

17 August 2017

Dawn James
ASX Compliance Pty Ltd
20 Bridge St
Sydney NSW 2000

Dear Dawn

In response to the queries in your letter dated 15 August 2017, Dempsey Minerals Limited ("Dempsey" or "the Company") wishes to provide the following information:

1. Does DMI expect that it will continue to have negative operating cash flows for the time being and, if not, why not?

Yes. Due to the nature of the Company's business activities, the Company continues to expect negative operating cash flows in future periods, as is usual for mining exploration entities.

The Company's cash position will substantially dictate the quantum of those cash flows and any future exploration programmes.

2. Has DMI taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

The Company has and will continue to assess fundraising opportunities and initiatives to ensure it has the financial capacity to progress its project activities at the appropriate cash burn rate and at the appropriate time.

The Company has not incurred or committed to any financial liabilities in relation to the development of any of its projects and will not do so until funding is secured.

3. Does DMI expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

The Company's Board continue to be focused on meeting its objectives and are cognisant of the funding requirements required to meet those objectives. As mentioned above, the Company has and will continue to assess fundraising opportunities and initiatives to ensure it has the financial capacity to progress its projects.

Due to the social unrest in Turkey, the Company has been able to re-negotiate an extension to 31 December 2017 for the option to acquire 100% of the issued capital of Petroz Limited ('Petroz'). Petroz is an unlisted public Australian oil company, which holds a 75% interest in the onshore petroleum Licence 21A in the Alasehir & Sarikiz Oil Fields located in Western Turkey. The Company continues to retain a dialogue with the local regulatory authorities and advisors whilst expenditure has been reduced to a bare minimum. Further meetings with the regulatory bodies and JV partner are being planned this quarter.

4. ***Please provide any other information that DMI considers may be relevant to ASX forming an opinion on whether DMI is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).***

Owing to the matters stated above, the Company considers it is in compliance with ASX Listing Rule 12.2.

5. ***Please confirm that DMI is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.***

DMI confirms that, to its knowledge, having made reasonable enquiries, it is in compliance with ASX Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market at this point.

6. ***Please confirm that DMI's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its Board or an officer of DMI with delegated authority from the Board to respond to ASXX on disclosure matters.***

The DMI responses to the ASX queries have been authorised and approved by the Board of the Company.

For and on behalf of the Board of Dempsey Minerals Ltd



Nathan McMahon
Non-Executive Chairman



15 August 2017

Mr Mike Robbins
Company Secretary
Dempsey Minerals Limited
Level 2, 38 Richardson Street
West Perth
WA 6005

By email:

Dear Mr Robbins

Dempsey Minerals Ltd (“DMI”): Appendix 5B Query

I refer to DMI’s Appendix 5B quarterly report for the period ended 30 June 2017 lodged with ASX Market Announcements Platform on 28 July 2017 (the “Appendix 5B”).

ASX notes that DMI has reported:

- negative net operating cash flows for the quarter of \$68,000;
- cash at the end of the quarter of \$48,000; and
- estimated cash outflows for the next quarter of \$45,000.

It is possible to conclude, based on the information in the Appendix 5B that if DMI were to continue to expend cash at the rate indicated by the Appendix 5B, DMI may not have sufficient cash to continue funding its operations. In view of that, ASX asks DMI to respond separately to each of the following questions and requests for information:

1. Does DMI expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has DMI taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does DMI expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please provide any other information that DMI considers may be relevant to ASX forming an opinion on whether DMI is in compliance with Listing Rule 12.2 (a listed entity’s financial condition must, in ASX’s opinion, be adequate to warrant the continued quotation of its securities and its continued listing).
5. Please confirm that DMI is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.

6. Please confirm that DMI's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of DMI with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 4:00 PM WST on Thursday 17 August 2017. If we do not have your response by then, ASX will have no choice but to consider suspending trading in DMI's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, DMI's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at dawn.james@asx.com.au and tradinghaltspert@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to DMI's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that DMI's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in DMI's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely,

[sent electronically without signature]

Dawn James
Adviser, Listings Compliance
P: 08 9224 0012
E: dawn.james@asx.com.au