



3rd July 2009

ASX/MEDIA ANNOUNCEMENT

Conversion of Convertible Note

DMC Mining Limited ("DMC") is pleased to announce that it has received a Conversion Notice from Dempsey Resources Pty Ltd ("Dempsey") for the amount of A\$2 million comprising the entire principal sum of the A\$2 million Convertible Note issued to Dempsey on 10th December 2008.

Dempsey is a wholly owned subsidiary of Cape Lambert Iron Ore Limited ("Cape Lambert"; ASX Code: CFE).

Pursuant to the terms of the Convertible Note Deed, DMC will issue Dempsey 20 million fully paid ordinary shares in DMC. The issue of shares to Dempsey under the Convertible Note received DMC shareholder approval at the General Meeting of Shareholders held on 8 May 2009. Following the issue of the 20 million fully paid ordinary shares in DMC to Dempsey, DMC's obligations to Dempsey in respect of the Note will be extinguished.

In addition, DMC has received from Dempsey an option exercise form for Dempsey's 5 million unlisted 15 cent options, expiry 30 June 2010 resulting in a cash injection to DMC of A\$750,000.

Upon issue of shares to Dempsey under the Conversion Notice and exercise of options, Dempsey will have 25 million fully paid shares in DMC representing approximately 37% of the issued capital, which is within the range approved by DMC shareholders at the General Meeting of Shareholders held on 8 May 2009.

DMC Managing Director, David Sumich said "The conversion by Dempsey of the Convertible Note and the exercise of the unlisted options is a clear indication of Dempsey's commitment and interest in the Mayoko Iron Ore Project, and DMC is pleased to be partnering with Dempsey to advance the 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.

The magnetite project is located approximately 10-15km from the port of Cape Lambert and prior to the sale Cape Lambert had defined a 1.56 billion tonne JORC compliant magnetite iron ore mineral resource over a strike length of approximately 7 km.

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

About DMC Mining Limited

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

Recently, DMC completed an access agreement for use of the Mayoko to Port Noire Rail Line. The rail line passes within 2.2km from the Mayoko deposit and connects to the wharf of the deep water port of Pointe Noire. The initial assessment of the rail line is that it is capable of transporting at least 11Mtpa (source: GRD Scoping Study – Mayoko Iron Ore Project – June 2008).

In addition, DMC has recently completed a Memorandum of Understanding ("MOU") with the Port Authority of Pointe Noire ("PAPN"). Under the MOU, DMC can undertake assessment and design of infrastructure required to export iron ore from the existing port or other areas nearby owned and operated by PAPN.

Expiry of Listed Options

The Company can confirm that 18,974,466 20 cent, 30th June 2009 listed options ("DMMO") expired without exercise on 30th June 2009.

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