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The Company Announcements Office  
Australian Stock Exchange Limited

Via E Lodgement

## CAPE LAMBERT SIGNS MOU WITH SINOSTEEL FOR DEVELOPMENT AND OFF-TAKE AGREEMENT SHANDONG NEGOTIATIONS ONGOING

Cape Lambert Iron Ore Ltd ("Cape Lambert" or "the Company") (ASX: CFE) is pleased to confirm that it has signed a Memorandum Of Understanding (MOU) with Chinese steel company Sinosteel Corporation (Sinosteel) for the development of, and off-take from, the Cape Lambert Iron Ore Project located in the Pilbara region of Western Australia.

As part of the MOU, Sinosteel and Cape Lambert would negotiate a commercial agreement to purchase up to 100% of the off-take from the Cape Lambert Iron Ore Project, expected to be in the range of five to ten million tonnes per annum, and also continue formal negotiations regarding a Joint Venture (JV) agreement for the development of this project.

Cape Lambert and Sinosteel are currently developing a time-table to negotiate and execute a Formal Agreement which will include, among other things, JV obligations, detail product specifications, annual quantity, delivery schedule, pricing and payment terms.

The Board of Cape Lambert welcomes the signing of the MOU with Sinosteel, particularly as the company represents 18 major steel mills in China, last year traded more than 20 million tonnes of iron ore and has historical links to the Pilbara.

The Board of Cape Lambert would also like to advise that the MOU announced today is not a binding or exclusive agreement, and as such the Company is continuing its negotiations with Chinese trading group Shandong Yuansheng International Trading Co Ltd (Shandong), who are continuing to seek an equity position in the Company and an off-take agreement for up to 100% of the iron ore concentrate to be produced from the project.

The Board of CFE will continue to review all off-take opportunities, with a view to selecting a partner or partners that are not only committed to take the ore from the project, but also to progress the development of the Cape Lambert Iron Ore Project.

Yours faithfully

CAPE LAMBERT IRON ORE LTD

Tony Sage  
Executive Chairman