



DMC MINING LIMITED

ACN 121 513 620

28 July 2010

Quarterly Activities Report – June Quarter 2010

HIGHLIGHTS

Exploration

- A total of 12 diamond holes for 2,575m completed at the main prospect at Mayoko.
- Magnetite banded iron formation with overlying oxide hematite and transitional iron mineralisation intersected in all completed holes over a strike length of 5km.
- All samples from the first 9 holes now in Australia, with head assays, and a metallurgical test work program, commenced. Assay results available in the September quarter.
- Independent metallurgical consultancy, Independent Metallurgical Operations Pty Ltd (“IMO”) appointed to oversee assaying and metallurgical test program.

Corporate

- The off market takeover offer for all the shares in DMC Mining Limited (“DMC” or the “Company”) by Cape Lambert Resources Limited (“Cape Lambert”) closed on 8 July with Cape Lambert holding a relevant interest of 92.96%.
- On 12 July, Cape Lambert announced that it had commenced compulsory acquisition of the remaining shares in DMC in accordance with the Corporations Act.
- The final offer price by Cape Lambert represents a premium of 76.7% to DMC’s closing share price of A\$0.30 on 22 March, 1 trading day prior to Cape Lambert’s takeover announcement, and a premium of 58.0% to DMC’s VWAP share price in the 3 months leading up to the takeover announcement.
- Mr Paul Kelly was appointed Non-Executive Chairman on 28 June and Managing Director Mr David Sumich resigned on 9 July.

EXPLORATION

Nine diamond holes were completed at the Mayoko Project during the June 2010 quarter for a total advance of 1,820m. A total of 12 diamond drill holes for 2,575m have been drilled since the commencement of this initial drilling program (refer Table 1).

The drill holes are on 800m spaced traverses covering approximately 5km of strike along the main anomalous zones at Mt Lekoumou-Mt Mipoundi (refer Figure 1).

Iron mineralisation has been intersected in all holes drilled comprising hematite and transitional zones overlying fresh magnetite-bearing banded iron formation.

Core samples for drill holes MKDD001 – 009 have now arrived in Australia.

IMO has been engaged as an independent consultant to oversee the assay and testing program of Mayoko samples. The program comprises ore type characterisation, sample selection, management of head assay and DTR analyses, beneficiation of hematite/transitional and magnetite ores, and mineral processing flowsheet development for input into scoping studies.

Ultratrace Laboratories in Perth will complete the head and concentrate analyses whilst Amdel Limited will carry out the characterisation, Davis Tube Recovery and metallurgical test work.

CORPORATE

Takeover

A summary of the takeover activities is set out below:

23 March 2010	Cape Lambert announced a conditional off-market takeover bid of A\$0.40 per share for all the shares in DMC.
7 April 2010	Cape Lambert lodged its Bidder's Statement with the Company, ASIC and ASX.
14 April 2010	Meijin announced its intention to make an off-market takeover offer at A\$0.46 per share for all the shares in DMC, subject to conditions.
23 April 2010	Cape Lambert increased its bid to A\$0.46 per share.
5 May 2010	Meijin announced its intention to increase its offer to A\$0.50 per share, subject to conditions.
10 May 2010	DMC lodged its Target's Statement with Cape Lambert, ASIC and ASX; and Cape Lambert increased its offer to A\$0.50 per share and announced that its offer was unconditional.
21 May 2010	Meijin announced its intention to increase its conditional offer to A\$0.53 per share.
1 June 2010	Cape Lambert increased its unconditional offer to A\$0.53 per share.
22 June 2010	Meijin announced that it would not proceed with its intended offer.
25 June 2010	Cape Lambert announced it had a relevant interest in 60.23% of DMC's share capital and was required to extend its offer period by 14 days to 5.00pm (WST) 8 July 2010.
9 July 2010	Following the closure of its offer, Cape Lambert announced it had acquired a relevant interest in 92.96% of DMC's share capital.
12 July 2010	Cape Lambert announced it had commenced compulsory acquisition of the remaining shares in DMC in accordance with the Corporations Act.
19 July 2010	ASX suspends the securities of DMC from official quotation.

As set out below, the final offer price by Cape Lambert of A\$0.53 per share represents a substantial premium to the trading price of DMC shares prior to its initial takeover announcement on 23 March 2010:

- a premium of 76.7% to DMC's closing share price of A\$0.30 on 22 March, 1 trading day prior to Cape Lambert's initial announcement;
- a premium of 58.0% to DMC Mining's VWAP share price in the 3 months leading up to the initial announcement; and
- a premium of 71.1% to DMC Mining's VWAP share price in the 6 months leading up to the initial announcement.

Board of Directors

Mr Paul Kelly was appointed Non-Executive Chairman of DMC on 28 June 2010.

Mr David Sumich resigned as Managing Director on 9 July 2010.

Yours sincerely
DMC Mining Limited

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The contents of this report relating to exploration and mineral resources are based on information compiled by Kim Bischoff, a Member of the Australasian Institute of Mining and Metallurgy. Mr Bischoff is a Non-executive Director of DMC Mining and has sufficient experience relevant to the styles of mineralisation and the deposit under consideration and to the activity he is undertaking to qualify as a Competent Person, as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Bischoff consents to the inclusion in this report of the matters compiled by him in the form and context in which they appear.

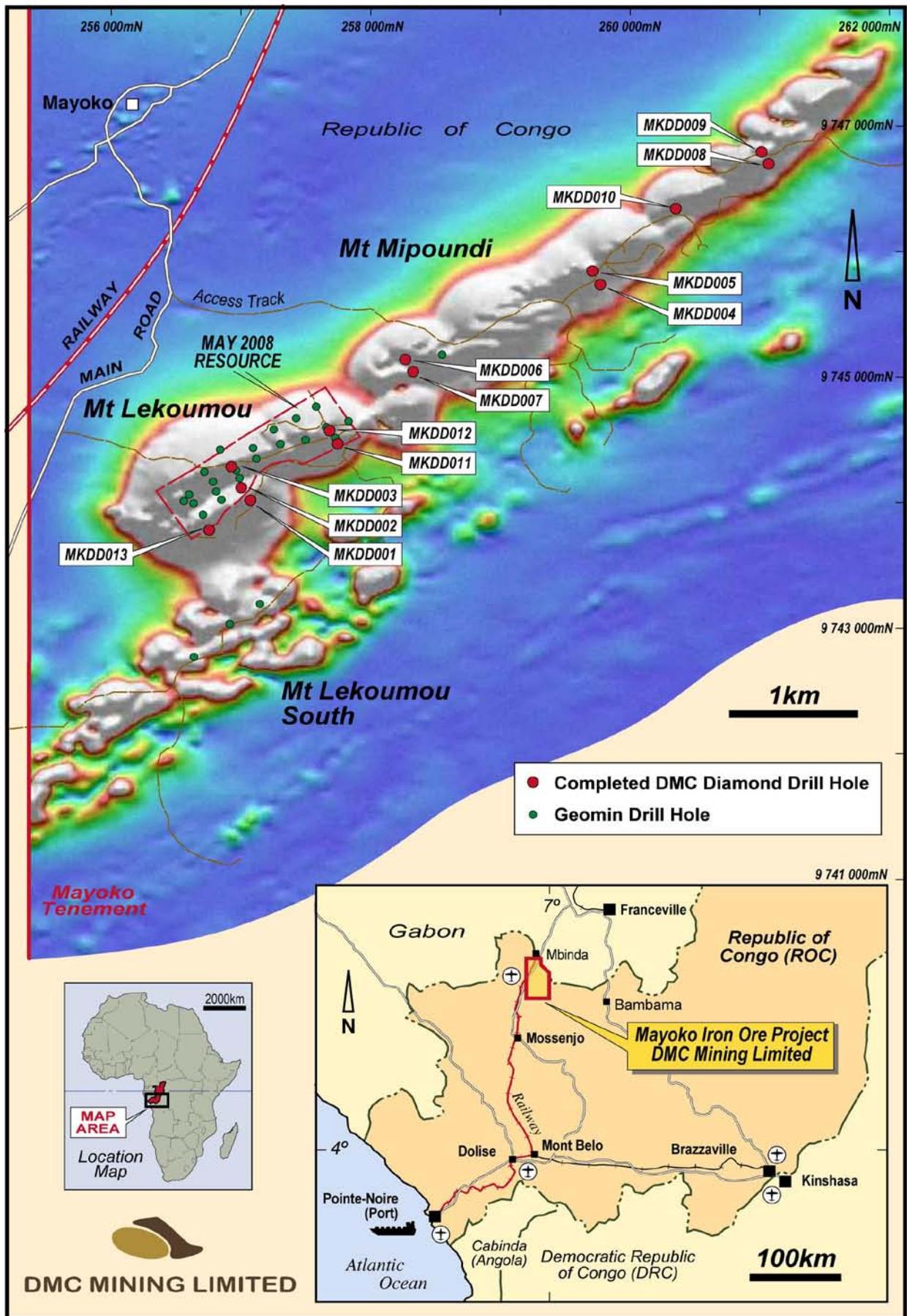


Figure 1: Mayoko - Drill Hole Location Plan

Hole Number	Northing WGS84	Easting Zone 33	RL	Dip Degrees	Azimuth	Hole Length Metres	Status
MKDD001	9744034	257059	737	-55	330	414.4	Awaiting assays
MKDD002	9744132	256996	780	-55	330	288.6	Awaiting assays
MKDD003	9744271	256933	806	-55	330	51.5	Awaiting assays
MKDD004	9745742	259775	721	-55	330	299.9	Awaiting assays
MKDD005	9745845	259715	737	-55	330	267.5	Awaiting assays
MKDD006	9745149	258269	720	-55	330	120.6	Awaiting assays
MKDD007	9745046	258329	689	-55	330	241.6	Awaiting assays
MKDD008	9746697	261070	731	-55	330	298.8	Awaiting assays
MKDD009	9746799	261012	737	-55	330	155.7	Awaiting assays
MKDD010	9746349	260347	702	-55	330	114.6	Sampling
MKDD011	9744486	257728	735	-55	330	231.5	Sampling
MKDD012	9744584	257671	771	-55	330	90.1	Sampling

Table 1: Mayoko - Completed Diamond Drill Holes

All holes are diamond drill holes, HQ in oxide, NQ in fresh rock. Collar surveys by total station instrument.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

DMC Mining Ltd

ABN

38 121 513 620

Quarter ended ("current quarter")

30 June 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 Months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation	(1,687)	(3,230)
(b) development	-	-
(c) production	-	-
(d) administration	(424)	(1,280)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	12	31
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
	(2,099)	(4,480)
Net Operating Cash Flows		
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(43)	(138)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
	(43)	(138)
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)	(2,142)	(4,618)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(2,142)	(4,618)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,835	6,466
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	1,835	6,466
	Net increase (decrease) in cash held	(307)	1,848
1.20	Cash at beginning of quarter/year to date	2,572	417
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,265	2,265

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	93,966
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.23 Includes salaries and fees paid to executive and non-executive directors

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	616
4.2 Development	-
4.3 Production	-
4.4 Administration	247
Total	863

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	2,055	2,161
5.2 Deposits at call	200	401
5.3 Bank overdraft	-	-
5.4 Other (provide details)	10	10
Total: cash at end of quarter (item 1.22)	2,265	2,572

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	N/A			
6.2				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	91,867,867	91,867,867		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	2,900,000 2,000,000 2,000,000	2,900,000 2,000,000 2,000,000	\$0.15 \$0.40 \$0.30	\$0.15 \$0.40 \$0.30
7.5 *Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter				
7.9 Exercised during quarter	2,900,000 2,000,000 2,000,000	- - -	\$0.15 \$0.40 \$0.30	30/06/2010 30/06/2010 31/12/2012
7.10 Expired during quarter	1,250,000	-	\$0.65	30/06/2010
7.11 Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (totals only)		
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 28 July 2010
Company secretary

Print name: Fiona Taylor

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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