

CAPE LAMBERT RESOURCES LIMITED

ACN 095 047 920

FIRST SUPPLEMENTARY BIDDER'S STATEMENT

by Cape Lambert Resources Limited (ACN 095 047 920) in respect of the Offer to acquire all of the ordinary shares in DMC Mining Limited (ACN 121 513 620).

1. INTRODUCTION

This document is the first supplementary bidder's statement (**First Supplementary Bidder's Statement**) by Cape Lambert Resources Limited (**Cape Lambert**) dated 27 April 2010 under section 643 of the Corporations Act in relation to the off-market takeover Offer by Cape Lambert to acquire all of the issued shares in DMC Mining Limited (**DMC Mining**) as set out in Cape Lambert's bidder's statement dated and lodged with the Australian Securities and Investments Commission (**ASIC**) on 7 April 2010 (**Original Bidder's Statement**).

This First Supplementary Bidder's Statement has been prepared by Cape Lambert to ensure that full information has been provided to DMC Mining Shareholders in respect of the Offer made by Cape Lambert.

A copy of this First Supplementary Bidder's Statement was lodged with the ASIC on 27 April 2010. Neither the ASIC nor any of its officers takes any responsibility for the contents of this First Supplementary Bidder's Statement.

This First Supplementary Bidder's Statement supplements, and must be read together with, the Original Bidder's Statement.

Unless the context otherwise requires, defined terms in the Original Bidder's Statement have the same meaning in this First Supplementary Bidder's Statement. This First Supplementary Bidder's Statement will prevail to the extent of any inconsistency with the Original Bidder's Statement.

2. INCREASE TO OFFER

On 27 April 2010, Cape Lambert gave notice that it had varied the Offer by increasing the consideration so that DMC Mining Shareholders will now be offered **\$0.46 for every one DMC Mining Share they hold**.

The increased Offer of 46 cents cash per DMC Mining Share represents a significant premium to the trading price of DMC Mining Shares prior to announcement of the Offer:

- (a) a **53.33% 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 **46.04% premium** to DMC Mining's VWAP share price in the 3 months leading up to the Announcement Date; and
- (c) a **57.15% 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 First Supplementary Bidder's Statement was lodged with ASIC was 40.71 cents. On the date preceding lodgement of this First Supplementary Bidder's Statement at ASIC, the closing price of DMC Mining Shares was 46.5 cents.

In accordance with Section 650B(2) of the Corporations Act, DMC Mining Shareholders who have already accepted the Offer will be entitled to receive the increased consideration offered under the revised Offer.

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 \$28,684,619.

Cape Lambert will fund the cash consideration for its improved Offer from its existing cash reserves (as detailed in Section 9 of the Original Bidder's Statement).

3. ON-MARKET ACQUISITIONS

As detailed in the Original Bidder's Statement, 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.

4. CONCLUSION

Cape Lambert encourages you to consider all information that has either been sent to you or is included in this First Supplementary Bidder's Statement, and to **ACCEPT** Cape Lambert's Offer.

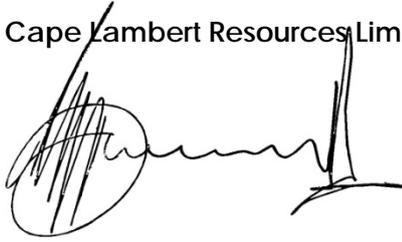
If you have any queries about the Offer or require assistance with your acceptance, please contact your financial advisor or call the offer information line on (08) 9380 9555 (callers in Australia) or +618 9380 9555 (callers outside Australia).

5. **APPROVAL OF THE FIRST SUPPLEMENTARY BIDDER'S STATEMENT**

This First Supplementary Bidder's Statement is dated 27 April 2010 and was approved pursuant to a unanimous resolution passed at a meeting of the directors of Cape Lambert.

Signed for and on behalf of

Cape Lambert Resources Limited

A handwritten signature in black ink, appearing to read 'Timothy Turner', is written over a horizontal line. The signature is stylized with a large initial 'T' and a long, sweeping underline.

Mr Timothy Turner
Director

NOTICE OF VARIATION OF OFFER PURSUANT TO SECTION 650D OF THE CORPORATIONS ACT

- To:
1. DMC Mining Limited (ACN 121 513 620) (DMC Mining).
 2. Persons to whom Cape Lambert Resources Limited (ACN 095 047 920) (Cape Lambert) made offers dated 23 April 2010 to acquire shares in DMC Mining (Offer).
 3. Australian Securities & Investments Commission.

Cape Lambert gives notice under Section 650D of the Corporations Act that it varies the Offer, as considered in the bidder's statement dated 7 April 2010 (**Bidder's Statement**) to improve the consideration offered to DMC Mining Shareholders by increasing the consideration from 40 cents cash per DMC Mining Share to **46 cents cash per DMC Mining Share**.

All references in the Bidder's Statement to the consideration offered under the Offer are varied accordingly.

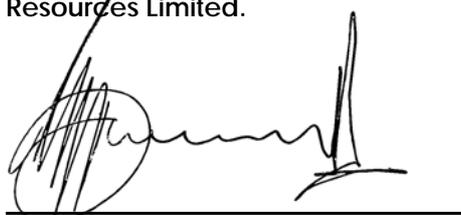
As stated in Section 9 of the Bidder's Statement (and notwithstanding the variation to the price offered per DMC Mining Share), the consideration for the acquisition of the DMC Mining Shares to which the Offer relates (including those DMC Mining Shares which may be issued on the exercise of the DMC Mining Options) will be satisfied wholly in cash from Cape Lambert's existing cash reserves.

At the date the first Offer was made, Cape Lambert and its associates had a relevant interest in approximately 36.20% of the DMC Mining Shares. As far as Cape Lambert is aware, as at the date of this Notice of Variation, Cape Lambert and its associates have a relevant interest in approximately 36.20% of the DMC Mining Shares.

Unless the context requires otherwise, defined terms in the Bidder's Statement have the same meaning in this Notice of Variation.

Dated: 27 April 2010

Approved by a unanimous resolution passed by the directors of Cape Lambert Resources Limited.

A handwritten signature in black ink, appearing to read 'Timothy Turner', is written over a horizontal line. The signature is stylized and cursive.

Timothy Turner
Director

A copy of this notice was lodged with the Australian Securities and Investments Commission on 27 April 2010. Neither the ASIC nor any of its officers takes any responsibility for the contents of this notice.