

## ASX ANNOUNCEMENT

3 March 2016

### UPDATE ON PETROZ LIMITED ACQUISITION

As previously announced to the market on 4 September 2015, and subsequently updated on 22 December 2015, Dempsey Minerals Limited ("Dempsey" or "the Company") entered into a conditional exclusive Option and Sale & Purchase Agreement ("Agreement") under which it had an option to acquire 100% of the issued capital of Petroz Limited ("Petroz") ("Option"). Petroz is an unlisted public Australian oil company, which holds a 75% interest in the onshore petroleum Licence 21A which hosts the discovered, but not yet developed, Alasehir & Sarikiz Oil Fields located in Western Turkey ("Licence").

The Company is pleased to present an update on some additional oil occurrences in the permit area and an update on our capital raising efforts.

#### **Additional drilling results in the licence.**

Several Geothermal companies operate in the petroleum licence area under small permits for the production of superheated steam for electricity generation. These companies do not have a right to exploit any petroleum encountered during drilling. Typically, the geothermal operators hire an oil-rig to drill through the entire sedimentary section into fractured basement rocks to produce steam. They sometimes encounter oil while drilling through the sedimentary section and this will show up in the mud-pit during drilling and on final flow tests.

Recently, our Turkish partner Petrako reported that two additional geothermal wells encountered oil in our licence, one on the Sarikiz structure and one on the Alasehir field. Both wells were drilled within the closing seismic contours as mapped by Petroz providing further evidence that oil seems to be widely present in these two structures, which cover less than half of the licence area.

#### **Independent Well Design and costing (NauticAWT).**

Following the release of the Independent Experts Report by RISC (refer to ASX announcement dated 22 December 2015), Dempsey commissioned NauticAWT to prepare a conceptual well design and testing methods, planning and cost estimation to drill and test our first well SPP-1 as a twin of the S-2 oil discovery well.

On the basis of publicly available drilling results, costs ascertained from public records and from service providers in the region, as well as from our Turkish partner Petrako, NauticAWT provided a well-cost estimate of US\$3.15 million, including a 10% contingency, for a fully tested and completed "success case" well.

The next step will be a detailed design of the well with specifications for the tendering process of material and services leading to a more definitive well costing. We expect that the tendering results will lead to further cost savings in the current low oil price environment.

Nathan McMahon, Chairman of Dempsey, indicated that he was encouraged by the outcomes from the RISC report, the NauticAWT study and recent geothermal drilling results. "RISC's analysis and findings have provided the Dempsey Board with great confidence in relation to the Sarikiz and Alasehir fields. We are pleased with the contingent and prospective resource outcomes, however, are now focused on the NauticAWT well design as it is an important next step which includes a detailed well design followed by tendering for well equipment and services. Whilst being cognisant to managing costs the Company will continue to follow best industry practices and utilise the services of leading consultancies. We are in the fortunate situation to compliment these consultants with significant and experienced in-country industry professionals as our joint venture partners."

## **Capital Raising**

A non renounceable pro-rata entitlement offer prospectus ('Offer'), dated 4 February 2016, was sent out to all eligible shareholders on 12 February 2016. Under the Offer, the Company may issue up to 6,095,000 Dempsey Shares on the basis of one (1) new Dempsey Share for every five (5) Dempsey Shares held on the record date together with one (1) free attaching option (exercisable at \$0.14 with a 3 year exercise term) for every one (1) new Dempsey Shares subscribed for at a price of \$0.07 per Dempsey Share.

In addition, as part of the Offer, the Company may also issue options to those Dempsey shareholders listed on the Company's register on the record date, also on a one (1) for five (5) basis at a price of \$0.01 each (exercisable at \$0.14 strike with a 3 year exercise term).

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

The Company advised shareholders on 23 February 2016, that it had extended the closing date of the Offer to Friday 4 March 2016.

### **For further information contact:**

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*Person compiling information about hydrocarbons*

*The petroleum information in this report is based on data compiled by Dr Jaap Poll, a petroleum industry executive with a PhD in Structural Geology and 40yrs+ experience in the Australian and International oil and gas exploration and production industry. Dr Poll, a Distinguished Life Member of the Petroleum Exploration Society of Australia Ltd ("PESA") and a Certified Member of the American Association of Petroleum Geologists ("AAPG"), has consented to the inclusion of such information in this report in the form and context in which it appears. Dr Poll is the Executive Chairman of Petroz Ltd.*