | 17 June 2014 |
| Prospectus lodged at ASIC and ASX | 17 June 2014 |
| Notice sent to Shareholders | 19 June 2014 |
| "Ex" Date (date Shares are quoted ex-rights) | 20 June 2014 |
| Record Date to determine Entitlements | 24 June 2014 |
| Prospectus (together with Entitlement and Acceptance Form) despatched to Shareholders | 27 June 2014 |
| Closing Date** | 8 July 2014 |
| Notification to ASX of under subscriptions | 11 July 2014 |
| Issue date with respect to Shares and Options | 15 July 2014 |
| Despatch of holding statements | 15 July 2014 |

* Note: These dates are indicative only. The Directors reserve the right to vary the key dates without prior notice, subject to the Listing Rules.

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

Non-Essential Costs

As announced to the ASX on 6 May 2014, the Company has had a near term focus of eliminating non-essential costs from the business. To this end, the Company is in the process of relocating to smaller office premises and reviewing its Agbaja Project holding costs.

Kogi Iron Limited

IF Burston
Chairman

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About Kogi Iron (ASX: KFE)

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



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

The Company holds a land position of approximately 400km² covering 16 tenements, with the main focus being EL12124 which covers a large part of the Agbaja Plateau. The Agbaja Plateau hosts an extensive, shallow, flat-lying channel iron deposit with an Indicated and Inferred Mineral Resource of 586 million tonnes with an in-situ iron grade of 41.3% reported in accordance with the JORC Code (2012). This mineral resource covers approximately 20% of the prospective plateau area within EL12124.

Forward-looking Statements

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

Competent Persons' Statements

The information in this announcement that relates to Mineral Resources at Agbaja is extracted from the ASX announcement entitled "Mineral Resources at Agbaja Increase 20% to 586MT includes an Indicated Resource of 466MT" and is available to view on www.kogiron.com. The Company confirms that it is not aware of any information or data that materially affects the information included in the original market announcement and, in the case of estimated Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.