

## CHAIRMAN'S LETTER

3<sup>rd</sup> April 2018

### NOTICE OF MEETING AND UPDATE ON OPTION TO ACQUIRE ARGENTINIAN LITHIUM PROJECT

Dear Shareholder

Further to the announcement made on the 5<sup>th</sup> February this year, regarding the Company's exclusive option agreement with Australian company Blue Sky Lithium Pty Ltd (**Blue Sky**) to acquire 100% of Blue Sky's interests in mining tenements located over the *Hombre Muerto* salt flat in Argentina, we now attach a Notice of Meeting and Proxy Form to consider the arrangement and other associated matters. The General Meeting is set for 9.00am (WST) on Friday May 4, 2018.

Technical due diligence at Candelas has involved a site visit, a review of the neighbouring operations and a programme of surface sampling. This work has highlighted the prospective nature of the area with surface sampling results in excess of what was expected for the Candelas project. The Candelas project hosts an approximate 12km long deltaic channel which is the main access channel for lithium charged waters from source rocks to the south of the basin. The Candelas area adjoins Galaxy's Sal de Vida project to the south.

During the period since signing the option agreement the Company has commenced both technical and legal due diligence on Blue Sky and the Argentinian projects. This work is ongoing, however the work has highlighted an unusual issue regarding the tenure over the second project in the portfolio at Catalina, in that mineral rights have been granted by both the Catamarca and Salta provinces over the same ground. This is a result of a long term border dispute between the provinces and further details are being sought on this matter. The tenure for the Catalina licence from the Catamarca province is legally valid. The Company's main interest in Blue Sky's portfolio however, has always been on the Candelas group where no such title issues exist and on Blue Sky's ability to further grow the project portfolio in country.

The Company is very encouraged by the technical work at Candela's as well as the skill and technical experience of the team of Blue Sky.

Further information with respect to the Project and to Blue Sky is available on the Company's website.

**For further information contact:**

**Nathan McMahon**

Non-Executive Chairman

Email: [nathan@dempseyminerals.com.au](mailto:nathan@dempseyminerals.com.au)

Tel: (08) 9322 6283



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## **DEMPSEY MINERALS LIMITED**

**ACN 149 349 646**

## **NOTICE OF GENERAL MEETING**

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**TIME:** 9.00am (WST)

**DATE:** 4 May 2018

**PLACE:** Level 2  
38 Richardson Street  
WEST PERTH WA 6005

*This Notice of General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*Should you wish to discuss the matters in this Notice of General Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9322 6418.*

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**CONTENTS PAGE**

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Notice of General Meeting (setting out the proposed Resolutions)	2
Explanatory Memorandum (explaining the proposed Resolutions)	7
Glossary	30
Annexures	32
Proxy Form	

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**IMPORTANT INFORMATION**

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**TIME AND PLACE OF MEETING**

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Notice is given that the General Meeting of the Shareholders convened by this Notice of Meeting will be held at 9.00am (WST) on 4 May 2018 at:

Level 2  
38 Richardson Street  
WEST PERTH WA 6005

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**YOUR VOTE IS IMPORTANT**

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The business of the General Meeting affects your Shareholding and your vote is important.

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**ATTENDANCE AND VOTING ELIGIBILITY**

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For the purposes of regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) the Directors have determined that the Shares quoted on the ASX at 5.00pm WST on 2 May 2018 will be taken, for the purposes of this General Meeting, to be held by the persons who held them at that time. Accordingly those persons are entitled to attend and vote (if not excluded) at the Meeting.

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**VOTING IN PERSON**

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To vote in person, attend the General Meeting at the time, date and place set out above.

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**VOTING BY PROXY**

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To vote by proxy, please complete and sign the Proxy Form enclosed (and the power of attorney or other authority (if any) under which it is signed (or a certified copy)) and either:

- (a) deliver the Proxy Form to the Company's registered office at Level 2, 38 Richardson Street, West Perth, Western Australia 6005;
- (b) send the Proxy Form by post to Dempsey Minerals Limited, PO Box 396, West Perth, Western Australia 6872; or
- (c) send the Proxy Form by facsimile to the Company on facsimile number (08) 9322 6398; or
- (d) email the Proxy Form to [mrobbins@dempseyminerals.com.au](mailto:mrobbins@dempseyminerals.com.au)

so that it is received not later than 9.00am (WST) on 2 May 2018.

**Proxy Forms received later than this time will be invalid.**

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## NOTICE OF GENERAL MEETING

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Notice is given that a General Meeting of Shareholders of Dempsey Minerals Limited will be held at **Level 2, 38 Richardson Street, West Perth, Western Australia at 9.00am WST on Friday 4 May 2018.**

The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Memorandum and the Proxy Form are part of this Notice of Meeting.

Terms and abbreviations used in this Notice of Meeting and Explanatory Memorandum (including any Annexures) are defined in the Glossary unless defined elsewhere in the Explanatory Memorandum.

### AGENDA

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#### RESOLUTION 1 – RATIFICATION OF ISSUE OF 2,040,000 SHARES AND 1,020,000 QUOTED OPTIONS

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

*"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue of 2,040,000 Shares and 1,020,000 Quoted Options to the persons, on the terms and conditions and in the manner set out in the Explanatory Memorandum."*

#### Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by persons who participated in this issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### RESOLUTION 2 – RATIFICATION OF ISSUE OF 3,395,000 SHARES ISSUED UNDER LISTING RULE 7.1

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

*"That, for the purposes of ASX Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the prior issue by the Company of 3,395,000 Shares each at an issue price of \$0.08 to the persons, on the terms and conditions and in the manner set out in the Explanatory Memorandum."*

#### Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by persons who participated in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### RESOLUTION 3 – RATIFICATION OF ISSUE OF 4,305,000 SHARES UNDER LISTING RULE 7.1A

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

*"That, for the purposes of ASX Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the prior issue by the Company of 4,305,000 Shares each at an issue price of \$0.08 to the persons, on the terms and conditions and in the manner set out in the Explanatory Memorandum."*

#### Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by persons who participated in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### **RESOLUTION 4 – APPROVAL OF ISSUE OF 17,300,000 SHARES**

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

*"That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 17,300,000 Shares each at an issue price of \$0.08 to the persons, on the terms and conditions and in the manner set out in the Explanatory Memorandum."*

##### **Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by persons who may participate in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### **RESOLUTION 5 – APPROVAL OF CHANGE TO NATURE AND SCALE OF ACTIVITIES**

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

*"That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 11.1.2 and for all other purposes, the Company be authorised to make a significant change to the nature and scale of its activities by the completion of the Proposed Acquisition on the terms and conditions in the Explanatory Memorandum."*

##### **Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by persons who might obtain a benefit (except a benefit solely in their capacity as holder of ordinary securities) if the Resolution is passed and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### **RESOLUTION 6 – APPROVAL OF PROPOSED ACQUISITION AND ISSUE OF SHARES AND UNQUOTED OPTIONS**

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

*"That, subject to each of the other Acquisition Resolutions being passed, for the purpose of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Proposed Acquisition and the issue of 17,000,000 Shares and 12,000,000 Unquoted Options as consideration for the Proposed Acquisition to the persons, on the terms and conditions and in the manner set out in the Explanatory Memorandum."*

##### **Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by persons who might obtain a benefit (except a benefit solely in their capacity as holder of ordinary securities) if the Resolution is passed and any of their associates. However, the company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or, it is cast by the chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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#### **RESOLUTION 7 – APPROVAL OF ISSUE OF 3,000,000 SHARES AND 3,000,000 UNQUOTED OPTIONS**

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

*"That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 3,000,000 Shares and 3,000,000 Unquoted Options to Blue Sky Lithium (and/or its nominee) pursuant to the Option Agreement, on the terms and conditions and in the manner set out in the Explanatory Memorandum."*

**Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by Blue Sky Lithium and any of its associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**RESOLUTION 8 – APPROVAL OF ISSUE OF 5,000,000 SHARES AND 10,000,000 UNQUOTED OPTIONS AS FINDER'S FACILITATOR FEE**

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

*"That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 5,000,000 Shares and 10,000,000 Unquoted Options as a Finder's Facilitator Fee in connection with the Proposed Acquisition, upon Completion, to the persons (and/or their nominees), on the terms and conditions and in the manner set out in the Explanatory Memorandum."*

**Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by persons who may participate in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**RESOLUTION 9 – APPROVAL OF ISSUE OF 25,000,000 SHARES**

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

*"That for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue and allotment of up to 25,000,000 Shares by way of private placement on the terms and conditions and in the manner set out in the Explanatory Memorandum."*

**Voting Exclusion Statement:**

The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue, as set out in the Explanatory Memorandum, and any person who may obtain a benefit (other than a benefit solely in the capacity as holder of ordinary shares) if the Resolution is passed and any an associate of such person. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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**OTHER BUSINESS**

To deal with any business that may be lawfully brought forward.

## PROXIES

A Shareholder entitled to attend and vote at the Meeting has a right to appoint a proxy to attend and vote instead of the Shareholder. A proxy need not be a Shareholder and can be either an individual or a body corporate. If a Shareholder appoints a body corporate as a proxy that body corporate will need to ensure that it:

- a) appoints an individual as its corporate representative to exercise its powers at the Meeting, in accordance with section 250D of the Corporations Act; and
- b) provides the Company with satisfactory evidence of the appointment of its corporate representative prior to commencement of the Meeting.

If such evidence is not received before the Meeting, then the body corporate (through its representative) will not be permitted to act as proxy.

A Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes. Fractions of votes will be disregarded.

In order to vote on behalf of a company that is a Shareholder, a valid Power of Attorney in the name of the attendee, must be either lodged with the Company prior to the Meeting, or be presented at the Meeting before registering on the attendance register for the Meeting.

Forms to appoint proxies, and the Power of Attorney (if any) under which they are signed, must be posted or lodged at the registered office of the Company, at Level 2, 38 Richardson Street, West Perth WA 6005, or PO Box 396 West Perth WA 6872, or by facsimile to (61 8) 9322 6398, or by email to [mrobbins@dempseyminerals.com.au](mailto:mrobbins@dempseyminerals.com.au) not less than 48 hours before the time of the Meeting or resumption of an adjourned meeting at which the person named in the instrument proposes to vote.

An instrument appointing a proxy:

- a) shall be in writing under the hand of the appointor or of his attorney, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney;
- b) may specify the manner in which the proxy is to vote in respect of a particular Resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the Resolution except as specified in the instrument;
- c) shall be deemed to confer authority to demand or join in demanding a poll;
- d) shall be in such form as the Directors determine and which complies with section 250A of the Corporations Act; and
- e) which appoints the Chair as proxy but does not specify the way in which the proxy is to vote on a particular Resolution will be recorded as voting in favour of the Resolutions (subject to the other provisions of these notes on proxies and any required voting exclusions including those in the Notice) as this is the Chair's voting intention.

## Corporations

A corporation may elect to appoint a representative in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment, which must be lodged with, or presented to, the Company before the commencement of the Meeting.

Proxies given by corporate Shareholders must be executed in accordance with their constitutions, or signed by a duly authorised attorney. A proxy may decide whether to vote on any motion, except where the proxy is required by law or the Constitution to vote, or abstain from voting, in their capacity as proxy.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

### **Undirected and Directed Proxies**

The Company encourages all Shareholders who submit proxies to direct their proxy how to vote on each resolution.

The Company will not disregard any votes cast on a resolution by a person if the person is the Chair voting an undirected proxy and their appointment expressly authorises the Chair to exercise the proxy.

If you intend to appoint the Chair as your proxy, you can direct him how to vote by marking the boxes for each resolution (for example, if you wish to vote "for", "against" or "abstain" from voting), or you cannot mark any of the boxes and give the Chair your express authority to vote your undirected proxy (in which case the Chair will vote in favour of all Resolutions).

In accordance with the Corporations Act, any directed proxies that are not voted on a poll at the meeting will automatically default to the Chair, who is required to vote proxies as directed.

The Chair intends to vote all available proxies in favour of each of Resolutions 1 to 9 (inclusive).

### ***If you appoint any other person as your proxy***

You do not need to direct your proxy how to vote.

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**DATED: 3 APRIL 2018**

**BY ORDER OF THE BOARD**

**MIKE ROBBINS  
COMPANY SECRETARY**



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## EXPLANATORY MEMORANDUM

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This Explanatory Memorandum has been prepared for the information of shareholders of Dempsey Minerals Limited in connection with the business specified to be conducted in the Notice of General Meeting at the general meeting of Shareholders to be held at Level 2, 38 Richardson Street, West Perth, Western Australia 6005 at **9.00am WST on 4 May 2018**.

The purpose of this Explanatory Memorandum is to provide information that the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

The Notice of Meeting, Explanatory Memorandum and Proxy Form are all important documents. The Directors recommend that Shareholders read them carefully in their entirety before making a decision on how to vote at the General Meeting.

A Glossary of terms frequently used in this Notice of Meeting and Explanatory Memorandum can be found at the end of this Explanatory Memorandum.

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### **1. RESOLUTION 1 - RATIFICATION OF ISSUE OF 2,040,000 SHARES AND 1,020,000 QUOTED OPTIONS**

#### **1.1 Background**

As announced to the ASX on 11 December 2017 the Company completed a private placement of a total of 2,040,000 Shares and 1,020,000 Quoted Options, at an issue price of \$0.05 per Share, to sophisticated and professional investors. The free attaching Quoted Options (exercisable at \$0.14 on or before 31 December 2018) were issued on a 1 for 2 basis. The Shares and Quoted Options that are the subject of Resolution 1 were issued on 11 December 2017. The ratification of the prior issue of the 2,040,000 Shares and 1,020,000 Quoted Options is sought under Resolution 1 in accordance with the requirements of ASX Listing Rule 7.4.

The terms and conditions of the Quoted Options are summarised in Annexure A.

#### **1.2 ASX Listing Rule 7.4**

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which includes shares) that exceed 15% of the total number of ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities. ASX Listing Rule 7.4 provides that the approval of holders of the company's ordinary shares may be obtained after the issue of equity securities. The effect of such ratification is to restore the company's discretionary power to issue further shares up to 15% of the number of ordinary shares on issue at the beginning of the relevant 12 month period without obtaining shareholder approval.

If Shareholders approve Resolution 1, the issue of 2,040,000 Shares and 1,020,000 Quoted Options will be excluded from the calculations of the 15% limit under ASX Listing Rule 7.1.

#### **1.3 ASX Listing Rule Disclosure Requirements**

The following information is provided for the purpose of ASX Listing Rule 7.5:

*(a) Number of securities issued*

Shares – 2,040,000  
Quoted Options – 1,020,000

*(b) Price at which the securities were issued*

Shares - \$0.05  
Quoted Options – Nil

*(c) Terms of the securities*

The Shares rank *pari passu* in all respects with the Company's other Shares on issue and are listed on the ASX.

The Quoted Options are exercisable at \$0.14 on or before 31 December 2018 on the terms and conditions set out in Annexure A. Shares issued upon exercise of the Quoted Options will rank *pari passu* in all respects with the Company's other Shares on issue and listed on the ASX.

- (d) *The name of the persons to whom Dempsey issued the securities or the basis on which those persons were determined*

The Shares and Quoted Options were issued to sophisticated and professional investors. None of the investors were related parties of the Company or their associates.

- (e) *Use (or intended use) of funds raised*

The proceeds from the private placement will be used to pursue further due diligence work on potential investment opportunities in the mining sector as well as to provide further working capital.

## **1.4 Directors' Recommendation**

The Board recommends Shareholders vote in favour of Resolution 1 as it allows the Company greater flexibility to issue further Securities representing up to 15% (under ASX Listing Rule 7.1) of the total number of Shares on issue in any 12 month period without Shareholder approval.

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## **2. RESOLUTIONS 2 AND 3 - RATIFICATION OF ISSUE OF 3,395,000 SHARES ISSUED UNDER LISTING RULE 7.1 (RESOLUTION 2) AND RATIFICATION OF 4,305,000 SHARES ISSUED UNDER LISTING RULE 7.1A (RESOLUTION 3)**

### **2.1 Background**

As announced on 6 February 2018, the Company signed an option agreement to acquire 100% of the Blue Sky Lithium interest in mining tenements located in the Hombre Muerto salar region of Argentina or a 100% interest in the issued capital of the company that owns those interests (**Option Agreement**). Completion of the sale and purchase under the Option Agreement is conditional on the Company completing a capital raising of at least \$2,000,000 (before costs) by the issue of Shares at not less than \$0.075 per Share (**Financing Condition**).

Background information and a detailed description of the Proposed Acquisition is set out in section 4 of the Explanatory Memorandum.

The Company will complete a placement of 25 million Shares at \$0.08 per Share, to raise \$2,000,000 (before costs) in total, in satisfaction of the Financing Condition. The placement is intended to be completed on a pro-rata basis across two tranches:

- Tranche 1 – 7,700,000 Shares to raise \$616,000 (before costs) (**Tranche 1**)
- Tranche 2 – 17,300,000 Shares to raise \$1,384,000 (before costs) (**Tranche 2**)

Tranche 1 has been completed as at the date of this Notice. The 7,700,000 Shares issued under Tranche 1 were issued under the Company's available capacity under Listing Rules 7.1 and 7.1A, and are the subject of Resolutions 2 and 3. Tranche 2 of the placement has not yet been completed as the issue of the Shares under Tranche 2 requires Shareholder approval. The issue of 17,300,000 Shares under Tranche 2 is subject to Shareholder approval, which is the subject of Resolution 4.

A total of 7,700,000 Shares were issued under Tranche 1 at an issue price of \$0.08 per Share, to sophisticated and professional investors on 14 February 2018 (3,395,000 of those Shares were issued under the Company's 15% share issue capacity under Listing Rule 7.1 and are the subject of Resolution 2 while the balance of 4,305,000 Shares were issued under the Company's 10% capacity under Listing Rule 7.1A and are the subject of Resolution 3).

### **2.2 ASX Listing Rule 7.4**

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which includes shares) that exceed 15% of the total number of fully paid ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities.

ASX Listing Rule 7.1A provides that certain eligible companies may seek shareholder approval at its AGM to issue up to a further 10% of its fully paid ordinary securities on issue at the start of the 12 month period commencing on the date of the AGM ("10% share issue capacity"). The Company is an eligible company and sought and received shareholder approval to the 10% share issue capacity at its AGM on 24 November 2017. The shareholder approval is valid for 12 months from the date of the AGM (that is, until 23 November 2018).

ASX Listing Rule 7.4 provides that an issue of securities made without approval under Listing Rules 7.1 and 7.1A will be treated as having been made with shareholder approval for the purposes of those Listing Rules if shareholders subsequently approve it and the issue did not breach Listing Rules 7.1 or 7.1A.

Accordingly, the Company is seeking shareholder ratification for the issue of Shares under Tranche 1 of the placement as follows:

- 3,395,000 Shares issued under the Company's 15% share issue capacity under Listing Rule 7.1; and
- 4,305,000 Shares issued under the Company's 10% share issue capacity under Listing Rule 7.1A.

If Shareholders approve Resolution 2, the issue of 3,395,000 Shares will be excluded from the calculations of the 15% limit under ASX Listing Rule 7.1. If Shareholders approve Resolution 3, the issue of 4,305,000 Shares will be excluded from the calculations of the 15% limit under ASX Listing Rule 7.1.

### **2.3 ASX Listing Rule Disclosure Requirements**

The following information is provided for the purpose of ASX Listing Rule 7.5:

*(a) Number of securities issued*

7,700,000 Shares

*(b) Price at which the securities were issued*

\$0.08

*(c) Terms of the securities*

The Shares are fully paid and rank pari passu in all respects with the Company's other Shares on issue and are listed on the ASX.

*(d) The name of the persons to whom Dempsey issued the securities or the basis on which those persons were determined*

Sophisticated and professional investors. None of the investors were related parties of the Company or their associates.

*(e) Use (or intended use) of funds raised*

To be used to enable the Company to meet administrative costs of the Proposed Acquisition including due diligence costs, adviser's fees, the costs of seeking shareholder approval for the Proposed Acquisition and to provide further working capital.

### **2.4 Directors' Recommendation**

The Board recommends Shareholders vote in favour of Resolution 2 as it allows the Company greater flexibility to issue further Securities representing up to 15% (under ASX Listing Rule 7.1) of the total number of Shares on issue in any 12 month period without Shareholder approval.

The Board recommends Shareholders vote in favour of Resolution 3 as it allows the Company greater flexibility to issue further Securities representing up to 10% (under ASX Listing Rule 7.1A) of the total number of Shares on issue in any 12 month period without Shareholder approval.

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### **3. RESOLUTION 4 - APPROVAL OF ISSUE OF 17,300,000 SHARES**

#### **3.1 Background**

Please refer to section 2.1 of the Explanatory Memorandum for background information in respect of Resolution 4, which seeks Shareholder approval for the issue of 17,300,000 Shares to be issued under Tranche 2 of the placement referred to in section 2.1.

#### **3.2 ASX Listing Rule 7.1**

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which include shares) that exceed 15% of the total number of ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities. Shareholder approval for the purposes of ASX Listing Rule 7.1 is being sought in Resolution 4 for the issue of 17,300,000 Shares under Tranche 2 of the placement referred to in section 2.1 of the Explanatory Memorandum.

If Shareholders approve Resolution 4, the issue of 17,300,000 Shares will be excluded from the calculations of the 15% limit under ASX Listing Rule 7.1.

#### **3.3 ASX Listing Rule Disclosure Requirements**

The following information is provided for the purpose of ASX Listing Rule 7.3:

*(a) Number of securities to be issued*

17,300,000 Shares

*(b) Date on or by which Dempsey will issue the securities*

Within 3 months of the date of this Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).

*(c) Issue price of the securities*

\$0.08

*(d) The name of the persons to whom Dempsey will issue the securities or the basis on which those persons will be determined*

The Shares will be issued to sophisticated and professional investors, who participated in the Tranche 1 placement and are not related parties of the Company or their associates.

*(e) Terms of the securities*

The Shares will be fully paid and rank pari passu in all respects with the Company's other Shares on issue and will be listed on the ASX.

*(f) Intended use of funds raised*

To be used to enable the Company to meet administrative costs of the Proposed Acquisition including due diligence costs, adviser's fees, the costs of seeking shareholder approval for the Proposed Acquisition and to provide further working capital.

*(g) The issue date or a statement that the issue will occur progressively*

The Shares will be issued progressively.

#### **3.4 Directors' Recommendation**

The Board recommends Shareholders vote in favour of Resolution 4 as it allows the Company greater flexibility to issue further Securities representing up to 15% (under ASX Listing Rule 7.1) of the total number of Shares on issue in any 12 month period without Shareholder approval.

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## 4. BACKGROUND INFORMATION FOR ACQUISITION RESOLUTIONS 5 TO 7 INCLUSIVE

### 4.1 Background

On 6 February 2018 the Company announced that it has signed the Option Agreement with Australian company Blue Sky Lithium in respect of the Proposed Acquisition. Blue Sky has interests in mining tenements located in the world class lithium bearing *Hombre Muerto* salt flat in the province of Catamarca, Argentina. Blue Sky, through its managing director and founder Mr Juan Pablo Vargas de la Vega, has had a long association in the mining industry in Australia and Latin America and in particular within the lithium sector.

### 4.2 Option Agreement

The Company, Blue Sky Lithium and Blue Sky Lithium's managing director Mr Juan Pablo Vargas de la Vega are parties to the Option Agreement.

Shareholder approval under Listing Rule 10.11 is not required for the issue of Securities as consideration in connection with the Proposed Acquisition to Blue Sky Lithium, Mr Juan Pablo Vargas de la Vega and Mr Raymond Liu, as they are each only a related party by reason of the Proposed Acquisition and therefore Listing Rule 10.12 Exception 6 applies to each of them. In any event the Board considers that the Option Agreement (including the consideration for the Proposed Acquisition agreed under the Option Agreement) is on terms that are reasonable for parties dealing at arm's length.

The principal terms of the Option Agreement under which the Company has an option to complete the Proposed Acquisition are as follows:

1. Under the terms of the Option Agreement, if Dempsey exercises the option to complete the Proposed Acquisition, it may at its sole and absolute election determine whether to complete the Proposed Acquisition by way of an asset sale agreement (i.e. by acquiring Blue Sky's interests in those mining tenements) or by acquiring 100% of the issued capital of Blue Sky.
2. The initial option period is 105 days (as amended by a deed of variation) from the date of the Option Agreement (**Initial Option Period**) but may be extended at Dempsey's election by a further 45 days (**Further Option Period**).
3. During the Initial Option Period and the Further Option Period, Blue Sky will for the purposes of Dempsey's due diligence investigations (amongst other things):
  - (a) grant to Dempsey the right to carry out exploration activities on the Project and all activities ancillary thereto at such times and in such manner as it determines in its sole and absolute discretion;
  - (b) permit Dempsey to enter upon the Project by its employees, agents and contractors and bring on to the Project plant, equipment and machinery for the purpose of conducting exploration on the Project; and
  - (c) permit Dempsey to undertake non-invasive exploration activities including conducting soil samples, and geophysics studies and any other act or thing in connection with such non-invasive exploration to test for the presence of minerals on the Project.
4. The consideration payable under the Option Agreement is as follows:
  - (a) upon the exercise of the option under the Option Agreement (**Option**), an option fee will be payable to Blue Sky of 3,000,000 Shares and 3,000,000 Unquoted Options;
  - (b) upon completion of the acquisition of Blue Sky or the Project (as determined by Dempsey) (**Completion**) the issue to Blue Sky or Blue Sky's shareholders (as applicable) of 17,000,000 Shares and 12,000,000 Unquoted Options;
  - (c) upon the delineation by or on behalf of Dempsey of a JORC resource of not less than 80kt lithium carbonate equivalent within the area of the mining properties in which Blue Sky has an interest as at Completion, the issue of 15,000,000 Shares to Blue Sky or Blue Sky's shareholders (as applicable); and
  - (d) upon the commencement of commercial production from a pilot plant by or on behalf of Dempsey, the issue of 10,000,000 Shares to Blue Sky or Blue Sky's shareholders (as applicable).

5. Blue Sky has agreed that for the duration of the Initial Option Period Blue Sky will exclusively deal with Dempsey or its nominee in respect of the sale, disposal of or other dealing with its interests in the Project and the Blue Sky shares Dempsey has the right, during the Further Option Period, to match or better any alternative proposal with a counter proposal within 10 business days and if Dempsey does not, Blue Sky has the right to terminate the Option Agreement with immediate effect.
6. Completion of the sale and purchase under the Option Agreement (**Completion**) will be conditional upon the satisfaction of a number of conditions precedent, which must be satisfied within 105 days from the date of the Option Agreement or such other date that as the parties may agree in writing, including but not limited to the exercise by Dempsey of their option, Dempsey having completed a capital raising of at least \$2,000,000 by the issue of Shares at not less than \$0.075 per Share (**Financing Condition**), Dempsey being satisfied in its sole and absolute discretion with the results of its technical due diligence, the receipt of all necessary shareholder and other approvals and the Formal Agreement referred to below being entered into. Completion must take place within 5 days after all of the conditions precedent have been fulfilled or waived.
7. A finder's facilitation fee of 5,000,000 Shares and 10,000,000 Unquoted Options will also be payable on Completion.
8. Dempsey has initially appointed Mr Juan Pablo Vargas de la Vega as General Manager of Dempsey from the date of the Option Agreement. Upon Completion Mr Juan Pablo Vargas de la Vega will be appointed as Managing Director of Dempsey and Mr Raymond Liu will be appointed as a Non-Executive Director.
9. Upon the request of Dempsey the parties will negotiate in good faith a more formal agreement to replace the Option Agreement which will be consistent with the terms and conditions of the Option Agreement (**Formal Agreement**) and will also include further terms and conditions usually found in agreements of its type. Until such time as a Formal Agreement is negotiated and executed, or if no such Formal Agreement is able to be agreed by the parties, then the Option Agreement will continue to be legally binding upon the parties.
10. The Option Agreement contains other terms and conditions ordinarily found in an agreement of its type.

Overall the consideration for the Proposed Acquisition is heavily biased towards achieving significant milestones.

ASX has advised the Company that the completion of the Proposed Acquisition will constitute a change to the nature and scale of the Company's activities for which Shareholder approval is required under Listing Rule 11.1.2. This Shareholder approval is the subject of Resolution 5.

Shareholder approval for the Proposed Acquisition and the issue of that portion of the consideration for the Proposed Acquisition referred to in section 4.2 above is being sought under Resolution 6.

Shareholder approval for the issue of the Shares and Unquoted Options upon exercise of the option as referred to in this section 4.2 above is the subject of Resolution 7.

Shareholder approval for the issue of the Shares and Unquoted Options which constitute the finder's facilitation fee as referred to in section 4.2 above is the subject of Resolution 8.

#### **4.3 Project**

The mining tenements in which Blue Sky has an interest (together the **Project**) are located within the South American *Lithium Triangle* in the Hombre Muerto Basin, one of the most important and prolific salt flats in Argentina and indeed the world. The Project is situated adjacent to Galaxy Resources' *Sal de Vida* project (proposed production of 25ktpa LCE - GXY:ASX announcement, 22 August 2016) and FMC's Fenix lithium operations (which has been in operation since 1997). The basin is known to have the lowest impurity levels of any producing Salar in Argentina and has been in production for over 20 years. The geology of the basin is well understood with lithium grades ranging from 680 to 780ppm and reserve life's estimated to be greater than 50 years for FMC (GXY NI 43-101, March, 2010) and 40 years for Galaxy (GXY: ASX announcement, 22 August 2016) at current and forecast production rates.

Drillhole data from neighbouring FMC ground indicates that lithium brine horizons commence from just c.10 metres depth whilst on Galaxy's ground lithium bearing brines were found almost from surface with similar porosity ranges to FMC's.

Two areas are targeted within the Project; *Candelas* in the south east and *Catalina* in the western margin of the basin. Both areas have direct access to the salar including areas shallowly covered by recent alluvium.

At *Candelas* the target is an approximate 12km long deltaic channel which is thought to be the main access channel for lithium charged waters from source rocks to the south of the basin. The *Candelas* area adjoins Galaxy's Sal de Vida project to the south.

The *Catalina* area hosts ~2.4km<sup>2</sup> of salar in the western nucleus of the basin. Both targets have areas of thin alluvial cover with hydrogeological assessment indicating the potential for lithium charged brines existing below this cover.

Should the Company exercise its option and proceed with the Proposed Acquisition in accordance with the Option Agreement the Company intends to conduct surface testwork, geophysics and secure government permits to drill the tenements with the aim to estimate a maiden JORC resource as soon as practicable. In addition to the potential for near term production from the Project, laboratory scale testing the potential to directly produce battery grade lithium carbonate will be prioritised with results assisting in the design and commissioning of a larger pilot plant. The Company will also utilise its in country experience to further expand its portfolio in the lithium brine sector.

The proximity to Galaxy and FMC on the salar serves to reduce the exploration risk for the tenements. Any exploration success will not only increase the value of the Project but will have the ability to improve the potential economics to develop a lithium carbonate plant through increased scale and use of constructed production facilities.

Further information with respect to the Project and to Blue Sky is available on the Company's website and in the Company's ASX release dated 6 February 2018.

#### **4.4 Lithium Markets**

The lithium market is currently experiencing unprecedented significant growth, especially in the last two years. The short-term supply has struggled to meet demand resulting in a threefold increase in the spot price for lithium carbonate from 2015 to 2017 a trend which could potentially continue as supply is estimated to continue to lag demand.

Lithium demand has almost doubled from 2009 to 2017 and is estimated to increase slightly more than four times (to 850ktpa-1Mt) by 2025. The main driver for lithium demand comes from batteries needed to power electric vehicles (EV). The Company's board of directors expects there is likely to be a strong upward trend in the production of EV's, led by the Chinese Government and new legislation phasing out the internal combustion engines for small vehicles. Further demand is also expected due to similar legislation in Europe which could be effective from 2025 onwards. As a result, EVs are expected to eventually replace internal combustion engine cars. The phase out process might take 20-30 years to occur at a global level.

Future supply looks constrained with not enough supply reaching the market at the right time. Assuming the electric vehicle will be embraced 100% by 2030, the lithium demand would be 3.1Mt LCE per year for 20 years, this **being more than 10 times current supply**. If this change in technology is applied, the market pressure to meet demand could see unprecedented spikes in lithium carbonate prices.

#### **4.5 Interests in Mining Tenements**

The Option allows the Company to acquire all of Blue Sky's rights, interests and title in and to the mining tenements associated with the Project or 100% of the issued shares in the capital of Blue Sky.

The Company is acquiring interests in exploitation concessions (or manifestation of discovery). It has no time limit provided the holder complies with the requirements of law, which are basically, the annual payment of a Canon, the compliance with the working and investment plan, and the submission of an environmental impact assessment that must be updated every two years.

In Argentina, the mines belong to the Provinces, which grant the exploration and exploitation concession rights to the applicants. However, the Federal Government is entitled to enact the National Mining Code (**NMC**) which is applicable to the whole country, while the Provinces have the Power to regulate the procedure aspects of the National Mining Code through each Provincial Mining Procedure Code (**PC**) and to organize its local authorities. Therefore, differences in the procedure among provinces can be found. All the references are exclusively related to Catamarca, being the Province where the mining rights under analysis are located. In Catamarca, the authority granting the mining right is the Mining Judge, while the administrative process is conducted by the Mining Direction.

#### Canon

The Canon must be paid twice a year (June 30th and December 31st). The lack of payment ends up in the revocation of the permit, unless the title holder pays the canon within the 45 following days plus a 20% amount (fine). According to the NMC the amount to be paid is \$1,600 per unit of disseminated tenement (pertenencia). A 3-year period free of canon payment takes place if a mine is discovered.

#### Legal Labour and Legal Survey

A legal labour to establish the limits of the mine must be performed within 100 days to be counted as from the registration of the mining right. Within 30 days after compliance with the legal labour, a filing requesting the legal survey must be done. The Mining Authority of the Province has to set a date and a professional that will carry out the survey. Once the latter is completed the concession is registered with the Mining Cadastre and perfected.

#### Working and Investment Plan

A working and investment plan to achieve a minimum production equivalent to 300 times the annual canon must be paid within five years following the year in which the application of the legal survey is submitted. During each of the first two years the amount of the investment shall not be less than 20 %, while the rest of the investment can be freely distributed during the remaining three years. Every year, an affidavit describing the investment done should be submitted to the Mining Authority. If the affidavit is not submitted or does not correspond with real investment, the license expires and the mine is declared vacant, unless the holder amends the mistake or omission within the following 30 days counting from the receipt by the holder of the notification from the Mining Authority. Every year, an affidavit describing the investment done should be submitted to the Mining Authority. When the mine remains without activity during 4 years the Authority can ask the titleholder for the presentation of a "Reactivation Plan." The obligation should be fulfilled within 6 months, otherwise, the mine is declared vacant. The owner should comply with each stage as described in the plan, which cannot exceed of 5 years.

#### Environmental Impact Assessment

This must be filed prior to initiating the field works and ought to be updated every two years.

#### Transferability of the Mining Rights

The mining rights granted and even during the process of concession including exploration and exploitation rights, as from the registration of the application, are freely transferable at any stage of the administrative process. The only requirement is the transfer should be done by deed once the mine is granted

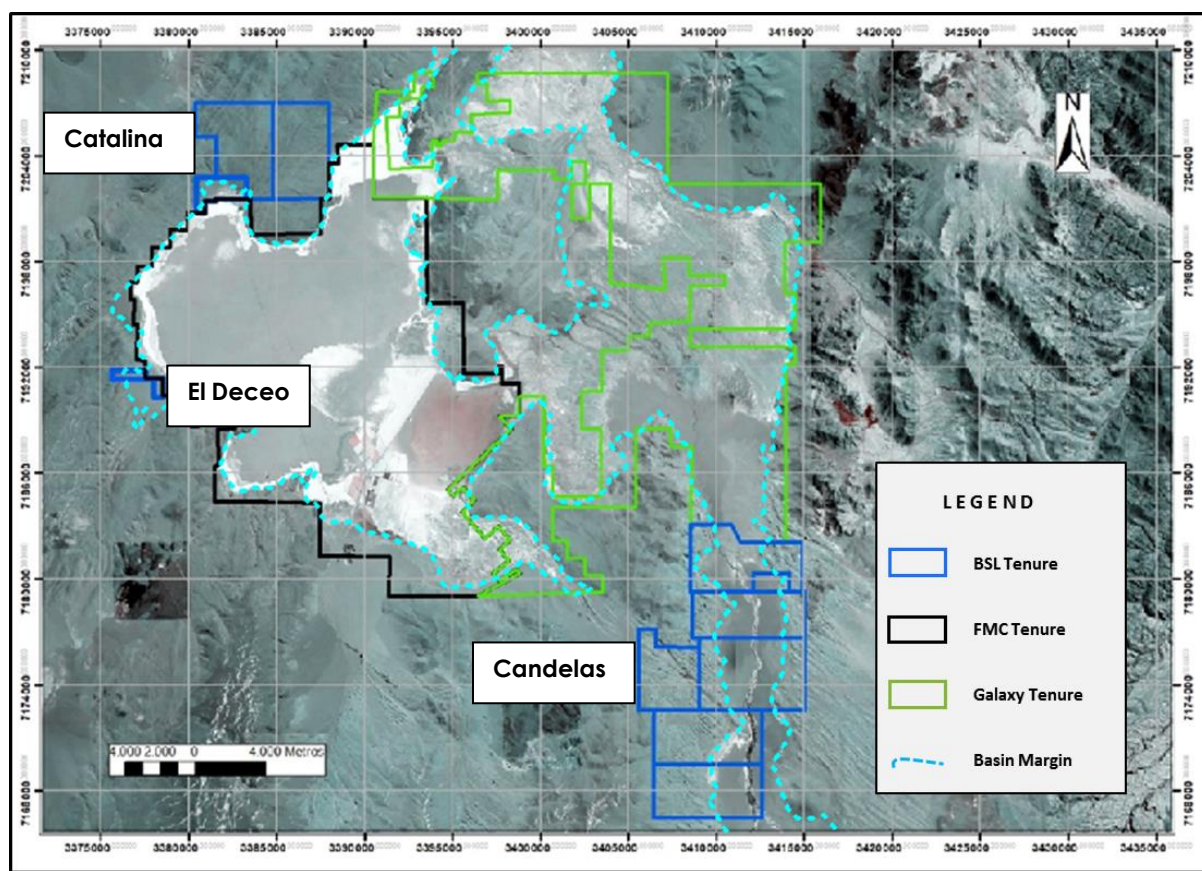
At the date of this Notice of Meeting, Blue Sky has entered into option agreements with the relevant provincial mining authority in Argentina, to acquire 100% interests in the following titles:



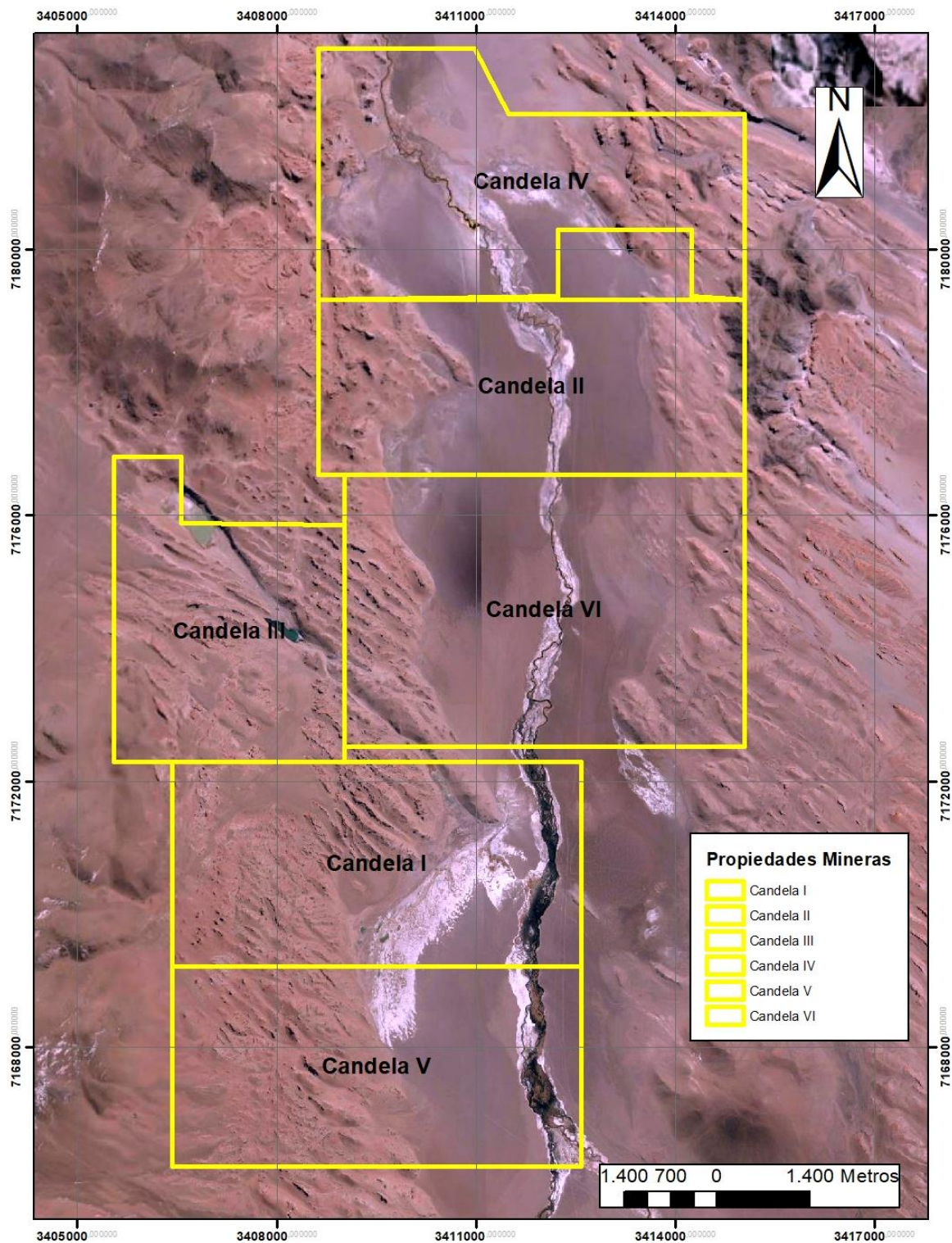
## Location and Tenement Details



Map 1 – Hombre Muerto Basin



Map 2 – Blue Sky Tenure



**Map 3 – Candelas licences**

#### 1. EL DECEO I

Legal Status: Mine

Extension: 1764.32 has

Application date: 23/08/10

Location: Department of Antofagasta de La Sierra, Province of Catamarca

Mineral: Disseminated Li, K, B, Mg

Current Titleholder: Daniel Cari and Ramiro Leonardo Burgos

## 2. EL DECEO II

Legal Status: Mine

Extension: 1744,28 has

Application date: 23/08/10

Location: Department of Antofagasta de La Sierra, Province of Catamarca

Mineral: Disseminated Li, K, B, Mg

Current Titleholder: ESTEBAN ENRIQUE GARCIA

## 3. EL DECEO III

Legal Status: Mine

Extension: 1243.70 has

Application date: 23/08/10

Location: Department of Antofagasta de La Sierra, Province of Catamarca

Mineral: Disseminated Li, K, B, Mg

Current Titleholder: ESTEBAN ENRIQUE GARCIA

## 4. CANDELA

Legal Status: Mine

Extension: 1894,81 has

Application date: 08/04/11

Location: Department of Antofagasta de la Sierra, Province of Catamarca.

Mineral: Lithium, Potash, Boron and Sodium

Current Titleholder: ESTEBAN ENRIQUE GARCIA

## 5. CANDELA II

Legal Status: Manifestation of Discovery

Extension: 1690 has

Application date: 10/12/10

Location: Department of Antofagasta de La Sierra, Province of Catamarca

Mineral: Disseminated Li, K, B, Mg, Na

Current Titleholder: ESTEBAN ENRIQUE GARCIA

## 6. CANDELA III

Legal Status: Mine

Extension: 1340,17 has

Application date: 10/12/10

Location: Department of Antofagasta de la Sierra, Province of Catamarca.

Mineral: Sodium and Magnesium

Current Titleholder: ESTEBAN ENRIQUE GARCIA

## 7. CANDELA IV

Legal Status: Mine

Extension: 1825,16 has

Application date: 10/12/10

Location: Department of Antofagasta de la Sierra, Province of Catamarca.

Mineral: Sodium and Magnesium

Current Titleholder: ESTEBAN ENRIQUE GARCIA

## 8. CANDELA V

Legal Status: Mine

Extension: 1858,24 has

Application date: 08/04/11

Location: Department of Antofagasta de la Sierra, Province of Catamarca.

Mineral: lithium, boron, potash and sodium.

Current Titleholder: ESTEBAN ENRIQUE GARCIA



## 9. CANDELA VI

Legal Status: Mine

Extension: 2465,84 has

Application date: 04/10/11

Location: Department of Antofagasta de la Sierra, Province of Catamarca.

Mineral: lithium, potash, sodium and boron

Current Titleholder: ESTEBAN ENRIQUE GARCIA

## 10. CATALINA

Legal Status: Mine

Extension: 395,54 has

Application date: 08/04/11

Location: Salar del Hombre Muerto, Department of Antofagasta de la Sierra, Province of Catamarca.

Mineral: Lithium and Sodium.

Current Titleholder: HERMINIO E. NAVARRO

Blue Sky is also currently negotiating further tenement acquisitions, in addition to its interests above, which Dempsey may adopt and agree to acquire an interest in.

Annexure D contains a summary of Blue Sky's interests in agreements Dempsey has agreed to acquire an interest in, relevant to the Option Agreement, including the consideration that it will need to pay under the relevant agreements in order for it to exercise its options over those tenements.

### **4.6 Board Changes**

The Dempsey Board currently comprises of non-executive chairman, Mr Nathan McMahon, and three non-executive Directors, Messrs Christopher Chalwell, Terry Gardiner and Patrick Corr.

Upon completion of the Proposed Acquisition, Mr Juan Pablo Vargas De La Vega will be appointed as Managing Director and Mr Raymond Liu will be appointed as an Executive Director.

Mr. Vargas de la Vega (or "JP"), is a Chilean/Australian mineral industry professional with 15 years broad experience in ASX mining companies, stockbroking and private equity firms and holds a Masters in Mineral Economics from Curtin University, Perth. JP has a firm understanding of the global lithium market stemming from his prior role as a specialist lithium analyst in Australia and has successfully negotiated agreements with one of the largest world lithium producers SQM (NYSE:SQM). Mr. Vargas de la Vega has also seen him operate a private copper business as in Chile. He has also worked for BHP, Rio Tinto and Codelco.

Mr Liu is a qualified mining engineer with a commercial background and received his degree in Mining Engineering from University of Western Australia. Mr Liu also holds a Master of Mineral Economics from Curtin University and a Western Australia Unrestricted Quarry Manager's licence.

Mr Liu is the Founding Managing Partner of Havelock Mining Investment, a Hong Kong investment company and has been involved in the numerous investments in ASX listed companies and is currently a Director of Okapi Resources Ltd. Previously, he has served as a Director of Fosun International Australia, a Chinese conglomerate and investment company. Prior to this, he held technical roles at Rio Tinto, KCGM and Mt Gibson Iron. During the time within Rio Tinto, he was responsible for resource development strategy for the Greater West Angelas Region in Pilbara and continuously improved the value the business. He is also a member of AusIMM.

It is not anticipated that any of the current Directors will resign following completion of the Proposed Acquisition.

### **4.7 Effect of the Proposed Acquisition on the Company**

Below is a table showing the Company's current capital structure and the capital structure on completion of the Proposed Acquisition (and assuming that all of the other Securities in respect of which Shareholder approval is sought at the Meeting have been issued).

	<b>Shares</b>	<b>Options</b>
<b>Current issued capital</b>	52,790,001	16,450,000 Quoted Options and 3,500,000 Unquoted Options
Consideration payable for the Option	3,000,000	3,000,000 Unquoted Options
Consideration payable under the Proposed Acquisition at Completion	17,000,000	12,000,000 Unquoted Options
Contingent consideration payable under the Proposed Acquisition <sup>1</sup>	25,000,000	
Capital Raising <sup>2</sup>	17,300,000	-
Finder's Facilitator Fee <sup>3</sup>	5,000,000	10,000,000 Unquoted Options
<b>Total after Completion</b>	<b>120,900,001</b>	<b>16,450,000 Quoted Options 28,500,000 Unquoted Options</b>

**Notes:**

1. Includes contingent consideration payable (being 15,000,000 Shares upon delineation of JORC resource of not less than 80kt lithium carbonate equivalent and 10,000,000 Shares upon commencement of commercial production from a pilot plant) after completion of the Proposed Acquisition subject to the achievement of certain milestones.
2. Assumes that 17,300,000 Shares, being the Tranche 2 Shares the subject of Resolution 4, are approved by shareholders and subsequently issued.
3. Assumes that 5,000,000 Shares and 10,000,000 Unquoted Options, being the Facilitators Fee to be issued to the facilitators of the Proposed Acquisition the subject of Resolution 8, are approved by shareholders and subsequently issued.

#### **4.8 Pro-forma Balance Sheet**

The financial effects of the Proposed Acquisition and other matters contemplated by this Notice are set out in the pro-forma balance sheet of the Company in Annexure "C" to this Notice.

#### **4.9 Advantages of the Proposed Acquisition**

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Acquisition Resolutions.

- The Proposed Acquisition represents an attractive opportunity for the Company to invest in lithium exploration assets to increase the value of the Company.
- The Proposed Acquisition brings to the Company two well credentialed Directors with solid experience in the lithium industry.
- The consideration for the Proposed Acquisition is comprised of Shares and Unquoted Options, thereby conserving the Company's existing cash reserves.

#### **4.10 Disadvantages of the Proposed Acquisition**

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Acquisition Resolutions.

- The Company intends to alter its focus of its operations to lithium exploration in Argentina, which may not be consistent with the objectives of all Shareholders.
- The Company will issue Shares and Unquoted Options to the vendor(s) in respect of the Proposed Acquisition, which will have a dilutionary effect on the current holdings of Shareholders.
- There is no guarantee that an economically viable resource will be discovered on the Project, as a result of which losses may be incurred. In general terms, investments in listed exploration companies should be considered highly speculative.
- There are risks associated with doing business generally, and with mineral exploration, in Argentina and the prospective business of the Company upon completion of the Proposed Acquisition. A non-exhaustive list of these risks is set out in section 4.11.

## **4.11 Risks**

### **Contractual Risk**

As at the date of this Notice, Blue Sky Lithium is not the registered owner of the tenements comprising the Project. Blue Sky Lithium has an option to acquire an interest in those tenements, details of which are set out in section 4.5 of the Explanatory Memorandum. If it completes the Proposed Acquisition the Company's ability to achieve its objectives and maintain its interest in all of its project areas is also dependent upon it (and where Blue Sky Lithium is not currently the registered owner of those tenements, the holder of the relevant tenements) complying with all the terms and conditions of the tenements and any other relevant legislation. Any failure to comply with these obligations may result in the Blue Sky Lithium or the Company (as applicable) not being able to maintain an interest in the tenements which comprise the Project which may have a material adverse effect on the Company's operations and performance and the value of the Securities.

The Company has no current reason to believe that the registered owners of the Projects will not meet and satisfy their respective obligations under their agreements with Blue Sky Lithium.

### **Additional Requirements for Capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing. Any additional equity financing will dilute existing shareholdings, and debt financing (if available) may involve restrictions on future financing and operating activities. If the Company is unable to obtain additional financing as needed or unable to obtain it on acceptable terms (whether or not due to the Company's circumstances or economic and share market conditions or both), it may be required to reduce the scope of its operations and scale back its exploration programmes. This could have a material adverse effect on the Company's activities and the value of the Securities.

### **Sovereign and Political Risk**

The Company has entered into the Option Agreement under which has an option to acquire 100% of Blue Sky Lithium's interests in the Project, or 100% of the issued share capital of Blue Sky Lithium (at the Company's election). The Project is located in the Hombre Muerto salar region of Argentina. Mineral exploration tenure in Argentina is governed by Argentinian legislation.

If the Company completes the Proposed Acquisition its interests in Argentina 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 mineral 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 prevented 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 Argentina that affect ownership, mineral exploration, development or mining activities, may affect the viability and profitability of the Company.

The legal system operating in Argentina 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; and
- difficulties 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, approvals, authorisations, 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 tenements in which it may acquire an interest if it completes the Proposed Acquisition, or any other tenements in which it has or may acquire an interest 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 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 mining or environmental tenements or other approvals or authorisations will be granted or granted on conditions satisfactory to the Company.

The Company's future operations in Argentina may be affected by changing political conditions and changes to laws and 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.

### **Exploration Risks**

The tenements which comprise the Project are at various stages of exploration. Shareholders should be aware 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 Project 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.

The future exploration activities of the Company if it completes the Proposed Acquisition 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.

The success of the Company if it completes the Proposed Acquisition will also depend on the Company having access to sufficient development capital, being able to maintain title to its projects and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the Company's projects, a reduction in the cash reserves of the Company and possible relinquishment of part or all of the Company's projects.

### **Exchange rate risk**

Fluctuations in exchange rates between currencies in which the Company operate, invest, report, incur costs, purchase capital equipment or derive revenue may cause fluctuations in the Company's financial results that are not necessarily related to the Company's underlying operations.

### **Title and tenure risk**

The Company's mining tenements, and other tenements in which the Company may acquire an interest, will be subject to renewal, which is usually at the discretion of the relevant authority. If a tenement is not renewed the Company may lose the opportunity to discover mineralisation and develop that tenement.

The Company cannot guarantee that any tenements in which it has an interest will be renewed beyond their current expiry date, and there is a material risk that, in the event the Company is unable to renew any of its tenements beyond their current expiry date, all or part of the Company's interests in the corresponding projects may be relinquished.

The exploitation concessions over which Blue Sky require further filings and payments to be made. The filing of and the approval by the Mining Judge of the option agreements which Blue Sky has entered into are required for the Catalina and Candela I to VI (inclusive) tenements. The option

agreements affecting El Deceo I to III tenements have been filed but not yet approved. The Option Agreement between Dempsey and Blue Sky also needs to be filed in respect of all the exploitation concessions. There is no evidence that the canon payments for El Deceo I and III have been paid which is a ground for losing these tenements.

For all the tenements a petition for legal survey needs to be filed and the Mining Judge needs to verify the legal survey once it has been filed. This is a ground for losing these tenements.

The Environmental Impact Assessments need to be submitted and approved for all the tenements if mining tasks are planned to be performed or in some cases a more comprehensive Environmental Impact Assessment must be submitted and approved if drilling tasks are planned to be performed.

In respect of Candela II, IV and VI, a presentation has been made by a third party applying for the expiration of the concession. Argentinean legal counsel retained by the Company has opined that there are no strong legal grounds and a judge should overrule such petition. A decision of the judge could be appealed before the Chamber and extend the time for the matter to be resolved.

There are no encumbrances, mortgages or liens pending on any of the tenements in the opinion Argentinean legal counsel retained by the Company.

#### Catalina tenement – Border dispute between Salta and Catamarca Province

A long-standing dispute between the political border between Salta and Catamarca that includes the northern part of the Salar del el Hombre Muerto has been taking place without a final resolution so far. During this time, both mining authorities claiming the right on the disputed area, have been issuing mining rights that in practical terms ended up in overlapping of such rights over the same area and granted by each province with different names.

This is the case of the Catalina exploitation right. Its titleholder denounced a company working on his property with a mining right issued by the province of Salta. The Border dispute between the provinces have a resolution of the Federal Supreme Court in the case "Provincia de Catamarca c/ Provincia de Salta s s/Ordinario 2015" stating basically that, being an issue of definition of the political border between two provinces, the Supreme Court cannot rule over the case but according to our Federal Constitution, art. 75. 15 (the Federal Congress should define the borders between provinces) is an exclusive right of the Federal Congress. Therefore, up until the Congress settles the final border between Salta and Catamarca, even though according to the Mining Judge of Catamarca Catalina belongs to its current titleholder Mr. Navarro, Catalina will remain as a disputed area, and there is no guarantee that its title holder could freely work on the area.

It can be confirmed that Mr. Herminio Navarro is the exclusive titleholder of the mining right. However, there are pending of compliance the following obligation: (i) Option agreement must be filed and approved by the Mining Authority. (ii) The survey petition for the legal survey and the canon payment should be done in order to keep the property in good standing. (iii) the EIA shall be updated and approved if mining task are planned to be performed.

Catalina is located in a disputed area between Salta and Catamarca without final definition, therefore the ownership of the area will be disputed by Salta up until the Congress takes a final decision. It is not expected that such a resolution will take place in the foreseeable near future. The property will be challenged by the private owner from the Salta side and by the province of Salta itself, and it will be difficult to work there peacefully.

#### **Environmental risks**

The proposed activities of the Company are subject to local laws and regulation concerning the environment. It is the Company's intention to conduct its activities consistent with its environmental obligations, including compliance with all environmental laws. The ability of the Company to operate, develop and explore projects may be delayed and limited by environmental considerations and significant costs may result from complying with the Company's environmental obligations.

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.

### **Key personnel**

The Company's success depends to a significant extent upon its key management personnel, as well as other management and technical personnel including subcontractors.

The Company's inability to recruit additional appropriately skilled and qualified personnel to replace these key personnel could have an adverse effect on the Company. There can be no guarantee that personnel with the appropriate skills will be available within the Company's required timeframes.

### **Economic factors**

Changes in economic and business conditions or government policies in Australia or internationally may affect the fundamentals of the Company's target markets or its cost structure and profitability. Adverse changes in the level of inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory policies), consumer spending, and employment rates, are outside the control of the Company and the management team and may have an adverse effect on the financial performance and/or financial position of the Company.

### **Counterparty risk**

There is a risk that contracts and other arrangements which the Company is party to and obtains a benefit from, will not be performed by the relevant counterparties if those counterparties become insolvent or are otherwise unable to perform their obligations.

### **Insurance Risks**

Exploration for and development of minerals involves hazards and risks that could result in the Company incurring losses or liabilities that could arise from its operations. If the Company incurs losses or liabilities which are not covered by its insurance policies, the funds available for exploration and development will be reduced and the value and/or title to the Company's projects may be at risk.

The Company insures its operations in accordance with industry practice. However in certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks associated with mining exploration and development is not always available and, where available, the costs can be prohibitive or not adequate to cover all claims.

### **Other**

There is no guarantee that the Company will be able to successfully transport any or all future recovered minerals to commercially viable markets or sell the minerals to customers to achieve commercial returns.

### **4.12 Indicative Timetable**

An indicative timetable for the Proposed Acquisition is set out below. Shareholders should note that the dates are indicative only and may change without notice. The Directors reserve the right to amend the timetable.

<b>Event</b>	<b>Date</b>
Announcement of the Option Agreement	6 February 2018
Completion of due diligence on the Project and Blue Sky	30 March 2018
General Meeting	4 May 2018
Completion of Proposed Acquisition	9 May 2018

#### **4.13 Requirements for Shareholder approval**

Shareholder approval of the Proposed Acquisition is required under the Listing Rules in accordance with the Acquisition Resolutions. If Shareholder approval of each of the Acquisition Resolutions is not obtained, the Proposed Acquisition will not proceed.

ASX takes no responsibility for the contents of this Notice.

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### **5. RESOLUTION 5 – APPROVAL OF CHANGE TO NATURE AND SCALE OF ACTIVITIES**

#### **5.1 Background**

Resolution 5 seeks approval from Shareholders for a change to the nature and scale of activities of the Company as a result of the Proposed Acquisition.

A detailed description of the Proposed Acquisition is set out in section 4.1 of the Explanatory Memorandum.

Resolution 5 is conditional upon Shareholder approval being obtained for all of the other Acquisition Resolutions. In the event that Shareholder approval is not obtained for any of the Acquisition Resolutions, the Proposed Acquisition will not be completed.

#### **5.2 ASX Listing Rule 11.1**

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the scale of its activities, it must provide full details to ASX as soon as practicable and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain approval of holders of its shares and comply with any requirements of ASX in relation to the notice of meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the company were applying for admission to the Official List of ASX.

Given the change in the nature and/or scale of the Company's activities likely to be caused by the Proposed Acquisition, the ASX requires that the Company seek Shareholder approval for the Proposed Acquisition pursuant to Listing Rule 11.1.2.

The Company is not required to meet the requirements of Chapters 1 and 2 of the ASX Listing Rules in respect of the Proposed Acquisition.

The Company will also request a trading halt on the day of the Meeting as Shareholders will be asked to consider and approve the Proposed Acquisition at the Meeting. If the Company fails to do so ASX will suspend quotation of the Company's securities pending the outcome of the Meeting.

It should also be noted that if Shareholders approve the Proposed Acquisition, the approval received from Shareholders under Listing Rule 7.1A at the Company's Annual General Meeting held on 24 November 2017 will expire automatically and the Company will not be able to issue any further Shares under its Listing Rule 7.1A capacity until a refreshed Shareholder approval is sought under Listing Rule 7.1A at the Company's 2018 Annual General Meeting.

#### **5.3 Directors' Recommendation**

Based on the information available, including that contained in this section 4 of the Explanatory Memorandum, the Directors consider that the Proposed Acquisition is in the best interests of the Company and that Shareholders vote in favour of Resolution 5 for a change to the nature and scale of activities of the Company as a result of the Proposed Acquisition.

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## **6. RESOLUTION 6 – APPROVAL OF PROPOSED ACQUISITION AND ISSUE OF SHARES AND UNQUOTED OPTIONS**

### **6.1 Background**

Resolution 6 seeks Shareholder approval of the Proposed Acquisition including for the issue of 17,000,000 Shares and 12,000,000 Unquoted Options as consideration for the Proposed Acquisition.

A detailed description of the Proposed Acquisition is set out in section 4.1 of the Explanatory Memorandum.

### **6.2 ASX Listing Rule 7.1**

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which include shares) that exceed 15% of the total number of ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities. Shareholder approval for the purposes of ASX Listing Rule 7.1 is being sought in Resolution 6 for the issue of 17,000,000 Shares and 12,000,000 Options being consideration for the Proposed Acquisition.

If Shareholders approve Resolution 6, the issue of 17,000,000 Shares and 12,000,000 Options will be excluded from the calculations of the 15% limit under ASX Listing Rule 7.1.

In the event performance milestones are met the vendors in the Proposed Acquisition will receive further Share consideration. Any relevant Shareholder approvals required will be sought at the appropriate time for the issue of that Share consideration after each performance milestone is met.

### **6.3 ASX Listing Rule Disclosure Requirements**

The following information is provided for the purpose of ASX Listing Rule 7.3:

*(a) Number of securities to be issued*

17,000,000 Shares and 12,000,000 Options

*(b) Date on or by which Dempsey will issue the securities*

Within 3 months of the date of this Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).

*(c) Issue price of the securities*

Shares – deemed issue price of \$0.08.  
Unquoted Options – Nil.

*(d) The name of the persons to whom Dempsey will issue the securities or the basis on which those persons will be determined*

If the Proposed Acquisition is completed by way of an asset sale, the Shares and Unquoted Options will be issued to Blue Sky as the vendor of those assets. If the Proposed Acquisition is completed by way of the sale and purchase of 100% of the issued capital of Blue Sky, the Shares and Unquoted Options will be issued to the shareholders of Blue Sky as the vendors of the Blue Sky shares.

*(e) Terms of the securities*

The Shares will be fully paid and rank pari passu in all respects with the Company's other Shares on issue and will be listed on the ASX.

The terms and conditions of the Unquoted Options are set out in Annexure "B".

*(f) Intended use of funds raised*

No funds will be raised from the issue of the Shares and the Options as they will be issued as consideration for the Proposed Acquisition.

(g) *The issue date or a statement that the issue will occur progressively*

The Shares will be issued on the date of Completion under the Option Agreement.

#### **6.4 Directors' Recommendation**

Based on the information available, including that contained in this Explanatory Memorandum and the advantages and disadvantages outlined above, the Directors consider that the Proposed Acquisition is in the best interests of the Company and its Shareholders and recommend that Shareholders vote in favour of the Proposed Acquisition. The Board recommends Shareholders vote in favour of Resolution 6 as it allows the Company greater flexibility to issue further Securities representing up to 15% (under ASX Listing Rule 7.1) of the total number of Shares on issue in any 12 month period without Shareholder approval.

None of the current Directors hold any interest in Blue Sky Lithium.

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### **7. RESOLUTION 7 - APPROVAL OF ISSUE OF 3,000,000 SHARES AND 3,000,000 UNQUOTED OPTIONS**

#### **7.1 Background**

Resolution 7 seeks Shareholder approval for the issue of Shares and Unquoted Options as consideration for the exercise of the option for the Proposed Acquisition under the Option Agreement.

A detailed description of the Proposed Acquisition is set out in section 4.1 of the Explanatory Memorandum.

#### **7.2 ASX Listing Rule 7.1**

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which include shares) that exceed 15% of the total number of ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities. Shareholder approval for the purposes of ASX Listing Rule 7.1 is being sought in Resolution 7 for the issue of 3,000,000 Shares and 3,000,000 Unquoted Options, respectively, to Blue Sky.

If Shareholders approve Resolution 7, the proposed issue of 3,000,000 Shares and 3,000,000 Unquoted Options will be excluded from the calculations of the 15% limit under ASX Listing Rule 7.1.

#### **7.3 ASX Listing Rule Disclosure Requirements**

The following information is provided for the purpose of ASX Listing Rule 7.3:

(a) *Number of securities to be issued*

Shares - 3,000,000.

Unquoted Options - 3,000,000.

(b) *Date on which Dempsey will issue the securities under Resolution 7*

Within 3 months of the date of this Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).

(c) *Price at which the securities will be issued*

Shares – deemed issue price of \$0.08.

Unquoted Options – Nil.

(d) *Terms of the securities*

The 3,000,000 Shares will be fully paid and rank pari passu in all respects with the Company's other Shares on issue and will be listed on the ASX.

The 3,000,000 Unquoted Options will be issued and be exercisable at \$0.14 each and have an expiry date of 31 January 2019. Details of the terms and conditions of the Unquoted Options are set out in Annexure "B".

- (e) *The name of the persons to whom Dempsey issued the securities or the basis on which those persons were determined*

Blue Sky Lithium (or its nominee). Blue Sky Lithium is not a related party of the Company or its associates.

- (f) *Use (or intended use) of funds raised*

The 3,000,000 Shares and the 3,000,000 Unquoted Options to be issued are both for nil consideration and accordingly no funds were or will be raised from their issue.

- (g) *The issue date or a statement that the issue will occur progressively*

The Shares will be issued within 2 business days after the date on which the Company exercises its option under the Option Agreement.

#### **7.4 Directors' Recommendation**

The Board recommends Shareholders vote in favour of Resolution 7 as it allows the Company greater flexibility to issue further Securities representing up to 15% (under ASX Listing Rule 7.1) of the total number of Shares on issue in any 12 month period without Shareholder approval.

None of the current Directors hold any interest in Blue Sky Lithium.

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### **8 – RESOLUTION 8 - APPROVAL OF ISSUE OF 5,000,000 SHARES AND 10,000,000 UNQUOTED OPTIONS AS FINDER'S FACILITATOR FEE**

#### **8.1 Background**

As announced on 6 February 2018, the Company signed an Option Agreement to acquire 100% of Blue Sky's interest in mining tenements located in the Hombre Muerto salar region of Argentina or a 100% interest in the issued capital of the company that owns those interests.

Under Resolution 8, if the Company completes the Proposed Acquisition, Shareholder approval is being sought for the issue of 5,000,000 Shares and 10,000,000 Unquoted Options to various (or their nominees) as a Facilitator's Finding Fee under the Option Agreement.

A detailed description of the Proposed Acquisition is set out in section 4.1 of the Explanatory Memorandum.

#### **8.2 ASX Listing Rule 7.1 and 10.11**

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which include shares) that exceed 15% of the total number of ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities. Shareholder approval for the purposes of ASX Listing Rule 7.1 is being sought in Resolution 8 for the issue of 5,000,000 Shares and 10,000,000 Unquoted Options, respectively, to various parties.

If Shareholders approve Resolution 8, the proposed issue of 5,000,000 Shares and 10,000,000 Unquoted Options will be excluded from the calculations of the 15% limit under ASX Listing Rule 7.1.

#### **8.3 ASX Listing Rule Disclosure Requirements for Resolution 8**

The following information is provided for the purpose of ASX Listing Rule 7.3:

- (a) *Number of securities to be issued*

Shares – 5,000,000.

Unquoted Options – 10,000,000.

- (b) *Date on which Dempsey will issue the securities under Resolution 8*

Within 3 months of the date of this Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).

*(c) Price at which the securities will be issued*

Shares – deemed issue price of \$0.08.  
Unquoted Options – Nil.

*(d) Terms of the securities*

The 5,000,000 Shares will be fully paid and rank pari passu in all respects with the Company's other Shares on issue and will be listed on the ASX.

The 10,000,000 Unquoted Options will be issued and be exercisable at \$0.14 each and have an expiry date of 31 January 2019. Details of the terms and conditions of the Unquoted Options are set out in Annexure "B".

*(e) The name of the persons to whom Dempsey issued the securities or the basis on which those persons were determined*

Widerange Corporation Pty Ltd (and/or its nominee) – 2,500,000 Shares and 5,000,000 Unquoted Options  
Pinghua Liu (and/or his nominee) – 1,000,000 Shares and 2,000,000 Unquoted Options  
Hongze Group Ltd (and/or its nominee) – 1,000,000 Shares and 2,000,000 Unquoted Options  
Stewart McDonald (and/or his nominee) – 500,000 Shares and 1,000,000 Unquoted Options

*(f) Use (or intended use) of funds raised*

The 5,000,000 Shares and the 10,000,000 Unquoted Options to be issued are both for nil consideration and accordingly no funds were or will be raised from their issue.

*(g) The issue date or a statement that the issue will occur progressively*

The Shares will be issued on, or as soon as is practical, after the date of Completion under the Option Agreement.

## **8.5 Directors' Recommendation**

The Board recommends Shareholders vote in favour of Resolution 8 as it allows the Company greater flexibility to issue further Securities representing up to 15% (under ASX Listing Rule 7.1) of the total number of Shares on issue in any 12 month period without Shareholder approval.

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## **9 - RESOLUTION 9 - APPROVAL OF ISSUE OF 25,000,000 SHARES**

### **9.1 Background**

Resolution 9 seeks approval from Shareholders to issue up to 25,000,000 Shares to sophisticated investors under a proposed private placement, in accordance with ASX Listing Rule 7.1.

### **9.2 ASX Listing Rule 7.1**

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which include shares) that exceed 15% of the total number of ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities. Shareholder approval for the purposes of ASX Listing Rule 7.1 is being sought in Resolution 7 for the issue of 25,000,000 Shares under a proposed private placement to professional or sophisticated investors.

If Shareholders approve Resolution 9, the proposed issue of up to 25,000,000 Shares will be excluded from the calculations of the 15% limit under ASX Listing Rule 7.1.

### **9.3 ASX Listing Rule Disclosure Requirements**

The following information is provided for the purpose of ASX Listing Rule 7.3:

*(a) Number of securities to be issued*

Up to 25,000,000 Shares

*(b) Date on which Dempsey will issue the securities under Resolution 9*

Within 3 months of the date of this Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).

*(c) Price at which the securities will be issued*

The Shares will be issued at a minimum price that is at least 80% of the volume weighted average price of Shares trading on the ASX calculated over the last 5 Trading Days on which sales in Shares were recorded before the day on which the issue was made.

*(d) Terms of the securities*

The 25,000,000 Shares will be fully paid and rank pari passu in all respects with the Company's other Shares on issue and will be listed on the ASX.

*(e) The name of the persons to whom Dempsey issued the securities or the basis on which those persons were determined*

The identity of the persons to whom the Shares will be issued is not yet known however they will be professional or sophisticated investors who participate in the placement at the invitation of the Directors and who will not be related parties of the Company or their associates.

*(f) Use (or intended use) of funds raised*

The net funds raised will be used to pay for further development and evaluation work on the Blue Sky Lithium projects, other Dempsey projects and/or opportunities for the working capital requirements of the Company.

*(g) The issue date or a statement that the issue will occur progressively*

The Shares will be issued progressively.

**9.4 Directors' Recommendation**

The Board recommends Shareholders vote in favour of Resolution 9 as it allows the Company greater flexibility to issue further Securities representing up to 15% (under ASX Listing Rule 7.1) of the total number of Shares on issue in any 12 month period without Shareholder approval.

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## GLOSSARY

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In the Notice of Meeting (including the Annexures thereto) and the Proxy Form, the following terms have the following meanings unless they are otherwise defined or the context otherwise requires:

**\$** means Australian dollars.

**Acquisition Resolutions** means Resolutions 5 to 7 inclusive in the Notice.

**AGM** means the annual general meeting of the Company.

**Annexure** means an annexure to this Explanatory Memorandum.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691 or the market operated by it, as the context requires.

**ASX Listing Rules** or **Listing Rules** means the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

**Blue Sky Lithium** or **Blue Sky** means Blue Sky Lithium Pty Ltd ACN 622 748 565.

**Board** means the board of Directors.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chairperson of the Meeting.

**Company** or **Dempsey** means Dempsey Minerals Limited ACN 149 349 646.

**Constitution** means the Company's constitution.

**Corporations Act** means the *Corporations Act 2001* (Cth) and the regulations promulgated under it, each as amended from time to time.

**Director** means a director of the Company.

**Equity Securities** has the same meaning as in the Listing Rules.

**Explanatory Memorandum** means the explanatory memorandum accompanying and forming part of the Notice.

**Financing Condition** is defined in section 2.1 of the Explanatory Memorandum.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

**Notice** or **Notice of Meeting** means this notice of annual general meeting including the Explanatory Memorandum and the Proxy Form.

**Option Agreement** means the binding heads of agreement dated 5 February 2018 between the Company and Blue Sky for the proposed Acquisition as varied by a Deed of Variation dated 22 March 2018.

**Project** is defined in section 4.3 of the Explanatory Memorandum.

**Proposed Acquisition** means the acquisition of:

- (a) 100% of Blue Sky's interest in the Project; or
- (b) a 100% interest in the issued capital of Blue Sky,



at the Company's sole and absolute election, which election will be notified to Blue Sky in writing upon the Company's exercise of its option to complete the Proposed Acquisition under the Option Agreement.

**Proxy Form** means the proxy form accompanying and forming part of the Notice.

**Quoted Option** means an option quoted on the ASX to subscribe for a Share, with an exercise price of \$0.14 and exercisable on or before 31 December 2018, the terms and conditions of which are detailed in Annexure "A".

**Resolutions** means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Trading Day** means a day determined by ASX to be a trading day and notified to market participants being:

- (a) a day other than:
  - (i) a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day; and
  - (ii) any other day which ASX declares and publishes is not a trading day; and
- (b) notwithstanding (a), a day which for the purposes of settlement, ASX declares is a trading day notwithstanding that dealings between market participants are suspended on that day.

**Unquoted Option** means an option not quoted on the ASX to subscribe for a Share, with an exercise price of \$0.14 and exercisable on or before 31 January 2019, the terms and conditions of which are detailed in Annexure "B".

**WST** means Western Standard Time as observed in Perth, Western Australia.

Where a word or phrase is given a defined meaning, another part of speech or other grammatical form in respect of that word or phrase has a corresponding meaning.

**ANNEXURE A**  
**Dempsey Minerals Ltd**  
**Key Terms and Conditions of Quoted Options**  
**Exercisable at \$0.14 on or before 31 December 2018**

Each Quoted Option to be issued pursuant to this Prospectus entitles the holder to subscribe for Shares on the following terms and conditions:

**(a) Entitlement**

Each Quoted Option entitles the holder to subscribe for one Share upon exercise of the Quoted Option.

**(b) Exercise Price**

The exercise price of the Quoted Option is \$0.14.

**(c) Expiry Date**

Each Quoted Option has an expiry date of 5:00pm WST on 31 December 2018.

**(d) Exercise Period**

Each Quoted Option is exercisable at any time on or before 5:00pm WST on 31 December 2018.

**(e) Quotation**

Application for Quotation of the Quoted Options will be made, subject to the requirements of the Listing Rules and the Corporations Act.

**(f) Notice of Exercise**

Each Quoted Option may be exercised by notice in writing to the Company together with the payment for the number of Shares in respect of which the Quoted Options are exercised at any time during the Exercise Period. Any notice of exercise of Quoted Options received by the Company will be deemed to be a notice of the exercise of the Quoted Options as at the date of receipt of the notice and accompanying payment (**Exercise Date**).

**(g) Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Quoted Options specified in the notice of exercise and for which cleared funds have been received by the Company; and
- (ii) if admitted to the official list of ASX at the time, apply for quotation on ASX of Shares issued pursuant to the exercise of the Quoted Options.

**(h) Shares issued on exercise**

Shares issued on exercise of the Quoted Options rank equally in all respects with the then issued fully paid ordinary shares of the Company. Application will be made by the Company to ASX for Quotation of the Shares issued upon the exercise of the Quoted Options.

**(i) Participation in new issues**

There are no participation rights or entitlements inherent in the Quoted Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Quoted Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least four (4) Business Days after the issue is announced. This will give holders of Quoted Options the opportunity to exercise their Quoted Options prior to the date for determining entitlements to participate in any such issue.

**(j) Adjustment for bonus issues of Shares**

In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issues of the Quoted Options, the number of securities over which a Quoted Option is exercisable may be increased by the number of securities which the Quoted Option holder would have received if the Quoted Option had been exercised before the record date for the bonus issue.

**(k) Adjustments for reorganisation**

If there is any reorganisation of the issued share capital of the Company, the rights of the Quoted Option holders will be varied to comply with the Listing Rules which apply to the reorganisation at the time of the reorganisation.

## **ANNEXURE B**

### **Dempsey Minerals Ltd**

#### **Key Terms and Conditions of Unquoted Options**

#### **Exercisable at \$0.14 on or before 31 January 2019**

The terms of the Unquoted Options are set out below. In the event that the Unquoted Options are not accepted for quotation by the ASX, they will be unquoted options.

- (a) Each Unquoted Option entitles the holder to subscribe for 1 Share at the exercise price of \$0.14.
- (b) Subject to paragraph (c) below, the Unquoted Options are exercisable at any time up to 5.00pm (Perth time) on 31 January 2019 by completing an exercise form and delivering it together with the payment for the number of Shares in respect of which the Unquoted Options are exercised to the registered office of the Company. Any Unquoted Options not exercised by that time will lapse.
- (c) An Unquoted Option holder may exercise only some of that person's Unquoted Options, which does not affect that holder's right to exercise the remainder of their Unquoted Options by the deadline in paragraph (b) above.
- (d) Subject at all times to the Corporations Act, the Listing Rules and the Company's Constitution, the Unquoted Options are freely transferable.
- (e) All Shares issued upon exercise of the Unquoted Options will, from the date they are issued, rank equally in all respects with the Company's then issued Shares. The Company will apply for official quotation to ASX of all Shares issued upon exercise of the Unquoted Options.
- (f) Unquoted Option holders cannot participate in new issues of capital offered to Shareholders of the Company during the currency of the Unquoted Options without first exercising the Unquoted Options. However, the Company will ensure that for the purpose of determining entitlements to any such issue, the books closing date will be at least 3 business days after the issue is announced. This will give Unquoted Option holders the opportunity to exercise their Unquoted Options prior to the date for determining entitlements to participate in any such issue.
- (g) If the Company offers Shares by way of a pro-rata issue (except a bonus issue) to the holders of Shares (whether renounceable or not), then the exercise price of an Unquoted Option may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- (h) If there is a bonus issue to the holders of Shares in the Company then the number of Shares over which each Unquoted Option is exercisable will be increased by the number of Shares which the Unquoted Option holder would have received under the bonus issue if the Unquoted Option had been exercised before the record date for the bonus issue.
- (i) In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the Unquoted Option expiry, the rights of Unquoted Option holders, including the number of Unquoted Options or the exercise price of the Unquoted Options or both will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (j) Options do not confer any rights to attend or vote at meetings of Shareholders of the Company. Notice may be given by the Company to Unquoted Option holders in the manner provided by the Company's Constitution for the giving of notices to Shareholders, and the relevant provisions of the Company's Constitution apply with all necessary modification to notices to Unquoted Option holders.
- (k) Notwithstanding these terms and conditions, the Unquoted Options may only be issued or exercised within the limitations imposed by the Corporations Act and the ASX Listing Rules.

**ANNEXURE C**  
**Dempsey Minerals Ltd**  
**Pro-Forma Balance Sheet Post Acquisition**

		<b>Audited 31 December 2017</b>	<b>Transaction</b>	<b>Unaudited Pro-Forma Post Acquisition</b>
	<b>Note</b>	<b>\$</b>		<b>\$</b>
<b>Current Assets</b>				
Cash and cash equivalents	1	322,835	2,000,000	2,322,835
Trade and other receivables		6,558		6,558
Total Current Assets		329,393		2,329,393
<b>Non-Current Assets</b>				
Financial assets		64,119		64,119
Lithium assets	2		2,000,000	2,000,000
Total Non-Current Assets		64,119		2,064,119
<b>TOTAL ASSETS</b>		<b>393,512</b>		<b>4,393,512</b>
<b>Current Liabilities</b>				
Trade and other payables		39,121		39,121
Total Current Liabilities		39,121		39,121
<b>TOTAL LIABILITIES</b>		<b>39,121</b>		<b>39,121</b>
		<b>\$354,391</b>		<b>\$4,354,391</b>
<b>Equity</b>				
Issued capital	1,2	3,658,250	4,000,000	7,658,250
Reserves		111,827		111,827
Accumulated losses		(3,415,686)		(3,415,686)
		<b>\$354,391</b>		<b>\$4,354,391</b>

**Notes:**

1. Includes gross proceeds from Tranche 1 and Tranche 2 Placements
2. Represented by Blue Sky Lithium option agreement fee (\$240,000), Blue Sky Lithium consideration (\$1,360,000) and Facilitator's fee (\$400,000). It does not include any contingent consideration or Blue Sky consideration contained within any of their current agreements.

## **ANNEXURE D**

### **Dempsey Minerals Ltd**

#### **Key Terms and Conditions of major Blue Sky Option Agreements**

##### **1. Agreement of option to purchase on mining rights entered into ESTEBAN ENRIQUE GARCIA (Titleholder) and BLUE SKY LITHIUM PTY. LTD., dated December 7th, 2017.**

i. Parties: Esteban Enrique García and Blue Sky Lithium Pty. Ltd.

ii. Object: Option to purchase agreement.

iii. Properties: Candela, Candela II, Candela III, Candela IV, Candela V and Candela VI.

iv. Price:

- USD 50,000 within 45 days from signature of the agreement. In case this payment is not made, the agreement will be finished with no pending obligations for any party.

- USD 220,000 within 6 months since signature of the agreement or to deliver geological results and all extra information available on the mining properties to the titleholder with no right to claim to the titleholder and considering the amount of USD 220,000 as payment of instalment of purchase option in favour of the titleholder (non refundable).

- USD 250,000 within 12 months since signature of the agreement or to deliver geological results and all extra information available on the mining properties to the titleholder with no right to claim to the titleholder and considering the amount of USD 250,000 as payment of instalment of purchase option in favour of the titleholder (non refundable).

- USD 500,000 within 18 months since signature of the agreement or to deliver geological results and all extra information available on the mining properties to the titleholder with no right to claim to the titleholder and considering the amount of USD 500,000 as payment of instalment of purchase option in favour of the titleholder (non refundable).

- Within 24 months since signature of the agreement, a payment depending of the following scenarios:

- a. USD 500,000 in case the existence of resources under the category measurable of lithium under 300.000 tons of equivalent lithium carbonate under estimation system (JORC or NI 43-01), or to deliver geological results and all extra information available on the mining properties to the titleholder with no right to claim to the titleholder and considering the amount of USD 500,000 as payment of instalment of purchase option in favour of the titleholder (non refundable).

- b. USD 1,000,000 in case the existence of resources under the category measurable of lithium plus 300.000 tons of equivalent lithium carbonate or less 600.000 tons of equivalent lithium carbonate under estimation system (JORC or NI 43-01), or to deliver geological results and all extra information available on the mining properties to the titleholder with no right to claim to the titleholder and considering the amount of USD 1,000,000 as payment of instalment of purchase option in favour of the titleholder (non refundable).

- c. USD 2,000,000 in case the existence of resources under the category measurable of lithium plus 600.000 tons of equivalent lithium carbonate or less 1.000.000 tons of equivalent lithium carbonate under estimation system (JORC or NI 43-01), or to deliver geological results and all extra information available on the mining properties to the titleholder with no right to claim to the titleholder and considering the amount of USD 2,000,000 as payment of instalment of purchase option in favour of the titleholder (non refundable).

- d. USD 3,000,000 in case the existence of resources under the category measurable of lithium plus 1.000.000 tons of equivalent lithium carbonate under estimation system (JORC or NI 43-01), or to deliver geological results and all extra information available on the mining properties to the titleholder with no right to claim to the titleholder and considering the amount of USD 3,000,000 as payment of instalment of purchase option in favour of the titleholder (non refundable).

- Each payment indicated including alternatives described in (a) to (d) (only one of them will be considered), will be accompanied by the share issuance by the company owner of the agreement. The payment corresponds to 1 share for each dollar paid to the titleholder.

v. Obligations of Blue Sky: 1. Blue Sky has a term of 24 months for developing exploration works or any work related with mining activities. 2. Maintain the mining properties in good standing.

vi. Obligations of Titleholder: 1. Grant an authorization before Notary in favour of Blue Sky for developing mining works after the payment of the 1st instalment is made. 2. Grant exclusivity in favour of Blue Sky during the agreement's life. 3. Evidence a certificate of property regarding the mining properties.

vii. Extension: The term of the agreement can be extended by both parties.

viii. Transfer: Once one of the payments indicated in a. to d. is completed, the irrevocable transfer of the mining rights in favour of Blue Sky will be implemented.

**2. Agreement of option to purchase on mining rights entered into HERMINIO ELIO NAVARRO (Titleholder) and BLUE SKY LITHIUM PTY. LTD., dated November 22nd, 2017.**

i. Parties: Herminio Elio Navarro and Blue Sky Lithium Pty. Ltd.

ii. Object: Option to purchase agreement and signature of authorization compromise.

iii. Properties: Catalina

iv. Price:

- USD 50,000 before 22nd December 2017. In case this payment is not made, the agreement will be finished with no pending obligations for any party.

- USD 100,000 within 6 months since signature of the agreement or to deliver geological results and all extra information available on the mining properties to the titleholder with no right to claim to the titleholder and considering the amount of USD 1,000,000 as payment of instalment of purchase option in favour of the titleholder (non refundable).

- Once completed the payment of the amount of USD 250,000, the transfer of the mining property called Catalina in favour of Blue Sky will be implemented.

- Within 24 months since signature of the agreement, Blue Sky must deliver the geological results and all extra information available of Catalina, or make a last payment of USD 100,000 for the purchase in order to implement the transfer in favour of Blue Sky. If Blue Sky does not acquire the mine, the first payment of USD 100,000 will remain in favour of the titleholder.

v. Obligations of Blue Sky: 1. Blue Sky has a term of 12 months for developing exploration works or any work related with mining activities. 2. Maintain the mining properties in good standing.

vi. Obligations of Titleholder: 1. Grant an authorization before Notary in favour of Blue Sky for developing mining works after the payment of the 1st instalment is made. 2. Grant exclusivity in favour of Blue Sky during the agreement's life. 3. Evidence a certificate of property regarding the mining properties.

vii. Extension: The term of the agreement can be extended by both parties.

viii. Transfer: Once completed the payment of the amount of USD 250,000, the transfer of the mining property called Catalina in favour of Blue Sky will be implemented.

**3. Agreement of option to purchase on mining rights entered into DANIEL CARI and RAMIRO LEONARDO BURGOS and BLUE SKY LITHIUM PTY. LTD., dated December 12th, 2017.**

i. Parties: Daniel Cari and Ramiro Leonardo Burgos, and Blue Sky Lithium Pty. Ltd.

ii. Object: Option to purchase agreement.

iii. Properties: El Deceo I mine, El Deceo II mine and El Deceo III.

iv. Price:

- USD 10,000 within 30 days from signature of the agreement. In case this payment is not made, the agreement will be finished with no pending obligations for any party.

- USD 100,000 within 12 months since signature of the agreement or to deliver geological results and all extra information available on the mining properties to the titleholder with no right to claim to the titleholder and considering the amount of USD 100,000. This payment will be considered of final payment option in favour of the titleholder (non refundable). In case this payment is made, this will be accompanied by a payment of 200,000 shares of the Company.

v. Obligations of Blue Sky: 1. Blue Sky has a term of 24 months for developing exploration works or any work related with mining activities. 2. Maintain the mining properties in good standing.

vi. Obligations of Titleholder: 1. Grant an authorization before Notary in favour of Blue Sky for developing mining works after the payment of the 1st instalment is made. 2. Grant exclusivity in favour of Blue Sky during the agreement's life. 3. Evidence a certificate of property regarding the mining properties.

vii. Extension: The term of the agreement can be extended by both parties.

viii. Transfer: Once the payments indicated in the agreement are completed, the irrevocable transfer of the mining rights in favour of Blue Sky will be implemented.

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**PROXY FORM**

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**APPOINTMENT OF PROXY  
DEMPSEY MINERALS LIMITED  
ACN 149 349 646**

**GENERAL MEETING**

I/We

of

being a member of Dempsey Minerals Limited entitled to attend and vote at the General Meeting, hereby  
Appoint

Name of proxy

OR

☐

the Chair as your proxy

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the General Meeting to be held **9.00am (WST), on Friday 4 May 2018 at Level 2, 38 Richardson Street, West Perth WA 6005, and at any adjournment thereof.**

**I/We acknowledge that the Chair intends to vote all available proxies in favour of each of Resolutions 1 to 9 (inclusive).**

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**Voting on Business of the Annual General Meeting**

	FOR	AGAINST	ABSTAIN
Ordinary Resolution 1 – Ratification of issue of 2,040,000 Shares and 1,020,000 Quoted Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 2 – Ratification of issue of 3,395,000 Shares under Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 3 – Ratification of issue of 4,305,000 Shares under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 4 – Approval of Issue of 17,300,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 5 – Approval of Change to Nature and Scale of Activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 6 – Approval of Proposed Acquisition & Issue of Shares and Unquoted Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 7 – Approval of issue of 3,000,000 Shares and 3,000,000 Unquoted Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 8 – Approval of issue of 5,000,000 Shares and 10,000,000 Unquoted Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 9 – Approval of issue of 25,000,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority.

Where I/we have appointed the Chair as my/our proxy (or the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy in respect of all Resolutions (except where I/we have indicated a different voting intention above).

If the Chair is (or becomes) your proxy you can direct the Chair to vote for or against or abstain from voting on any Resolution by marking the appropriate box above.

If two proxies are being appointed, the proportion or number of voting rights this proxy represents is \_\_\_\_\_

**Signature of Member(s):**

**Date:** \_\_\_\_\_

**Individual or Member 1**

**Sole Director/Company Secretary**

**Member 2**

**Director**

**Member 3**

**Director/Company Secretary**

**Contact Name:** \_\_\_\_\_ **Contact Ph (daytime):** \_\_\_\_\_



**DEMPSEY MINERALS LIMITED**  
**ACN 149 349 646**

**Instructions for Completing 'Appointment of Proxy' Form**

1. **(Appointing a Proxy):** A Shareholder entitled to attend and vote at the General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion or number of the Shareholder's voting rights. If a Shareholder appoints two proxies and the appointment does not specify this proportion or number, each proxy may exercise half the votes. Fractions will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to Vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Proxy Voting):** Sections 250BB and 250BC of the Corporations Act broadly provide that:
  - if proxy holders vote, they must cast all directed proxies as directed; and
  - any directed proxies which are not voted will automatically default to the chair, who must vote the proxies as directed.

Further details on these changes are set out below.

**Proxy vote if appointment specifies way to vote**

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

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

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

**Transfer of non-chair proxy to chair in certain circumstances**

Section 250BC of the Corporations Act provides that if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the company's members; and
- the appointed proxy is not the Chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting;
  - the proxy does not vote on the resolution,

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

4. **(Signing Instructions):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint Holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
5. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the General Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the Shareholder is present at the General Meeting.
6. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and:
  - (a) deliver the Proxy Form by hand to the Company's registered office at Level 2, 38 Richardson Street, West Perth, Western Australia 6005;
  - (b) post it to Dempsey Minerals Limited, PO Box 396, West Perth, WA 6872; or
  - (c) send it by facsimile to the Company on facsimile number +61 8 9322 6398,
  - (d) send by email to mrobbins@dempseyminerals.com.au

so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**

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