

15 September 2008

The Company Announcements Office
ASX Limited

Via E Lodgement

AUD\$320M now received as part of AUD\$400M MCC transaction with second payment of AUD\$80M made early

Australian iron ore company Cape Lambert Iron Ore Limited (“**Cape Lambert**” or the “**Company**”) (ASX: **CFE**, AIM: **CLIO**) has now received the second substantive payment as part of the AUD\$400 million sale of its namesake iron ore project (the “Project”) to MCC Mining (Western Australian) Limited (“MCC Mining”), a wholly owned subsidiary of Chinese conglomerate, China Metallurgical Group Corporation (“MCC”).

The second payment of AUD\$80 million was received on 15 September 2008, in advance of the agreed date for receipt of 22 September 2008 that was announced on 12 September 2008.

Together with the first payment of AUD\$240 million, this brings the total received to date to AUD\$320 million. The final payment of AUD\$80 million is to be paid by MCC Mining on the grant of a mining lease and related construction approvals for the Project.

With the second payment now received, the Company has a cash position of approximately AUD\$340 million.

Cape Lambert Executive Chairman Tony Sage said “the receipt of the second payment ahead of time is further evidence of the strong relationship forged between the two companies in recent times”.

“MCC has shown its intention throughout the entire sale process to create a strong relationship with Cape Lambert, something which has been further reinforced by the early payment of this money,” Mr Sage said.

“With these monies now received, the Company will look to finalise its accounts ahead of the proposed cash distribution to Shareholders by way of a return of capital and an unfranked dividend.”

As announced on 12 September 2008, the Cape Lambert Board anticipates audit clearance of the accounts of the Company for the year ended 30 June 2008 on 19 September 2008. Consequently, the Company anticipates making an announcement regarding the timetable applicable to the reduction of capital and unfranked dividend (including the Record Date) on or around 30 September 2008.

Yours faithfully
Cape Lambert Iron Ore Limited

Tony Sage
Executive Chairman

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