
Cardero Resource update on Nanjinzhao deal

Friday, 13 Feb, 2009

Cardero Resource Corp has provided an update on the sale of Pampa de Pongo iron ore deposit to Nanjinzhao for USD 200 million.

Nanjinzhao will commence engineering assessment work immediately and have made an early payment of USD 2 million in consideration of Cardero's cooperation. This work will allow the Nanjinzhao's permitting application to be submitted more quickly. The due dates for the remaining payments of USD 10 million and USD 188 million remain unchanged.

Following signing of the USD 200 million purchase agreement among Nanjinzhao Group Co Ltd, the Company and Cardero Hierro Peru SAC on October 24th 2008, Rio Tinto Mining and Exploration SAC had the right, for 45 days, to elect to acquire Pampa de Pongo on the same terms as agreed by Nanjinzhao.

On December 17th 2008, Rio Tinto gave notice that it would not be exercising such right. Accordingly on December 17th 2008 the Company advised Nanjinzhao of Rio Tinto's election. As a consequence, the three month period for payment by Nanjinzhao of the initial USD 10 million deposit and the nine-month period for payment of the balance of USD 190 million commenced to run on that date. The due dates for these payments are therefore March 17th 2009 (USD 10 million) and September 17th 2009 (USD 190 million).

On receipt of the initial USD 10 million deposit, Cardero Hierro Peru SAC will transfer title to the Pampa de Pongo property to Nanjinzhao's Peruvian subsidiary (subject to payment of the USD 190 million balance of the purchase price). In order to fast-track development of the project, Nanjinzhao has requested, and Cardero has agreed, to the immediate commencement of engineering drilling on the property under the existing drilling permit, which will facilitate the timely collection of engineering and geotechnical data essential for the development permitting process.

In consideration of this concession, Nanjinzhao has paid Cardero the sum of USD 2 million. This payment is considered to be an advance on the final USD 190 million payment which has now therefore been adjusted to USD 188 million. The USD 10 million deposit remains unchanged and is to be paid on March 17th 2009 as agreed. Payment of the USD 2 million advance does not trigger the "break fee" provisions of the October 24th 2008 purchase agreement.

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