

## KOGI COMPLETES MINE DESIGN FOR SCOPING STUDY

### Highlights

- Potential location for processing plant identified
- Conceptual mine designs completed for Stage 1 and Stage 2 mine areas
- Low estimated 20 year strip ratio of 0.72 to 1 will minimise future mining costs
- Average strip ratio of 0.42 to 1 in first three years of operation
- Distinct advantage of the Agbaja Project
- In excess of 20 years ore feed designed and scheduled

Australian based iron ore development company, Kogi Iron Limited (ASX: KFE) ("Kogi", "Kogi Iron" or the "Company") is pleased to report further progress of the Scoping Study for its Agbaja Iron Ore Project. As part of the mine planning and scheduling study ("Mine Design"), the Company has identified a possible location for a processing plant and has completed the design of pit shells within two stage areas identified for mining operations.

### Plant Site

The proposed plant site location is in the north east of the Resource Area (refer ASX Announcement dated 28 September 2012). The site was selected based on its central location between the two areas identified for mining operations and is within a portion of the Resource Area that the 2011 and 2012 reverse circulation drilling programs (200m x 100m spacing) demonstrated to be weakly mineralised (refer Figure 1).

### Mining Areas

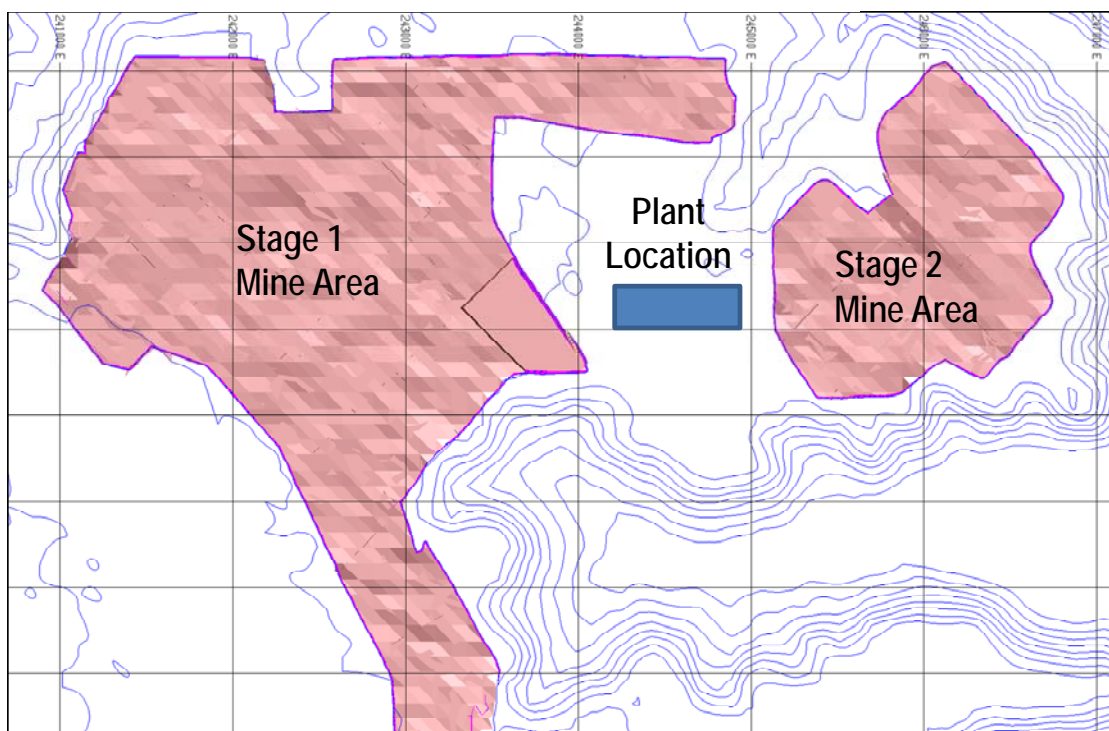
Global, independent mining consulting group, Coffey has been engaged to undertake the Mine Design. Two mining areas (Stage 1 and Stage 2) have been identified, pits designed, and material movement schedules have now been completed (refer Figure 1).

The Stage 1 mining area is approximately 6.0km<sup>2</sup> and is west of the proposed plant site. This area is estimated to contain approximately 158Mt of the 488Mt inferred mineral resource (refer ASX announcement dated 28 September 2012 for details). Targeting the magnetic fraction of the mineral resource, the average grade of material identified for mining is estimated at ~46% Fe, with a corresponding strip ratio of approximately 0.68 to 1. As currently designed this area should provide processing plant feed for an initial 14 years.

The Stage 2 mining area is approximately 2.2km<sup>2</sup> and is to the east of the proposed plant site. This area is estimated to contain approximately 63Mt of the 488Mt inferred mineral resource. The average grade of material identified for mining is estimated at ~46% Fe, with a corresponding strip ratio of approximately 0.81 to 1. As currently designed this area should provide processing plant feed for an additional 6 years, bringing the combined total plant feed from the two areas to 20 years.



Figure 1: Scoping Study, proposed plant site and identified mining areas



The two mining areas were identified from the 686 holes of close spaced (200m x 100m) reverse circulation (“RC”) drilling and 41 PQ diamond drill holes completed between late 2011 and January 2013 within the Resource Area. The areas were selected to minimise estimated strip ratio and maximise exposure to the thickest portions of the higher grade magnetic Oolite zones of mineralisation. Drilling to date has established that the iron mineralisation within the channel iron deposits (CID) on the Agbaja Plateau is flat lying, relatively homogeneous and continuous within the mineralised channels. Recently, magnetic susceptibility measurements from all 41 PQ diamond drill holes were incorporated into the resource model which has assisted in the identification of the proposed mining areas.

Kogi’s Managing Director, Iggy Tan said: “The two mining areas have an overall average strip ratio estimated at 0.72 to 1, which is an excellent result. Such a low forecast strip ratio will minimise mining costs for the first 20 years of operation and is proving to be a distinct advantage of this project. The average strip ratio for the first three years of operation is expected to be around a low 0.42 to 1. The next phase of the work is the estimation of mining costs using quotations that are currently being submitted by a number of leading mining contractors in response to requests for proposals”.

“Overall, the Scoping Study is progressing well and is being completed at a high level of detail. The study is still on track to be completed by the end of Q1 2014.”

- End -



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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 400km<sup>2</sup> 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.

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