

# Cardero Agrees to Sell Pampa de Pongo Iron Ore Deposit to Nanjinzhao Group Co. Ltd. for USD 200 Million

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Stockwatch News Item

## Mr. Hendrik Alphen reports

Cardero Resource Corp. has entered into an agreement with Nanjinzhao Group Co. Ltd., a private Chinese enterprise located in Zibo city, Shandong province, China, whereby Cardero Hierro del Peru SAC, the holder of the Pampa de Pongo iron property, will sell its 100-per-cent interest to Nanjinzhao for a total purchase price of \$200-million (U.S.).

“We are extremely pleased to have been able to successfully negotiate the sale of Pampa de Pongo in a challenging marketplace” said Hendrik van Alphen, Cardero's president. “Pampa de Pongo is a world-class iron ore project, and we are very pleased to have been able to pass the project on to a major Chinese integrated iron and steel conglomerate that has not only the mining expertise required, but also the financial resources to move the project rapidly forward. The future of commodity demand will be in the growing Asiatic region, and with this first step, Cardero is becoming part of this changing landscape. Chinese steel companies will become more integrated and Cardero sees the opportunity to become an important link as a premier discoverer of mineral deposits to feed the growing demand. Cardero can now focus on advancing its Pampa el Toro iron sands project and the Baja IOCG project to the stage where they will also become extremely attractive to these integrated entities. The extremely good relationships we have established with the Nanjinzhao Group and the Shandong Provincial Bureau of Geo-Mineral Resources will be an important factor going forward.”

## Sale agreement terms

The Pampa de Pongo purchase agreement was executed in Zibo city, Shandong, on Oct. 24, 2008, among Cardero, Cardero Hierro Del Peru SAC and Nanjinzhao, with the Shandong Provincial Bureau of Geo-Mineral Resources as a subscribing witness, to reflect its vital assistance in bringing the parties together.

The agreement requires an initial deposit of \$10-million (U.S.), payable within three months, with a final payment of \$190-million (U.S.) due within nine months. During the initial three-month period, Nanjinzhao will obtain the appropriate Chinese governmental consents to the transaction. The Pampa de Pongo property will be transferred to a Peruvian subsidiary of Nanjinzhao once the deposit has been received.

The agreement permits Cardero to decline to proceed with the transaction at any time prior to the receipt of the final \$190-million (U.S.) final payment, provided that, if such decision is made at any time after the initial \$10-million (U.S.) deposit has been paid, Cardero is required to return the deposit and pay an additional \$20-million (U.S.) as a break-up fee. Upon repayment of the deposit (and break fee, if required), the Pampa de Pongo property will be retransferred to Cardero Hierro del Peru SAC.

The company will pay a finder's fee to an arm's-length private company in consideration of the finder introducing Cardero to the Shandong Geo-Mineral Institute and Nanjinzhao and providing continuing advice in the negotiations.

We seek Safe Harbor.