

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.

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. Shareholder approval is not required in relation to the offers of New Shares (together with free attaching New Options) and New Options (**New Securities**) made under the Prospectus, being the Entitlement Offer and the Shortfall Offer (together the **Offer**).

Use of funds

The purpose of the Offer is to raise funds to meet the administrative costs of the Company's proposed acquisition of Petroz Limited (as announced to the ASX on 4 September 2015) ("**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 to provide sufficient working capital within the Company.

Indicative timetable

The indicative timetable for the Offer is as follows:

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.

Application will be made to the ASX for official quotation of the New Shares and New Options offered under the Offer. In the calculation of any entitlement, fractions will be rounded down to the nearest whole number.

Capital Structure

The capital structure of the Company after completion of the Offer is as follows:

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

Notes

- (1) This assumes no Shares will be issued or options exercised before the Record Date and that the Offer is fully subscribed.

Ineligible Shareholders

The Company has decided that it is unreasonable to make offers under the Entitlement Offer to Shareholders with a registered address outside Australia or New Zealand ("**Ineligible Shareholders**") having regard to the number of such Shareholders, their holdings and the compliance costs of offering New Shares under the Entitlement Offer to those Shareholders. If you are an Ineligible Shareholder no offer will be made to you and the Prospectus will not be sent to you, and you do not need to take any action in relation to the Entitlement Offer.

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.

We look forward to your participation in the Offer.

Yours faithfully,

MIKE ROBBINS
COMPANY SECRETARY