

# CAPE LAMBERT RESOURCES LIMITED

ACN 095 047 920

## SECOND 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).

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### 1. INTRODUCTION

This document is the Second supplementary bidder's statement (**Second Supplementary Bidder's Statement**) by Cape Lambert Resources Limited (**Cape Lambert**) dated 10 May 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**) (as varied by Cape Lambert's first supplementary bidder's statement dated 27 April 2010 (**First Supplementary Bidder's Statement**)) (together, the **Bidder's Statement**).

This Second 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 Second 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 Second Supplementary Bidder's Statement.

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

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

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### 2. INCREASE TO OFFER

On 10 May 2010, Cape Lambert gave notice that it had varied the Offer by increasing the consideration so that DMC Mining Shareholders will now be offered **\$0.50 for every one DMC Mining Share they hold**.

The increased Offer of 50 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 **66.67% 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 **49.09% premium** to DMC Mining's VWAP share price in the 3 months leading up to the Announcement Date; and
- (c) a **61.46% 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 Second Supplementary Bidder's Statement was lodged with ASIC was 43.05 cents. On the date preceding lodgement of this Second Supplementary Bidder's Statement at ASIC, the closing price of DMC Mining Shares was 51 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 \$31,178,934.

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).

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**3. EXTENSION OF OFFER PERIOD**

On 10 May 2010, Cape Lambert gave notice that it had varied the Offer by extending the period of the Offer so that the Offer now ends at 5.00pm (WST/Perth time) on 25 June 2010 (unless further extended or withdrawn).

Acceptance Forms 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.

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**4. FREEING OFFER OF CONDITIONS**

On 10 May 2010, Cape Lambert gave notice pursuant to Section 650F(1) of the Corporations Act that the Offer and all contracts formed by acceptance of the Offer had been freed from all of the conditions set out in Section 10.6 of the Original Bidder's Statement.

**The Offer is now an unconditional cash offer of \$0.50 for every one DMC Mining Share**

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**5. 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.

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**6. CONCLUSION**

Cape Lambert encourages you to consider all information that has either been sent to you or is included in this Second 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).


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**7. APPROVAL OF THE SECOND SUPPLEMENTARY BIDDER'S STATEMENT**

This Second Supplementary Bidder's Statement is dated 10 May 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**



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Mr Tony Sage  
Director

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

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- 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 to acquire all of the issued fully paid ordinary shares in DMC Mining, as considered in the bidder's statement dated 7 April 2010 (**Original Bidder's Statement**) (as varied by Cape Lambert's first supplementary bidder's statement dated 27 April 2010) (together, the **Bidder's Statement**) (**Offer**) as follows:

- (a) by improving the consideration offered to DMC Mining Shareholders by increasing the consideration from 46 cents cash per DMC Mining Share to **50 cents cash per DMC Mining Share**; and
- (b) by extending the Offer Period set out in Section 2.2 of the Original Bidder's Statement so that the Offer now ends at 5.00pm (WST/Perth time) on 25 June 2010 (unless further extended or withdrawn).

All references in the Bidder's Statement to the Offer Period (and the Closing Date) and the consideration offered under the Offer are varied accordingly.

As stated in Section 9 of the Original 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 35.44% 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: 10 May 2010**

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



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**Tony Sage**  
**Director**  
**Cape Lambert Resources Limited**

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A copy of this notice was lodged with the Australian Securities and Investments Commission on 10 May 2010. Neither the ASIC nor any of its officers takes any responsibility for the contents of this notice.