Peruvian Iron Sands Project Update

Cardero Resource Corp. (“Cardero” or the Company”) – (TSX: CDU, AMEX; CDY, Frankfurt CR5) is pleased to provide an update on its Peruvian Iron Sands Project. Cardero has achieved major advancements in the last 16 months, having now fully completed the 97 borehole delineation drill campaign in conjunction with a significant trenching program on the property. The Company is ready to launch the project into its next phase as soon as the test results from the samples currently at several mineral processing facilities are received.

Cardero completed the delineation drill program following several site visits and recommendations by SRK Engineering Consultants (NR May 12, 2006). The results from this program and the related geochemical testing of the samples produced will form the basis for future resource estimate calculations. In order to best determine the quantity of magnetite in the sand and the most efficient concentration methods, Cardero provided four ‘bulk’ samples to independent specialist laboratories in Canada, the United States of America and South Africa for metallurgical testing. Unusually high laboratory workloads have delayed receipt of test conclusions, but results will be announced when received.

Assuming favourable results from the testing and the delineation of a suitable resource, Cardero is proposing a two stage production strategy. This strategy would consist, firstly, of the production of a direct shipping iron concentrate, and, secondly, the processing of the concentrate to produce pig iron, with titanium and vanadium as potential by-products.

The first stage would be a simple grinding and magnetic separation process, with a relatively short lead time, to produce a direct-shipping iron concentrate. In furtherance of this, Cardero is presently in negotiations with a third party regarding the production and sale of such a concentrate. In June 2006, the Company provided a 2,000 kilogram bulk sample for independent testing to verify previous results and to ascertain the saleability of the concentrate. Cardero anticipates receiving the final test results for this sample in the next two to three weeks.

The second stage would be a Midrex FASTMELT® pilot plant test on the concentrate to assess the feasibility of producing pig iron and recovering titanium and vanadium from the resultant slag. Assuming a successful test result and a positive feasibility study, the next step would be to install a full scale Midrex FASTMELT® plant at the Iron Sands Project. The carrying out of the test and the construction and commissioning of a full-scale Midrex FASTMELT® plant will cost significantly more, and take longer to implement, than the initial magnetic separation process, but should produce significantly higher value products (pig iron, titanium, and vanadium).

Although Cardero has not carried out a formal preliminary assessment or scoping study at this stage, there are a number of factors which the Company anticipates would result in a low end-to-end cost of production and delivery. Operating costs are expected to be low due to ease of mining (no blasting or stripping required) and the nearby pre-existing infrastructure, including the Pan-American Highway and potential access to an existing iron exporting port facility at San Nicolas (which, if available, would result in comparatively low shipping costs due to its proximity to the important Asian markets). In addition, labour, gas and electricity costs at the Iron Sands site are anticipated to be very competitive.

“Based on the encouraging preliminary test results, we continue to foresee strong economic potential and the promise of a substantial mineral deposit at our Peruvian Iron Sands Project” stated Cardero president and CEO Henk Van Alphen. “In spite of experiencing frustrating delays, which are in reality modest, we have commenced the studies and negotiations necessary to enable us to make a production decision.”
Although the Company continues to be very encouraged by the results to date, it is important to realize that such results are only from initial testing and drilling, and it is uncertain if further work will result in the discovery of an economic mineral resource within the Iron Sands Project area.

EurGeol Dr. Mark D. Cruise, Cardero’s Vice President-Exploration and a qualified person as defined by National Instrument 43-101, has supervised the preparation of the scientific and technical information that forms the basis for this news release.

The Company also announces that it has granted incentive stock options to employees and consultants to purchase up to 500,000 common shares at a price of $1.70 per share for a period of two years ending on October 12, 2008.

Cardero is well financed and positioned to continue to explore its projects in Mexico, Peru, and Argentina. The common shares of the Company are currently listed on the Toronto Stock Exchange (symbol CDU), the American Stock Exchange (symbol CDY) and the Frankfurt Stock Exchange (symbol CR5). The Company is actively evaluating new gold, copper and iron projects, and continues to maintain an active pipeline of prospects.

For further details on the Company readers are referred to the Company’s web site (www.cardero.com), Canadian regulatory filings on SEDAR at www.sedar.com and United States regulatory filings on EDGAR at www.sec.gov.

On Behalf of the Board of Directors of
CARDERO RESOURCE CORP.

“Hendrik van Alphen” (signed)
Hendrik van Alphen, President

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The Toronto Stock Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of the content of this news release, which has been prepared by management.

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 27E of the Exchange Act. Such statements include, without limitation, statements regarding future anticipated exploration program results, the discovery and delineation of mineral deposits/resources/reserves, the potential for a significant mine life, the potential for production and sale of a direct shipping iron concentrate, the ability to recover titanium and vanadium from slag, the possibility of concluding an arrangement with third party purchasers of iron concentrates, the possibility of making a decision to produce materials from the iron sands project, the possibility of the Company being able to utilize the existing shipping facilities at the port of San Nicholas, business and financing plans, business trends and future operating revenues. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate, potential and similar expressions, or are those, which, by their nature, refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future results or performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, variations in the nature, quality and quantity of any mineral deposits that may be located, the inability of the Company to produce a saleable iron concentrate economically, or at all, the inability of the Company to obtain any necessary permits, consents or authorizations required for its activities, the inability of the Company to produce minerals from its properties successfully or profitably; the inability of the Company to separate titanium and vanadium from slag, the inability of the Company to continue its projected growth, the inability of the Company to utilize any of the existing infrastructure as part of any production and/or shipping scenario, and the inability of the Company to raise the necessary capital or to be fully able to implement its business strategies, including the two stage production scenario outlined above.

All of the Company’s Canadian public disclosure filings may be accessed via www.sedar.com and its United States disclosure filings via www.sec.gov and readers are urged to review these materials, including the technical reports filed with respect to the Company’s mineral properties.

This press release is not, and is not to be construed in any way as, an offer to buy or sell securities in the United States.

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