

ASX Announcement
13 February 2012

DIRECTORS ACCEPT EXXARO'S TAKEOVER OFFER FOR 20 MILLION UNLISTED OPTIONS

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

- **AFRICAN IRON DIRECTORS HAVE TODAY ACCEPTED EXXARO'S OFFER FOR ALL OF THEIR UNLISTED OPTIONS**
- **CAPE LAMBERT (ASX: CFE) HAS ACCEPTED EXXARO'S TAKEOVER OFFER FOR ITS REMAINING SHARES IN AFRICAN IRON**
- **THE OFFERS WILL CLOSE AT 5PM PERTH TIME ON 14 FEBRUARY 2012** (unless Exxaro obtains acceptances increasing its voting power to more than 50%, in which case the offers will be extended for 14 days in accordance with the Corporations Act 2001)

Total acceptances of the Exxaro Offers by African Iron directors is now 1,300,000 shares, 100,000 listed options and 20,000,000 unlisted options, and for Cape Lambert 126,700,000 shares.

The Company's Independent, Non-Executive Chairman Dr Ian Burston, said "The acceptance today of Exxaro's takeover offer by the directors of African Iron for the unlisted options they own, and by Cape Lambert for the remainder of its stake is a further endorsement of the Exxaro offer."

Dr Burston went on to say that "Your directors continue to recommend that, in the absence of a superior proposal, you ACCEPT the Offers before they close. The Offers will close at 5pm Perth time tomorrow, Tuesday 14 February 2012 and can not be extended, unless Exxaro is required to do so under the Corporations Act."

"If the Offers close without the 50% minimum acceptance condition being satisfied, the Offers will lapse and there is a significant risk that the African Iron share price and the listed options price will fall."

Directors' Acceptance

In African Iron's 20 January 2012 announcement, it advised that African Iron's directors had formally accepted Exxaro's takeover offer for 1,300,000 African Iron shares and 100,000 African Iron listed options owned or controlled by them.

In that announcement, the African Iron directors also declared their intention to accept Exxaro's private offers for all of the African Iron unlisted options owned or controlled by them, subject to obtaining appropriate ASX waivers. The relevant ASX waivers have now been obtained and accordingly the African Iron directors have now accepted for all of the 20,000,000 unlisted options owned or controlled by them.

Cape Lambert's Announcement

Australian resources and investment company, Cape Lambert Resources Limited ("Cape Lambert") today announced that it has now accepted Exxaro's offer for the remaining 26,384,527 African Iron ordinary shares held by Cape Lambert.

Today's announcement follows Cape Lambert's announcement of 17 January 2012, in which Cape Lambert advised that pursuant to a pre-bid acceptance agreement with Exxaro it had accepted the takeover offer in respect of 100,315,473 African Iron shares held by Cape Lambert (representing 19.99% of African Iron).

Cape Lambert has now accepted the takeover offer in respect of all African Iron shares that it holds or controls (totalling 126,700,000 shares, representing 25.25% of African Iron).

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 north-east of Pointe-Noire.

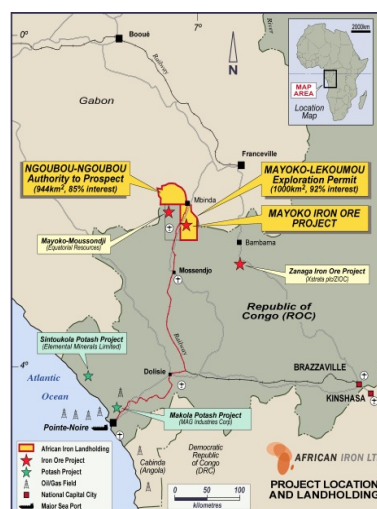
African Iron's key asset is its 92% interest in the Mayoko iron ore project ("**Mayoko**" or "**Mayoko Project**") where the Company is currently completing a 30,000 metre resource definition drilling program, metallurgical testwork and infrastructure studies related to the production and export of a 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 944km² 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.