

ASX ANNOUNCEMENT: 23 November 2011**CEO on Update and Outlook**

Open Briefing with CEO Simon Youds



African Iron Limited
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African Iron Limited (ASX Code: AKI) is an ASX-listed mining exploration company with assets in the Republic of Congo (ROC) where it is developing a direct shipping ore (DSO) iron ore project at Mayoko, 300 km north east of the port of Pointe Noire on the Atlantic coast.

Market capitalisation (23 November 2011): \$130 million

In this Open Briefing®, CEO Simon Youds discusses:

- **Mayoko Iron Ore Project resource increase**
- **Operational and project management in place**
- **Targeting near term DSO production**

Open Briefing interview:**openbriefing.com**

African Iron Limited (ASX: AKI) recently announced a 267% increase in the resource at its Mayoko Iron Ore Project (AKI 92%) in the Republic of Congo (ROC) to 121 million tonnes at 46% Fe from 33 million tonnes at 55% Fe. How does the resource delineation compare with your expectations and given AKI was targeting a 100 to 200 million tonne resource at grades of 40 to 50% Fe at Mayoko, do you intend to increase your resource targets?

CEO Simon Youds

The upgrade was in line with our previous guidance. Our plan remains to deliver a resource from Q1 2012 drilling as an input to feasibility study work. The key focus of our activities is to get to direct shipping ore (DSO) production as fast as possible, enabling us to deliver into an iron hungry market.

The resource that matters in terms of value in the first stage of this development is the hematite DSO and upgradeable DSO (bDSO) material that will provide saleable product for the 5 to 10 Mtpa production that the rail infrastructure is capable of delivering to port. Our challenge is to fully utilise this capacity where possible. There is no doubt Mayoko has a large endowment of good quality magnetite in line with previous guidance but defining the hematite DSO material will deliver the most value for our shareholders.

This upgrade backs up our belief in the resource and gives us confidence that the feasibility planning will be initiated in line with plans for early production.

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AKI was planning a 5 Mtpa hematite DSO operation at Mayoko by mid 2013. What implications does the resource upgrade have for production expectations?

CEO Simon Youds

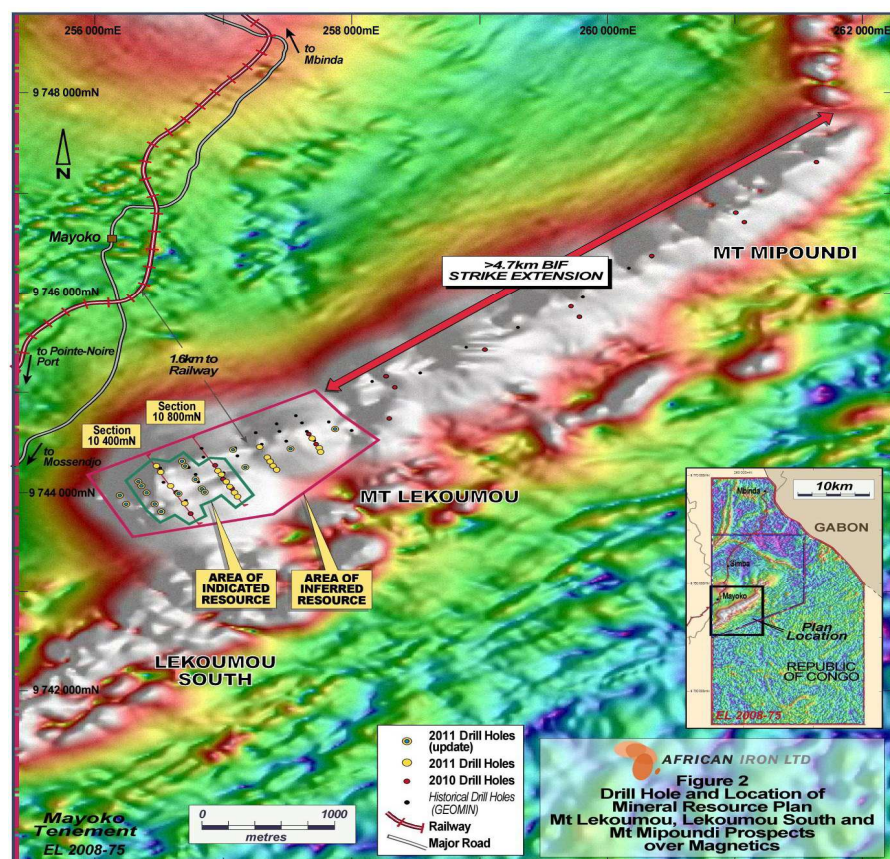
The recent developments including the appointment of a project director and the resource upgrade, are essential building blocks in our preparations to deliver production by our target of mid 2013 and, were milestones we previously set out to achieve. I think shareholders and potential investors should take some comfort in our record of delivering to these milestones.

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Drilling results released on 21 October showed strong intercepts such as 75 m from surface grading 58.4% Fe and 12 m from surface grading 61.7% Fe. How consistent are these deeper and richer sections of the ore body and can you exploit these higher grade zones for early stage production without degrading the longer-term potential of the project?

CEO Simon Youds

The Mayoko DSO resources at Mt Lekoumou and Mt Mipoundi sit on a hill structure that is between 6 and 7 km long (see figure below). The outcropping and near-surface nature of the resources imply a relatively low cost of mining as the strip ratio will be less than 1:1. It also introduces options in terms of staging different mining blocks to facilitate and manage grade in the ore feed to the process plant. This is expected to lead to an improved product and cash flow. All these options will be the subject of the upcoming pre-feasibility and feasibility studies. There is no doubt that improving our understanding of the Mayoko resource will introduce value enhancing options to the project.



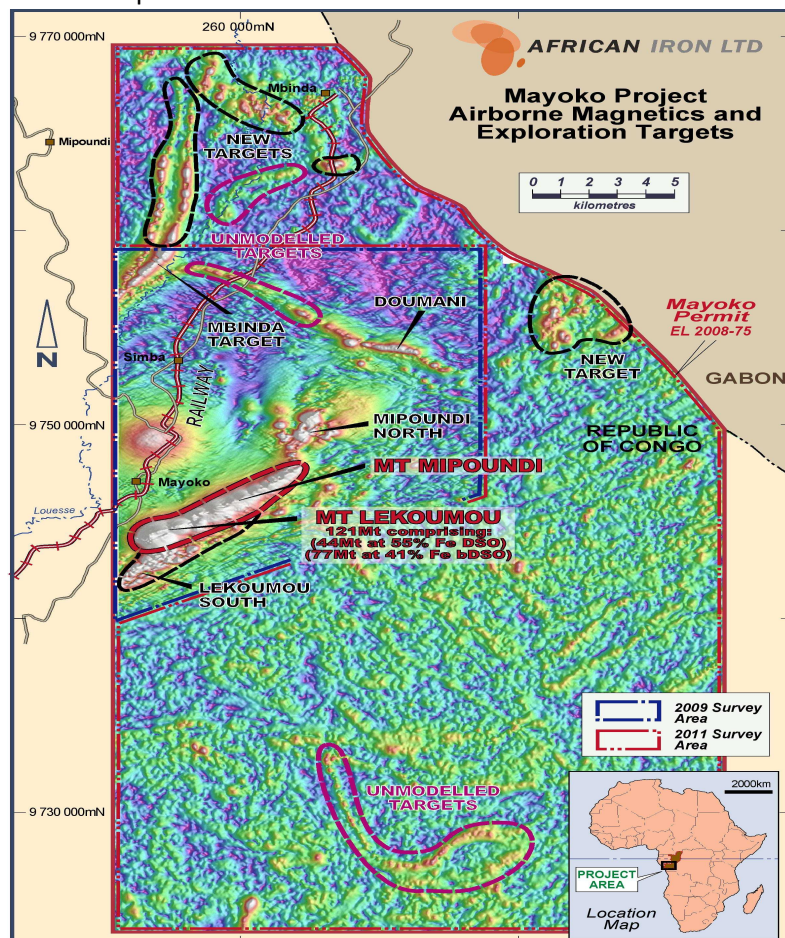
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Approximately 10,000 m of AKI's planned 30,000 m drilling program has been completed to date, covering the area of Mt Lekoumou only. You've indicated the drilling program will now shift focus to the Mt Mipoundi area, with a resource update expected in March 2012. What are your expectations regarding Mt Mipoundi?

CEO Simon Youds

We expect to continue improving the DSO position at Mayoko while at the same time getting an indication of the size and quality of the magnetite base for potential future investment. As we improve our understanding of the resource we can adjust our drilling plan to target the resource more efficiently. The original drill program was a broad plan to blanket the known magnetic anomaly. As our understanding of the resource increases we can refine this program in terms of depth, placement and direction to ensure we align our drill plan to suit the project's intended production. So far, 28% of the strike length has been drilled for 121 million tonnes of combined DSO and bDSO material and the resource grade is known to be consistent along strike from earlier drilling. The key here is to establish and prove up sufficient resource to underpin our planned capital expenditure on infrastructure and export facilities.

Realising iron ore production from Mayoko will allow the company to launch the next phase of the development in this iron rich area. The magnetic imaging data we've collected shows continuation of the mineralised trend and suggests further targets in the northwest corner of the Mayoko Project area (see below image). This coincides with artisanal hematite workings that are understood to pre-date colonial settlement.



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You characterise the Mayoko Project as a “near-term” project. What attributes of the prospect give you confidence it can be mined relatively quickly and when do you expect mining to start?

CEO Simon Youds

Mayoko has several advantages that qualify it as a “near-term” project. The resource sits on top of a hill which will enable early access for mining, meaning no pre-stripping required. The nearby rail infrastructure could deliver ore to port immediately if the planned barging port facilities were in place. This under-utilised railway line is rated for heavy haulage and is only 2 km from the project. The presence of sufficient DSO material, even as an interim resource, underpins the advancement of project planning for a 5 Mtpa project. Support from the country’s democratic government is strong and unanimous.

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Underlying the hematite resource at Mayoko is a larger magnetite resource that would need to be beneficiated to a higher grade to be suitable as DSO material. What is your strategy with regard to ore beneficiation at Mayoko?

CEO Simon Youds

Initial concept level test work conducted on the magnetite shows that with a relatively coarse grind, a high level of iron liberation is possible. A magnetite project would be a step up in scale from the 5 Mtpa DSO production we plan at Mayoko, but the beauty of this resource is that it appears to facilitate such logical staging in project scale.

Initial DSO production will de-risk the project and provide cash flow for the further development of iron ore production. Whether that step is enhanced by establishing satellite hematite DSO resources in the region or by going straight to developing the magnetite resource is a question to be answered by future work. The immediate focus needs to be delivering our promises of early DSO production.

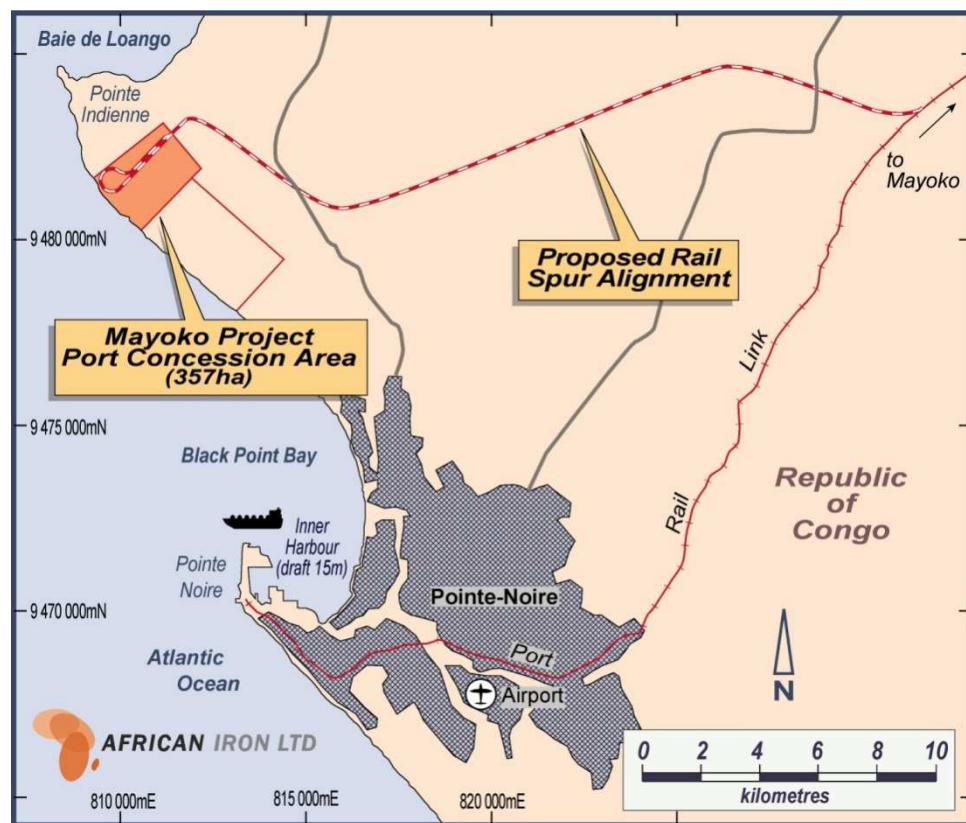
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African Iron has been granted access rights to the nearby rail line during the exploration phase of Mayoko. What sort of infrastructure will be required at the project for the link to be used and at what stage are you in terms of planning and implementing this?

CEO Simon Youds

Early concept work has identified a potential 2.5 km spur line to enable the loading of iron ore to the existing rail line. We expect this to entail a suitable loading system to ensure balanced loading of the rail cars. Infrastructure group Egis International was engaged to complete an assessment of transport solutions for the project and concluded that the rail line was capable of hauling 10 Mtpa with minimal upgrade to the existing system.

We are currently conducting a joint study with the Republic of Congo state rail authority (CFCO) to establish sufficient detail to enable a track access agreement to be signed early in 2012. Following this agreement the feasibility level detail will be finalised in the first half of 2012. The construction work then needs to commence following board approval in the second half of 2012.



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What level of support does the government of the ROC provide for the mining industry?
What is your assessment of the sovereign risk involved in developing a project in the ROC?

CEO Simon Youds

During a recent site visit for a group of investors and brokers, African Iron personnel organised an audience with the ROC President, Denis Sassou-Nguesso. The President's public support of the project and its timeline provides the project with added momentum when approaching the approval process. There is a keen desire in this stable government to establish a thriving mining community to ensure long-term employment, growth opportunities and sound infrastructure for its people.

The maturing hydro-chemical industry has provided revenue for many decades but it doesn't provide enduring infrastructure or widespread employment. It is well recognised by this government that the mining industry can provide this. The sovereign risk discussion is usually concerned with tenure over significant capital investment in rail infrastructure. This is not the case with our project. In general the key to mitigating this risk is the establishment and maintenance of solid relationships with all the various levels of government and other interest groups. It's about establishing common goals and interests in the outcomes of the project. We're in a good position here in the ROC, having the public support of the president for the Mayoko Project and having an ex-ROC minister as our Government Liaison Manager.

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As at the end of June 2011, African Iron had \$39.2 million in cash. What are the next steps required to move to feasibility studies for the Mayoko Project and does the company have sufficient funding to progress these studies?

CEO Simon Youds

We have sufficient funding to proceed to a decision to mine. The nature of the resource means the usual technical complexities and high cost elements are absent. Early study work confirms the view that the project can be delivered for low comparative capital investment when compared with other global iron ore projects. The true value in these projects is realised by having early production. This is then compounded by demand in an iron-hungry market environment. Our team is focused on the time value of early delivery of iron ore into the market. This DSO project has the benefits of simplicity and low cost. Its value will be enhanced by early cash flow arising from early project delivery.

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Thank you Simon.

For more information on African Iron, visit www.africanironlimited.com or call CEO Simon Youds on +61 8 9211 0600.

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