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The Company Announcements Office  
Australian Stock Exchange Limited

**Via E Lodgement**

**Mining To Commence At Mt Ida Gold Project From Early 2006:  
CFE To Earn up to \$15 million net**

Cape Lambert Iron Ore Ltd Limited (**ASX: CFE**) is pleased to announce that mining at the company's Mt Ida gold project in Western Australia will commence in early 2006 following the completion of a mine feasibility study with private Perth-based resource company, Milspan Holdings Pty Ltd (Milspan).

It is expected the mining operation will provide CFE with a total net profit of approx A\$15 million.

Under the joint venture, development work on part of the Mt Ida project will commence in the coming months, with mining on-track to commence mid 2006. The Mt Ida gold project is located in the Goldfields region on Western Australia, approximately 200 kilometres north of Kalgoorlie.

The mining activity at Mt Ida is expected to last approximately 22 months and will focus on the Baldock, Meteor, Whinnen and Timoni ore bodies, which have a combined JORC compliant resource of 110,000 ounces of gold. *(See Table 1 and 2 attached)*

Under the terms of the joint venture, Milspan will fund the A\$4.5 million cost to develop and bring the four ore bodies into production, earning a 50% interest, with CFE retaining the other 50% interest. Milspan will also co-ordinate and provide operational mining expertise.

This independent feasibility study concluded that a total of 143,321 tonnes at 16.62 grams of gold per tonne for a total net output of 76,500 ounces could be extracted from the Baldock and Meteor ore bodies.

Milspan is also continuing work to complete its mine design for the Whinnen and Timoni ore bodies, which it believes could potentially yield a further 15,000 ounces of gold.

CFE Executive Chairman, Mr Tony Sage, said the Company was pleased with the results of the Milspan feasibility study and the commencement of mining at the project.

"As part of the feasibility study Milspan was able to determine that a mining operation at the project would be financially viable," Mr Sage said.

“While this is likely to be a relatively short-term gold mining operation, with the four ore bodies expected to be exhausted by the end of 2007, the CFE Board believes this agreement will provide a significant financial benefit to CFE shareholders, with no capital risk.

The JV is not part of, or has any affect on, the Farm In and Joint Venture Agreement CFE has with Mines & Resources Australia Pty Ltd (“MRA”), a wholly owned subsidiary of French mining company Cogema Group, at Mt Ida.

As part of that agreement, signed on 13 January 2005, MRA will spend \$7.5 million over the next five years on gold exploration at the Mt Ida project, and in return will earn an interest of 51% of all gold found at the Mt Ida project. MRA is obliged to spend a minimum of \$1 million on exploration expenditure before it can withdraw. Under this agreement CFE retained the Baldock, Whinnen and Meteor resources, and the historical Timoni mine.

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).



**Table 1. Global Mineral Resource at 6.00g/t Au Cut-Off:**

<b>Category</b>	<b>Tonnes</b>	<b>Grade (g/t)</b>	<b>Ounces</b>
<b>Measured</b>	54,500	32.8	57,500
<b>Indicated</b>	5,800	33.8	6,300
<b>Inferred</b>	83,400	17.5	46,850
<b>Total</b>	<b>143,700</b>	<b>24.0</b>	<b>110,650</b>

**Table 2. Mineral Resource Estimates by Lode at 6.00g/t Au Cut-Off:**

<b>Lode</b>	<b>Category</b>	<b>Tonnes</b>	<b>Grade (g/t)</b>	<b>Ounces</b>
<b>Baldock*</b>	Measured	54,500	32.80	57,500
	Indicated	5,800	33.84	6,300
<b>Meteor</b>	Inferred	75,200	17.6	42,500
<b>Whinnen</b>	Inferred	8,200	16.6	4,350

\* These resources relate to the Baldock Lode which were estimated by Golder Associates and reported to the ASX on 22nd May 2003.

# DAVE LINE RESERVE AND RESOURCE ESTIMATES (Looking East)

