ASX Announcement
6 July 2011

80% INCREASE IN AGGREGATE EXPLORATION TARGET SIZE 1.6 TO 2.6 BILLION TONNES AT 30-65% Fe[1]

Key Points:

- **Mayoko aggregate exploration target size increase of greater than 80% to 1.6 to 2.6Bt at 30-65% Fe.**
- **Approximately 20% (320-520 million tonnes at 40-65% Fe) represents potential DSO and bDSO material.**
- **More than 20km of lower order magnetic anomalies identified but not included in the new target size, which may represent DSO and bDSO style targets.**
- **The largest target comprises two parallel magnetic anomalies that extend north from known BIF mineralisation at M'Binda over a combined 16km strike length.**
- **Importantly, the new iron ore exploration targets occur to the north of the main prospect at Mt Lekoumou and closely parallel the nearby, underutilised heavy haulage railway conferring a transport and cost advantage.**
- **Recent rock chip sampling from the area west of M'Binda returned assays of 37-41% Fe with low levels of deleterious elements.**

Australian based iron ore development company, African Iron Limited (**ASX: AKI**) ("**African Iron**" or the "**Company**") is pleased to announce a greater than 80% increase to the aggregate exploration target size at its 80% owned Mayoko Iron Ore Project, located in the Republic of Congo, West Africa ("**Mayoko**" or "**Mayoko Project**").

The new Mayoko aggregate exploration target size[1] is now estimated at ***1.6-2.6 billion tonnes*** ("**Bt**") of iron ore mineralisation with a grade range of 30-65% Fe ("**Target Size**"). Approximately 80% of the Target Size represents primary banded iron formation ("**BIF**") mineralisation at an expected grade of 30-36% Fe. Importantly, the remaining 20% of the Target Size represents potentially enriched near surface iron ore mineralisation that may be Direct Shipping Ore ("**DSO**") and beneficiable DSO ("**bDSO**") at an estimated grade range of 40-65% iron.

Reconnaissance mapping at M'Binda (refer Figure 1) has confirmed the presence of iron mineralisation over the newly identified priority targets, even though outcrop is sparse. Three samples of BIF outcrops from the area to the west of M'Binda returned grades of 40.1%, 41.0% and 36.8% Fe, with low levels of deleterious elements (0.4-0.5% Al_2O_3, 0.04 - 0.07% P and 0.003-0.17% S) (refer Table 1 below). Mapping and sampling are continuing to define drill targets.

[1] *The estimates of exploration target sizes mentioned in this announcement should not be misunderstood or misconstrued as estimates of Mineral Resources. The estimate of exploration target sizes are conceptual in nature and there has been insufficient exploration completed to date to determine the quantity and grade, and estimate a Mineral Resource in accordance with JORC Code (2004) guidelines. Furthermore, it is uncertain if future exploration will result in the determination of a Mineral Resource.*

AFRICAN IRON LIMITED
ABN: 24 123 972 814
Level 1, 2 Ord Street, West Perth WA 6005
P: +61 8 9211 0600
F: +61 8 9322 2631

Table 1 – Rock Chip Samples

Sample	Northing	Easting	Fe %	SiO_2 %	Al_2O_3 %	P %	S %
MBW001	9768933	256241	40.1	41.5	0.45	0.04	0.01
MBW002	9769021	256279	41.0	39.0	0.51	0.07	0.00
MBW003	9768420	256957	36.8	43.5	0.39	0.05	0.17

The Company's Acting Chief Executive Officer, Mr Joe Ariti said "The outcome of the airborne geophysics survey is significant in terms of the underlying value of African Iron with not only a greater than 80% increase in the Target Size to 1.6-2.6Bt at 30-65% Fe but importantly 320-520 million tonnes (at 40-65% Fe) represents potential DSO and bDSO iron mineralisation. In addition a further 20km of low order magnetic anomalies, not included in the Target Size, have also been identified and may also represent DSO and bDSO iron mineralisation."

He also added "It is noteworthy that the new, priority exploration targets occur in the north-west of the Mayoko licence in close proximity to the existing, underutilised heavy haulage mineral railway potentially conferring a transport and cost advantage to any future mining development."

The Target Size has been determined from new 3D and 2D modelling completed by independent geophysics consultants, Core Geophysics from select high ranked magnetic targets defined from the recently completed airborne survey. The survey covered the remaining 78% (780km^2) of the Mayoko licence not previously flown (refer Figure 1).

In addition, more than 20km of lower order magnetic anomalies have been identified, which have not been included in the Target Size estimate, and represent additional DSO and bDSO targets for follow-up (refer Figure 1).

The Target Size estimate is based on a number of assumptions and limitations applied to the magnetic modelling. These include but are not limited to:

- The strike length of the selected magnetic anomalies represent ore grade BIF, and/or DSO/bDSO mineralisation accordingly;
- The depth extent (fixed to 250m) and the width of the modelled magnetic sources remain constant over their entire length;
- The depth extent of the potential enriched cap has been calculated as the difference between ground level as defined by the aeromagnetic survey and the depth to the top of the magnetic model and capped at 50m;
- The specific gravity of the BIF/DSO/bDSO mineralisation is 3.5t/m^3;
- The magnetic susceptibility of the BIF is 1SI.

As such, the Target Size could change considerably if lower or higher magnetic susceptibilities or densities were used.

Yours faithfully
African Iron Limited

GV Ariti
Acting Chief Executive Officer

Competent Person Statement
The information in this announcement that relates to Exploration Target Sizes is based on information reviewed and compiled by Mr Mathew Cooper, who is a Member of the Australian Institute of Geoscientists. Mr Cooper is a consultant to African Iron Limited and has sufficient experience which is relevant to the style of mineralisation, the type of deposit under consideration and to the activity which 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. Mr Cooper consents to the inclusion in this announcement of the information in the form and context in which it appears.

For more information contact:

Joe Ariti
Acting Chief Executive Officer
Tel: + 61 8 9211 0600

Australian Enquiries
David Tasker
Professional Public Relations
Tel: + 61 8 9388 0944 / + 61 (0) 433 112 936

UK Enquiries
Emily Fenton / Jos Simson
Tavistock Communications
Tel: +44 (0) 207 920 3150 / +44 (0) 7788554035

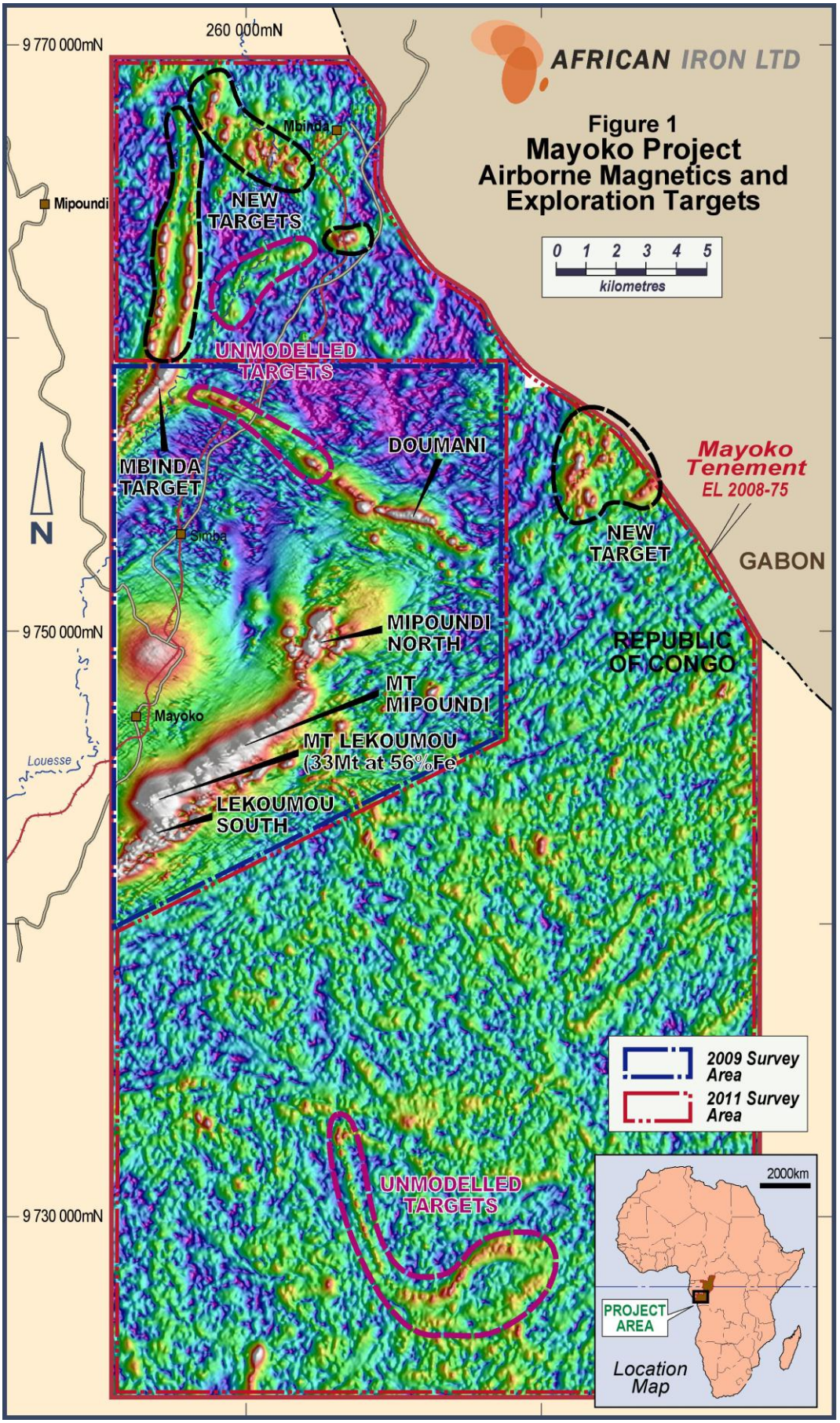
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Figure 1
Mayoko Project
Airborne Magnetics and
Exploration Targets
0 1 2 3 4 5
kilometres
260 000mN
9 770 000mN
9 750 000mN
9 730 000mN
Mbinda
Mipoundi
Simbe
Mayoko
Louesse
NEW TARGETS
UNMODELLED TARGETS
MBINDA TARGET
DOUMANI
MIPOUNDI NORTH
MT MIPOUNDI
MT LEKOUMOU
(33Mt at 56%Fe
LEKOUMOU SOUTH
NEW TARGET
Mayoko Tenement
EL 2008-75
GABON
REPUBLIC OF CONGO
N
2009 Survey Area
2011 Survey Area
UNMODELLED TARGETS
2000km
PROJECT AREA
Location Map

ABOUT AFRICAN IRON LIMITED

African Iron Limited (**ASX: AKI**) is an Australian listed and domiciled iron ore development company working on the exploration and evaluation of its 80% owned Mayoko Iron Ore Project, located in the Republic of Congo ("**RoC**") in central West Africa ("**Mayoko Project**" or "**Mayoko**").

The RoC is a stable, single party dominant republic in central West Africa (and should not be confused with the volatile Democratic Republic of Congo). The current government has been in power for more than ten years and was re-elected for an additional term of seven years following peaceful elections in 2009.

Mayoko is located in the Niari Prefecture approximately 300kms north-east of Pointe-Noire.

The Mayoko Project represents a near term development opportunity in an emerging iron ore province in central West Africa. Unlike other iron ore projects in the region, it has excellent infrastructure endowment with a nearby underutilised, heavy haulage mineral railway passing within 2km of the main prospect at Mt Lekoumou and terminating at the port of Pointe-Noire on the Atlantic Ocean.

Mayoko has an oxide cap comprising direct shipping hematite and enriched banded iron formation, with underlying magnetite iron mineralisation. There is an existing Inferred Mineral Resource of 33Mt at 56% Fe of supergene direct shipping hematite based on shallow drilling completed in 1974-1975 by earlier explorers.

The Company's objective is to develop an initial 5Mtpa DSO operation at Mayoko by mid-2013 leveraging off the project's proximity to existing rail and port infrastructure.