

7 April 2010

Company Announcements Office
ASX Limited
Exchange Plaza
2 The Esplanade
PERTH WA 6000

Via E-Lodgement

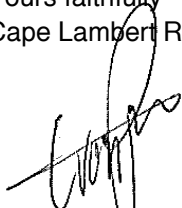
Dear Sir/Madam

ANNOUNCEMENT – OFF MARKET TAKEOVER BID BY CAPE LAMBERT RESOURCES LIMITED FOR 100% OF THE SHARES IN DMC MINING LIMITED

In accordance with Step 5 of Section 633(1) of the Corporations Act, we enclose for immediate release, a copy of Cape Lambert Resources Limited's bidder's statement in respect of its off market takeover offer to acquire 100% of the shares in DMC Mining Limited (**DMC**)(**Bidder's Statement**).

The Bidder's Statement has today been lodged with the Australian Securities and Investments Commission and served on DMC.

Yours faithfully
Cape Lambert Resources Limited



Eloise von Puttkammer
Company Secretary

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU SHOULD READ ALL OF THE CONTENTS OF THIS DOCUMENT CAREFULLY. IF YOU ARE IN ANY DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONSULT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

BIDDER'S STATEMENT

by

CAPE LAMBERT RESOURCES LIMITED

(ACN 095 047 920)

to acquire **ALL** of your shares in

DMC MINING LIMITED

(ACN 121 513 620)

for

40 cents a DMC Mining Share

TO ACCEPT CAPE LAMBERT'S OFFER, SIMPLY COMPLETE THE ENCLOSED ACCEPTANCE FORM AND RETURN IT IN THE ENVELOPE PROVIDED.

This Bidder's Statement is dated 7 April 2010. This Bidder's Statement includes an Offer dated (to be inserted) to acquire **ALL of your DMC Mining Shares**. A copy of this Bidder's Statement was lodged with the ASIC on 7 April 2010. The ASIC takes no responsibility for the content of this Bidder's Statement.

Legal adviser to Cape Lambert Resources Limited

STEINPREIS PAGANIN 
Lawyers & Consultants

Important Information:

Bidder's Statement

This document is the Bidder's Statement from Cape Lambert Resources Limited (ACN 095 047 920) (**Cape Lambert** or the **Company**) in relation to its off-market bid for all of the shares in DMC Mining Limited (ACN 121 513 620) (**DMC Mining**).

This Bidder's Statement is dated 7 April 2010. A copy of this Bidder's Statement was lodged with the ASIC on 7 April 2010. The ASIC takes no responsibility for the content of this Bidder's Statement.

Investment Decision

This Bidder's Statement does not take into account the individual investment objectives, financial situation or particular needs of each DMC Mining Shareholder (or any other person). You may wish to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer.

Disclosure Regarding Forward Looking Statements

This Bidder's Statement includes information that is historical in character and that consists of forward looking statements (including statements of current intention, statements of opinion and predictions as to possible future events). To the extent that any statements relate to future matters, you should consider that they are subject to risks and uncertainties. Those risks and uncertainties are not all within the control of Cape Lambert and cannot be predicted by Cape Lambert and include changes in circumstances or events that may cause objectives to change as well as risks, circumstances and events specific to the industry, countries and markets in which Cape Lambert and DMC Mining and their respective Related Entities operate and/or joint-ventures and associated undertakings operate. They also include general economic conditions, acts of terrorism, health epidemics, prevailing exchange rates and interest rates and conditions in the financial markets that may cause objectives to change or may cause outcomes not to be realised. Although Cape Lambert believes that the expectations reflected in any forward looking statements included in this Bidder's Statement are reasonable, no assurance can be given that such expectations will prove to be correct. Actual outcomes, events or results may differ materially from the outcomes, events or results expressed or implied in any forward looking statements and any statement in the nature of a forward looking statement in this Bidder's Statement.

Neither Cape Lambert nor any of its respective directors, officers or advisers, or any other person named with their consent in the Bidder's Statement or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any outcomes express or implied in any forward looking statement and any statement in the nature of a forward looking statement.

Foreign Jurisdictions

The distribution of this Bidder's Statement may in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of and observe those restrictions.

Privacy

Cape Lambert has collected your information from the share register of DMC Mining for the purposes of making this Offer and, if accepted, administering your shareholding in

DMC Mining. Cape Lambert and the share registry may disclose your personal information to their related bodies corporate and external service providers and may be required to disclose such information to regulators, such as ASIC. If you would like details of information about you held by Cape Lambert, please contact Cape Lambert at the address set out in the Corporate Directory.

Defined Terms

Various defined terms are used in this Bidder's Statement. Their meaning is set out in Section 12.

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Important Dates:

Announcement Date	23 March 2010
Date Bidder’s Statement was lodged with the ASIC and date of Bidder’s Statement	7 April 2010
Date of Offer	(to be inserted) 2010
Offer closes * (unless extended or otherwise withdrawn)	(to be inserted) 2010

Note:

* This date may be changed as permitted by the Corporations Act.

Information Line:

Please call (08) 9380 9555 (callers in Australia) or +618 9380 9555 (callers outside Australia) if you have any questions or require any assistance with your acceptance.

CORPORATE DIRECTORY

Company

Registered Office and Principal Place of Business

18 Oxford Close
LEEDERVILLE WA 6007

Telephone: (08) 9380 9555
Facsimile: (08) 9380 9666

Project Management Office

Level 1
2 Ord Street
WEST PERTH WA 6005

Telephone: (08) 9211 0600
Facsimile: (08) 9322 2631

Website: www.capelam.com.au

Directors

Mr Antony Sage
Executive Chairman

Mr Timothy Turner
Non-Executive Director

Mr Brian Maher
Non-Executive Director

Mr Ross Levin
Non-Executive Director

Company Secretary

Ms Eloise von Puttkammer

Share Registry*

Computershare Investor Services Pty
Limited
Level 2, Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000

Telephone: 1300 557 010
Facsimile: (08) 9323 2033

Solicitors to the Company

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Stock Exchange*

ASX Limited
Exchange Plaza
2 The Esplanade
PERTH WA 6000

ASX Code: CFE

Auditor *

PricewaterhouseCoopers
QV1
250 St Georges Terrace
PERTH WA 6000

* These entities have been included for information purposes only. They have not been involved in the preparation of this Bidder's Statement.

1. SECTION 1 – LETTER FROM THE CHAIRMAN

Dear DMC Mining Shareholder

Cash Offer of \$0.40 for each of your DMC Mining Shares.

Cape Lambert Resources Limited (**Cape Lambert**) is pleased to present you with this Offer to acquire all of your shares in DMC Mining Limited (**DMC Mining**).

Cape Lambert is offering \$0.40 cash for each DMC Mining Share you own.

The Offer price represents a significant premium for your DMC Mining Shares of 33% to the closing price of DMC Mining Shares on the ASX on 22 March 2010, the last Trading Day prior to the announcement of the Offer. The volume weighted average price (**VWAP**) of DMC Mining Shares on ASX in the period from the Announcement Date up until the date prior to the date this Bidder's Statement was lodged with ASIC was 39.08 cents. On the date preceding lodgement of this Bidder's Statement at ASIC, the closing price of DMC Mining Shares was 40 cents.

Cape Lambert's all cash offer provides you with certainty of value for your DMC Mining Shares. You will incur no brokerage or stamp duty if you accept the Offer.

The Offer is conditional only on the happening of a "prescribed occurrence" (being an occurrence listed in Section 652C(1)(a) – (h) and Section 652C(2)(a) – (e) of the Corporations Act but applied to an off market takeover bid) as set out in section 10.6 of this Bidder's Statement.

Details of how to accept this Offer are set out in Section 10.4.

We encourage you to read this Bidder's Statement for further details about the Offer and Cape Lambert. The Offer is open for your acceptance until 5.00 pm (WST) on (to be inserted) 2010, unless extended. If you wish to accept the Offer, please follow the instructions in this Bidder's Statement and in the enclosed Acceptance Form.

If you have any questions about the Offer, please contact your legal, financial or other professional adviser.

Please be aware that if you accept the Offer, you will not be able to withdraw your acceptance except in very limited circumstances. If you wish to reject the Offer, simply ignore all documentation sent to you by Cape Lambert.

For and on behalf of the Board of Cape Lambert.

Tony Sage
Executive Chairman

2. SECTION 2 – SUMMARY OF OFFER

2.1 Key Terms

The Bidder	Cape Lambert is the company making the Offer.
The Offer	<p>Cape Lambert offers to acquire ALL of your DMC Mining Shares.</p> <p>You may only accept the Offer in respect of 100% (and not a lesser proportion) of the DMC Mining Shares you hold.</p> <p>No offer is being made for any DMC Mining Options on issue. If holders of DMC Mining Options wish to participate in the Offer, they must exercise their DMC Mining Options before the Closing Date.</p>
Consideration	You are offered \$0.40 for every one DMC Mining Share you own.
Offer Opens	(to be inserted) 2010
Offer Closes	Unless withdrawn or extended in accordance with the Corporations Act, the Offer is open until 5pm WST on (to be inserted) 2010.
When do you get paid?	<p>If you accept the Offer, you will receive the consideration under the Offer on or before the earlier of:</p> <ul style="list-style-type: none">(a) one (1) month after this Offer is accepted, or the contract resulting from its acceptance becomes unconditional (whichever is the later); and(b) 21 days after the end of the Offer Period. <p>Should you not accept the Offer and Cape Lambert proceeds to compulsorily acquire outstanding DMC Mining Shares, then you will only receive your consideration in accordance with the timing of the compulsory acquisition provisions of the Corporations Act, which may be more than 2 months after the end of the Offer Period.</p>
Conditions	<p>The Offer is only subject to the defeating conditions set out in Section 10.6 of this Bidder's Statement (being the happening of a "prescribed occurrence" as listed in Section 652C(1)(a)–(h) and Section 652C(2)(a)–(e) of the Corporations Act but applied to an off market takeover bid).</p> <p>Cape Lambert may choose to waive any of these conditions in accordance with the Offer.</p>
How to Accept	How you accept will depend on whether your DMC Mining Shares are held in an Issuer Sponsored Holding or a CHES

Holding. Full details of how to accept this Offer is set out in Section 10.4.

Further information The full terms of the Offer are set out in Section 9 of this Bidder's Statement.

For questions regarding the Offer or how to accept, please call the Company Secretary Ms Eloise von Puttkammer on (08) 9380 9555.

Fees No transfer duty or brokers' commission are payable by DMC Mining Shareholders who accept the Offer.

2.2 Timetable

An indicative timetable of the Offer is set out below. This timetable is indicative only and may change.

<u>Action</u>	<u>Date</u>
Announcement Date	23 March 2010
Lodgement of Bidder's Statement with ASIC	7 April 2010
Date of Offer	(to be inserted) 2010
Last date to free Offer from defeating conditions (or extend the Offer)	(to be inserted) 2010
Closing Date of Offer under the Bidder's Statement	(to be inserted) 2010

2.3 Why should you accept the Offer?

Section 4 of this Bidder's Statement sets out reasons why DMC Mining Shareholders should accept the Offer.

2.4 Profile of Cape Lambert

A profile of Cape Lambert is detailed in Section 5 of this Bidder's Statement.

2.5 Profile of DMC Mining

A profile of DMC Mining is detailed in Section 6 of this Bidder's Statement.

2.6 Intentions of Cape Lambert

Section 7 of this Bidder's Statement details Cape Lambert's intentions in relation to DMC Mining if the Merger is successful.

2.7 Tax Considerations

Section 8 of this Bidder's Statement provides a description of the general tax implications of accepting the Offer. You should consult with your own tax adviser regarding the consequences of acquiring, holding or disposing of DMC Mining Shares in light of current tax laws and your particular investment circumstances.

2.8 Terms of Offer

Section 9 of this Bidder's Statement sets out the full terms of the Offer, including defeating conditions and the effect of accepting the Offer.

2.9 When will you receive the consideration?

Once you have validly accepted the Offer, Cape Lambert will endeavour to pay you as soon as is practicable, and in any event on or before the earlier of:

- (a) one (1) month after this Offer is accepted, or the contract resulting from its acceptance becomes unconditional (whichever is the later); and
- (b) 21 days after the end of the Offer Period.

Should you not accept the Offer and Cape Lambert proceeds to compulsorily acquire outstanding DMC Mining Shares, then you will only receive your consideration in accordance with the timing of the compulsory acquisition provisions of the Corporations Act, which may be more than 2 months after the end of the Offer Period.

2.10 Further information

For queries on how to accept the Offer, please refer to Section 8.1, the enclosed Acceptance Form or call the Company Secretary Ms Eloise von Puttkammer on +61 8 9380 9555.

2.11 Importance notice

The information in this Section 2 is a **summary** of the Offer only.

You should read the entire Bidder's Statement and the separate Target's Statement which will be sent to you directly by DMC Mining in relation to the Offer before deciding whether to accept the Offer.

3. SECTION 3 - FREQUENTLY ASKED QUESTIONS IN RELATION TO THE OFFER

What is the Offer? The Offer is **\$0.40** for every one DMC Mining Share you own.

What is the Bidder's Statement? This Bidder's Statement was prepared by Cape Lambert for distribution to DMC Mining Shareholders. It sets out the Offer terms and information relevant to your decision whether or not to accept the Offer.

The Bidder's Statement is an important document. If you are in any doubt as to how to deal with this document, you should consult your broker or your legal, financial or other professional adviser as soon as possible.

Who is Cape Lambert? Cape Lambert is an Australian domiciled, (ASX: CFE) listed exploration and development company.

Please refer to Section 5 of this Bidder's Statement for further information about Cape Lambert.

Are there any conditions to the Offer? Yes, the Offer is subject to the defeating conditions set out in Section 10.6 of this Bidder's Statement (being the happening of a "prescribed occurrence" as listed in Section 652C(1)(a)–(h) and Section 652C(2)(a)–(e) of the Corporations Act but applied to an off market takeover bid).

The conditions set out in set out in Section 10.6, are conditions subsequent. The non-fulfilment of any of the conditions subsequent does not, until the end 3 Business Days after the end of the Offer Period, prevent a contract to sell DMC Mining Shares from arising, but entitles Cape Lambert by written notice to you, to rescind the contract resulting from acceptance of the Offer.

Can Cape Lambert free the Offer of the conditions? Cape Lambert may free the Offer, and any contract resulting from acceptance of the Offer, from the conditions set out in Section 10.6 of this Bidder's Statement, either generally or by reference to a particular fact, matter, event, occurrence or circumstance (or class thereof), by giving a notice to DMC Mining, ASIC and ASX declaring this Offer to be free from the relevant condition or conditions specified, in accordance with Section 650F of the Corporations Act.

This notice may be given not later than 3 Business Days after the end of the Offer Period.

If at the end of the third Business Day after the end of the Offer Period, the conditions in Section 10.6 have not been fulfilled and Cape Lambert has not declared the Offer (or it has not become) free from those conditions, all contracts resulting from

acceptance of the Offer will be automatically void.

If I accept the Offer, when will I receive my consideration?

If you accept the Offer, Cape Lambert will pay you the consideration to which you are entitled on or before the earlier of:

- one month after you have validly accepted the Offer or the contract resulting from its acceptance becomes unconditional (whichever is later); and
- 21 days after the end of the Offer Period, provided that the Offer has become unconditional.

How do I accept the Offer?

Refer to Section 10.4 of this Bidder's Statement and the enclosed Acceptance Form.

Will I need to pay any brokerage or stamp duty if I accept the Offer?

If your DMC Mining Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to Cape Lambert, you will not incur any brokerage fees or be obliged to pay stamp duty in connection with your acceptances of the Offer.

If your DMC Mining Shares are registered in a CHES Holding, or if you are the beneficial owner whose DMC Mining Shares are registered in the name of a broker, bank, custodian, or other nominee, you will not be obliged to pay stamp duty by accepting the offer but you should ask your Controlling Participant (usually your broker) or that nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Offer.

You will likely incur brokerage costs if you sell your DMC Mining Shares on the ASX.

When does the Offer close?

The Offer is currently scheduled to close at 5.00pm (WST) on (to be inserted) 2010, unless it is extended or withdrawn.

Can Cape Lambert extend the Offer Period?

Yes, the Offer Period can be extended at Cape Lambert's election, up to a maximum Offer Period of 12 months. DMC Mining Shareholders will be advised of any extension via an announcement on the ASX.

What are the tax implications of acceptance?

A general summary of the Australian tax consequences of accepting the Offer is set out in Section 8 of this Bidder's Statement. Cape Lambert recommends that you seek independent professional tax advice in relation to your own particular circumstances.

Can I sell my DMC Mining Shares on market?

Yes, but you may incur brokerage costs if you do.

If you have already accepted the Offer, you will be unable to settle any subsequent sale of your DMC

Mining Shares, subject to you being entitled to withdraw your acceptance – see “Can I withdraw my acceptance?” below.

Can I withdraw my acceptance? Under the terms of Offer, you cannot withdraw your acceptance except where a withdrawal right arises under the Corporations Act.

A withdrawal right will arise under the Corporations Act if the Offer remains subject to one or more defeating conditions (set out in Section 10.6 of this Bidder’s Statement) and, after you have accepted the Offer, Cape Lambert varies the Offer in a way that postpones, for more than one month, the time by which Cape Lambert needs to meet its obligations under the Offer.

What will happen if I don’t accept the Offer? If you do not accept the Offer, you will retain your DMC Mining Shares unless Cape Lambert and its Associates obtain a Relevant Interest in 90% or more of all DMC Mining Shares during or at the end of the Offer Period (and Cape Lambert and its Associates obtain 75% (by number) or more of all DMC Mining Shares during or at the end of the Offer Period). In those circumstances Cape Lambert intends to acquire all your DMC Mining Shares under the compulsory acquisition provisions of the Corporations Act.

Where do I go for further information? For all other queries in relation to the Offer, please contact the Cape Lambert Information Line on (08) 9380 9555 (callers in Australia) or +618 9380 9555 (callers outside Australia).

4. SECTION 4 – REASONS FOR ACCEPTING THE OFFER

4.1 Cape Lambert's Offer represents a significant premium to DMC Mining's trading prices preceding the Announcement Date

Cape Lambert's Offer of 40 cents cash per DMC Mining Share represents a significant premium to the pre-Offer trading price of DMC Mining Shares:

- (a) a **33% premium** to DMC Mining's share price of 30 cents on 22 March 2010, 1 Trading Day before Cape Lambert announced its takeover offer for DMC Mining;
- (b) a **26.99% premium** to DMC Mining's VWAP share price in the 3 months leading up to the Announcement Date; and
- (c) a **36.65% premium** to DMC Mining's VWAP share price in the 6 months leading up to the Announcement Date.

DMC Mining Shareholders should note that the VWAP of DMC Mining Shares on ASX in the period from the Announcement Date up until the date prior to the date this Bidder's Statement was lodged with ASIC was 39.08 cents. On the date preceding lodgement of this Bidder's Statement at ASIC, the closing price of DMC Mining Shares was 40 cents.

4.2 Cape Lambert's Offer is a cash offer

If you accept the Offer and it becomes unconditional, you receive \$0.40 cash per DMC Mining Share that you hold. Being cash, the Offer is not complicated by the need to value other securities. Further, you will not pay any stamp duty if you accept the Offer and, if your DMC Mining Shares are registered in an Issuer Sponsored Holding, you will also not incur any brokerage by accepting the Offer (you may incur brokerage or other charges if you choose to sell your DMC Mining Shares on market or if you instruct your broker to accept the Offer on your behalf).

4.3 Offer subject to prescribed occurrence conditions

The Offer is subject only to the defeating conditions set out in Section 10.6 of this Bidder's Statement (being the happening of a "prescribed occurrence" as listed in Section 652C(1)(a)–(h) and Section 652C(2)(a)–(e) of the Corporations Act but applied to an off market takeover bid).

4.4 DMC Mining's share price may fall if the Offer does not succeed

Although there are many factors that may influence the price of DMC Mining Shares on ASX, after the Announcement Date, the price of DMC Mining Shares increased. It is likely that the increase in price was due wholly to the announcement of the Offer. Accordingly, due to the absence of any other offer for DMC Mining Shares at the date of this Bidder's Statement, if the Offer does not succeed there is a risk that the price of DMC Mining Shares may fall.

4.5 No stamp duty or brokerage

There will be no brokerage or stamp duty payable by you in respect of the sale of your DMC Mining Shares to Cape Lambert (you may incur brokerage or other charges if you choose to sell your DMC Mining Shares on market or if you instruct your broker to accept the Offer on your behalf).

5. SECTION 5 – PROFILE OF CAPE LAMBERT

5.1 Overview of Cape Lambert and its principal activities

Cape Lambert is an Australian domiciled, listed exploration and development company (**ASX: CFE**), with interests in a geographically diverse portfolio of mineral projects and investments in several exploration and mining companies. The primary mineral commodities comprise iron ore, copper and gold.

Cape Lambert's strategy is to invest in early stage or undervalued projects and companies and, through active management participation, build shareholder value to position the assets for development or sale.

As announced by DMC Mining on 10 December 2008, DMC Mining entered into a secured convertible note agreement with Cape Lambert and its wholly owned subsidiary Dempsey Resources Pty Ltd (**Dempsey**) (**Convertible Note Deed**) pursuant to which DMC Mining issued Cape Lambert a convertible note with a face value of \$2 million convertible on or before 10 December 2009 at a conversion price of \$0.10 per DMC Mining Share (**Convertible Note**).

At a general meeting of DMC Mining held on 8 May 2009, DMC Mining Shareholders approved the issue of DMC Mining Shares upon conversion of the Convertible Note.

In consideration for Dempsey subscribing for the Convertible Note, DMC Mining issued Dempsey 5,000,000 DMC Mining Options exercisable at \$0.15 each on or before 30 June 2010 (**Consideration DMC Mining Options**).

As announced by DMC Mining on 3 July 2009:

- (a) Cape Lambert provided DMC Mining with a conversion notice for the amount of \$2 million comprising the entire principal sum of the Convertible Note and, in accordance with the terms of the Convertible Note Deed, DMC Mining issued Dempsey 20,000,000 DMC Mining Shares in full and final satisfaction of DMC Mining's obligations in relation of the Convertible Note; and
- (b) Cape Lambert provided DMC Mining with an exercise notice in relation to all of the Consideration DMC Mining Options and, as result, Dempsey was issued 5,000,000 DMC Mining Shares following the exercise of the 5,000,000 Consideration DMC Mining Options.

Therefore, following the conversion of the Convertible Note and the exercise of the Consideration DMC Mining Options, Cape Lambert had a Relevant Interest in 25,000,000 DMC Mining Shares through Dempsey.

At a general meeting of DMC Mining held on 14 January 2010, DMC Mining Shareholders approved the issue to Dempsey of 5,760,000 DMC Mining Shares at an issue price of \$0.25 each pursuant to a placement (**Placement DMC Mining Shares**). On 10 March 2010, Dempsey subscribed for and was issued, the 5,760,000 Placement DMC Mining Shares.

Therefore, as at the date of this Bidder's Statement Cape Lambert currently has a Relevant Interest in 30,760,000 DMC Mining Shares (held by Dempsey), being 36.20% of the issued capital of DMC Mining.

5.2 Directors of Cape Lambert

Mr Antony Sage (BCom, FCPA, CA, FTIA) - Executive Chairman

Mr Antony Sage has in excess of 25 years experience in the fields of corporate advisory services, funds management and capital raising. Mr Sage is based in Western Australia and has been involved in the management and financing of listed mining companies for the last 12 years. Mr Sage was a founding director of International Petroleum Limited and its merger partner Hamill Resources Limited (the merged entity now being Cape Lambert Resources Limited). Mr Sage is also a director of currently listed International Petroleum Limited (ASX: IPO), Global Iron Limited (ASX: GFE), Cauldron Energy Limited (ASX: CXU), Corvette Resources Limited (ASX: CVX) and FE Limited (formerly Buka Gold Limited) (ASX: FEL).

Timothy Paul Turner (B.Bus, FCPA, FTIA, Registered Company Auditor) - Non-Executive Director

Mr Timothy Turner is a senior partner with accounting firm Hewitt Turner & Gelevitis. Mr Turner specialises in domestic business structuring, corporate and trust tax planning and corporate secretarial. He also has in excess of 25 years experience in new ventures, capital raisings and general business consultancy.

Mr Turner has a Bachelor of Business (Accounting and Business Administration), is a Registered Company Auditor, a Fellow of CPA Australia and a Fellow of the Taxation Institute of Australia. Mr Turner is also a director of currently listed International Petroleum Limited (ASX: IPO), Global Iron Ore Limited (ASX: GFE) and Legacy Iron Ore Limited (ASX: LCY).

Mr Brian Maher (BE(Min), FAusIMM, FIMM) - Non-Executive Director

Mr Brian Maher has over 40 years experience in the mining industry, covering both underground and open cut operations, as a miner, supervisor, mining engineer, mine manager consultant, contractor and managing director. He has worked throughout the world, including Australia, Liberia, Guyana and the Philippines. He has spent over 12 years in the iron ore industry.

Mr Maher has a Bachelor of Mining Engineering from the University of Melbourne, and is a fellow of both the Australian Institute of Mining and Metallurgy and the Institution of Mining and Metallurgy. Mr Maher has held senior management positions with leading mining and engineering companies throughout the world including Hamersley Iron, Broken Hill South, Griffin Coal, Thyssen Mining Construction, Lameco Iron Ore, Kinhill Engineers, Linden Mining, Minproc Engineers and Nissho Iwai Mineral Sands.

Mr Ross Levin (B.LLB, B.Ec) - Non-Executive Director

Mr Ross Levin was appointed to the Board of Directors as an Independent, Non-Executive Director of Cape Lambert, effective 1 April 2010.

Mr Levin holds degrees in both Law and Economics and has extensive experience with business sales and acquisitions, corporate restructuring and takeovers and is currently a senior partner in the commercial division of Rigby Cooke Lawyers, where he specialises in workplace relations in the mining, infrastructure and construction industries.

5.3 Further Information

As a company whose shares are quoted on ASX (ASX Code: CFE), Cape Lambert is a disclosing entity and, as such, is subject to regular reporting and disclosure obligations. A substantial amount of information concerning Cape Lambert has previously been notified to ASX and is therefore publicly available.

DMC Mining Shareholders may obtain or inspect a copy of documents lodged with the ASIC at an office of the ASIC or of documents lodged with ASX at an office of ASX. In addition, on request to Cape Lambert and free of charge, DMC Mining Shareholders may obtain a copy of, or inspect, any documents referred to in this Bidder's Statement which have been lodged with the ASIC or given to ASX or which have already been published in a book, journal or comparable publication.

Cape Lambert maintains a website, www.capelam.com.au, which contains further information about Cape Lambert and its operations.

6. SECTION 6 – PROFILE OF DMC MINING

6.1 Disclaimer

The following information about DMC Mining has been prepared based on a review of publicly available information, and has not been independently verified. To the extent permitted by law, neither Cape Lambert nor any of its respective directors, officers, advisers or any person included in the preparation of this Bidder's Statement assume any responsibility for the accuracy or completeness of this information.

The information on DMC Mining in this Bidder's Statement should not be considered comprehensive.

Further information relating to DMC Mining's businesses and the DMC Mining Shares will be set out in the Target's Statement that DMC Mining is required to issue in response to the Offer.

6.2 Overview of DMC Mining

DMC Mining is a public company listed on ASX (ASX Code: DMM) and has interests in iron ore exploration projects. DMC Mining is based in Perth and listed on ASX in July 2007.

DMC Mining's principal asset, currently held through its 80% owned subsidiary, is the Mayoko Iron Ore Project situated in the Republic of Congo. The Mayoko Iron Ore Project is located near a number of other large iron ore projects. However, the Mayoko Iron Ore Project is the only project within the region that has established operational rail and port infrastructure which is a significant advantage over other projects in the province.

In August 2008, DMC Mining entered into a Convention between the Republic of Congo and DMC Mining's African-based subsidiary, DMC Mining Congo SARL, for exploration of iron ore at the Mayoko Iron Ore Project. The Convention specifies the legal, administrative, technical, economic, financial and social conditions governing the implementation of works in relation to the project.

DMC Mining has completed an access agreement for use of the Mayoko to Point Noire Rail Line during the exploration phase of the Mayoko Iron Ore Project. The rail line passes within 2.2km of the Mt Lekoumou deposit and connects directly to the wharf at the deep-water port of Pointe Noire. In addition, DMC Mining has also completed a Memorandum of Understanding (**MOU**) with the Port Authority of Pointe Noire (**PAPN**). Under the MOU, DMC Mining 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.

On 7 December 2009, DMC Mining announced that a stage 1 diamond drill program had commenced at the Mayoko Iron Ore Project following the identification of an exploration target identified during an airborne geophysical survey conducted in July 2009.

On 12 January 2010, DMC Mining announced that recent reconnaissance geological mapping and rock chip geochemical sampling confirmed the occurrence of iron mineralisation at 3 new targets which consequently increased the exploration target size of 0.9 to 1.3 billion tonnes of dominantly itabirite iron mineralisation.¹

DMC Mining also announced that further prospecting including trenching was planned during 2010 at the new targets with an extended airborne geophysical coverage of the Mayoko licence to the north and south to be undertaken later in 2010.

If you would like to receive a copy of any of the announcements referred to above, or the relevant parts of the announcements containing the statements, (free of charge), during the Offer Period, please contact Cape Lambert on +61 8 9380 9555. Alternatively, the

announcements can be obtained from DMC Mining's website, www.dmcmining.com.au or www.asx.com.au.

¹ *It is noted from DMC Mining's ASX announcement dated 12 January 2010 that the estimates of exploration target sizes mentioned in the announcement should not be misunderstood or misconstrued as estimates of Mineral Resources. The estimates of exploration target sizes are conceptual in nature and there has been insufficient results received from drilling completed to date to estimate a Mineral Resource compliant with the JORC Code (2004) guidelines. Furthermore, it is uncertain if further exploration will result in the determination of a Mineral Resource.*

6.3 Information about DMC Mining's securities

(a) Issued Capital

According to documents lodged by DMC Mining with ASX, as at the date of this Bidder's Statement, DMC Mining's issued securities consist of:

Class	Number on issue
DMC Mining Shares	84,967,867
DMC Mining Options:	
• Unlisted A DMC Mining Options	2,000,000
• Unlisted B DMC Mining Options	1,250,000
• Unlisted C DMC Mining Options	2,900,000
• Unlisted D DMC Mining Options	2,000,000

(b) Substantial DMC Mining Shareholders

Based on substantial holder notices lodged with ASX up to and including 6 April 2010, the substantial DMC Mining Shareholders are as follows:

DMC Mining Shareholder	Number of Shares	% Shares
Dempsey Resources Pty Ltd	30,760,000	36.20
Ekul Nominees Pty Ltd	5,800,000	6.83
HSBC Custody Nominees	5,133,333	6.04

6.4 Further Information on DMC Mining

As a company whose shares are quoted on ASX (ASX Code: DMM), DMC Mining is a disclosing entity and, as such, is subject to regular reporting and disclosure obligations. A substantial amount of information concerning DMC Mining has previously been notified to ASX and is therefore publicly available.

DMC Mining Shareholders may obtain or inspect a copy of documents lodged with the ASIC at an office of the ASIC or of documents lodged with ASX at an office of ASX. In addition, on request to Cape Lambert and free of charge, DMC Mining Shareholders may obtain a copy of, or inspect, any documents referred to in this Bidder's Statement which have been lodged with the ASIC or given to ASX or which have already been published in a book, journal or comparable publication.

DMC Mining maintains a website, www.dmcmining.com.au, which contains further information about DMC Mining and its operations.

7. SECTION 7 – INTENTIONS OF CAPE LAMBERT

7.1 Approach and Intentions of Cape Lambert

This Section sets out the intentions of Cape Lambert on the basis of facts and information concerning DMC Mining which are known to Cape Lambert as at date of this Bidder's Statement. However, Cape Lambert will only reach final decisions in light of material facts and circumstances at the relevant time. Accordingly, the statements set out in this Section are statements of current intentions only which may vary as new information becomes available or circumstances change.

7.2 Intentions upon acquisition of 90% or more of DMC Mining

This Section describes Cape Lambert's intentions if Cape Lambert and its associates have acquired a Relevant Interest in 90% or more of the DMC Mining Shares (and Cape Lambert and its Associates obtain 75% (by number) or more of all DMC Mining Shares during or at the end of the Offer Period) and so becomes entitled to proceed to compulsory acquisition of the outstanding DMC Mining Shares and any other DMC Mining Securities on issue which it is entitled to compulsorily acquire in accordance with Part 6A.1 of the Corporations Act.

(a) Compulsory Acquisition

Cape Lambert intends to proceed with the compulsory acquisition of any DMC Mining Shares not acquired under the Offer and any other DMC Mining Securities on issue which it is entitled to compulsorily acquire in accordance with the Corporations Act.

If it is required to do so, Cape Lambert intends to give notice to DMC Mining Shareholders and holders of DMC Mining Options offering to acquire their DMC Mining Shares and DMC Mining Options.

(b) Directors

Cape Lambert intends to replace some or all of the members of the Board of Directors of DMC Mining. Cape Lambert's nominees have not yet been identified and their identity will depend on the circumstances at the relevant time.

In addition, it is Cape Lambert's current intention, in the event that the Offer is successful, to seek to reflect in the organisation structure of the Merged Entity, DMC Mining personnel whose skills are highly regarded and who have extensive knowledge of DMC Mining's assets.

(c) ASX Listing

After the conclusion of the compulsory acquisition process, Cape Lambert intends to arrange for DMC Mining to be removed from the official list of ASX (subject to obtaining any required approval from ASX).

(d) Operations and assets

Cape Lambert has not had access to all the information relevant to making a final decision regarding what changes, if any, will be made to DMC Mining's operations.

At the end of the Offer Period, Cape Lambert will conduct an immediate review of DMC Mining's operations on both a strategic and financial level to determine mechanisms for improving the performance and return to shareholders and realise any potential operational and financial synergies available to the Merged Entity.

The extent of the review is not able to be determined at this stage, although it is likely to involve some, or all, of the following:

- (i) understanding the terms of the Mayuko Iron Ore Project;
- (ii) understanding any existing material third party contractual arrangements;
- (iii) identifying and assessing the prospectivity of exploration potential of DMC Mining's assets and how best to assign resources to undertake detailed exploration; and
- (iv) eliminating duplication of functions where it is economical to do so.

The key objective of this review will be to ascertain the extent of any possible synergies which may be available to the Merged Entity and to the extent synergies are available, to assess the most efficient mechanism to access those synergies.

(e) Employees

The status of DMC Mining's existing employees will be considered as part of the review outlined in Section 7.2(d) above. Cape Lambert intends to combine DMC Mining's corporate head office functions with those of Cape Lambert (in West Leederville). Cape Lambert will make decisions regarding senior management positions following the general operation review referred to above.

Cape Lambert will seek to retain operational experience inherent in Cape Lambert's and DMC Mining's existing staff. However, where Cape Lambert decides there is a duplication, then the role will be filled by the best candidate in the opinion of the Cape Lambert management. Cape Lambert will consider whether there are opportunities elsewhere in the Merged Entity for those employees who may become redundant as part of the combining of management groups. As a result of the implementation of these intentions, it is possible that certain operational functions will become redundant. Some redundancies may occur as a result, however, the incidence, extent and timing of such job losses cannot be predicted in advance. If redundancies do occur, the relevant employees will receive benefits in accordance with their contractual and other legal entitlements.

7.3 Intentions of gaining control but less than 90% of DMC Mining

On completion of the Offer, Cape Lambert may hold a sufficient number of DMC Mining Shares to exercise control over the management and operations of DMC Mining, but may not be entitled to compulsorily acquire all outstanding DMC Mining Shares. Cape Lambert's intentions in those circumstances are to implement the intentions described in Section 7.2 above to the extent that it is economically feasible and subject to the requirements of the Corporations Act, the ASX Listing Rules (in particular in relation to related party transactions and conflicts of interests) and any other applicable laws or regulations and the legal obligations of the directors of DMC Mining to act in the best interests of DMC Mining Shareholders as a whole.

Cape Lambert will maintain DMC Mining's listing on ASX while it meets ASX's requirements for maintaining a listing but only if the benefits of that listing outweigh the corporate and compliance costs of doing so.

If Cape Lambert acquires less than 90% of the DMC Mining Shares on issue, then DMC Mining Shareholders should be aware that if they do not accept the Offer they may become a "locked-in" minority after the end of the Offer Period (i.e if Cape Lambert holds a majority of

DMC Mining Shares but is not entitled to compulsorily acquire the remaining DMC Mining Shares).

7.4 Intentions of gaining between 36.20% of DMC Mining (being Cape Lambert's Relevant Interest in DMC Mining) but not control of DMC Mining

On completion of the Offer, if Cape Lambert obtains between 36.20% of DMC Mining (being Cape Lambert's current Relevant Interest in the DMC Mining Shares) but not control of DMC Mining, Cape Lambert's current intention is to hold the DMC Mining Shares it acquires as a portfolio investment. As such, if at any time the DMC Mining Shares held by Cape Lambert do not achieve an appropriate portfolio return, and Cape Lambert forms the view that continuing to hold those securities is not in the best interests of Cape Lambert Shareholders, it may dispose of those DMC Mining Shares in any manner it sees fit.

7.5 Other Intentions

Except for the changes and intentions set out in Section 7.1 and subject to the outcome of the review, it is the present intention of Cape Lambert (based on the information presently available to it) to:

- (a) continue to hold the key assets of DMC Mining and maintain its business in substantially the same manner as it is presently being conducted; and
- (b) not make any major changes to the business or assets of DMC Mining and not redeploy any of the fixed assets of DMC Mining.

7.6 Limitations in giving effect to intentions

The ability of Cape Lambert to implement the intentions set out in this Section 7 will be subject to the legal obligations of Cape Lambert directors to have regard to the interests of DMC Mining and all DMC Mining Shareholders, and the requirements of the Corporations Act and the Listing Rules relating to transactions between related parties conflicts of interests. Cape Lambert will only make a decision on the above mentioned courses of action following legal and financial advice in relation to those requirements.

7.7 Intentions in relation to DMC Mining Options

Cape Lambert has not made an offer for the DMC Mining Options. However, the Offer does extend to any DMC Mining Shares that are issued between the Record Date and the end of the Offer Period as a result of the exercise of any DMC Mining Options.

As mentioned above:

- (a) if Cape Lambert becomes entitled to compulsorily acquire DMC Mining Options in the future (pursuant to Section 664A of the Corporations Act or otherwise), Cape Lambert intends to do so; and
- (b) if Cape Lambert is required to buy out holders of DMC Mining Options in accordance with Section 663A of the Corporations Act, it intends to do so.

8. SECTION 8 – AUSTRALIAN TAX CONSIDERATIONS

8.1 Introduction

This Section of this Bidder's Statement summarises some of the tax consequences to Australian resident DMC Mining Shareholders as a result of accepting the Offer.

Any DMC Mining Shareholders not resident in Australia should seek their own independent taxation advice.

The Australian taxation consequences for DMC Mining Shareholders who accept the Offer will be dependent upon a number of factors, including:

- whether their DMC Mining Shares were acquired on or after 20 September 1985;
- whether the shareholder holds their shares in DMC Mining on capital or revenue account or as trading stock; and
- the tax residency of the shareholder (i.e. whether Australian resident or not).

The tax consequences outlined in this Statement are referable to a DMC Mining Shareholder who is a resident of Australia for tax purposes. The outline set out below does not take into account or anticipate changes in the law (by legislation or judicial decision) and it is not binding on the Australian Taxation Office or any other local or foreign revenue authority or court or tribunal. In addition, the outline is not exhaustive of all income tax considerations which could apply in all circumstances of any given shareholder. Special additional rules may apply to particular DMC Mining Shareholders, such as insurance companies, superannuation funds and financial institutions, or DMC Mining Shareholders who acquired their DMC Mining Shares under an employee share scheme.

DMC Mining Shareholders who are not resident in Australia for tax purposes should also take into account the tax consequences under the laws of their country of residence, as well as Australian law, of acceptance of the Offer.

All DMC Mining Shareholders should consult their own independent tax advisers regarding the income tax and capital gains tax consequences of disposing of DMC Mining Shares having regard to their particular circumstances.

8.2 Income Tax and Capital Gains Tax Issues

The taxation consequences associated with the Offer will depend upon whether the DMC Mining Shareholders hold the DMC Mining Shares as:

- capital assets;
- revenue assets; or
- trading stock.

Each DMC Mining Shareholder will need to determine which category they fall into. The Australian income tax consequences of accepting the Offer for each DMC Mining Shareholder will differ depending on which category of ownership applies to them.

(a) Shares held on capital account

Shareholders who hold their DMC Mining Shares as passive investments with the intention of generating dividend income and long term capital growth may be considered to hold shares on capital account for tax purposes.

To the extent that the value of the consideration received is greater or less than the cost base of the DMC Mining Shares, a capital gain or capital loss may result (assuming the DMC Mining Shares were acquired on or after 20 September 1985). If a DMC Mining Shareholder (being an individual or trust) has held their DMC Mining Shares for at least 12 months, any capital gain may be subject to the CGT Discount.

In general terms, the CGT Discount provides individuals with a reduction of the taxable capital gain by 50% where the DMC Mining Shareholders have held their DMC Mining Shares for at least 12 months prior to the date the Offer is accepted. The 50% discount means that only half of any capital gain arising from the disposal of the DMC Mining Shares is included in assessable income and assessed at the DMC Mining Shareholder's marginal tax rate. Trustees should seek their own independent taxation advice regarding the tax consequences of distributions attributable to discounted capital gains.

The gain/loss on disposal of the DMC Mining Shares would be recognised in the year of disposal. Disposal occurs at the time which is the later of the date the DMC Shareholder accepts the Offer or the date the Offer becomes unconditional.

(b) DMC Mining Shares acquired or deemed to have been acquired before 20 September 1985

DMC Mining Shareholders who have acquired, or are deemed to have acquired, their DMC Mining Shares before 20 September 1985 should not be subject to Australian capital gains tax in respect of their disposal of those shares.

(c) Shares held on revenue account

DMC Mining Shareholders who acquired their DMC Mining Shares with the dominant purpose of reselling them at a profit may be considered to hold their DMC Mining Shares on revenue account for tax purposes.

Where this is the case, any gain or loss realised on disposal of the DMC Mining Shares will be assessed as ordinary income or claimed as a revenue deduction.

(d) Shares held as trading stock

DMC Mining Shareholders, who are engaged in the business of share trading, whereby they regularly acquire shares and hold them with a view to making short-term profits through sale or exchange in the ordinary course of carrying on a business, may hold the DMC Mining Shares as trading stock.

Any proceeds received from the sale arising from the Offer (being the consideration provided) will be included in assessable income in these circumstances.

8.3 GST Considerations

DMC Mining Shareholders who accept the Offer and who are registered, or required to be registered for GST will also need to consider whether there is a GST impact to them.

A supply of shares is an input taxed (exempt) supply for GST purposes. Consequently, the disposal of shares by DMC Mining Shareholders to Cape Lambert will not give rise to any GST liability.

However, any GST on costs associated with the sale or acquisition of shares may become a cost to the DMC Mining Shareholders. This is because GST incurred on costs that relate to the making of input taxed supplies is not generally recoverable as input tax credits. However, any impact will be dependent upon the level of costs associated with the sale and the individual DMC Mining Shareholder's own GST status.

As special rules exist which may reduce partially or possibly in full, input tax credits in certain circumstances, each DMC Mining Shareholder should obtain their own independent taxation advice.

9. SECTION 9 - PROVISION OF CASH CONSIDERATION**9.1 Maximum cash consideration**

The consideration for the acquisition of the DMC Mining Shares to which the Offer relates (including those DMC Mining Shares which may be issued on the exercise of the DMC Mining Options) will be satisfied wholly in cash. If every DMC Mining Shareholder accepts the Offer (other than Dempsey being an associate of Cape Lambert), including in respect of all DMC Mining Shares which may be issued on the exercise of the DMC Mining Options, the maximum cash consideration payable by Cape Lambert to DMC Mining Shareholders will be \$24,943,147.

9.2 Funding arrangements

Cape Lambert has cash reserves of \$42,203,011. This does not include cash that is committed to bonds or otherwise. These cash reserves are greater than the maximum cash consideration that will be payable by Cape Lambert to DMC Mining Shareholders if all shareholders accept the Offer. These cash reserves may be drawn down at any time by Cape Lambert without pre-condition.

These funds will be available to Cape Lambert at any time during the period in which Cape Lambert is required to make payments under the Offer.

The funds Cape Lambert is required to pay in consideration for the acquisition of DMC Mining Shares pursuant to the Offer are not required for other operations or commitments of Cape Lambert and are available to Cape Lambert as discussed above.

9.3 Payment of consideration

Having regard to the matters set out above in this section 9, Cape Lambert is of the opinion that it has a reasonable basis for forming the view, and it holds the view, that it will be able to pay the consideration required for the acquisition of the DMC Mining Shares pursuant to the Offer to satisfy its obligations under the Offer.

The Offer is not subject to any financing conditions.

10. SECTION 10 – TERMS OF OFFER

10.1 General Terms

- (a) **(Offer)** Cape Lambert offers to acquire all of your DMC Mining Shares on the terms and conditions of this Offer. This Offer relates to all DMC Mining Shares which exist (or will exist) as at the Record Date.
- (b) **(Rights):** If you accept this Offer and Cape Lambert acquires your DMC Mining Shares, Cape Lambert is also entitled to any Rights in respect of your DMC Mining Shares.
- (c) **(Consideration):** The consideration being offered by Cape Lambert for the acquisition of all of your DMC Mining Shares is \$0.40 per DMC Mining Share you own, subject to the terms and conditions set out in the Offer.

10.2 Offer Period

Unless withdrawn, this Offer will remain open for acceptance during the period commencing on the date of this Offer and ending at 5:00pm (WST) on (to be inserted) 2010, subject to any extension in accordance with the Corporations Act.

10.3 Who May Accept

- (a) **(Registered Holders at Record Date and Additional Holders):** This Offer in this form and bearing the same date is being made to each holder of DMC Mining Shares registered, or entitled to be registered, in the register of shareholders of DMC Mining as at 5.00pm (WST) on the Record Date.
- (b) **(Transferees):** A person who:
 - (i) is able during the Offer Period to give good title to a parcel of DMC Mining Shares; and
 - (ii) has not already accepted this Offer which relates to those DMC Mining Shares,may accept as if an Offer from Cape Lambert on terms identical with this Offer had been made to that person in relation to those DMC Mining Shares.
- (c) **(Trustees and Nominees):** If at any time during the Offer Period and before this Offer is accepted you hold your DMC Mining Shares in two or more distinct parcels (for example, as trustee, nominee or otherwise on account of another person) within the meaning of Section 653B of the Corporations Act, then:
 - (i) this Offer is deemed to consist of a separate corresponding Offer to you in relation to each distinct parcel of your DMC Mining Shares; and
 - (ii) acceptance by you of the Offer for any distinct parcel of DMC Mining Shares is ineffective unless:
 - (A) you give written notice to Cape Lambert stating that your DMC Mining Shares consist of distinct parcels; and

- (B) your acceptance specifies the number of the DMC Mining Shares in each separate parcel to which the acceptance relates,

provided that you may at the one time, accept two or more such separate corresponding Offers as if they were a single Offer in relation to a separate parcel of DMC Mining Shares.

For the purposes of Section 10.3(c)(ii)(B) above, the notice required:

- (C) if it relates to DMC Mining Shares not in a CHES Holding, must be in writing; or
- (D) if it relates to DMC Mining Shares in a CHES Holding, must be in electronic form approved under the ASTC Settlement Rules for the purposes of Part 6.8 of the Corporations Act.

If this applies to you, contact Computershare Investor Services Pty Limited on 1300 557 010 for such additional copies of this Bidder's Statement and the Acceptance Form as are necessary. Please note that, in accordance with legal requirements, calls to this number will be recorded.

Beneficial owners who's DMC Mining Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee should contact that nominee for assistance and the service costs involved in accepting the Offer.

- (d) **(Foreign Laws):** This Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept this Offer and to comply with any other necessary formality and to obtain any necessary governmental or other consents.

10.4 How to Accept this Offer

- (a) You may only accept this Offer in respect of 100% (and not a lesser proportion) of your DMC Mining Shares. For example, if you have 10,000 DMC Mining Shares and you wish to accept the Offer, you may only accept this Offer in respect of 10,000 DMC Mining Shares.
- (b) You may only accept this Offer during the Offer Period.
- (c) The method by which you can accept this Offer will depend on whether your DMC Mining Shares are in an Issuer Sponsored Holding or a CHES Holding. Your DMC Mining Shares are in an Issuer Sponsored Holding if they are sponsored directly by DMC Mining as issuer. Your DMC Mining Shares are in a CHES Holding if they are sponsored by a Broker or other CHES participant or if you are a Broker or Non-Broker Participant.
- (d) **Issuer Sponsored Holdings:** If your DMC Mining Shares are held on DMC Mining's issuer sponsored subregister when you accept, you must:

- (i) complete and sign the Acceptance Form in accordance with the instructions on the Acceptance Form; and
- (ii) ensure that the Acceptance Form together with all other documents required by the instructions on it (including the certificates in respect of any of your DMC Mining Shares which are certificated) are received at the following address before the end of the Offer Period:

Mailing Address:

Cape Lambert Resources Limited
C/- Computershare Investor Services Pty Limited
GPO Box D182
PERTH WA 6840

Delivery Address:

Cape Lambert Resources Limited
C/- Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000

- (e) **CHESSE Holdings:** If your DMC Mining Shares are in a CHESSE Holding when you accept this Offer, you must comply with the ASTC Settlement Rules. Accordingly, to accept this Offer in respect of your DMC Mining Shares:
 - (i) if you are the Controlling Participant, you must initiate acceptance of this Offer in accordance with Rule 14.14 of the ASTC Settlement Rules before the end of the Offer Period; or
 - (i) if you are not the Controlling Participant, you may either:
 - (A) instruct your Controlling Participant, in accordance with the sponsorship agreement between you and the Controlling Participant, to initiate acceptance of this Offer in accordance with Rule 14.14 of the ASTC Settlement Rules before the end of the Offer Period. For non institutional shareholders, your "Controlling Participant" will normally be the stockbroker through whom you either bought your DMC Mining Shares or through whom you ordinarily trade shares on ASX; or
 - (B) alternatively, you may sign and complete the accompanying Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form and ensure that it is received (together with all documents required by the terms of this Offer) before the expiry of the Offer Period at the address specified in Section 10.4(d)(ii) of this Bidder's Statement. In that case, you will be deemed to have authorised Computershare Investor Services Pty Ltd. Limited to forward your instructions to your Controlling Participant, who will then accept this Offer on your behalf during the Offer Period in accordance with the ASTC Settlement Rules and the Corporations Act.

CHES holders should note that acceptance of the Offer will not be effected until it is received by their Controlling Participant and processed by them electronically through CHES.

- (f) The return of the Acceptance Form to the Company (or Computershare Investor Services Pty Ltd) by facsimile does not satisfy the requirements of Sections 10.4(d) or 10.4(e) (unless you have made prior arrangements with Cape Lambert). If your Acceptance Form is returned by post, it will be deemed to have been received in time if the envelope in which it is sent is post-marked before the end of the Offer Period.
- (g) Once you have accepted this Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you, subject to Sections 650E or 650G of the Corporations Act.
- (h) Cape Lambert may, in its sole discretion, at any time deem any Acceptance Form it receives to be a valid acceptance in respect of your DMC Mining Shares even if a requirement for acceptance has not been complied with.

10.5 The Effect of Acceptance

- (a) By following the procedures described in Section 10.4 you will be deemed to have:
 - (i) accepted this Offer in respect of the DMC Mining Shares registered in your name to which this Offer relates, regardless of the number of DMC Mining Shares specified in the Acceptance Form (subject however to Sections 10.3(b));
 - (ii) agreed to the terms of the Offer and subject to the conditions contained in Section 10.6 of this Bidder's Statement being fulfilled or waived, agreed to transfer (or consented to the transfer in accordance with the ASTC Settlement Rules) to Cape Lambert all of your DMC Mining Shares;
 - (iii) agreed to accept the consideration being offered by Cape Lambert;
 - (iv) authorised Cape Lambert to complete the Acceptance Form by correcting any errors in or omissions from the Acceptance Form as may be necessary:
 - (A) to make the Acceptance Form an effective acceptance of this Offer; and/or
 - (B) to enable registration of the transfer to Cape Lambert of your DMC Mining Shares;
 - (v) irrevocably authorised and directed DMC Mining to pay to Cape Lambert or to account to Cape Lambert for all dividends and other distributions and entitlements which are declared, paid or which arise or accrue after the date of this Offer in respect of your DMC Mining Shares which Cape Lambert acquires pursuant to this Offer (subject to Cape Lambert accounting to you for any dividends, distributions or

entitlements received by it if your acceptance of this Offer is validly withdrawn pursuant to Section 650E of the Corporations Act or the contract resulting from that acceptance becomes void);

- (vi) represented and warranted to Cape Lambert that:
 - (A) Cape Lambert will acquire good title to and beneficial ownership of all of your DMC Mining Shares free from all mortgages, charges, liens, encumbrances (whether legal or equitable) and other third party interests of any kind;
 - (B) you have paid DMC Mining all amounts which are due in respect of your DMC Mining Shares;
 - (C) all of your DMC Mining Shares are fully paid;
 - (D) you have full power and capacity to accept the Offer and to sell and transfer the legal and beneficial ownership of your DMC Mining Shares (together with all Rights attached to them) to Cape Lambert; and
 - (E) unless you have notified Cape Lambert in accordance with Section 10.3(c) (DMC Mining Shares held in separate parcels), your DMC Mining Shares do not consist of separate parcels of DMC Mining Shares;
- (vii) represented and warranted to Cape Lambert that the making by Cape Lambert to you, and your acceptance, of this Offer is lawful under any Foreign Law which applies to you, to the making of this Offer, and to your acceptance of this Offer;
- (viii) agreed to indemnify Cape Lambert fully in respect of any claim, demand, action, suit or proceeding made or brought against Cape Lambert and any loss, cost, expense, damage or liability whatsoever suffered or incurred by Cape Lambert as a result of you not producing your HIN or SRN or in consequence of the transfer of your DMC Mining Shares to Cape Lambert being registered by Cape Lambert without production of your HIN or SRN;
- (ix) with effect from the later of acceptance of the Offer and the date that any contract resulting from that acceptance becomes, or is declared unconditional, appointed (and agreed not to revoke that appointment) Cape Lambert and each of its directors, secretaries and other officers from time to time severally as your agent and true and lawful attorney, with power to do all things which you could lawfully do concerning your DMC Mining Shares or in exercise of any right or power derived from the holding of your DMC Mining Shares including, without limitation:
 - (A) attend and vote in respect of your DMC Mining Shares at any and all meetings of DMC Mining;

- (B) requisition or join with other holders of DMC Mining Shares in requisitioning and/or convening a meeting of the members of DMC Mining;
- (C) demand a poll for any vote to be taken at any meeting of DMC Mining Shareholders;
- (D) propose or second any resolutions to be considered at any, and all meetings of DMC Mining Shareholders;
- (E) execute all forms, transfers, assignments, notices, instruments (including instruments appointing a director of Cape Lambert as a proxy in respect of all or any of your DMC Mining Shares and a transfer form for your DMC Mining Shares), proxies, consents, agreements and resolutions relating to your DMC Mining Shares;
- (F) request DMC Mining to register in the name of Cape Lambert or its nominee your DMC Mining Shares which you hold on any register of DMC Mining; and
- (G) do all things incidental or ancillary to the foregoing,

and to have agreed that in exercising the powers conferred by that power of attorney, the attorney shall be entitled to act in the interests of Cape Lambert as the beneficial owner and intended registered holder of your DMC Mining Shares in respect of which you have accepted this Offer and to have further agreed to do all such acts, matters and things that Cape Lambert may require to give effect to the matters the subject of this paragraph (including the execution of a written form of proxy to the same effect as this paragraph which complies in all respects with the requirements of the Constitution of DMC Mining) if requested by Cape Lambert. This appointment is irrevocable and terminates upon registration of a transfer to Cape Lambert or your DMC Mining Shares; and

- (x) agreed not to vote in person at any general meeting of DMC Mining or to exercise (or purport to exercise) in person, by proxy or otherwise, any of the powers conferred on Cape Lambert and the directors, secretaries and other officers of Cape Lambert by Section 10.5(a)(ix) of this Bidder's Statement.
- (b) The representations, warranties, undertakings and authorities referred to in this Section 10.5 will (unless otherwise stated) remain in force after you receive the consideration for your DMC Mining Shares and after Cape Lambert becomes the register as the holder of them.
- (c) Cape Lambert may at any time in its absolute discretion:

- (i) treat the receipt by it of an Acceptance Form during the Offer Period (or in an envelope post-marked before the expiry of the Offer Period) as a valid acceptance notwithstanding that one or more of the other requirements for a valid acceptance have not been complied with; and
- (ii) where you have satisfied the requirements for acceptance in respect of only some of your DMC Mining Shares, treat the acceptance as a valid acceptance in respect of all of your DMC Mining Shares.

In respect of any part of an acceptance treated by it as valid, Cape Lambert will provide you with the relevant consideration in accordance with Section 11.7, and the exercise of Cape Lambert's rights under this Section 10.5 will be conclusively and only evidenced by its so doing. This Section is not a condition of this Offer.

10.6 Defeating Conditions of this Offer

- (a) Subject to Sections 10.6(b) and 10.6(c), the Offer and any contract that results from acceptance of the Offer is subject to the happening of any prescribed occurrences (being occurrences listed in Section 652C(1)(a)–(h) and Section 652C(2)(a)–(e) of the Corporations Act but applied to an off market takeover bid) occur in relation to DMC Mining or its Subsidiaries during the period from the Announcement Date to the date which is three (3) Business Days after the end of the Offer Period without the prior consent of Cape Lambert.
- (b) Each condition in Section 10.6(a) is a separate, several and distinct condition, operates as a condition subsequent and is for the benefit of Cape Lambert alone and may only be relied upon by Cape Lambert.
- (c) Except as provided below, Cape Lambert may free this Offer, and any contract resulting from its acceptance, from all or any of the conditions in Section 10.6(a) by giving notice to DMC Mining declaring the Offer to be free from the conditions specified in accordance with Section 650F of the Corporations Act. This notice may be given not later than 3 Business Days after the end of the Offer Period.
- (d) Subject to the provisions of the Corporations Act, Cape Lambert alone will be entitled to the benefit of the conditions in Section 10.6(a) and any breach or non-fulfilment thereof may be relied upon only by Cape Lambert.
- (e) The date for giving the notice required by Section 630(3) of the Corporations Act is (to be inserted) 2010, subject to extension in accordance with 630(2) if the Offer Period is extended pursuant to Section 650(C).

10.7 Withdrawal of Offer

Cape Lambert may withdraw this Offer at any time before you accept it, but only with the consent in writing of the ASIC (which consent may be given subject to such conditions, if any, as are imposed by the ASIC).

If at the time the Offer is withdrawn:

- (a) all the conditions set out in Section 10.6 have been satisfied, all contracts arising from the acceptance of the Offer before it was withdrawn will remain enforceable; or
- (b) the Offer remains subject to one or more of the conditions set out in Section 10.6, all contracts arising from its acceptance become void.

10.8 Variation

Cape Lambert may vary this Offer in accordance with Section 650D of the Corporations Act.

10.9 Provision of Consideration

(a) How consideration is paid

Cape Lambert will pay to you the consideration for your DMC Mining Shares by cheque (or otherwise as agreed by Cape Lambert) in Australian currency. The cheque will be sent at your risk to you at your address shown on the Acceptance Form (or such other address as you notify to Cape Lambert) by prepaid ordinary mail or, in the case of addresses outside Australia, by prepaid airmail.

(b) When consideration is paid

Subject to this section 10.9 and the Corporations Act, if you accept the Offer, and the conditions of the Offer and of the contract resulting from acceptance of the Offer are satisfied or waived, then Cape Lambert will provide the consideration for your DMC Mining Shares to which you are entitled on acceptance of the Offer on or before the earlier of:

- (i) the day one month after you accept the Offer or, if the Offer is subject to a condition when accepted, the day one month after the contract resulting from your acceptance becomes unconditional; and
- (ii) the day 21 days after the end of the Offer Period.

(c) No interest

Under no circumstances will interest be paid on the consideration payable under the Offer, regardless of any delay in paying the consideration or any extension of the Offer.

(d) Where additional documents are required

Where the Acceptance Form requires additional documents to be given to Cape Lambert with your acceptance of the Offer to enable Cape Lambert to become the holder of your DMC Mining Shares (such as a power of attorney):

- (i) if the documents are given with your acceptance, Cape Lambert will provide the consideration in accordance with section 10.9(b) above;
- (ii) if the documents are given after acceptance and before the end of the Offer Period and the Offer is subject to a condition

at the time that Cape Lambert is given the documents, Cape Lambert will provide the consideration to you by the end of whichever of the following periods ends first:

- (A) one month after the contract resulting from your acceptance becomes unconditional; and
 - (B) 21 days after the end of the Offer Period;
- (iii) if the documents are given after acceptance and before the end of the Offer Period and the Offer is unconditional at the time that Cape Lambert is given the documents, Cape Lambert will provide the consideration to you by the end of whichever of the following periods ends first:
- (A) one month after Cape Lambert is given the documents; and
 - (B) 21 days after the end of the Offer Period; and
- (iv) if the documents are given after the end of the Offer Period, and the Offer is unconditional at that time, Cape Lambert will provide the consideration to you within 21 days after the documents are given; but if at the time Cape Lambert is given the documents, the Offer is still subject to one or more of the conditions referred to in section 10.6, Cape Lambert will provide the consideration to you within 21 days after the contract which arises upon your acceptance of the Offer becomes unconditional.

If you do not provide Cape Lambert with the required additional documents within one month after the end of the Offer Period, Cape Lambert may, in its sole discretion, rescind any contract resulting from your acceptance of the Offer.

(e) **Return of documents**

If the Offer does not become unconditional or any contract arising from the Offer is rescinded by Cape Lambert on the grounds of non-fulfilment or non-satisfaction of a condition of that contract, Cape Lambert will, at its election, return by post to you at the address shown on the Acceptance Form any Acceptance Form and any other documents sent by you, or destroy those documents, and notify the ASX of this.

(f) **Clearances for offshore residents**

If, at the time of acceptance of this Offer, you are resident in or of a place outside Australia, you will not be entitled to receive any consideration under this Offer until all requisite authorities or clearances of the Reserve Bank of Australia (whether under the Banking (Foreign Exchange) Regulations or otherwise), or of the Australian Taxation Office, have been obtained.

10.10 Stamp duty or other costs

All costs and expenses of the preparation, dispatch and circulation of this Offer and any stamp duty payable in respect of the transfers will be paid by Cape Lambert. No brokerage is payable by you if you accept this Offer.

10.11 Governing Law

This Offer and any contract that results from your acceptance of this Offer are governed by the laws in force in Western Australia.

10.12 Date of Offer

This Offer is dated (to be inserted) 2010.

11. SECTION 11 – OTHER INFORMATION**11.1 Cape Lambert's Interest in DMC Mining**

Immediately before this Bidder's Statement was lodged with the ASIC and as at the date immediately before the first Offer is sent, Cape Lambert and its associates had the following Relevant Interest in, and voting power in relation to, DMC Mining Securities:

Class of Securities	Total Number in Class	At date of this Bidder's Statement	At date first Offer is sent
DMC Mining Shares	30,760,000	36.20%	36.20%
DMC Mining Options ¹	Nil	Nil	Nil

Cape Lambert's voting power in DMC Mining as at the date of this Bidder's Statement was 36.20%. This interest is held through Dempsey Resources Pty Ltd (a wholly owned subsidiary of Cape Lambert).

In addition to the above, Mr Tony Sage (a Director of Cape Lambert) holds a Relevant Interest in 720,000 DMC Mining Shares.

11.2 Acquisitions of DMC Mining Securities by Cape Lambert and its Associates during the last 4 Months

In the 4 months prior to the date of this Bidder's Statement, the only acquisitions and/or disposals of DMC Mining Shares by Cape Lambert and its associates has been the acquisition by Cape Lambert's wholly owned subsidiary, Dempsey, of 5,760,000 DMC Mining Shares at \$0.25 each on 10 March 2010 pursuant to a placement. Refer to Section 5.1 for further details of this transaction.

11.3 Collateral Benefits

Other than as disclosed in this Bidder's Statement, during the period of 4 months before the date of this Bidder's Statement, neither Cape Lambert nor any associate of Cape Lambert gave, or offered to give or agreed to give, a benefit to another person that was likely to induce the other person, or an associate of that person, to:

- (a) accept the Offer; or
- (b) dispose of their DMC Mining Shares,

and which is not offered to all holders of DMC Mining Shares under the Offer.

11.4 On-Market Acquisitions

Subject to the Corporations Act, Cape Lambert may acquire DMC Mining Shares on-market at prices up to the Offer price during normal trading on ASX. If Cape Lambert acquires DMC Mining Shares on-market at a price higher than the Offer price during normal trading on ASX, the Offer price per DMC Mining Share will be increased to at least match that price and any DMC Mining Shareholders who have accepted the Offer prior to the on-market purchase by

Cape Lambert, will be entitled to the additional consideration as a result of the increased Offer.

DMC Mining Shareholders who sell their DMC Mining Shares on ASX will receive payment on a T+3 basis (being three Trading Days after the date of the transaction).

DMC Mining Shareholders who sell their DMC Mining Shares on ASX cannot subsequently accept the Offer in respect of DMC Mining Shares sold on ASX. Additionally, DMC Mining Shareholders who sell their DMC Mining Shares on ASX may incur brokerage charges which they would not incur if they accepted the Offer.

11.5 Approvals for Payment of Consideration

Cape Lambert is not aware of any DMC Mining Shareholder who requires any approval or clearance, in accordance with the statutory requirements below, in order to be entitled to receive any consideration under the Offer:

(a) Banking (Foreign Exchange) Regulations 1959 (Cth)

The Banking (Foreign Exchange) Regulations 1959 (Cth) may impose restrictions on certain financial transactions and require the consent of the Reserve Bank of Australia for the movement of funds into and out of Australia. Based on Cape Lambert's searches, restrictions currently apply if funds are to be paid to, or received from:

- (i) specified supporters of the former government of the Former Federal Republic of Yugoslavia;
- (ii) specified ministers and senior officials of the Government of Zimbabwe;
- (iii) specified entities associated with the Democratic People's Republic of Korea (North Korea);
- (iv) specified ministers and entities associated with Iran; and
- (v) specified individuals associated with the Burmese regime.

(b) Other Commonwealth legislation

The Charter of the United Nations Act 2002 (Cth) prohibits:

- (i) assets from being provided to proscribed persons or entities; and
- (ii) the use or dealing, and facilitation of such use or dealing, of certain assets owned or controlled by proscribed persons or entities, in each case without the written consent of the Minister for Foreign Affairs.

Persons and entities from various countries have been proscribed under various Regulations made pursuant to the Charter of the United Nations Act 2002 (Cth) including in relation to Al-Qaida, the Taliban, Usama bin Laden, Democratic People's Republic of Korea, Somalia, Iran, Iraq, Sudan, Sierra Leone, Rwanda, Liberia, Lebanon, and Cote d'Ivoire.

11.6 Cape Lambert Announcement

The text of the release made by Cape Lambert to ASX in relation to the Offer on the Announcement Date is set out in Annexure A.

11.7 Consents

In accordance with Section 636(3) of the Corporations Act, Steinepreis Paganin has consented to being named as legal advisers to Cape Lambert in this Bidder's Statement and has not withdrawn its consent prior to lodgement of this Bidder's Statement with the ASIC.

This Bidder's Statement contains statements by a person, or based on a statement by a person, made in documents lodged with ASIC or given to the ASX, and a correct and fair copy of each of these documents is included in this Bidder's Statement. Accordingly, under the terms of ASIC Class Order 01/1543 the parties making those statements are not required to consent to, and have not consented to, the inclusion of those statements in this Bidder's Statement.

In addition, as permitted by ASIC Class Order 03/635, this Bidder's Statement may include or be accompanied by certain statements fairly representing a statement by an official person or from a public official document or a published book, journal or comparable publication.

11.8 Date for Determining Holders

For the purposes of Section 633(2) of the Corporations Act, the date for determining the people to whom information is to be sent under Items 6 and 12 of Section 633(1) of the Corporations Act is 5pm (WST) 7 April 2010.

This Bidder's Statement is dated (insert) 2010 and was approved pursuant to a resolution passed unanimously at a meeting of directors of Cape Lambert.

Signed for and on behalf of
Cape Lambert Resources Limited

Tony Sage
Executive Chairman

12. SECTION 12 – DEFINITIONS AND INTERPRETATION

12.1 In this Bidder’s Statement (including its annexures), unless the context otherwise requires:

Acceptance Form means the acceptance form enclosed with this Bidder’s Statement or alternatively any acceptance form sent to a DMC Mining Shareholder by Cape Lambert’s share registry in relation to the Offer.

Announcement Date means 23 March 2010.

ASIC means the Australian Securities and Investments Commission.

ASTC means ASX Settlement and Transfer Corporation Pty Ltd (ABN 49 008 504 532), the body which administers the CHESSE system.

ASTC Settlement Rules means the business rules of ASTC.

ASX means ASX Limited (ABN 98 008 624 691).

Bid Period has the meaning given to that term in the Corporations Act.

Bidder’s Statement means this Bidder’s Statement.

Broker means a person who is a sharebroker and a participant under the ASTC Settlement Rules.

Business Day means a day that is not a Saturday, Sunday or any other day which is a public holiday or a bank holiday in Western Australia.

Cape Lambert or the **Company** means Cape Lambert Resources Limited (ACN 095 047 920).

Cape Lambert Share means a fully paid ordinary share in Cape Lambert.

Cape Lambert Shareholder means a holder of a Cape Lambert Share.

CHESSE means the Clearing House Electronic Subregister System which provides for electronic share transfers in Australia.

CHESSE Holding has the meaning given to that term in the ASTC Settlement Rules.

Controlling Participant means a Broker or Non-Broker Participant who is designated as the controlling participant for shares in a CHESSE Holding in accordance with the ASTC Settlement Rules

Corporations Act means Commonwealth Corporations Act 2001 (Cth).

Director means a director of Cape Lambert.

Dempsey means Dempsey Resources Pty Ltd (ACN 100 305 486).

DMC Mining means DMC Mining Limited (ACN 121 513 620).

DMC Mining Material Adverse Event means an event which will, or is reasonably likely to, have a material adverse effect on the assets and liabilities, financial position and performance, profits and losses, revenue or prospectus of DMC Mining. For these purposes, a “Specified Event” is:

- (a) an event or occurrence that occurs during the Offer Period; or
- (b) an event or occurrence that occurs or is likely to occur following the Offer Period and which has not been publicly announced prior to the announcement by Cape Lambert of the Offer.

DMC Mining Option means an option to subscribe for a DMC Mining Share.

DMC Mining Optionholder means a holder of DMC Mining Options.

DMC Mining Securities means DMC Mining Shares and DMC Mining Options.

DMC Mining Share means a fully paid ordinary share in DMC Mining, and all Rights attaching to that share.

DMC Mining Shareholder means a holder of DMC Mining Shares who is able to accept the Offer.

Foreign Law means a law of a jurisdiction other than Australia.

Issuer Sponsored Holding means a holding of DMC Mining Shares on DMC Mining issuer sponsored subregister.

Listing Rules means the Official Listing Rules of ASX, as amended from time to time.

Merged Entity means Cape Lambert and its subsidiaries following the acquisition by Cape Lambert of all, or a majority of the DMC Mining Shares.

Merger means the proposed merger of Cape Lambert and DMC Mining by way of an off market conditional takeover offer.

Non-Broker Participant means a non-broker participant under the ASC Settlement Rules.

Offer Period means the period referred to in Section 10.2, during which the Offer will remain open for acceptance.

Offer means the offer, referred to in Section 9, to be made by Cape Lambert to acquire DMC Mining Shares on the terms set out in Section 10.1.

Relevant Interest has the meaning given in Sections 608 and 609 of the Corporations Act.

Record Date means the date set by Cape Lambert under section 633(2) of the Corporations Act, being 5pm (WST) on 7 April 2010.

Rights means all accretions to and rights attaching to the relevant DMC Mining Share at or after the date of this Bidder's Statement (including, but not limited to, all dividends and all rights to receive dividends and to receive or subscribe for shares, stock units, notes or options declared, paid, or issued by DMC Mining).

Trading Days has the meaning given in the Listing Rules.

Unlisted A DMC Mining Option means an unlisted DMC Mining Option exercisable at \$0.40 on or before 30 June 2010.

Unlisted B DMC Mining Option means an unlisted DMC Mining Option exercisable at \$0.65 on or before 30 June 2010.

Unlisted C DMC Mining Option means an unlisted DMC Mining Option exercisable at \$0.15 on or before 30 June 2010.

Unlisted D DMC Mining Option means an unlisted DMC Mining Option exercisable at \$0.30 on or before 31 December 2012.

VWAP means volume weighted average price.

WST means Australian Western Standard Time.

\$ means Australian dollars.

12.2 Interpretation

The following rules of interpretation apply unless intention appears or the context requires otherwise:

- (a) a reference to a time is a reference to Perth (Western Australian) time;
- (b) headings are for convenience only and do not affect interpretation;
- (c) the singular includes the plural and conversely;
- (d) a reference to a section is to a section of this Bidder's Statement;
- (e) a gender includes all genders;
- (f) where a word or phrase is defined, the other grammatical forms have a corresponding meaning;
- (g) \$, or cents is a reference to the lawful currency in Australia, unless otherwise stated;
- (h) a reference to a person includes a body corporate, an unincorporated body or other entity and conversely;
- (i) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (j) a reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it;
- (k) a reference to any instrument or document includes any variation or replacement of it;
- (l) a term not specifically defined in this Bidder's Statement has the meaning given to it (if any) in the Corporations Act or the ASTC Rules, as the case may be;
- (m) a reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually;

- (n) a reference to you is to a person to whom an Offer is made; and
- (o) the words 'include', 'including', 'for example' or 'such as' are not used as, nor are they to be interpreted as, words of limitation, and, when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

ANNEXURE A - CAPE LAMBERT'S ANNOUNCEMENT IN RELATION TO THE OFFER

Cape Lambert to make A\$0.40 all cash take-over offer for DMC Mining

Key Points:

- **Cape Lambert Resources Limited (ASX: CFE) to make all-cash takeover offer for shares in DMC Mining Limited (ASX: DMM),**
- **Offer will be A\$0.40 cash for every one (1) DMM share, which represents a substantial and attractive bid premium of:**
 - **24% to 1 month volume weighted average price (“VWAP”) of DMM shares on ASX of A\$0.3037 prior to this announcement; and**
 - **33% to DMM closing share price on ASX of A\$0.30 on 22 March 2010, the last trading day prior to this announcement;**
 - **27% to the 3 month VWAP of DMM shares on ASX of A\$0.31497 prior to this announcement.**
- **Cape Lambert already holds a 36.2% relevant interest in DMC Mining, and**
- **Cape Lambert believes the assets of DMM would achieve a significant increase in value under the corporate structure of Cape Lambert.**

Australian resources and investment company, Cape Lambert Resources Limited (**ASX: CFE**) (“Cape Lambert” or the “Company”) wishes to announce its intention to make an off-market takeover for shares in DMC Mining Limited (**ASX: DMM**) (“DMC Mining” or “DMM”) (“Offer”).

Cape Lambert’s Offer for DMC Mining

Under the terms of the Offer, Cape Lambert will offer A\$0.40 for every one (1) DMC Mining share. This offer represents a substantial and attractive bid premium of:

- 24% to 1 month volume weighted average price (“VWAP”) of DMM shares on ASX of A\$0.3037 prior to this announcement; and
- 33% to DMM closing share price on ASX of A\$0.30 on 22 March 2010, the last trading day prior to this announcement;
- 27% to the 3 month VWAP of DMM shares on ASX of A\$0.31497 prior to this announcement.

The Offer is conditional only on the happening of a “prescribed occurrence” (being an occurrence listed in Section 652C(1)(a) – (h) and Section

Cape Lambert is an Australian domiciled, mineral investment company. Its current investment portfolio is geographically diverse and consists of mineral assets and interests in mining and exploration companies.

The Company continues to focus on investment in early stage resource projects and companies, primarily in iron ore, copper and gold. Its “hands on” approach is geared to add value and position assets for development and/or sale.

The Board and management exhibit a strong track record of delivering shareholder value.

Australian Securities Exchange Code: CFE

Ordinary shares
565,166,467

Unlisted options (30 June 2010)
8,350,000

Unlisted options (31 Oct 2010)
28,000,000

Board of Directors

Tony Sage Executive Chairman
Tim Turner Non-executive Director
Brian Maher Non-executive Director

Eloise von Puttkammer
Company Secretary

Key Projects and Interests

Lady Annie Copper Project
Marampa Iron Ore Project
Sappes Gold Project
DMC Mining Limited
Corvette Resources Limited

Cape Lambert Contact

Tony Sage
Executive Chairman
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Australian Enquiries

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Email: david.tasker@ppr.com.au

UK Enquiries

Conduit Public Relations
Jos Simson
Phone: +44 (0)20 7429 6603
Mobile: +44 (0)7899 870 450
Email: Jos@conduitpr.com

652C(2)(a) – (e) of the Corporations Act but applied to an off market takeover bid) in relation to DMC Mining or its subsidiaries during the period from the date of this announcement to the date which is three (3) business days after the end of the offer period without the prior consent of Cape Lambert.

No separate offer will be made for any of the DMM's options with the result that holders of those options will need to exercise them in order to participate in the Cape Lambert offer.

Cape Lambert currently holds an interest in DMC Mining of 36.2% and strongly believes that it has the proven technical and corporate resources required to successfully develop the assets of DMC Mining.

“Cape Lambert has proven over many years that it is able to acquire an early stage asset and diligently apply the required technical and financial resources to maximise value in the shortest possible time-frame,” said Cape Lambert Chairman, Mr Tony Sage.

DMC Mining, through its 80% owned subsidiary, owns the Mayoko Iron Ore Project in the Republic of Congo ("ROC"). On 12 January 2010 the exploration target on this project was increased to 0.9 – 1.3 Billion tonnes of dominantly itabirite iron mineralization. (see DMM ASX announcement dated 12 January 2010)¹. A drilling program is currently underway at the project.

Cape Lambert is in the process of preparing a formal Bidder's Statement and will lodge that document with the Australian Securities Exchange and Australian Securities and Investments Commission in the near future.

Yours faithfully
Cape Lambert Resources Limited

Tony Sage

Executive Chairman

1. It is noted from the DMM ASX announcement, that the estimates of exploration target sizes mentioned in the announcement should not be misunderstood or misconstrued as estimates of Mineral Resources. The estimates of exploration target sizes are conceptual in nature and there has been insufficient results received from drilling completed to date to estimate a Mineral Resource compliant with the JORC Code (2004) guidelines. Furthermore, it is uncertain if further exploration will result in the determination of a Mineral Resource.

ACCEPTANCE FORM

FORM OF ACCEPTANCE AND TRANSFER FOR FULLY PAID SHARES

Offer by Cape Lambert Resources Limited (ACN 095 047 920) (Cape Lambert) to acquire 100% of your fully paid ordinary shares in DMC Mining Limited (ACN 121 513 620) (DMC Mining). Your acceptance must be received by no later than 5pm Australian Western Standard Time on **(to be inserted)** 2010 (unless the Offer is extended).

Shareholder Details

Number of DMC Mining Fully Paid Shares you hold	
Holder Identification Number /Security holder Reference Number	
Securities Subregister	

If any of the above details are incorrect, please amend them and initial the alterations. You should read the Bidder's Statement which accompanies this form. To accept the Offer contained in that document, complete this form below.

If your shares are held on the Issuer Sponsored Subregister, please read Section 1 overleaf and then complete this page and return this form.

If your shares are held on the CHES Subregister, please read Section 1 overleaf then you can accept this Offer by either instructing your broker to accept the Offer on your behalf, or by completing this page and Section 2 overleaf and returning the form.

Number of DMC Mining Shares you hold is

Number of DMC Mining Shares which you wish to sell to Cape Lambert (being 100% of the number of DMC Mining Shares you hold) is

Consideration for DMC Mining Shares which you wish to sell to Cape Lambert (on the basis of \$0.40 for every one (1) DMC Mining Share) is

Signature(s)

I/We, the person(s) named above, being the holder(s) of the DMC Mining Shares shown above accept the Offer in respect of the number of my/our DMC Mining Shares shown above and hereby agree to transfer to Cape Lambert those DMC Mining Shares for the consideration specified above and agree to be bound by the terms and conditions of the Offer. If this form is signed under Power of Attorney, the Attorney declares that he has no notice of revocation of that power.

Individual or Member 1*

Member 2

Member 3

Sole Director/Company Secretary

Director

Director/Company Secretary

* If you are signing this Acceptance Form as agent for another DMC Mining Shareholder, please sign the first box above and also tick the box on the right.

Name and contact number of at least one signatory: _____

Dated / /2010

HOW TO ACCEPT THE OFFER

THIS IS AN IMPORTANT DOCUMENT. IF YOU ARE IN DOUBT AS TO HOW TO COMPLETE THIS FORM PLEASE CONSULT YOUR BROKER OR FINANCIAL ADVISER IMMEDIATELY.

Your acceptance must be received by no later than 5pm Australian Western Standard Time on (to be inserted) (unless the Offer is extended).

1

Instructions for all holders

To accept the Offer you should complete, sign and date the form on the reverse side.

Please note:

- (a) Joint Holders
All joint holders must sign this form.
- (b) Corporations
This form must be signed by the authorised officers of the corporation and sealed (if required by, and in accordance with, the corporation's constitution), or a duly appointed attorney. Generally, the form must be signed by at least two directors or one director and the company secretary. If there is only a sole director/company secretary, the form can be signed by that one person.
- (c) Power of Attorney and Deceased Estates
If this form is signed under power of attorney, or by the executors of a deceased estate, or by the administrators, the relevant power of attorney, probate or letters of administration, together with any other documents required by law, must be attached.
- (d) Agents
If you are signing this form as agent for another DMC Mining Shareholder, you should indicate the same on the Acceptance Form.

Shareholders should mail or deliver their completed form to:

Mailing Address:

Cape Lambert Resources Limited
C/- Computershare Investor Services Pty Limited
GPO Box D182
PERTH WA 6840

Delivery:

Cape Lambert Resources Limited
C/- Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building

45 St Georges Terrace
PERTH WA 6000

A pre-paid envelope has been enclosed for shareholders with Australian addresses.

Overseas shareholders are urged to return their completed form by airmail.

2

Additional instructions for CHES Holders

To accept the Offer you should:

- (a) call your broker and instruct them to accept the Offer, or
- (b) complete and sign the Acceptance Form on the reverse side and complete the following details, sign below, and mail this form in the pre-paid envelope provided or fax it to the above fax number.

Name of your Controlling Participant (broker): _____

I/We request and authorise you to instruct my/our Controlling Participant (broker) to accept the Offer in respect of those shares indicated on the Acceptance Form.

Signature: _____

If you have any queries concerning your shareholding or need help in completing this form please contact Computershare Investor Services Pty Ltd on 1300 557 010.