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The Company Announcements Office
ASX Limited
Via E Lodgement

Cape Lambert and MCC sign landmark AUD\$400M Sale Agreement

Cape Lambert Iron Ore Limited (“Cape Lambert” or the “Company”) (ASX: **CFE**, AIM: **CLIO**) is pleased to advise that it has taken a further step toward finalisation of the AUD\$400M sale of its namesake iron ore project in Western Australia to MCC Mining (Western Australia) Pty Ltd, a wholly owned Australian subsidiary of China Metallurgical Group Corporation (“MCC”), with both companies signing the formal Sale Agreement last night in Beijing.

On 26 February 2008, Cape Lambert announced that it had signed a Memorandum of Understanding (“MoU”) with MCC for the sale of the Company’s namesake iron ore project located in the Pilbara region of Western Australia, which comprises four key Exploration Licenses being E47/1462, E47/1271, E47/1233 and E47/1248 (the “Project”) for a total consideration of AUD\$400 million.

The consideration is payable in three cash tranches; AUD\$240 million (inclusive of the AUD\$10 million deposit) or 60% at Settlement (to take place fifty (50) days after the date of the formal Sale Agreement), AUD\$80 million or 20% forty five (45) days after Settlement and AUD\$80 million or 20% on the grant of a mining lease and related construction approvals.

On 29 April 2008, the Company announced MCC’s successful completion of due diligence and on 29 May 2008 that MCC Mining (Western Australia) Pty Ltd had received confirmation that the Foreign Investment Review Board had no objection to MCC’s proposed acquisition of the Project.

The Company is now preparing to call a meeting of shareholders to obtain approval for the Sale, with a notice of meeting to be sent to shareholders in the coming weeks. It is expected this shareholder meeting will be held in July 2008, and MCC is progressing its required government approvals.

On completion of the Sale, the Company intends to continue with its exploration program on its remaining tenements and also to maintain its strategy of identifying, developing and exploiting mining assets. The Board is investigating additional tenements and projects that could be targeted by the Company to increase its holdings both in Australia and overseas. The Company is finalising the application of the sale proceeds and details will be set out in the shareholder notice of meeting.

Cape Lambert Chairman, Ian Burston, said “The finalisation of the sale agreement with MCC achieves one of the two remaining Cape Lambert controlled milestones for completion of the sale, with only shareholder approval outstanding”. Mr Burston further added “We look forward to working with MCC to achieve sale completion, and to an ongoing, mutually rewarding relationship”.

Yours faithfully
Cape Lambert Iron Ore Limited

Ian Burston
Executive Chairman

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