

5 February 2016

Dear Shareholder

Offer of Shares and Options under Non-Renounceable Entitlement Offer

As announced on 4 February 2016, Dempsey Minerals Limited ("**DMI**" or "**the Company**") is making a pro rata non renounceable entitlement offer ("**Entitlement Offer**") on the basis of:

- one (1) fully paid ordinary share in the capital of the Company ("**New Share**") for every five (5) fully paid ordinary shares in the capital of the Company ("**Shares**") held by eligible holders of Shares ("**Shareholders**") at 5:00pm (WST) on 10 February 2016 ("**Record Date**") at a 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) ("**New Option**") for every one (1) New Share issued ;
- one (1) New Option (exercisable at \$0.14 on or before 31 December 2018) for every five (5) Shares held by eligible Shareholders at the Record Date at an issue price of \$0.01 per New Option.

Based on the number of Shares on issue as at the date of the Entitlement Offer and assuming no options are exercised before the Record Date , up to approximately 6,095,000 New Shares and 12,190,000 New Options will be issued pursuant to the Entitlement Offer if it is fully subscribed, raising approximately \$487,600 before the costs of the Entitlement Offer.

The Entitlement Offer will be made to all Shareholders whose registered addresses are in Australia or New Zealand and who are recorded as Shareholders as at 5:00pm (WST) on the Record Date. Any Shareholder who has a registered address outside Australia and New Zealand ("**Ineligible Shareholder**") as at 5.00pm WST on the Record Date will not be eligible to participate in the Entitlement Offer.

A prospectus for the Entitlement Offer ("**Prospectus**") was lodged with ASX on 4 February 2016 and is available on the ASX website and on the Company's website www.dempseyminerals.com.au.

Any New Shares or New Options that are not taken up under the Entitlement Offer will be the subject of a shortfall offer ("**Shortfall Offer**"). The Directors will place any New Shares and/or New Options under the Shortfall Offer at their discretion within 3 months after the close of the Entitlement Offer. The Company may also issue New Shares and/or New Options under the Shortfall Offer to institutional, sophisticated or professional investors. The Shortfall Offer is a separate offer under the Prospectus.

The Company has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules, that it is not practicable for Ineligible Shareholders to participate in the Entitlement Offer having regard to the number of Ineligible Shareholders, the number and value of New Shares and New Options they would be offered and the costs of complying with legal and regulatory requirements of those jurisdictions.

Accordingly the Company wishes to advise you that it will not be extending the Entitlement Offer to you and that you will not be able to Subscribe for New Shares or New Options under the Entitlement Offer.

You are not required to do anything in response to this letter.

If you have any queries concerning the Entitlement Offer, or any action you need to take, please contact your professional adviser or the Company Secretary on +61-8 9322 6283.

Yours faithfully,
MIKE ROBBINS
COMPANY SECRETARY