
QUARTERLY ACTIVITIES REPORT FOR QUARTER ENDED 31 DECEMBER 2015

29th January 2016

HIGHLIGHTS

- **COMPANY COMPLETES LOAN OBLIGATIONS UNDER PETROZ AGREEMENT**
- **TURKISH BOND MONIES PAID TO SECURE 75% INTEREST IN ALASEHIR LICENCE IN TURKEY**

OPERATIONS

Alasehir Exploration Licence

As previously announced to the market on 4 September 2015, Dempsey Minerals Limited ("Dempsey" or "the Company") entered into a conditional exclusive Option and Sale & Purchase Agreement ("Agreement") under which it had an option to acquire 100% of the issued capital of Petroz Limited ("Petroz") ("Option"). Petroz is an unlisted public Australian oil company, which holds a 75% interest in the proven and awarded, Licence 21A Alasehir & Sarikiz Oil Fields located in Western Turkey ("Licence").

During the quarter, the Company presented the following update on the due diligence, acquisition process and capital raising plans.

Loan Obligations under Agreement

Under the Agreement, Dempsey agreed to make a loan of \$700,000 available to Petroz for the purposes of paying the required GDPA (Turkish Petroleum Authority) bonds to secure the Licence and to pay other costs associated with the Licence. Dempsey has now provided that loan to Petroz and all relevant government bonds are now in place and registered. The loan was paid out of the Company's existing working capital.

The loan is unsecured, non-interest bearing and will be treated as an intercompany loan by Dempsey if the acquisition of Petroz ("Acquisition") is completed. If Dempsey does not exercise the Option, or if the Acquisition is not completed, the loan must be repaid in full within one (1) month of the relevant circumstance occurring. Dempsey may allow for the loan to be repaid by way of the issue of a corresponding number of fully paid ordinary shares in the capital of Petroz, to be calculated at a price of \$0.05 per Petroz share.

In addition, the Company is now in receipt of an Independent Expert Report on the Licence (see below) which was commissioned by Dempsey as part of the due diligence process.

Acquisition Completion

In the event of the exercise of the Option, ASX Listing Rules 11.1.2 and 11.1.3 will apply to the Acquisition. Hence Dempsey shareholder approval, re-compliance with Chapters 1 and 2 of the ASX Listing Rules and ASX approval for re-admission of Dempsey to the official list of ASX are required as a condition precedent to completion of the Acquisition.

Independent Expert's Report

As part of the due diligence process involved with the Agreement, Dempsey engaged the services of RISC Operations Pty Limited ("RISC") to prepare an Independent Expert's Report ("IER") in relation to Petroz's 75% interest in the Licence.

The IER incorporates RISC's assessment of Petroz's petroleum resources and associated development schedules, production, cost forecasts and discounted cash flow of the un-risked contingent resources. In addition, RISC used its expertise to make necessary adjustments to provide Dempsey with current information and a reasonable assessment of the resources.

A complete copy of the RISC report was attached to the announcement dated 22 December 2015.

RISC carried out an independent resource estimate for the Alasehir and Sarikiz oil fields and estimated 2C contingent resources net to Petroz of 6.8 million US stock tank barrels ("MMstb") and a further best estimate of unrisked net prospective resources of 6.7 MMstb. The results of RISC's analysis are shown in the tables below.

Contingent Resources as at 30 September 2015						
Field	Gross (100%) MMstb			Net Petroz (75%) MMstb		
	1C	2C	3C	1C	2C	3C
Sarikiz	1.4	3.1	5.8	1.1	2.3	4.4
Alasehir	2.5	6.0	12.5	1.9	4.5	9.4
Total	3.9	9.1	18.3	3.0	6.8	13.7
Note: probabilistic evaluation methods used and rounded to the nearest 0.1 MMstb						

RISC has classified estimates of future recovery from the Sarikiz and Alasehir fields as contingent resources. RISC has advised that contingent resources carry with them a risk that commercial development is subject to encouraging results from the drilling, testing and evaluation of future Sarikiz and Alasehir wells.

Prospective Resources as at 30 September 2015						
Field	Gross (100%) MMstb			Net Petroz (75%) MMstb		
	Low	Best	High	Low	Best	High
Sarikiz Deep	1.3	3.2	7.2	1.0	2.4	5.4
West Alasehir	2.1	5.7	14.7	1.6	4.3	11.0
Total	3.4	9.0	21.9	2.5	6.7	16.4
Note: probabilistic evaluation methods used and rounded to the nearest 0.1 MMstb						

RISC has classified estimates of future recovery from the Sarikiz Deep and West Alasehir leads as prospective resources. RISC has advised that prospective resources carry with them a risk that potentially moveable hydrocarbons may not be present and also a risk that commercial development may not proceed. Accordingly, confirmation of discovery in these fields will require the drilling of successful exploration wells.

Economic Assessment and Sarikiz-SPP 1 well

The IER also incorporates RISC's preliminary economic assessment associated with development outcomes for the fields contained in the Licence area. These results are encouraging, however, they are subject to successful work programmes and cost efficient delivery.

Dempsey's near term focus is on designing and costing the first well required as part of the Licence work programme agreed with the GDPA. In this regard, Dempsey has retained the services of NauticAWT, a top tier drilling consulting firm, to design a well based on all known field parameters, including the results from past drilling in the Licence area.

Once this design work is complete, Dempsey in conjunction with Petrako Petrol Dogalgaz Insaat Taahhut Isleri Ve Dis Ticaret Limited Sirketi ("Petrako"), Petroz's Turkish partner, will approach drilling contractors and service providers in order to define the cost of the proposed well. It is envisaged that the first well will be drilled in the Sarikiz field (where contingent resources have been identified) and be known as Sarikiz-SPP 1. A successful programme in relation to the Sarikiz-SPP1 well will be an important step in demonstrating the commerciality of the Sarikiz field.

Capital Raising

During December 2015, the Company completed a capital raise of \$68,250, with 975,000 fully paid ordinary shares in the Company ("Shares") being issued at a price of \$0.07 per Share.

The Company is also finalising an entitlement offer as part of its capital raising strategy. At this point, the proposed terms of that entitlement offer are set out below. The terms of the entitlement offer will be finalised, approved and distributed to Dempsey shareholders in due course.

The Company now proposes to make an entitlement offer to existing Dempsey shareholders of up to 6,095,000 Shares on the basis of one (1) new Share ("New Share") for every five (5) Shares held on the record date at a price of \$0.07 per New Share together with one (1) free attaching option (exercisable at \$0.14 on or before 31 December 2018) for every one (1) new Shares subscribed for.

In addition, as part of the entitlement offer the Company proposes to offer options to those shareholders listed on the Company's register on the record date, also on a one (1) for five (5) basis at a price of \$0.01 each (exercisable at \$0.14 on or before 31 December 2018). This aims to raise a further \$60,950.

If the entitlement offer is fully taken up a total of \$487,600 will be raised by the Company. The funds raised will be used to fund the administrative costs of the acquisition including the costs of assessing the business, operations and prospects of Petroz for due diligence purposes, advisers' fees, for working capital for the existing business operations of the Company and, if the Option is exercised, to cover the costs of seeking shareholder approval for the Acquisition and the costs of achieving re-compliance with the admission requirements under the ASX Listing Rules. If the Option is not exercised this amount will be used for administrative costs already then incurred in respect of the Acquisition and for general working capital for the Company and its existing operations.

Fraser Range – E28/2369 (100%)

This exploration licence is situated within the Fraser Range region. It covers an area of approximately 200 km² and is located around 40 km north of the Sirius Resources Ltd discoveries of Nova and Bollinger.

The Fraser Range project includes 40 kilometres of strike length of the Proterozoic Albany-Fraser mobile belt on the south-east margin of the Yilgarn Craton. In July 2012, Sirius announced the discovery of the Nova nickel-copper-cobalt deposit, which sits within the Fraser Range Joint Venture. The Dempsey lease application is located to the North of the Sirius Resources discoveries of Nova and Bollinger.

No significant work was undertaken during the quarter.

Socrates– E28/2452 (100%)

The Socrates Gold Project is located some 155 Km southeast of Kalgoorlie and comprises dramatically underexplored Archaean Greenstones of the Eastern Goldfields Province, as well as Proterozoic metamorphic rocks of the emerging Tropicana Gold Province.

When the Tropicana Gold Deposits in the 'Transition Zone' between the Proterozoic Albany-Fraser Metamorphic Province and the Archaean had been discovered about 300 kilometres to the northeast, by AngloGold Ashanti and the Independence Group, a series of new possibilities emerged. By late 2006, a new prospect Beachcomber, in similar geology, was identified only 75 Km to the NE of the Socrates Project.

Kent - E70/4592

Dempsey's interest in this tenement was terminated on 24 December 2015.

CORPORATE ACTIVITIES

Dempsey continues to conduct its due diligence on its Turkish oil project as well as trying to grow its project portfolio by evaluating other opportunities in Australia and overseas.

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Competent Person's Statement

The estimates of Contingent Resources and Prospective Resources provided in this announcement are based on, and fairly represents, information and supporting documentation prepared under the supervision of Mr Geoffrey Barker of RISC Operations Pty Ltd ("RISC") in accordance with Petroleum Resource Management System standards, definitions and guidelines. Mr Barker is a partner of RISC and is a qualified person as defined under ASX Listing Rule 5.42. Mr Barker is a member of the Society of Petroleum Engineers and is a qualified petroleum and resources evaluator (QPPRE) as defined by ASX listing rules. Mr Barker has given his consent to the use of the Contingent and Prospective Resources figures in the form and context in which they appear in this presentation

Granted tenement list as at 31 December 2015:

Project	Licence Number	Interest/Status
Fraser Range	E28/2369	100%
Socrates	E28/2452	100%
Nelson	E70/4629	Application
Walpyring Hill	E70/3065	Royalty interest