

13 December 2005

The Company Announcements Office
Australian Stock Exchange Limited

Via E Lodgement

**CFE CLOSSES A\$33M RAISING:
SHARE SALE AGREEMENT NOW UNCONDITIONAL**

Cape Lambert Iron Ore (**ASX: CFE**) is pleased to announce that its prospectus and offering to UK investors to raise A\$33 million has closed. CFE will issue 110 million shares @ \$0.30 and 55 million options exercisable @ \$0.30 on or before 31 October 2008 pursuant to the prospectus and the private placement to UK investors, in the next few days.

With the final condition of the Share Sale Agreement being satisfied CFE is now in a position to commence the planning of the Bankable Feasibility Study (BFS). This process will commence immediately and take between 12-18 months to complete.

The Company is also in an ideal position to finalise negotiations with the parties previously announced regarding the off-take agreements. Negotiations are still ongoing between the parties, with CFE confident of making an announcement regarding the Chinese companies involvement in the Cape Lambert Iron Ore Project within the coming week.

About Cape Lambert

The Project has an area of 223 square kilometres and is located in the northern coastal Pilbara of Western Australia between the towns of Karratha, Roebourne and Wickham. The property is crossed by the North West Coastal Highway, gas pipeline, power transmission line and railway, and is only 10km from a suitable shipping port.

Recent independent analysis confirmed the total JORC Compliant mineral resource at this Project to be 2.5 billion tonnes (at 30% Fe)

Re-Listing of CFE Securities

CFE is currently has written to the Australian Stock Exchange (ASX) regarding the re-listing of its securities.

Should you require any further information about the information contained within this announcement please contact the undersigned.

Yours faithfully

Tony Sage
Executive Chairman

The mineral Resource is based on information compiled by Martin Reynolds who is a fellow of the Australian Institute of Mining & Metallurgy. Mr Reynolds is a Director of Mackay & Schnellmann Pty Ltd, an independent geological consultant. Mr Reynolds is qualified as a Competent person as defined in the 2004, "Australasian Code for Reporting of Mineral Resources and Reserves" (JORC).

