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The Company Announcements Office
ASX Limited
Via E Lodgement

MCC RECEIVES CHINESE GOVERNMENT APPROVAL FOR THE ACQUISITION OF THE CAPE LAMBERT PROJECT

HIGHLIGHTS

- MCC Mining (Western Australia) Pty Ltd, a wholly owned subsidiary of China Metallurgical Group Corporation has received key Chinese Government approval for the acquisition of the Cape Lambert Iron Ore project;
- A general meeting of Cape Lambert shareholders to consider approving the sale of the Cape Lambert Iron Ore project is scheduled for 28 July 2008.

BACKGROUND

Cape Lambert Iron Ore Limited ("Cape Lambert" or the "Company") (ASX: **CFE**, AIM: **CLIO**) is an Australian iron ore and exploration development company, which owns 100% of the Cape Lambert Iron Ore project (the "Project"), located in the coastal Pilbara region of Western Australia. The Project is subject to an AUD\$400 million sale to MCC Mining (Western Australia) Pty Ltd, a wholly owned subsidiary of Chinese conglomerate, China Metallurgical Group Corporation (hereafter referred to as "MCC").

The sale of the Project was subject to a number of conditions including successful completion of due diligence by MCC, and Cape Lambert shareholder, Foreign Investment Review Board ("FIRB") and all necessary Chinese Government approvals to give effect of the sale.

On 29 April 2008, the Company announced MCC's successful completion of due diligence and on 29 May 2008 the Company announced that MCC had been notified that FIRB had no objection to its proposed acquisition of the Project. A formal Sale Agreement ("Sale Agreement") was subsequently signed in Beijing on the evening of 11 June 2008.

Two key conditions are required to be satisfied before Settlement under the Sale Agreement can occur; namely relevant Chinese government, and Cape Lambert shareholder, approvals.

The Company is pleased to advise that MCC has now received key Chinese government approvals for the acquisition of the Project, thereby leaving only Cape Lambert shareholder approval as the remaining key condition to be obtained before Settlement.

The Company's Executive Chairman Mr Ian Burston said "The receipt of Chinese government approvals means the sale is now essentially conditional on the approval of Cape Lambert's shareholders, with shareholders able to consider approving the sale at the shareholders meeting scheduled for 28 July 2008."

Yours faithfully
Cape Lambert Iron Ore Limited

Ian Burston
Executive Chairman

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