



**KOGI IRON**  
LIMITED



21 June 2022

Nicola Mullen  
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ASX Compliance Pty Limited  
Level 40, Central Park, 152-158 St Georges Terrace  
Perth WA 6000

**By email only:** [ListingsCompliancePerth@asx.com.au](mailto:ListingsCompliancePerth@asx.com.au)

Dear Nicola,

**Kogi Iron Limited - Response to ASX Query Letter**

We refer to your letter dated 16 June 2022 (**Letter**). In response to your questions outlined in the Letter, and using the same definitions as included in your Letter, the Company provides the following information:

**Question 1: Is the proposed use of the \$1,500,000 for the Macro Metals projects in the capital raise announced on 30 March 2022 (paragraph E) the same or similar to the proposed use of the placement funds at \$0.015 a share, announced with the Macro Metals acquisition (paragraphs A and C).**

Yes, the expenditure is similar and refer to our comments below in the response to question 4 for the context.

**Question 2: Did nominees of Macro Metals subscribe for \$1,000,000 of KFE shares at a placement price of \$0.015 (paragraphs A and B)?**

Neither the nominees of Macro Metals nor any third parties subscribed for shares under the shareholder approved placement, rather the nominees of Macro Metals participated in the placement announced on 30 March 2022 in the amount of ~\$600,000 at a placement price of 0.8 cents (**Placement**).

**Question 3: Were any shares placed to either nominees of Macro Metals or other parties identified by KFE at \$0.015 following shareholder approval of the placement (paragraph D)?**

Refer to our response to question 2.

**Question 4: Was there an obligation of any form for the nominees of Macro Metals to subscribe to additional shares in a placement?**

At the time of the announcement, the nominees of Macro Metals indicated their willingness to subscribe for \$1 million in the Placement and it was an initial condition precedent in the terms sheet that shareholder approval was received, and the placement completed. It was not an obligation. This condition was also included in the formal sale agreement. This condition could be waived by the Company and the Company proceeded to completion without this condition being satisfied. In any event and in context, it is important to note that following shareholder approval, the Company had 3 months from the date of that approval to issue the shares. The shareholder approved placement was not completed due to market conditions in late 2021. Further, the requirement for funding was delayed as the Company was waiting on heritage



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approvals for the Macro projects. Discussions to schedule the Heritage Survey are ongoing with the Traditional Owners.

**Question 5: If the answer to Question 4 is “no”, why did KFE:**

**5.1 Use the word “will” to describe the action the nominees of Macro Metals would take in relation to subscribing to the placement shares in the announcement of the acquisition (paragraph A) and in the annual report (paragraph B)?**

This wording was drafted based on the genuine belief of the Company based on the discussions with the Macro vendors that they would subscribe for the shares under the approved placement. Due to the change in market conditions as noted in the response to question 4, the subscription did not occur.

**5.2 State that KFE “will have sufficient funds” to implement the iron ore exploration plans if shareholder approval was obtained (paragraph A)?**

This statement was based on an indicative budget and plan, and the timing did change for the reasons set out in our response to question 4. The amount ultimately raised by the Placement announced on 30 March 2022 is sufficient for the current proposed exploration programs.

**Question 6: It appears to ASX that the nominees of Macro Metals were effectively granted free options to invest in KFE at \$0.015. ASX further observes that nominees of Macro Metals participated in the 30 March 2022 placement at the lower price of \$0.008. Does KFE consider that it effectively granted equity securities in the form of options to the nominees of Macro Metals?**

**6.1 If not, please explain the basis for that view; or**

KFE did not grant free options to invest. The approval received from shareholders at the general meeting was in normal terms and gave authority to KFE to issue the securities on the terms of that approval. Please refer to the reasons for not proceeding in the response to question 4.

**6.2 If so, please explain the basis for KFE’s apparent view that it met its obligations under Listing Rule 3.10.**

Please refer to our response to question 7.2.

**Question 7: ASX notes that the placement at \$0.015 appeared to be material for KFE to have sufficient funds to realise value through rapid exploration, resource definition and small-scale production of the Macro Metals projects (paragraph A).**

**7.1 When did KFE become aware it was not going to raise any funds though the placement?**

In line with the approval received, the Company continued to monitor the market for 3 months after the general meeting. To the extent a specific date of awareness is required, 19 February 2022 is the latest date by which the Company could have undertaken the placement. The placement did not proceed for the reasons set out in the response to question 4.



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**7.2 Was the failure to raise funds or the decision not to raise funds following shareholder approval (paragraph D) immediately disclosed to the market? Does KFE consider this to be consistent with its obligations under Listing Rule 3.1? Please provide the basis for this view. If KFE is of the view that this was disclosed, please identify the announcement that specifically discloses this.**

The Appendix 2A lodged on 30 November 2021 post the general meeting confirmed the issue of the consideration for the acquisition and noted that the placement securities were yet to be issued (see page 3). When read with the notice of meeting disclosure and the approval from shareholders, the market was fully informed that the Company had the authority to issue these shares within the 3-month post approval period. We would submit that as there was no further announcement, the market was fully informed that the shares were not in fact issued, as the issue would have required an announcement in its own right and a cleansing statement.

**Question 8: Please confirm that KFE is complying with the Listing Rules and, in particular, Listing Rule 3.1.**

KFE confirms that it is in compliance with the Listing Rules and, in particular, the Company confirms that it is in compliance with Listing Rule 3.1.

**Question 9: Please confirm that KFE's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of KFE with delegated authority from the board to respond to ASX on disclosure matters.**

The Company confirms its responses to the above questions have been duly authorised in accordance with KFE's Continuous Disclosure Policy.

We trust that our responses sufficiently address your queries, but please do not hesitate to contact me if further information is required.

Yours sincerely,  
**Kogi Iron Limited**

Patricia Vanni  
Company Secretary



16 June 2022

Reference: 53991

Ms Patricia Vanni de Oliveria  
Company Secretary

By Email: Patricia.Vanni@vistra.com

Dear Ms Vanni

### **Kogi Iron Limited ('KFE'): Query Letter**

ASX refers to the following:

#### Acquisition of Macro Metals

- A. KFE's announcement titled "Proposed Acquisition of Macro Metals Limited and the Advanced Quality Palabra Iron Ore Projects" released on the ASX Market Announcements Platform ('MAP') on 23 September 2021, which disclosed (relevantly, emphasis added) that:

*"Kogi to purchase 100% of the shares in Macro Metals for 100% scrip consideration (Proposed Acquisition). The consideration payable for Macro Metals is... In addition, **nominees of Macro Metals will subscribe for a \$1M placement in Kogi at an issue price of 1.5c per share, with up to a further \$1M targeted to be placed by Kogi, for a total placement of up to \$2M...***

*Exploration targeting is complete and, **if shareholder approval is obtained for the Placement, Kogi will have sufficient funds to implement the iron ore exploration plan and define resources of iron ore deposits...***

*The medium to long-term nature of realising an investment return on the Agbaja Project would be well complemented by a nearer term opportunity to realise value for shareholders through the rapid exploration, resource definition and potential small scale production opportunities that the assets of Macro Metals now offers"*

- B. KFE's annual report for the year ended 30 June 2021 released on MAP on 29 October 2021, which disclosed (emphasis added):

*"In addition, **nominees of Macro Metals will subscribe for a \$1M placement in Kogi at an issue price of 1.5c per share, with up to a further \$1M targeted to be placed by Kogi, for a total placement of up to \$2M"***

- C. KFE's Notice of General Meeting released on MAP on 18 October 2021, which stated that of the \$2,000,000 to be raised, \$1,500,000 of the funds was intended to be used on the "Exploration of the Macro Tenements".

- D. KFE's Results of General Meeting released on MAP on 19 November 2021, which stated that resolution number 3, concerning the issue of shares under the placement, was carried by shareholders.

- E. KFE's Investor Presentation for its proposed capital raise of \$5,000,000, released on MAP on 30 March 2022. Slide 12 of the presentation stated that \$1,500,000 of the proposed raise was intended for the "Exploration on the Tenements" and listed seven Macro Metal projects.

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## Listing Rules

- F. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- G. Listing Rule 3.10, which requires a listed entity to immediately disclose to the ASX details of a proposed issue of equity securities.
- H. Listing Rule 19.12, which defines an equity security to include an option or a right to an issued or unissued share, or an option over the aforementioned securities.

## **Request for information**

Having regard to the above, ASX asks KFE to respond separately to each of the following questions and requests for information:

1. Is the proposed use of the \$1,500,000 for the Macro Metals projects in the capital raise announced on 30 March 2022 (paragraph E) the same or similar to the proposed use of the placement funds at \$0.015 a share, announced with the Macro Metals acquisition (paragraphs A and C).
2. Did nominees of Macro Metals subscribe for \$1,000,000 of KFE shares at a placement price of \$0.015 (paragraphs A and B)?
3. Were any shares placed to either nominees of Macro Metals or other parties identified by KFE at \$0.015 following shareholder approval of the placement (paragraph D)?
4. Was there an obligation of any form for the nominees of Macro Metals to subscribe to additional shares in a placement?
5. If the answer to Question 4 is "no", why did KFE:
  - 5.1 Use the word "will" to describe the action the nominees of Macro Metals would take in relation to subscribing to the placement shares in the announcement of the acquisition (paragraph A) and in the annual report (paragraph B)?
  - 5.2 State that KFE "will have sufficient funds" to implement the iron ore exploration plans if shareholder approval was obtained (paragraph A)?
6. It appears to ASX that the nominees of Macro Metals were effectively granted free options to invest in KFE at \$0.015. ASX further observes that nominees of Macro Metals participated in the 30 March 2022 placement at the lower price of \$0.008. Does KFE consider that it effectively granted equity securities in the form of options to the nominees of Macro Metals?
  - 6.1 If not, please explain the basis for that view; or
  - 6.2 If so, please explain the basis for KFE's apparent view that it met its obligations under Listing Rule 3.10.
7. ASX notes that the placement at \$0.015 appeared to be material for KFE to have sufficient funds to realise value through rapid exploration, resource definition and small-scale production of the Macro Metals projects (paragraph A).
  - 7.1 When did KFE become aware it was not going to raise any funds through the placement?
  - 7.2 Was the failure to raise funds or the decision not to raise funds following shareholder approval (paragraph D) immediately disclosed to the market? Does KFE consider this to be consistent with its

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obligations under Listing Rule 3.1? Please provide the basis for this view. If KFE is of the view that this was disclosed, please identify the announcement that specifically discloses this.

#### Listing Rules

8. Please confirm that KFE is complying with the Listing Rules and, in particular, Listing Rule 3.1.
9. Please confirm that KFE's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of KFE with delegated authority from the board to respond to ASX on disclosure matters.

#### **When and where to send your response**

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **12:00 PM AWST Tuesday, 21 June 2022**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, KFE's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require KFE to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsCompliancePerth@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

#### **Trading halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in KFE's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

#### **Suspension**

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in KFE's securities under Listing Rule 17.3.

#### **Listing Rules 3.1 and 3.1A**

In responding to this letter, you should have regard to KFE's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that KFE's obligation

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to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

**Release of correspondence between ASX and entity**

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

**Questions**

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

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**Nicola Mullen**  
Adviser, Listings Compliance (Perth)