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## **DEMPSEY MINERALS LIMITED**

**ACN 149 349 646**

## **NOTICE OF GENERAL MEETING**

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**TIME:** 9.00am (WST)

**DATE:** Friday 10 August 2018

**PLACE:** Level 2  
38 Richardson Street  
WEST PERTH WA 6005

*This Notice of General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*Should you wish to discuss the matters in this Notice of General Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9322 6418.*

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**IMPORTANT INFORMATION**

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**TIME AND PLACE OF MEETING**

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Notice is given that the General Meeting of the Shareholders convened by this Notice of Meeting will be held at 9.00am (WST) on Friday 10 August 2018 at:

Level 2  
38 Richardson Street  
WEST PERTH WA 6005

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**YOUR VOTE IS IMPORTANT**

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The business of the General Meeting affects your Shareholding and your vote is important.

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**ATTENDANCE AND VOTING ELIGIBILITY**

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For the purposes of regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) the Directors have determined that the Shares quoted on the ASX at 5.00pm WST on 8 August 2018 will be taken, for the purposes of this General Meeting, to be held by the persons who held them at that time. Accordingly those persons are entitled to attend and vote (if not excluded) at the Meeting.

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**VOTING IN PERSON**

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To vote in person, attend the General Meeting at the time, date and place set out above.

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**VOTING BY PROXY**

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To vote by proxy, please complete and sign the Proxy Form enclosed (and the power of attorney or other authority (if any) under which it is signed (or a certified copy)) and either:

- (a) deliver the Proxy Form to the Company's registered office at Level 2, 38 Richardson Street, West Perth, Western Australia 6005;
- (b) send the Proxy Form by post to Dempsey Minerals Limited, PO Box 396, West Perth, Western Australia 6872; or
- (c) send the Proxy Form by facsimile to the Company on facsimile number (08) 9322 6398; or
- (d) email the Proxy Form to [mrobbins@dempseyminerals.com.au](mailto:mrobbins@dempseyminerals.com.au)

so that it is received not later than 9.00am (WST) on 8 August 2018.

**Proxy Forms received later than this time will be invalid.**

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## NOTICE OF GENERAL MEETING

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Notice is given that a General Meeting of Shareholders of Dempsey Minerals Limited will be held at **Level 2, 38 Richardson Street, West Perth, Western Australia at 9.00am WST on Friday 10 August 2018.**

The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Memorandum and the Proxy Form are part of this Notice of Meeting.

Terms and abbreviations used in this Notice of Meeting and Explanatory Memorandum (including any Annexures) are defined in the Glossary unless defined elsewhere in the Explanatory Memorandum.

### AGENDA

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#### **RESOLUTION 1 – APPROVAL OF ISSUE OF 4,235,290 ANNEXURE A OPTIONS FOR THE ACQUISITION OF BLUE SKY**

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

*“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the issue of 4,235,290 Annexure A Options as consideration for the Acquisition to the Vendors (and/or their nominees), on the terms and conditions and in the manner set out in the Explanatory Memorandum.”*

#### **Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by persons who might obtain a benefit (except a benefit solely in their capacity as holder of ordinary securities) if the Resolution is passed and any of their associates. However, the company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or, it is cast by the chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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#### **RESOLUTION 2 – APPROVAL OF ISSUE OF 7,764,710 ANNEXURE A OPTIONS FOR THE ACQUISITION OF BLUE SKY**

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

*“That for the purposes of ASX Listing Rule 10.11, and for all other purposes, the Company is authorised to issue a total of 7,764,710 Annexure A Options to Director Mr Juan Pablo Vargas de la Vega and to Hongze Group Ltd (an entity controlled by Mr Jinyu (Raymond) Liu, who is a Director)(and/or their nominee(s)), as consideration for the Acquisition, on the terms and conditions and in the manner set out in the Explanatory Memorandum.”*

#### **Voting Exclusion Statement:**

The Company will disregard any votes cast on the Resolution by Mr Juan Pablo Vargas de la Vega, Hongze Group Ltd, Mr Jinyu (Raymond) Liu and/or their nominee(s) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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#### **RESOLUTION 3 – APPROVAL OF ISSUE OF 8,000,000 ANNEXURE A OPTIONS FOR FACILITATOR’S FINDING FEE**

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

*“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the issue of 8,000,000 Annexure A Options as a Facilitator’s Finding Fee in connection with the Acquisition, to the persons (and/or their nominees), on the terms and conditions and in the manner set out in the Explanatory Memorandum.”*

#### **Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by persons who might obtain a benefit (except a benefit solely in their capacity as holder of ordinary securities) if the Resolution is passed and any of their associates. However, the company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or, it is cast by the chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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**RESOLUTION 4 – APPROVAL OF ISSUE OF 2,000,000 ANNEXURE A OPTIONS FOR FACILITATOR'S FINDING FEE**

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

*"That for the purposes of ASX Listing Rule 10.11, and for all other purposes, the Company is authorised to issue 2,000,000 Annexure A Options as a Facilitator's Finding Fee in connection with the Acquisition, to Hongze Group Ltd (and/or its nominee(s)), an entity controlled by Mr Jinyu (Raymond) Liu, who is a Director, on the terms and conditions and in the manner set out in the Explanatory Memorandum."*

**Voting Exclusion Statement:**

The Company will disregard any votes cast on the Resolution by Hongze Group Ltd (and/or its nominee(s)), Mr Jinyu (Raymond) Liu and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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**RESOLUTION 5 – CHANGE OF NAME OF THE COMPANY**

To consider and, if thought fit, to pass the following as a **special resolution**:

*"That for the purposes of section 157(1)(a) of the Corporations Act and for all other purposes, the name of the Company be changed from "Dempsey Minerals Limited" to "Galan Lithium Limited" and that, for the purposes of section 136(2) of the Corporations Act and all other purposes, all references to "Dempsey Minerals Limited" in the Company's constitution be replaced by references to "Galan Lithium Limited".*

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**OTHER BUSINESS**

To deal with any business that may be lawfully brought forward.

## PROXIES

A Shareholder entitled to attend and vote at the Meeting has a right to appoint a proxy to attend and vote instead of the Shareholder. A proxy need not be a Shareholder and can be either an individual or a body corporate. If a Shareholder appoints a body corporate as a proxy that body corporate will need to ensure that it:

- a) appoints an individual as its corporate representative to exercise its powers at the Meeting, in accordance with section 250D of the Corporations Act; and
- b) provides the Company with satisfactory evidence of the appointment of its corporate representative prior to commencement of the Meeting.

If such evidence is not received before the Meeting, then the body corporate (through its representative) will not be permitted to act as proxy.

A Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes. Fractions of votes will be disregarded.

In order to vote on behalf of a company that is a Shareholder, a valid Power of Attorney in the name of the attendee, must be either lodged with the Company prior to the Meeting, or be presented at the Meeting before registering on the attendance register for the Meeting.

Forms to appoint proxies, and the Power of Attorney (if any) under which they are signed, must be posted or lodged at the registered office of the Company, at Level 2, 38 Richardson Street, West Perth WA 6005, or PO Box 396 West Perth WA 6872, or by facsimile to (61 8) 9322 6398, or by email to [mrobbins@dempseyminerals.com.au](mailto:mrobbins@dempseyminerals.com.au) not less than 48 hours before the time of the Meeting or resumption of an adjourned meeting at which the person named in the instrument proposes to vote.

An instrument appointing a proxy:

- a) shall be in writing under the hand of the appointor or of his attorney, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney;
- b) may specify the manner in which the proxy is to vote in respect of a particular Resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the Resolution except as specified in the instrument;
- c) shall be deemed to confer authority to demand or join in demanding a poll;
- d) shall be in such form as the Directors determine and which complies with section 250A of the Corporations Act; and
- e) which appoints the Chair as proxy but does not specify the way in which the proxy is to vote on a particular Resolution will be recorded as voting in favour of the Resolutions (subject to the other provisions of these notes on proxies and any required voting exclusions including those in the Notice) as this is the Chair's voting intention.

## Corporations

A corporation may elect to appoint a representative in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment, which must be lodged with, or presented to, the Company before the commencement of the Meeting.

Proxies given by corporate Shareholders must be executed in accordance with their constitutions, or signed by a duly authorised attorney. A proxy may decide whether to vote on any motion, except where the proxy is required by law or the Constitution to vote, or abstain from voting, in their capacity as proxy.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

### **Undirected and Directed Proxies**

The Company encourages all Shareholders who submit proxies to direct their proxy how to vote on each resolution.

The Company will not disregard any votes cast on a resolution by a person if the person is the Chair voting an undirected proxy and their appointment expressly authorises the Chair to exercise the proxy.

If you intend to appoint the Chair as your proxy, you can direct him how to vote by marking the boxes for each resolution (for example, if you wish to vote "for", "against" or "abstain" from voting), or you cannot mark any of the boxes and give the Chair your express authority to vote your undirected proxy (in which case the Chair will vote in favour of all Resolutions).

In accordance with the Corporations Act, any directed proxies that are not voted on a poll at the meeting will automatically default to the Chair, who is required to vote proxies as directed.

The Chair intends to vote all available proxies in favour of each of Resolutions 1 to 5 (inclusive).

#### ***If you appoint any other person as your proxy***

You do not need to direct your proxy how to vote.

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**DATED: 9 JULY 2018**

**BY ORDER OF THE BOARD**

**MIKE ROBBINS  
COMPANY SECRETARY**

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## EXPLANATORY MEMORANDUM

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This Explanatory Memorandum has been prepared for the information of shareholders of Dempsey Minerals Limited in connection with the business specified to be conducted in the Notice of General Meeting at the general meeting of Shareholders to be held at Level 2, 38 Richardson Street, West Perth, Western Australia 6005 at **9.00am WST on Friday 10 August 2018**.

The purpose of this Explanatory Memorandum is to provide information that the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

The Notice of Meeting, Explanatory Memorandum and Proxy Form are all important documents. The Directors recommend that Shareholders read them carefully in their entirety before making a decision on how to vote at the General Meeting.

A Glossary of terms frequently used in this Notice of Meeting and Explanatory Memorandum can be found at the end of this Explanatory Memorandum.

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### **1 – RESOLUTION 1 – APPROVAL OF ISSUE OF 4,235,290 ANNEXURE A OPTIONS FOR THE ACQUISITION OF BLUE SKY**

#### **1.1 Background**

On 6 February 2018, the Company announced that it had signed an exclusive option agreement with Australian company Blue Sky to acquire 100% (royalty free) of Blue Sky Lithium Pty Ltd interests' in mining tenements located in the world class lithium bearing *Hombre Muerto* salt flat in the province of Catamarca, Argentina. Blue Sky, through its Managing Director and founder Mr. Juan Pablo Vargas de la Vega, has had a long association in the mining industry in Australia and Latin America and in particular within the lithium sector.

The mining tenements in which Blue Sky has an interest (being the Project) are located within the South American *Lithium Triangle* in the *Hombre Muerto* Basin, one of the most important and prolific salt flats in Argentina and indeed the world.

A Shareholder's meeting was conducted on 4 May 2018 ('the May General Meeting') at which resolutions seeking approval for the Proposed Acquisition and the issue of Shares and Unquoted Options in connection with the Proposed Acquisition were put before Shareholders and passed.

On 6 June 2018, the Company announced that it had signed a formal Share Sale and Purchase Agreement ('Sale Agreement') under which it was agreed that the Proposed Acquisition would proceed by way of the acquisition by the Company of 100% of the issued share capital of Blue Sky ('Acquisition'). Under the terms of the Sale Agreement, the consideration is as follows:

- (a) upon completion of the Acquisition, the issue to the Vendors of 17,000,000 Shares and 12,000,000 Annexure A Options;
- (b) upon the delineation by or on behalf of Dempsey of a JORC resource of not less than 80kt lithium carbonate equivalent within the area of the mining properties in which Blue Sky has an interest as at Completion, the issue of 15,000,000 Shares to the Vendors; and
- (c) upon the commencement of commercial production from a pilot plant by on or behalf of Dempsey processing lithium carbonate extracted from the area of the Tenements as at Completion, the issue of 10,000,000 Shares to the Vendors.

Under the Sale Agreement, if the 3,000,000 Shares and 3,000,000 Annexure A Options to be issued upon exercise of the Option ('Option Consideration') had not been issued to the Vendors previously, then the Vendors were entitled to be issued the Option Consideration upon completion of the Acquisition. The full Option Consideration was issued on 25 June 2018.

The completion by the Company of the Acquisition, and the issue of the Shares and Options upon completion of the Acquisition, was approved by Shareholders at the May General Meeting. Due to a transpositional error in the notice of meeting for the May General Meeting, Shareholders approved the issue of 12,000,000 Unquoted Options instead of 12,000,000 Annexure A Options. The only difference in the terms and conditions of the Annexure A Options (the subject of Resolution 1) and the Unquoted Options (as approved by Shareholders at the May General Meeting) is their exercise date, being 31 December 2019 and 31 January 2019 respectively. The 12,000,000 Unquoted Options for which approval was granted at the May General Meeting have not and will not be issued.

The 17,000,000 Shares due on completion of the Acquisition under the Sale Agreement were issued to the Vendors on 25 June 2018.

Of the 12,000,000 Annexure A Options to be issued upon completion of the Acquisition, 7,764,710 Annexure A Options are to be issued to a Directors Messrs Juan Pablo Vargas de la Vega and Jinyu (Raymond) Liu or entities controlled by them, and are the subject of Resolution 2. The balance of the 4,235,290 Annexure A Options to be issued to the Vendors as consideration for the Acquisition are the subject of this Resolution 1.

### **1.2 ASX Listing Rule 7.1**

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which include shares) that exceed 15% of the total number of ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities. Shareholder approval for the purposes of ASX Listing Rule 7.1 is being sought in Resolution 1 for the issue of 4,235,290 Annexure A Options for the Acquisition.

If Shareholders approve Resolution 1, the issue of 4,235,290 Annexure A Options will be excluded from the calculations of the 15% limit under ASX Listing Rule 7.1.

### **1.3 ASX Listing Rule Disclosure Requirements**

The following information is provided for the purpose of ASX Listing Rule 7.3:

*(a) Number of securities to be issued*

4,235,290 Annexure A Options.

*(b) Date on or by which Dempsey will issue the securities*

Within 3 months of the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).

*(c) Issue price of the securities*

Nil.

*(d) The name of the persons to whom Dempsey will issue the securities or the basis on which those persons will be determined*

The 4,235,290 Annexure A Options will be issued to the Vendors (and/or their nominees) as per the Sale Agreement (other than those Vendors under the Sale Agreement who are the subject of Resolution 2), being Francisco Lopez, Jorge Pablo Sanz, Pinghua Liu, Maurice Matich, Alexandra Matich, Megan Campbell, KM Pilgrim Family Pty Ltd, Jane Allnut, Adrian Manger, Julian Bavin, Update Corporation Pty Ltd and Nerona Pte Ltd.

*(e) Terms of the securities*

The Annexure A Options will be issued and be exercisable at \$0.14 each and have an expiry date of 31 December 2019. Details of the terms and conditions of the Annexure A Options are set out in Annexure "A".

*(f) Intended use of funds raised*

No funds will be raised from the issue of the Annexure A Options as they will be issued as consideration for the Acquisition.

### **1.4 Directors' Recommendation**

The Directors recommend Shareholders vote in favour of Resolution 1 as it allows the Company greater flexibility to issue further Securities representing up to 15% (under ASX Listing Rule 7.1) of the total number of Shares on issue in any 12 month period without Shareholder approval.

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## **2 – RESOLUTION 2 - APPROVAL OF ISSUE OF 7,764,710 ANNEXURE A OPTIONS FOR THE ACQUISITION OF BLUE SKY**

### **2.1 Background**

Resolution 2 seeks the approval of Shareholders for the issue of a total of 7,764,710 Annexure A Options to a Director, Mr Juan Pablo Vargas de la Vega and to Hongze Group Ltd, an entity controlled by Director Mr Jinyu (Raymond) Liu, as consideration for the Acquisition, further details of which are set out in section 1.1 of this Explanatory Memorandum. Mr Jinyu (Raymond) Liu is the sole director, and a minority shareholder, of Hongze Group Ltd.



Shareholder approval of the issue of the Annexure A Options, the subject of Resolution 2, is sought for the purposes of ASX Listing Rule 10.11, which provides that, subject to certain exceptions (none of which are relevant here), a company must not issue or grant securities to a director without shareholder approval.

The Board considers that the Sale Agreement (including the consideration for the Acquisition) is on terms that would be reasonable in the circumstances if the parties were dealing at arms' length or terms less favourable, as the Sale Agreement was negotiated before Mr Juan Pablo Vargas de la Vega and Mr Jinyu (Raymond) Liu became related parties of the Company. The Board has therefore determined that Shareholder approval for the issue of Annexure A Options to Mr Juan Pablo Vargas de la Vega and Hongze Group Ltd as consideration for the Acquisition is not required for the purposes of Chapter 2E of the Corporations Act in accordance with section 210 of the Corporations Act.

Mr Juan Pablo Vargas de la Vega and Hongze Group Ltd are substantial holders of the Company, holding Securities representing 6.85% and 12.47% respectively of the issued capital of the Company on a fully diluted basis as at the date of this Notice. If Shareholders approve all of the Resolutions the subject of this Notice, Mr Juan Pablo Vargas de la Vega will hold Securities representing 8.75% of the issued capital of the Company on a fully diluted basis and Hongze Group Ltd will hold Securities representing 14.62% of the issued capital of the Company on a fully diluted basis, in each case after all of the Securities the subject of Resolutions 1 to 4 inclusive have been issued. Mr Juan Pablo Vargas de la Vega and Hongze Group Ltd only became substantial holders of the Company by virtue of the Acquisition in connection with which the Annexure A Options the subject of Resolution 2 are proposed to be issued.

If Shareholder approval is obtained for Resolution 2, the Annexure A Options will be granted within one month of Shareholder approval.

## **2.2 ASX Listing Rule 10.11 Disclosure Requirements**

The following information is provided for the purpose of ASX Listing Rule 10.13:

*(a) Name of the person*

Mr Juan Pablo Vargas de la Vega and Hongze Group Ltd (an entity controlled by Mr Jinyu (Raymond) Liu) (and/or their nominee(s)).

*(b) Maximum number of securities to be issued*

Mr Juan Pablo Vargas de la Vega – 4,094,126 Annexure A Options.

Hongze Group Ltd – 3,670,584 Annexure A Options.

*(c) Date by which Dempsey will issue the securities*

Within one (1) month of the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).

*(d) If the person is not a director, a statement of the relationship between the person and the director that requires the approval to be obtained*

Mr Juan Pablo Vargas de la Vega is a Dempsey Director.

Mr Jinyu (Raymond) Liu, who is a Dempsey Director, controls Hongze Group Ltd.

*(e) The issue price of the securities and a statement of the terms of the issue*

The Annexure A Options will be issued for nil consideration. The 7,764,710 Annexure A Options will be issued and be exercisable at \$0.14 each and have an expiry date of 31 December 2019. Details of the terms and conditions of the Annexure A Options are set out in Annexure "A".

*(f) Intended use of funds raised*

No funds will be raised from the issue of the Annexure A Options as they will be issued as consideration for the Acquisition.

## **2.3 ASX Listing Rule 7.1**

ASX Listing Rule 7.1 provides that prior approval of shareholders is required for an issue of equity securities if the equity securities will, when aggregated with the equity securities issued by a company during the previous 12 months, exceed 15% of the number of ordinary shares on issue at the commencement of that 12 month period.

Approval pursuant to ASX Listing Rule 7.1 is not required (under Exception 14 to ASX Listing Rule 7.1) in order to issue the Annexure A Options to Mr Juan Pablo Vargas de la Vega (and/or his nominee(s)), as approval is being obtained under ASX Listing Rule 10.11.

If Shareholders approve Resolution 2, the issue of 7,764,710 Annexure A Options to Mr Juan Pablo Vargas de la Vega and Hongze Group Ltd (and/or their nominee(s)) will be excluded from the calculations of the 15% limit under ASX Listing Rule 7.1.

## **2.4 Directors' Recommendation**

Mr Juan Pablo Vargas de la Vega and Mr Jinyu (Raymond) Liu each decline to make a recommendation to Shareholders in relation to Resolution 2 due to their interest in the outcome of the Resolution.

The Directors (other than Mr Juan Pablo Vargas de la Vega and Mr Jinyu (Raymond) Liu) recommend that, for the reasons set out above, Shareholders vote in favour of Resolution 2.

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## **3 – RESOLUTION 3 - APPROVAL OF ISSUE OF 8,000,000 ANNEXURE A OPTIONS FOR FACILITATOR'S FINDING FEE**

### **3.1 Background**

See the background information set out in Section 1.1 for details in respect of Resolution 3.

A resolution to approve the issue of 5,000,000 Shares and 10,000,000 Unquoted Options to various parties as a Facilitator's Finding Fee was put before Shareholders at the May General Meeting. The 5,000,000 Shares were issued to the various parties on 25 June 2018. The 10,000,000 options due as part of the Facilitator's Finding Fee are to be issued with an exercise price of \$0.14 and an expiry date of 31 December 2019.

Due to a transpositional error in the notice of meeting for the May General Meeting, Shareholders approved the issue of 10,000,000 Unquoted Options instead of 10,000,000 Annexure A Options. The only difference in the terms and conditions of the Annexure A Options (the subject of Resolution 3) and the Unquoted Options (as approved by Shareholders at the May General Meeting) is their exercise date, being 31 December 2019 and 31 January 2019 respectively. The 10,000,000 Unquoted Options for which approval was granted at the May General Meeting have not and will not be issued.

Under Resolution 3, Shareholder approval is being sought for the issue of 8,000,000 Annexure A Options to various parties (and/or their nominees) as part of the Facilitator's Finding Fee for the Project. A further 2,000,000 Annexure A Options, being the balance of the Facilitator's Finding Fee, are the subject of Resolution 4.

### **3.2 ASX Listing Rule 7.1**

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which include shares) that exceed 15% of the total number of ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities. Shareholder approval for the purposes of ASX Listing Rule 7.1 is being sought in Resolution 3 for the issue of 8,000,000 Annexure A Options to various parties for the Facilitator's Finding Fee.

If Shareholders approve Resolution 3, the issue of 8,000,000 Annexure A Options will be excluded from the calculations of the 15% limit under ASX Listing Rule 7.1.

### **3.3 ASX Listing Rule Disclosure Requirements for Resolution 3**

The following information is provided for the purpose of ASX Listing Rule 7.3:

*(a) Number of securities to be issued*

8,000,000 Annexure A Options.

*(b) Date on which Dempsey will issue the securities*

Within 3 months of the date of this Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).

*(c) Price at which the securities will be issued*

Nil.

*(d) Terms of the securities*

The 8,000,000 Annexure A Options will be issued and be exercisable at \$0.14 each and have an expiry date of 31 December 2019. Details of the terms and conditions of the Annexure A Options are set out in Annexure "A".

- (e) *The name of the persons to whom Dempsey issued the securities or the basis on which those persons were determined*

Widerange Corporation Pty Ltd (and/or its nominee) – 5,000,000 Annexure A Options

Pinghua Liu (and/or her nominee) – 2,000,000 Annexure A Options

Stewart McDonald (and/or his nominee) – 1,000,000 Annexure A Options

- (f) *Use (or intended use) of funds raised*

No funds will be raised from the issue of the Annexure A Options as they will be issued as consideration for the Facilitator's Finding Fee.

### **3.5 Directors' Recommendation**

The Directors recommends Shareholders vote in favour of Resolution 3 as it allows the Company greater flexibility to issue further Securities representing up to 15% (under ASX Listing Rule 7.1) of the total number of Shares on issue in any 12 month period without Shareholder approval.

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## **4 – RESOLUTION 4 - APPROVAL OF ISSUE OF 2,000,000 ANNEXURE A OPTIONS FOR FACILITATOR'S FINDING FEE**

### **4.1 Background**

Resolution 4 seeks the approval of Shareholders for the issue of 2,000,000 Annexure A Options to Hongze Group Ltd, an entity controlled by Director Mr Jinyu (Raymond) Liu, as part of the Facilitator's Finding Fee, details of which are set out in section 3.1 above.

Shareholder approval of the issue of the Annexure A Options the subject of Resolution 4 is sought for the purposes of ASX Listing Rule 10.11, which provides that, subject to certain exceptions (none of which are relevant here), a company must not issue or grant securities to a director without shareholder approval.

The Board considers that the terms and conditions of the Facilitator's Finding Fee would be reasonable in the circumstances if the parties were dealing at arms' length or terms less favourable as they were negotiated before Hongze Group Ltd and/or Mr Jinyu (Raymond) Liu became a related party of the Company. The Board has therefore determined that Shareholder approval for the issue of Annexure A Options to Hongze Group Ltd as part of the Facilitator's Finding Fee is not required for the purposes of Chapter 2E of the Corporations Act in accordance with section 210 of the Corporations Act.

Hongze Group Ltd is a substantial holder of the Company, holding Securities representing 12.47% of the issued capital of the Company on a fully diluted basis as at the date of this Notice. If Shareholders approve all of the Resolutions the subject of this Notice, Hongze Group Ltd will hold Securities representing 14.62% of the issued capital of the Company on a fully diluted basis after all of the Securities the subject of Resolutions 1 to 4 inclusive have been issued. Hongze Group Ltd only became a substantial holder of the Company by virtue of the Acquisition in connection with which the Annexure A Options the subject of Resolution 4 are proposed to be issued.

If Shareholder approval is obtained for Resolution 4, the Annexure A Options will be granted within one month of Shareholder approval.

### **4.2 ASX Listing Rule 10.11 Disclosure Requirements**

The following information is provided for the purpose of ASX Listing Rule 10.13:

- (a) *Name of the person*

Hongze Group Ltd, an entity controlled by Mr Jinyu (Raymond) Liu.

- (b) *Maximum number of securities to be issued*

2,000,000 Annexure A Options

- (c) *Date by which Dempsey will issue the securities*

Within one (1) month of the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).

- (d) *If the person is not a director, a statement of the relationship between the person and the director that requires the approval to be obtained*

Mr Jinyu (Raymond) Liu, who is a Dempsey Director, controls Hongze Group Ltd.

(e) *The issue price of the securities and a statement of the terms of the issue*

The Annexure A Options will be issued for nil consideration. The 2,000,000 Annexure A Options will be issued and be exercisable at \$0.14 each and have an expiry date of 31 December 2019. Details of the terms and conditions of the Annexure A Options are set out in Annexure "A".

(f) *Intended use of funds raised*

No funds will be raised from the issue of the Annexure A Options as they will be issued as consideration for the Facilitator's Finding Fee.

#### **4.3 ASX Listing Rule 7.1**

ASX Listing Rule 7.1 provides that prior approval of shareholders is required for an issue of equity securities if the equity securities will, when aggregated with the equity securities issued by a company during the previous 12 months, exceed 15% of the number of ordinary shares on issue at the commencement of that 12 month period.

Approval pursuant to ASX Listing Rule 7.1 is not required (under Exception 14 to ASX Listing Rule 7.1) in order to issue the Annexure A Options to Hongze Group Ltd, an entity controlled by Director Mr Jinyu (Raymond) Liu, as approval is being obtained under ASX Listing Rule 10.11.

If Shareholders approve Resolution 4, the issue of 2,000,000 Annexure A Options to Hongze Group Ltd, will be excluded from the calculations of the 15% limit under ASX Listing Rule 7.1.

#### **4.4 Directors' Recommendation**

Mr Jinyu (Raymond) Liu declines to make a recommendation to Shareholders in relation to Resolution 4 due to his interest in the outcome of the Resolution.

The Directors (other than Mr Jinyu (Raymond) Liu) recommend that, for the reasons set out above, Shareholders vote in favour of Resolution 4.

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### **5 – RESOLUTION 5 – CHANGE OF NAME OF COMPANY**

#### **5.1 Background**

Since listing the Company's name has been Dempsey Minerals Limited and during that time the Company's main undertaking and principal focus was mineral exploration in Australia.

More recently the Company has acquired Blue Sky Lithium Pty Ltd who has mining tenement interests located within the South American *Lithium Triangle* in the Hombre Muerto Basin, one of the most important and prolific salt flats in Argentina and indeed the world. Cerro Galan is a volcano located in the province of Catamarca and is considered the most important feed source of lithium into the Hombre Muerto Basin.

To reflect the Company's focus as a lithium explorer/developer in Argentina, the Directors consider it appropriate for the Company to adopt a new name which is more reflective of its new focus and direction whilst also embracing the importance of Cerro Galan and its role in the development of lithium brines in the region. It is therefore proposed to change the name of the Company to "Galan Lithium Limited". The Board has approved this change of name subject to the approval of Shareholders. The change will not affect the legal status of the Company.

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name. For a special resolution to be passed, at least 75% of the votes validly cast on the resolution by shareholders present and eligible to vote (in person, by proxy, by attorney, or in the case of a Shareholder which is a corporation, by representative) (by the number of shares) must be in favour of the resolution. If the resolution is passed, the change of name will take effect when ASIC alters the details of the Company's registration. The proposed name has been reserved by the Company and if the resolution is passed, the Company will lodge a copy of that special resolution with ASIC in order to effect the change.

The Company also seeks approval under section 136(2) of the Corporations Act to amend the Company's constitution to reflect the change of name.

#### **5.2 Directors' Recommendation**

The Directors recommend Shareholders vote in favour of Resolution 5.

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## GLOSSARY

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In the Notice of Meeting (including the Annexures thereto) and the Proxy Form, the following terms have the following meanings unless they are otherwise defined or the context otherwise requires:

**\$** means Australian dollars.

**Acquisition** means the purchase of 100% of the issued share capital of Blue Sky Lithium Pty Ltd as per the Sale Agreement.

**Annexure** means an annexure to this Explanatory Memorandum.

**Annexure A Option** means an option to subscribe for a Share, with an exercise price of \$0.14 and exercisable on or before 31 December 2019, the terms and conditions of which are detailed in Annexure "A".

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

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

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

**Blue Sky Lithium** or **Blue Sky** means Blue Sky Lithium Pty Ltd ACN 622 748 565.

**Board** means the board of Directors.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chairperson of the Meeting.

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

**Constitution** means the Company's constitution.

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

**Director** means a director of the Company.

**Equity Securities** has the same meaning as in the Listing Rules.

**Explanatory Memorandum** means the explanatory memorandum accompanying and forming part of the Notice.

**Facilitator's Finding Fee** means the fee due to the finders of the Project.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

**May General Meeting** means the general meeting of the Company held on 4 May 2018.

**Notice** or **Notice of Meeting** means this notice of general meeting including the Explanatory Memorandum and the Proxy Form.

**Option** means an option to subscribe for a Share in the Company.

**Option Agreement** means the binding heads of agreement dated 5 February 2018 between the Company and Blue Sky for the Proposed Acquisition as varied by a Deed of Variation dated 22 March 2018.

**Project** is the mining tenements located within the South American *Lithium Triangle* in the Hombre Muerto Basin in Argentina, in which Blue Sky has an interest.

**Proposed Acquisition** means the acquisition of:

- (a) 100% of Blue Sky's interest in the Project; or
- (b) a 100% interest in the issued capital of Blue Sky,

at the Company's sole and absolute election, which election will be notified to Blue Sky in writing upon the Company's exercise of its option to complete the Proposed Acquisition under the Option Agreement.

**Proxy Form** means the proxy form accompanying and forming part of the Notice.

**Resolutions** means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

**Sale Agreement** means the Share Sale and Purchase Agreement dated 31 May 2018 between the Company, the Vendors, Mr Juan Pablo Vargas de la Vega and Blue Sky for the sale and purchase of 100% of the issued capital of Blue Sky as varied by a Deed of Variation dated 31 May 2018 and which formalises the agreements set out in the Option Agreement.

**Securities** means Shares and Options.

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

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

**Trading Day** means a day determined by ASX to be a trading day and notified to market participants being:

- (a) a day other than:
  - (i) a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day; and
  - (ii) any other day which ASX declares and publishes is not a trading day; and
- (b) notwithstanding (a), a day which for the purposes of settlement, ASX declares is a trading day notwithstanding that dealings between market participants are suspended on that day.

**Unquoted Option** means an option not quoted on the ASX to subscribe for a Share, with an exercise price of \$0.14 and exercisable on or before 31 January 2019, as previously approved by Shareholders at the May General Meeting and on the terms and conditions set out in the notice of meeting for the May General Meeting.

**Vendors** means the owners of the shares in Blue Sky as per Part 2 of Schedule 1 in the Sale Agreement.

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

Where a word or phrase is given a defined meaning, another part of speech or other grammatical form in respect of that word or phrase has a corresponding meaning.

## **ANNEXURE A**

### **Dempsey Minerals Ltd**

#### **Key Terms and Conditions of Annexure A Options**

#### **Exercisable at \$0.14 on or before 31 December 2019**

The terms of the Annexure A Options are set out below. In the event that the Annexure A Options are not accepted for quotation by the ASX, they will be unquoted options.

- (a) Each Annexure A Option entitles the holder to subscribe for 1 Share at the exercise price of \$0.14.
- (b) Subject to paragraph (c) below, the Annexure A Options are exercisable at any time up to 5.00pm (Perth time) on 31 December 2019 by completing an exercise form and delivering it together with the payment for the number of Shares in respect of which the Annexure A Options are exercised to the registered office of the Company. Any Annexure A Options not exercised by that time will lapse.
- (c) An Annexure A Option holder may exercise only some of that person's Annexure A Options, which does not affect that holder's right to exercise the remainder of their Annexure A Options by the deadline in paragraph (b) above.
- (d) Subject at all times to the Corporations Act, the Listing Rules and the Company's Constitution, the Annexure A Options are freely transferable. Application will not be made to ASX for official quotation of the Annexure A Options.
- (e) All Shares issued upon exercise of the Annexure A Options will, from the date they are issued, rank equally in all respects with the Company's then issued Shares. The Company will apply for official quotation to ASX of all Shares issued upon exercise of the Annexure A Options.
- (f) Annexure A Option holders cannot participate in new issues of capital offered to Shareholders of the Company during the currency of the Annexure A Options without first exercising the Annexure A Options. However, the Company will ensure that for the purpose of determining entitlements to any such issue, the books closing date will be at least 3 business days after the issue is announced. This will give Annexure A Option holders the opportunity to exercise their Annexure A Options prior to the date for determining entitlements to participate in any such issue.
- (g) If the Company offers Shares by way of a pro-rata issue (except a bonus issue) to the holders of Shares (whether renounceable or not), then the exercise price of an Annexure A Option may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- (h) If there is a bonus issue to the holders of Shares in the Company then the number of Shares over which each Annexure A Option is exercisable will be increased by the number of Shares which the Annexure A Option holder would have received under the bonus issue if the Annexure A Option had been exercised before the record date for the bonus issue.
- (i) In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the Annexure A Option expiry, the rights of Annexure A Option holders, including the number of Annexure A Options or the exercise price of the Annexure A Options or both will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (j) Options do not confer any rights to attend or vote at meetings of Shareholders of the Company. Notice may be given by the Company to Annexure A Option holders in the manner provided by the Company's Constitution for the giving of notices to Shareholders, and the relevant provisions of the Company's Constitution apply with all necessary modification to notices to Annexure A Option holders.
- (k) Notwithstanding these terms and conditions, the Annexure A Options may only be issued or exercised within the limitations imposed by the Corporations Act and the ASX Listing Rules.