

# **Dempsey Minerals Limited**

**ABN 87 149 349 646**

## **Prospectus**

**For a non renounceable pro rata entitlement offer to Shareholders of:**

**(a) up to 6,095,000 New Shares on the basis of one (1) New Share for every five (5) Shares held by Shareholders at the Record Date at an issue price of \$0.07 per New Share, together with one (1) free attaching New Option (exercisable at \$0.14 on or before 31 December 2018) for every one (1) New Share issued ;**

**(b) up to 6,095,000 New Options on the basis of one (1) New Option (exercisable at \$0.14 on or before 31 December 2018) for every five (5) Shares held by Shareholders at the Record Date at an issue price of \$0.01 per New Option,**

**to raise up to approximately \$487,600 (before costs) based on the number of Shares on issue at the date of this Prospectus.**

**The entitlement offer closes at 5:00pm (WST) on 26 February 2016.**

### **IMPORTANT INFORMATION**

**This is an important document.**

**You should read this document in its entirety to assist in deciding whether or not to apply for New Shares and/or New Options in the Company.**

**You should also consult your professional advisers before deciding whether to invest in the Company. The offer of New Securities under this Prospectus does not take into account your investment objectives, financial situation or particular needs. You should carefully consider the risk factors in Sections 5.2 and 9 in light of your circumstances.**

**AN INVESTMENT IN THE NEW SECURITIES OFFERED BY THIS PROSPECTUS SHOULD BE CONSIDERED AS SPECULATIVE.**

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## 1. CORPORATE DIRECTORY

### Directors

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

### Company Secretary

Mike Robbins

### Registered Office and Contact Details

Level 2  
38 Richardson Street  
WEST PERTH WA 6005

Telephone: +61 8 9322 6283  
Facsimile: +61 8 9322 6398  
Email: [admin@dempseyminerals.com.au](mailto:admin@dempseyminerals.com.au)  
Website: [www.dempseyminerals.com.au](http://www.dempseyminerals.com.au)

### ASX Code

DMI

### Solicitors to the Company

Cardinals  
Lawyers and Consultants  
60 Havelock Street  
WEST PERTH WA 6005

### Share Registry\*

Advanced Share Registry Services  
110 Stirling Highway  
NEDLANDS WA 6009

Telephone: +61 8 9389 8033  
Facsimile: +61 3 9389 7871

### Auditor\*

Bentleys  
Level 1  
12 Kings Park Road  
WEST PERTH WA 6005

\* The names of these entities are included for information purposes only. They have not been involved in the preparation or issue of this Prospectus and have not consented to being named in this Prospectus.

## 2. INVESTMENT OVERVIEW

Question	Response	Where to find information
What is the Entitlement Offer?	<p>The Company is offering to issue:</p> <ul style="list-style-type: none"> <li>• New Shares and free attaching New Options; and</li> <li>• New Options,</li> </ul> <p>to Eligible Shareholders by a pro rata non renounceable entitlement issue.</p> <p>Under the Entitlement Offer, Eligible Shareholders may subscribe for:</p> <ul style="list-style-type: none"> <li>• one (1) New Share for every five (5) Shares held on the Record Date. Each Eligible Shareholder will also receive one (1) free New Option for every one (1) New Share subscribed for under the Offer; and/or</li> <li>• one (1) New Option for every five (5) Shares held on the Record Date.</li> </ul> <p>Application will be made for the New Shares and the New Options to be quoted on ASX.</p>	Section 6.1
What is the offer price of the New Shares?	The offer price is \$0.07 (7 cents) per New Share.	Section 6.1
What is the offer price of the New Options?	The offer price is \$0.01 (1 cent) per New Option.	Section 6.1
What are the terms of the New Options?	The New Options have an exercise price of \$0.14 and an expiry date of 31 December 2018. The full terms of the New Options are set out in Section 8.2.	Section 6.1 and Section 8.2
Will the New Shares and New Options be quoted on ASX?	Application will be made for the New Shares and the New Options to be quoted on ASX.	Section 6.11
Who is an Eligible Shareholder?	The Entitlement Offer is made to Eligible Shareholders only. An Eligible Shareholder is a Shareholder with a registered address in Australia or New Zealand on the Record Date.	Section 6.5

How many New Securities will be issued?	<p>At the date of this Prospectus the maximum number of New Securities that will be issued under the Offer, assuming Full Subscription, is 6,095,000 New Shares and 12,190,000 New Options.</p> <p>Where Option holders who reside in Australia or New Zealand exercise their Options before the Record Date, they will be entitled to participate in the Entitlement Offer. This will increase the maximum number of New Shares and New Options that may be issued under the Entitlement Offer.</p>	Section 6.1
What is the amount that will be raised under the Offer?	<p>At the date of this Prospectus, the maximum amount that may be raised under the Prospectus is \$487,600 before expenses. If existing Option holders who reside in Australia and New Zealand exercise their Options before the Record Date so as to participate in the Entitlement Offer, the amount raised under the Offer may increase.</p>	Section 6.1
Can I subscribe for Shortfall Securities	<p>Only those persons who are invited by the Directors to subscribe for Shortfall Securities under the Shortfall Offer may do so. The Directors reserve the right to place the Shortfall Securities (if any) at their sole and absolute discretion. Shortfall Securities will not be placed with Directors or other related parties of the Company.</p>	Section 6.9

<p>What are the key risks of a further investment in the Company?</p>	<p>The Offer should be considered highly speculative. Before deciding to whether to apply for New Shares and/or New Options under the Offer, you should carefully consider the risk factors set out in this Prospectus, the information contained in other sections of this Prospectus, and all other public announcements and reports of the Company. For further information on specific risks relevant to the Company please refer to Section 5.2 and Section 9. These risks include:</p> <ul style="list-style-type: none"> <li>• The Company's projects are early stage exploration tenements with significant exploration risk.</li> <li>• The Company's may require additional funding to complete any proposed exploration programmes.</li> <li>• As a junior explorer with no production or income, the Company is exposed to general market and economic condition risks.</li> <li>• If the Acquisition is completed, the Company will acquire an interest in the Licence, which is an onshore petroleum exploration licence. Prospective petroleum resources carry with them a risk that significant quantities of potentially moveable hydrocarbons may not be present and also a risk that commercial development may not proceed.</li> </ul> <p>Please carefully consider these risks and the risks contained in Section 5.2 and Section 9 before deciding whether or not to apply for New Shares and/or New Options.</p>	<p>Sections 5.2 and 9</p>
<p>Is the Offer underwritten?</p>	<p>The Offer is not underwritten.</p>	<p>Section 6.12</p>

What is the purpose of the Offer?	<p>The purpose of the Offer is to raise funds to:</p> <ul style="list-style-type: none"> <li>• meet the administrative costs of the Acquisition including due diligence costs, advisers' fees, the costs of seeking shareholder approval for the Acquisition and the costs of achieving re-compliance with the admission requirements under the Listing Rules; and</li> <li>• provide sufficient working capital within the Company.</li> </ul>	Section 7.1
What is the effect of the Offer on share capital and cash reserves?	<p>The effect of the Offer on the Company's share capital and cash reserves is to:</p> <ul style="list-style-type: none"> <li>• increase the number of Shares and Options on issue; and</li> <li>• increase cash reserves by up to approximately \$487,600 before the costs of the Offer.</li> </ul>	Section 7.2
What is the effect of the Offer on control of the Company	<p>The maximum dilution at Full Subscription of New Shares under the Offer that will be experienced by any Shareholder is approximately 20% of its existing Shareholding.</p> <p>The Offer is not expected to have any impact on the control of the Company.</p> <p>No person will, as a result of the issue of New Shares under this Prospectus, hold a voting power in the Company of 20% or more.</p>	Section 7.7
Can I sell my Entitlements?	No. The Entitlement Offer is non renounceable meaning your Entitlement is not transferable and there will be no trading of rights on ASX.	Section 6.1
How do I accept my Entitlement?	<p>All Eligible Shareholders are entitled to subscribe for New Shares (together with free attaching New Options) and/or New Options under the Entitlement Offer. If you wish to take up your Entitlement, you must complete the Entitlement and Acceptance Form that accompanies this Prospectus.</p> <p>You may accept all or part of your Entitlement.</p> <p>If you do not wish to take up any of your Entitlement, you do not need to take any action and your Entitlement will lapse.</p>	Section 6.3
How can I obtain further advice?	Contact the Company Secretary on +61 8 9322 6283 at any time during business hours (WST) until the Closing Date. Alternatively, consult with your broker or other professional adviser.	Section 6.16

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### 3. TIMETABLE AND IMPORTANT DATES

#### Indicative timetable for Entitlement Offer

EVENT	DATE
Lodgement of Prospectus with ASIC	4 February 2016
Lodgement of Prospectus and Appendix 3B with ASX (includes application for Quotation of New Securities)	4 February 2016
Notice Sent to Eligible Shareholders and Option holders	5 February 2016
'Ex' Date (Date from which Shares commence trading without the entitlement to participate in the Entitlement Offer)	8 February 2016
Record Date for determining Entitlements (5:00pm WST)	10 February 2016
Prospectus with Entitlement and Acceptance Form sent to Shareholders and Entitlement Offer opens	12 February 2016
Closing Date* (5:00pm WST)	26 February 2016
New Securities quoted on ASX on a deferred settlement basis	29 February 2016
ASX notified of Shortfall	1 March 2016
Issue of New Securities and despatch of holding statements	4 March 2016
Trading in New Securities expected to commence	7 March 2016

*\* The Directors may extend the Closing Date by giving at least three Business Days' notice to ASX prior to the Closing Date, subject to such date being no later than three months after the date of this Prospectus. As such the date the New Securities are expected to commence trading on ASX may vary.*



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#### 4. NON-EXECUTIVE CHAIRMAN'S LETTER

4 February 2016

Dear Shareholder

The Board is pleased to offer Eligible Shareholders the opportunity to participate in a non renounceable entitlement issue of:

- (a) up to 6,095,000 New Shares and 6,095,000 New Options on the basis of one (1) New Share for every five (5) existing Shares held at the Record Date together with one free attaching New Option, exercisable at \$0.14 on or before 31 December 2018, for each New Share issued. Each New Share will be issued at an issue price of \$0.07 per New Share; and/or
- (b) up to 6,095,000 New Options on the basis of one (1) New Option, exercisable at \$0.14 on or before 31 December 2018, for every five (5) existing Shares held at the Record Date. Each New Option will be issued at an issue price of \$0.01 per New Option.

All Shareholders registered at 5.00pm (WST) on the Record Date will be entitled to participate in the non-renounceable entitlement issue offered under this Prospectus. The Entitlement Offer is non renounceable which means that entitlements to New Securities are non-transferrable and will not be tradeable on ASX. Shareholders who do not take up all or part of any of their Entitlement will not receive any payment or value in respect of the Entitlement not taken up and their equity interest in the Company will be diluted after implementation of the Offer.

**If you take up your Entitlement in full, your equity interest in the Company will not be diluted after implementation of the Offer.**

The Closing Date for acceptances is 5.00pm (WST) on 26 February 2016.

The Company will seek quotation of the New Shares and New Options on the ASX within seven (7) days of the date of this Prospectus.

This Prospectus contains important information about the Offer. Accompanying this Prospectus you will also find a personalised Entitlement and Acceptance Form that contains details of your Entitlement. Details of how to accept your Entitlement are provided on this form and in Section 6.3.

Any New Securities not issued pursuant to the Entitlement Offer will become Shortfall Securities which may be issued under the Shortfall Offer. The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date, which Closing Date may be changed at the discretion of the Board. Only those persons invited by the Directors (in their sole and absolute discretion) to subscribe for Shortfall Securities may do so. Directors and other related parties of the Company will not be invited to subscribe for Shortfall Securities.

You should read this Prospectus carefully and in its entirety as it contains important information about the Offer, especially the key risk factors in Section 5.2 and the risk factors in Section 9. You should consult your stockbroker, accountant, solicitor or other independent professional adviser before determining whether or not to participate in the Offer.

As announced to the ASX on 4 September 2015 the Company has entered into a conditional exclusive Option and Sale & Purchase Agreement under which it has an option to acquire 100% of the issued capital of Petroz, an unlisted public Australian oil company which holds a 75% interest in the Alasehir Exploration Licence, an onshore petroleum exploration licence in the Republic of Turkey. Funds raised from the Offer will be used primarily for the administrative costs incurred in respect of the acquisition of Petroz, including due diligence costs, adviser's fees, 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, as well as for working capital for the existing operations of the Company.

Key aspects of the Licence include:

- Under Turkish law, oil can be produced and sold under an exploration licence
- Minimum exploration risk with existing proven undeveloped oil discoveries
- Aliaga oil terminal and two refineries nearby at Izmir will take Alasehir crude
- Breakeven cost base for Alasehir crude estimated by the operator Petrako to be approximately US\$20 per barrel
- Robust production margins even at current low oil price at Izmir refinery gate
- Premium price for Alasehir crude. Brent equivalent plus international shipping and transport costs to the refinery gate
- Oil previously encountered and recovered in several wells in the Licence
- Turkish Government revoked the previous licence, re-gazetted the acreage for competitive tender and recently awarded a new 5-year licence to Petroz (75%) and its local partner Petrako
- Highly qualified and experienced Petroz development and management team in place

The Board is very excited by the proposed acquisition of Petroz and looks forward to seeking to increase Shareholder value to develop a significant energy company in the future. Shareholders should refer to the RISC Report for further details of the Licence.

The Board recommends that Shareholders take up their Entitlement to avoid dilution and, subject to completion of the Acquisition, to take advantage of this opportunity to invest in the oil industry.

The Board takes this opportunity to thank all Shareholders for their support of the Company and looks forward to your continued support in the future.

Yours sincerely

Nathan McMahon  
Non-Executive Chairman  
4 February 2016

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## 5. IMPORTANT NOTES

This Prospectus is dated 4 February 2016 and was lodged with ASIC on that date. ASIC and its officers take no responsibility for the contents of this Prospectus. No person or entity is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied on as having been authorised by the Company in connection with the Offer or this Prospectus.

No New Securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

The Entitlement Offer may be accepted in whole or in part prior to the Closing Date subject to the rights of the Company to extend the Entitlement Offer period or close the Offer early. Fractional Entitlements to New Securities will be rounded down to the nearest whole number. Instructions for completion of the acceptance of your Entitlement are set out on the Entitlement and Acceptance Form which accompanies this Prospectus.

Applications by Eligible Shareholders for New Shares and/or New Options under the Entitlement Offer can only be submitted using an original Entitlement and Acceptance Form which accompanies this Prospectus and which sets out the Eligible Shareholder's Entitlement.

A shortfall will arise at the Closing Date if valid applications received for New Securities under the Entitlement Offer are for less than the number of New Securities offered under this Prospectus. The Directors reserve the right, subject to the requirements of the Listing Rules and the Corporations Act, to place any Shortfall Securities at their sole and absolute discretion within three months after the Closing Date pursuant to the Shortfall Offer.

It is important that you read this Prospectus in its entirety and, if in any doubt about whether to apply for New Shares and/or New Options, seek professional advice. An investment in the New Securities the subject of this Prospectus should be considered speculative. None of the Company, the Directors or any other person gives any guarantee as to the success of the Company, the repayment of capital, the payment of dividends, the future value of the New Securities or the price at which the New Securities will trade on the ASX.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act). It has been prepared in accordance with section 713 of the Corporations Act and it does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom they may consult.

### 5.1 Applicants Outside Australia and New Zealand

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. A failure to comply with these restrictions may violate applicable securities laws. This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. If you are resident in a country other than Australia or New Zealand you should consult your professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. The return of a completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained. No action has been taken by the Company to register or qualify the New Securities or otherwise permit a public offering of the New Securities the subject of this Prospectus in any jurisdiction outside of Australia and New Zealand.

### 5.2 Key Risks

You should be aware that subscribing for New Securities the subject of this Prospectus involves a number of risks to the business, assets and operations of the Company that potentially influence the operating and financial performance of the Company.

**Dempsey is an exploration company and you should consider that an investment in the Company is speculative.**

**You should read this Prospectus in its entirety and, in particular, consider the key risk factors set out below and the risk factors in Section 9 before deciding whether to apply for New Securities under this Prospectus.**

**You are urged to consider those risks carefully and, if necessary, also consult your professional advisers with any questions beforehand.**

**You should also note that the key risks below and the risk factors in Section 9 are not an exhaustive list of all risks faced by the Company or by investors in the Company.**

Some risks can be mitigated by the use of appropriate safeguards and appropriate systems and controls by the Company, however some are unpredictable and outside the control of the Company and the extent to which they can be mitigated or managed is very limited or not possible.

Set out below are key and specific risks that the Company is exposed to and that may have a direct influence on the Company and its activities or assets, therefore affecting the value of an investment in the Company now and in the future.

#### **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 in addition to amounts raised under the Offer. 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 Shares.

#### **Title Risks**

Interests in tenements in Australia are governed by State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and has annual expenditure and reporting commitments, together with other conditions requiring compliance. Consequently, the Company could lose its title to or its interest in one or more of the tenements in which it has an interest if licence conditions are not met or if sufficient funds are not available to meet the minimum expenditure commitments.

The Company's 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.

#### **Access Risk – Native Title and Aboriginal Heritage**

It is possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Australian Aboriginals exist. If native title rights do exist, the ability of the Company to have new tenements granted in respect of those areas, to gain access to tenements, or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

The Company must comply with Aboriginal heritage legislation requirements and access agreements which require heritage survey work to be undertaken ahead of the commencement of mining operations. There are a number of registered Aboriginal heritage sites within the area of the Company's tenements. It is possible that some areas of those tenements may not be available for exploration due to Aboriginal heritage issues (whether in respect of registered sites or not). Under Western Australian and Commonwealth legislation the Company may need to obtain the consent of the holders of such interests before commencing activities on affected areas of the tenements. These consents may be delayed or given on conditions which are not satisfactory to the Company.

## **Sovereign and Political Risk**

The Company has entered into the Agreement under which it has acquired an option to acquire a project located in the Republic of Turkey (see Section 10.3 for a summary of the Agreement and the Acquisition). Petroleum exploration tenure in the Republic of Turkey is governed by Turkish legislation.

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

The Company may also be hindered or 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 the Republic of Turkey that affect ownership, petroleum exploration, development or mining activities, may affect the viability and profitability of the Company.

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

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

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

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

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

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

## **Exploration Risks**

The Company's mining tenements are at various stages of exploration however none of the tenements in which the Company has an interest currently contain a JORC Code compliant resource and there is no guarantee that a JORC Code compliant resource will be discovered on any of the Company's tenements.

You 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 Company's tenements, or of

any other tenements that may be acquired by the Company in the future, will result in the discovery of economic mineralisation. Even if economic mineralisation is identified, there is no guarantee that it can be commercially exploited.

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

The success of the Company 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.

If the Acquisition is completed, the Company will acquire an interest in the Licence, which is an onshore petroleum exploration licence. Prospective resources carry with them a risk that significant quantities of potentially moveable hydrocarbons may not be present and also a risk that commercial development may not proceed.

### **Dilution**

Upon implementation of the Offer, assuming all New Securities offered under the Prospectus are subscribed for and no Options are exercised prior to the Record Date, the number of Shares in the Company will increase from 30,475,001 currently on issue to 36,570,001 and an additional 12,190,000 Options will be issued. This means that each Share will represent a lower proportion of the ownership of the Company. If any New Options are subsequently exercised this will further dilute ownership in the Company.

**If Eligible Shareholders take up their Entitlement in full, each Eligible Shareholder's percentage interest in the Company will remain the same and will not be diluted.**

**If Eligible Shareholders do not take up their Entitlement in full and the Shortfall is taken up under the Shortfall Offer, the holdings of Shareholders who do not participate will be diluted by approximately 20% (as compared to their holdings and number of Shares on issue as at the date of this Prospectus).**

It is not possible to predict what the value of the Company or a Share will be following completion of the Offer and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the Prospectus being lodged of \$0.072 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

### **Reliance on Key Personnel**

The responsibility of overseeing the day to day operations of the Company depends on its management and key personnel. The Company is aware of the need to have sufficient management to properly supervise the exploration and, if exploration is successful, the development of the Company's projects. As the Company's projects and prospects progress and develop, the Board will continually monitor the management requirements of the Company and look to employ or engage additional personnel when and where appropriate to ensure proper management of the Company's projects. However there is a risk that the Company may not be able to secure personnel with the relevant experience at the appropriate time which may impact on the Company's ability to complete all of its planned exploration programmes within the expected timetable. Furthermore, you should be aware that there no assurance can be given that there will be no adverse effect on the Company if one or more of its existing Directors or management personnel cease their employment or engagement with the Company.

### **Exploration Costs**

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's operating and financial performance and the value of the New Securities and Shares.

### **Contractual Risk**

As detailed in Section 10.3 the Company has made a loan available to Petroz. There is a risk that Petroz may not repay that loan in full, or at all, or that it may be repaid by way of the issue of Petroz shares rather than in cash, which will have an adverse effect on the Company's available funds.

There is a contractual risk that the conditions precedent to the Acquisition may not be achieved (including a due diligence condition in favour of the Company at its absolute discretion) and that the exercise of the Petroz Option and/or the completion of the Acquisition may not occur. There is also a risk that the counterparties to the Acquisition may default in their obligation to transfer their shareholding in Petroz to the Company if the Petroz Option is exercised and the conditions precedent are satisfied or waived.

### **Infrastructure Access**

There is limited capacity and high demand for rail and port services for the export of mineral products in Australia at the present time. If the Company progresses to production of its properties in Australia there is no guarantee that appropriate and affordable rail and port capacity will be available, which could have an adverse effect on the Company. In the event of production the Company will also require the use of both power and water infrastructure. Due to high demand for power and water access there is a risk that the Company may not be able to procure such access, or procure it on affordable terms, which could have an adverse effect on the Company.

**Further risks associated with an investment in the Company are contained in Section 9.**

### **5.3 Forward Looking Statements**

This Prospectus contains forward looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects' or 'intends' and other similar words that involve risks and uncertainties.

These statements relate to intentions and future acts and events. They are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the Company's management, which could cause these future acts, events and circumstances to differ from the way or manner in which they are expressly or implicitly portrayed in this Prospectus. Some of these risk factors are set out in Section 5.2 and Section 9.

The Company does not intend to update or review forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Prospectus will actually occur, and potential investors are cautioned not to place undue reliance on these forward looking statements.

### **5.4 Electronic Prospectus**

ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and an electronic application form on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

This Prospectus will be issued in paper form and as an electronic prospectus which may be accessed on the internet at the Company's website at [www.dempseyminerals.com.au](http://www.dempseyminerals.com.au). If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

If you have received this Prospectus as an electronic prospectus, please ensure that you have received the entire Prospectus accompanied by the Entitlement and Acceptance Form. If you have not, please contact the Company (see the Corporate Directory in Section 1 for the Company's contact details) and the Company will send you, at no cost to you, either a hard copy or a further electronic copy of the Prospectus or both during the Offer period.

The Corporations Act prohibits any person passing an Entitlement and Acceptance Form on to another person unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. The Company reserves the right not to accept an Entitlement and Acceptance Form from a person if it has reason to believe that when that person was given access to the electronic Entitlement and Acceptance Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

#### **5.5 Website**

No document or information on the Company's website is incorporated by reference into this Prospectus.

#### **5.6 Definitions**

Throughout this Prospectus abbreviations and defined terms are used. Defined terms are generally identifiable by the use of an upper case first letter and the definitions of those terms are contained in the Glossary in Section 11.



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## **6. DETAILS OF THE OFFER**

### **6.1 The Offer**

The Entitlement Offer is being made as a non renounceable entitlement offer of:

- (a) one (1) New Share for every five (5) Shares held by Shareholders registered at the Record Date at an issue price of \$0.07 per New Share, together with one free attaching New Option exercisable at \$0.14 on or before 31 December 2018 for every one (1) New Share issued;
- (b) one (1) New Option for every five (5) Shares held by Shareholders registered at the Record Date at an issue price of \$0.01 per New Option. Each New Option is exercisable at \$0.14 on or before 31 December 2018.

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a New Share or a New Option, such fraction will be rounded down to the nearest whole number of New Shares or New Options.

Assuming no further Shares are issued and none of the Options currently on issue are exercised before the Record Date, the maximum number of New Securities that may be issued under the Offer is 6,095,000 New Shares and 12,190,000 New Options to raise up to \$487,600 (before costs).

As at the date of this Prospectus the Company has 30,475,001 Shares on issue. All holders of Shares on the Record Date are entitled to participate in the Entitlement Offer. Option holders who exercise their Options after the date of this Prospectus but prior to the Record Date are entitled to participate in the Entitlement Offer. Please refer to Section 7.5 for information on the exercise price and expiry date of the Options on issue.

All of the New Shares to be issued pursuant to this Prospectus and Shares issued upon exercise of the New Options to be issued under this Prospectus are fully paid ordinary shares and will rank equally with the Shares on issue at the date of this Prospectus.

Please refer to Section 8 for further information regarding the rights and liabilities attaching to the New Shares and New Options.

The Entitlement Offer is non renounceable. Accordingly an Eligible Shareholder may not sell or transfer part or all of their Entitlement.

The purpose of the Offer and the intended use of funds raised under the Offer are set out in Section 2 and Section 7.1.

### **6.2 Minimum Subscription**

There is no minimum subscription under the Offer.

### **6.3 Actions Eligible Shareholders May Take**

The number of New Shares (and free attaching New Options) and New Options to which Eligible Shareholders are entitled (your Entitlement) is shown on the personalised Entitlement and Acceptance Form accompanying this Prospectus.

If you are an Eligible Shareholder you may do any of the following:

- (i) take up your full Entitlement (i.e. subscribe for both New Shares and New Options) (refer to Section 6.3(a));
- (ii) partially take up your Entitlement (refer to Section 6.3(b)); or
- (iii) decline to take up your Entitlement by taking no action (refer to Section 6.3(c)).

The Entitlement Offer is a pro rata offer to Eligible Shareholders. Eligible Shareholders who do not take up their Entitlements in full will not receive any amounts in respect of the Entitlements that they do not take up, and may have a reduced (i.e. diluted) percentage shareholding in the Company after implementation of the Offer. They will have a reduced (i.e. diluted) percentage shareholding in the Company after implementation

of the Offer if they do not take up their Entitlement to New Shares in full. However the number of Shares held at the Record Date and the rights attached to those Shares will not be affected.

Eligible Shareholders who take up their Entitlement to New Shares in full will not reduce (i.e. dilute) their percentage shareholding in the Company after implementation of the Offer.

Entitlements cannot be traded on ASX or any other exchange, nor can they otherwise be transferred.

If you do not take up your Entitlement in full, the number of New Securities not taken up under your Entitlement will be made available under the Shortfall Offer. The placement of New Securities made available under the Shortfall Offer will be at the discretion of the Directors. Entitlements cannot be traded on ASX or any other exchange, nor can they otherwise be transferred.

**(a) Accept all of your Entitlement**

Eligible Shareholders who wish to accept the Entitlement Offer and take up all of their Entitlement should complete the accompanying Entitlement and Acceptance Form and follow the steps required for payment set out in Section 6.4.

**(b) Partially take up your Entitlement and allow the balance to lapse**

Eligible Shareholders who wish to take up part of their Entitlement (whether only New Shares in part, or only New Options in part, or both New Shares in part and New Options in part) and allow the balance of their Entitlement to lapse, should complete the accompanying Entitlement and Acceptance Form for:

- (i) the number of New Shares (together with free attaching New Options) they wish to take up;

**AND/OR**

- (ii) the number of New Options they wish to take up,

and follow the steps required for payment set out in Section 6.4.

Where Eligible Shareholders take no action with the balance of their Entitlement and they lapse then the New Shares (and attaching New Options) and New Options representing the balance of their Entitlement will become part of the Shortfall and may be dealt with under the Shortfall Offer in accordance with Section 6.9.

**(c) Decline to take up your Entitlement by taking no action**

Eligible Shareholders who do not wish to take up their Entitlement should do nothing. Where Eligible Shareholders do nothing their Entitlement will lapse and the New Shares and New Options representing their Entitlement will form part of the Shortfall and may be dealt with under the Shortfall Offer in accordance with Section 6.9.

You should also note that if you do not take up your Entitlement, you will continue to own the same number of Shares however your percentage shareholding in the Company will be reduced.

## **6.4 Payment**

If you are an Eligible Shareholder and wish to accept the Entitlement Offer and to take up all or part of your Entitlement, you have two payment methods available to you that follow below (Payment Method 1 – Pay by Cheque or Money order and Payment Method 2 – Pay by Electronic Funds Transfer).

Detailed instructions on how to complete the Entitlement and Acceptance Form accompanying this Prospectus are set out on the reverse of that form.

### **Payment Method 1 – Pay by Cheque or Money Order**

To follow this Payment Method 1, please complete the personalised Entitlement and Acceptance Form accompanying this Prospectus and attach a cheque (which must be drawn on an Australian bank) or a money order for the Application Money indicated on the Entitlement and Acceptance Form, being:

- (a) \$0.07 per New Share multiplied by the number of New Shares (together with free attaching New Options) you wish to apply for; and

- (b) \$0.01 per New Option multiplied by the number of New Options you wish to apply for (excluding the free attaching New Options to be issued in connection with the issue of the New Shares).

If you are not taking up all of your Entitlement you will need to calculate this amount yourself and select the applicable option(s) in the accompanying Entitlement and Acceptance Form. You should then mail the completed Entitlement and Acceptance Form and accompanying cheque or money order to:

**Dempsey Minerals Limited**  
**C/- Advanced Share Registry Ltd**  
**PO Box 1156**  
**NEDLANDS WA 6909**

Or deliver to:

**Dempsey Minerals Limited**  
**C/- Advanced Share Registry Ltd**  
**110 Stirling Highway**  
**NEDLANDS WA 6009**

For the convenience of Eligible Shareholders, a reply paid envelope addressed to the Share Registry has been enclosed with this Prospectus. If mailed in Australia, no postage stamp is required.

Cheques (which must be drawn on an Australian bank) or money orders should be made payable to “**Dempsey Minerals Limited**” and crossed “Not Negotiable”. Completed Entitlement and Acceptance Forms and accompanying cheques or money orders must reach one of the above addresses by no later than 5:00pm WST on the Closing Date (subject to variation).

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Money. If the amount of your cheque or money order for Application Money is insufficient to pay in full for the number of New Shares and/or New Options you have applied for in your Entitlement and Acceptance Form, your application may be rejected at the discretion of the Company.

#### **Payment Method 2 – Pay by Electronic Funds Transfer**

To follow this Payment Method 2, please complete the personalised Entitlement and Acceptance Form accompanying this Prospectus and complete an electronic funds transfer to the Company's bank account (details of which are set out below) for the Application Money indicated on the Entitlement and Acceptance Form, being:

- (a) \$0.07 per New Share multiplied by the number of New Shares (together with free attaching New Options) you wish to apply for; and
- (b) \$0.01 per New Option multiplied by the number of New Options you wish to apply for (excluding the free attaching New Options to be issued in connection with the issue of the New Shares).

If you are not taking up all of your Entitlement you will need to calculate this amount yourself and select the applicable option(s) in the accompanying Entitlement and Acceptance Form. A print-out of the electronic funds transfer should be attached to your completed Entitlement and Acceptance Form.

You should then mail the completed Entitlement and Acceptance Form and print-out of the electronic funds transfer to:

**Dempsey Minerals Limited**  
**C/- Advanced Share Registry Ltd**  
**PO Box 1156**  
**NEDLANDS WA 6909**

Or deliver to:

**Dempsey Minerals Limited**  
**C/- Advanced Share Registry Ltd**  
**110 Stirling Highway**  
**NEDLANDS WA 6009**

For the convenience of Eligible Shareholders, a reply paid envelope addressed to the Share Registry has been enclosed with this Prospectus. If mailed in Australia, no postage stamp is required.

The Company's bank account details for electronic funds transfer payments of Application Money are as follows:

Account Name:	Dempsey Minerals Limited Management A/C
Bank:	NAB
BSB:	086-006
Account Number:	19-328-0482
Reference:	<i>Please insert name of applicant as reference</i>

If the amount of your electronic funds transfer for Application Money is insufficient to pay in full for the number of New Shares and New Options you have applied for in your Entitlement and Acceptance Form, your application may be rejected at the discretion of the Company.

You need to ensure that your electronic funds transfer payment is received by the Company by no later than 5:00pm WST on the Closing Date (subject to variation).

**Applicants should be aware that their own financial institution may implement earlier cut-off times with regards to electronic funds transfers and should take this into consideration when making payment. It is your responsibility to ensure that funds submitted through electronic funds transfer are received by 5:00pm WST on the Closing Date (subject to variation).**

Cash payments will not be accepted. Receipts for payment will not be issued.

Entitlement and Acceptance Forms (and payments for Application Money) may be accepted if received after the Closing Date at the discretion of the Company.

In case of either Payment Method 1 or Payment Method 2, by taking up all or part of your Entitlement you will be deemed to have represented that you are in compliance with all relevant selling restrictions and otherwise agree to all the terms and conditions of the Entitlement Offer as set out in this Prospectus.

Entitlement and Acceptance Forms and accompanying cheques, money orders or electronic funds transfer receipts will not be accepted at the Company's registered or corporate office.

The Company will not be responsible for any postal or delivery delays or delay in the receipt of electronic funds transfer payments.

## **6.5 Eligible Shareholders**

The Entitlement Offer is only open to Eligible Shareholders. Eligible Shareholders are those persons who at 5:00pm WST on the Record Date have a registered address in Australia or New Zealand.

The Company will notify Ineligible Shareholders of the Offer, provide them with details of the Offer and advise them that the Company is not extending the Entitlement Offer to Ineligible Shareholders.

## **6.6 Applicants Outside Australia and New Zealand**

The Entitlement Offer is not being made to Shareholders with a registered address outside Australia and New Zealand.

The Company is of the view that it is unreasonable to make the Entitlement Offer to Shareholders with registered addresses outside of Australia and New Zealand, having regard to:

- (a) the number of Shareholders with registered addresses outside of Australia and New Zealand;
- (b) the number and value of the New Securities that would be offered to Shareholders with registered addresses outside of Australia and New Zealand; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in other overseas jurisdictions.

Accordingly, the Company is not required to make the Entitlement Offer to Shareholders with registered addresses outside of Australia and New Zealand.

The Company will send each Shareholder to whom it will not make the Entitlement Offer details of the Entitlement Offer and advise that it will not make the Entitlement Offer to them.

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. A failure to comply with these restrictions may violate those applicable laws. This Prospectus does not, and is not intended to, constitute an offer or invitation to subscribe in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. If you are resident a country other than Australia or New Zealand you should consult your professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. The return of a completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained. No action has been taken by the Company to register or qualify the New Securities or otherwise permit a public offering of the New Securities the subject of this Prospectus in any jurisdiction outside of Australia and New Zealand.

### **New Zealand**

The New Securities are not being offered or sold to the public within New Zealand other than to existing Shareholders with registered addresses in New Zealand for whom the offer of New Securities is being made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand). This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under the *Securities Act 1978* (New Zealand). This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus is required to contain under New Zealand law.

Shareholders with registered addresses in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

### **6.7 Nominees, trusts and custodians**

Nominees, trusts and custodians must not distribute any part of this Prospectus or any Entitlement and Acceptance Form in any country outside Australia, except to beneficial Shareholders in New Zealand.

### **6.8 Implications on Acceptance**

Returning a completed Entitlement and Acceptance Form and paying any Application Money via electronic funds transfer will be taken to constitute a representation by you that you:

- (a) agree to be bound by the terms of the Offer;
- (b) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (c) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (d) have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety;
- (e) acknowledge that information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that New Securities are suitable for you given your investment objectives, financial situation or particular needs;
- (f) acknowledge that once the Entitlement and Acceptance Form is returned, or an electronic funds transfer is made of any Application Money, the application may not be varied or withdrawn except as required by law; and

- (g) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Securities to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Entitlement and Acceptance Form.

## **6.9 Shortfall Offer**

The Shortfall Offer is, to the extent it is made in Australia, a separate offer made pursuant to this Prospectus.

Any Entitlement not taken up by an Eligible Shareholder before the Closing Date (subject to variation) will form the Shortfall Securities being offered by this Prospectus under the Shortfall Offer. The Shortfall Offer is a separate offer made pursuant to this Prospectus. The Company reserves the right to place the balance of the Shortfall Shares to be issued pursuant to the Shortfall Offer within three months of the Closing Date, which Closing Date may be changed at the discretion of the Board.

The issue price for each Shortfall Share offered under the Shortfall Offer is \$0.07 per Shortfall Share together with one (1) free attaching New Option exercisable at \$0.14 on or before 31 December 2018, being the same terms that New Shares are being offered under the Entitlement Offer.

The issue price for each Shortfall Option offered under the Shortfall Offer is \$0.01 per Shortfall Option, being the same terms that New Options are being offered under the Entitlement Offer.

It is possible that there will be few or no Shortfall Securities available for issue, depending on the extent of take up of Entitlements by Eligible Shareholders.

The Directors reserve the right to allocate and issue Shortfall Securities at their discretion, or to close the Shortfall Offer earlier, or withdraw the Shortfall Offer, reject applications for Shortfall Securities or not issue Shortfall Securities, in their sole and absolute discretion. No Director or other related party of the Company will be entitled to participate in the Shortfall Offer.

The Company will ensure that no person will, through the allocation of Shortfall Shares, acquire a voting power in the Company of, or (in the case of existing Shareholders) increase their voting power in the Company to, 20% or more following completion of the Offer.

To the extent the Shortfall Offer is made outside Australia, the Shortfall Offer is made without disclosure, a prospectus, lodgement, filing or registration, or other requirements of any applicable securities law, and only in circumstances where it is lawful to do so (such as to institutional or sophisticated investors).

Persons outside Australia who apply for Shortfall Shares at the invitation of the Directors represent to the Company that they can apply for Shortfall Shares in circumstances which do not require the offer of Shortfall Shares or this Prospectus to be registered.

## **6.10 Issue of New Securities**

New Securities issued pursuant to the Entitlement Offer will be issued in accordance with the Listing Rules and the timetable set out in Section 3.

Shortfall Securities will be issued on a progressive basis.

Prior to the issue of the New Securities or payments of refunds pursuant to this Prospectus, all Application Money shall be held by the Company on trust for the applicants for New Securities. The Company will retain any interest earned on the Application Money irrespective of whether the allotment and issue of New Securities takes place and each applicant for New Securities waives the right to claim interest.

Following allotment, statements of holdings will be dispatched to applicants under the Entitlement Offer in accordance with the Listing Rules and the timetable set out in Section 3. Holding statements for Shortfall Shares and Shortfall Options issued pursuant to the Shortfall Offer will be dispatched as soon as practicable after their issue. It is your responsibility to determine your allocation and holding of New Securities prior to trading in New Securities. If you sell New Securities before receiving your holding statement you do so at your own risk.

## **6.11 ASX Listing**

The Company will apply to the ASX in accordance with the timetable set out in Section 3 for Quotation of the New Securities offered under this Prospectus which is within 7 days of the date of this Prospectus. If the ASX does not grant permission for Quotation of the New Securities within three months after the date of this

Prospectus, or such longer period as is varied by ASIC, the Company will not issue or allot any New Securities offered for subscription under this Prospectus and will repay all Application Money received as soon as practicable thereafter without interest.

The ASX takes no responsibility for the contents of this Prospectus. The fact that the ASX may grant Quotation of the New Securities is not to be taken in any way as an indication of the merits of the Company or the New Securities.

#### **6.12 Underwriting**

This Offer is not underwritten.

#### **6.13 Risk Factors**

You should be aware that subscribing for New Shares and/or New Options the subject of this Prospectus involves a number of risks. The key risks are set out in Section 5.2 and other risk factors are set out in Section 9. Potential investors are urged to consider those risks carefully, and if necessary consult their professional advisers before deciding whether to invest in the Company. The risk factors set out in Section 5.2 and Section 9, and other general risks applicable to all investments in listed securities not specifically referred to, may in the future affect the value of the New Shares. Accordingly an investment in the Company should be considered speculative.

#### **6.14 Governing Law**

The Prospectus and the contracts that arise from acceptance of applications for New Securities offered under this Prospectus are governed by the laws applicable in Western Australia and each applicant for New Securities submits to the non-exclusive jurisdiction of the courts of Western Australia.

#### **6.15 Taxation**

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares and/or New Options under this Prospectus. The acquisition and disposal of Securities may have tax consequences which will differ depending upon the individual financial affairs of each investor. You are urged to obtain independent financial advice about such consequences from a taxation viewpoint and generally. To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability or responsibility with respect to the taxation consequences of subscribing for New Shares and/or New Options under this Prospectus.

#### **6.16 Queries**

This Prospectus contains important information and should be read in its entirety. If you have any questions about what action to take after reading this Prospectus, please contact your stockbroker, financial planner, accountant, lawyer or independent financial adviser.

Any questions concerning the Offer should be directed to the Company Secretary on +61 8 9322 6283.

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## 7. PURPOSE AND EFFECT OF THE OFFER

### 7.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$487,600 (before costs).

These funds are intended to be first applied towards meeting the costs of the Acquisition by the Company (details of which are set out in Section 10.3) including due diligence costs, adviser's fees, the costs of seeking Shareholder and other approvals and the costs of achieving re-compliance with the admission requirements under the Listing Rules, to fund the costs of the Offer and for the general working capital requirements of the Company.

Use of Funds	Amount (assuming Full Subscription) \$
Costs of the Acquisition	250,000
Working Capital	207,600
Costs of the Offer (see Section 10.7)	30,000
<b>Total</b>	<b>487,600</b>

The table above is statement of the Directors' current intentions as at the date of this Prospectus. In the event that circumstances change, events intervene (including exploration success or failure) or other opportunities arise, the Directors reserve the right to vary the proposed use of funds to maximise benefits to Shareholders. Working capital includes but is not limited to corporate administration and operating costs and may be applied to Directors' fees, consulting fees, ASX fees, share registry fees, legal, tax and audit fees, insurance and travel costs. Further working capital may be applied to evaluating new project opportunities that may complement the existing projects of the Company.

In the event that there is a Shortfall which is not fully subscribed for under the Shortfall Offer, the Company will not receive the full subscription of \$487,600, in which case the Company will apportion the total funds raised on a pro rata basis except for the costs of the Offer.

If not all of the New Securities under the Offer and Shortfall Securities under the Shortfall Offer are issued, the funds will be applied firstly to the costs of the Acquisition including due diligence costs, adviser's fees, the costs of seeking Shareholder and other approvals and the costs of achieving re-compliance with the admission requirements under the Listing Rules and then to the costs of the Offer.

### 7.2 Effect of the Offer

The principal effect of the Offer, assuming all New Securities offered under the Prospectus are issued, will be to:

- (a) increase the Company's cash reserves by approximately \$487,600 (before deducting estimated expenses of the Offer) immediately after completion of the Offer;
- (b) increase the number of Shares on issue from 30,475,001 as at the date of this Prospectus to 36,570,001 following completion of the Offer; and
- (c) increase the number of Options on issue from 100,000 as at the date of this Prospectus to 12,290,000, assuming no existing Option holders exercise their Options before the Record Date.

### 7.3 Pro Forma Statement of Financial Position

The audited Statement of Financial Position as at 30 June 2015 and the unaudited Pro Forma Statement of Financial Position as at 31 December 2015 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. The Pro Forma Unaudited Statement of Financial Position (which has not been audited or reviewed by an auditor) has been prepared on the assumption that all New Securities offered pursuant to the Offer are issued and that no current Options are exercised prior to the Record Date.



The Statements of Financial Position have been prepared to provide Shareholders with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

The Pro Forma Unaudited Statement of Financial Position is provided for illustrative purposes only and is not represented as being indicative of the Company's view of the future financial position of the Company and will not necessarily reflect the actual position and balances as at the date on which New Securities are issued under the Offer.

**Audited Statement of Financial Position as at 30 June 2015 and Pro Forma Unaudited Statement of Financial Position as at 31 December 2015**

	<b>Unaudited Pro Forma Balance Sheet as at 31 December 2015</b>	<b>Audited Balance Sheet as at 30 June 2015</b>
	(\$)	(\$)
<b>Current Assets</b>		
Cash and cash equivalents	529,194	911,200
Trade and other receivables	14,971	8,093
Loan to Petroz Ltd	718,346	-
<b>Total Current Assets</b>	<b>1,262,511</b>	<b>919,293</b>
<b>Non-Current Assets</b>		
Financial assets	75,363	40,661
Property plant & equipment	530	664
Exploration & evaluation expenditure	113,057	-
<b>Total Non-Current Assets</b>	<b>188,920</b>	<b>41,325</b>
<b>Total Assets</b>	<b>1,451,431</b>	<b>960,618</b>
<b>Current Liabilities</b>		
Trade and other payables	(104,812)	27,554
<b>Total Current Liabilities</b>	<b>(104,812)</b>	<b>27,554</b>
<b>Total Liabilities</b>	<b>(104,812)</b>	<b>27,554</b>
<b>Net assets</b>	<b>1,346,619</b>	<b>933,064</b>
<b>Equity</b>		
Issued Capital	3,299,793	2,773,943
Reserves	4,168	4,168
Accumulated losses	(1,957,342)	(1,845,047)
<b>Total Equity</b>	<b>1,346,619</b>	<b>933,064</b>

## 7.4 Assumptions

The Pro Forma Unaudited Statement of Financial Position set out above has been prepared on the basis and assumption that there have been no material movements in the assets and liabilities of the Company between 30 June 2015 and completion of the Offer that should have been reflected in the audited full year financial statements of the Company as at 30 June 2015 except:

- (a) the Company will undertake and complete the Entitlement Offer, being a non renounceable entitlement offer of:
  - (i) one New Share (together with one free attaching New Option) for every five Shares held at an issue price of \$0.07 per New Share; and
  - (ii) one New Option for every five Shares held by those Shareholders registered at the Record Date at an issue price of \$ \$0.01 per New Option,to raise a maximum of \$487,600 (before costs) and that any New Securities not subscribed for under the Entitlement Offer will be offered for subscription pursuant to the Shortfall Offer;
- (b) total costs expected to be incurred in relation to the Offer of \$30,000 are recognised directly against equity; and
- (c) the total loan commitments to Petroz Ltd were paid out as at 31 December 2015 and are reflected in the Pro forma Unaudited Statement of Financial Position as at 31 December 2015.

## 7.5 Effect on Capital Structure

As at the date of this Prospectus the Company has 30,475,001 Shares and 100,000 Options (which Options are not quoted on ASX) on issue.

The effect of the Offer on the capital structure of the Company, assuming all New Securities under the Offer are issued, is set out below.

### Capital Structure on Completion of the Offer

	Balance at date of Prospectus	To be issued under the Offer	Balance after the Offer <sup>(3)</sup>
Shares	30,475,001	6,095,000 <sup>(1)</sup>	36,570,001
Options	100,000 <sup>(2)</sup>	12,190,000 <sup>(1)</sup>	12,290,000

#### Notes

- (1) Assuming no Options are exercised prior to the Record Date.
- (2) The number, terms and expiry dates of the Options are set out below.
- (3) Assumes all New Securities offered under the Offer are issued and an application for Quotation of the New Securities will be made.

### Details of all Options on issue at the date of this Prospectus

Exercise Price	Expiry Date	Number
\$0.054	31 July 2016	100,000
<b>Total</b>		<b>100,000</b>

On a fully diluted basis, including the Options, the Company would have 30,575,001 Shares on issue at the date of this Prospectus and 48,860,001 Shares on issue at completion of the Offer, assuming all of the New Securities under the Offer are issued and no Options are exercised prior to the Record Date. Option holders who exercise their Options after the date of this Prospectus but prior to the Record Date are entitled to participate in the Entitlement Offer.

No Shares or Options are subject to escrow restrictions, either voluntary or imposed by ASX.

## 7.6 Details of Substantial Holders

Based on information available to the Company as at the date of this Prospectus, those persons who (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	% Shareholding before the Offer	Entitlements to New Shares under the Offer	% Shareholding after the Offer <sup>(1)</sup>	% Shareholding if only individual substantial holder takes up Entitlement and no other New Shares are issued <sup>(2)</sup>
Nathan McMahon	3,574,488	11.73%	714,898	11.73%	13.75%
Clive Jones	2,603,121	8.54%	520,624	8.54%	10.08%
Terry Gardiner	2,354,919	7.73%	470,984	7.73%	9.13%

### Notes

- (1) Assuming each substantial holder subscribes for their Entitlement in full and that none of the Options on issue at the date of this Prospectus are exercised and all New Shares are issued under the Offer but no Shortfall Shares are issued to the substantial Shareholders under the Shortfall Offer.
- (2) Assuming each substantial holder subscribes for their Entitlement in full and that no other New Shares or Shortfall Shares are issued under the Entitlement Offer or the Shortfall Offer respectively.

In the event that all Entitlements are accepted, whilst there will be an increase in the number of Shares held by each of the substantial holders, there will be no change in the percentage Shareholding of the substantial holders on completion of the Offer as the Offer is a pro rata offer to all Eligible Shareholders. However if the substantial holders set out above do not participate in the Offer, their interests in the Company may be diluted if other Eligible Shareholders subscribe for their Entitlements.

## 7.7 Potential Dilution

If Eligible Shareholders take up their Entitlements in full the maximum number of New Shares which will be issued pursuant to the Offer is approximately 6,095,000. This equates to approximately 17% of all of the issued Shares of the Company following completion of the Offer (assuming Full Subscription).

The potential effect the Offer might have on the dilution of Shareholders will depend on the extent to which Eligible Shareholders take up their Entitlements.

The capital structure of the Company on a fully diluted basis as at the date of this Prospectus would be 30,575,001 Shares and on completion of the Offer (assuming all Entitlements are accepted and no Options are exercised prior to the Record Date) would be 48,860,001 Shares.

Shareholders should note that if they do not participate in the Entitlement Offer of New Shares and the Offer of New Shares is fully subscribed, their holdings could be diluted by approximately 20% (as compared to their holdings and the number of Shares on issue at the date of the Prospectus). Examples of how the dilution may impact Shareholders are set out in the table below:

Holder	Holding as at Record Date	% at Record Date	Entitlement under the Offer	Holdings if Entitlement not taken up	% post Offer (Full Subscription)
Shareholder 1	5,000,000	16.41%	1,000,000	5,000,000	13.67%
Shareholder 2	1,000,000	3.28%	200,000	1,000,000	2.73%
Shareholder 3	500,000	1.64%	100,000	500,000	1.37%
Shareholder 4	100,000	0.33%	20,000	100,000	0.27%

Notes

- (1) Assumes no further Shares or Options are issued and no Options currently on issue are exercised.
- (2) Assumes no New Options are exercised and converted into Shares.
- (3) The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements to New Shares not accepted are subscribed for pursuant to the Shortfall Offer as outlined in Section 6.9. If not all New Shares are issued under the Offer, the dilution effect for each Shareholder not accepting their Entitlement to New Shares would be a lesser percentage.

## **7.8 Effect of Control on the Company**

The Offer is not expected to have any impact on control of the Company.

## **7.9 Financial Forecasts and Cashflow Projections**

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and consider that they do not have a reasonable basis to forecast future earnings for the Company. Given the speculative nature of mineral exploration and the early stage of the Company's projects there are significant uncertainties associated with the future revenue earning potential of the Company and the timing and sustainability of the cash flow. On the basis of these inherent uncertainties, the Directors believe that reliable forecasts cannot be prepared and accordingly have not included forecasts in this Prospectus.

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## **8. RIGHTS AND LIABILITIES ATTACHING TO NEW SECURITIES**

### **8.1 Rights attaching to New Shares**

The following is a summary of the more significant rights and liabilities attaching to New Shares to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

The rights attaching to New Shares arise from a combination of the Constitution, the Corporations Act, the Listing Rules and general law. A copy of the Constitution is available for inspection at the Company's registered office during normal business hours.

#### **(a) Voting Rights**

Subject to any rights or restrictions attached to any class of shares, whether by their issue, the Constitution, the Listing Rules or the Corporations Act, at a general meeting each Shareholder present in person or by proxy, company representative or attorney, is entitled to one vote on a show of hands. Upon a poll, every Shareholder present in person or by proxy, company representative or attorney, is entitled to one vote for each fully paid share that the Shareholder holds.

#### **(b) General Meetings**

Each Shareholder is entitled to receive notice of and to be present, to vote and to speak at a general meeting of the Company. Further, each Shareholder is entitled to receive all notices, accounts and other documents required to be furnished to Shareholders under the Constitution, the Listing Rules or the Corporations Act.

#### **(c) Dividend Rights**

The Company may in general meeting declare a dividend which shall not exceed the amount recommended by Directors. The Company does not expect to pay dividends in the short to medium term.

#### **(d) Transfer of Shares**

Subject to the Constitution, the Corporations Act, the ASX Settlement Operating Rules and the Listing Rules, Shares are freely transferable. Shares may only be transferred by a proper instrument in writing delivered to the Company, and the transferor is deemed to remain the holder of the Shares until the name of the transferee is entered into the Company's register of members. The Company may decline to register a transfer where permitted by law, the Listing Rules or the ASX Settlement Operating Rules.

#### **(e) Changes in Capital**

Subject to the Corporations Act, the Constitution and the Listing Rules, the Directors may consolidate, or divide the Shares, allot, issue or otherwise dispose of new Shares on such terms and conditions as they determine.

#### **(f) Variation of Rights**

The Company may only modify or vary the rights attaching to any class of Shares by a special resolution of the Company and a special resolution passed at a meeting of the holders of the issued Shares of that class.

#### **(g) Rights on Winding Up**

Subject to the rights of holders of Shares with special rights in a winding up (at present there are none), on a winding up of the Company all assets that may be legally distributed among members will be distributed in proportion to the number of Shares held by them, irrespective of the amount paid up.

### **8.2 Terms and Conditions of New Options**

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

#### **(a) Entitlement**

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

#### **(b) Exercise Price**

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

#### **(c) Expiry Date**

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

(d) **Exercise Period**

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

(e) **Quotation**

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

(f) **Notice of Exercise**

Each New 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 New Options are exercised at any time during the Exercise Period. Any notice of exercise of New Options received by the Company will be deemed to be a notice of the exercise of the New 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:

- A. issue the number of Shares required under these terms and conditions in respect of the number of New Options specified in the notice of exercise and for which cleared funds have been received by the Company; and
- B. 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 New Options.

(h) **Shares issued on exercise**

Shares issued on exercise of the New Options rank equally in all respects with the then issued fully paid ordinary shares of the Company.

(i) **Quotation of Shares on exercise**

Application will be made by the Company to ASX for Quotation of the Shares issued upon the exercise of the New Options.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the New Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New 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 New Options the opportunity to exercise their New Options prior to the date for determining entitlements to participate in any such issue.

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

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- A. the number of Shares which must be issued on the exercise of a New Option will be increased by the number of Shares which the New Option holder would have received if the New Option holder had exercised the New Option before the record date for the bonus issue; and
- B. no change will be made to the Exercise Price.

(l) **Adjustment for rights issue**

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of a New Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E[P - (S + D)]}{N + 1}$$

O = the old Exercise Price of the New Option.

E = the number of underlying Shares into which one New Option is exercisable.

- P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price of a Share under the pro rata issue.
- D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).
- N = the number of Shares with rights or entitlements that must be held to receive a right to one new share.

**(m) Adjustments for reorganisation**

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

**(n) Lodgement Instructions**

Cheques and money orders shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the New Options with the appropriate remittance should be lodged with the Company Secretary, at the Company's registered office or the Share Registry.

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## **9. RISK FACTORS**

### **9.1 Introduction**

**Subscribing for New Securities involves a number of risks. Prospective investors in the Company should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for the New Securities offered under this Prospectus.**

**Dempsey is an exploration company and you should consider that an investment in the Company is speculative. You should consult your professional advisers before deciding whether to apply for New Securities pursuant to this Prospectus.**

**The risk factors set out below and others not specifically referred to below must not to be taken as exhaustive of the risks faced by the Company or by investors in the Company.**

These risk factors may materially affect the financial performance of the Company and the value and/or the market price of the New Securities. Accordingly the New Securities carry no guarantee with respect to the payment of dividends, returns of capital or their market value. Some risks can be mitigated by the use of appropriate safeguards and appropriate systems and controls by the Company, however some are unpredictable and outside the control of the Company and the extent to which they can be mitigated or managed is very limited or not possible.

### **KEY RISKS SPECIFIC TO THE COMPANY**

#### **9.2 Key Risks**

The key risks which the Directors consider are associated with an investment in the Company are:

- (a) Additional Requirements for Capital.
- (b) Title Risks.
- (c) Access Risk – Native Title and Aboriginal Heritage.
- (d) Sovereign and Political Risk.
- (e) Exploration Risk.
- (f) Dilution.
- (g) Reliance on Key Personnel.
- (h) Exploration Costs.
- (i) Contractual Risk.
- (j) Infrastructure Access.

**Details of these key risks are contained in Section 5.2 and have not been repeated in this Section 9.**

### **INDUSTRY RISKS**

#### **9.3 Operating Risks**

The current and future operations of the Company, including exploration, project appraisal and possible production activities may be affected by various factors which can limit or prevent such activities. If the Acquisition is completed, such factors may include failure to locate or identify mineral or hydrocarbon deposits, failure to achieve predicted grades in exploration and mining, failure to achieve hydrocarbon flow rates in exploration and production, operational and technical difficulties encountered in surveying, drilling, other exploration activities and/or production activities, difficulties in commissioning and operating plant and equipment, electrical or mechanical failure or plant break, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of skilled labour, consumables, spare parts, plant and equipment.



#### **9.4 Resource Estimates**

None of the Company's tenements contain a JORC Code compliant resource and there is no guarantee that a JORC Code compliant resource will be discovered on any of the Company's tenements. Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations and the value of the Securities including the New Securities.

If the Acquisition is completed, the Company will acquire an interest in the Licence, which is an onshore petroleum exploration licence. Prospective petroleum resources carry with them a risk that significant quantities of potentially moveable hydrocarbons may not be present and also a risk that commercial development may not proceed. Shareholders should also refer to the RISC Report for further details of the Licence.

#### **9.5 Commercial Risk**

The mining industry is competitive and there is no assurance that, even if commercial quantities of minerals are discovered by the Company on its current projects or future projects it may acquire an interest in, a profitable market will exist for sales of such minerals. There can be no assurance that the quality of any such minerals will be such that they can be mined economically.

Please also refer to the RISC Report for hydrocarbons commercial risk.

#### **9.6 Commodity Price Volatility and Exchange Rate Risks**

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

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

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

#### **9.7 Insurance Risks**

Exploration for and development of minerals and hydrocarbons, if the Acquisition is completed, 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 assets 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 and hydrocarbon exploration and production is not always available and, where available, the costs can be prohibitive or not adequate to cover all claims.

## **9.8 Environmental Risks**

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

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

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

If the Acquisition is completed, the Company will also be exposed to the environmental risks surrounding the operations and proposed activities of the Company which will be subject to Turkish laws and regulations concerning the environment.

## **9.9 Competition**

The Company is competing with other companies in its exploration and development activities, many of which will have access to greater resources than the Company and may be in a better position to compete for future business opportunities. There can be no assurances that the Company can compete effectively with these companies.

## **GENERAL INVESTMENT RISKS**

### **9.10 General Economic Conditions**

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

### **9.11 Share Market Conditions**

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

- general economic outlook;
- the introduction of tax reform or other new legislation (such as royalties);
- interest rates and inflation rates;
- currency fluctuations;
- changes in investor sentiment toward particular market sectors in Australia and/or overseas;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of the New Securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular, which influences are beyond the Company's control and which are unrelated to the Company's performance. Neither the Company nor the Directors warrant the future performance of the Company, the Securities including the New Securities and subsequently any return on an investment in the Company. Shareholders who sell their Shares or Options may not receive the entire amount of their original investment.

### **9.12 Volatility in Global Credit and Investment Markets**

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

### **9.13 Government and Legal Risk**

The introduction of new legislation or amendments to existing legislation by governments (including introduction of tax reform), developments in existing common law or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's operations or contractual obligations, could impact adversely on the assets, operations and ultimately the financial performance of the Company or the Securities including the New Securities. The same adverse impact is possible by the introduction of new government policy or amendments to existing government policy, including such matters as access to lands and infrastructure, compliance with environmental regulations, taxation and royalties.

### **9.14 Unforeseen Expenditure Risk**

Expenditure may need to be incurred that has not been considered in this Prospectus. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred this may adversely affect the expenditure proposals and activities of the Company, as the Company 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 New Securities.

### **9.15 Litigation Risk**

Litigation risks to the Company may include, but are not limited to, contesting development or regulatory approvals, native title claims, land tenure disputes, environment claims and occupational health and safety claims.

### **9.16 Regulatory Approvals**

The Company's exploration and development activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.

Obtaining the necessary permits can be a time consuming process and there is a risk that the Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining the necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in the suspension of the Company's activities or forfeiture of one or more of the Company's tenements.

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## 10. ADDITIONAL INFORMATION

### 10.1 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the annual financial report of the Company;
  - (ii) any half-year financial report lodged by the Company with ASIC after the lodgement of the annual financial report referred to in paragraph (i) above and before the lodgement of this Prospectus with ASIC; and
  - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in paragraph (i) above and before the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company or an ASIC office during normal office hours, free of charge.

The Company has lodged the following announcements with ASX since the lodgement of the Company’s annual financial report for the financial year ended 30 June 2015 and before the lodgement of this Prospectus with ASIC:

Date	Description of Announcement
29/01/2016	Quarterly Activities Report
29/01/2016	Quarterly Cashflow Report
22/12/2015	Appendix 3B
22/12/2015	Dempsey Update on Petroz Acquisition
11/12/2015	Change of Director's Interest Notice
26/11/2015	Results of AGM 26.11.15
30/10/2015	Amended Quarterly Activities Report
30/10/2015	Quarterly Cashflow Report
30/10/2015	Quarterly Activities Report
22/10/2015	DMI Proxy Form 26.11.15
22/10/2015	DMI AGM NOM 26.11.15
30/09/2015	Appendix 4G

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours. The announcements are also available through the Company's website [www.dempseyminerals.com.au](http://www.dempseyminerals.com.au).

## 10.2 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and the Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

Highest:	\$0.072 on 11 December 2015
Lowest:	\$0.060 on 7 and 8 December 2015
Last:	\$0.072 2 February 2016

## 10.3 Material Contracts

On 4 September 2015 the Company announced that it had entered into a conditional exclusive option and sale & purchase agreement (**Agreement**) under which it has an option (**Petroz Option**) to acquire 100% of the issued capital of Petroz (**Acquisition**). Petroz holds a 75% interest in the Alasehir Exploration Licence, an onshore petroleum exploration licence in the Republic of Turkey (**Licence**). The remaining 25% of the Licence is held by Petroz' partner Petrako.

The ASX has advised the Company that in the event of the exercise of the Petroz Option, Listing Rules 11.1.2 and 11.1.3 will apply to the Acquisition. Shareholder approval, re-compliance with Chapters 1 and 2 of the Listing Rules and ASX approval for readmission of Dempsey to the official list of ASX will be required as a condition precedent to completion of the Acquisition.

The principal terms of the Agreement are as follows:

- (a) Dempsey has the option to acquire all the issued capital of Petroz, being 33,000,000 fully paid ordinary shares. Completion of the Acquisition is subject to Dempsey's satisfactory completion of due diligence, all parties obtaining all required regulatory and shareholder approvals and the satisfaction of other conditions precedent including the finalisation of a joint operating agreement with Petrako in respect of the Licence.
- (b) The Petroz Option period is 6 months from the date of the Agreement or such other date agreed between Dempsey and Petroz.
- (c) On the exercise of the Petroz Option (subject to certain conditions precedent including DMI shareholder and ASX approvals) Dempsey will issue Petroz shareholders a total of 4,000,000 Shares on completion (which is conditional upon the satisfaction of a number of conditions precedent including Dempsey's re-admission to the official list of the ASX, a recapitalisation raising sufficient to enable the

Shares to be readmitted to Quotation after completion of the Acquisition and the recommencement of trade in Shares) and 16,000,000 Dempsey performance shares which will each convert to one Share subject to the following hurdles:

- (i) 6,000,000 Class A performance shares which will convert into 6,000,000 Shares upon Dempsey's receipt of an independent expert's report confirming that the Sarikiz Field within the Licence has proven and probable (2P) oil resources of not less than 1 million barrels of oil ("mmbo") by 31 December 2015;
- (ii) 6,000,000 Class B performance shares which will convert to 6,000,000 Shares upon the General Directorate registering a discovery under the Licence in accordance with Turkish Petroleum Law Implementing Regulation on or before 31 December 2017; and
- (iii) 4,000,000 Class C performance shares which will convert to 4,000,000 Shares upon receipt of an independent expert's report confirming that drilling results and mapping of a 3D seismic survey data have identified not less than 25 mmbo of Prospective Resources (P50 Oil in Place) within the Licence and Dempsey reaching a market capitalisation of \$10,000,000 for 5 consecutive trading days on or before 30 June 2018.

If any of the performance milestones set out in paragraph (c) above are not achieved by the relevant milestone determination date, every 1,000,000 of the corresponding class of Performance Shares will automatically convert into one (1) Share.

Dempsey has also entered into a loan agreement in consideration for the grant of the Petroz Option pursuant to which Dempsey has loaned Petroz a total amount of \$718,346 for the purposes of paying the required bonds to secure the Licence and to pay the costs of an independent expert's report on the Licence plus ongoing operating and associated costs. This loan is unsecured and bears no interest and will be treated as an intercompany loan by Dempsey upon completion of the Acquisition. If Dempsey does not exercise the Petroz Option, or if the Acquisition is not completed, the loan must be repaid in full within one (1) month of the relevant circumstance. 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. The loan was paid out of the Company's existing working capital.

A finder's fee of 4,000,000 Shares will also be issued on completion of the Acquisition.

Two nominees of Petroz may be appointed as Directors upon completion of the Acquisition.

The Agreement contains representations and warranties that are considered standard for an agreement of its type.

Further information regarding the Licence is contained in the RISC Report, which was commissioned by the Company as part of its due diligence process in respect of the Acquisition. A complete copy of the RISC Report was attached to the Company's ASX announcement of 22 December 2015.

#### **10.4 Interests of Directors**

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director holds, or has held within two years preceding lodgement of this Prospectus with ASIC, any interest in:

- the formation or promotion of the Company;
- any property acquired or proposed to be acquired by the Company in connection with:
  - its formation or promotion; or
  - the Offer; and
- the Offer,

and no amounts have been paid or agreed to be paid (in cash, Shares, Options or otherwise) and no benefits have been given or agreed to be given to a Director or a proposed Director:

- as an inducement to become, or to qualify as, a Director; or
- for services provided in connection with:
  - the formation or promotion of the Company; or
  - the Offer.

## Security Holdings

The Directors', including their controller entities', relevant interests in Securities as at the date of this Prospectus are set out below.

Director	Shares	Entitlement to New Shares	Options	Entitlement to New Options <sup>(1)</sup>
Nathan McMahon	3,574,488	714,898	Nil	1,429,796
Christopher Chalwell	1,028,471	205,694	Nil	411,388
Terry Gardiner	2,354,919	470,984	Nil	941,968

Notes:

(1) Includes each Director's Entitlement to New Options received as free attaching New Options upon issue of the New Shares

## Remuneration

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$250,000 per annum. A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Company has entered into a deed of indemnity, insurance and access with each of the Directors and the Company Secretary (**Deeds**). Under the terms of the Deeds, the Company indemnifies each officer to the extent permitted by the Corporations Act against any liability as a result of the officer acting as an officer of the Company. The Company is required under the Deeds to use its best endeavours to obtain and maintain insurance policies for the benefit of the relevant officer for the term of their appointment and for a period of seven (7) years after retirement, termination or resignation, except to the extent that such insurance cannot be procured at a reasonable cost or is otherwise unavailable to the Company. The Deeds also provide for the officer to have a right of access to Board papers and minutes.

The following table shows the total director remuneration the current Directors, including their personally related entities, have been paid or are entitled to be paid.

Director	Year Ended 30 June 2014	Year Ended 30 June 2015	1 July 2015 to date of this Prospectus
Nathan McMahon <sup>(1)</sup>	\$30,000	\$30,000	\$17,500
Christopher Chalwell <sup>(2)</sup>	\$30,000	\$30,000	\$17,500
Terry Gardiner	\$17,500 <sup>(3)</sup>	\$30,000	\$17,500

Notes

(1) Director fees are due and payable, to Kingsreef Pty Ltd, a company controlled by Mr McMahon.

(2) Director fees are due and payable, to Westdev Pty Ltd, a company controlled by Mr Chalwell.

(3) Mr Gardiner was appointed as a Director on 13 December 2013.

## 10.5 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- promoter of the Company; or
- an underwriter (but not a sub-underwriter),

holds, or has held within the two (2) years preceding lodgement of this Prospectus with ASIC, any interest in:

- the formation or promotion of the Company; or

- any property acquired or proposed to be acquired by the Company in connection with:
  - its formation or promotion; or
  - the Offer; and
- the Offer,

and no amounts have been paid or agreed to be paid (in cash, Shares, Options or otherwise) and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- the formation or promotion of the Company; or
- the Offer.

Cardinals Lawyers and Consultants have acted as solicitors to the Company in relation to the Offer. The Company estimates as at the date of this Prospectus that it will pay amounts totalling approximately \$15,000 plus GST and disbursements to Cardinals Lawyers and Consultants for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, the Company had incurred fees of approximately \$90,000 plus GST and disbursements to Cardinals Lawyers and Consultants for legal services provided to the Company.

#### 10.6 Consents

Each of the parties referred to in this Section:

- does not make the Offer;
- has not authorised or caused the issue of this Prospectus;
- does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statement included in or omitted from this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section 10.6.

Cardinals Lawyers and Consultants has given its written consent to being named in the Prospectus as solicitors to the Company in this Prospectus, in the form and context in which it is named. Cardinals Lawyers and Consultants has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

#### 10.7 Expenses of the Offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$30,000 and are expected to be applied towards the items set out in the table below:

Item of Expenditure	\$
ASIC fees	2,320
ASX fees	6,370
Legal fees	15,000
Printing and distribution	6,310
<b>TOTAL</b>	<b>\$30,000</b>

#### 10.8 Privacy Statement

If you complete an Entitlement and Acceptance Form you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, and, if your application is successful, to service your needs as a Security holder and to facilitate distribution payments and corporate communications to you as a Security holder.



The information may also be used from time to time and disclosed to persons inspecting the Share register, including bidders for your Securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the Share Registry whose contact details are set out in the Corporate Directory in Section 1.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

You should note that if you do not provide the information required on the Entitlement and Acceptance Form the Company may not be able to accept or process your application.

#### **10.9 Litigation**

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

#### **10.10 CHESS and Issuer Sponsorship**

The Company participates in CHESS. CHESS is operated by ASX Settlement Pty Ltd, a wholly owned subsidiary of the ASX, in accordance with the Listing Rules and the ASX Settlement Operating Rules. The Company operates an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together make up the Company's principal register of Securities.

The Company will not issue certificates to Security holders. Instead Security holders will receive a statement of their holdings in the Company, including their holding of New Shares. If an investor is broker sponsored, ASX Settlement Pty Ltd will send a CHESS statement. This statement will also advise investors of either their Holder Identification Number (HIN) in the case of a holding on the CHESS sub-register or a Security Holder Reference Number (SRN) in the case of a holding on the issuer sponsored sub-register.

A statement will be routinely sent to Security holders at the end of any calendar month during which their holding changes. A Security holder may request a statement at any other time however a charge may be incurred for additional statements.

#### **10.11 Dividend Policy**

The Company has not declared a dividend since its incorporation and, at the date of this Prospectus, does not intend to pay any dividends in the two year period following the date of this Prospectus. During this period the Board expects to incur significant expenditure on the exploration and development of the Company's projects and in identifying, evaluating and, if warranted, acquiring other resource projects or assets in Australia and/or overseas that have the potential to add Shareholder value. The extent, timing and payment of dividends by the Company in the future will be at the discretion of the Directors and will depend on a number of factors including future earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors. No assurances in relation to the payment of dividends, or the franking credits attached to such dividends, can be given.

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## 11. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings, unless the context requires otherwise:

**\$** means an Australian dollar.

**Acquisition** is defined in Section 10.3.

**Agreement** is defined in Section 10.3.

**Application Money** means money payable for New Shares and/or New Options received by the Company from an applicant for New Shares and/or New Options.

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

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

**ASX Settlement Operating Rules** means the operating rules of the settlement facility operated by ASX Settlement Pty Limited (ACN 008 504 532), as amended from time to time.

**Board** means the board of Directors.

**Business Day** means any day which is defined to be a business day pursuant to Listing Rule 19.12.

**CHES** means Clearing House Electronic Sub-register System of ASX Settlement Pty Limited (ACN 008 504 532).

**Closing Date** means the closing date of the Entitlement Offer that is specified as the 'Closing Date' in the indicative timetable in Section 3 (subject to the Company reserving the right to extend the Closing Date).

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

**Constitution** means the constitution of the Company.

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

**Directors** means the directors of the Company from time to time.

**Eligible Shareholder** has the meaning given to that term in Section 6.5.

**Entitlement** means the entitlement of an Eligible Shareholder to subscribe for New Shares and New Options under the Offer.

**Entitlement and Acceptance Form** means the entitlement and acceptance form attached to and forming part of or accompanying this Prospectus.

**Entitlement Offer** means the non renounceable pro rata entitlement offer of:

- (a) up to 6,095,000 New Shares and 6,095,000 free attaching New Options on the basis of one (1) New Share for every five (5) Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.07 per New Share together with one (1) free attaching New Option (exercisable at \$0.14 on or before 31 December 2018) for every one (1) New Share subscribed for; and
- (b) up to 6,095,000 New Options on the basis of one (1) New Option for every five (5) Shares held by Eligible Shareholders on the Record Date (exercisable at \$0.14 on or before 31 December 2018) at an issue price of \$0.01 per New Option,

made pursuant to this Prospectus.

**Full Subscription** means the maximum amount to be raised under the Entitlement Offer, being the sum of \$487,600 assuming no existing Options are exercised.

**GST** means goods and service tax levied in Australia pursuant to *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

**Ineligible Shareholder** means a Shareholder who is not an Eligible Shareholder.

**JORC Code** means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012) prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

**Licence** is defined in Section 10.3.

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

**Mining Act** means the *Mining Act 1978* (WA) and any regulations made under it, each as amended from time to time.

**New Option** means an Option issued pursuant to this Prospectus on the terms and conditions set out in Section 8.2.

**New Securities** means New Shares and New Options, or any one of them, as the context requires.

**New Share** means a Share issued pursuant to this Prospectus.

**Offer** means the invitation to apply for New Securities under this Prospectus comprising the Entitlement Offer and the Shortfall Offer.

**Official List** means the official list of the ASX.

**Option** means an option to acquire a Share.

**Option holder** means the holder of an Option.

**Petrako** means Petrako Petrol Dogalgaz Insaat Taahhut Isleri Ve Dis Ticaret Limited Sirketi

**Petroz** means Petroz Limited ACN 154 090 043.

**Petroz Option** is defined in Section 10.3.

**Prospectus** means this prospectus dated 4 February 2016.

**Quotation** means official quotation by the ASX in accordance with the Listing Rules.

**Record Date** means the date for determining Entitlements specified in the timetable in Section 3.

**RISC Report** means the Risk Operations Pty Ltd independent expert's report on the Licence, a copy of which was attached to the Company's ASX announcement dated 22 December 2015.

**Section** means a section of this Prospectus.

**Securities** means Shares and Options, or any one of them, as the context requires, and **Security** has a corresponding meaning.

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

**Share Registry** means Advanced Share Registry Ltd.

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

**Shortfall** will occur if the Company does not hold successful valid Entitlement and Acceptance Forms for all of the New Shares and New Options offered by the Company under the Entitlement Offer by the Closing Date.

**Shortfall Offer** means the offer of the Shortfall Securities on the terms and conditions set out in Section 6.9.

**Shortfall Options** means the New Options which form the Shortfall.

**Shortfall Securities** means Shortfall Shares and Shortfall Options.

**Shortfall Shares** means the New Shares which form the Shortfall.

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

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**12. DIRECTORS' STATEMENT AND AUTHORISATION**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

Each Director has consented to the lodgement of this Prospectus with ASIC in accordance with section 720 of the Corporations Act and has not withdrawn that consent.

Signed for and on behalf of Dempsey Minerals Limited.

Dated 4 February 2016

Nathan McMahon  
Non Executive Chairman  
For and on behalf of  
Dempsey Minerals Limited

**DEMPSEY MINERALS LIMITED**  
**ABN 87 149 349 646**

**ENTITLEMENT AND ACCEPTANCE FORM**

THIS DOCUMENT IS IMPORTANT. **YOU MUST COMPLETE AND RETURN IT TO ACCEPT YOUR ENTITLEMENT.** IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT PLEASE CONTACT YOUR STOCKBROKER OR LICENSED PROFESSIONAL ADVISER.

REGISTERED OFFICE: Level 2, 38 Richardson Street, West Perth, Western Australia 6005.

SHARE REGISTRY: Advanced Share Registry Ltd, 110 Stirling Highway, Nedlands, Western Australia 6009.

A non renounceable pro rata entitlement offer of:

- (a) up to 6,095,000 New Shares at an issue price of \$0.07 per New Share on the basis of one (1) New Share for every five (5) Shares held at the Record Date, with one (1) free attaching New Option exercisable at \$0.14 on or before 31 December 2018 for every one (1) New Share issued;
  - (b) up to 6,095,000 New Options exercisable at \$0.14 on or before 31 December 2018 at an issue price of \$0.01 per New Option on the basis of one (1) New Option for every five (5) Shares held at the Record Date,
- to raise up to approximately \$487,600 (**Entitlement Offer**) before expenses.

**NON RENOUNCEABLE ENTITLEMENT OFFER, CLOSING 5.00 PM**

**WESTERN STANDARD TIME ON 26 FEBRUARY 2016.**

Shareholder's details

Sub-Register	CHESS
HIN/SRN	
Shareholding at <b>Record Date</b> (5.00pm WST 10 February 2016)	
Entitlement to New Shares on the basis of one New Share for every five Shares held at the Record Date (together with free attaching New Options)	
Amount payable on acceptance at \$0.07 per New Share	\$
Entitlement to New Options on the basis of one New Option for every five Shares held at the Record Date	
Amount payable on acceptance at \$0.01 per New Option	\$

**To the Directors**  
**Dempsey Minerals Limited**

- I/We the above mentioned, being registered at 5.00pm WST on 10 February 2016 as the holder(s) of ordinary shares in the Company hereby accept the below mentioned securities in accordance with the enclosed Prospectus;
- I/We hereby authorise you to place my/our name(s) on the register of shareholders and the register of option holders in respect of the number of New Shares (and free attaching New Options) and New Options allotted to me/us;
- I/We understand that if any information on this form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. A decision of the Directors as to whether to accept this form, and how to construe, amend or complete it shall be final;
- I/We declare that I/we have received a full and unaltered version of the Prospectus either in an electronic or paper format; and
- I/We agree to be bound by the Constitution of the Company.

**AMOUNT ACCEPTED:**

New Share Entitlement (together with free attaching New Options)	Number of New Shares Accepted	Amount Accepted @ \$0.07 per New Share (A\$)*
New Share entitlement or part thereof – please insert the number accepted and the A\$ amount		

New Option Entitlement	Number of New Options Accepted	Amount Accepted @ \$0.01 per New Option (A\$)*
New Option entitlement or part thereof – please insert the number accepted and the A\$ amount		

**\* Note: the Amount Accepted (A\$) needs to match your cheque, money order or EFT payment. YOU CAN ACCEPT ONE OR BOTH OF THE ENTITLEMENTS.**

**METHOD OF ACCEPTANCE**

You can accept New Shares (together with free attaching New Options) and/or New Options (either or both of the entitlements) and make your payment utilising one of the payment methods detailed overleaf, however please indicate which payment method you have chosen by marking the relevant box below.

**PAYMENT METHOD 1**

☐ Cheque or money order

**PAYMENT METHOD 2**

☐ Electronic Funds Transfer (EFT)

**Cheque Payment Details**

Drawer	Cheque No.	BSB No.	Account No.	Cheque Amount (A\$)

**Electronic Funds Transfer (EFT) Details (Please attach a copy of the EFT transfer to this form)**

Drawer	Bank	BSB No.	Account No.	EFT Amount (A\$)

My/Our contact numbers in the case of enquiry are:

Telephone:(.....) .....

Email: .....

NOTE: (1) Cheques should be made payable to **DEMPSEY MINERALS LIMITED**, crossed NOT NEGOTIABLE and forwarded to Advanced Share Registry Ltd, 110 Stirling Highway, Nedlands, Western Australia, 6009 to arrive no later than 5.00 pm Western Standard Time on **26 February 2016**.

(2) EFT payments must be received no later than 5.00pm Western Standard Time on **26 February 2016**. The Company's bank account details for EFT payments are as follows:

**Account Name:** Dempsey Minerals Limited Management A/C

**Bank:** NAB

**BSB:** 086-006

**Account Number:** 19-328-0482

**Reference:** *Please insert name of Applicant as reference*

**YOU MUST RETURN THIS FORM WITH THE REQUIRED REMITTANCE IF YOU WISH TO ACCEPT NEW SHARES AND/OR NEW OPTIONS UNDER THE ENTITLEMENT OFFER**

**THE RETURN OF THIS FORM WITH THE REQUIRED REMITTANCE WILL CONSTITUTE YOUR ACCEPTANCE OF THE OFFER.  
PLEASE REFER OVERLEAF FOR INSTRUCTIONS**

## EXPLANATION OF ENTITLEMENT

The front of this form sets out the number of New Shares and New Options which you are entitled to accept.

Your Entitlement may be accepted either in full or in part. There is no minimum acceptance. You can accept either of your New Share Entitlement or your New Option Entitlement, or both your New Share Entitlement and your New Option Entitlement.

The price payable on acceptance is \$0.07 per New Share (together with free attaching New Option) and \$0.01 per New Option.

Please complete the Entitlement and Acceptance Form overleaf.

For every one (1) New Share you accept and are issued, you will also be issued and allotted one (1) free attaching New Option, exercisable at \$0.14 on or before 31 December 2018.

For every one (1) New Option you accept, you will also be issued and allotted one (1) New Option, exercisable at \$0.14 on or before 31 December 2018.

## APPLICATION INSTRUCTIONS

### Payment Details

You can accept New Shares and/or New Options by utilising the payment methods detailed below.

By making your payment using EFT or by cheque or money order, you confirm that you agree to all of the terms and conditions of the Entitlement Offer as enclosed with this form.

If paying by cheque or money order, your cheque or money order should be made payable to **DEMPSEY MINERALS LIMITED** in Australian currency and crossed "Not Negotiable". Your cheque must be drawn on an Australian branch of a financial institution. Cheques drawn on overseas banks in Australia or any foreign currency will not be accepted. Any such cheques will be returned and the acceptance deemed to be invalid. Please ensure you submit the correct amount. Incorrect payments may result in your application being rejected. Complete cheque details in the boxes provided.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your application being rejected. Paperclip (do not staple) your cheque(s) to the Entitlement and Acceptance Form.

If paying by EFT, a copy of the EFT transfer or deposit slip must be attached to this form or your application may be rejected. Complete details of the EFT payment in the boxes provided. The Company's bank account details for EFT payments are as follows:

Account Name:	Dempsey Minerals Limited Management A/C
Bank:	NAB
BSB:	086-006
Account Number:	19-328-0482
Reference:	<i>Please insert name of Applicant as reference</i>

Cash will not be accepted. A receipt for payment will not be forwarded. If the amount you pay is insufficient to pay for the number of New Shares and/or New Options you accept, your Application may be rejected.

### Contact Details

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding this form.

### Lodgement of Application

If you are paying by cheque or money order, your Application must be received by Advanced Share Registry Ltd ("ASW") by no later than 5.00 pm WST on **26 February 2016**. You should allow sufficient time for this to occur. Return your application with cheque or money order attached.

If you are paying by EFT, your Application Form must be received by ASW by no later than 5.00pm WST on **26 February 2016** and your EFT payment must also be received by the Company into the account detailed above by no later than 5.00pm WST on **26 February 2016**. A copy of your EFT payment should be attached to this form. Applicants should be aware that their own financial institution may implement earlier cut off times with regard to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds submitted through EFT are received by this time. If funds submitted through EFT are not received by this time your Application may be rejected.

Neither ASW nor the Company accepts any responsibility if you lodge the Application Form at any other address or by any other means.

### Privacy Statement

Personal information is collected on this form by ASW, as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by ASW, or you would like to correct information that is inaccurate, incorrect or out of date, please contact ASW. In accordance with the Corporations Act 2001 (Cth), you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting ASW. You can contact ASW using the details provided on the front of this form.

**If you have any enquiries concerning this form or your Entitlement, please contact Advanced Share Registry on telephone +61 8 9389 8033 or fax +61 8 9262 3723, or Dempsey Minerals Limited on telephone +61 8 9322 6283 or fax +61 8 9322 6398.**

**CHESS holders must contact their Controlling Participant to notify a change of address.**

### Lodgement:

#### By Mail

Dempsey Minerals Limited  
C/- Advanced Share Registry Ltd  
PO Box 1156  
Nedlands Western Australia 6909

#### Or hand delivery

Dempsey Minerals Limited  
C/- Advanced Share Registry Ltd  
110 Stirling Hwy  
Nedlands Western Australia 6009