

14 October 2013

KOGI REPORTS BARGING STUDY COMPLETED

Highlights

- Niger River Barging Study Completed by Prestedge Retief Dresner Wijnberg (Pty) Ltd
- Five barging scenarios considered
- Use of the existing Warri Port for transfer and stockpiling provides the optimal operating and capital cost outcome
- Barging transportation will form the basis of the 5 Mtpa Scoping Study

Australian based iron ore development company, Kogi Iron Limited (ASX: KFE) ("Kogi Iron" or the "Company") is pleased to report the results of a Niger River Barging Study for its 100% owned Agbaja Iron Ore Project ("Agbaja Project"). The study was conducted by South African port and coastal engineering consultants, Prestedge Retief Dresner Wijnberg (Pty) Ltd ("PRDW"). PRDW was appointed by Kogi's 100% owned Nigerian subsidiary KCM Mining Ltd to investigate the feasibility of using river barges to transport iron ore concentrate via the Niger River from Agbaja to the coast near the Warri Port, then transshipment to larger ocean-going vessels ("OGV") moored offshore. The study proposes a number of alternatives, each of which was assessed and compared to select the optimal solution for incorporation into the Scoping Study.

Concept 1 – Warri Stockpile

This option considered the use of a stockpile facility at Port Warri. It assumed the use of existing port infrastructure and the continuous delivery of iron ore concentrate by river barges from a barge loading facility at Banda on the Niger River, proximal to the Agbaja Project. A separate fleet of deeper draft sea-going barges makes use of the deeper river channels 50 nautical miles ("NM") from Warri via the Chanomi Creek to the Escravos River mouth, and a further 18 NM to the transshipment site to load the OGV.

Concept 2 - Forcados Stockpile

This option extended the river barging leg to reach a proposed stockpile site near the mouth of the Forcados River. This option offered the shortest overall distance, but the depth at the Forcados River bar is shallower than the depth at the Escravos River bar, which limits the sea-going barge parcel size. The establishment of the stockpile facility at this greenfield site would incur the additional capital cost of constructing new quay structures for berthing barges and site clearance for stockpile areas.

Concept 3 - Escravos Stockpile

This option located a stockpile at the mouth of the Escravos River with a river leg of 325 NM via the Forcados River and Chanomi Creek channel. The deep river entrance and the short sea leg help to reduce the OGV loading time even further. The Escravos stockpile would incur the capital cost of constructing new infrastructure.

Concept 4 - Direct Transshipment

This option considered the delivery of iron ore concentrate by river barge directly to the OGV vessel for transshipment. This option offered a saving in construction and operation of a stockpile facility but incurs costs of demurrage. Demurrage costs relate to the standby rates for OGVs.

Concept 5 - Direct Transshipment with Floating Storage Unit ("FSU")

This option considered the use of a FSU moored at the transshipment site for stockpiling and transshipment. The FSU is a retro-fitted Capesize vessel equipped to offload iron ore from river barges to storage in the hold and then tranship to OGVs, which moor alongside. This option is able to eliminate demurrage entirely, but incurs the additional cost of the long journey for the river barges and the laden river barges are required to operate offshore.

Study Parameters

The PRDW study also reported on the following areas:

1. Site selection process for the barge loading berth;
2. Stockpiles and the transshipment location;
3. Site information required for each location and each leg of the barging operation;
4. Information received from transshipment operators;
5. Simulation of barge logistics using a discrete event simulation software programme;
6. Marine infrastructure required for each berth and stockpile facility as well as details of the various transshipment systems;
7. Equipment requirements for each barging alternative;
8. Order of magnitude cost estimates for CAPEX and OPEX for each alternative barging operation;
9. Project implementation schedule for the construction of all the berths and the commissioning of barges, tugs and transshipment units required;
10. Results of the optimisation of the barging logistics simulation and the preferred option on the basis of cost; and
11. Recommendations of the study as well as a discussion of the options for future throughput expansion.

Conclusions and Recommendations

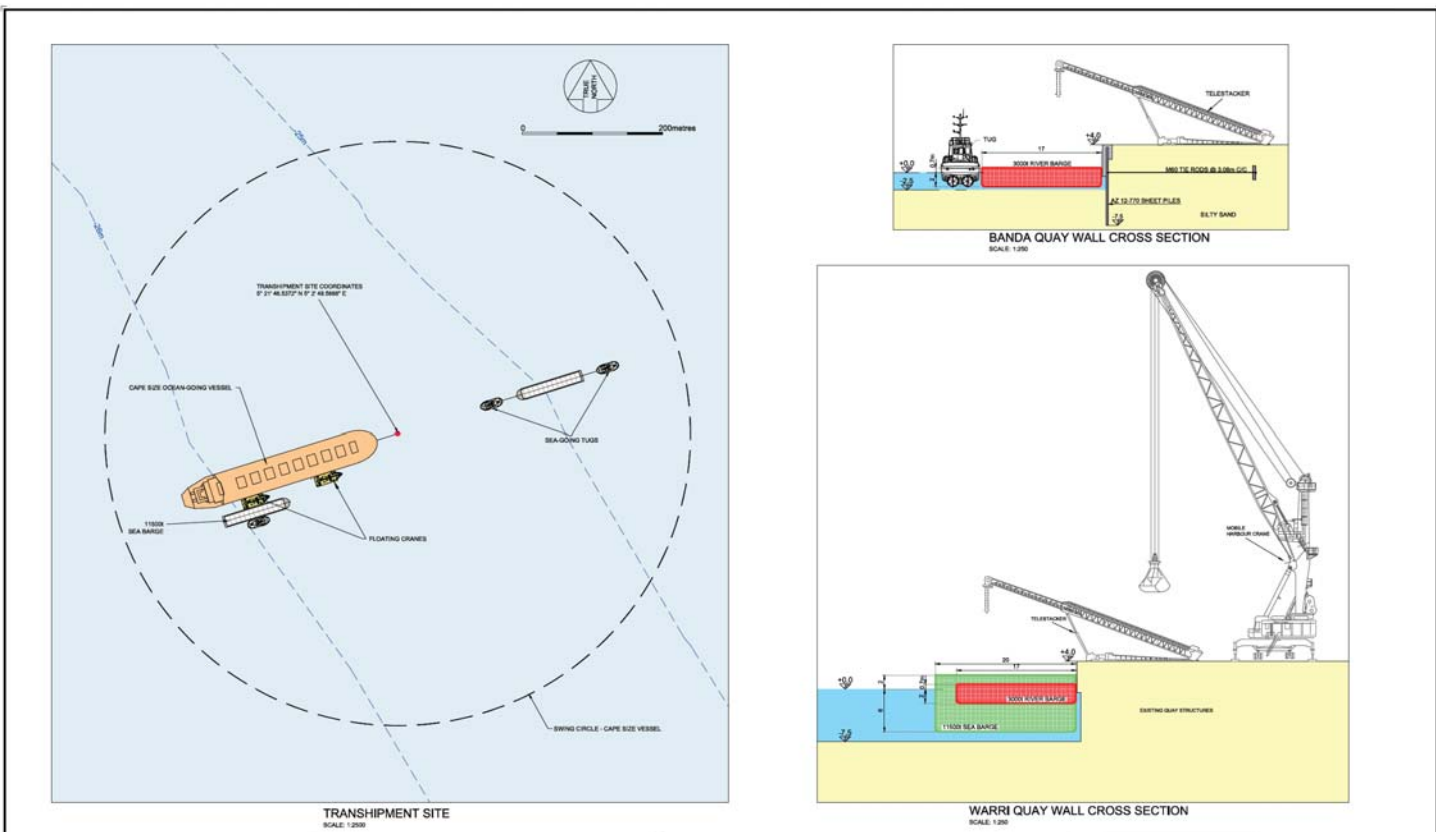
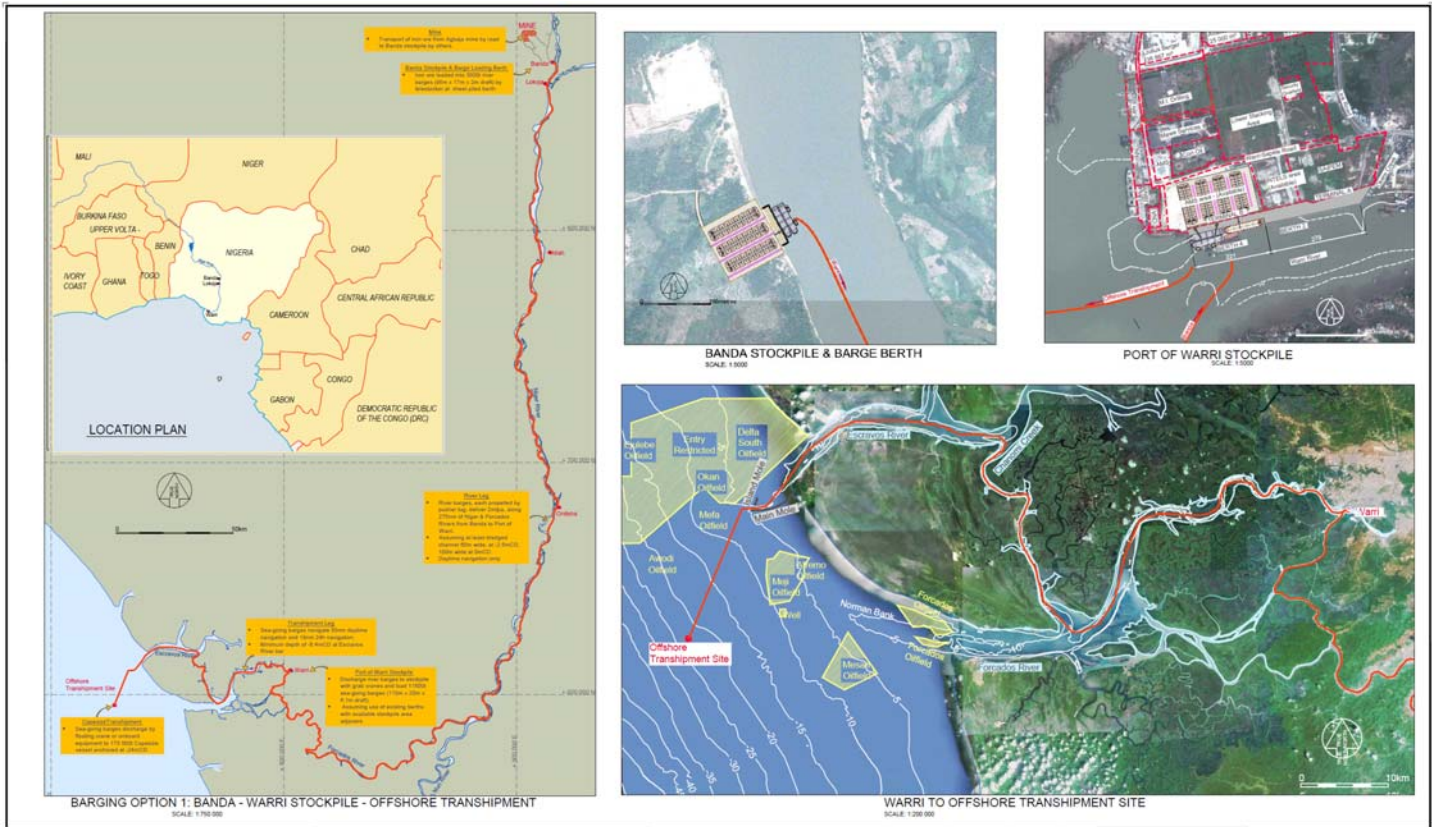
The use of the Warri Stockpile (Concept 1) is currently considered the optimal option from an operating and capital cost perspective. This option assumes the use of existing port infrastructure and allows for the continuous delivery of iron ore concentrate by river barges. A separate fleet of deeper draft sea-going barges will make use of the deeper river channels from Warri via the Chanomi Creek to the Escravos River mouth, and a further 18 NM to the transshipment site to load the OGV. The use of existing port infrastructure at Warri minimises capital costs compared to other options, which involve the construction of new berths.

A barge loading location, south of Banda was recommended due to proximity to the new Lokoja-Abuja A2 highway, the access road to the Niger River, seasonal variation in water levels and the least exposure to flooding. The Niger River is currently used for general river vessel traffic and is suited for barging of iron ore. The Federal Government of Nigeria is responsible for a capital dredging campaign and maintenance of navigation buoys. The potential location for a transshipment operation (at 5° 23' N, 5° 03' E) considers a maximum OGV design representing the 95% coverage rate for a Capesize vessel with a parcel size of 185,000t. The report recommends that a delivery lead time of 24 to 26 months should be considered in the schedule for the procurement of transshipment equipment.

Kogi Iron Managing Director Iggy Tan said: "The barging work by PRDW was of a very high standard and will form the basis of the Scoping Study underway to evaluate a 5 Mtpa iron ore operation at Agbaja. The PRDW work demonstrates that barging transportation of our iron ore product is not only a readily available and effective transport route, but identifies a most economical option."

"The barging study demonstrated a lower capital and operating cost scenario for the proposed 5 Mtpa operation, compared to using the existing un-utilised Itakpe/Ajaokuta railway line to Port Warri, which is more suited to larger annual tonnages. However, the Company will continue to advance access and usage agreements with the Nigerian Government for the heavy haulage railway, as this remains an important part of a longer term transport solution for an expanded production profile beyond 5 Mtpa."

Option 1 – Warri Port Stockpile – Banda Warri Transhipment



Illustrations from PDRW Feasibility Study Report



Typical Telestacker Barge Loading



Typical Mobile Harbour Crane with Grab for Barge Unloading



Typical Floating Crane used in Transshipment Operation



Typical Self Unloading Barges used in Transshipment Operations



Typical Float Storage Unit (FSU) used in Transshipment Operation

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About Kogi Iron (ASX: KFE)

Kogi Iron Limited is a Perth-based company with the objective of becoming an African iron ore producer through the development of its 100% owned Agbaja iron ore project located in Kogi State, Republic of Nigeria, West Africa ("Agbaja" or "Agbaja Project"). The Company is conducting a Scoping Study on a potential iron ore operation at the Agbaja Plateau initially utilizing barging transport of its iron ore product along the Niger River to Warri Port and world export markets. The Company will continue to advance access and usage agreements for an existing under-utilised heavy haulage railway that runs from near the Agbaja Project to Port Warri. This existing railway remains an important part of a longer term transport solution for an expanded production profile.

In recent years Nigeria has sought to diversify its economy, which is dominated by hydrocarbons, into minerals and related industries. Nigeria is the largest country by population in Africa with a GDP growth rate of 7.2% in 2013. The country has very transparent and consistent mining regulations and very favourable fiscal terms for foreign investment in mining.

The Company holds a land position of approximately 400km² covering 15 tenements, with the main focus being EL12124 which covers a large part of the Agbaja Plateau. The Agbaja Plateau hosts an extensive, shallow, flat-lying channel iron deposit with an Inferred Mineral Resource of 488 million tonnes with an in-situ iron grade of 42.7% reported in accordance with the 2004 JORC Code. This mineral resource covers approximately 20% of the prospective plateau area within EL12124.

Scoping Study

Investors are advised that the purpose of the Scoping Study is to assess the potential viability of the development of a mining and processing operation at the Company's Agbaja Project against a set of key commercial parameters. Neither the commencement of the Scoping Study, nor the results of such Scoping Study, will establish the economic viability or definite value of the Agbaja Project. While it is proposed that the Scoping Study will be based on the Company's existing and previously announced Inferred Mineral Resource estimates, these estimates and the commencement of a Scoping Study are not in themselves sufficient enough to define the economic viability of the Agbaja Project. This is because under the JORC Code, these Inferred Mineral Resource estimates are not sufficient to permit the application of the type of technical and economic parameters required to imply economic viability.

Investors should note that for the Company to establish economic viability of its Agbaja Project, the Company will need to establish sufficient Indicated Mineral Resources and further consider mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and government factors. As a result, some of the economic assumptions that may be used in the Scoping Study may never be realised. Statements implying economic viability require a reasonable basis, otherwise they are taken to be misleading to shareholders. Given that the Company is concerned that investors may attribute the commencement of the Scoping Study as proving the Agbaja Project's economic viability and cautions investors against using those statements as a basis for investment decisions relating to securities in the Company.

Forward-looking Statements

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

Competent Person's Statement

The information in this announcement that relates to Exploration Targets, Exploration Results and Mineral Resources is based on information compiled by Dr Warwick Crowe, a member of The Australian Institute of Geoscientists. Dr Crowe is a consultant to Kogi Iron Limited and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Crowe consents to the inclusion in this announcement of the matters based on the information in the form and context in which it appears.