

DMC MINING LIMITED
ABN 38 121 513 620
AND CONTROLLED ENTITIES

Half-Year Financial Report
31 December 2008 .

DMC MINING LIMITED
ABN 38 121 513 620
AND CONTROLLED ENTITIES

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**DMC MINING LIMITED
ABN 38 121 513 620
AND CONTROLLED ENTITIES**

CORPORATE DIRECTORY

DIRECTORS

David Sumich
(Managing Director)

Kim Bischoff
(Non-Executive Director)

Bruce Franzen
(Non-Executive Director)

COMPANY SECRETARY

Dean Scarparolo

REGISTERED OFFICE

Level 3, 1060 Hay Street
WEST PERTH WA 6005
Telephone: (08) 9486 1909
Facsimile: (08) 9486 8876

AUDITORS

Mack & Co
Chartered Accountants
2nd Floor, 35 Havelock Street
WEST PERTH WA 6005

LAWYERS

Price Sierakowski
Level 24, St Martin's Tower
44 St Georges Terrace
PERTH WA 6000

SHARE REGISTRAR

Security Transfer Registrars
770 Canning Highway
APPLECROSS
WA 6153
Telephone: (08) 9315 2333
Facsimile: (08) 9315 2233

STOCK EXCHANGE LISTING

Australian Stock Exchange
(Home Exchange: Perth, Western Australia)
Code: DMM, DMMO

DMC MINING LIMITED
ABN 38 121 513 620
AND CONTROLLED ENTITIES

HALF-YEAR FINANCIAL REPORT

DIRECTORS' REPORT

Your directors submit the financial report of the Company for the half-year ended 31 December 2008.

DIRECTORS

The names of Directors who held office during or since the end of the half year:

David Sumich
Bruce Franzen
Kim Bischoff (appointed 16 December 2008)
William Witham (resigned 10 December 2008)

RESULTS

The loss after tax for the half year ended 31 December 2008 was \$1,780,648 (31 December 2007 \$203,359).

REVIEW OF OPERATIONS

Summary

DMC's primary operational focus is the preparation of a pre feasibility study on the Mayoko Iron Ore Project located in The Republic of Congo. During the half year ended 31st December 2008, the company made substantial progress.

Corporate

During the half year, the Company successfully completed two capital raisings. Firstly, during August, the Company raised A\$1.25 million via the issue of 2.5 million shares, then subsequently in December the Company raised A\$2 million via the issue of a secured Convertible Note.

Given the extraordinarily difficult times in the world financial markets during the half year, these capital raisings, albeit relatively small, are testament to the strong corporate interest shown in the Mayoko Project together with it's set of unique positive attributes.

The company has received formal interest from a number of strategic and industry participants with a view to a long term funding partnership with DMC. A number of the interested parties have conducted on-site inspections of the Mayoko project. These discussions are ongoing.

On August 1st 2008 DMC announced the historic signing of the Convention between The Republic of Congo ("ROC") and DMC Iron Congo SARL (DMC 80%) in relation to mining and prospecting for iron ore within the Mayoko Iron Ore Project. The ROC and DMC have finalised this Convention in order to specify the legal, administrative, technical, economic, financial and social conditions governing the implementation of works in relation to the Mayoko Iron Ore Project

DMC is very pleased to have appointed Mr Kim Bischoff to the Board of Directors. Mr Bischoff bring substantial experience to the company in terms of exploration and development of resource projects.

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HALF-YEAR FINANCIAL REPORT

DIRECTORS' REPORT (Continued)

Mr William Witham resigned from the Board of Directors during the half year.

On 31st December 2008, Mr Bruce Franzen resigned as DMC's Company Secretary and Mr Dean Scarparolo, was appointed as the Company's Secretary.

Operations

The Mayoko field operations continued during the half year. Results from initial screening and beneficiation testwork were released, indicating the Mayoko Project can produce a DSO iron product. In addition the field exploration team has established a permanent exploration camp at the town of Mayoko and concurrently carried out surveying, trenching, geological mapping and sampling and drill site preparation at Mt Lekoumou and on strike extensions to the east at Mt Mipoundi.

The Mayoko Iron Ore Project is unique in having access to existing bulk haulage railway and port facilities. The Mayoko project is of strategic importance to the government of The Republic of Congo and to the surrounding communities and DMC has received significant government support to advance the project.

The company has continued early stage discussions with the relevant rail and port authorities

AUDITORS INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 4 for the half year ended 31 December 2008.

This report is signed in accordance with a resolution of the Board of Directors.



David Sumich
Managing Director

Dated this 16th day of March 2009

**DMC MINING LIMITED
ABN 38 121 513 620
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**AUDITORS INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF DMC MINING LIMITED**

I declare that to the best of my knowledge and belief, during the half year ended 31 December 2008 there have been:

- a. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- b. no contraventions of any applicable code of professional conduct in relation to the review.

Mack & Co

Mack & Co
Chartered Accountants
2nd Floor, 35 Havelock Street
WEST PERTH WA 6005

N A Calder

N A Calder
Partner

Date: *MARCH 16 2009*

DMC MINING LIMITED
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CONSOLIDATED INCOME STATEMENT
For the Half-Year Ended 31 December 2008

	Half Year 31 December 2008 A\$	Half Year 31 December 2007 A\$
Interest Income	22,601	66,895
Financial expenses	(167,421)	(1,358)
Travel and accommodation	(77,568)	(433)
Administration expenses	(756,498)	(166,283)
Salaries and employee benefits	(1,615,805)	(18,249)
Exploration write off	(24,540)	(83,578)
Foreign Currency adjustments	850,878	-
Depreciation	(12,595)	(353)
Loss before income tax	(1,780,948)	(203,359)
Income tax expense	-	-
Loss for the period	(1,780,948)	(203,359)
Loss is attributable to:		
Equity holders of DMC Mining Limited	(1,878,685)	(203,359)
Minority Interest	97,737	-
Loss before income tax	(1,780,948)	(203,359)
Basic loss per share (cents)	(4.19)	(0.77)
Diluted loss per share (cents)	(4.19)	(0.77)

The accompanying notes form part of this financial report.

DMC MINING LIMITED
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CONSOLIDATED BALANCE SHEET
As at 31 December 2008

	Note	As at 31 December 2008 A\$	As at 30 June 2008 A\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		1,995,869	1,022,757
Trade and other receivables		58,936	72,534
Other Assets		-	33,303
TOTAL CURRENT ASSETS		2,054,805	1,128,594
NON-CURRENT ASSETS			
Property, plant and equipment		125,401	65,237
Exploration Assets		20,178,154	14,778,166
TOTAL NON-CURRENT ASSETS		20,303,555	14,843,403
TOTAL ASSETS		22,358,360	15,971,997
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		214,934	624,740
Convertible note		2,000,000	-
Provisions		49,064	15,050
TOTAL CURRENT LIABILITIES		2,263,998	639,790
TOTAL LIABILITIES		2,263,998	639,790
NET ASSETS		20,094,362	15,332,207
EQUITY			
Issued Capital	2	11,630,459	10,461,882
Option Reserve	2	7,885,801	6,189,451
Foreign Exchange Reserve		3,669,015	-
Accumulated (losses)		(3,197,811)	(1,319,126)
Capital and reserves attributable to members of DMC Mining Limited		19,987,464	15,332,207
Minority interest		106,898	-
TOTAL EQUITY		20,094,362	15,332,207

The accompanying notes form part of this financial report.

DMC MINING LIMITED
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Half-Year Ended 31 December 2008

	Issued Capital	Accumulated Losses	Option Reserve	Foreign Exchange Translation Reserve	Minority Interest	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2008	10,461,882	(1,319,126)	6,189,451	-	-	15,332,207
Profit / (Loss) for the period	-	(1,878,685)	-	-	97,737	(1,780,948)
Shares issued during the period	1,417,050	-	-	-	-	1,417,050
Options issued during the period	-	-	1,696,350	-	-	1,696,350
Options exercised during the period	232,143	-	-	-	-	232,143
Foreign Exchange Adjustments	-	-	-	3,669,015	-	3,669,015
Transaction costs	(480,616)	-	-	-	-	(480,616)
Minority Interest	-	-	-	-	9,161	9,161
Balance at 31 December 2008	11,630,459	(3,197,811)	7,885,801	3,669,015	106,898	20,094,362

	Issued Capital	Accumulated Losses	Option Reserve	Foreign Exchange Translation Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2007	211,370	(16,454)	-	-	194,916
Profit / (Loss) for the period	-	(203,359)	-	-	(203,359)
Shares issued during the period	2,630,175	-	-	-	2,630,175
Options issued during the period	-	-	132,250	-	132,250
Options exercised during the period	-	-	(9)	-	(9)
Transaction costs	(280,834)	-	-	-	(280,834)
Balance at 31 December 2007	2,560,711	(219,813)	132,241	-	2,473,139

The accompanying notes form part of this financial report.

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CONSOLIDATED CASH FLOW STATEMENT
For the Half-Year Ended 31 December 2008

	Half Year 31 December 2008 A\$	Half Year 31 December 2007 A\$
Cash flows from operating activities		
Payments to suppliers and employees	(1,361,372)	(313,597)
Payments for Exploration and Evaluation	(1,040,739)	(180,416)
Interest received	23,763	65,496
Net cash flows used in operating activities	(2,378,348)	(428,517)
Cash Flows from investing activities		
Payments for Project Acquisitions	(92)	(71,757)
Payments for plant and equipment	(52,092)	(3,255)
Net Cash Flows used in investing activities	(52,184)	(75,012)
Cash flows from financing activities		
Proceeds from issue of ordinary shares/exercise of options	1,511,160	2,762,417
Capital raising costs	(95,615)	(197,117)
Convertible note	2,000,000	-
Refund of application monies	-	(2,772,200)
Net cash flows from financing activities	3,415,545	(206,900)
Net increase / (decrease) in cash held	985,013	(710,429)
Cash at the beginning of the half year	1,022,757	2,896,195
Effects of exchange rate on cash	(11,901)	-
Cash at the end of the half year	1,995,869	2,185,766

The accompanying notes form part of this financial report.

DMC MINING LIMITED
ABN 33 114 400 609
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NOTES TO THE FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2008

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2008 and any public announcements made by DMC Mining Limited and its controlled entities during the half-year in accordance with the continuous disclosure requirements arising under the Corporations Act 2001.

The half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the company as in the full financial report.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2008 annual financial report for the financial year ended 30 June 2008.

In the half-year ended 31 December 2008, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2008.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Going Concern

The half year report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The ability of DMC Mining Limited and its controlled entities (the consolidated entity) to continue as a going concern is dependent on the consolidated entity being able to raise additional funds as required to meet ongoing exploration commitments and for working capital.

It is the intention of management to engage in extensive fund raising activities concurrent to the execution of planned Mayoko Field operations, with the aim of raising sufficient working capital to repay the \$2m convertible note to Dempsey Resources Pty Ltd, and further undertake an accelerated field work programme at the Company's key asset – Mayoko Iron Ore Project in the Republic of Congo.

DMC MINING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2008

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The directors believe that they will be able to raise additional capital as required and are in the process of evaluating the consolidated entity's cash requirements. The directors believe that the consolidated entity will continue as a going concern. As a result the financial report has been prepared on a going concern basis. However should the consolidated entity be unsuccessful in undertaking additional capital raisings the consolidated entity may not be able to continue as a going concern.

Exploration and Evaluation Expenditure

The recoverability of the carrying amount of the exploration and development assets is dependent on the successful development and commercial exploitation or alternatively sale of the respective areas of interest.

2. ISSUED CAPITAL

	Consolidated	
	As at 31 December 2008	As at 30 June 2008
	\$	\$
Ordinary shares	11,630,459	10,461,882
Options	7,885,801	6,189,451
	19,516,260	16,651,333
	No.	\$
(a) Movements in ordinary shares on issue		
At 1 July 2008	39,700,307	10,461,882
Shares issued	2,882,000	1,417,050
Options Exercised	1,105,300	232,143
Capital raising costs		(480,616)
At 31 December 2008	43,687,607	11,630,459
(b) Movements in options on issue		
At 1 July 2008	23,408,026	6,189,451
Options issued	2,000	50
Share Based payments (i)	-	602,549
Share Based payments (ii)	4,600,000	499,741
Share Based payments (iii)	(1,150,000)	605,092
Options Exercised	(1,105,300)	(11,082)
At 31 December 2008	25,754,726	7,885,801

(i) This relates to options that were issued in previous periods and are being expensed in accordance with vesting conditions.

(ii) During the period a total of 4,600,000 unlisted options were issued and are being expensed in accordance with vesting conditions.

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NOTES TO THE FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2008

2. ISSUED CAPITAL (continued)

In valuing all these options the fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Details of the options issued are;

- (a) 1,250,000 unlisted options(with no vesting conditions) exercisable at \$0.65 on or before 30/6/10
The assessed fair value at grant date of these options granted during the half year was \$0.31 per option
- (b) 150,000 unlisted options(with vesting conditions) exercisable at \$0.60 on or before 15/9/11
The assessed fair value at grant date of these options granted during the half year was \$0.39 per option
- (c) 3,200,000 unlisted options(with no vesting conditions) exercisable at \$0.15 on or before 30/6/10
The assessed fair value at grant date of these options granted during the half year was \$0.03 per option

The model inputs for these options granted during the half year included;

	(a)	(b)	(c)
Underlying Security spot price	\$0.57	\$0.58	\$0.08
Exercise price	\$0.65	\$0.60	\$0.15
Issue date	21/8/08	22/9/08	15/12/08
Expiration date	30/6/10	15/9/11	30/6/10
Life of the Options	1.858	2.981	1.54
Volatility	110%	110%	110%
Risk free rate	5.69%	5.60%	3.08%
Dividend rate	Nil	Nil	Nil

iii) During the period a total of 1,150,000 unlisted options were cancelled and were expensed in accordance with vesting conditions.

3. COMMITMENTS

(a) Exploration commitments

In order to maintain current rights of tenure to mining tenements, the company has the following discretionary exploration expenditure requirements up until expiry of leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable:

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NOTES TO THE FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2008

3. COMMITMENTS (continued)

	Consolidated
	As at 31 December 2008
	\$
Not longer than 6 months	35,000
Between 6 and 12 months	35,000
Between 12 and 18 months	35,000
	<u>105,000</u>

If the Company decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the balance sheet may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

(b) Corporate commitments

	Consolidated
	As at 31 December 2008
	\$
Not longer than 6 months	357,510
Between 6 and 12 months	319,990
Between 12 and 18 months	298,792
	<u>976,292</u>

The Company entered into a six month lease on commercial terms for serviced office accommodation at Level 3, 1060 Hay St West Perth WA.

DMC Iron Congo SARL renewed its 12 month lease on commercial terms for office accommodation at Pointe Noire, Republic of Congo.

The Company maintains an operating lease on commercial terms for provision of a fully maintained photocopier/printer/fax/scanner at its offices in West Perth.

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NOTES TO THE FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2008

3. COMMITMENTS (continued)

(c) Convertible Note interest

	Consolidated
	As at 31 December 2008
	\$
Not longer than 6 months	132,164
Between 6 and 12 months	107,836
Between 12 and 18 months	-
	240,000

4. SEGMENTAL REPORTING

Geographical Segments

The following table presents the revenue and profit information regarding geographical segments for the half-year periods ended 31 December 2008.

	Continuing Operations				Total
	Australia	Africa	Other	Eliminations	
	\$	\$	\$	\$	\$
31 December 2008					
Segment revenue	22,556	45	-	-	22,601
Segment results	1,364,801	488,686	-	-	1,853,487
31 December 2007					
Segment revenue	66,895	-	-	-	66,895
Segment results	(119,780)	(72,797)	(10,782)	-	(203,359)

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NOTES TO THE FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2008

5. SIGNIFICANT TRANSACTIONS

On 10 December 2008 DMC Mining Limited ("DMC") announced it had entered into a secured convertible note agreement with Dempsey Resources Pty Ltd ("Dempsey") whereby Dempsey agreed to subscribe to a \$2,000,000 Convertible Note for a 12 month period.

Under the terms of the agreement, Dempsey has the right before the repayment date of 10th December 2009 to convert the Note into ordinary shares in DMC, subject to the approval by DMC shareholders. The conversion price will be the lesser of \$0.10 and, the volume weighted average closing price of the DMC's Ordinary Shares as quoted on ASX over the last five (5) trading days immediately preceding the delivering of a Conversion Notice by Dempsey to DMC.

DMC has agreed to pay interest at a rate of 12% pa on the convertible note. In addition, consideration to Dempsey for subscribing for the Note is to be issued in the form of 5,000,000 unlisted options which can be exercised at \$0.15 on or before 30th June 2010.

On 15 December 2008, 3,200,000 unlisted options, 15c each, expiry 30 June 2010 were granted by DMC to Dempsey with the balance of 1,800,000 unlisted options, 15c each, expiry 30 June 2010 being granted on 3 February 2009.

DMC undertakes to the Noteholder that neither it nor any of its Subsidiaries will cause or permit any capital raising whatsoever in the Company's Group whether by way of debt (including any Financial Indebtedness) or equity or otherwise, without the prior written approval of the Noteholder.

It is the intention of management to engage in extensive fund raising activities concurrent to the execution of planned Mayoko Field operations, with the aim of raising sufficient working capital to repay the \$2m convertible note to Dempsey Resources Pty Ltd, and further undertake an accelerated field work programme at the Company's key asset - Mayoko Iron Ore Project in the Republic of Congo.

6. CONTINGENT ASSETS AND LIABILITIES

There are no material contingent assets and liabilities that exist as at reporting date.

7. EVENTS SUBSEQUENT TO REPORTING DATE

The Company has recently received (11 March 2009) an independent valuation report (Report) on the Mayoko Iron Ore Project (Project) prepared by Al Maynard and Associates Pty Ltd. The Report has valued the Project in a range of US\$6,240,000 and US\$11,150,000. This would indicate, based on the carrying value of the Project as at 31 December 2008 of A\$19,929,000, that the carrying value of the Project may be impaired between a arrange of A\$3,769,000 to A\$10,885,000. However, given the timing of the Report, the directors have not had the opportunity to review its contents prior to the lodgement of the company's half year financial report. Accordingly no adjustments have been made to the financial statements for the period ended 31 December 2008. The directors will consider the Report as a matter of priority and its impact on the company including any changes to the 30 June 2009 financial statements.

There are no material subsequent events that exist as at reporting date other than the above paragraph and the 1,800,000 unlisted options (15c each, expiry 30 June 2010) granted on 3 February 2009 to Dempsey Resources Pty Ltd as detailed in note 5 above.

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NOTES TO THE FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2008

8. DIVIDENDS

No dividends have been paid or provided for as at reporting date.

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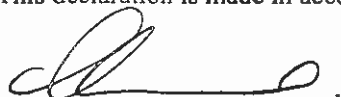
NOTES TO THE FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2008

DIRECTORS DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 15:
 - (a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the Consolidated Entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



David Sumich
Managing Director

Dated this 16th day of March 2009

DMC MINING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2008

INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF DMC MINING LIMITED

Report on the Half year Financial Report

We have reviewed the half year financial report of DMC Mining Limited and Controlled Entities (the consolidated entity) which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half year ended on that date, a statement of accounting of accounting policies, other selected explanatory notes and the directors' declaration for the half year.

Director's Responsibility for the Half year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half year financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. Our review has been conducted in accordance with Auditing Standards on Review Engagements ASRE 2410 Review on an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001. As the auditor of the consolidated entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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NOTES TO THE FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2008

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of DMC Mining Limited and Controlled Entities is not in accordance with the Corporations Act 2001 including:

- A. giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half year ended on that date; and
- B. complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. As a result of matters described in Note 1 to the financial report relating to Going Concern, there is material uncertainty whether the Company and its controlled entities will be able to continue as going concerns and therefore whether they will be able to pay their debts as and when they fall due and realise their assets and extinguish their liabilities in the normal course of business at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company or the Consolidated Entity not continue as going concerns.

mack & co

Mack & Co
Chartered Accountants
2nd Floor, 35 Havelock Street
WEST PERTH WA 6005

N A Calder

N A Calder
Partner

Date: *MARCH 16 2009*