

KOGI FURTHER LOWERS STRIP RATIO FOR MINE PLAN AND POSITIVE IMPACT ON MINING COSTS

Highlights

- Mine plan updated using recently announced Indicated Mineral Resource
- Waste tonnage movements reduced by 23%
- Overall material movement reduced by 9%
- 21 year mine plan average strip ratio reduced from 0.72 to 1 down to a low 0.55 to 1
- Budget mining cost quotations received from leading African experienced mining contractors
- Estimated mining costs of ~US\$8.00/t concentrate
- Reconfirms the distinct advantage of the Agbaja Project

Australian based iron ore development company, Kogi Iron Limited (ASX: KFE) ("Kogi", "Kogi Iron" or the "Company") and its 100% owned Nigerian operating company, KCM Mining Limited ("KCM") are pleased to report that based on further optimisation of mine planning, the strip ratio for its 100% owned Agbaja Project has been reduced from 0.72 to 1, down to 0.55 to 1. Waste material movement has been reduced by 23% and overall material movement reduced by 9%

On 27 November 2013, the Company announced that global, independent mining consulting group, Coffey had been engaged to undertake the Mine Design. Two mining areas (Stage 1 and Stage 2) were identified, pits designed, and material movement schedules completed (refer Figure 1). On 10 December 2013, the Company announced an Updated Mineral Resource estimate, including a maiden Indicated Mineral Resource of 466 million tonnes at 41.4% Fe, with the balance of the Mineral Resource classified as Inferred (120 million tonnes at 41.1% Fe).

Based on the higher geological confidence of an Indicated Mineral Resource, the mine plan has been re-run and further optimised. The overall strip ratio for both the Stage 1 and Stage 2 mining areas (see Figure 1) now averages 0.55 to 1. At an iron ore concentrate production rate of 5.0 Mtpa, this represents an average annual rate of feed of around 10.6 Mtpa, with overburden and waste of 5.8 Mtpa.

The Stage 1 mining area is approximately 7.2 km², it is west of the proposed plant site and contains approximately 158 Mt of mineral resources (see Table 1). Targeting the magnetic fraction of the mineral resource, the average grade of material identified for mining is estimated at 46.1% Fe, with a corresponding strip ratio of approximately 0.55 to 1. As currently designed this area should provide processing plant feed for an initial 15 years. The Stage 2 mining area is approximately 2.2 km² and is to the east of the proposed plant site. This area is estimated to contain approximately 66 Mt of mineral resources. The average grade of material identified for mining is estimated at 44.8% Fe, with a corresponding strip ratio of approximately 0.56 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 21 years. The two mining areas have an overall average strip ratio estimated



at 0.55 to 1, providing 224 Mt of feed (123 Mt waste), at an average grade of 45.7% Fe. Such a low strip ratio has minimised mining costs over the 21 year mine plan and is proving to be a distinct advantage of the project.

Estimated Mining Costs

As part of the Preliminary Feasibility Study ("PFS"), the Company has received budget mining quotations from several leading mining contractors. At the lower strip ratio mine plan, estimated mining costs (overheads, overburden, waste and ore) equate to approximately US\$8.00/t of iron ore concentrate.

Kogi's Managing Director, Iggy Tan said: "The Company is very excited and encouraged by the excellent results achieved in the mine plan and subsequent mining cost estimate. The reduced strip ratio of 0.55 to 1 is low in iron ore mining industry terms. This has always been a distinct advantage of the Agbaja iron ore project, it has now been defined and recognised in the mining study. Reflecting the low stripping regime, pricing received from leading mining contractors with West African experience has resulted very competitive mining costs. Mining costs at close to US\$8.00/t of concentrate are very competitive, and puts us in good stead for highly competitive overall operating costs which will be finalised as part of the current PFS.

A lot of hard work at an accelerated pace by Kogi's management and project team means that we are still on track to deliver the PFS by the end of quarter 1, 2014".

Figure 1: Stage 1 and Stage 2 Mine Areas

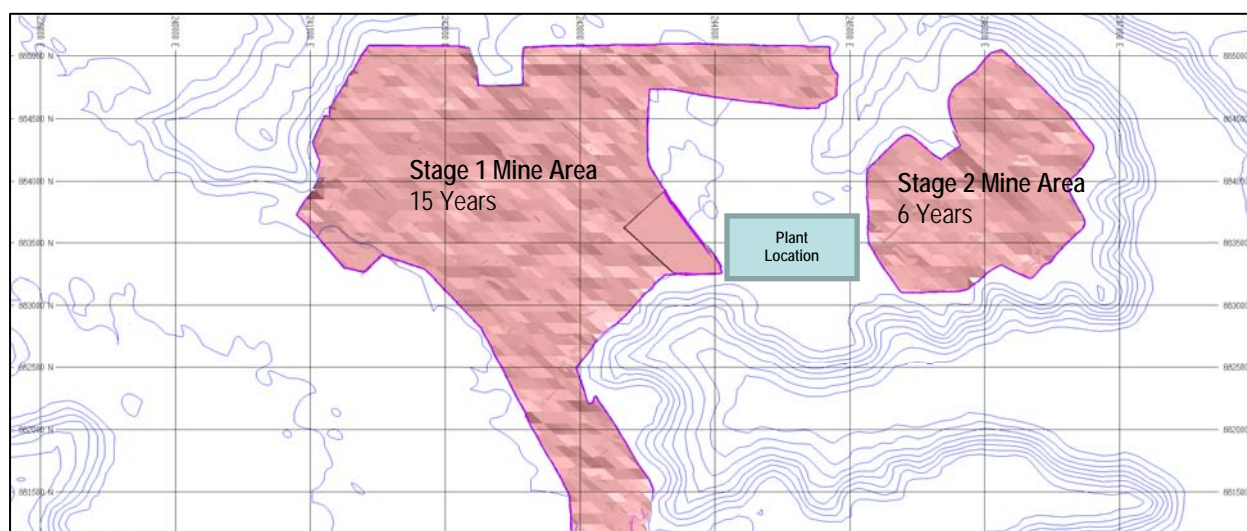


Table 1 - Stage 1 and Stage 2 Mine Areas Key Physicals

	Feed (Mt)	Fe %	Waste (Mt)	Avg. Strip Ratio	Area (km ²)
Stage 1	158	46.06	86	0.55	7.24
Stage 2	66	44.81	37	0.56	2.16
Total	224	45.7	123	0.55	5.52

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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 Preliminary Feasibility Study on a potential iron ore operation at the Agbaja Plateau initially utilising 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 17 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 Indicated and Inferred Mineral Resource of 586 million tonnes with an in-situ iron grade of 41.3% reported in accordance with the JORC Code (2012). This mineral resource covers approximately 20% of the prospective plateau area within EL12124.

Forward-looking Statements

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

Competent Person's Statements

The information in this announcement that relates to the Mineral Resource for the Agbaja Project is extracted from the report entitled "Mineral Resources at Agbaja Increase 20% to 586MT Includes an Indicated Resource of 466MT" created on 10 December 2013 and is available to view of the Kogi Iron web site www.kogiiron.com. The Company confirms that it is not aware of any new information or data that materially affect the information included in the original market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

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