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The Company Announcements Office  
Australian Stock Exchange Limited

**Via E Lodgement**

## **CAPE LAMBERT IRON ORE SIGNS AGREEMENT TO FARM-OUT ROMANIAN GOLD/COPPER PROJECT (“SACU”)**

Iron ore exploration and development company Cape Lambert Iron Ore Ltd (ASX: CFE; AIM: CLIO) has signed a farm-out agreement with Spalding Ltd (“Spalding”) for the company’s Sacu gold/copper Project, located in the “Golden Quadrilateral” area of Romania.

Under the terms of the agreement, Spalding can earn 80% of this highly prospective gold/copper project in a known mineralisation province through the expenditure of US\$2million on the project over a period of two years.

Spalding will pay Cape Lambert a US\$10,000 option fee immediately and conduct due diligence on the project for a period of 30 days.

At the completion of the due diligence period, Spalding must pay Cape Lambert a further US\$10,000. The remainder of the balance will be met through a drilling programme which will commence in November 2006.

The Sacu Project lies within the copper belt that stretches from Bulgaria through Serbia and into Romania. It is southwest of the famous “Golden Quadrilateral” area of the Apuseni Mountains of Western Romania, and 20km west of Deva, the regional capital. Importantly, it is near the Certej deposit (quoted resources of 2.3Moz Au and 11.3 Moz Ag) of UK quoted European Goldfields Ltd, and Rosia Montana deposit (quoted resources of 14.6Moz Au and 67Moz Ag) of TSX listed Gabriel Resources Ltd. This 500km<sup>2</sup> area was once Europe’s most prolific producer of gold and copper.

The Board of Cape Lambert has made the decision to farm-down its holding in this project as it is focused on the rapid development of its 100% owned world-class iron ore project in the Pilbara region of Western Australia. The farm out will enable Cape Lambert to still retain an interest in this exciting project with no loss of management focus.

Earlier in the year Cape Lambert successfully spun out its gold assets and sold its stake in Canadian gold/copper company NFX Gold Inc.

Yours faithfully

CAPE LAMBERT IRON ORE LTD

**Tony Sage**  
Executive Director

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