



DMC MINING LIMITED

NOTICE OF GENERAL MEETING

– and –

EXPLANATORY STATEMENT

– and –

PROXY FORM

DATE AND TIME OF MEETING:
29 January 2009 at 9.00am

VENUE:
The Celtic Club
48 Ord Street, West Perth, Western Australia 6005

These documents should be read in their entirety. If shareholders are in any doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor.

DMC Mining Limited
ABN 38 121 513 620

CONTENTS

Notice of Meeting	2
Explanatory Statement	5
Proxy Form.....	9
Annexure A.....	11

NOTICE OF MEETING

Notice is hereby given that the General Meeting of the members of DMC Mining Limited ("DMC" or the "Company") will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia 6005, at 9.00am, 29 January 2009.

The Explanatory Statement that accompanies and forms part of this Notice of Meeting describes in more detail the matters to be considered.

AGENDA

SPECIAL BUSINESS

1. **Ordinary Resolution 1: Ratification of Allotment and Issue of Options Issued to Dempsey Resources Pty Ltd**

To consider and if thought fit to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the allotment and issue of 3,200,000 \$0.15 Options to Dempsey Resources Pty Ltd and otherwise on the terms set out in the Explanatory Statement accompanying this Notice of Meeting."

Voting Exclusion Statement – Resolution 1

In accordance with Listing Rule 7.5.6, the Company will disregard any votes cast on resolution 1 by:

- Dempsey Resources Pty Ltd; and
- any associate of Dempsey Resources Pty Ltd.

However the Company need not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

DMC Mining Limited

ABN 38 121 513 620

PROXIES

1. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote instead of the member. If two proxies are appointed, and a member does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half the votes. A proxy need not be a member of the Company.
2. In order to vote on behalf of a company that is a shareholder of DMC a valid Power of Attorney in the name of the attendee, must be either lodged with the Company prior to the Meeting, or be presented at the Meeting before registering on the attendance register for the Meeting.
3. Forms to appoint proxies, and the Power of Attorney (if any) under which they are signed, must be lodged at the registered office of the Company, at Level 3, 1060 Hay Street, West Perth WA 6005, or by facsimile (61 8) 9486 1718 not less than 48 hours before the time of the Meeting or resumption of an adjourned meeting at which the person named in the instrument proposes to vote.
4. An instrument appointing a proxy:
 - a) shall be in writing under the hand of the appointor or of his attorney, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney;
 - b) may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument;
 - c) shall be deemed to confer authority to demand or join in demanding a poll; and
 - d) shall be in such form as the Directors determine and which complies with Section 250A of the Corporations Act 2001 and the Listing Rules;

EXPLANATORY STATEMENT

The accompanying Explanatory Statement forms part of this Notice of General Meeting and should be read in conjunction with it.

VOTING EXCLUSION

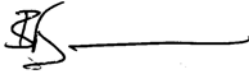
Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

DMC Mining Limited
ABN 38 121 513 620

ATTENDANCE AND VOTING ELIGIBILITY

For the purpose of regulation 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the Directors have determined that Shares held at 5.00pm WST on Tuesday, 27 January 2009 will be taken, for the purposes of this General Meeting, to be held by the persons who held them at that time.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to be 'BF', followed by a long horizontal line extending to the right.

Bruce Franzen
Company Secretary

Dated: 19 December 2008

Explanatory Statement

INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders of DMC Mining Limited (“**DMC**” or the “**Company**”) in connection with Resolution 1 of the General Meeting of members to be held at The Celtic Club, 48 Ord Street, West Perth WA 6005, at 9.00am, 29 January 2009.

This Explanatory Statement should be read in conjunction with the accompanying Notice of Meeting.

1. RESOLUTION 1: RATIFICATION OF ALLOTMENT AND ISSUE OF OPTIONS TO DEMPSEY RESOURCES PTY LTD

On 10 December 2008 the Company entered into a Convertible Note Deed with Dempsey Resources Pty Ltd in relation to the provision of \$2,000,000 in funding. Pursuant to the Convertible Note Deed the Company is required as further consideration to allot and issue 5,000,000 Options exercisable at \$0.15 on or before 30 June 2010. On 15 December 2008 the Company granted 3,200,000 options exercisable at \$0.15 to Dempsey Resources on the terms and conditions contained in Annexure A.

ASX Listing Rule 7.1 (summarised in section 2.1) requires a listed company to obtain shareholder approval prior to the issue of shares, or securities convertible into shares, representing more than 15% of the issued capital of that company in any 12 month period.

ASX Listing Rule 7.4 (detailed in section 2.2) allows a company to ratify securities in order to reinstate the Company’s capacity to issue up to 15% of its issued securities without Shareholder approval in any 12 month period.

Resolution 1 seeks Shareholder ratification pursuant to Listing Rule 7.4 of the issue of 3,200,000 \$0.15 Options to Dempsey Resources as further consideration pursuant to the Convertible Note Deed referred to above.

1.1 ASX Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the Ratification:

- 3,200,000 \$0.15 Options were allotted and issued to Dempsey Resources, who is not a related party of the Company;
- the \$0.15 Options were issued to Dempsey Resources on 15 December 2008;
- the \$0.15 Options were issued for nil consideration;
- once exercised the \$0.15 options will rank equally with the Company’s Existing Shares;
- no funds are raised by the issue of \$0.15 options to Dempsey Resources other than funds provided under the Convertible Note Deed. Once these \$0.15 Options are exercised the funds will be applied to funding exploration on the Mayoko Iron Ore Project and as working capital of the Company;
- the terms and conditions of the \$0.15 Options are contained in Annexure A to this Explanatory Statement; and
- a voting exclusion statement is contained in the Notice.

DMC Mining Limited

ABN 38 121 513 620

2. REGULATORY REQUIREMENTS

2.1 ASX Listing Rule 7.1

Under Chapter 7 of the Listing Rules there are limitations on the capacity of a company to enlarge its capital by the issue of equity securities without shareholder approval. The limitation is to 15% of a company's capital in any 12 month period.

Listing Rule 7.1 provides that a company must not, without shareholder approval, subject to certain exceptions, issue during any 12 month period any equity securities, or other securities with rights of conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

As the proposed issue of Options under Resolution 1 will result in an issue of more than 15% of the Company's capital in a 12 month period, shareholder approval is required under Listing Rule 7.1 for the issue of Options under Resolution 1. However, pursuant to Listing Rule 7.2, if Listing Rule 10.11 or 7.4 shareholder approval is being sought, approval under Listing Rule 7.1 is not required.

Accordingly, as Listing Rule 7.4 shareholder approval is sought for Resolution 1 approval under Listing Rule 7.1 is not required for Resolution 1.

Following the approval of the issue of these Options referred to above, the Company will still have the capacity to issue 15% of its expanded share capital over the next 12 months as these options once issued will be excluded from the calculation under Listing Rule 7.1.

2.2 ASX Listing Rule 7.4

As outlined in section 2.1 of this Explanatory Statement chapter 7 of the Listing Rules limits the capacity of a company to enlarge its share capital by the issue of equity securities without shareholder approval. That limit being 15% of a company's share capital in any 12 month period. ASX Listing Rule 7.4 sets out an exception to Listing Rule 7.1. This rule provides that where a company in general meeting ratifies a previous issue of securities made without shareholder approval under ASX Listing Rule 7.1, those securities shall be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1.

On 15 December 2008, the Company granted 3,200,000 Options to Dempsey Resources Pty Ltd as consideration pursuant to the Convertible Note Deed entered into between the Company and Dempsey Resources Pty Ltd. At the time of issue these issues did not cause the Company to exceed the 15% limit.

The Company now seeks approval under Resolution 1 to exclude this issue from the calculation for the issue of further securities in a 12 month period pursuant to Listing Rule 7.4. The rule allows a company to obtain subsequent approval for an issue of securities and thereby have the issue treated for the purpose of Listing Rule 7.1 as if it had received prior approval.

DMC Mining Limited
ABN 38 121 513 620

ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders should read this Explanatory Statement carefully before deciding how to vote on each Resolution.

Attached to the Notice of Meeting is a proxy form for use by Shareholders. Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, to complete, sign and return the proxy form to the Company in accordance with the instructions contained in the proxy form and the Notice of Meeting. Lodgement of a proxy form will not preclude a shareholder from attending and voting at the Meeting in person.

Enquiries

All enquiries in relation to the contents of the Notice of Meeting or Explanatory Statement should be directed to the Company's Managing Director, Mr David Sumich or Executive Director/Company Secretary, Mr Bruce Franzen (telephone: +61 8 9486 1909).

DMC Mining Limited
ABN 38 121 513 620

3. GLOSSARY OF TERMS

In this Explanatory Statement:

“ACN”	Australian Company Number
“ASIC”	Australian Securities and Investments Commission.
“ASX”	ASX Limited (ACN 008 624 691)
“ASX Listing Rules” or “Listing Rules”	The Official Listing Rules of ASX as amended from time to time.
“Corporations Act”	The Corporations Act 2001 (Commonwealth).
“Dempsey Resources”	Dempsey Resources Pty Ltd (ACN 100 305 486)
“Director”	A director of DMC.
“DMC” or “Company”	DMC Mining Limited (ABN 38 121 513 620).
“Existing Shares”	The 43,687,607 issued fully paid Shares in the Company currently on issue.
“Explanatory Statement”	This explanatory statement accompanying the Notice.
“Options”	An option to subscribe for a Share and otherwise on the terms set out in Annexure “A” to this Explanatory Statement.
“Meeting or General Meeting”	The General Meeting of the Company to be held on 29 January 2009.
“Notice of Meeting or Notice”	The notice convening the Meeting, which accompanies this Explanatory Statement.
“Registered Office”	Level, 3, 1060 Hay Street, West Perth WA 6005
“Resolution”	The Resolution in the Notice of Meeting.
“Share”	A fully paid ordinary share in the capital of the Company.
“Shareholder”	The registered holder of a Share in the Company.
“WST”	Western Standard Time in Australia
“\$0.15 Options”	the Options exercisable at \$0.15 and on the terms and conditions set out in Annexure A.

DMC Mining Limited
 ABN 38 121 513 620

PROXY FORM

I/We _____ Of _____	The Secretary DMC Mining Limited PO Box 1191 WEST PERTH WA 6872
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being a member/members of DMC Mining Limited (**the “Company”**) hereby appoint

_____ of _____
 Print proxy's name in full
 of _____
 print proxy's address
 and (if you wish to appoint two proxies) _____
 print second proxy's name in full
 of _____
 print second proxy's address

or, in the proxy's/proxies' absence or if no other appointee is mentioned, the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at **The Celtic Club, 48 Ord Street, West Perth, Western Australia 6005, at 9.00am, 29 January 2009** and at any adjournment of that meeting in respect ofof my/our shares or, failing any number being specified, ALL of my/our shares.

If you do not wish to direct your proxy how to vote, please place a mark in the box. By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.	<input type="checkbox"/>
Proxies appointing the Chairman which do not specify the way in which the proxy is to vote on a particular resolution will be recorded as voting in favour of the resolution.	

If you wish to indicate how your proxy is to vote, please tick the appropriate places below. If no indication is given on a resolution, the proxy may abstain or vote at his or her discretion.

I/We direct my/our proxy to vote as indicated below:

ORDINARY BUSINESS RESOLUTION	FOR	AGAINST	ABSTAIN
1. Ratification of Allotment and Issue of Options to Dempsey Resources Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Note: 1. If you have appointed two proxies the proportion of your voting rights allocated to each proxy is:
 Proxy No. 1 _____% Proxy No. 2 _____%.
 2. If the appointment of a proxy is signed by the appointor's attorney, this form must be accompanied by the authority under which the appointment was signed, or a certified copy of the authority.

The completed Form of proxy must be received by the Company by the methods set out below by no later than 48 hours before the commencement of the meeting (i.e. no later than 9.00am (WST) on 27 January 2009:

- (a) Mailed to the address on this form; or
- (b) Faxed to the Company on (08) 9486 1718.

Any proxy received after that time will not be valid for the scheduled meeting.

DMC Mining Limited

ABN 38 121 513 620

PROXY FORM

Signed this day of 2009

If a natural person:

SIGNED

in the presence of:

by)

)

)

(Signature)

(Signature of Witness)

(Name of Witness in full)

If a Company:

EXECUTED

in accordance with s127 of the Corporations

Act:

)

)

)

)

(Signature of Secretary/other Director)

(Signature of Director/Sole Director)

(Name of Secretary/other Director in full)

(Name of Director/Sole Director in full)

PROXY VOTES

A vote given in accordance with the terms of an instrument or proxy is valid notwithstanding the previous death or unsoundness of mind of the principal, the revocation of the instrument (or the authority under which the instrument was executed), or the transfer of the Share in respect of which the instrument or power is given, if no intimation in writing of the death, unsoundness of mind, revocation or transfer has been received by the Company at the Registered Office before the commencement of the Meeting or adjourned Meeting at which the instrument is used or the power is exercised.

REPRESENTATIVES OF CORPORATE SHAREHOLDERS

A body corporate ("the Appointor") that is a Shareholder may authorise, in accordance with Section 250D of the Corporations Act 2001, by resolution of its Directors or other governing body such person or persons as it may determine to act as its Representative at any Meeting of the Company or of any class of Shareholders. A person so authorised shall be entitled to exercise all the rights and privileges of the Appointor as a Shareholder. When a Representative is present at a Meeting of the Company, the Appointor shall be deemed to be personally present at the Meeting unless the Representative is otherwise entitled to be present at the Meeting.

DMC Mining Limited
ABN 38 121 513 620

Annexure A

Terms of the \$0.15 Options

On 15 December 2008 the Company issued 3,200,000 (three million two hundred thousand) \$0.15 Options with an Exercise Price \$0.15 each exercisable on or before 30 June 2010 to Dempsey Resources on the following terms:

- (a) Each option will lapse if not exercised on or before the 30 June 2010 ("Expiry Date").
- (b) Each option shall entitle the holder to subscribe for and to be allotted one share in the capital of the Company upon exercise of the Option and payment to the Company of the Exercise Price.
- (c) An option may be exercised by the option holder at any time up to 5pm WST 30 June 2010 by sending a completed and signed notice of exercise, together with the payment of the Exercise Price and the statement for the option, to the Company's Share Registry. If the option holder holds more than one option, the options may be exercised in whole or in part.
- (d) A notice of exercise is only effective when the Company has received the full amount of the Exercise Price (\$0.15 per option) in cash or cleared funds.
- (e) Subject to any restrictions in the ASX Listing Rules, within 14 days of receipt of a properly executed notice of exercise and the required application moneys, the number of shares specified in the notice will be allotted.
- (f) Each statement will bear a suitable form of notice of exercise of the options, endorsed on the back of the statement, for completion by the option holder (if required). If the options comprised in any such statement are exercised in part only, before the Expiry Date, the Company will issue the option holder with a fresh statement for the balance of the options held and not yet exercised.
- (g) The period during which the options may be exercised will not be extended.
- (h) The option holder is not entitled to participate in new issues of securities offered to shareholders. The option holder can participate in new issues of securities offered to shareholders if the option is exercised at least 10 business days before the relevant record date for that new issue.
- (i) If from time to time before the expiry of the options the Company makes an issue of Shares to the holders of Shares by way of capitalisation of profits or reserves (a "bonus issue"), other than in lieu of a dividend payment, then upon exercise of an option the option holder will be entitled to have issued to it, in addition to the Shares which it is otherwise entitled to have issued to it upon such exercise, additional shares in the Company. The number of additional Shares is the number of Shares which would have been issued to it under that bonus issue ("bonus shares") if on the date on which entitlements were calculated it had been registered as the holder of the number of Shares which it would have been registered as holder if immediately before that date it had exercised its options. The bonus shares will be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank equally in all respects with the other Shares allotted upon exercise of the options.
- (j) In the event of any reconstruction (including consolidation, subdivision, reduction, cancellation or return) of the issued capital of the Company before the expiry of any options, all rights of the option holder, will be reconstructed (as appropriate) in accordance with the Listing Rules applying to a re-organisation of capital at the time of the re-organisation.
- (k) Shares allotted pursuant to the exercise of the options will rank equally with the then issued Shares of the Company.

DMC Mining Limited
ABN 38 121 513 620

- (l) Should the Company at any time over the life of the option be readmitted to the ASX and an option holder exercises options post the readmission date, the Company undertakes to apply for official quotation by ASX of all Shares allotted pursuant to the exercise of any options, within 10 business days of the date of allotment of those Shares.
- (m) Other than as referred to above, the option does not confer the right to a change in Exercise Price, or a change to the number of underlying securities over which it can be exercised.