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KOGI IRON LIMITED

SOUTH AFRICAN TESTING SUPPORTS QUALITY OF ORE, STEEL PRODUCTS FROM KOGI IRON'S AGBAJA PROJECT

Kogi Iron Limited (ASX: KFE, "Kogi Iron", "the Company") is pleased to announce the results of work completed to determine the smelting characteristics of ore from the Company's Agbaja iron ore project in Nigeria.

Mintek, a leading South African facility involved in minerals processing and metallurgical test work, has determined that the Company has an ability to produce three steel products at an on-site plant at Agbaja, including a finished product with iron content of more than 95% Fe.

The key findings of the test work were:

- Confirmation of the ability to successfully use Agbaja ore to produce three distinct products with high Fe content.
- Confirmation of the ability to reduce impurities to levels acceptable for steel production.
- The opportunity to supply a product for more than one type of steel production, broadening the range of potential customers.

The results are significant because they confirm to the Company that its planned iron processing plant at Agbaja can produce the intended products – sponge iron, pig iron and the more valuable product - steel.

Nigeria has a substantial domestic demand for steel products, which is currently met largely through imports. The Agbaja project, located about 200km south of Nigerian capital Abuja, opens the opportunity for domestic production of pig iron products.

The Company also believes there are significant market opportunities in the European market for the style of product that can be produced at Agbaja.

Testing

The consultants' brief was to test the viability of the Company's four-step plan for processing ore from Agbaja (see illustration below) and to ensure that the anticipated product outcomes could be substantiated, notably the high Fe content steel product after stage four.

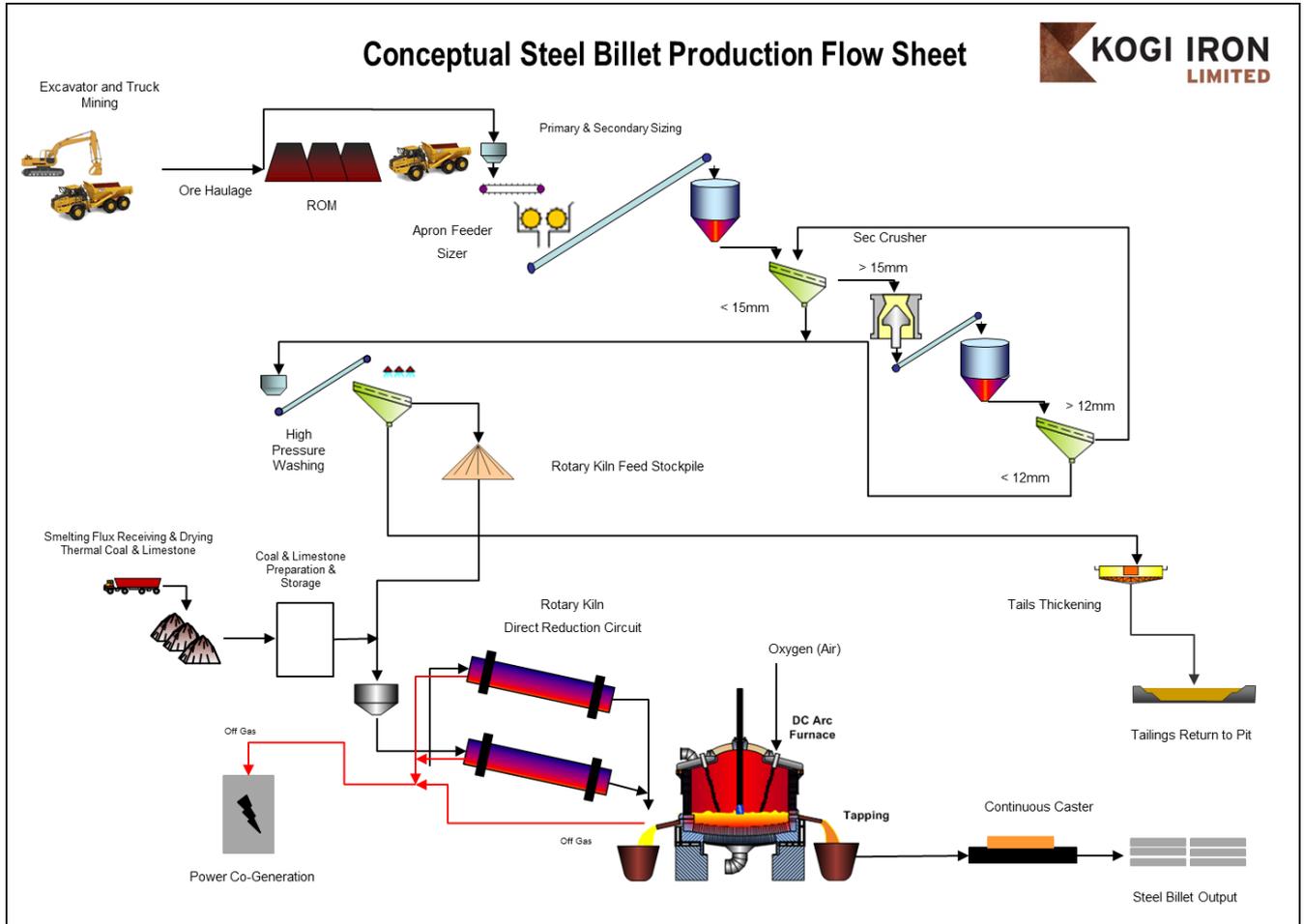


Illustration 1 – Conceptual Production Flow Sheet

The process involves washing the iron ore product, followed by a reduction process, melting in an electric arc furnace, and finally blasting with oxygen to produce the final product. In metallurgical and engineering terms, the process is relatively simple and straightforward.

However, in combination with the unique blend of oolitic ore from Agbaja it produces a high value product.

The Company's current cost estimates (subject to confirmation in the Definitive Feasibility Study) are that steel products can be produced at Agbaja with a healthy operating margin.

Significance

With the positive outcome of the Mintek testwork, the Company will now progress negotiations with a range of parties to bring the Agbaja project forward.

This includes:

- Completion of a Definitive Feasibility Study.
- The addition of skilled, experienced personnel at Board and senior management levels.
- Finalise the transition of exploration licences to mining permits.

- Investigation of funding options for Agbaja with a number of parties that have previously expressed interest
- Negotiations with suitable providers of engineering and construction services
- Negotiations with potential customers, in Nigeria and in Europe.

A comprehensive project and corporate update will be provided to shareholders in the very near future.

In addition, the Company will provide regular updates to shareholders over coming months as these discussions progress and milestones are reached.

Kogi Iron Chairman Ian Burston said he was very pleased that the field testing had substantiated the Company's processing plan.

"Over my long career in mining, I have never seen such a unique opportunity – the JORC-certified resource combined with an economical process that can deliver valuable products for which there are ready domestic and export markets," said Mr Burston.

"The time and place opportunity in Nigeria is another major plus for Kogi. Nigeria is heavily dependent on imports so the potential of Agbaja is very evident to the Government and regional authorities. And they have been incredibly supportive of what we are looking to achieve."

Kogi expects to issue its comprehensive project and corporate update by the first week of May.

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