ASX Announcement
27 February 2012

EQUATORIAL INTENDS TO ACCEPT EXXARO'S TAKEOVER OFFERS FOR ALL ITS AFRICAN IRON SHARES AND LISTED OPTIONS

African Iron Limited (ASX: AKI) ("African Iron" or "the Company") is pleased to announce that:

- **EQUATORIAL RESOURCES (ASX: EQX) HAS TODAY RELEASED AN ASX ANNOUNCEMENT ADVISING IT INTENDS TO ACCEPT EXXARO'S OFFERS FOR ALL OF THE SHARES AND LISTED OPTIONS IT HOLDS IN AFRICAN IRON,**
- **EXXARO HAS ALSO RELEASED AN ASX ANNOUNCEMENT ADVISING ON RECEIPT OF EQUATORIAL'S ACCEPTANCE, IT WILL INCREASE THE SHARE CONSIDERATION TO $0.57 PER SHARE AND THE LISTED OPTION CONSIDERATION TO $0.37 PER LISTED OPTION,**
- **CONSEQUENTLY SHAREHOLDERS AND LISTED OPTIONHOLDERS THAT HAVE PREVIOUSLY ACCEPTED THE OFFERS WILL RECEIVE <u>BOTH</u> THE BASE CONSIDERATION OF $0.51 PER SHARE AND $0.31 PER LISTED OPTION AND A FURTHER PAYMENT OF 6 CENTS PER SECURITY,**
- **EXXARO HAS ADVISED THE MARKET THAT THE OFFERS WILL BE EXTENDED AND WILL NOW CLOSE 14 DAYS AFTER EQUATIORIAL ACCEPTS THE OFFERS. EQUATORIAL MUST ACCEPT THE OFFERS BY 4PM PERTH TIME TOMORROW, TUESDAY 28 FEBRUARY, 2012.**

The Company's Independent, Non-Executive Chairman Dr Ian Burston, said "The directors of African Iron are delighted that Equatorial Resources has decided to accept Exxaro's Offers for all of the shares and listed options that they hold in African Iron."

Dr Burston went on to say that "Once Equatorial's acceptance is received, Exxaro will have a relevant interest of more than 75% of African Iron shares (on a fully diluted basis) and shareholders and listed optionholders who have previously accepted the Offers will receive an additional payment of 6 cents per share and listed option, taking their total consideration to $0.57 per share and $0.37 per listed option."

"Those shareholders and listed optionholders that accept the Offers after Equatorial's acceptance is received will receive $0.57 per share and $0.37 per listed option within 14 days of their acceptance date."

Your directors strongly encourage shareholders and listed optionholders that have not accepted to ACCEPT the Offers NOW, before they close. The directors would like to remind shareholders and listed optionholders that should Exxaro achieve acceptances of 90% or more, they will be able to compulsory acquire African Iron and delist it from ASX.

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If you have any questions or require further information then you should call the African Iron Offer Investor Information Line on 1800 628 703 (for calls made from within Australia) or +61 2 8280 7513 (for calls made from outside Australia).

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About Exxaro

Exxaro Resources Limited is a South African-based mining company, listed on the Johannesburg Stock Exchange Limited (JSE: EXX) with a market capitalisation of approximately A$7.66 billion.

Exxaro Resources Limited mines, extracts and processes a range of minerals and metals, including coal, mineral sands and base metals primarily in South Africa, Australia and China. As one of the largest South African coal producers, with production capacity now approaching 48 million tonnes per annum and the third-largest global producer of mineral sands products, Exxaro is a significant participant in the coal and mineral sands markets. Exxaro has a 20% interest in the Sishen Iron Ore Company, a subsidiary of JSE listed Kumba Iron Ore Limited, which operates the Sishen and Thabazimbi mines in South Africa.

Further information on Exxaro Resources Limited can be found at www.exxaro.com.

ABOUT AFRICAN IRON LIMITED

African Iron Limited (**ASX: AKI**) (“**African Iron**”) is an Australian listed and domiciled iron ore development company working on the exploration and evaluation of two projects, located in the Republic of Congo (“**RoC**”) in central West Africa.

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.

African Iron’s projects are located in the Niari Prefecture approximately 300kms northeast of Pointe-Noire.

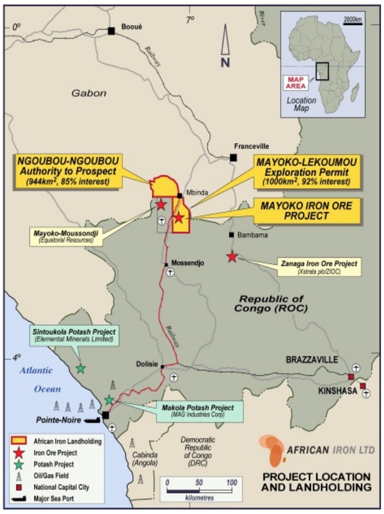
African Iron’s key asset is its 92% interest in the Mayoko iron ore project (“**Mayoko**” or “**Mayoko Project**”) where the Company is currently completing a 30,000 metre resource definition drilling program, metallurgical test work and infrastructure studies related to the production and export of a minimum of 5 million tonnes per annum of direct shipping lump and fines iron ore (“**DSO**”) by mid-2013.

African Iron’s second iron ore opportunity is its 85% interest in the 944km^2 Ngoubou-Ngoubou Authority to Prospect, which lies to the north-northeast of, and is contiguous with, Mayoko. The Company is currently completing a reconnaissance exploration program prior to advancing the Authority to Prospect to an exclusive, Exploration Permit.

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 Mount Lekoumou and terminating at the port of Pointe-Noire on the Atlantic Ocean.

Mayoko has an oxide cap comprising DSO and enriched hematite banded iron formation (“**bDSO**”), with underlying magnetite iron mineralisation. As at October 2011, Mayoko had an Indicated and Inferred DSO Mineral Resource estimate of 44Mt at 55% Fe and an Inferred bDSO Mineral Resource estimate of 77Mt at 41% Fe. Drilling is ongoing with further resource growth expected in 2012.

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.



Competent Person Statement

The information in this Release that relates to Exploration Results and Mineral Resources is based on information reviewed and compiled by Mr Patrick Vekemans, who is a Member of the Australian Institute of Geosciences. Mr Vekemans is a contractor to African Iron Limited and has sufficient experience which is relevant to the style of mineralisation and 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, Minerals Resources and Ore Reserves. Mr Vekemans consents to the inclusion in the Release of this information in the form and context in which it appears.