



DESERT MINES AND METALS LIMITED

ABN 56 123 102 974

24 October 2012

The Manager  
Announcements  
Company Announcements Office  
ASX Limited  
PO Box H224 Australia Square  
SYDNEY NSW 2000

Dear Sir/Madam

**Notice of Annual General Meeting/Proxy Form**

Please note that an error has been detected on the Proxy Form which accompanied the Notice of Annual General Meeting and which was lodged with the ASX Company Announcements Office this morning.

The Proxy Form has now been corrected and is attached hereto, together with the Notice of Annual General Meeting. The Proxy Form has not yet been despatched to shareholders.

Yours sincerely

Eric Moore  
Company Secretary  
Desert Mines and Metals Limited



## DESERT MINES AND METALS LIMITED

ABN 56 123 102 974

### Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Desert Mines and Metals Limited will be held at the Company's office at 271 Great Eastern Highway, Belmont on Friday 23 November 2012 commencing at 11.30 am Western Standard Time to conduct the following business:

**1. Financial Report**

To receive the Financial Report and the reports of the Directors and Auditors for the year ended 30 June 2012.

**2. Resolution 1 - Re-election of Mr Martin Pyle, as a director**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That Mr Martin Pyle, a Director of the Company, who retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."*

**3. Resolution 2 – Adoption of Remuneration Report**

To consider and, if thought fit, to pass the following non-binding resolution as an ordinary resolution:

*"That Shareholders' adopt the Remuneration Report for the year ended 30 June 2012 as disclosed in the 2012 Annual Report."*

*Note – the vote on this resolution is advisory only and does not bind the Directors of the Company.*

**Voting Exclusion Statement**

The Company will disregard any votes cast on this resolution 2 by Key Management Personnel and their Closely Related Parties. The Key Management Personnel of the Company are set out in the Remuneration Report in the Annual Report of the Company.

However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) The voter is appointed as a proxy in writing that specifies the way the proxy is to vote on the Resolution; or
- (b) The voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on the Resolution; and
  - (ii) expressly authorizes the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member a member of the Key Management Personnel or, if the Company is part of a consolidated entity, for the entity.

**4. Resolution 3 – Approval for possible future placement of Shares**

To consider and if thought fit, pass the following resolution as an ordinary resolution:

*"For the purposes of Rule 7.1 of the Listing Rules of the ASX and for all other purposes, that approval be given for the Directors, if they think fit, to issue of up to 20,000,000 ordinary fully paid Shares in the Company at an issue price that is at least 80% of the average Market Price for fully paid ordinary Shares in the Company as determined in accordance with the ASX Listing Rules and otherwise on such terms and conditions referred to in the Explanatory Memorandum accompanying this Notice of General Meeting."*

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## Voting Exclusion Statement

The Company will disregard any votes cast on this resolution 3 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and any associates of such persons. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) 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.

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

## PROXIES

A form of proxy is enclosed herewith. A member who is entitled to attend and vote at a meeting is entitled to appoint a proxy (and a member who is entitled to cast 2 or more votes may appoint not more than two proxies) to attend and vote at the meeting. A proxy need not be a member of the Company. Where a member appoints two proxies, the proportion of the member's voting rights given in favour of each proxy must be specified. Proxies must be received by the Company not later than 48 hours before the meeting. Proxies may be lodged by fax or by post. If faxed, proxy form can be faxed to the following fax number:

Fax number for proxy forms: +61 8 6162 9079

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the Chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the Chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the Chair of the meeting; and

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- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting;
  - the proxy does not vote on the resolution,

the Chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

## ENTITLEMENT TO VOTE

In accordance with regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that members holding ordinary shares held as at 5.00 pm Perth time on 21st November 2012 will be entitled to attend and vote at the Annual General Meeting.

## BY ORDER OF THE BOARD



**E G Moore**  
Company Secretary  
23 October 2012

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## Notice of Annual General Meeting

### Explanatory Memorandum

This Explanatory Memorandum has been prepared for the information of Shareholders of Desert Mines and Metals Limited (“**Desert**” or “**the Company**”) in connection with the business to be conducted at the Annual General Meeting of Shareholders to be held at 271 Great Eastern Highway, Belmont on Friday 23 November 2012 (“the Meeting”) commencing at 11.30 am Western Standard Time.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Annual General Meeting (“**the Notice**”).

The following matters should be noted in respect of the resolutions in the Notice:

#### 1. Financial Report

Appropriate time will be devoted to the consideration of the Financial Report of the Company for the year ended 30 June 2012 and the Directors' and Auditors' reports thereon.

A printed hard copy of the Annual Report which includes the Financial Report, Directors' Report and Auditor's Report for the year ended 30 June 2012, has been sent to all Shareholders who requested it. The Annual Report is available on the Company's website at [www.desertminesandmetals.com.au](http://www.desertminesandmetals.com.au)

#### 2. Resolution 1- Re-election of Mr Martin Pyle as a Director

Clause 11.3 of the Company's Constitution provides that directors must retire at least once every three years on a rotational basis between themselves, and may submit themselves for re-election.

Mr Martin Pyle, who has been a director of the Company since May 2010, will retire by rotation at this Annual General Meeting pursuant to Clause 11.3 of the Company's Constitution and, being eligible for re-election, offers himself for re-election as a director of the Company.

Details regarding Mr Pyle are set out in the Company's 2012 Annual Report.

#### 3. Resolution 2 – Approval of Remuneration Report

In accordance with section 250R(2) of the Corporations Act 2001 the Company presents to shareholders for their consideration and adoption by way of non-binding resolution the Company's Remuneration Report as disclosed in the Directors' Report in the Company's 2012 Annual Report. The Company's 2012 Annual Report has been sent to Shareholders who have made an election to receive the Annual Report. Copies are available by contacting the Company's share register or visiting the Company's web site [www.desertminesandmetals.com.au](http://www.desertminesandmetals.com.au)

The Remuneration Report includes all of the information required by section 300A of the Corporations Act, including:

- (a) board policy for determining, or in relation to, the nature and amount (or value, as appropriate) of remuneration of the key management personnel of the Company;
- (b) discussion of the relationship between such policy and the Company's performance; and
- (c) the prescribed details in relation to the remuneration of each director and certain executives.

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## 2.1 Voting on the Remuneration Report

In accordance with section 250R(4) of the Corporations Act, a vote on the Remuneration Report Resolution must not be cast (in any capacity) by or on behalf of either the following persons:

- (a) a member of the key management personnel, whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above may cast a vote on the Resolution acting as proxy if the vote is not cast on behalf of a person described in (a) or (b) above and:

- (a) the person does so as a proxy appointed in writing that specifies how the proxy is to vote on the Remuneration Report Resolution; or
- (b) the voter is the Chair of the meeting and the appointment of the Chair as proxy:
  - (i) does not specify how the proxy is to vote; and
  - (ii) expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or if the Company is part of a consolidated entity for the entity.

Please note that the form of proxy attached to this notice of meeting expressly authorises the Chair to exercise the proxy where no voting instructions are given even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or if the Company is part of a consolidated entity for the entity.

The Chair intends to cast undirected proxies in favour of Resolution 2.

Shareholders may choose to direct the Chair to vote for or against Resolution 2 or to abstain from voting.

Under the Corporations Act 2001, if 25% or more of the votes that are cast are voted against the adoption of the remuneration report at two consecutive Annual General Meetings (AGM), Shareholders will be required to vote at the second of those AGM's on a resolution ('a spill resolution') that another shareholders' meeting be held within 90 days at which all of the Company's directors (other than the managing director and CEO) must go up for re-election.

Shareholders should note that following a review in September 2012 of the operational and financial requirements and capacities of the Company, and in light of the current depressed market conditions, the board took the decision to reduce the consulting fees to be paid to companies associated with the directors by 66.7%.

The Company pays consulting fees as follows:

- \$15,000 per annum to Holihox Pty Ltd (a company associated with Phillip Jackson) revised down from \$45,000 per annum with effect from 1 October 2012; and
- \$25,000 per annum to Able Kids Pty Ltd (a company associated with Robert Taylor), revised down from \$75,000 per annum with effect from 1 October 2012; and
- \$25,000 per annum to Whitby (2009) Pty Ltd (a company associated with Martin Pyle), revised down from \$75,000 per annum with effect from 1 October 2012.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

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## IMPORTANT NOTE FOR SHAREHOLDERS APPOINTING A PROXY FOR THE MEETING –

The form of proxy accompanying the notice of meeting specifies that if you appoint the Chair of the meeting as your proxy and do not specifically instruct him how to vote then you expressly authorise the Chair to exercise the proxy even though Resolution 2 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or if the Company is part of a consolidated entity for the entity.

Accordingly, if the Chair of the meeting is appointed as your proxy and you **do not** wish the him to cast your vote in favour of Resolution 2, **you will need to tick the “Against” or “Abstain” box next to Resolution 2 in the voting instructions section on the proxy form.**

## 4. Resolution 3– Approval for possible future placement of Shares

### 4.1 Background

The Company seeks prior Shareholder approval under Listing Rule 7.1 for the issue of up to 20,000,000 Shares (**Future Placement**), at an issue price that is at least 80% of the average market price of the Company’s Shares over the last 5 days on which sales of the Company’s Shares are recorded before the date of issue of the Shares for the purposes of the ASX Listing Rules (or if a prospectus or other information statement is issued in relation to the Placement, before the date of signing of that document). “Market price” means the closing price for the Shares on a Trading Platform (as defined in the ASX Listing Rules) (excluding special crossings, overnight sales and exchange traded option exercises) on the relevant five trading days.

The Directors believe that Resolution 3 is in the best interests of the Company giving it the strategic capability and flexibility it may require to take advantage of opportunities as they may arise from time to time and recommend that shareholders vote in favour of it.

### 4.2 Listing Rule 7.1 approval

Listing Rule 7.1 generally permits the Company to issue Equity Securities in any twelve month period representing 15% of the Company’s issued capital. Issues of Equity Securities beyond that level require shareholder approval (or must fall within one of the various exceptions to Listing Rule 7.1).

The Company is seeking shareholders approval to issue up to 20,000,000 Shares should an opportunity arise to make a placement (“**Future Placement**”).

If not authorized by Shareholders in accordance with proposed resolution 3, the Company’s proposed Future Placement, if it were to proceed, would reduce the Company’s ability to issue further Equity Securities to such number as represent 15% of its issued capital under listing rule 7.1 less the number of Future Placement Shares issued (unless one of the exceptions in Listing Rule 7.2 applies).

Shareholder approval of the possible Future Placement is therefore sought pursuant to Listing Rule 7.1 to enable the Company to issue the Placement Shares within 90 days of the meeting while also retaining the ability to issue up to 15% of the issued capital of the Company (in addition to the Future Placement) during the next twelve months without obtaining prior Shareholder approval.

In accordance with Listing Rule 7.3, the following information is provided in relation to the proposed Future Placement:

- (a) **The maximum number of securities the entity is to issue (if known) or the formula for calculating the number of securities the entity is to issue**

20,000,000 Shares (**Placement Shares**).

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- (b) **The date by which the entity will issue the securities (which must be no later than 3 months after the date of the meeting)**

It is anticipated that, subject to Shareholder approval, the Placement Shares will be issued on one date and in any event no later than 90 days after the date of the Annual General Meeting (or by such later date as the ASX may allow).

- (c) **The issue price of the securities**

The issue price must be a price that is at least 80% of the average Market Price of the Company's fully paid ordinary shares over the last 5 days on which sales of the Company's shares are recorded before the day of issue of the Shares for the purposes of the ASX Listing Rules (or if a prospectus or other information statement is issued in relation to the issue before the date of signing of that document).

- (d) **The names of the allottees (if known) or the basis upon which the allottees will be identified or selected**

The identities of the proposed allottees in respect of the Future Placement are not currently known and have not been ascertained. It is expected that the Placement Shares, if the Future Placement proceeds, will be allotted to the clients of the Company's Australian and international brokers, potentially to shareholders and may include new overseas investors. None of the allottees will be related parties of the Company.

- (e) **The terms of the securities**

The Placement Shares will comprise fully paid ordinary Shares of the Company ranking equally with all other ordinary Shares of the Company.

- (f) **The intended use of the funds**

The intended purpose of the Placement is to raise funds for the continued exploration of the Company's tenements and to enhance the Company's business development strategies.

## 4.3

### Dilution

If the Company issues the maximum number of securities pursuant to Resolution 3, there will be a diluting effect on existing Shareholders in accordance with the table below:

Number of Shares on issue as at the date of this Notice	Maximum Number of Shares the Company could issue pursuant to Resolution 3	Increase in the number of Shares on issue assuming the Company issued the maximum number of shares pursuant to Resolution 3	Diluting effect on existing Shareholders
119,660,641	20,000,000	139,660,641	14.3%



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## Glossary

In this Explanatory Memorandum, the following terms have the following meanings unless the context otherwise requires:

<b>ASX</b>	ASX Limited ABN 98 008 624 691 and where the context permits, the Australian Securities Exchange operated by ASX Limited.
<b>ASX Listing Rules or Listing Rules</b>	The Listing Rules of the ASX.
<b>Board</b>	The Board of Directors of the Company.
<b>Business Day</b>	For determining when a notice, consent or other communication is given, a day that is not a Saturday, Sunday or public holiday in the place to which the notice, consent or other communication is sent.
<b>Closely Related Party</b>	Means in relation to a member of the Key Management Personnel as defined in section 9 of the Corporations Act and includes: <ul style="list-style-type: none"><li>(a) A spouse or child of the member;</li><li>(b) A child of the members spouse;</li><li>(c) A dependant of the member or the member's spouse.</li><li>(d) Anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;</li><li>(e) A company the member controls; or</li><li>(f) A person prescribed by the Corporations Regulations</li></ul>
<b>Company or Desert</b>	Desert Mines and Metals Limited ABN 56 123 102 974.
<b>Corporations Act</b>	Corporations Act 2001 (Cth).
<b>Director</b>	A director of the Company.
<b>Equity Securities</b>	Has the same meaning as in the Listing Rules.
<b>Explanatory Memorandum</b>	The Explanatory Memorandum to this Notice of Meeting.
<b>Future Placement</b>	Means a possible future placement of up to 20,000,000 Shares.
<b>Key Management Personnel</b>	Has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or non executive) of the Company or if the Company is part of consolidated entity, of an entity within the consolidated group.
<b>Market Price</b>	The closing price on a Trading Platform (as defined in the ASX Listing Rules) excluding special crossings, overnight sales and exchange traded option exercises.
<b>Meeting</b>	The Annual General Meeting of the Company to be held on 23 November 2012.
<b>Notice</b>	Means this notice of meeting.
<b>Placement Shares</b>	As defined in paragraph 4.2(a).
<b>Resolution</b>	A resolution contained in this Notice of Meeting.
<b>Shareholders</b>	Holders of Shares in the Company.
<b>Shares</b>	Fully paid ordinary shares in the capital of the Company.
<b>WST</b>	Means Western Standard Time, being the time in Perth, Western Australia.

# DESERT MINES AND METALS LIMITED

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271 Great Eastern Highway  
Belmont WA 6104  
PO Box 707  
Belmont WA 6984

Telephone: 61 (8) 6143 1840  
Facsimile: 61 (8) 6162 9079  
Email: [contact@desertminesandmetals.com.au](mailto:contact@desertminesandmetals.com.au)  
Website: [www.desertminesandmetals.com.au](http://www.desertminesandmetals.com.au)

## Proxy Form

I/we.....(full name, block letters)

of.....  
being a member of **Desert Mines and Metals Limited** hereby appoint

.....  
or, failing him, the Chair of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 11.30 am on 23 November 2012 and at any adjournment thereof. My/our proxy is directed to vote on each of resolutions 1 to 3 as specified below in the voting instructions section (or if no instructions have been given the proxy is hereby authorised to vote as the proxy thinks fit).

### CHAIR'S VOTING INTENTIONS AS PROXY HOLDER- --AUTHORITY TO EXERCISE PROXY

**Resolution 1:** The Chair of the meeting will vote undirected proxies FOR the Resolution 1.

**Resolution 2:** Where no voting instructions are given below in relation to Resolution 2 and the Chair acts as your proxy the Chair is hereby authorized to exercise the proxy even though Resolution 2 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity. **The Chair intends to exercise any undirected proxies IN FAVOUR of Resolution 2.**

**Resolution 3:** The Chair of the meeting will vote undirected proxies FOR resolution 3.

### ORDINARY AND SPECIAL BUSINESS- VOTING INSTRUCTIONS

		For	Against	Abstain
<b>Resolution 1</b>	To re-elect Mr Martin Pyle as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2</b>	To adopt the Remuneration Report as set out in the 2012 Annual Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3</b>	To approve possible Future Placement of shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### Acknowledgement of authority of Chair – Resolution 2:

- Resolution 2:** Where the Chair of the meeting is my/our proxy and I/we have not given him voting instructions above in relation to Resolution 2, by marking this box, I/we acknowledge that the Chair is authorised to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or if the Company is part of a consolidated entity, for the entity.

*This Proxy is appointed to represent \_\_\_\_\_% of my voting right,  
or if 2 proxies are appointed Proxy 1 represents \_\_\_\_\_% and Proxy 2 represents \_\_\_\_\_% of my total votes  
My total voting right is \_\_\_\_\_ shares*

If the shareholder(s) is an individual(s), every shareholder is to sign:

If the shareholder is a company, sign in accordance with Section 127(1) of Corporations Act or affix common seal (if required by Constitution).

Signed: \_\_\_\_\_

Director or Sole Director and Secretary

Director / Secretary

Dated: \_\_\_\_\_

2012

Dated: \_\_\_\_\_

2012

This form is to be used in accordance with the directions overleaf.

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## ***Instructions for completing and lodging this Proxy Form***

1. A shareholder who is entitled to attend and vote at a meeting is entitled to appoint a proxy (and a shareholder who is entitled to cast two or more votes may appoint not more than two proxies) to attend and vote at the meeting.
2. Where two proxies are appointed each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. Where two proxies for a shareholder are present at the meeting, neither proxy shall be entitled to vote on a show of hands, and on a poll the appointment shall be of no effect, unless each proxy is appointed to represent a specified proportion of the shareholder's voting rights, not exceeding 100% in aggregate.
3. A proxy need not himself be a shareholder of the Company.
4. The proxy form must be signed personally by the shareholder or his attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed under either the common seal of the corporation or in accordance with section 127 of the Corporations Act or by its duly authorised attorney. In the case of joint shareholders, this proxy must be signed by at least one of the joint shareholders, personally or by a duly authorised attorney.
5. If a proxy is executed by an attorney of a shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the company, must accompany the proxy form.
6. If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:
  - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and
  - (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
  - (c) if the proxy is Chairman, the proxy must vote on a poll and must vote that way, and
  - (d) if the proxy is not the Chairman, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

If a proxy is also a shareholder, the proxy can cast any votes the proxy holds as a shareholder in anyway that the proxy sees fit.

7. The Proxy Form (and any power of attorney or other authority pursuant to which the Proxy Form has been signed) must:  
either be deposited at the registered office of the Company, 271 Great Eastern Highway, Belmont  
or be sent by post to Desert Mines and Metals Limited, PO Box 707, Belmont, WA 6984,  
or be sent by facsimile to Desert Mines and Metals Limited at (08) 6162 9079  
so as to be received not later than 48 hours before the time fixed for the holding of the meeting  
- that is to be received by 11.30 am Western Standard Time on 21st November 2012.

## **Change of Address**

Should your address have changed please use this section to advise the Company and, if faxing your proxy form, please fax this side of the proxy form as well.

My new address is:

---

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My email address is: \_\_\_\_\_

My phone number is: \_\_\_\_\_