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The Company Announcements Office  
ASX Limited

Via E Lodgement

## Cape Lambert to acquire 37% of DMC Mining.

### Highlights:

- Cape Lambert subsidiary converts A\$2 million Convertible Note in DMC,
- Also exercises 5 million, unlisted 15 cent options resulting in a cash injection to DMC of A\$750,000,
- Conversion of note and exercise of options will result in Cape Lambert controlling 25 million DMC shares, approximately 37% of its issued capital, and
- Cape Lambert to request additional board representation to enhance the DMC board skill set.

Australian resources company, Cape Lambert Iron Ore Limited (**ASX: CFE**) (the “Company” or “Cape Lambert”) is to acquire an (approximate) 37% stake in ASX listed, iron ore exploration company DMC Mining Limited (**ASX: DMM**) (“DMC”) following the conversion of a \$2 million Convertible Note and exercise of 5 million, unlisted options by its wholly owned subsidiary Dempsey Resources Pty Ltd (“Dempsey”).

Under the conversion terms of the Convertible Note issued to Dempsey on 10 December 2008, DMC will issue Dempsey 20 million fully paid shares. In addition, Dempsey has issued DMC an option exercise notice for Dempsey’s 5 million, unlisted 15 cent options resulting in an immediate cash injection to DMC of A\$750,000.

The issue of the shares resulting from the conversion of the note and exercise of the options received DMC shareholder approval at a General Meeting of Shareholders held on 8 May 2009.

Upon issue of shares to Dempsey under the Conversion Notice and exercise of the unlisted options, Dempsey will hold 25 million fully paid ordinary shares in DMC, representing approximately 37% of its issued capital. Consequently, Cape Lambert has requested additional board representation to enhance the DMC board skill set.

“We believe Cape Lambert’s involvement with DMC provides a win win outcome whereby DMC shareholders will have access to our strong balance sheet, and corporate and technical expertise, and Cape Lambert shareholders will have exposure to the potentially world class Mayoko iron ore project located in the Republic of Congo” said Cape Lambert Executive Chairman Tony Sage.

Yours faithfully  
Cape Lambert Iron Ore Limited

Tony Sage  
**Executive Chairman**

**FOR MORE INFORMATION PLEASE CONTACT:**

**Cape Lambert Iron Ore Limited:**

Tony Sage +61 (0)8 9380 9555

**Australian Enquiries:**

Professional Public Relations

David Tasker +61 (0)8 9388 0944

**UK Enquiries:**

Conduit PR

Jos Simson

+44 (0)20 7429 6603/+44 (0) 7899870450

Gareth Tredway

+44 (0)20 7429 6612

**Cape Lambert website:**

[www.capelam.com.au](http://www.capelam.com.au)

**About DMC Mining Limited**

DMC is an Australian based Company (ASX: 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.

Recently, DMC completed an access agreement for use of the Mayoko to Port Noire Rail Line. The rail line passes within 2.2km of the Mayoko deposit and connects to the wharf at the deep water port of Pointe Noire.

In addition, DMC has recently completed a Memorandum of Understanding ("MOU") with the Port Authority of Pointe Noire ("PAPN"). Under the MOU, PAPN has undertaken to cooperate with and assist DMC in undertaking studies to establish the facilities to export iron ore.