DEMPSEY MINERALS LTD

ACN 149 349 646

ANNUAL REPORT

30 June 2017

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CORPORATE DIRECTORY

Directors

Nathan McMahon (Non-Executive Chairman)
Chris Chalwell (Non-Executive Director)
Terry Gardiner (Non-Executive Director)

Company Secretary

Mike Robbins

Registered Office

Level 2, 38 Richardson Street
West Perth, WA, 6005
Ph: +61 8 9322 6283
Fax: +61 8 9322 6398
Email: admin@dempseyminerals.com.au
Website: www.dempseyminerals.com.au

Auditors

Bentleys
Level 3, 216 St Georges Tce
Perth WA 6000

Share Registry

Advanced Share Registry Limited
110 Stirling Highway
Nedlands WA 6009

Stock Exchange Listing

Australian Securities Exchange Limited (ASX)
Home Exchange-Perth, Australa

ASX Code

DMI

DIRECTORS' REPORT

The Directors submit their report on Dempsey Minerals Limited (the "Company" or "Dempsey") for the year ending 30 June 2017 ("the year").

1. DIRECTORS

The names and details of the Company's Directors in office during the year and until the date of this report are as follows. Directors were in office for the entire year unless otherwise stated.

Nathan Bruce McMahon ***B.Com***
Non-Executive Chairman

Experience

Mr McMahon has provided corporate and tenement management advice to the mining industry for nearly 25 years to in excess of twenty public listed mining companies. Nathan has specialised in native title negotiations, joint venture negotiations and project acquisition due diligence.

Mr McMahon is also joint Managing Director of Cazaly Resources Ltd.

Other listed directorships

Hodges Resources Limited	Since May 2008
Cazaly Resources Limited	Since June 2002

Interest in shares and options

4,839,381 ordinary shares
1,429,786 quoted options exercisable @ $0.14 expiring on or before 31/12/18

Christopher William Chalwell ***M.Aus.I.M.M; GAICD,***
Non-Executive Director

Experience

Mr Chalwell has more than 25 years' experience in senior management and advisory roles, initially graduating from the Western Australian School of Mines and more recently from the Advanced Management Program at Harvard University in Boston. Chris is currently the Executive Chairman of Railtrain and is a recent Director of the Industrial Foundation of Accident Prevention (IFAP), a not for profit organisation where Chris worked to advanced safety leadership in the workplace and Vice Chairman of Perth Racing, Western Australia's premier thoroughbred racing club.

For more than a decade and prior to Chris's appointment as Railtrain, Chris was Chief Operating Officer of Skilled Group, a workforce services business that under Chris's leadership transformed by increasing revenues to greater than $1.0 billion, significantly reduced employee injury rates and increased productivity and profitability.

Other listed directorships

Nil

Interest in shares and options

1,600,000 ordinary shares
311,402 quoted options exercisable @ $0.14 expiring on or before 31/12/18

DIRECTORS' REPORT

Terry James Gardiner
Non-Executive Director

Experience

Mr Gardiner has been involved in capital markets, corporate advising, stockbroking & derivatives trading for over 20 years. For the past twelve years Mr Gardiner has been an Executive Director of boutique broker Barclay Wells Ltd. Mr Gardiner is also a director of many public unlisted companies.

Other listed directorships

Cazaly Resources Ltd since December 2016.

Interest in shares and options

3,329,919 ordinary shares
1,615,983 quoted options exercisable @ $0.14 expiring on or before 31/12/18

Mike Robbins
Company Secretary

Mr Robbins has over 20 years resource industry experience gathered at both operational and corporate levels, both within Australia and overseas. During that time, he has held numerous project and head office management positions and is currently CFO and/or Company Secretary for three other listed entities.

2. DIVIDENDS

No dividend has been paid during the year and no dividend is recommended for the year.

3. DIRECTORS' MEETINGS

The number of Directors' meetings and/or circular resolutions held and/or conducted during the financial year and the number of meetings and/or circular resolutions attended or signed by each Director are:

	Directors' Meetings/Resolutions No. Eligible	No. Attended
Mr McMahon	5	5
Mr Chalwell	5	5
Mr Gardiner	5	4

For details of the function of the Board and any relevant committees please refer to the Corporate Governance Statement on the Company's website at www.dempseyminerals.com.au.

DIRECTORS' REPORT

4. PRINCIPAL ACTIVITIES

The principal activity of the Company during the course of the financial year consisted of mineral exploration, acquisition and evaluation.

There were no significant changes in the nature of the Company's principal activities during the financial year other than as detailed in the Review of Operations.

5. OPERATING & FINANCIAL REVIEW

Alasehir Exploration Licence

As previously announced to the market on 4 September 2015 with subsequent updates on 22 December 2015 and 3 March 2016, Dempsey Minerals Limited ("Dempsey" or "the Company") entered into a conditional exclusive Option and Sale & Purchase Agreement ("Agreement") under which it had an option to acquire 100% of the issued capital of Petroz Limited ("Petroz")("Option"). Petroz is an unlisted public Australian oil company, which holds a 75% interest in the onshore petroleum Licence 21A which hosts the discovered, but not yet developed, Alasehir & Sarikiz Oil Fields located in Western Turkey ("Licence").

Due to the social unrest in Turkey, the Company was able to re-negotiate an extension to the Option period to 31 December 2017. 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 for the December quarter.

Greenbushes South – E70/4629 (100%)

The Company continues to progress the grant of the project through the regulatory bodies.

The project comprises one Exploration Licence application (E70/4629) covering a total area of approximately 43 km^2. It is approximately 15kms to the south of the Greenbushes mine. The Greenbushes mine has been producing lithium from the Greenbushes Lithium Operations for over 25 years. It was established in 1983 and initially focussed on tantalum production but its primary product is lithium. The most recent public lithium resource for the mine was 118.4Mt @ 2.4% Li2O (as per NI 43-101 Technical Report prepared by Behre DolBear Australia Pty Ltd for Talison Mining Ltd dated 21 December 2013. A copy of the technical report can be found on Talison's SEDAR profile at www.sedar.com).

The Greenbushes South project is considered prospective for lithium, tin and tantalum. It has similar mineralisation to what exists at the Greenbushes mine. Most of the project is covered with laterite; which is known to mask pegmatites. However, field reconnaissance and mapping undertaken by Dempsey in and around the old historical tin mining areas has revealed remnant pegmatite characteristic within areas of outcropping lateritic duricrust.

Corporate

Dempsey continues to review and conduct due diligence on several resources projects with a particular emphasis on the battery minerals and gold. As yet, no suitable projects have been identified.

The Company has continued to keep administrative spend to a bare minimum.

Financial

The loss after tax for the year was $632,116 (2016:$311,637). The Company's net assets were $526,776 at the end of the year compared to $1,173,181 in 2016. The main reasons for this were

DIRECTORS' REPORT

Cash and cash equivalents as at year end were $47,621 (2016:$389,037).

Exploration expenditure for the year was $6,308 (2015:$154,853). The majority of this expenditure was on new project opportunities in Australia and overseas. Exploration expenditure written off for the year was $6,308 compared to $154,853 in the previous financial year due to the write down of all exploration expenditure on all Company tenements.

Net administration expenses and employee benefits for the year totalled $149,353 (2016:$222,686).

Risks

There are specific risks associated with the activities of the Company and general risks which are largely beyond the control of the Company and the Directors. The risks identified below, or other risk factors, may have a material impact on the future financial performance of the Company and the market price of the Company's shares.

All mining ventures are exposed to risks and the Board continues to monitor risks associated with current projects whilst also analysing the risks associated with any new mining opportunities. These risks may cover such areas as:

- Title Risk

This may specifically cover mining tenure whereby country specific mining laws and legislation apply.

Any opportunity in Australia and overseas will be subject to particular risks associated with operating in Australia or the respective foreign country. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, exchange control, exploration licensing, export duties, investment into a foreign country and repatriation of income or return of capital, environmental protection, land access and environmental regulation, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local staff or contractors or require other benefits be provided to local residents.

- Exploration Risk

The Board realises that mineral exploration and development are high risk undertakings due to the high level of inherent uncertainty. There can be no assurance that exploration of the Company's tenements, or of any other tenements that may be acquired by the Company in the future, will result in the discovery of economic mineralisation. Even if economic mineralisation is discovered there is no guarantee that it can be commercially exploited.

Any future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

- Economic

General economic conditions, introduction of tax reform, new legislation, the general level of activity within the resources industry, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and possible production activities, as well as on its ability to fund those activities.

DIRECTORS' REPORT

- Resource Estimates

In the future, the Company's main projects may contain JORC Code compliant resources. There is no guarantee that a JORC Code compliant resource will be discovered on any of the Company's other tenements. Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations and the value of the Company's Listed Shares.

- Access Risks – Cultural Heritage and Native Title

The Company must comply with various country specific cultural heritage and native title legislation including access agreements which require various commitments, such as base studies and compliant survey work, to be undertaken ahead of the commencement of mining operations.

It is possible that some areas of those tenements may not be available for exploration due to cultural heritage and native title legislation or invalid access agreements. The Company may need to obtain the consent of the holders of such interests before commencing activities on affected areas of the tenements. These consents may be delayed or may be given on conditions which are not satisfactory to the Company.

- JV and Contractual Risk

The Company has and may have additional options where it can increase its holding in the selective assets by achieving or undertaking selected milestones. The Company's ability to achieve its objectives and earn or maintain an interest in these projects is dependent upon it and the registered holders of those tenements complying with their respective contractual obligations under joint venture agreements in respect of those tenements, and the registered holders complying with the terms and conditions of the tenements and any other relevant legislation.

- Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

  - general economic outlook;
  - introduction of tax reform or other new legislation;
  - interest rates and inflation rates;
  - changes in investor sentiment toward particular market sectors;
  - the demand for, and supply of, capital; and
  - terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

DIRECTORS' REPORT

- Volatility in Global Credit and Investment Markets

Global credit, commodity and investment markets have recently experienced a high degree of uncertainty and volatility. The factors which have led to this situation have been outside the control of the Company and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including the ASX). This may impact the price at which the Listed Options and Shares trade regardless of operating performance and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

- Commodity Price Volatility and Exchange Rates Risks

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of coal or any other minerals it may discover exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for commodities and metals, technological advancements, forward selling activities and other macro-economic factors such as inflation expectations, interest rates and general global economic conditions.

Furthermore, international prices of various commodities are denominated in United States dollars whereas the income and expenditure of the Company are and will be taken into account in Australian currency. This exposes the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

If the price of commodities declines this could have an adverse effect on the Company's exploration, development and possible production activities, and its ability to fund these activities, which may no longer be profitable.

- Environmental Risks

The operations and proposed activities of the Company are subject to each project's jurisdiction, laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. Future legislation and regulations governing exploration, development and possible production may impose significant environmental obligations on the Company.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potential economically viable mineral deposits. The Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals or to obtain them on terms acceptable to the Company may prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.

- Sovereign and Political Risks

The Company has entered into the Agreement under which it has acquired an option to acquire a project located in the Republic of Turkey. Petroleum exploration tenure in the Republic of Turkey is governed by Turkish legislation.

DIRECTORS' REPORT

If the Company completes the Acquisition its interests in the Republic of Turkey will be subject to the risks associated with operating in a foreign country. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, exchange control, exploration licensing, export duties, investment into a foreign country and repatriation of income or return of capital, environmental protection, land access and environmental regulation, mine safety, labour relations as well as government control over petroleum properties or government regulations that require the employment of local staff or contractors or require other benefits be provided to local residents.

The Company may also be hindered or preventing from enforcing its rights with respect to government instrumentalities because of the doctrine of sovereign immunity.

Any future material adverse changes in government policies or legislation in the Republic of Turkey that affect ownership, petroleum exploration, development or mining activities, may affect the viability and profitability of the Company.

The legal system operating in the Republic of Turkey is different to that in Australia and this may result in risks such as:

- Different forms of legal redress in the courts whether in respect of a breach of law or regulation, or in ownership dispute.
- A higher degree of discretion on the part of governmental agencies.
- Differences in political and administrative guidance on implementing applicable rules and regulations including, in particular, as regards local taxation and property rights.
- Different attitudes of the judiciary and court.
- Difficult in enforcing judgments.

The commitment by local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness and enforcement of such arrangements cannot be assured.

The Company cannot guarantee that the licences and/or tenements in which it may acquire an interest, if it completes the acquisition, or any other licences and/or tenements in which it has or may acquire in the future, will be renewed beyond their current expiry date and there is a material risk that, in the event the holder of those licences and/or tenements is unable to renew any of them beyond their current expiry date, all or part of the Company's interests in the corresponding projects may be relinquished.

Further, there is no guarantee that any applications for petroleum licences and/or tenements will be granted or granted on conditions satisfactory to the Company.

The Company's future operations in Turkey may be affected by changing political conditions and changes to laws and petroleum and/or mining policies. The effects of these factors cannot be accurately predicted and developments may impede the operation or development of a project or even render it uneconomic.

The above risks are not exhaustive but are the minimum exposure areas observed by the Company. Outside of the above, the Company is continually assessing Industry type risk (covering resources, commercial, commodity prices & volatility, insurance and environmental) and general type risk (economic, share markets, government & legal and global volatility).

DIRECTORS' REPORT

6. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company that occurred during the financial year.

7. AFTER BALANCE SHEET DATE EVENTS

On 6/9/17, the Company announced that it had raised $100,000 in a placement. The issue price was $0.05 per fully paid ordinary share plus a free attaching listed option to be issued on a one for two basis. The listed options will be on the same terms as currently listed options with an exercise price of $0.14 and an expiry date of 31 December 2018. Funds raised will be used for general working capital and to pursue further due diligence work on potential investment opportunities.

Apart from the above, the Directors are not aware of any matters or circumstances at the date of the report, other than those referred to in this report or the financial statements or notes thereto, that has significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Company in subsequent financial years.

8. FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Directors continue the Company's strategy for the advancement of Shareholders' interests and asset values through well-defined work programmes on the Company's tenements and to implement a growth strategy to seek out further exploration, acquisition and joint venture opportunities.

Further information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

9. ENVIRONMENTAL ISSUES

The Company has a policy of complying with or exceeding its environmental performance obligations. The Board believes that the Company has adequate systems in place for the management of its environmental requirements. The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The Directors are not aware of any breach of environmental legislation for the financial year under review.

10. REMUNERATION REPORT (Audited)

The remuneration report is set out under the following main headings:

A Remuneration Philosophy
B Remuneration Structure & Contractual Arrangements
C Details of Remuneration
D Remuneration and Performance
E Equity-based compensation
F Interests of Key Management Personnel (KMP)
G Voting and comments at the Company's 2016 Annual General Meeting
H Related Party Information

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001. The remuneration arrangements detailed in this report are for the key management personnel comprising the non-executive Chairman, non-executive Directors and one company consultant as follows:

DIRECTORS' REPORT

10. REMUNERATION REPORT (Audited) (Cont'd)

Nathan McMahon	Non-Executive Chairman
Christopher Chalwell	Non-Executive Director
Terry Gardiner	Non-Executive Director

A Remuneration Philosophy

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company. The performance of the Company depends upon the quality of its key management personnel. To prosper the Company must attract, motivate and retain appropriately skilled directors and executives.

The Company's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

B Remuneration Structure & Contractual Arrangements

The Company has in place non-executive letters of engagement for all Non-Executive Directors. The Directors hold office until the next annual general meeting at which point 1/3 of the directors retire by rotation and will be eligible for election as a Director at that meeting in accordance with the Company's Constitution.

The Directors' appointments will automatically cease in the event that he or she give notice to the Board of their resignation as a Director or if he or she retires by rotation and is not re-elected as a Director by the Shareholders of the Company. Moreover his or her appointment will be terminated immediately if, for any reason, he or she becomes disqualifies or prohibited by law from being or acting as a Director or from being involved in the management of a Company.

The Non-Executive Chairman and the Non-Executive Directors are all engaged on contracts that have paid director's fees of $30,000 per year.

Remuneration of Non-executive Directors is based on fees approved by the Board of Directors (from within the remuneration pool approved by Shareholders from time to time at a general meeting) and is set at levels to reflect market conditions and encourage the continued services of the Directors.

The Company is an exploration entity and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, directors and senior management personnel are paid market rates associated with individuals in similar positions within the same industry.

The Company does not offer any variable remuneration incentive plans or bonus schemes to Non-executive Directors or any retirement benefits and, as such, there are no performance related links to the existing remuneration policies.

The Company does not currently have any executive employees.

C Details of Remuneration

The key management personnel of the Company are the Non-Executive Chairman and Non-Executive Directors. Details of the remuneration of the key management personnel of the Company are set out below:

DIRECTORS' REPORT

10. REMUNERATION REPORT (Audited) (Cont'd)

	Short-term Benefits				Post-Employment Benefits	Other Long-term Benefits	Equity Based Payment		Total	Performance Related
	Cash, salary & commissions	Cash profit Share	Non-cash benefit	Other	Superannuation	Other	Equity	Options		
	$	$	$	$	$	$	$	$	$	%
Mr McMahon – Non Executive Chairman (i)										
2017	30,000	-	-	-	-	-	-	-	30,000	-
2016	30,000	-	-	-	-	-	-	-	30,000	-
Mr Chalwell – Non Executive Director (ii)										
2017	30,000	-	-	-	-	-	-	-	30,000	-
2016	30,000	-	-	-	-	-	-	-	30,000	-
Mr Gardiner – Non Executive Director										
2017	30,000	-	-	-	-	-	-	-	30,000	-
2016	30,000	-	-	-	-	-	-	-	30,000	-
Total Remuneration										
2017	90,000	-	-	-	-	-	-	-	90,000	-
2016	90,000	-	-	-	-	-	-	-	90,000	-

(i) Director fees of $30,000 were paid, or were due and payable to Kingsreef Pty Ltd, a company controlled by Mr McMahon.

(ii) Director fees of $30,000 were paid, or were due and payable to Westdev Pty Ltd, a company controlled by Mr Chalwell.

D Remuneration and Performance

During the reporting period, Director remuneration was not linked to either long term or short term performance conditions. The Board feels that the terms and conditions of options and shares held by Directors are a sufficient, long term incentive to align the goals of the Directors with those of the shareholders to maximise shareholder wealth.

E Equity Based Compensation

No shares were issued during the year to Directors or key management as a result of exercising remuneration options.

No options were issued to Directors as part of their remuneration for the years ended 30 June 2017 and 30 June 2016.

DIRECTORS' REPORT

10. REMUNERATION REPORT (Audited) (Cont'd)

F Interests of Key Management Personnel (KMP)

As at 30 June 2017, the following interests in quoted shares and options were held by KMP.

Option holdings of KMP

30 June 2017

Name	Balance 1 July 2016	Issued	Exercised	Lapsed	Balance 30 June 2017
Nathan McMahon	1,429,786	-	-	-	1,429,786
Chris Chalwell	311,402	-	-	-	311,402
Terry Gardiner	625,983	990,000	-	-	1,615,983
Total	**2,367,171**	**990,000**	**-**	**-**	**3,357,171**

30 June 2016

Name	Balance 1 July 2015	Issued	Exercised	Lapsed	Balance 30 June 2016
Nathan McMahon	-	1,429,786	-	-	1,429,786
Chris Chalwell	-	311,402	-	-	311,402
Terry Gardiner	-	625,983	-	-	625,983
Total	**-**	**2,367,171**	**-**	**-**	**2,367,171**

Share holdings of KMP

30 June 2017

Name	Balance 1 July 2016	Options Exercised	Other	Balance 30 June 2017
Nathan McMahon	4,289,381	-	550,000	4,839,381
Chris Chalwell	1,334,180	-	265,820	1,600,000
Terry Gardiner	2,579,919	-	750,000	3,329,919
Total	**8,203,480**	**-**	**1,565,820**	**9,769,300**

30 June 2016

Name	Balance 1 July 2015	Options Exercised	Other	Balance 30 June 2016
Nathan McMahon	3,443,837	-	845,544	4,289,381
Chris Chalwell	1,028,471	-	305,709	1,334,180
Terry Gardiner	2,325,000	-	254,919	2,579,919
Total	**6,797,308**	**-**	**1,406,172**	**8,203,480**

DIRECTORS' REPORT

10. REMUNERATION REPORT (Audited) (Cont'd)

G Voting and Comments at the Company's 2016 Annual General Meeting

The adoption of the Remuneration Report for the financial year ended 30 June 2016 was put to the shareholders of the Company at the Annual General Meeting held 24 November 2016. The Company received 77% of the vote, of those shareholders who exercised their right to vote, in favour of the remuneration report for the 2016 financial year. The resolution was passed without amendment on a show of hands. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

End of Remuneration Report

11. OPTIONS

Quoted Options

At the date of this report unissued ordinary shares of the Company under quoted options are:

Expiry Date	Exercise Price	Number Under Option
31/12/2018	$0.14	12,990,000

Option holders do not have any rights to participate in any issue of shares or other interests in the Company or any other entity.

Unquoted Options

There are no unquoted options outstanding at year or at the date of this report.

12. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

13. INDEMNIFYING OFFICERS & AUDITORS

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001 every Officer, or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. No indemnification has been paid with respect to the Company's auditor.

The Company has insurance policies in place for Directors and Officers insurance.

14. NON-AUDIT SERVICES

The auditors have not provided any non-audit services to the Company in the financial year ended 30 June 2017.

DIRECTORS' REPORT

15. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under Section 307C in relation to auditor's independence for the Year ended 30 June 2017 has been received and can be found on page 47.

Signed in accordance with a resolution of the Board of Directors.

Nathan McMahon
Non-Executive Chairman

Perth, Western Australia
Date: 22 September 2017

Competent Person's Statement

The information that relates to exploration targets, exploration results and drilling data of Dempsey operated projects is based on information compiled by Mr Don Horn a Member of The Australian Institute of Geoscientists. Mr Horn has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Horn consents to the inclusion in his name in the matters based on their information in the form and context in which it appears.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	30 June 2017	30 June 2016
Continuing Operations			
Interest revenue	3	1,305	971
Other income	3	-	8,000
Total		1,305	8,971
Administration expenses		(48,128)	(129,896)
Compliance & regulatory expense		(72,924)	(94,191)
Employment expense		(101,225)	(92,790)
Unrealised gain/(loss) on foreign exchange		(373)	50,097
Exploration written off	9	(6,308)	(154,853)
Fair value gain/(loss) on financial assets		(98,700)	101,689
Impairment of loan	8	(305,763)	-
Depreciation		-	(664)
Loss before income tax expenses		(632,116)	(311,637)
Income tax expenses	4	-	-
Loss for the year from continuing operations		(632,116)	(311,637)
Other comprehensive income		-	-
Total comprehensive income and net loss for the Year attributable to the owners of the Company		(632,116)	(311,637)
Basic loss per share (cents per share)	14	(1.73)	(1.00)
Diluted loss per share (cents per share)	14	(1.73)	(1.00)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	30 June 2017 $	30 June 2016 $
Current Assets			
Cash and cash equivalents	5	47,621	389,037
Trade and other receivables	6	5,323	5,894
Total Current Assets		52,944	394,931
Non-Current Assets			
Financial Assets	7	49,750	148,450
Loan to Petroz	8	458,238	731,878
Exploration and evaluation	9	-	-
Total Non-Current Assets		507,988	880,328
Total Assets		560,932	1,275,259
Current Liabilities			
Trade and other payables	10	34,156	102,078
Total Current Liabilities		34,156	102,078
Total Liabilities		34,156	102,078
Net Assets		526,776	1,173,181
Equity			
Issued capital	11	3,250,458	3,264,747
Reserves	12	60,950	63,208
Accumulated losses	13	(2,784,632)	(2,154,774)
Total Equity		526,776	1,173,181

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Issued Capital	Equity-based Payment Reserve	Accumulated Losses	Total Equity
	$	$	$	$
Balance at 1 July 2015	**2,773,943**	**4,168**	**(1,845,047)**	**933,064**
Net loss for the year	-	-	(311,637)	(311,637)
Total comprehensive loss for the year	-	-	(311,637)	(311,637)
Transactions with owners recorded directly in equity :				
Capital raising	494,900	-	-	494,900
Issue of options	-	60,950	-	60,950
Capital raising costs	(4,096)	-	-	(4,096)
Transfer to accumulated losses	-	(1,910)	1,910	-
Balance at 30 June 2016	**3,264,747**	**63,208**	**(2,154,774)**	**1,173,181**
Net loss for the year	-	-	(632,116)	(632,116)
Total comprehensive loss for the year	-	-	(632,116)	(632,116)
Transactions with owners recorded directly in equity :				
Capital raising	-	-	-	-
Issue of options	-	-	-	-
Capital raising costs	(14,289)	-	-	(14,289)
Transfer to accumulated losses	-	(2,258)	2,258	-
Balance at 30 June 2017	**3,250,458**	**60,950**	**(2,784,632)**	**526,776**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30 JUNE 2017

	Note	30 June 2017 $	30 June 2016 $
Cash flows from operating activities			
Cash paid to suppliers and employees		(268,755)	(260,917)
Interest received		1,305	971
Payments for exploration expenditure		(27,554)	(133,840)
Net cash used in operating activities	15	(295,004)	(393,786)
Cash flows from investing activities			
Proceeds from sale of investments		-	1,650
Loans provided to Petroz		(32,123)	(731,878)
Net cash used in investing activities		(32,123)	(730,228)
Cash flows from financing activities			
Proceeds from issue of equity instruments		-	555,850
Payment for share issue costs		(14,289)	(4,096)
Net cash used in used in financing activities		(14,289)	551,754
Net increase in cash and cash equivalents		(341,416)	(572,260)
Cash and cash equivalents at beginning of the year		389,037	911,200
Effect of exchange rate changes on the balance of cash held in foreign currency		-	50,097
Cash and cash equivalents at end of year		47,621	389,037

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

These financial statements and notes represent those of Dempsey Minerals Limited (the "Company") for the year ended 30 June 2017. Dempsey Minerals Limited is a listed public company, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 29 September 2017 by the directors of the company.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

(a) Statement of compliance

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

(b) Going concern

The financial 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 ordinary course of business.

The Company incurred a loss after tax for the year of $632,116 (2016: $311,637) and net cash outflows from operating activities of $295,004 (2016: $393,786).

The directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate because:

- the Directors have an appropriate plan to raise additional funds as and when it is required. In light of the Company's current exploration projects, the Directors believe that the additional capital required can be raised in the market; and
- the Directors have an appropriate plan to contain certain operating and exploration expenditure if appropriate funding is unavailable;

Should the Company not achieve the matters set out above, there is material uncertainty whether the Company will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the Company not be able to continue as going concern.

NOTES TO THE FINANCIAL STATEMENTS

(c) Basis of measurement

The financial statements have been prepared on an accrual basis and are based on the historical cost, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(d) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

The accounting policies set out below have been applied consistently to all years presented in these financial statements, and have been applied consistently by the Company.

(e) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit and loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the Year when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future Years in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

NOTES TO THE FINANCIAL STATEMENTS

(f) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the GST incurred is not recoverable from the Australian Tax Office (ATO).

Receivables and payables are stated with amounts of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented in the statement of cashflows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(g) Financial Instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified ‘at fair value through profit or loss’, in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties.

Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- less any reduction for impairment.

The *effective interest method is* used to allocate interest income or interest expense over the relevant Year and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including all fees, transaction costs and other premiums or discounts) through the expected life of the financial instrument, (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

i. *Financial assets at fair value through profit or loss (FVTPL)*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

ii. *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting Year. (All other loans and receivables are classified as non-current assets).

iii. *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting Year. (All other investments are classified as current assets.)

If during the Year the Company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

iv. *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting Year. (All other financial assets are classified as current assets.)

v. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

NOTES TO THE FINANCIAL STATEMENTS

Impairment

At the end of each reporting Year, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Financial guarantees

At the reporting date the Company had no such financial guarantees.

De-recognition

Financial assets are de-recognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(h) Impairment of Assets

At the end of each reporting year, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(i) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting Year.

(j) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial positions, at reporting date the Company had no such overdraft.

(k) Revenue and other Income

Interest Revenue is recognised as interest accrues using the effective interest method. At reporting date the Company had no other revenue sources.

NOTES TO THE FINANCIAL STATEMENTS

(l) Trade and other payables

Trade and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the reporting date and are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(m) Equity settled compensation

The Company operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting Year, with a corresponding increase to the option reserve.

Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve

The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(n) Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an area of interest that is abandoned are written off in full against profit in the year in which the decision to abandon the areas is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(o) Critical accounting estimates and judgements

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key Judgements –Exploration and evaluation expenditure

The Company capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

NOTES TO THE FINANCIAL STATEMENTS

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key Judgments – Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Company's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Key Estimates – Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

Key Estimates – equity settled transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using Black-Scholes option pricing model.

For equity settled transactions with consultants and other non-employees the fair value reflects the value attributable to services where applicable. Where there is no quantifiable value of services the value of options is calculated using the Black and Scholes option pricing model.

(p) Foreign Currency Transaction and Balances

Functional and presentation currency

The functional currency of each of the entities in the Company is measured using the currency of the primary economic environment in which the entity operates. The Company's financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate.

Exchange differences arising on the translation of monetary items are recognised in the Statement of Profit or Loss and Other Comprehensive Income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise exchange differences are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS

(q) Fair value measurements

The Company measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Financial assets held for trading

The Company does not subsequently measure any liabilities at fair value on a non-recurring basis.

(i) Fair Value Hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

(ii) Valuation techniques

The Company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation technique selected by the Company is:

– *Market approach:* valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

When selecting a valuation technique, the Company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following table provides the fair values of the Company's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

NOTES TO THE FINANCIAL STATEMENTS

	Note	30 June 2017 Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements					
Financial assets at fair value through profit or loss:					
- held-for-trading Australian listed shares		49,750	-	-	49,750

	Note	30 June 2016 Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements					
Financial assets at fair value through profit or loss:					
- held-for-trading Australian listed shares		148,450	-	-	148,450

(r) New accounting standards for application in future periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the group for the annual reporting period ended 30 June 2017. The Company does not plan to adopt these standards early.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2018
AASB 15 'Revenue from Contracts with Customers'	1 January 2018	30 June 2018
AASB 16 'Leases'	1 January 2019	30 June 2019

Although the Directors anticipate that the adoption of these standards may have an impact on the Group's financial statements, it is impractical at this stage to provide a reasonable estimate of such impact.

NOTES TO THE FINANCIAL STATEMENTS

2. OPERATING SEGMENTS

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

The Company is currently managed primarily on the basis of its exploration activity. Operating segments are therefore determined on the same basis.

Exploration

Segment assets, including acquisition costs of exploration licenses, all expenses related to the tenements and profit on sale of tenements are reported on in this segment.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Company as a whole and are not allocated. Segment liabilities include trade and other payables.

Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- non-recurring items of revenue or expense;
- deferred tax assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

2. OPERATING SEGMENTS (Cont'd)

30 June 2017	Exploration $	Unallocated $	Total $
Revenue			
Interest	-	1,305	1,305
Other	-	-	-
Total segment revenue	**-**	**1,305**	**1,305**
Segment net operating loss (profit) after tax	**6,308**	**625,808**	**632,116**
Impairment of exploration assets	6,308	-	6,308
Share based payments	-	-	-
Segment assets			
Exploration expenditure	-	-	-
Cash and cash equivalents	-	47,621	47,621
Other assets	-	513,311	513,311
Total segment assets	**-**	**560,932**	**560,932**
Segment liabilities	**-**	**34,156**	**34,156**

30 June 2016	Exploration $	Unallocated $	Total $
Revenue			
Interest	-	971	971
Other		109,689	109,689
Total segment revenue	**-**	**110,660**	**110,660**
Segment net operating loss (profit) after tax	**154,853**	**156,784**	**311,637**
Impairment of exploration assets	154,853	-	154,853
Share based payments	-	-	-
Segment assets			
Exploration expenditure	-	-	-
Cash and cash equivalents	-	389,038	389,038
Other assets	-	886,221	886,221
Total segment assets	**-**	**1,275,259**	**1,275,259**
Segment liabilities	**-**	**102,078**	**102,078**

NOTES TO THE FINANCIAL STATEMENTS

3. REVENUE AND OTHER INCOME

	30 June 2017 $	30 June 2016 $
Interest received from financial institutions	1,305	971
Proceeds from sale of tenement	-	8,000

4. INCOME TAX EXPENSE

(a) Income tax expense

Current tax	-	-
Deferred tax	-	-

(b) Reconciliation of income tax expense to prima facie tax payable

The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

Accounting loss before tax	(632,116)	(311,637)
Prima facie tax on accounting loss at 30%	(189,634)	(93,491)
Add / (Less)		
Tax effect of:		
Non-deductible expenses	30,360	26,091
Non-assessable income	-	(15,029)
Share issue cost deduction	-	2,723
Deferred tax assets not brought to account	159,274	79,706
Income tax attributable to operating loss	-	-
The applicable weighted average effective tax rates as follows	Nil %	Nil %

(c) Deferred tax assets

Unused tax losses	-	26,377
Other	-	8,258
Set-off of deferred tax liabilities	-	(34,635)
	-	-

NOTES TO THE FINANCIAL STATEMENTS

4. INCOME TAX EXPENSE (Cont'd)

	30 June 2017 $	30 June 2016 $
(d) Deferred tax liabilities		
Other	-	(34,635)
Set-off of deferred tax assets	-	34,635
	-	-
(e) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	668,560	585,173
Unrecognised temporary differences	7,617	983
	676,177	586,156

5. CASH AND CASH EQUIVALENTS

Cash at bank	12,064	86,325
Deposits at call [(i)]	35,557	302,712
	47,621	389,037

(i) The effective interest rate on short-term bank deposits (90 day maturity) was 0.72% (2016: 0.75%).

6. TRADE AND OTHER RECEIVABLES

GST receivable	5,323	5,894
	5,323	5,894

(a) Trade receivables past due but not impaired

There were no trade receivables past due but not impaired.

(b) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 16 for more information on the risk management policy of the Company and the credit quality of the Company's trade receivables.

7. FINANCIAL ASSETS

Shares in listed corporations at fair value	49,750	148,450

NOTES TO THE FINANCIAL STATEMENTS

8. LOAN TO PETROZ

Loan account movements	30 June 2017 $	30 June 2016 $
Opening balance	731,878	-
Transactions	32,123	13,532
Bonds	-	718,346
Impairment	(305,763)	-
Closing balance	458,238	731,878

Under a conditional exclusive Option and Sale & Purchase Agreement, Dempsey has an option to acquire 100% of the issued capital of Petroz Limited. Petroz is an unlisted public Australian oil company, which holds a 75% interest in the onshore petroleum Licence 21A which hosts the discovered, but not yet developed, Alasehir & Sarikiz Oil Fields located in Western Turkey.

Dempsey has been granted an extension to the Option period to 31 December 2017.

On the exercise of the Option (subject to certain conditions precedent including DMI shareholder and ASX approvals) Dempsey will issue Petroz shareholders a total of 4 million Dempsey Shares on completion of Dempsey's re-admission to the official list of the ASX, a recapitalisation raising sufficient to enable Dempsey Shares to be readmitted to quotation on the ASX after completion of the Acquisition and the recommencement of trade in Dempsey Shares and 16 million Dempsey performance shares which will each convert to fully paid ordinary shares in Dempsey subject to the following hurdles:

(i) 6 million Class A performance shares which will convert into 6 million Dempsey Shares upon Dempsey's receipt of an independent expert's report confirming that the Sarikiz Field within the Licence has proven and probable (2P) oil resources of not less than 1 million barrels of oil ("mmbo") by 31 December 2015;

(ii) 6 million Class B performance shares which will convert to 6 million Dempsey Shares upon the General Directorate registering a discovery under the Licence in accordance with Turkish Petroleum Law Implementing Regulation on or before 31 December 2017; and

(iii) 4 million Class C performance shares which will convert to 4 million Dempsey Shares upon receipt of an independent expert's report confirming that drilling results and mapping of a 3D seismic survey data have identified not less than 25 mmbo of Prospective Resources (P50 Oil in Place) within the Licence and Dempsey reaching a market capitalisation of $10,000,000 for 5 consecutive trading days on or before 30 June 2018.

If any of the Performance Milestones set out above are not achieved by the relevant Milestone determination date, every 1 million of the corresponding class of Performance Shares will automatically convert into one (1) Dempsey Share.

The loan is unsecured, non-interest bearing and will be treated as an intercompany loan by Dempsey if the acquisition of Petroz is completed. As part of the exclusive option and sale purchase agreement, it was agreed that the funding would primarily be utilised for the provision of environmental and performance bonds required by Petrol Işleri Genel Müdürlüğüunder (Turkish Oil regulatory organisation) under Turkish Petroleum Law No. 6491 and held in a financial institution. Total value of these environmental bonds held in two accounts as at the date of this report were TRY 139,937 and USD 560,000 respectively.

The performance bonds represent 2% of the expected capital expenditure of the Alsehir project, which is based on a 5 year plan with total capital expenditure of USD $31,650,000. Once each years expected expenditure has been met, the funds held in escrow relating to that particular year will be released.

NOTES TO THE FINANCIAL STATEMENTS

During the year USD $73,000 of the performance bond was forfeited based on 2% of the committed expenditure that has not been met for the first year and given committed expenditure requirements for year 2 have not been met, an additional USD$130,000 is expected to be forfeited. These forfeited amounts are paid directly from the bonds to the Turkish Government. Accordingly, the Directors have determined that the carrying amount of the loan to Petroz Limited has been impaired to Petroz's 75% share of the remaining balance of the Bonds held.

If Dempsey does not exercise the option, or if the acquisition is not completed, the loan must be repaid in full within one (1) month of the relevant circumstance occurring and is payable in either cash or converted into fully paid ordinary shares in Petroz at the set price of $0.05 per Petroz Share.

9. EXPLORATION AND EVALUATION

	30 June 2017 $	30 June 2016 $
Costs carried forward in respect of areas of interest:		
Exploration and evaluation phases at cost	-	-
Movement:		
Brought forward	-	-
Exploration expenditure capitalised during the year	6,308	154,853
Exploration expenditure written off	(6,308)	(154,853)
Balance at reporting date	-	-

The value of the Company's interest in exploration expenditure is dependent upon:

- the continuance of the Company's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

The Company's exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

NOTES TO THE FINANCIAL STATEMENTS

10. TRADE AND OTHER PAYABLES

	30 June 2017 $	30 June 2016 $
Accruals	12,269	14,107
Trade payables	21,887	87,971
	34,156	102,078

Accounts payable are non-interest bearing and are predominantly settled on 30-day terms.

11. ISSUED CAPITAL

	2017 Number	2017 $
Fully paid ordinary shares (2016: 36,570,001)	36,570,001	3,250,458

		30 June 2017 Number	30 June 2017 $	30 June 2016 Number	30 June 2016 $
Balance at the beginning of the year		36,570,001	3,264,747	29,500,001	2,773,943
Issue of shares at $0.07 each	(i)	-	-	975,000	68,250
Issue of shares at $0.07 each	(ii)	-	-	2,692,745	188,492
Issue of shares at $0.07 each	(iii)	-	-	3,402,255	238,158
Less: transaction costs		-	(14,289)	-	(4,096)
Balance at the end of the year		36,570,001	3,250,458	36,570,001	3,264,747

(i) Placement shares issued on 18 December 2015
(ii) Entitlement Offer shares issued on 10 March 2016
(iii) Entitlement Offer shortfall shares issued on 6 June 2016

Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTES TO THE FINANCIAL STATEMENTS

Options as at 30 June 2017

The following options remain on issue as at 30 June 2017:

Expiry Date	Exercise Price	Number Under Option	Issue/Grant Date
31/12/18	$0.140 (Listed)	6,069,314	10/03/2016
31/12/18	$0.140 (Listed)	6,120,686	06/06/2016

Capital risk management

The Board controls the capital of the Company in order to provide the shareholders with adequate returns and ensure that the Company can fund its operations and continue as a going concern. The Company's capital includes ordinary share capital. There are no externally imposed capital requirements.

	30 June 2017 $	30 June 2016 $
Cash and cash equivalents	47,621	389,037
Trade and other receivables	5,323	5,894
Trade and other payables	(34,156)	(102,078)
Working capital position	18,788	292,853

12. RESERVES

Share Based Payment Reserve

This reserve records the value of equity benefits provided to employees and directors as part of their remuneration plus consideration received on issue of listed options.

Opening balance	63,208	4,168
Issue of options (i)	-	60,950
Transfer to accumulated losses	(2,258)	(1,910)
Closing Balance	(60,950)	63,208

(i) 6,095,000 listed options issued under Entitlement Offer at $0.01 each.

13. ACCUMULATED LOSSES

Opening balance	(2,154,774)	(1,845,047)
Loss for the Year	(632,116)	(311,637)
Transfer from equity based reserve	2,258	1,910
Closing Balance	(2,784,632)	(2,154,774)

NOTES TO THE FINANCIAL STATEMENTS

14. LOSS PER SHARE

	30 June 2017 $	30 June 2016 $
	Number	**Number**
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	36,570,001	31,070,868
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted loss per share	36,570,001	31,070,868
	$	**$**
Loss used in the calculation of basic and diluted loss per share	(632,116)	(311,637)

15. CASH FLOW INFORMATION

Reconciliation from the net loss after tax to the net cash flow from operations

Loss from ordinary activities after income tax	(632,116)	(311,637)
Non-cash flows in operating loss		
Exploration write-off	6,308	154,853
Impairment of loan	305,763	-
Income on sale of tenement	-	(8,000)
Fair value adjustment to investments	98,700	(101,439)
FX adjustment	-	(50,097)
Depreciation	-	664
Changes in assets and liabilities		
- (increase)/decrease in trade and other receivables	571	2,199
- (increase)/decrease in exploration	(6,308)	(154,853)
- Increase/(decrease) in trade and other payables	(67,922)	74,524
Cash flow from operations	(295,004)	(393,786)

NOTES TO THE FINANCIAL STATEMENTS

16. FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of deposits with banks, accounts receivable and payable. The main risks arising from the Company's financial instruments are interest rate risk, credit risk, and liquidity risk.

Risk management is carried out by the Board of Directors who monitors, evaluate, and manage the Company's financial risk.

The financial receivables and payables of the Company in the table below are due or payable within 30 days.

	Variable Interest Rate $	Fixed Maturity Dates – 1 Year or Less $	Non-interest Bearing $	2017 Total $
2017				
Financial assets				
Cash and cash equivalents	12,064	35,557	-	47,621
Receivables	-	-	5,323	5,323
Held for trading financial assets	-	-	49,750	49,750
Loan to Petroz	-	-	458,238	458,238
Total financial assets	12,064	35,557	513,311	560,932
Weighted average effective interest rate				0.72%
Financial liabilities				
Trade payables and accruals			(34,156)	(34,156)
Net financial assets				526,776

	Variable Interest Rate $	Fixed Maturity Dates – 1 Year or Less $	Non-interest Bearing $	2016 Total $
2016				
Financial assets				
Cash and cash equivalents	87,082	301,955	-	389,037
Receivables	-	-	5,894	5,894
Held for trading financial assets	-	-	148,450	148,450
Loan to Petroz	-	-	731,878	731,878
Total financial assets	87,082	301,955	886,222	1,275,259
Weighted average effective interest rate				0.75%
Financial liabilities				
Trade payables and accruals			(102,078)	(102,078)
Net financial assets				1,173,181

NOTES TO THE FINANCIAL STATEMENTS

16. FINANCIAL RISK MANAGEMENT (Cont'd)

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. All financial instruments measured at fair value are level one, meaning fair value is determined from quoted prices, in active markets for identical assets.

Financial risk management objectives and policies

The Board of Directors monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including fair value and interest rate risk), credit risk and liquidity risk. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financing loss from defaults. The Company exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Credit risk related to balances with banks and other financial institutions is managed by the board. The board's policy requires that surplus funds are only invested with counterparties with Standard & Poor's rating of at least –AA. All of the Company's surplus funds are invested with AA rated financial institutions.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised below:

	30 June 2017 $	**30 June 2016 $**
Cash and cash equivalents	47,621	389,037
Receivables	5,323	5,894
Loan to Petroz	458,238	731,878

The carrying amount of financial assets recorded in the financial statements, net of any provision for losses, represents the Company's maximum exposure to credit risk.

All receivables noted above are due within 30 days. None of the above receivables are past due.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

NOTES TO THE FINANCIAL STATEMENTS

16. FINANCIAL RISK MANAGEMENT (Cont'd)

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company has no borrowings. The Company's non-cash investments can be realised to meet accounts payable arising in the normal course of business.

Interest rate risk exposure

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk as it invests funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate deposits. The Company has no borrowings.

	30 June 2017 $	30 June 2016 $
Interest bearing financial instruments		
Cash and cash equivalents	47,621	389,037
Weighted average effective interest rate	0.72%	0.75%

Sensitivity analysis

Interest rate risk

The Company has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. The sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest rate sensitivity analysis

At 30 June 2017, the effect on loss as a result of changes in the interest rate, with all variables remaining constant would be as follows:

Change in loss		
Increase in interest rate by 100 basis points	476	3,890
Decrease in interest rate by 100 basis points	(476)	(3,890)
Change in equity		
Increase in interest rate by 100 basis points	476	3,890
Decrease in interest rate by 100 basis points	(476)	(3,890)

17. EQUITY-BASED PAYMENTS

There were no equity based payments during the year ended 30 June 2017.

NOTES TO THE FINANCIAL STATEMENTS

18. KEY MANAGEMENT PERSONNEL (KMP) COMPENSATION

Refer to the remuneration report contained in the directors' report for details of remuneration paid or payable to each member of the Company's key management personnel for the year ended 30 June 2017.

The totals of remuneration paid to KMP of the Company during the year are as follows:

	30 June 2017 $	30 June 2016 $
Short term employee benefits	90,000	90,000
Post-employment benefits	-	-
Other long term benefits	-	-
Equity based payments	-	-
	90,000	90,000

19. COMMITMENTS

The office commitments and the mining lease obligations, which are subject to renegotiation upon any expiry of leases, are not provided for in the financial statements and are payable as follows:

No longer than one year	-	34,991
Longer than one year but not longer than five years	-	70,967
Longer than five years	-	-
	-	105,958

20. EVENTS SUBSEQUENT TO THE REPORTING DATE

On 6/9/17, the Company announced that it had raised $100,000 in a placement. The issue price was $0.05 per fully paid ordinary share plus a free attaching listed option to be issued on a one for two basis. The listed options will be on the same terms as currently listed options with an exercise price of $0.14 and an expiry date of 31 December 2018. Funds raised will be used for general working capital and to pursue further due diligence work on potential investment opportunities.

Apart from the above, the Directors are not aware of any matters or circumstances at the date of the report, other than those referred to in this report or the financial statements or notes thereto, that has significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Company in subsequent financial years.

21. CONTINGENT LIABILITIES

Dempsey Minerals Limited has no known material contingent liabilities as at 30 June 2017.

22. REMUNERATION OF AUDITORS

Remuneration of the auditor for:		
Auditing and reviewing the financial reports	19,500	21,000
	19,500	21,000

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Dempsey Minerals Limited, the directors of the company declare that:

1. the financial statements and notes, as set out, on pages 15 to 40, are in accordance with the Corporations Act 2001 and:

    a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
    b. give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the Company;

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; and

3. the directors have been given the declarations required by s 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

On behalf of the Directors

Nathan McMahon
Non-Executive Chairman
Perth, Western Australia
22 September 2017

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Bentleys Audit & Corporate (WA) Pty Ltd
London House
Level 3,
216 St Georges Terrace
Perth WA 6000

PO Box 7775
Cloisters Square WA 6850

ABN 33 121 222 802

T +61 8 9226 4500
F +61 8 9226 4300

bentleys.com.au

Independent Auditor's Report

To the Members of Dempsey Minerals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Dempsey Minerals Limited ("the Company"), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a. the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Company incurred a net loss of $632,116 during the year ended 30 June 2017. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter

Loan to Petroz Limited - $458,238
(refer to Note 8)
 	
The loan to Petroz Limited is a key audit matter due to:
- The significance of the balance to the Company's consolidated financial position; and.
- The assessment of recoverability of the loan being inherently difficult
	Our procedures included, amongst others:
	- Reviewing the Option and Share Sale & Purchase Agreement and subsequent amendments, including the option period extensions, and obtaining an understanding of the terms;
	- Obtaining written confirmation from Petroz Limited of loan balance;
	- Discussing with management their basis for recoverability of the loan and their intentions regarding the conversion of the option to acquire Petroz Limited;
	- Obtaining and reviewing evidence used by management to support their basis for recoverability, including:
	  - information on Petroz Limited's current financial position based on the latest management accounts and prior period audited Annual Report;
	  - evidence of environmental bonds held by Petroz Limited including support for the balance as at 30 June 2017 and amounts forfeited by the Ministry of Energy and Natural Resources in Turkey;
	  - consideration of key assumptions within the valuation of Petroz project included within the Independent Expert Report prepared in September 2015; and
	- Assessing the adequacy of the disclosures included in Note 8 to the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of the Company, for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Director

Dated at Perth this 22nd day of September 2017

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THINKING AHEAD

Bentleys Audit & Corporate (WA) Pty Ltd
London House
Level 3,
216 St Georges Terrace
Perth WA 6000

PO Box 7775
Cloisters Square WA 6850

ABN 33 121 222 802

T +61 8 9226 4500
F +61 8 9226 4300

bentleys.com.au

To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of Dempsey Minerals Limited for the financial year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Director

Dated at Perth this 22nd day of September 2017

AUSTRALIAN SECURITIES EXCHANGE INFORMATION

Additional information required by Australian Securities Exchange Limited and not shown elsewhere in this Annual Report is as follows. The information is made up to 18 September 2017.

DETAILS OF EQUITY SECURITIES

ORDINARY SHAREHOLDERS

There are 38,170,001 fully paid ordinary shares on issue, held by 315 individual shareholders. Each member entitled to vote may vote in person or by proxy or by attorney and on a show of hands every person who is a member or a representative or a proxy of a member shall have one vote and on a poll every member present in person or by proxy or attorney or other authorised representative shall have one vote for each share held.

TWENTY LARGEST SHAREHOLDERS (AS AT 18 SEPTEMBER 2017)

	Fully Paid Ordinary	
Ordinary Shareholders	**Number**	**Percentage**
Kingsreef P/L (NB & DL Family A/C)	4,623,427	12.1%
Buckland Capital P/L (D Millar S/Fund)	3,215,000	8.4%
Clive Jones (The Alyse Investment A/C)	2,745,275	7.2%
T J Gardiner & V H Gardiner (Terry James Gardiner Super Fund)	1,750,000	4.6%
Gazard Investments P/L	1,579,543	4.1%
Cicchino P/L (Cicchino Share A/C)	1,250,000	3.3%
R C Gardener & H Black (Tumeke Super Fund)	1,250,000	3.3%
Gryphon Asset Management P/L	1,065,000	2.8%
Thomas Francis Corr	863,454	2.3%
Widerange Corporation P/L	848,468	2.2%
Christopher W Chalwell	800,000	2.1%
C W Chalwell & Mrs J R Chalwell (Chalwell Pension Fund)	800,000	2.1%
Foura P/L (Paska Lake Super Fund)	714,286	1.9%
Matthew Steven Klein	682,500	1.8%
Tilpa Pty Ltd (Tilpa Pty Ltd Staff S/F)	532,137	1.4%
Subiaco Asset Management P/L	524,930	1.4%
Terry James Gardiner	514,919	1.3%
Antony Sunna	500,000	1.3%
Toltec Holdings Pty Ltd	446,777	1.2%
Wafa Muhammad Iqbal	400,000	1.0%
	25,105,716	**65.8%**

VOTING RIGHTS

Subject to any rights or restrictions for the time being attached to any class or classes (at present there are none) at general meetings of shareholders or classes of shareholders:

(a) each shareholder entitled to vote, may vote in person or by proxy, attorney or representative;

(b) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and

(c) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held, or in respect of which he/she has appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

HOLDERS OF NON-MARKETABLE PARCELS (AS AT 18 SEPTEMBER 2017)

There are 14 shareholders who hold less than a marketable parcel of shares.

DISTRIBUTION OF SHARE HOLDERS (AS AT 18 SEPTEMBER 2017)

	Ordinary Shares
1 to 1,000	2,803
1,001 to 5,000	21,598
5,001 to 10,000	43,032
10,001 to 100,000	7,044,463
100,001 and over	31,058,105
	38,170,001

SUBSTANTIAL SHAREHOLDERS

The following shareholders are recorded in the Register of Substantial Shareholders:

Substantial Shareholder	Ordinary Shares held	Current % Held
Nathan McMahon and associated entities	4,777,685	12.5%
Clive Jones and associated entities	3,670,871	9.6%
Terry Gardiner and associated entities	3,329,919	8.7%

SHARE BUY-BACKS

There is no current on-market buy-back scheme.

INTEREST IN MINING TENEMENTS

Applications

Greenbushes South	E70/4629

OTHER INFORMATION

Dempsey Minerals Limited, incorporated and domiciled in Australia, is a public listed Company limited by Shares.