

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.

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
597,759,256

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

Marampa Iron Ore Project
Sappes Gold Project
DMC Mining Limited
Corvette Resources Limited

Cape Lambert Contact

Tony Sage
Executive Chairman
Phone: +61 8 9380 9555

Australian Enquiries

Professional Public Relations
David Tasker
Phone: +61 8 9388 0944
Mobile: +61 433 112 936
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

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) 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.