

12 July 2010

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

Via E-Lodgement

COMMENCEMENT OF COMPULSORY ACQUISITION PROCESS DMC MINING LIMITED

On 9 July 2010, the Board of Cape Lambert Resources Limited (**Cape Lambert**) (ASX:**CFE**) announced that:

- (a) its off-market bid for all the fully paid ordinary shares in DMC Mining Limited (**DMC Mining**) closed at 5.00pm (WST) on 8 July 2010; and
- (b) Cape Lambert and its associates had acquired a relevant interest in **92.96%** of the fully paid ordinary shares in DMC Mining.

Cape Lambert wishes to advise that it has today commenced the process of compulsory acquisition of the remaining fully paid ordinary shares in DMC Mining in accordance with the Corporations Act.

Attached to this announcement is a copy of the compulsory acquisition notice which was today lodged with the ASIC and a letter that will be sent to all remaining DMC Mining shareholders.

Yours faithfully
Cape Lambert Resources Limited



Tony Sage
Executive Chairman

| | | |
|---|-----------------------------|--|
| lodging party or agent name | Steinepreis Paganin | |
| office, level, building name or PO Box no | Level 4, The Read Buildings | |
| street number and name | 16 Milligan Street | |
| suburb/city | Perth WA 6000 | |
| telephone | 08 9321 4000 | |
| facsimile | 08 9321 4333 | |
| DX number | suburb/city | |

ASS. REQ-A
 CASH. REQ-P
 PROC.

Australian Securities & Investments Commission

form **6021**

Notice of
compulsory acquisition
following takeover bid

Corporations Act 2001
 661B(1)(a)

To the persons whose names and addresses appear in Annexure A

Securities of DMC Mining Limited (ACN 121 513 620) ("the Company")

- Under an Off Market Bid, an offer was made by Cape Lambert Resources Limited (ACN 095 047 920) ("the Bidder") in respect of the acquisition of all the fully paid ordinary shares in the Company ("Offer"). The Offer closed at 5.00pm (WST/Perth) on 8 July 2010.
- You are, or are entitled to be, registered as the holder of securities in respect of which the Offer was made, but have not accepted the Offer.
- The Bidder hereby gives you notice under subsection 661B(1) of the Corporations Act ("the Act") that the Bidder has become entitled pursuant to subsections 661A(1) of the Act to compulsorily acquire your shares and desires to acquire all of your shares.
- Under section 661D of the Act, you have the right, by notice in writing given to the bidder within one month after this notice is lodged with ASIC, to ask the bidder for a written statement of the names and addresses of everyone else the bidder has given this notice to.
- Under section 661E of the Act, you have the right, within one month after being given this notice or within 14 days after being given a statement requested under section 661D of the Act (as referred to in paragraph 4 of this notice), whichever is the later, to apply to the Court for an order that the securities not be compulsorily acquired.
- The Bidder is entitled and bound to acquire the securities on the terms that applied under the takeover bid immediately before the end of the offer period.
- Unless on application made by you under section 661E within one month after being given this notice (as referred to in paragraph 5 of the notice) or within 14 days after being given a statement under section 661D of the Act (as referred to in paragraph 4 of this notice), whichever is the later, the Court otherwise orders, the Bidder must comply with paragraph 6 of this notice.

Signature

print name

Eloise von Pufkammer

capacity Company Secretary

sign here

date 12 July 2010



12 July 2010

[Name]
[Address]
[Address]

Dear DMC Mining Shareholder

NOTICE OF COMPULSORY ACQUISITION OF DMC MINING SHARES

As you are aware, Cape Lambert Resources Limited (ACN 095 047 920) (**Cape Lambert**) made an off market takeover offer to acquire all the issued shares of DMC Mining Limited (ACN 121 513 620) (**DMC Mining**) under a Bidder's Statement dated 7 April 2010 (together with subsequent Supplementary Bidder's Statements) (**Offer**).

Cape Lambert has recently confirmed that it has obtained acceptances under the Offer for more than 90% of DMC Mining's shares. Under section 661A of the *Corporations Act 2001* (**Corporations Act**), Cape Lambert is now entitled to compulsorily acquire all remaining DMC Mining shares for which it has not received acceptances under the Offer.

In return for the compulsory acquisition of your DMC Mining shares, Cape Lambert will provide you with the same consideration it offered under its Offer, being 53 cents cash for every one (1) DMC Mining Share you hold.

Our records indicate that you have not accepted the Offer as at the date of this letter. Accordingly, we enclose a Notice of Compulsory Acquisition to compulsorily acquire all your DMC Mining shares (**Notice**).

Please ignore this letter and the Notice if you have already accepted Cape Lambert's Offer for your DMC Mining shares.

The Notice sets out the rights that you have as a DMC Mining Shareholder in relation to this compulsory acquisition.

If you take no action within the timeframes specified in the Notice, and do not otherwise offer to sell your DMC Mining shares to Cape Lambert (as detailed further below), Cape Lambert will proceed to compulsorily acquire your DMC Mining shares approximately one month after the date of this letter. It will do this by issuing DMC Mining with the cash that you are entitled to, and in return DMC Mining will register Cape Lambert as the owner of your DMC Mining shares. DMC Mining will hold the cash that you are entitled to on trust and will seek your instructions on paying you the cash to which you are entitled as soon as possible.

The compulsory acquisition process generally takes six weeks to complete. If you wish to receive the consideration for your DMC Mining shares sooner than this, you can, as an alternative, sell your DMC Mining shares to Cape Lambert by completing and returning your acceptance form under the Offer.

Cape Lambert will treat this as an offer by you to sell your DMC Mining shares to Cape Lambert on the same terms as the Offer (including authorising Cape Lambert to execute a transfer for your DMC Mining shares as your attorney). Cape Lambert will aim to complete the sale of your DMC Mining shares as soon as practicable after receipt of your acceptance form. It will do this by paying you the cash to which you are entitled and instructing DMC Mining to transfer your DMC Mining shares to Cape Lambert.

If you wish to sell your DMC Mining shares in this manner but have lost your acceptance form, please contact Computershare on the number below and a replacement copy will be provided to you to complete. If you do not wish to sell your DMC Mining shares in this manner, your DMC Mining shares will be compulsorily acquired under the process set out earlier in this letter.

If you have any queries regarding the above, please contact Computershare on 1300 557 010 (callers within Australia) or +618 9323 2033 (callers outside Australia).

Yours faithfully
Cape Lambert Resources Limited

A handwritten signature in black ink, appearing to read 'Tony Sage', written in a cursive style.

Tony Sage
Executive Chairman

Encl.