



## Kogi Iron Limited

ACN 001 894 033

## Entitlement Prospectus

For a non-renounceable entitlement issue to Eligible Shareholders of approximately 64,039,713 Shares at an issue price of \$0.03 per Share on the basis of 1 Share for every 5 Shares held on the Record Date and approximately 64,039,713 Options on the basis of 1 free attaching Option for every new Share issued, with each Option having an exercise price of \$0.08 and expiring on 31 May 2017 to raise approximately \$1,921,191 before expenses.

The Entitlement Offer is partially underwritten to \$655,726 by Terrain Capital Markets Limited (AFSL No. 240 284). Please refer to section 4.4 of this Prospectus for further details regarding the Underwriting Agreement

The Entitlement Offer is scheduled to close at 5.00pm WST on 8 July 2014. Valid acceptances must be received before that date.

### IMPORTANT NOTICE

This document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its contents, or are in doubt as to the course you should follow, you should consult your stockbroker, accountant or professional adviser.

The Shares and Options offered by this Prospectus should be considered speculative.

This document may not be released or distributed in the United States.

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## Corporate directory

### Directors

Dr Ian Burston	(Non-Executive Chairman)
Kevin Joseph	(Executive Director)
Don Carroll	(Non-Executive Director)
Nathan Taylor	(Non-Executive Director)
Brian King	(Non-Executive Director)
Giuseppe (Joe) Ariti	(Non-Executive Director)

### Company Secretary

Shane Volk

### Registered and principal office

13 Colin Street  
WEST PERTH WA 6005  
Telephone: +61 8 9200 3456  
Website: [www.kogiron.com](http://www.kogiron.com)

### Underwriter

Terrain Capital Markets Limited  
8 Chapel Street  
Richmond Victoria 3121

### Auditors\*

BDO Audit (WA) Pty Ltd  
38 Station Street  
Subiaco, WA 6008  
AUSTRALIA

### Share Registry\*

Link Market Services Limited  
Ground Floor, 178 St Georges Terrace  
Perth WA 6000

### ASX CODE

KFE

\*Note: This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

## Important dates

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
Shares quoted on a deferred settlement basis	9 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.

## Important notes

This Prospectus is dated 17 June 2014 and was lodged with the ASIC on that date. Neither the ASIC nor ASX take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares or Options will be issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus. Shares and Options issued pursuant to this Prospectus will be issued on the terms and conditions set out in this Prospectus.

The Company will apply to ASX for Official Quotation of the Shares and Options offered pursuant to this Prospectus.

Investors should read this Prospectus in its entirety and seek professional advice where necessary. The Shares and Options the subject of this Prospectus should be considered speculative.

An application for Shares and Options by Eligible Shareholders will only be accepted by following the instructions on the Entitlement and Acceptance Form accompanying this Prospectus as described in section 1.6 of this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Entitlement Offer described in this Prospectus. Any information or representation which is not contained in this Prospectus or disclosed by the Company pursuant to its continuous disclosure obligations may not be relied upon as having been authorised by the Company in connection with the issue of this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the *Corporations Act*) and has been prepared in accordance with section 713 of the *Corporations Act*. It does not contain the same level of disclosure as an initial public offering Prospectus. In preparing this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the *Corporations Act* and that certain matters may reasonably be expected to be known to investors and professional advisers to whom investors may consult.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should observe any such restrictions. In particular, this document may not be distributed in any country except Australia and New Zealand. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer or invitation in any jurisdiction where, or to any person to whom, it would not be lawful to make such an offer or invitation.

Neither the Shares nor Options have been, or will be, registered under the US Securities Act of 1933 or under the securities law of any state of the United States of America. The Shares or Options may not be offered to the public in any country except Australia and New Zealand.

The Shares and Options may not, directly or indirectly, be offered or sold within a country or jurisdiction outside of Australia or New Zealand.

### *New Zealand Notice*

The Entitlement Offer to New Zealand investors pursuant to this Prospectus comprises regulated offers made under Australian and New Zealand law. In Australia, this is Chapter 8 of the *Corporations Act* and the *Corporations Regulations 2001* (Cth). In New Zealand, this is Part 5 of the *Securities Act 1978*, *Securities Regulations 2009* and the *Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008*.

The Entitlement Offer and the contents of this Prospectus are principally governed by Australian rather than New Zealand law. The Australian *Corporations Act* and *Corporations Regulations 2001* (Cth) set out how the Entitlement Offer must be made. There are differences in how securities are regulated under Australian law.

For example, the disclosure of fees for collective investment schemes is different under the Australian regime. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to the Entitlement Offer. If you need to make a complaint about the Entitlement Offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Entitlement Offer may involve a currency exchange risk. The currency for the Shares and Options is not New Zealand dollars. The value of the Shares and Options will go up or down according to changes in the exchange rate between the Australian currency and New Zealand dollar. These changes may be significant. If you expect the Shares or Options to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

The Company will apply to the ASX for quotation of the Shares and Options offered under this Prospectus. If quotation is granted, the Shares and Options offered under this Prospectus will be able to be traded on the ASX. If you wish to trade the Shares and Options through that market, you will have to make arrangements for a participant in that market to sell the Shares and Options on your behalf. As the ASX does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

The Company is required under Part 1 of the *Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008* to provide an Eligible Shareholder with copies of the Company's Constitution on request and free of charge.

## Risk factors

Potential investors should be aware that subscribing for Shares and Options in the Company involves a number of risks. Some of the more significant risks which impact an investment in the Company are set out below.

- Potential for significant dilution if Shareholders do not participate in the Entitlement Offer

Upon completion of the Entitlement Offer, assuming all Entitlements are accepted the number of Shares in the Company will increase from 360,531,896 (assuming of the Shares the subject of the Lanstead Placement and the Additional Placement are issued) to approximately 424,571,609.

Shareholders should note that if they do not participate in the Entitlement Offer, their holdings will be diluted (as compared to their holdings and number of Shares on issue as at the date of this Prospectus) and without regard to the dilution which will result if the Options granted as part of the Entitlement Offer are exercised. Examples of how the dilution may impact Shareholders are set out in the table in sections 2.3 and 2.4 of this Prospectus.

- Going Concern

The independent auditor's review report accompanying the consolidated entity's financial report for the half-year ended 31 December 2013 was unqualified but contained an emphasis of matter paragraph in respect of a material uncertainty regarding the consolidated entity's continuation as a going concern. The auditor drew attention to a note in the consolidated entity's half year financial report with respect to the consolidated entity's net losses after tax and cash outflows and the need for additional funding to be raised.

The note stated that "Without modifying our conclusion, we draw attention to Note 1 in the half-year financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the ability of the consolidated entity being able to secure additional funding through either the issue of further shares and/or options or convertible notes or a combination thereof as required to fund ongoing exploration, development, test work and for additional working capital. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business"

As at the date of this Prospectus, the Company's cash balance is \$19,422. Following settlement of the Lanstead Placement and the Additional Placement the Company will hold approximately \$329,422 cash at bank (prior to costs associated with the Lanstead Placement and the Additional Placement) In addition, the Entitlement Offer is underwritten to \$655,726 and the Non-Executive Directors have agreed to take up their Entitlements in full, which will raise an additional \$274,274 after taking into account the set off arrangements agreed to with the Directors in respect of loans owing by the Company to those Directors. The Company has rescheduled the payment of its major outstanding creditors until 30 June 2014 and will carefully management expenditure in line with the Company's cash flow.

Should the Lanstead Placement and the Additional Placement fail to settle, the Underwriting Agreement is terminated or the Entitlement Offer is withdrawn, the Company would need to consider alternative plans, such as raising funds via a placement at a lower price. If this is not possible and other alternative sources of funding are not available, then the Company may consider entering into voluntary administration.

- Risks associated with operations in Nigeria

The exploration licences of the Company are located in Nigeria. The Company will be subject to the risks associated with operating in that country, including various levels of political, economic and other risks and uncertainties. These risks and uncertainties include, but are not limited to, terrorism, hostage taking, fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risks of war or civil unrest, expropriation and nationalisation, renegotiation or nullification of existing concessions, licences, permits and contracts, illegal mining, changes in taxation policies, application of taxation policy, restrictions on foreign exchange and repatriation of money and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining, fiscal or investment policies or shifts in political attitude in Nigeria may adversely affect the operations or profitability of the Company. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, foreign currency remittance, income and other taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, labour legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

Outcomes in courts in Nigeria may be less predictable than in Australia, which could affect the enforceability of contracts entered into by the Company or its subsidiary in Nigeria.

- Future capital needs

Further funding may be required by the Company to support the ongoing activities and operations of the Agbaja Project and for corporate and working capital purposes.

Failure to obtain sufficient financing for the Company's future activities may result in the Company being unable to meet the holding cost associated with its Agbaja Project and various other exploration licences in Nigeria and may even result in the loss of any or all of the exploration licences. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

- Lack of executive management

The Company's management currently consists of 1 executive and 5 non-executive Directors. The Board is of the view that it is able to provide sufficient management of the Agbaja Project and the Company for its current level of activities. However, there is a risk that experienced members of the Board may resign and/or not be able to devote the required time to manage the Company and the Agbaja Project which may impact on the Company's ability to operate. It is not the current intention of the Board to appoint a Managing Director, nor appoint any other executive management.

The key risk factors of which investors should be aware are set out in section 3 of this Prospectus.

These risks, together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares and Options pursuant to this Prospectus.

### **Key definitions**

Throughout this Prospectus, for ease of reading, various words and phrases have been defined rather than used in full on each occasion. Please refer to section 6 of this Prospectus for a list of defined terms.

## Brief instructions for Eligible Shareholders

The number of Shares and Options to which you are entitled is shown in the Entitlement and Acceptance Form. You may participate in the Entitlement Offer as follows:

- (a) if you wish to accept your Entitlement in full and apply for additional Shares and Options which may be available if not all Shareholders accept their Entitlement in full:
  - (i) pay the amount determined by multiplying the number of Shares you wish to apply for (including your Entitlement) by the issue price of \$0.03 via BPAY using the BPAY code and personalised reference number indicated so that the funds are received before 3.00pm (WST) on the Closing Date; or
  - (ii) complete the Entitlement and Acceptance form, including the section regarding applying for additional Shares and Options in excess of your Entitlement and attach your cheque for the appropriate application monies (at \$0.03 per Share) so that it is received before 5.00pm (WST) on the Closing Date;
- (b) if you wish to accept your Entitlement in full:
  - (i) pay the amount indicated on your Entitlement and Acceptance Form via BPAY using the BPAY code and personalised reference number indicated so that the funds are received before 3.00pm (WST) on the Closing Date; or
  - (ii) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided and attach your cheque for the amount indicated on your Entitlement and Acceptance Form so that it is received before 5.00pm (WST) on the Closing Date;
- (c) if you only wish to accept part of your Entitlement:
  - (i) pay a lesser amount than indicated on your Entitlement and Acceptance Form via BPAY using the BPAY code and personalised reference number indicated so that the funds are received before 3.00pm (WST) on the Closing Date; or
  - (ii) fill in the number of Shares and Options you wish to accept in the space provided on the Entitlement and Acceptance Form and attach your cheque for the appropriate application monies (at \$0.03 per Share) so that it is received before 5.00pm (WST) on the Closing Date; or
- (d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything. If Eligible Shareholders do not take up their entitlement, their existing interest in the Company will be diluted. Please refer to sections 2.3, 2.4 and 3.2 of this Prospectus.

Please refer to section 1.6 of this Prospectus for further details relating to Entitlements and acceptance of the Entitlement Offer.

## Chairman's Letter

Dear Fellow Shareholder

On behalf of Kogi Iron Limited (**Kogi Iron** or the **Company**), I am pleased to invite you to participate in a non-renounceable entitlement issue of approximately 64,039,713 Shares at an issue price of \$0.03 per Share on the basis of one (1) Share for every five (5) Shares held on the Record Date and 64,039,713 Options on the basis of one (1) free attaching Option for every (1) new Share issued with each Option having an exercise price of \$0.08 and expiring on 31 May 2017 (Entitlement Offer) to raise approximately \$1,921,191 before expenses.

Entitlements are non-renounceable, which means that your Entitlement to take up Shares and the free attaching Options will not be tradeable on the ASX or otherwise transferable. Shareholders who do not take up all or any part of their Entitlement will not receive any payment or value in respect of the Entitlement not taken up and their equity interest in the Company will likely be diluted.

The Company is undertaking the Entitlement Offer to raise funds:

- to enable it to meet the holding costs of its 100% owned Agbaja iron ore Project in Kogi State, Federal Republic of Nigeria (Agbaja Project);
- to enable the Board to progress a range of alternatives to realise value from the Agbaja Project; and
- for corporate costs general working capital purposes and costs of the Entitlement Offer.

Further details of the use of the funds raised are set out in **section 1.2** of this Prospectus.

This Prospectus should be read carefully and in its entirety before deciding whether or not to participate in the Entitlement Offer. In particular, you should consider the key risk factors included in **section 4** of this Prospectus.

This Prospectus contains important information about the Entitlement Offer. With this Prospectus, you will also find a personalised Entitlement and Acceptance Form that contains details of your Entitlement. Details of how to accept the Entitlement Offer are provided on the form and in **section 1.6**.

- Shareholders may apply for Shares and attaching Options in excess of their Entitlement.

The Non-Executive Directors of the Company are intending to take-up all of their individual Entitlements under the Entitlements Offer and in addition, sub-underwrite the Entitlement Offer to \$320,726 as set out in **section 1.5**.

The Entitlement Offer is scheduled to close at 5.00pm (WST) on Tuesday, 8 July 2014. To participate, you will need to ensure that you have completed and returned the Entitlement and Acceptance Form and paid all application monies before this time and date or, alternatively, that you have paid all monies via BPAY® by no later than 3:00pm (WST) on that date.

For further information regarding the Entitlement Offer, please contact Kogi Iron Limited on (08) 9200 3456 between 8:30am to 5:00pm (WST) Monday to Friday, or visit our website at [www.kogiron.com](http://www.kogiron.com) for more information about the Company.

You should also consult your stockbroker, accountant, solicitor or other professional adviser to evaluate whether or not to participate in the Entitlement Offer.

On behalf of the Board, I invite you to consider this investment opportunity and thank you for your ongoing support of our Company.

Yours faithfully,



Dr Ian Burston  
Chairman

# 1 Details of the Entitlement Offer

## 1.1 Offer

This Prospectus is for a pro-rata non-renounceable entitlement issue of approximately 64,039,713 Shares at an issue price of \$0.03 per Share on the basis of one (1) Share for every five (5) Shares held on the Record Date and approximately 64,039,713 Options on the basis of one (1) free attaching Option for every (1) Share issued with each Option having an exercise price of \$0.08 and expiring on 31 May 2017; to raise approximately \$1,921,191 before expenses (**Entitlement Offer**).

As at the date of this Prospectus, the Company has 320,198,563 Shares on issue and has announced:

- (a) a Share placement to Lanstead Capital Partners of 35,000,000 Shares at an issue price of \$0.03 each and 33,333,333 free attaching Options (each Option having an exercise price of \$0.08 and expiring 31 May 2017). Under the arrangements with Lanstead, the Company will receive an initial payment of \$150,000. The Company has entered into an equity swap agreement with Lanstead where the balance of \$850,000 of the proceeds of the Lanstead Placement will be used as collateral for the Company's obligations under the swap. The equity swap agreement provides that the Company's economic interest will be determined and payable in eighteen settlement tranches as measured against a benchmark price of \$0.04 per Share ("the Benchmark Price"). 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 on a pro rata basis. There is no upper limit placed on the additional proceeds receivable by the Company as part of the monthly settlements. Should the measured Share price be below the Benchmark Price, Kogi will have payment obligations to Lanstead under the swap and will not receive any payments from Lanstead; and
- (b) a Share placement to professional and sophisticated investors of 5,333,333 Shares at an issue price of \$0.03 each and 5,333,333 free attaching Options (each Option having an exercise price of \$0.08 and expiring 31 May 2017) to raise \$160,000 before expenses.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue as at the date of this Prospectus. Please refer to **section 4.6** of this Prospectus for further information regarding the rights and liabilities attaching to the Shares. The Company will apply for quotation of the Options. Please refer to **section 4.7** of this Prospectus for further information regarding the terms and conditions of the Options.

## 1.2 Purpose of the Entitlement Offer

The purpose of the Entitlement Offer is to raise up to approximately \$1.9 million (before costs) to meet the holding costs of the Company's 100% owned Agbaja Project in Nigeria, to enable the Board to progress a range of alternatives to realise value from the Agbaja Project, and for corporate costs and general working capital.

On completion of the Offer, the Company will have the following funds available for use:

Source of funds	Amount (assuming raising only the underwritten amount (\$655,726) and the full take up of Non-Executive Director Entitlements (\$274,274) under the Entitlement Offer)	Amount (assuming full subscription of the Entitlement Offer)
Cash at bank	\$19,422	\$19,422
Lanstead Placement	\$150,000	\$150,000
Additional Placement	\$160,000	\$160,000
Funds raised under the Entitlement Offer and full take up of Non-Executive Director Entitlements	\$930,000	\$1,921,191
Less Director Loan off-sets (non-cash) <small>Note 1</small>	(\$300,000)	(\$300,000)
<b>Total</b>	<b>\$959,422</b>	<b>\$1,950,613</b>

Note 1: As announced by the Company on 6 May 2014, the Directors of the Company have provided unsecured, interest free loans to the Company for an aggregate amount of \$300,000. Each of the Directors that provided a loan to the Company has agreed to convert the amount owed by the Company into fully paid ordinary shares pursuant to this Entitlement Offer through the set off arrangements described further in section 1.5.

The Entitlement Offer proceeds along with the other funds available to the Company are planned to be used during the next 12 months in accordance with the table set out below:

Use of funds	Amount (assuming raising only the underwritten amount (\$655,726) and the full take up of Non-Executive Director Entitlements (\$274,274) under the Entitlement Offer)	Use of funds (assuming full subscription of the Entitlement Offer)
Agbaja Holding Costs	\$662,000	\$662,000
Expenses of the Entitlement Offer	\$85,000	\$85,000
Corporate Costs, Board Activities and Working Capital	\$212,422	\$1,203,613
<b>Total</b>	<b>\$959,422</b>	<b>1,950,613</b>

Any funds received by the Company on the future exercise of the Options will be used for general working capital purposes.

The above is a statement of the Board's current intention as at the date of this Prospectus. However, Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

In the event that Eligible Shareholders do not take up all of their Entitlements and any Shortfall is not successfully placed, resulting in more than the underwritten amount but less than the maximum amount being raised, the net proceeds of the Entitlement Offer following the set off of the Director loans will be allocated, firstly to the costs of the Entitlement Offer; then expenses associated with the Agbaja Project; then to working capital.

### 1.3 *Entitlements trading*

Entitlements to Shares pursuant to the Entitlement Offer are non-renounceable. Entitlements cannot be traded on ASX or any other exchange, or privately transferred.

### 1.4 *Opening and Closing Dates*

The Entitlement Offer will open for receipt of acceptances at 9.00am WST on 27 June 2014 and will close at 5.00pm WST on 8 July 2014, or such later date as the Directors, in their absolute discretion and subject to compliance with the Listing Rules, may determine and provided that the Company gives ASX notice of the change at least 3 Business Days prior to the Closing Date.

### 1.5 *Underwriting and Non-Executive Director Entitlements*

#### *Underwriting*

The Entitlement Offer is partially underwritten by the Underwriter to \$655,726. The Underwriting Agreement is subject to the terms and conditions summarised in section 4.4. All valid applications for Shares and Options pursuant to this Prospectus received by the Company, from all sources excluding valid applications from the Directors of the Company (as detailed in the table below), will be deemed to have been accepted in full by the Company and will go in relief of the obligations of the Underwriter under the Underwriting Agreement.

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee of \$22,043 (being 6% of the underwritten amount of \$655,726 less \$288,339 in relation to sub-underwriting commitments of the Non-Executive Directors set off against loans owing by the Company to the Non-Executive Directors) and pay the Underwriter a management fee of \$450 per hour, capped at \$15,000, which is payable regardless of the outcome of the Entitlement Offer. In addition, the Company must reimburse, indemnify and keep indemnified the Underwriter for all costs and expenses incurred by the Underwriter in connection with the Entitlement Offer including legal costs.

Please refer to section 2.4 of this Prospectus for a description of the potential impact on the Entitlement Offer on control of the Company and to section 4.4 of this Prospectus for a summary of the material terms and conditions of the Underwriting Agreement.

#### *Non-Executive Director sub-underwriting and take up of Entitlements*

The Non-Executive Directors have agreed to:

- (a) take up their Entitlement in full;
- (b) sub-underwrite the Entitlement Offer to extent noted in the table below; and
- (c) set off subscription monies payable on acceptance of their Entitlements or in satisfaction of their sub-underwriting commitments against loans owing by the Company to the Non-Executive Directors to the extent set out in the table below.

The Non-Executive Directors will receive a 4% sub-underwriting fee on the cash portion of each Non-Executive Directors sub-underwritten amount.

Director	Director Loan	Shares held*	Directors Entitlement under the Offer			Director Underwriting Details			TOTAL DIRECTOR PARTICIPATION	
			Entitlement calculation		Consideration details	Underwritten Amount	Consideration details			
			Shares	\$'s @ 0.03	Cash		Loan Set off			
Ian Burston	\$ 200,000	14,222,223	2,844,445	\$85,333.34	\$ 75,000	\$ 10,333	\$ 189,666.66	\$ -	\$ 275,000	
Don Carroll	\$ 25,000	9,111,111	1,822,222	\$54,666.67	\$ 54,667	\$ -	\$ 25,333.33	\$ 333	\$ 80,000	
Nathan Taylor	\$ 25,000	9,387,917	1,877,583	\$56,327.50	\$ 55,000	\$ 1,328	\$ 23,672.50	\$ -	\$ 80,000	
Joe Ariti	\$ 50,000	6,600,000	1,320,000	\$39,600.00	\$ 39,600	\$ -	\$ 65,400.00	\$ 15,400	\$ 105,000	
Brian King	\$ -	6,391,111	1,278,222	\$38,346.67	\$ 38,347	\$ -	\$ 16,653.33	\$ 16,653	\$ 55,000	
Total	\$ 300,000	45,712,362	9,142,472	\$ 274,274	\$ 262,613	\$ 11,661	\$ 320,725.83	\$ 32,387	\$ 595,000	

\* Shares held at the date of this Prospectus includes un-vested Shares held by Directors, which in accordance with the terms and conditions of the Company Loan Share Plan are eligible for participation in the Entitlement Offer.

### 1.6 *Entitlements and acceptance*

The number of Shares and Options to which you are entitled (Entitlement) is shown in the Entitlement and Acceptance Form.

In determining Entitlements, any fractional entitlement will be rounded down to the nearest whole number.

Your acceptance of the Entitlement Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus.

You may participate in the Entitlement Offer as follows:

- (a) if you wish to accept your Entitlement in full and apply for additional Shares and Options which may be available if not all Shareholders accept their Entitlement in full:
  - (i) pay the amount determined by multiplying the number of Shares and Options you wish to apply for (including your Entitlement) by the issue price of \$0.03 via BPAY using the BPAY code and personalised reference number indicated so that the funds are received before 3.00pm (WST) on the Closing Date; or
  - (ii) complete the Entitlement and Acceptance form, including the section regarding applying for additional Shares and Options in excess of your Entitlement and attach your cheque for the appropriate application monies (at \$0.03 per Share) so that it is received before 5.00pm (WST) on the Closing Date;
- (b) if you wish to accept your Entitlement in full:
  - (i) pay the amount indicated on your Entitlement and Acceptance Form via BPAY using the BPAY code and personalised reference number indicated so that the funds are received before 3.00pm (WST) on the Closing Date; or
  - (ii) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided and attach your cheque for the amount indicated on your Entitlement and Acceptance Form so that it is received before 5.00pm (WST) on the Closing Date;
- (c) if you only wish to accept part of your Entitlement:
  - (i) pay a lesser amount than indicated on your Entitlement and Acceptance Form via BPAY using the BPAY code and personalised reference number indicated so that the funds are received before 3.00pm (WST) on the Closing Date; or
  - (ii) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form and attach your cheque for the appropriate application monies (at \$0.03 per Share) so that it is received before 5.00pm (WST) on the Closing Date; or
- (d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Kogi Iron" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must be mailed to the Company's share registry at:

Link Market Services Limited  
GPO Box 3560  
Sydney NSW 2001

and received by no later than 5.00pm (WST) on the Closing Date.

If you choose to pay via BPAY® you are not required to submit your Entitlement and Acceptance Form. Your payment will not be accepted after 3.00pm (WST) on the Closing Date and no Shares and Options will be issued to you in respect of that application.

If you have multiple holdings you will have multiple BPAY reference numbers. To ensure you receive your Shares and Options in respect of that holding, you must use the specific biller code and the customer reference number shown on each personalised Entitlement and Acceptance Form when paying for any Shares that you wish to apply for in respect of that holding.

PLEASE NOTE THAT IF YOU INADVERTENTLY USE THE SAME CUSTOMER REFERENCE NUMBER FOR MORE THAN ONE OF YOUR APPLICATIONS, YOU WILL BE DEEMED TO HAVE APPLIED FOR THE ENTITLEMENT TO WHICH THAT CUSTOMER REFERENCE NUMBER APPLIES AND ANY EXCESS AMOUNT WILL BE DEEMED TO BE AN APPLICATION FOR ADDITIONAL SHARES AND OPTIONS.

Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. You may also have your own limit on the amount that can be paid via BPAY. It is your responsibility to check that the amount you wish to pay via BPAY does not exceed your limit.

#### *Application for Shares in addition to your Entitlement*

Shareholders are invited to apply for Shares and Options in addition to your Entitlement. The Company has sole discretion to issue all, none or some of any additional Shares and Options you may apply for. Additional Shares will be issued at the same time as Shares applied for under your Entitlement. Application monies for any additional Shares you apply for but which are not issued to you will be refunded without interest.

The Company intends to honour all applications for additional Shares and Options where possible. This will reduce any Shortfall which may otherwise be issued to the Underwriter or sub-underwriters.

#### *Non-acceptance of Entitlement*

If you do not wish to take up any part of your Entitlement under the Entitlement Offer, you are not required to take any action. If you decide not to accept all or part of your Entitlement, the Shares not accepted will be dealt with in accordance with section 1.7 of this Prospectus.

If Eligible Shareholders do not take up their entitlement, their existing interest in the Company will be diluted. Please refer to sections 2.3, 2.4 and 3.2 of this Prospectus for further details.

#### *Taxation Implications*

Shareholders should obtain independent advice on the taxation implications arising out of their participation in the Entitlement Offer.

#### *Further queries*

If you have any queries regarding your Entitlement, please contact the Company Secretary by telephone on +61 8 9200 3456 or your stockbroker or professional adviser.

**PLEASE NOTE IF YOU DO NOT ACCEPT YOUR ENTITLEMENT IN FULL IN ACCORDANCE WITH THE INSTRUCTIONS SET OUT ABOVE, ANY PART OF AN ENTITLEMENT NOT ACCEPTED IN FULL WILL FORM PART OF THE SHORTFALL.**

### **1.7 Shortfall**

Any Entitlements not taken up by Eligible Shareholders (either through acceptance of their Entitlement or through Eligible Shareholders applying for Shares and Options in addition to their Entitlement) may become available as Shortfall which may be placed by the Company in conjunction with the Underwriter and in accordance with the Underwriting Agreement. The offer of any Shortfall is a separate offer made pursuant to this Prospectus (**Shortfall Offer**).

The Directors reserve the right, subject to the requirements of the Listing Rules and the Corporations Act, to place any Shortfall at their discretion (in consultation with the Underwriter) within 3 months after the date of the Prospectus. Shares offered pursuant to the Shortfall Offer will be issued at the same issue price as the Shares offered to Eligible Shareholders under the Entitlement Offer.

### **1.8 Allotment of Shares and Options**

The Shares and Options that are the subject of the Entitlement Offer are expected to be issued by no later than 15 July 2014.

Shares and Options allotted pursuant to the placement of Shortfall under section 1.7 may be issued within 3 months after the Closing Date.

Until issue and allotment of the Shares and Options under this Prospectus, the application monies will be held in trust in a separate bank account opened and maintained for that purpose only. Any interest earned on application monies will be for the benefit of the Company and will be retained by it irrespective of whether allotment of the Shares and Options takes place.

## **1.9 Application for Official Quotation**

Application for Official Quotation of the Shares and Options allotted pursuant to this Prospectus will be made to ASX within seven days following the date of this Prospectus.

If the ASX does not grant Official Quotation of the Shares or Options offered pursuant to this Prospectus within three months after the date of this Prospectus (or such period as varied by ASIC), the Company will not allot any Shares or Options and will repay all application monies for the Shares within the time period prescribed under the *Corporations Act*, without interest.

A decision by the ASX to grant Official Quotation of the Shares or Options is not to be taken in any way as an indication of the ASX's view as to the merits of the Company, or the Shares and Options now offered for subscription.

## **1.10 Overseas investors**

The Company is of the view that it is unreasonable to make an offer under the Entitlement Offer to Shareholders with registered addresses outside of Australia and New Zealand (**Excluded Shareholders**) having regard to:

- (a) the number of Shareholders outside of Australia and New Zealand;
- (b) the number and value of the securities owned by Shareholders outside of Australia and New Zealand; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

Accordingly, the Company is not required, and does not intend, to make offers under the Entitlement Offer to Shareholders with registered addresses outside of Australia and New Zealand.

The Entitlement Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2002* (New Zealand).

Members of the public in Australia and New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any Shares.

All Entitlements that would have been offered to Excluded Shareholders will be allowed to lapse and will form part of the Shortfall.

## **1.11 Custodians and nominees**

Without the consent of the Company, nominees and custodians may not distribute this Prospectus nor any other materials relating to the Entitlement Offer to, nor accept any Entitlements on behalf of, any person in the United States or in any other country outside Australia and New Zealand.

## **1.12 Market prices of Shares on ASX**

The highest and lowest closing market sale prices of Shares traded on ASX during the three (3) months immediately preceding the date of this Prospectus and the respective dates of those sales were \$0.08 on 21 March 2014 and \$0.036 on 10 June 2014.

## **1.13 Privacy**

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the application and, if the application is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information in the Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers (including mailing houses), the ASX, the ASIC and other regulatory authorities.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the *Corporations Act* and certain rules such as the ASX Settlement Operating Rules.

If an Applicant becomes a security holder of the Company, the *Corporations Act* requires the Company to include information about the security holder (including name, address and details of the securities held) in its public register. This information must remain in the register even if that person ceases to be a security holder of the Company. Information contained in the Company's registers is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your application.

An Applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered offices.

## **1.14 Forward-looking statements**

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and such other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

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 the Company and the Directors.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. Some of these risk factors are set out in section 4 of this Prospectus.

## 2 Effect of the Entitlement Offer on the Company

### 2.1 Effect of the Entitlement Offer

The principal effects of the Entitlement Offer on the Company assuming all Entitlements are accepted are as follows:

- (a) the Company will issue approximately 64,039,713 Shares under the Entitlement Offer, 35,000,000 Shares under Lanstead Placement; and 5,333,333 Shares under the Additional Placement, resulting in total Shares on issue of 424,571,609 Shares;
- (b) the Company will issue approximately 64,039,713 Options under the Entitlement Offer, 33,333,333 Options under Lanstead Placement; and 5,333,333 Options under the Additional Placement, resulting in total Options on issue of approximately 102,706,379;
- (c) the cash reserves of the Company will increase by approximately 1,621,191 (less the expenses of the Entitlement Offer) immediately after completion of the Entitlement Offer (taking into account total applications received less the amount agreed to be subject to the set off arrangements outlined in section 1.5); and
- (d) the equity of Eligible Shareholders who do not participate in the Entitlement Offer will be diluted as is evidenced from the figures set out above.

### 2.2 Condensed Statement of Financial Position

Set out as follows is the Condensed Statement of Financial Position of the consolidated entity as at 30 April 2014 which has not been subject to review or audited. The pro-forma Condensed Statement of Financial Position of the consolidated entity as at 30 April 2014 has been adjusted for the following transactions:

*The pro-forma Condensed Statement of Financial Position based on raising only the underwritten amount (\$655,726) and the full take up of Non-Executive Director Entitlements (\$274,274) under the Entitlement Offer:*

- gross proceeds of \$310,000 from the Lanstead Placement and the Additional Placement;
- the underwritten amount of the Entitlement Offer of approximately 31,000,000 Shares and 31,000,000 Options to raise approximately 630,000 (taking into account total applications received from the Non-Executive Directors less the amount agreed to be subject to the set off arrangements outlined in section 1.5); and
- the estimated expenses of the Entitlement Offer of approximately \$85,000 .

*The pro-forma Condensed Statement of Financial Position based on full subscription of the Entitlement Offer*

- gross proceeds of \$310,000 from the Lanstead Placement and the Additional Placement;
- the Entitlement Offer of approximately 64,039,713 Shares and 64,039,713 Options to raise approximately 1,621,191 (taking into account total applications received less the amount agreed to be subject to the set off arrangements outlined in section 1.5); and
- the estimated expenses of the Entitlement Offer of approximately \$85,000

Pro-forma Statement of Financial Position at 30 April 2014

	30 April 2014 (\$'000) (Un-audited)	Pro forma – raising only the underwritten amount (\$655,726) and the full take up of Non- Executive Director Entitlements (\$274,274) under the Entitlement Offer (\$'000)	Pro forma – full take up of Entitlement Offer (\$'000)
<b>Current assets</b>			
Cash and cash equivalents	106	961	1,952
Trade and other receivables	91	91	91
<b>Total current assets</b>	<b>197</b>	<b>1,052</b>	<b>2,043</b>
<b>Non-current assets</b>			
Property, plant and equipment	242	242	242
Exploration and evaluation expenditure	43,946	43,946	43,946
<b>Total non-current assets</b>	<b>44,188</b>	<b>44,188</b>	<b>44,188</b>
<b>Total assets</b>	<b>44,385</b>	<b>45,240</b>	<b>46,231</b>
<b>Current liabilities</b>			
Trade and other payables	428	128	128
Provisions	21	21	21
<b>Total current liabilities</b>	<b>449</b>	<b>149</b>	<b>149</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	9,388	9,388	9,388
<b>Total non-current liabilities</b>	<b>9,388</b>	<b>9,388</b>	<b>9,388</b>
<b>Total liabilities</b>	<b>9,837</b>	<b>9,537</b>	<b>9,537</b>
<b>Net assets</b>	<b>34,548</b>	<b>35,703</b>	<b>36,694</b>
<b>Equity</b>			
Issued capital	57,433	58,588	59,579
Reserves	11,899	11,899	11,899
Accumulated Losses	(34,784)	(34,784)	(34,784)
<b>Total equity</b>	<b>34,548</b>	<b>35,703</b>	<b>36,694</b>

**Notes to pro forma statements**

The unaudited pro forma consolidated Statement of Financial Position set out above:

Have been prepared on the basis and assumption that there has been and will be no material movements in the assets and liabilities of the Company between 30 April 2014 and the Closing Date other than those set out above immediately above the pro forma statements.

There have been the following material movements in the assets and liabilities of the Company since 30 April 2014:

- Liabilities totalling \$227,337 in relation to the cessation of employment of various management and employees of the Company during May 2014.
- Director loans for \$300,000 advanced to the Company during May 2014.

**Expenses of Entitlement Offer**

Expense	(\$)
Underwriting Fee and associated costs	42,000
Legal fees	31,000
Entitlement Offer related fees	12,000
<b>Total</b>	<b>85,000</b>

### **2.3 Effect on capital structure**

A comparative table of changes in the capital structure of the Company as a consequence of the Entitlement Offer is set out below assuming the Shares the subject of the Lanstead Placement and the Additional Placement are issued prior to the issue of the Shares and Options under the Entitlement Offer.

Shares	Number	
	Underwritten take-up (\$655,726) the full take up of Non-Executive Director Entitlements (\$274,274) under the Entitlement Offer	100% take-up
Shares currently on issue	320,198,563	320,198,563
Shares to be issued under the Lanstead Placement*	35,000,000	35,000,000
Shares to be issued under the Additional Placement*	5,333,333	5,333,333
Shares to be issued pursuant to the Entitlement Offer	31,000,000	64,039,713
<b>Shares on issue after completion of the Entitlement Offer</b>	<b>391,531,896</b>	<b>424,571,609</b>

\* Note: these Shares will be issued after the Record Date.

The above figures assume that no further Shares other than the Shares noted in the table above are issued prior to the issue of the Shares and Options under the Entitlement Offer. In addition, Shareholders should note that due to rounding of Entitlements under the Entitlement Offer to Shareholdings on the Record Date, among other things, the exact number of Shares and Options to be issued will not be known until completion of the Entitlement Offer.

Options	Number	
	Underwritten take-up (\$655,726) the full take up of Non-Executive Director Entitlements (\$274,274) under the Entitlement Offer	100 % take-up
Options currently on issue	-	-
Options to be issued under the Lanstead Placement*	33,333,333	33,333,333
Options to be issued under the Additional Placement*	5,333,333	5,333,333
Options to be issued pursuant to the Entitlement Offer	31,000,000	64,039,713
<b>Options on issue after completion of the Entitlement Offer</b>	<b>69,666,666</b>	<b>102,706,379</b>

\* Note: these Options will be issued on or about the date of issue of Options under the Entitlement Offer.

## 2.4 Potential impact of Entitlement Offer on control of the Company

The maximum number of Shares which will be issued pursuant to the Entitlement Offer is 64,039,713. This equates to approximately 15% of all the issued Shares in the Company following completion of the Entitlement Offer.

As at the date of this Prospectus, the Underwriter does not have a relevant interest in any Shares. The extent to which Shares are issued pursuant to the Underwriting Agreement may increase the Underwriter's voting power in the Company. In addition, if Options issued to the Underwriter under the Underwriting Agreement are exercised, the Underwriter's voting power in the Company will increase.

The Company understands that the Underwriter has engaged a number of sub-underwriters to the Entitlement Offer, none of whom will be entitled to acquire a relevant interest in greater than 20% of the Shares on completion of the Entitlement Offer. As a result of the sub-underwriting arrangements and because the Underwriter is only partially underwriting the Entitlement Offer to \$655,726 the Underwriter will not acquire a relevant interest in greater than 20% of the Shares on completion of the Entitlement Offer. The Entitlement Offer is therefore not expected to have any significant impact on the control of the Company.

The Non-Executive Directors have agreed to sub-underwrite the Entitlement Offer on the basis set out in section 1.5.

If no Eligible Shareholders subscribe for Shares under the Entitlement Offer (excluding the Non-Executive directors), the sub-underwriters to the Entitlement Offer default in their obligations and 21,857,528 Shares and 21,857,528 Options offered pursuant to this Prospectus are issued to the Underwriter in accordance with the terms and conditions of the Underwriting Agreement, it will increase the Underwriter's voting power in the Company to up to 5.6% (assuming 9,142,472 Shares are issued to Non-Executive Directors pursuant to their Entitlements and 40,333,333 Shares are issued pursuant to the Lanstead Placement and Additional Placement).

The Underwriter is not a related party of the Company for the purposes of the *Corporations Act* and does not currently have a relevant interest in Shares. The Underwriter's relevant interest in Shares under several scenarios is set out in the table below:

Event	Number of Shares in which Underwriter has a relevant interest	Voting power of Underwriter (%)
Entitlement Offer fully subscribed (no Shortfall)	0	0%
75% subscribed (25% shortfall)	5,464,382	1.4%
50% subscribed (50% shortfall)	10,928,764	2.8%
25% subscribed (75% shortfall)	16,393,146	4.2%
0% subscribed (100% shortfall)	21,857,528	5.6%

The number of Shares held by the Underwriter and its voting power in the table above show the potential effect of the underwriting on the Entitlement Offer. However, it is unlikely that no Eligible Shareholders, other than the Underwriter, will take up their Entitlements under the Offer. The underwriting obligation and therefore voting power of the Underwriter will reduce by a corresponding amount for the amount of Entitlements taken up by other Eligible Shareholders.

In addition, Shareholders should note that if they do not participate in the Entitlement Offer, their holdings are likely to be diluted by approximately 24% (as compared to their holdings and number of Shares on issue as at the date of this Prospectus). Examples of how the dilution may impact Shareholders are set out in the table below (assuming approximately 64,039,713 Shares are issued under the Entitlement Offer and 40,333,333 Shares are issued pursuant to the Lanstead Placement and Additional Placement).

Holder	Shareholding as at Record Date	% at Record Date	Entitlement to Shares under the Offer	Holding if Offer not taken up	% post completion of the Offer
Shareholder 1	10,000,000	3.12%	2,500,000	10,000,000	2.36%
Shareholder 2	5,000,000	1.56%	1,250,000	5,000,000	1.18%
Shareholder 3	1,500,000	0.47%	375,000	1,500,000	0.35%
Shareholder 4	400,000	0.12%	100,000	400,000	0.09%
Shareholder 5	50,000	0.02%	12,500	50,000	0.01%

## 3 Risk factors

### 3.1 Introduction

This section identifies the areas the Directors regard as the major risks associated with an investment in the Company. Investors should be aware that an investment in the Company involves many risks, which may be higher than the risks associated with an investment in other companies. Intending investors should read the whole of this Prospectus in order to fully appreciate such matters and the manner in which the Company intends to operate before any decision is made to apply for Shares and Options.

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There is also a range of specific risks associated with the Company's business. These risk factors are largely beyond the control of the Company and its Directors because of the nature of the business of the Company. The following summary, which is not exhaustive, represents some of the major risk factors which potential investors need to be aware of.

### 3.2 Risks specific to the Entitlement Offer

#### *Potential for significant dilution*

Upon completion of the Entitlement Offer, assuming all Entitlements are accepted the number of Shares in the Company will increase from 360,531,896 (assuming of the Shares the subject of the Lanstead Placement and the Additional Placement are issued) to approximately 424,571,609.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Entitlement Offer and the Directors do not make any representation to such matters.

Shareholders should note that if they do not participate in the Entitlement Offer, their holdings are likely to be diluted by approximately 24% (as compared to their holdings and number of Shares on issue as at the date of this Prospectus). Please refer to section 2.4 of this Prospectus for examples of how the potential dilutionary effect of the Entitlement Offer may impact Shareholders.

### 3.3 Risks relating to the Company and the Agbaja Project

#### *Overview*

The principal activities of the Company is the evaluation of its wholly owned Agbaja iron ore Project in Kogi State, Federal Republic of Nigeria for development into a commercial iron ore mine and processing operation to produce iron ore concentrate for international export markets. On 29 January 2014 the Company announced the results from a Preliminary Feasibility Study that assessed the technical and economic viability for the development and operation of a mine and processing plant to produce 5 million tonnes per annum of iron ore concentrate at the Agbaja Project.

Due to the nature of the Company's business activities of iron ore exploration and development assessment in Nigeria, increasing your investment in the Company carries with it risks reasonably expected of an investment in a business of this type. Accordingly, whilst the Directors recommend the Entitlement Offer, Shares and Options offered pursuant to this Prospectus should be considered speculative. Iron ore exploration and the possible transition to future iron ore concentrate production is a high risk endeavour and prospective investors should read the whole of this Prospectus and consider the risk factors described within it, as well as consult their stockbroker, accountant, solicitor or other professional adviser in order to fully appreciate the manner in which the Company operates before deciding whether to apply for any Shares and Options.

By its nature, an investment in a mineral exploration and development company is subject to numerous risks and the current and future activities of the Company, including exploration, evaluation and production activities that may be affected by a range of factors, including, but not limited to, those discussed in this Prospectus. Accordingly, this section does not, and does not purport to, contain an exhaustive list of the risks associated with an investment in Shares or Options.

Before increasing your investment in the Company, you should consider whether this investment is suitable for you having regard to the risk factors set out below, publicly available information, your investment objectives and personal financial circumstances, and following consultation with your professional advisors.

A reference to the Company in this key risks section should be taken to include, where relevant, a reference to the Company's Agbaja Project interests.

## Key Risks

### Going Concern

The independent auditor's review report accompanying the consolidated entity's financial report for the half-year ended 31 December 2013 was unqualified but contained an emphasis of matter paragraph in respect of a material uncertainty regarding the consolidated entity's continuation as a going concern. The auditor drew attention to a note in the consolidated entity's half year financial report with respect to the consolidated entity's net losses after tax and cash outflows and the need for additional funding to be raised.

The note stated that "Without modifying our conclusion, we draw attention to Note 1 in the half-year financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the ability of the consolidated entity being able to secure additional funding through either the issue of further shares and/or options or convertible notes or a combination thereof as required to fund ongoing exploration, development, test work and for additional working capital. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business"

As at the date of this Prospectus, the Company's cash balance is \$19,422. Following settlement of the Lanstead Placement and the Additional Placement the Company will hold approximately \$329,422 cash at bank (before associated costs). In addition, the Entitlement Offer is underwritten to \$655,726 and the Directors have agreed to take up their Entitlements in full, which will raise an additional \$262,613 after taking into account the set off arrangements agreed to with the Directors in respect of loans owing by the Company to the Directors. The Company has rescheduled the payment of its major outstanding creditors until 30 June 2014 and will carefully manage expenditure in line with the Company's cash flow.

Should the Lanstead Placement and the Additional Placement fail to settle, the Underwriting Agreement is terminated or the Entitlement Offer is withdrawn, the Company would need to consider alternative plans, such as raising funds via a placement at a lower price. If this is not possible and other alternative sources of funding are not available, then the Company may consider entering into voluntary administration.

### Future capital needs

Further funding may be required by the Company to support the ongoing activities and operations of the Agbaja Project and for corporate and working capital purposes.

Failure to obtain sufficient financing for the Company's future activities may result in the Company being unable to meet the holding cost associated with its Agbaja Project and various other exploration licences in Nigeria and may even result in the loss of any or all of the exploration licences. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

### Lack of executive management

The Company's management currently consists of 1 executive and 5 non-executive Directors. The Board is of the view that it is able to provide sufficient management of the Agbaja Project and the Company for its current level of activities. However, there is a risk that experienced members of the Board may resign and/or not be able to devote the required time to manage the Company and the Agbaja Project which may impact on the Company's ability to operate. It is not the current intention of the Board to appoint a Managing Director, nor appoint any other executive management.

### Risks associated with operations in Nigeria

The exploration licences of the Company are located in Nigeria. The Company is subject to the risks associated with operating in that country, including various levels of political, economic and other risks and uncertainties. These risks and uncertainties include, but are not limited to, terrorism, hostage taking, fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risks of war or civil unrest, expropriation and nationalisation, renegotiation or nullification of existing concessions, licences, permits and contracts, illegal mining, changes in taxation policies, application of taxation policy, restrictions on foreign exchange and repatriation of money and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining, fiscal or investment policies or shifts in political attitude in Nigeria may adversely affect the operations or profitability of the Company. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, foreign currency remittance, income and other taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, labour legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

Outcomes in courts in Nigeria may be less predictable than in Australia, which could affect the enforceability of contracts entered into by the Company or its subsidiary in Nigeria.

#### The Nigerian Cadastre Office

In addition to the above risk factors in relation to operations in Nigeria, there are also specific risks related to dealing with the relevant governmental authorities in Nigeria, being the Mining Cadastre Office, located in Abuja (Cadastre), which is a department within the Nigerian Ministry of Mines and Steel Development.

As explained in the Company's prospectus dated 14 December 2011, during the Company's due diligence process it was discovered that the respective Cadastral Units (CU: 1 Nigerian CU = 15" by 15" block), measurements and areal results for certain exploration licences held by KCM Mining Limited (incorporated in Nigeria and a wholly owned subsidiary of the Company), contained in the records of the Cadastre did not, in some instances, exactly correlate with the independent measurements and areal results taken by the independent geologist.

It has also transpired that in some instances the final geographical co-ordinates ("grant co-ordinates") of granted exploration licences differ from the geographical co-ordinates submitted by the Company at the time of exploration licence application.

Whilst the Company has been issued with notification of grant letters for all of its granted exploration licences from the Cadastre, and grant certificates for the majority of the licences that have been granted, including EL12124, in some instances the Company is yet to receive confirmation of the "grant co-ordinates" for some of the granted licences. Cadastre continues to streamline its systems and making in-roads on a back-log of licence matters, and some of these issues are now beginning to be resolved.

There remains a risk that the final "grant co-ordinates" issued by the Cadastre for a particular exploration licence may differ from the geographic co-ordinates submitted at the time of licence application. In such circumstances, KCM Mining Limited will attempt to resolve the difference with the Cadastre, however there remains a risk that the Cadastre may not make adjustments to the exploration licences and that KCM Mining Limited may not receive title to the affected areas of the granted exploration licences.

#### Exploration, development, mining and processing risks

The exploration licences of the Company are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of these licences, or any other licences that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, tribal and traditional ownership processes, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its licences and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the licences, a reduction in the base reserves of the Company and possible relinquishment of the licences.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs

may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

#### Future capital needs

The Directors believe that upon the successful completion of the Entitlement Offer, the Company will have sufficient funds to fund holding costs for the Agbaja Project in the near term and corporate and working capital requirements. However, future additional funding will be required by the Company. Failure to obtain sufficient funding for the Company's future activities may result in the Company being unable to meet the holding costs for the Agbaja Project and/or delay and indefinite postponement of development and exploration activities and even result in the loss of exploration licences. There can be no assurance that additional funding will be available when needed or, if available, the terms of the funding might not be favourable to the Company and might involve substantial dilution to Shareholders.

#### No geographic diversification

The Company's exploration licences are all located in Nigeria. Any circumstance or event which negatively impacts the ownership or development of these areas or which negatively affects Nigeria could materially affect the financial performance of the Company and more significantly than if it had a geographically diversified asset base.

#### Operating risk

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

#### Resource and Reserve estimates

The Company's mineral resources and reserves are estimates only and no assurance can be given that any particular recovery level of iron ore will in fact be realised. The Company's estimates comply with the JORC Code, 2012. An estimate is an expression of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

#### Off take risk

The Company does not have any committed off take agreements in place. In the event that the Company starts producing iron ore from one of its projects in the future, the Company may enter into off take transactions in order to fix or underpin the price for a portion of its production or for a particular type of iron ore. There is a risk that the Company may not be able to deliver physical production into committed off take agreements; if for example, there was a production stoppage. In that event the Company could be adversely affected if the price was to move unfavourably. In addition, there is a mark-to- market risk in respect of accounting for off take agreements that could adversely impact the Company's financial results.

#### HIV/AIDS

In Nigeria, an estimated 3.6 per cent of the population are living with HIV and AIDS. Although HIV prevalence is much lower in Nigeria than in other African countries such as South Africa and Zambia, the size of Nigeria's population (around 149 million) means that by the end of 2009, there were approximately 2.3 million people living with HIV.

Approximately 220,000 people died from aids in Nigeria in 2009. With AIDS claiming so many lives, Nigeria's life expectancy has declined significantly. In 1991 the average life expectancy was 54 years for women and 53 years for men. In 2009 these figures had fallen to 48 for women and 46 for men.

The exact impact of increased mortality rates due to HIV/AIDS related deaths on the cost of doing business in Nigeria and the potential growth in the economy is unclear at this time although employee related costs in Nigeria could increase as a result of the HIV/AIDS epidemic. The Company's results may be adversely affected by the loss of productivity and increased costs arising from any effect of HIV/AIDS on the Company's workforce

### Nigerian withholding tax

There is a risk that Nigerian taxation authorities may assess withholding tax on a variety of off-shore payments made by the Company to the providers of services undertaken in Nigeria. Advice received by the Company is that the assessment of withholding tax to the Company in these circumstances is unlikely, as primary liability for Nigerian taxation on service provided in Nigeria rests with the service provider. However, there remains a possibility that if the service provider has not met its Nigerian taxation obligations and does not have a representative in Nigeria, Nigerian taxation authorities may attempt to appoint the Company as the agent of the service provider and assess withholding tax. At this point in time, the Company considers that the risk of such an assessment is low and is not in a position to estimate the amount of any future assessment, if one were to be made.

### Risks associated with the mineral industry

#### Commodity Price Volatility and Exchange Rate Risks

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for iron ore, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

#### Labour

The Company's operations may be adversely affected by labour disputes or changes in Nigerian labour laws. With the exception of employees classified as essential - members of the armed services, the police force, fire-fighters, Central Bank employees, and customs and excise staff - Nigerian workers may form or join trade or labour unions. They may also strike to obtain improved working conditions and benefits and bargain collectively for higher wages.

Strikes or industrial actions by workers tend to be frequent in Nigeria. Although plagued by leadership struggles, ideological differences and regional ethnic conflicts, the Nigerian Labour Congress has been able to organize or threaten nationwide workers' strikes, demanding the retention of government subsidies on petroleum products, minimum wages, and improved working conditions.

#### Joint Venture Parties, Agents and Contractors

The Directors are unable to predict the risk of financial failure or default by a participant in any earn-in agreement or joint venture to which the Company may become a party or the insolvency or managerial failure by any of the contractors to be used in future by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers to be used in future by the Company for any activity.

#### Water Supply

Water supply for the Company's projects, and any future projects, will be sourced from individual locations. The Company will be required to apply for and obtain water use licences from the relevant governmental authorities. The process for obtaining a water use licence may be a lengthy one and the Company's operations may be adversely affected in the event that the relevant licences are not obtained in a timely manner. An inadequate water supply would negatively affect the project and any future projects.

#### Environmental

The operations and proposed activities of the Company are subject to Nigerian Federal and Kogi State laws and regulations concerning the Environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced to mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligations, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the

environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and processing waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Approvals may be required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

#### Litigation risk

Legal proceedings may arise from time to time in the course of the Company's business and the Agbaja Project. The Company cannot preclude the possibility that litigation may be brought against it or parties involved in the Agbaja Project which may have a negative impact on the Agbaja Project.

The Company is not aware of any material litigation risks at this moment or in the foreseeable future.

#### General risks

The business activities of the Company are subject to various general economic and investment risks that may impact on the future performance of the Company. These risk factors include, but are not limited to those summarised below.

- Taxation and government regulations - changes in taxation and government legislation in a range of areas (for example, the Corporations Act, accounting standards and taxation law), in Australia, Nigeria and other jurisdictions can have a significant influence on the outlook for companies and the returns to investors.
- Investment in capital markets - as with all stock market investments, there are risks associated with an investment in the Company. Securities unlisted on the stock market, and in particular securities of mineral exploration and production companies, have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of Shares regardless of the Company's performance. The price of Shares might trade below or above the Offer Price for the Shares.
- Accounting standards - Australian accounting standards are set by the Australian Accounting Standards Board (AASB). Changes to accounting standards issued by AASB could materially adversely affect the financial performance and position reported in the Company's financial statements.
- General economic risks - the operating and financial performance of the Company is influenced by a variety of general economic and business conditions, including levels of consumer spending, oil prices, inflation, interest rates and exchange rates, supply and demand, industrial disruption, access to debt and capital markets and government fiscal, monetary and regulatory policies. Changes in general economic conditions may result from many factors including government policy, international economic conditions, significant acts of terrorism, hostilities or war or natural disasters.

### ***3.4 Risks relating to the Shares***

#### **Securities price fluctuation**

The market price of a publicly traded stock is affected by many variables not directly related to the success of the Company. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of the Company's securities.

#### **Share market risk**

Share market conditions may affect the value of Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- changes in investor sentiment toward particular countries;
- global media reports;

- the demand for, and supply of, capital; and
- other external factors whether real or perceived by the market.

The market price of the Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company, or any return on an investment in the Company.

### ***3.5 Speculative nature of investment***

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares and Options offered under this Prospectus.

## 4 Additional information

### 4.1 Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the *Corporations Act*) and is subject to the regime of continuous disclosure and periodic reporting requirements. Specifically as a listed company, the Company is subject to the Listing Rules which require continuous disclosure to the market of any information possessed by the Company which a reasonable person would expect to have a material effect on the price or value of its Shares.

The Board have adopted a policy on compliance with the Listing Rules which sets out the obligations of the Directors, officers and employees to ensure the Company satisfies the continuous disclosure obligations imposed by the Listing Rules and the *Corporations Act*. The policy provides information as to what a person should do when they become aware of information which could have material effect on the Company's securities and the consequences of non-compliance.

### 4.2 Legal framework of this Prospectus

As a "disclosing entity", the Company has issued this Prospectus in accordance with section 713 of the *Corporations Act* applicable to prospectuses for an offer of securities which are quoted enhanced disclosure (ED) securities and the securities are in a class of securities that were quoted ED securities at all times in the 3 months before the date of this Prospectus.

This Prospectus is a "transaction specific prospectus". In general terms, a transaction specific prospectus is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that other than as noted in this Prospectus it has complied with the requirements of ASX as applicable to disclosing entities from time to time, and which require the Company to notify ASIC of information available to the stock market conducted by ASX, throughout the 3 months before the issue of this Prospectus.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The ASX maintains files containing publicly disclosed information about all listed companies. The Company's file is available for inspection at ASX in Perth during normal working hours. In addition, copies of documents lodged by, or in relation to, the Company with ASIC may be obtained from, or inspected at, any regional office of ASIC.

### 4.3 Information available to Shareholders

The Company will provide a copy of each of the following documents, free of charge, to any investor who so requests during the application period under this Prospectus:

- (a) the Annual Financial Report for the Company for the year ending 30 June 2013;
- (b) the Interim Financial Report of the Company for the half-year ending 31 December 2013; and
- (c) the following documents used to notify ASX of information relating to the Company during the period after lodgement of the Annual Financial Report of the Company for the period ending 30 June 2013 and before the issue of this Prospectus:

Document	Date
Share Placement, and Non-renounceable pro-rata Entitlement Offer	17/06/2014

Document	Date
Suspension from Official Quotation	13/06/2014
Trading Halt	11/06/2014
Appendix 3Z	09/05/2014
Company Status and Reorganisation	06/05/2014
Quarterly Activities and Cash Flow Report	30/04/2014
Kogi to present at Steel Development conference in Shanghai	17/04/2014
Appendix 3B	28/03/2014
Investor Presentation - Stars in 2014 Series	19/03/2014
Half Year Accounts	14/03/2014
Kogi Iron Announces 205 million tonne Ore Reserve at Agbaja	04/03/2014
Release of Securities from escrow	28/02/2014
Kogi Iron Limited -Research Report	25/02/2014
Company Interview with Managing Director	10/02/2014
Kogi Iron launches Company Video	04/02/2014
Kogi Iron Company Presentation	03/02/2014
Quarterly Activities and Cashflow Report	31/01/2014
Kogi Iron Announces Positive and Robust PFS for Agbaja	29/01/2014
Kogi Iron Finalises Agbaja Processing Plant Design	24/01/2014
Kogi Iron further optimises Barging Study	22/01/2014
Kogi Iron further lowers strip ratio for mine plan	15/01/2014
Kogi Iron - Typical Product Specifications	10/01/2014
Kogi completes Environmental and Social Impact Assessment	07/01/2014
Bi leaching to upgrade Agbaja Iron Ore	18/12/2013
KFE upgrades Scoping Study to Preliminary Feasibility Study	13/12/2013
Change in substantial holding	11/12/2013
20% increase in Mineral Resources at Kogi's Agbaja Project	10/12/2013
Share Trading Policy	06/12/2013
Section 708A Notice	05/12/2013
Kogi Directors Increase Shareholding & Appendix 3Y & 3B	05/12/2013
Expiry of unlisted options	02/12/2013
Results of Meeting	29/11/2013
Managing Director Presentation - 2013 Annual General Meeting	29/11/2013
Kogi Completes Mine Design for Scoping Study	28/11/2013
Change in substantial holding	26/11/2013
Company Presentation - ADU Singapore	07/11/2013
Clarification Statement - Agbaja Project	06/11/2013
Change of Director's Interest Notice x 3	01/11/2013
Section 708A Notice	01/11/2013
Appendix 3B	01/11/2013
Quarterly Activities and Cash Flow Report	31/10/2013
Kogi Iron Scoping Study Team Appointments	31/10/2013

Document	Date
Kogi Iron Raises \$0.97 million via Share Purchase Plan	30/10/2013
Kogi Share Purchase Plan Closing Friday 25 October	23/10/2013
Notice of General Meeting/Proxy Form	23/10/2013
Update - Environmental and Social Impact Assessment Study	22/10/2013
Kogi Iron Reports Barging Study Completed	14/10/2013
Kogi Progresses Transport Infrastructure Access	04/10/2013
Section 708A Notice	30/09/2013
Appendix 3B	30/09/2013

#### **4.4 Underwriting Agreement**

Pursuant to an Underwriting Agreement dated 17 June 2014 between the Company and Terrain Capital Markets Limited (**Underwriter**), the Underwriter has agreed to partially underwrite the Entitlement Offer to \$655,726. The key terms of the Underwriting Agreement are set out below:

##### **Fees**

Under the Underwriting Agreement, the Company will:

- (a) pay the Underwriter an underwriting fee of \$22,043 (plus GST) (being 6% the underwritten amount of \$655,726 less \$288,339 in relation to sub-underwriting commitments of the Non-Executive Directors set off against loans owing by the Company to the Non-Executive Directors);
- (b) pay the Underwriter a management fee of \$450 (plus GST) per hour, capped at \$15,000, which is payable regardless of the outcome of the Entitlement Offer.

In addition, the Company must reimburse, indemnify and keep indemnified the Underwriter for all costs and expenses incurred by the Underwriter in connection with the Entitlement Offer including legal costs.

The Company has also agreed to pay the Underwriter a placement fee of 6% (plus GST) of any Shortfall placed by the Underwriter.

##### **Warranties**

The Company has given warranties and covenants to the Underwriter which are usual in an agreement of this nature.

##### **Termination**

If any of the following events occur at any time up until the allotment date of 11 July 2014 the Underwriter has the option of immediately terminating the Underwriting Agreement (with no recourse by the Company to the Underwriter) within 5 business days of the event by providing written notice to Kogi (**Material Events**):

- (a) Shares are suspended from trading on the ASX at any time following the lodgement of the Prospectus;
- (b) a profit downgrade and/or a material adverse change in the financial or trading position or prospects the Company as reasonably determined by the Underwriter;
- (c) a sale of one or more of the Company's material business units or assets;
- (d) an announcement is made for a takeover bid for the Company;
- (e) a takeover bid is announced by the Company for another company (whether or not the target is listed);
- (f) the Company suffers an insolvency event (as that term is commonly understood including, but not limited to, failing to pay debts as and when they fall due, or suspending payments generally, appointing an administrator or liquidator, a

receiver and/or manager being appointed, a floating charge crystallising, an order being made for winding up or an arrangement proposed or made with creditors);

- (g) a fall in the S&P/ASX 200 index by more than 15% for 3 consecutive days between the date of the Underwriting Agreement and the date the shortfall securities are allotted to the sub-underwriters or their nominees;
- (h) the price of China import Iron Ore Fines 62% FE spot (CFR Tianjin port) in US Dollars per Dry Metric Ton falls below \$70USD;
- (i) any materials and information provided by the Company to the Underwriter in relation to the Entitlement Offer do not comply in all material respects with its constitution, the Corporations Act, the ASX Listing Rules or any applicable policy or guideline of ASX; and
- (j) any other event occurs which has, or is likely to have, a materially adverse effect the Company's Share price.

If a Material Event occurs, the Company must immediately inform the Underwriter in writing. Should the Company fail to do so, the Underwriter may immediately terminate the Underwriting Agreement.

#### **4.5 Corporate governance**

The Company has adopted a system of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent that they are applicable to the Company, the Board has adopted the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*.

A summary of the Company's corporate governance policies and procedures is available on the Company's website at [www.kogiiiron.com](http://www.kogiiiron.com).

#### **4.6 Rights attaching to Shares**

The Shares to be issued pursuant to this Prospectus will rank equally in all respects with existing Shares in the Company.

Full details of the rights attaching to the Company's Shares are set out in its Constitution, a copy of which can be inspected at the Company's registered office.

The following is a summary of the principal rights which attach to the Company's Shares:

- (a) **Voting Rights**  
Subject to any rights or restrictions for the time being attached to any class or classes of Shares whether by the terms of their issue, the Constitution, the Corporations Act or the ASX Listing Rules, at a general meeting of the Company every Shareholder present in person or by representative or attorney has one vote on a show of hands and every such Shareholder present in person or by a representative, proxy or attorney has one vote per fully paid Share on a poll.

Where there are two or more joint holders of the Shares and more than one of them is present at a meeting and tenders a vote in respect of the Share (whether in person or by proxy or attorney), the Company will count only the vote cast by the member whose name appears before the other(s) in the Company's register of Shareholders.

- (b) **General Meetings**  
Each Shareholder is entitled to receive notice of and to be present, to vote and to speak at a general meeting of the Company. Further, each Shareholder is entitled to receive all notices, accounts and other documents required to be furnished to Shareholders under the constitution of the Company, the Listing Rules or the Corporations Act.

- (c) **Dividend Rights**  
Subject to any rights or restrictions to a class of shares, the Company may pay dividends as the Directors resolve. The Directors may fix the time for payment and the method of distribution.
- (d) **Transfer of Shares**  
Subject to the constitution of the Company, the Corporations Act, the ASTC Settlement Rules and the Listing Rules, Shares are freely transferable. Shares may only be transferred by a proper instrument in writing delivered to the Company, and the transferor is deemed to remain the holder of the Shares until the name of the transferee is entered into the Company's register of members. The Company may decline to register a transfer where permitted by law, the Listing Rules or the ASTC Settlement Rules.
- (e) **Changes in Capital**  
Subject to the Corporations Act, the constitution of the Company and the Listing Rules, the Directors may consolidate, or divide the Shares, allot, issue or otherwise dispose of Shares on such terms and conditions as they determine.
- (f) **Variation of Rights**  
The Company may only modify or vary the rights attaching to any class of shares by a special resolution of the Company and a special resolution passed at a meeting of the holders of the issued shares of that class.
- (g) **Rights on Winding Up**  
Subject to the rights of holders of shares with special rights in a winding up (at present there are none), on a winding up of the Company all assets that may be legally distributed among members will be distributed in proportion to the number of Shares held by them, irrespective of the amount paid up.
- (h) **ASX Listing Rules**  
As a member of the Official List, then despite anything in the constitution of the Company, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the constitution to contain a provision or not to contain a provision the constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the constitution is or becomes inconsistent with the Listing Rules, the constitution is deemed not to contain that provision to the extent of the inconsistency.

#### **4.7 Options terms and conditions**

- (a) Each Option entitles the holder to acquire one Share in the Company.
- (b) The Company will apply for quotation of the Options.
- (c) The Options may be exercised at any time on or before 5.00pm (WST) on 31 May 2017. Each Option may be exercised by forwarding to the Company at its principal office the exercise notice, duly completed, together with payment of the sum of 8 cents (\$0.08) per Option exercised. The Options will lapse when their exercise period ends.
- (d) Option holders can only participate in issues of securities provided they have first exercised their Options in which case the Option holders shall be afforded the period of at least four business days prior to and inclusive of the Record Date (to determine entitlements to the issue) to exercise the Options.
- (e) Shares issued on the exercise of Options will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of an Option will rank equally with the then issued Shares in all respects. If the Company is listed on ASX it will, pursuant to the exercise of an Option, apply to ASX for Quotation of the Shares issued as a result of the exercise, in accordance with the *Corporations Act* and the Listing Rules.
- (f) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital at the time of the reconstruction.

- (g) If there is a bonus issue to Shareholders, the number of Shares over which the Option is exercisable may be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
- (h) In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reduced in accordance with Listing Rule 6.22.

## 4.8 *Litigation*

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

## 4.9 *Interests of Directors*

- (a) Directors' holdings

At the date of this Prospectus the relevant interest of each of the Directors in the securities of the Company are as follows:

Director	Designation	Number *
Dr Ian Burston	Non-executive Chairman	14,222,223
Don Carroll	Non-Executive Director	9,111,111
Nathan Taylor	Non-Executive Director	9,387,917
Brian King	Non-Executive Director	6,391,111
Giuseppe (Joe) Ariti	Non-Executive Director	6,600,000
Kevin Joseph	Executive Director	6,000,000

\* The Number of shares held by the Directors at the date of this Prospectus includes all un-vested Shares, which in accordance with the terms and conditions of the Company Loan Share Plan are eligible for participation in the Entitlement Offer.

As at the date of this Prospectus, the Company had no options or other equity securities on issue.

It is the intention of each of the Non-Executive Directors to subscribe for all of their respective Entitlements offered to them under this Prospectus. All Directors may or may not purchase additional Shares prior to the Record Date. As noted in section 1.5, the Non-Executive Directors will sub-underwrite the Offer to \$320,726. The Non-Executive Directors have agreed set off subscription monies payable on acceptance of their Entitlements or in satisfaction of their sub-underwriting commitments against loans owing by the Company to the Non-Executive Directors to the extent set out in section 1.5.

- (b) Remuneration of Directors

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$500,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as loan performance shares, options or rights subject to any necessary Shareholder approval). In addition, Directors are also entitled to be paid

reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following tables shows the total annual remuneration paid or payable to both Executive and Non-Executive Directors for the 2 financial years prior to the date of this Prospectus and the remuneration that has been paid or is payable to the Executive and Non-Executive Directors for the current financial year until 31 May 2014.

The Non-Executive Directors of the Company agreed to defer the cash payment of their Director fees effective from 1 January 2014 until the Board determines that the Company is in a financial position to pay the accrued Director fees and to re-commence the customary quarterly payment of Director fees. The Board will make a determination whether to pay accrued Directors fees and re-commence the quarterly payment of Director fees following the completion of this Entitlement Offer and the placement of any Shortfall.

1 July 2013 to 31 May 2014	Short-term benefits	Post-employment benefits	Loan Performance Share Plan	Total (\$)
	Cash salary and fees (\$)	Superannuation (\$)	Equity-settled (\$) Note (a)	
Name				
Ian Burston	91,667	-	305,199	396,865
Kevin Joseph	301,535	-	244,159	545,694
Don Carroll	55,000	-	244,159	299,159
Nathan Taylor	55,000	-	244,159	299,159
Brian King *	164,830	-	244,159	408,989
Giuseppe (Joe) Ariti	55,000	-	244,159	299,159

Includes \$109,830 of consulting fees

Note (a): As at 30 April 2014 none of the Shares issued to Directors subject to the Loan Share Plan had vested.

1 July 2012 to 30 June 2013	Short-term benefits	Post-employment benefits	Loan Performance Share Plan	Total (\$)
	Cash salary and fees (\$)	Superannuation (\$)	Equity-settled (\$) Note (b)	
Name				
Dr Ian Burston	100,000	-	663,561	763,561
Kevin Joseph	301,200	-	530,850	832,050
Don Carroll	60,000	-	530,850	590,850
Nathan Taylor	60,000	-	530,850	590,850
Brian King	60,000	-	530,850	590,850
Giuseppe (Joe) Ariti	60,000	-	530,850	590,850

Note (b): As at 30 June 2013 none of the Shares issued to Directors subject to the Loan Share Plan had vested.

1 July 2011 to 30 June 2012	Short-term benefits	Post-employment benefits	Loan Performance Share Plan	Total (\$)
	Cash salary and fees (\$)	Superannuation (\$)		
Name				
Dr Ian Burston	98,405	-	-	98,405
Kevin Joseph	291,771	-	-	291,771
Don Carroll	48,000	-	-	48,000
Nathan Taylor	51,000	-	-	51,000
Brian King *	177,502	-	-	177,502
Giuseppe (Joe) Ariti **	12,000	-	-	12,000

\* Includes \$157,502 in consulting fees

\*\* Represents from 19 April 2012 to 30 June 2012.

(c) Directors' interests

Except as disclosed in this Prospectus, no Director (whether individually or in consequence of a Director's association with any company or firm or in any material contract entered into by the Company) has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- (i) the formation or promotion of the Company;
- (ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (iii) the Offer.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, Options, Performance Rights or otherwise) have been paid or agreed to be paid to any Director or to any company or firm with which a Director is associated to induce him to become, or to qualify as, a Director, or otherwise for services rendered by him or his company or firm with which the Director is associated in connection with the formation or promotion of the Company or the Entitlement Offer.

The Company has paid insurance premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings while acting in the capacity of a Director.

Each Director is a party to a Deed of Access and Indemnity with the Company.

#### **4.10 *Interests of named persons***

Except as disclosed in this Prospectus, no promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus, holds, or during the last two years has held, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Entitlement Offer; or
- (c) the Entitlement Offer,

and no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or agreed to be paid to a promoter or any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus for services rendered by that person in connection with the formation or promotion of the Company or the Entitlement Offer.

Terrain Capital Markets Limited has acted underwriter to the Entitlement Offer. The Company will pay approximately \$37,043 (plus applicable GST) to Terrain Capital Markets Limited for these services. Terrain Capital Markets Limited has not provided other professional services to the Company during the last two years

#### **4.11 *Consents***

Each of the other parties referred to in this section 4.11:

- (a) does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based other than as specified in this section; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Terrain Capital Markets Limited in the capacity as the Underwriter to the Entitlement Offer has consented to being named in the Prospectus and has not withdrawn such consent prior to the lodgement of this Prospectus with the ASIC.

There are a number of persons referred to elsewhere in this Prospectus who are not experts and who have not made statements included in this Prospectus nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in the Prospectus and did not authorise or cause the issue of the Prospectus.

#### **4.12 Options to be issued under the Lanstead Placement and Additional Placement**

This Prospectus also relates to the offer for nil consideration of up to 38,666,666 Options (each Option having an exercise price of \$0.08 and expiring on 31 May 2017) pursuant to the Lanstead Placement and Additional Placement.

An application for Options by the placees under the Lanstead Placement and Additional Placement can only be made on the separate loose leaf application form accompanying this Prospectus entitled "Options Application Form".

No consideration is payable by the placees under the Lanstead Placement and Additional Placement with the Options Application Form. The completed Options Application Form is to be lodged at Company's registered office at

13 Colin Street,  
West Perth, WA 6005.

#### **4.12 Electronic Prospectus**

ASIC has exempted compliance with certain provisions of the *Corporations Act* to allow distribution of an electronic Prospectus on the basis of a paper Prospectus lodged with ASIC and the issue of Shares and Options in response to an electronic application form, subject to compliance with certain provisions. The Company is relying on this exemption in relation to the offer of Shortfall.

The offer of Shares and Options offered pursuant to the Shortfall Offer is only available to persons receiving an electronic version of this Prospectus within Australia. The *Corporations Act* prohibits any person from passing to another person an Entitlement and Acceptance Form unless it is attached to, or accompanied by, the complete and unaltered version of this Prospectus.

If you have received an electronic version of this Prospectus, please ensure that you have received the entire Prospectus accompanied by the Entitlement and Acceptance Form. If you have not, please telephone the Company Secretary at +61 8 9200 3456 and the Company will send to you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an Entitlement and Acceptance Form from a person if it has reason to believe that when that person was given access to the electronic Entitlement and Acceptance Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In these circumstances, the application monies will be dealt with in accordance with section 722 of the *Corporations Act*.

## 5 Directors' authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the *Corporations Act*, each Director has consented to the lodgement of this Prospectus with the ASIC.



Dated: 17 June 2014

Brian King  
**Director**  
For and on behalf of  
**Kogi Iron Limited**

## 6 Defined terms

**A\$ and \$** means Australian dollars, unless otherwise stated.

**Additional Placement** means the placement of 5,333,333 Shares at an issue price of \$0.03 each and 5,333,333 attaching options at an exercise price of \$0.08 and expiry date of 31 March 2017 to raise \$160,000 as announced on 17 June 2014.

**Agbaja Project** means the Agbaja iron ore project in Kogi State, Nigeria.

**Applicant** means a person who submits an Entitlement and Acceptance Form.

**ASX Settlement** means ASX Settlement Pty Ltd (ABN 49 008 504 532).

**ASX Settlement Operating Rules** means the operating rules of the settlement facility provided by ASX Settlement as amended from time to time.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ABN 98 008 624 691) or the financial market operated by it, as the context requires.

**Board** means the board of Directors.

**Business Day** means every day other than a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

**Closing Date** means 5pm WST 8 July 2014 (unless extended).

**Company** means Kogi Iron Limited (ACN 001 894 033).

**Constitution** means the constitution of the Company as at the date of this Prospectus.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the directors of the Company as at the date of this Prospectus.

**Eligible Shareholder** means a Shareholder whose details appear on the Register as at the Record Date and who is not an Excluded Shareholder.

**Entitlement** means the entitlement of an Eligible Shareholder to apply for Shares and Options pursuant to the Entitlement Offer.

**Entitlement Offer** means the non-renounceable entitlement issue to Eligible Shareholders of approximately 64,039,713 Shares at an issue price of \$0.03 per Share on the basis of one (1) Share for every one (1) Share held on the Record Date and approximately 64,039,713 Options on the basis of one free attaching Option for every Share issued with each Option having an exercise price of \$0.08 and expiring on 31 May 2017, to raise approximately \$1,921,191 before expenses.

**Entitlement and Acceptance Form** means the entitlement and acceptance form either attached to or accompanying this Prospectus.

**Excluded Shareholder** means a Shareholder who does not reside in Australia or New Zealand.

**Executive Director** means Kevin Joseph.

**JORC** means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 edition) as adopted by the Australasian Joint Ore Reserves Committee, which is sponsored by the Australian mining industry and its professional organisations, for the purposes of compliance with the Listing Rules.

**Lanstead Placement** means the placement of 35,000,000 Shares at an issue price of \$0.03 each and 33,333,333 Options (each with an exercise price of \$0.08 and expiry date of 31 May 2017) to Lanstead Capital Partners, as announced to the ASX on 17 June 2014.

**Underwriter** means Terrain Capital Markets Limited (ACN 061 986 258).

**Listing Rules** means the Listing Rules of ASX.

**Loan Share Plan** means the Company's loan share plan approved by Shareholders in general meeting on 30 November 2012.

**Non-Executive Directors** means Dr Ian Burston, Don Carroll, Nathan Taylor, Brian King and Giuseppe (Joe) Ariti.

**Official List** means the Official List of the ASX.

**Official Quotation** means quotation on the Official List.

**Opening Date** means 27 June 2014.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Prospectus** means this Prospectus.

**Record Date** means 24 June 2014.

**Register** means the register of Shareholders.

**Share** means an ordinary fully paid share in the capital of the Company.

**Shareholder** means the registered holder of a Share.

**Shortfall** means the Shares and Options not allocated to Eligible Shareholders (either through acceptance of their Entitlements or through Eligible Shareholders applying for Shares and Options in addition to their Entitlements).

**Shortfall Offer** means the offer of the Shortfall on the terms and conditions set out in section 1.7 of this Prospectus.

**Underwriting Agreement** means the agreement between the Company and the Underwriter dated 17 June 2014.

**WST** means Australian Western Standard Time.