

10 March 2006

The Company Announcements Office  
Australian Stock Exchange Limited

Via E Lodgement

COMPANY UPDATE (ASX: CFE)

Further to a request by the ASX in relation to an announcement made on 19 December 2005 entitled "*Major Chinese Group shows Intent for significant equity stake as part of off-take agreement at Cape Lambert Project*", the Company notifies the following:

The Company is currently progressing negotiations with Shandong Yuansheng International Trading Co Ltd (Shandong) regarding an equity stake in CFE and an off-take agreement for the iron ore concentrate to be produced from the Cape Lambert project.

Should there be any queries on this matter please do not hesitate to contact the writer.

Yours faithfully

CAPE LAMBERT IRON ORE LTD

Tony Sage  
Executive Chairman