



**DMC MINING LIMITED**

ACN 121 513 620

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ASX/MEDIA ANNOUNCEMENT

## Strategic Partner Negotiations & Capital Raising Update

DMC Mining Limited ("DMC") is please to provide an update on progress regarding negotiations with prospective strategic partners and on capital raising options.

### Strategic Partner Negotiations

DMC has conducted numerous negotiations with interested parties in relation to the potential Joint Venture, strategic funding and/or off-take partnerships of the Mayoko Iron Ore Project.

Over fifteen Confidentiality Agreements have been signed, many with the world's leading steel industry groups. Due diligence has commenced by a number of the interested parties, and site visits to the Mayoko Iron Ore Project completed by some of the groups.

The process of introducing and negotiating with strategic partners is progressing well, however, DMC is unable to indicate a definitive timeframe for conclusion of an agreement.

DMC believes that while the current Inferred Resource is relatively small, the presence of existing infrastructure and exploration potential makes the Mayoko Iron Ore Project particularly attractive to potential strategic and funding partners.

The Global Financial Crisis has had a substantial impact on confidence throughout the financial and mining sectors, however, the capital required to develop the Mayoko Iron Ore Project is likely to be substantially less than many other aspiring iron ore companies given the existing operating rail and port infrastructure.

DMC will continue to keep the market informed of developments.

### Capital Raising Update

In December 2008, DMC issued a Convertible Note to Dempsey Resources Pty Ltd ("Dempsey"). Dempsey is a 100% owned subsidiary of Cape Lambert Iron Ore Limited ("Cape Lambert") (ASX Code: CFE).

In the future Cape Lambert could possibly be a source of funding to DMC or assist with the securing of a long term strategic partner to advance the Mayoko Iron Ore Project.

DMC is considering a number of capital raising alternatives to progress the exploration and development of the Mayoko Iron Ore Project.

## About Cape Lambert Iron Ore Limited

During 2008, Cape Lambert sold its Pilbara namesake magnetite project to China Metallurgical Group Corporation ("MCC") and has received AUD\$320 million of the AUD\$400 million sale price. The final cash payment of AUD\$80 million is to be paid by MCC on the grant of a mining lease and related construction approvals in respect of the project.

Since acquiring the magnetite project and prior to the sale, Cape Lambert completed 182 RC holes for a total advance of 55,671 meters and 26 diamond core holes for a total advance of 5,794 meters.

The magnetite project is located approximately 10-15km from the port of Cape Lambert and currently has a 1.56 billion tonne JORC compliant magnetite iron ore mineral resource defined over a strike length of approximately 5km.

As at 31 March 2009 Cape Lambert had approximately AUD\$126.9 million in cash.

## DMC Company Summary

DMC is an Australian Listed Iron Ore Company (stock code: DMM) whose principal asset, currently held through its subsidiary DMC Iron Congo SARL in which it holds an 80% interest, is the Mayoko Iron Ore Project in the Republic of Congo ("ROC") . Based in Perth, the Company listed on the Australian Stock Exchange in July 2007.

Since the announcement of the acquisition of the Mayoko Iron Ore Project, the company has rapidly progressed its development, announcing, an initial Inferred mineral resource of 33 million tonnes at 55% Fe (50% Fe lower cut off grade).

In June 2008, leading independent engineering construction Company GRD Minproc completed a study on the Mayoko Iron Ore Project. A key conclusion of the study was;

"Although the Mayoko Iron Ore Project is at a very early stage of development the preliminary economics appear attractive and therefore justify advancing to a more detailed level of assessment"

With the advantages of existing infrastructure in place, a bulk commodity railway within 2.2km of the Mayoko deposit linking to the established West African deep water port of Point Noire, DMC's intention is to be a low cost DSO producer as quickly as possible.

DMC Mining Limited is also very pleased to be working in the low risk jurisdiction of the Republic of Congo, where strong Government support for the Mayoko project will add significant benefits to the people of the region.

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The contents of this report relating to exploration and mineral resources are based on information compiled by Kim Bischoff, a Member of the Australasian Institute of Mining and Metallurgy. Mr Bischoff is a Non-executive Director of DMC Mining and has sufficient experience relevant to the styles of mineralisation and the deposit under consideration and to the activity he is undertaking to qualify as a Competent Person, as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Bischoff consents to the inclusion in this report of the matters compiled by him in the form and context in which they appear.