



**DMC MINING LIMITED**

ACN 121 513 620

## **Supplementary Target's Statement**

This statement is a supplementary target's statement under section 644(1) of the Corporations Act dated 22 June 2010 ("**Supplementary Target's Statement**").

It supplements the target's statement issued by DMC Mining Limited (ACN 121 513 620) ("**DMC**" or "**Company**") on 7 May 2010 ("**Target's Statement**") in connection with a takeover offer by Cape Lambert Resources Limited to acquire all of the DMC Shares held by each Shareholder. This Supplementary Target's Statement must be read together with the Target's Statement.

A copy of this Supplementary Target's Statement was lodged with ASIC and provided to ASX on 22 June 2010. ASIC, ASX and their respective officers take no responsibility for the contents of this Supplementary Target's Statement.

### **Letter dated 22 June 2010**

A copy of the letter sent to ASX today by DMC is attached to, and forms part of, this Supplementary Target's Statement.

### **Defined Terms**

Unless otherwise defined in this Supplementary Target's Statement, capitalised terms used in this Supplementary Target's Statement have the same meaning as was given to them in the Target's Statement.

### **No Account of Personal Circumstances**

This Supplementary Target's Statement does not take into account the individual investment objectives, financial situation and particular needs of each DMC Shareholder and it does not contain personal advice. DMC encourages you to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer for your DMC Shares.

### **Approval of Supplementary Target's Statement**

This Supplementary Target's Statement has been approved by a resolution of the DMC Board.

Signed for and on behalf of DMC Mining Limited:

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David Sumich  
**Managing Director**



**DMC MINING LIMITED**

ACN 121 513 620

22 June 2010

## **MARKET UPDATE – TAKEOVER OFFERS**

### **Key Points:**

- **The Revised Meijin Offer remains in the market and is yet to open;**
- **The Revised Cape Lambert Offer is currently scheduled to close on Friday 25 June 2010, unless extended;**
- **The Revised Cape Lambert Offer is considered by the DMC Board of Directors to be superior to the Revised Meijin Offer;**
- **DMC Board of Directors is unable to make a recommendation to Shareholders in respect of either the Revised Meijin Offer or Revised Cape Lambert Offer at this time as no last and final statements have been made by either Meijin or Cape Lambert in relation to their respective offers;**
- **DMC Shareholders should note Cape Lambert may choose not to extend the Revised Cape Lambert Offer and should carefully consider their personal circumstances in deciding whether to accept the Revised Cape Lambert Offer;**
- **In the absence of a superior offer, and having considered their respective personal circumstances, the DMC Directors intend to accept the Revised Cape Lambert Offer in respect of shares they hold or which result from the exercise of options, but only towards the end of the offer period.**

West African iron ore explorer and developer, DMC Mining Limited (**ASX: DMM**) (“**DMC**” or the “**Company**”) wishes to update shareholders in respect of the Cape Lambert Resources Limited (“**Cape Lambert**”) and Meijin Energy Group Limited (“**Meijin**”) takeover offers.

The Meijin offer is a conditional cash offer of \$0.53 cash per DMC share (“**Revised Meijin Offer**”), which has not yet opened and therefore is not currently capable of acceptance. A key condition of the Revised Meijin Offer is to secure a controlling interest in DMC of 48,700,000 shares (or 56.1% of the undiluted ordinary share capital of DMC). Meijin has not at the date of this announcement released its Bidder’s Statement. Consequently, any other terms related to its bid in regard to the development of the Mayoko Project and its plans for the future Board and Management of DMC are not known at this time.

The Cape Lambert offer is an unconditional offer of \$0.53 cash per DMC share (“**Revised Cape Lambert Offer**”), which is scheduled to close on Friday, 25 June 2010. Cape Lambert has not declared this date to be final. Cape Lambert may extend the date for acceptance of the Revised Cape Lambert Offer at any time before 25 June 2010, although it has not given any indication that it intends to do so. In addition, if Cape Lambert’s interest in DMC increases to more than 50% before the end of the offer period, the offer period for the Revised Cape Lambert Offer will **automatically extend** for a further 14 days from that date.<sup>1</sup>

### **Directors unable to make a recommendation at this time**

The DMC Board of Directors (“**DMC Directors**”) is unable to make a recommendation in relation to either the Revised Meijin Offer or the Revised Cape Lambert Offer at this time as no last and final statements have been made by Cape Lambert or Meijin in relation to their respective offers.

<sup>1</sup> Per section 624(2)(b) of the Corporations Act 2001 (Cth).

The Revised Cape Lambert Offer is considered by the DMC Directors as superior to the Revised Meijin Offer. However, it is possible for Meijin to revise its offer to more favourable terms at any time, including after the Revised Cape Lambert Offer closes (if not extended). Meijin has not indicated if it will revise its offer and may choose not to do so.

The Revised Cape Lambert Offer is currently scheduled to close at 5pm Perth time on Friday **25 June 2010**, unless extended.

DMC Shareholders should note that Cape Lambert may choose not to extend the Revised Cape Lambert Offer and therefore should carefully consider their personal circumstances in deciding whether to accept the Revised Cape Lambert Offer prior to Friday 25 June 2010. As noted above, if Cape Lambert's interest in DMC increases to more than 50% before the end of the offer period, the offer period for the Revised Cape Lambert Offer will **automatically extend** for a further 14 days from that date.

### **What options are open to DMC shareholders?**

There are three options available to DMC shareholders. The DMC Directors note that the decision of each DMC shareholder will be dictated by that shareholder's individual risk and needs profile.

#### *1. Accept the Revised Cape Lambert Offer.*

If you accept the Revised Cape Lambert Offer you will receive certain and immediate value for your investment in cash. Brokerage will not be payable on acceptance of the Revised Cape Lambert Offer.

**THERE ARE RISKS IN ACCEPTING THE REVISED CAPE LAMBERT OFFER.** The DMC Directors note that acceptance of the Revised Cape Lambert Offer will prevent shareholders accepting any other offers that may eventuate. Consequently, if you accept the Revised Cape Lambert Offer you will lose the opportunity to accept any other offers should they arise, including the Revised Meijin Offer or improvements thereto (if any). The DMC Directors are not currently aware of any other potential offers or of any proposed increase in the Revised Meijin Offer.

If you sell your shares to Cape Lambert, as a DMC shareholder, Cape Lambert will have the ability to sell those shares by accepting the Revised Meijin Offer or improvements thereto (if any), when opened, if it wishes to do so.

#### *2. Sell DMC shares on market.*

DMC shareholders may sell their DMC shares on market. If shareholders sell their shares on market, they will incur brokerage and will be prevented from accepting the Revised Cape Lambert Offer, the Revised Meijin Offer and any other offers that may eventuate.

#### *3. Do nothing.*

You may elect not to accept the Revised Cape Lambert Offer.

**THERE ARE RISKS IN NOT ACCEPTING THE REVISED CAPE LAMBERT OFFER.** The Revised Cape Lambert Offer is scheduled to close at 5pm Perth time on 25 June 2010, unless extended. Cape Lambert has not given any indication that it intends to extend the period for acceptance of its offer. Shareholders should note that while Meijin has stated its intention to make the Revised Meijin Offer, the Revised Meijin Offer has not yet been made and therefore is not yet capable of acceptance. Cape Lambert, as a DMC shareholder will have the ability to accept into the Revised Meijin Offer, when opened, if it wishes to do so.

Additionally, if you do not accept the Revised Cape Lambert Offer, and Cape Lambert or Meijin does not acquire 100% of the Company, you may become a minority shareholder in DMC. Cape Lambert currently has beneficial ownership of approximately 35% of DMC shares. If Cape Lambert obtains 50.1% of the DMC shares, it will have voting control. Minority shareholders in DMC will be able to exercise their voting rights, however, those votes will no longer collectively control DMC.

Finally, if the Revised Cape Lambert Offer closes, there is the risk that the DMC share price may fall below the Revised Cape Lambert Offer price of \$0.53 per DMC share (albeit that the conditional Revised Meijin Offer remains).

### **What are the intentions of the DMC Directors?**

In the absence of a superior offer, the DMC Directors intend to **ACCEPT** the Revised Cape Lambert Offer towards the end of the Revised Cape Lambert Offer period for:

- (a) their existing shares; and
- (b) the shares resulting from the exercise of their options which remain held by them following the financing of the exercise of those options (Note: some directors may have to sell DMC shares on market resulting from the exercise of their options due to financing arrangements entered into with broking houses to finance the exercise of the options).

The DMC Directors intend to exercise all of their options immediately following this announcement.

### **The Revised Cape Lambert Offer is Superior to the Revised Meijin Offer**

The Revised Cape Lambert Offer is considered by the DMC Directors as superior to the Revised Meijin Offer. Although the amount and form of consideration payable to DMC shareholders under both the Revised Cape Lambert Offer and Revised Meijin Offer are the same (\$0.53 per DMC share in cash), the difference between the respective offers is:

- the Revised Cape Lambert Offer is unconditional; whilst
- the Revised Meijin Offer is subject to the following conditions:
  - a minimum acceptance condition of 48,700,000 DMC shares (or 56.1% of existing shares on issue); and
  - no prescribed occurrences (as set out in Schedule 1 of the Takeover Bid Implementation Deed between Meijin and DMC, which was disclosed to ASX on 5 May 2010).

As the Revised Cape Lambert Offer is unconditional, if you accept that offer, you will receive payment on or before the earlier of:

- one month after that offer is accepted; and
- 21 days after the end of the Revised Cape Lambert Offer period (currently being Friday 25 June 2010).

Conversely, the Revised Meijin Offer is conditional and therefore payment would not be made under that offer until the conditions are either satisfied or waived. Additionally, there is no certainty that the conditions will be satisfied or waived. Shareholders should note however that Meijin can revise the terms of its offer to be more favourable at anytime, including after the Revised Cape Lambert Offer closes (if not extended). Meijin has not indicated if it will revise its offer and may choose not to do so.

Your DMC Directors note that they are open to discussions with both Cape Lambert and Meijin on any alternative proposal or the receipt of an alternative third party proposal.

If you have any questions regarding the Revised Cape Lambert Offer, please contact the DMC Shareholder Information Line on 1800 606 449 (from within Australia) or + 61 2 8256 3382 (from outside Australia).

On behalf of the DMC Directors, I thank you for your support of the Company over the last few months.

Yours sincerely  
**DMC Mining Limited**

**David Sumich**  
**Managing Director**