

**DEMPSEY**  
MINERALS LTD



ABN 87 149 349 646



# PROSPECTUS

For the issue of up to 12,500,000 Shares at an issue price of 20 cents to raise a total of up to \$2,500,000.

This Prospectus is important and requires your immediate attention. It should be read in its entirety. If you do not understand its contents or are in doubt as to the course you should follow, you should consult your professional adviser. An investment in the Shares offered by this Prospectus should be considered as speculative.

# CORPORATE DIRECTORY

## DIRECTORS

|                |                        |
|----------------|------------------------|
| Nathan McMahon | Non-Executive Chairman |
| Lisa Wynne     | Non-Executive Director |
| Chris Chalwell | Non-Executive Director |

## INVESTIGATING ACCOUNTANTS

Bentleys  
Level 1, 12 Kings Park Road  
West Perth WA 6005

## COMPANY SECRETARY

Lisa Wynne

## SHARE REGISTRY

Advanced Share Registry Limited  
150 Stirling Highway  
Nedlands WA 6009

## REGISTERED OFFICE

Level 2, 38 Richardson Street  
West Perth, WA, 6005

Ph: +61 8 9322 6283  
Fax: +61 8 9322 6398

Email: [admin@dempseyminerals.com.au](mailto:admin@dempseyminerals.com.au)  
Website: [www.dempseyminerals.com.au](http://www.dempseyminerals.com.au)

## AUDITORS

Bentleys  
Level 1, 12 Kings Park Road  
West Perth WA 6005

## PROPOSED ASX CODE

DMI

## INDEPENDENT SOLICITOR

Price Sierakowski  
Level 24, St Martins Tower,  
44 St Georges Terrace,  
Perth WA 6000

## INDEPENDENT GEOLOGIST

Gregory Miles  
Independent Geologist  
6 Netherby Road  
Duncraig WA 6023

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# CHAIRMAN'S LETTER

Dear Investor

On behalf of the Directors of Dempsey Minerals Limited ("Dempsey" or "the Company") I present to you this Offer as set out in this Prospectus and invite you to invest in Dempsey.

The Company has entered into farm-in agreements to explore and earn an equity interest in Western Australian phosphate and mineral sands projects located within the Northern Perth Basin. The Agreements give Dempsey the option to explore and obtain a 75% interest in the Cooljarloo Heavy Minerals Sands Project and up to a 75% interest in the Dandaragan Phosphate Project.

The Company's strategy is to quickly commence the exploration programs on the Projects using funds raised from this Prospectus, and to aggressively seek expansion and complimentary opportunities to the benefit of Shareholders.

I encourage you to consider the detailed information about this Offer and the Projects as set out in this Prospectus.

On behalf of the Board, I look forward to you joining us as a Shareholder and sharing this journey in what we believe to be an exciting future for the Company.

Yours Sincerely



Nathan McMahon  
**Chairman**  
Dempsey Minerals Limited

Ph: +61 8 9322 6283

## Location of Dandaragan and Cooljarloo Projects



## RISK SUMMARY

There are a number of risks associated with investing in the share market generally and in the Company specifically. The Shares being offered under this Prospectus must be regarded as a highly speculative investment. Prospective investors should read this Prospectus in its entirety before deciding on whether to apply for Shares under this Prospectus, and, in particular, consider the risk factors set out in Section 4, which include (but are not limited to):

- There is no assurance that the exploration of the Tenements described in this Prospectus, or any tenements acquired in the future, will result in the discovery of a mineral deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.
- The Tenements are largely unexplored or are in the very early stages of exploration and are considered speculative
- The Company has limited operating history.
- The Company does not have land title to the Tenements but rather has entered into Farm-in Agreements to acquire an interest in them and therefore the Company is reliant on the current owners of the Tenements to comply with the terms of the Farm-in Agreements and the conditions attached to the Tenements.
- The Tenements carry with them annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose its right to earn-in to an interest in the Tenements if licence conditions are not met.
- Ability to comply with environmental guidelines and policies. As with most exploration projects, the Company's operations are expected to have an impact on the environment.
- The Company may be unable to obtain the necessary government / environmental approvals for its proposed operations.
- Economic conditions as well as share market volatility may affect the Company's Share price performance regardless of the Company's operating performance.
- The Company is dependent on obtaining future equity capital and/or debt funding sufficient to continue its exploration activities and this will be subject to project and market conditions at the appropriate time.
- Operational and technical risks including weather, geology, equipment availability, contracting risk, joint venture alterations to work programs and budgets, employee/resource shortages.
- Commodity price volatility and exchange rate risks may adversely impact the Company.
- Access to the Tenements may be restricted or stopped.

## PROSPECTUS

This Prospectus is dated 13 April 2011 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the contents of this Prospectus.

Prospective investors should read this Prospectus in its entirety, including the the Independent Geologist's Report in Section 5, the Independent Accountant's Report in Section 6, and the Solicitor's Report on the Tenements which form part of the Projects in Section 7.

Neither Dempsey nor any other person guarantees the performance of the Shares offered pursuant to this Prospectus, or the performance of Dempsey, or the return on any investment.

## EXPIRY DATE

The expiry date of this Prospectus is 13 months after the date this Prospectus is lodged with the ASIC ("Expiry Date"). No Shares may be issued on the basis of this Prospectus after the Expiry Date.

## DISCLAIMER

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 so contained in this Prospectus may not be relied on as having been authorised by the Company in connection with the Offer.

## ELECTRONIC PROSPECTUS

A copy of this Prospectus will be made available on the Company's website [www.dempseyminerals.com.au](http://www.dempseyminerals.com.au). Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia. Persons who receive the electronic version should ensure that they download and read the entire Prospectus.

Applications must be made on a completed Application Form attached to or accompanying the Prospectus. The Corporations Act 2001 prohibits any person from passing onto another person the Application Form unless it is attached to or accompanied by the complete and unaltered version of this Prospectus.

During the Offer Period, any person may obtain a hard copy of this Prospectus by contacting the Company by phone on +61 8 9322 6283 during office hours or emailing the Company at [admin@dempseyminerals.com.au](mailto:admin@dempseyminerals.com.au).

## OFFER RESTRICTIONS

This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offer. It is the responsibility of any Applicant who is resident outside Australia to ensure compliance with all laws of any country relevant to their Application, and any such Applicants should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed to enable them to apply for and be issued Shares.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

## EXPOSURE PERIOD

In accordance with Chapter 6D of the Corporations Act 2001, this Prospectus is subject to an Exposure Period of 7 days from the date of lodgment of the Prospectus with the ASIC. This period may be extended by the ASIC for a further period of 7 days.

The purpose of this Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of the funds, which examination may result in the identification of deficiencies in this Prospectus. If this Prospectus is found to be deficient, Applications received during the Exposure Period will be dealt with in accordance with Section 724 of the Corporations Act 2001. Applications received prior to the expiration of the Exposure Period will not be processed until after the Exposure Period. No preference will be conferred upon Applications received during the Exposure Period.

## SPECULATIVE INVESTMENT

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial status or particular needs.

The Company is involved in mineral exploration which is highly speculative in nature. There are significant risks associated with an investment in Dempsey and the Shares offered under this Prospectus must be regarded as a speculative investment. The Shares offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Shares.

Prospective investors should read this Prospectus in its entirety and in particular consider the risk factors set out in Section 4, and if in any doubt, consult with their professional advisers before deciding whether to apply for Shares under this Prospectus.

## DEFINED TERMS ABBREVIATIONS

Certain abbreviations and other defined terms are used throughout this Prospectus. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations used are set out in Section 9 of this Prospectus.

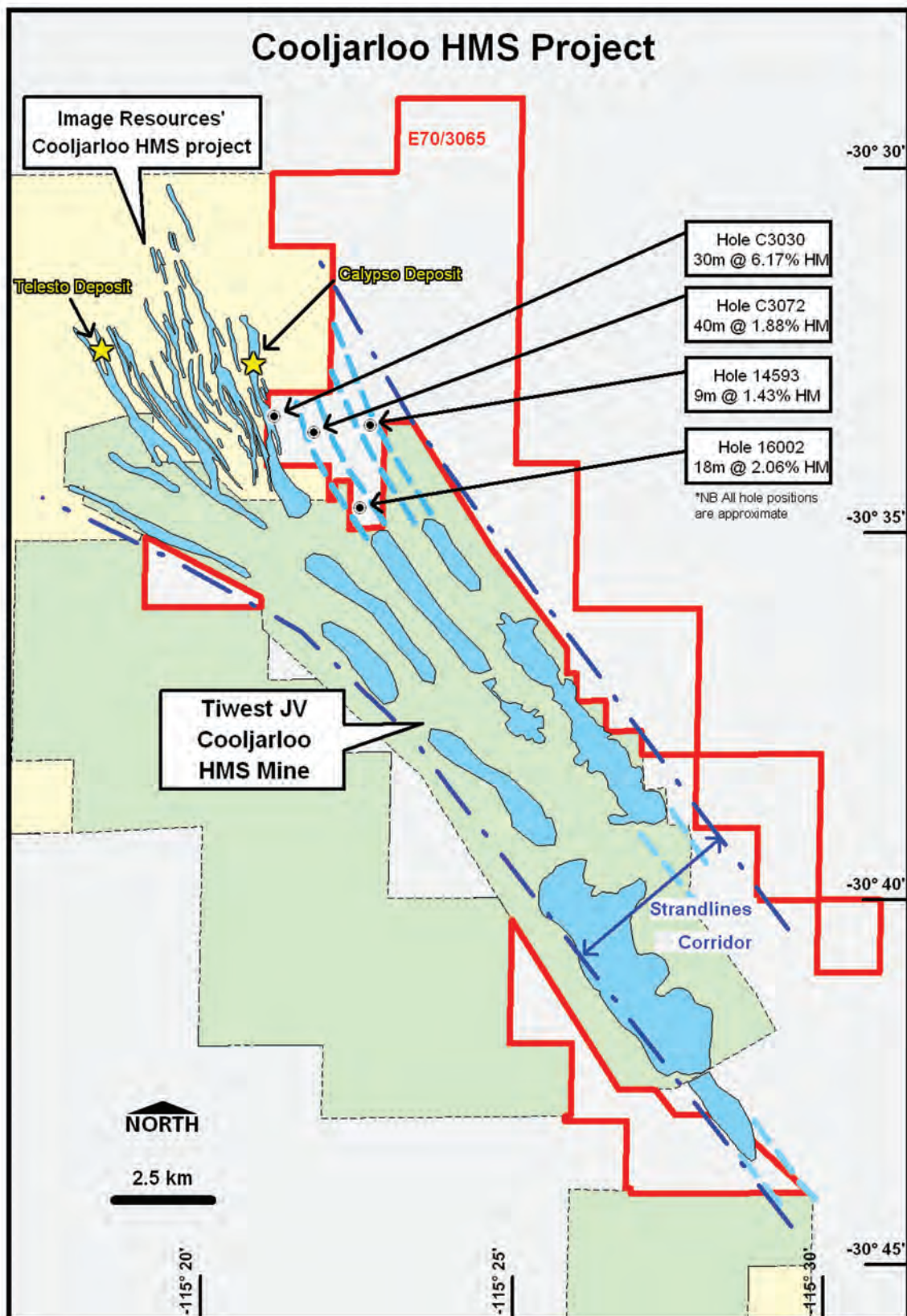
Unless otherwise stated or implied, references to times in this Prospectus are to Western Standard Time (WST). All financial amounts contained in this Prospectus are expressed in Australian dollars unless otherwise specified.

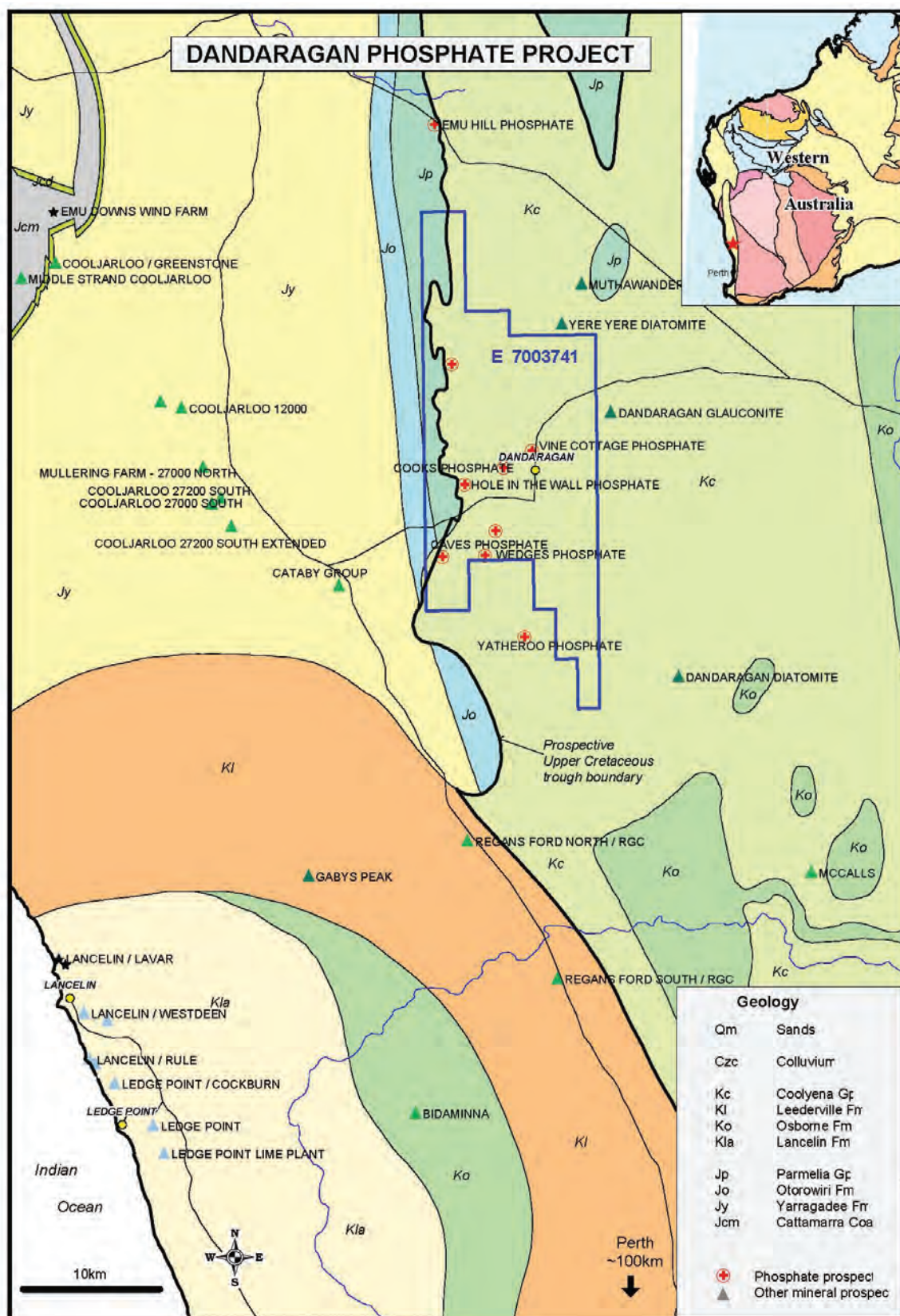
## MISCELLANEOUS

The people and assets depicted in photographs in this Prospectus are not employees or assets of the Company unless specifically stated.

Any diagrams and illustrations in this Prospectus, except where indicated, are not necessarily assets owned by the Company, but have been included to give an indication of the nature and/or location of the Company's business, operations and industry in which it operates.

# INVESTMENT HIGHLIGHTS





# INVESTMENT HIGHLIGHTS

Dempsey Minerals Limited (“Dempsey” or “the Company”) is an Australian based mineral exploration company established to generate shareholder wealth by identifying, acquiring and/or developing mineral projects that possess the potential for exploration success. The Company has entered into Farm-in Agreements to earn-in to a 75% interest in the Cooljarloo Project and up to a 75% interest in the Dandaragan Project (“Projects”).

The Company and investment highlights are as follows:

- Australian minerals explorer.
- Right to earn-in to a 75% interest in the Cooljarloo Project.
- Right to earn-in to an initial 20% interest and up to a 75% interest in the Dandaragan Project.
- Strong global demand for phosphate and minerals sands.
- Projects are advantageously located in the Northern Perth Basin.
- Highly experienced management team with extensive commercial and technical experience.

On completion of the Offer, the Company will apply for quotation of its Shares to the Official List. Upon successful quotation of the Company's Shares, the Company will have 29,500,001 Shares on issue.

## **Cooljarloo Heavy Mineral Sands Project**

- The Cooljarloo Project is situated in the Northern Perth Basin of WA.
- It lies approximately 150km north of Perth within a very active minerals sands mining district hosting HMS mines. The Cooljarloo Project abuts Tiwest's Cooljarloo mine and Image Resources' Cooljarloo heavy mineral sands discoveries.
- The Cooljarloo Project has potential to host further mineral sand resources with many of the economic strands being mined at Cooljarloo trending into the project area.
- Availability of infrastructure being close to major highways, power, downstream processing facilities and workforce.

## **Dandaragan Phosphate Project**

- The Dandaragan Project lies 150km north of Perth in the Perth Basin.
- The Dandaragan Project has numerous outcropping phosphate occurrences found within cretaceous sediments located within the highly prospective western margin of the Dandaragan Trough.
- Numerous phosphate occurrences with no modern exploration.
- Strong global demand for phosphate.

The above highlights are a brief summary only, and must be read in conjunction with the remainder of this Prospectus.

Prospective investors should read this Prospectus in its entirety before deciding on whether to apply for Shares under this Prospectus, and, in particular, consider the risk factors set out in Section 4.

## 1.1 OFFER

This Prospectus invites investors to apply for up to a total of 12,500,000 Shares at an issue price of 20 cents per Share to raise up to \$2,500,000 before expenses of the Offer. All Shares issued pursuant to this Prospectus will be issued as fully paid Shares and will rank equally in all respects with the Shares already on issue.

The Offer is open to members of the general public. Applications must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares, and can only be made by completing the Application Form attached to this Prospectus.

The Company reserves the right to reject any Application or to allocate any Applicant fewer Shares than the number applied for.

## 1.2 MINIMUM SUBSCRIPTION

The Minimum Subscription to the Offer is 12,500,000 Shares at an issue price of 20 cents per Share raising \$2,500,000 before expenses of the Offer. There is no provision for over subscriptions.

No Shares will be allotted or issued until the Minimum Subscription has been raised. If the Minimum Subscription has not been raised within four (4) months after the date of this Prospectus, the Company will either repay the Application Monies to the Applicants or issue a supplementary or replacement prospectus and allow Applicants one (1) month to withdraw their Applications and be repaid their Application Monies.

## 1.3 OVERSUBSCRIPTIONS

The Company will not be accepting oversubscriptions.

## 1.4 CONTINGENT ENTITLEMENT SHARES

Entities or natural persons with at least 10,000 Shares at the Listing Date are entitled to participate in a pool of 6,250,000 Contingent Entitlement Shares currently held by the Contingent Entitlement Trustee, in proportion to the number of Shares they hold at the first Business Day following the date all Shares in respect of which the ASX imposes restrictions as a condition to Dempsey listing cease to be restricted Shares. The Contingent Entitlement Share issue is more fully described in the summary of the Contingent Entitlement Share trust deed as further described in Section 8.2.3 of this Prospectus. It is expected that the date upon which the Contingent Entitlement Shares will be distributed will be 24 months from the Listing Date.

## 1.5 OFFER SUMMARY

|                                          |             |
|------------------------------------------|-------------|
| Shares to be allotted under the offer    | 12,500,000  |
| Offer price per share                    | \$0.20      |
| Amount to be raised                      | \$2,500,000 |
| Issued Shares on completion of the Offer | 29,500,001  |

## 1.6 INDICATIVE TIMETABLE

|                                                        |               |
|--------------------------------------------------------|---------------|
| Lodgement of the Prospectus with ASIC                  | 13 April 2011 |
| Opening Date for Offer                                 | 21 April 2011 |
| Closing Date for Offer                                 | 06 May 2011   |
| Allotment of Shares and despatch of Holding Statements | 13 April 2011 |
| Expected date of trading of Shares on ASX to commence  | 20 May 2011   |

These dates are indicative only and may vary. Dempsey reserves the right to close the Offer early, or extend the Closing Date without prior notice. Applicants are therefore encouraged to submit Applications as soon as possible after the Opening Date.

# DETAILS OF THE OFFER

## 1.7 USE OF FUNDS

In the two years after listing on the ASX, it is intended that the funds raised under this Prospectus shall be applied as follows:

| Use of Funds                              | \$               |
|-------------------------------------------|------------------|
| Pre-Offer cash                            | 296,750          |
| Total raised in the Offer                 | 2,500,000        |
| <b>Total Funds Available</b>              | <b>2,796,750</b> |
| <b>Year 1 Expenditure</b>                 |                  |
| Exploration expenditure (refer Section 2) | 516,000          |
| Expenses of the Issue (inc broker fees)   | 303,451          |
| Project acquisition costs                 | 110,165          |
| Additional working capital                | 496,067          |
| <b>Total Funds Applied Year 1</b>         | <b>1,425,683</b> |
| <b>Cash Available at end of Year 1</b>    | <b>1,371,067</b> |
| <b>Year 2 Expenditure</b>                 |                  |
| Exploration expenditure (refer Section 2) | 875,000          |
| Additional working capital                | 496,067          |
| <b>Total Funds Applied Year 2</b>         | <b>1,371,067</b> |
| <b>Total Funds Applied Year 1 &amp; 2</b> | <b>2,796,750</b> |

Notes:

1. Exploration expenditures will be reviewed on an on-going basis, depending upon the nature of results forthcoming from the respective work programmes.
2. The above table represents current intentions of the intended use of the funds raised by the Company as at the date of this Prospectus. However, it must be recognised that all exploration budgets may change as the conducted programs provide encouragement or disappointment and new opportunities may be identified elsewhere. The Board reserves the right to alter the way funds are applied on this basis.

Following the completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives (refer to Section 2.2 of this Prospectus).

## 1.8 UNDERWRITING

The Offer is not underwritten.

## 1.9 ALLOCATION POLICY

The Company retains an absolute discretion to allocate Shares under the Offer and reserves the right, in its absolute discretion, to allot to an Applicant a lesser number of Shares than the number for which the Applicant applies or to reject an Application.

If the number of Shares allotted is fewer than the number applied for, surplus application money will be refunded without interest as soon as practicable.

Application Monies will be held in trust until allotment, or where applicable, it is repaid to the Applicant.

No Applicant under the Offer has any assurance of being allocated all or any Shares applied for.

The allocation of Shares by Directors will be influenced by the following factors:

- the number of Shares applied for;
- the overall level of demand for the Offer;
- the desire for a spread of investors, including institutional investors; and
- the desire for an informed and active market for trading Shares following completion of the Offer.

The Company will not be liable to any person not allocated Shares or not allocated the full amount of Shares applied for.

## 1.10 NON-RESIDENT INVESTORS

This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offer. It is the responsibility of any Applicant who is resident outside Australia to ensure compliance with all laws of any country relevant to their Application, and any such Applicant should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed to enable them to apply for and be allotted Shares.

No action has been taken to register or qualify the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

## 1.11 ASX LISTING

Within seven (7) days after the date of this Prospectus, application will be made for the Shares offered by this Prospectus to be granted Quotation to the Official List.

If approval for Quotation is not granted within three (3) months after the date of this Prospectus, the Company will not allot or issue any Shares under this Prospectus, and will repay all Application Monies **without interest** as soon as practicable.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may admit Dempsey to its Official List is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.

## 1.12 CHESS

Dempsey will apply to participate in the Clearing House Electronic Sub-register System (CHESS), operated by ASX Settlement and Transfer Corporation Pty Ltd (ASTC) (a wholly owned subsidiary of ASX), in accordance with the Listing Rules and ASX Settlement Operating Rules. On admission to CHESS, the Company will operate an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together will make up the Company's principal register of the Shares.

Under CHESS, the Company will not issue certificates to Shareholders. Instead, the Company will provide Shareholders with a holding statement (which is similar to a bank account statement) that sets out the number of Shares allotted to that Shareholder under this Prospectus.

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 Security Holder Reference Number (SRN) in the case of a holding on the issuer-sponsored sub-register.

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

## 1.13 ENQUIRIES IN RELATION TO THE OFFER

This Prospectus provides information for potential investors in Dempsey, and should be read in its entirety. **If, after reading this Prospectus, you have any questions about any aspect of an investment in Dempsey, please contact your stockbroker, accountant or independent financial adviser.**

## 1.14 HOW TO APPLY

Applications for Shares under the Offer can only be made on the Application Form attached to this Prospectus. The Application Form must be completed in accordance with the instructions set out on the back of each Application Form. **Completed Application Forms and accompanying cheques should, on or before the Closing Date be lodged with the Company as follows:**

### Posted to:

Dempsey Minerals Limited  
C/- Advanced Share Registry Limited  
PO BOX 1156  
NEDLANDS WA 6909

### OR

### Delivered to:

Dempsey Minerals Limited  
C/- Advanced Share Registry Limited  
150 Stirling Highway  
NEDLANDS WA 6009

Cheques must be made payable to "Dempsey Minerals Limited – Application Funds" and crossed "Not Negotiable".

No brokerage or stamp duty is payable by Applicants.

Applications must be for a minimum of 10,000 Shares at the issue price of 20 cents per Share. Applications for more than 10,000 Shares must be in multiples of 1,000.

# DETAILS OF THE OFFER

## **1.15 ESCROW PROVISIONS**

Shares on issue as at the date of this Prospectus may be subject to the restricted securities provisions of the Listing Rules. Accordingly, a proportion of the Shares may be required to be held in escrow for up to 24 months and may not be transferred, assigned or otherwise disposed of during that period. Any restriction agreements will be entered into in accordance with the Listing Rules.

Based on their experience, the Directors expect that a substantial amount of the Shares on issue at the date of this Prospectus will be subject to escrow restrictions.

## **1.16 ELECTRONIC PROSPECTUS**

This Prospectus is available on-line at [www.dempseyminerals.com.au](http://www.dempseyminerals.com.au)

## **1.17 PRIVACY DISCLOSURE**

The Company collects information in relation to each Applicant as provided on an Application Form (Information) for the purposes of processing the Application Form and, should the Application be successful, to administer the Applicant's security holding in the Company (Purposes).

The Company may use the Information for the Purposes and the Company may disclose the Information for the Purposes to the Share Registrar, the Company's related bodies corporate, agents, contractors and third party service providers, and to ASX, ASIC and other regulatory authorities.

The Information may also be used and disclosed to persons inspecting the register, including bidders for your Shares in the context of take-overs, licensed securities dealers, mail houses, and regulatory bodies including the Australian Taxation Office.

## 2.1 BACKGROUND

Dempsey Minerals Limited was incorporated on 22 February 2011 and was established to explore for and develop mineral resource projects in Australia.

## 2.2 CORPORATE OBJECTIVES

The Company's management strategy and purpose of this Offer is to provide Dempsey with funding to:

- Earn up to 75% of the Cooljarloo Project;
- Earn an initial 20% of the Dandaragan Project;
- Advancement of Shareholders' interests and asset values through well-defined work programmes on the Tenements;
- Implement a growth strategy to seek out further exploration, acquisition and joint venture opportunities; and
- Provide working capital for the Company.

## 2.3 USE OF FUNDS

The funds raised from the Offer will be used for the acquisition of the initial 75% and 20% interest in the Cooljarloo Project and Dandaragan Project respectively and primarily for the funding of exploration and development of the Company's Projects. It is anticipated that within the first two years of listing on ASX, the funds raised from the Offer will be allocated as shown in Section 1.7. Further details with respect to the Company's proposed exploration program and budgets are also outlined in Section 5.

It should be noted that the Company's budgets will be subject to modification on an ongoing basis depending on the results obtained from exploration and evaluation work carried out. This will involve an ongoing assessment of the Company's mineral interests. The results obtained from exploration and evaluation programs may lead to increased or decreased levels of expenditure on certain projects reflecting a change in emphasis.

The Directors consider that following completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives. It should however be noted that an investment in Dempsey is speculative and investors are encouraged to read the risk factors outlined in Section 4.

## 2.4 PRO FORMA CAPITAL STRUCTURE

The pro-forma capital structure of Dempsey following the Offer is summarised below:

### SHARES

|                                                                |                   |
|----------------------------------------------------------------|-------------------|
| Shares on issue at the date of this Prospectus*                | 16,000,001        |
| Issued to Vendors                                              | 1,000,000         |
| Issued pursuant to this Prospectus                             | 12,500,000        |
| <b>Total Shares on issue following completion of the Offer</b> | <b>29,500,001</b> |

\* Includes 6,250,000 Contingent Entitlement Shares  
- Refer to Section 2.5 below and Section 8.2.3 for further details.

## 2.5 CONTINGENT ENTITLEMENT SHARES

Prior to the lodgement of this Prospectus, 6,250,000 Contingent Entitlement Shares were issued. The Contingent Entitlement Shares will be held by the Contingent Entitlement Trustee until the expiration of escrow, which is expected to be 24 months after the Listing Date, at which time the Contingent Entitlement Trustee will distribute the Contingent Entitlement Shares to Eligible Beneficiaries as described in detail in Section 8.2.3.

## 2.6 PROJECTS OVERVIEW

This section provides a brief summary of the Company's Projects, the Cooljarloo and the Dandaragan Projects. Potential investors are referred to the Independent Geologist's Report in Section 5 of this Prospectus, where the Projects and exploration programmes are more fully described.

### Cooljarloo Mineral Sands Project

The Cooljarloo Heavy Mineral Sands (HMS) Project comprises Exploration Licence E70/3065 situated in the Northern Perth Basin of WA. The licence lies approximately 150km north of Perth within an active minerals sands mining district. The Cooljarloo Project abuts Tiwest's Cooljarloo mine and Image Resources NL's Cooljarloo heavy mineral sands discoveries.

Located only a short drive from Perth, the Cooljarloo Project is strategically located and readily accessible with established civil infrastructure, providing advantages should a mineral discovery be made.

The Northern Perth Basin hosts a series of strandlines between the coastline and the Gingin escarpment. HMS mineralisation occurs in three different depositional environments in the Cooljarloo area; Strandline mineralisation close to the surface, so called “mid-level” mineralisation and basement (Mesozoic) mineralisation. These strandlines host large concentrations of heavy mineral sands principally containing ilmenite, rutile and zircon. Tiwest’s Cooljarloo HMS mine has been operating since 1989 and Tiwest has reported production of more than 700,000 tonnes of heavy mineral concentrate a year using a dredging operation and dry mining techniques.

The Cooljarloo Project is situated in a particularly active area of mining and recent exploration activity for HMS but has yet to be adequately explored. Several areas can be targeted for immediate drill based and geophysical exploration.

## Dandaragan Phosphate Project

The Dandaragan Phosphate Project is located approximately 150km north of Perth centred on the town of Dandaragan. The Project comprises Exploration Licence 70/3741 which lies within the Northern Perth Basin covering approximately 295 km<sup>2</sup>.

Phosphate mineralisation at Dandaragan occurs as nodules and precipitates within sandy sedimentary host rocks similar to that observed in the phosphate deposits of Florida, USA. The Dandaragan Project hosts numerous phosphate occurrences occurring within cretaceous sediments of the Dandaragan Trough. Phosphate rock is the primary source of phosphorus, an essential nutrient for plants and one of the key ingredients in the production of fertilisers for use in agriculture. Phosphate is also used in detergents, deflocculants, animal feeds and metal treatment. By far the largest application is in fertilizers with Australia importing phosphate rock from countries such as Morocco, Jordan and the USA for the production of superphosphate. Currently Australia’s resource base for phosphorous is <1% of the world’s global resources.

Within the project area several known phosphorous bearing prospects have been identified. These all occur within the more favourable western margin of the trough and are characterised by phosphate nodules and phosphatised wood found within greensand units.

Potential also exists within the area for Potassium (K<sub>2</sub>O), which is the key component of Potash fertiliser (K<sub>2</sub>SO<sub>4</sub>), which occurs within glauconite, the key component of the greensands of the Dandaragan Trough. The market for

potash has, in recent times, been similar to the phosphate market following worldwide increase in demand for fertilisers.

The project displays several areas of known outcropping phosphate mineralisation with historic work confirming potential for economic grade deposits to occur at Dandaragan. More recent work in the region has confirmed substantial thicknesses and lateral continuity of the prospective units within which higher grade zones have been encountered. This work has also indicated that substantial tonnages of phosphatic sands do occur in the region whilst initial testwork has indicated that there is potential for Phosphorus Pentoxide (P<sub>2</sub>O<sub>5</sub>) feedstock to be further upgraded using conventional or newer technologies.

## 2.7 EXPENDITURE SUMMARY

The Company proposes to fund its intended activities as outlined in the table below from the proceeds of the Offer.

It should be noted that the budgets will be subject to modification on an ongoing basis depending on the results obtained from such exploration as carried out. Ongoing assessment of the Company’s interests may lead to increased or decreased levels of expenditure reflecting a change in emphasis. Subject to the above, the following expenditure is proposed:

| Project    | Year 1    | Year 2    | Total     |
|------------|-----------|-----------|-----------|
| Cooljarloo | \$277,000 | \$313,000 | \$590,000 |
| Dandaragan | \$239,000 | \$562,000 | \$801,000 |

Refer to Section 5 of this Prospectus for a more detailed breakdown of the proposed expenditure.

## 3.1 BOARD OF DIRECTORS

### **Nathan Bruce McMahon** *B.Com*

Non-executive Chairman

Mr McMahon has provided tenement management advice to the mining industry for approximately 15 years to in excess of 20 public listed mining companies. Mr McMahon has specialised in native title negotiations, joint venture negotiations and project acquisition due diligence. Mr McMahon is a director of several ASX listed companies, these include, joint Managing Director of Cazaly Resources Ltd, a director of Hodges Resources Ltd and Chairman of Whinnen Resources Ltd and Winmar Resources Ltd.

### **Christopher William Chalwell** *M.Aus.I.M.M; GAICD*

Non-executive Director

Mr Chalwell is a graduate of the Kalgoorlie School of Mines and has held senior executive roles during his career. In the last decade he was a key member of the executive management team for the SKILLED Group, one of Australia and New Zealand's largest workforce solutions companies.

Key roles at SKILLED included Chief Operating Officer for Skilled Workforce Services Australian and New Zealand Business Units with combined revenues (\$) approaching \$1B per annum (AUD). Contracts under management included a broad portfolio of Australia's well known Mining and Industrial Mineral houses. Mr Chalwell demonstrated strong vibrant and strategic leadership combined with considerable commercial acumen to maximise, attract, retain and grow opportunities and manage the integration of several mergers and acquisitions.

Mr Chalwell has also held roles as Non-Executive Director for the Industrial Foundation of Accident Prevention (IFAP) and Project Director with Foxboro Australia. As Project Director he combined his technical and project management knowledge to lead a range of significant projects including the coal to gas conversion of the Mica Creek Power station and major automation and process technology packages for the Pasminco Century Mine in far north Queensland.

Mr Chalwell has experience with operations including in the capacity of Designated Resident Mine Manager and mine-commissioning activities for mineral processing plants both at technical and management levels. He has participated in and led technical studies, contract negotiation, contract appraisal, through to award and is passionate about safety leadership.

### **Lisa Wynne** *BBus; CA*

Non-executive Director & Company Secretary

Ms Wynne has a Bachelor of Commerce and is a Chartered Accountant with significant experience in the administration of ASX and TSX listed companies, corporate governance and corporate finance.

Ms Wynne is currently Company Secretary of a number of ASX listed resource companies and is the Director of corporate advisory firm, Sila Consulting Pty Ltd, specialising in the provision of corporate services to public companies.

## 3.2 CORPORATE GOVERNANCE

The Board is responsible for the overall corporate governance of the Company, and it recognises the need for the highest standards of ethical behaviour and accountability. The board is committed to administering its Corporate Governance structures to promote integrity and responsible decision-making. To the extent that they are applicable to the Company, the Board has adopted corporate governance policies and practices consistent with the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations, 2nd Edition", (Recommendations) which are appropriate for a company of Dempsey's size and nature.

Such policies include, but are not limited to:

- Board Charter;
- Code of conduct ;
- Share Trading Policy;
- Audit Committee Charter;
- Continuous Disclosure Policy;
- Shareholder Communications Strategy;
- Risk Management Policy;
- Process for performance evaluation of the Board, board committees, individual directors and key executives;
- Nomination and Remuneration Committee Charter;
- Diversity Policy.

These policies are available in full on the Company's website at [www.dempseyminerals.com.au](http://www.dempseyminerals.com.au)

The Company seeks to follow the Recommendations where appropriate for its size and nature of operations. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies will be given further consideration.

The Board sets out below its “if not why not” report in relation to those matters of corporate governance where the Company’s practice departs from the Recommendations to the extent that they are currently applicable to the Company.

## **RECOMMENDATION PRINCIPAL 2: STRUCTURE THE BOARD TO ADD VALUE**

### **Recommendation 2.2 - Notification of Departure:**

#### **The Chair is not Independent**

Chairman, Mr McMahon does not meet the requirement for Independence (as set out in the Recommendations) due to his association with vendor, Kimba Resources Pty Ltd and his substantial shareholding in the Company.

Mr McMahon’s experience and knowledge of the industry in which the Company operates make his contribution to the Board such that it is appropriate for him to remain as Chairman of the Board.

Given the size of the Company and the industry in which it operates, the current Board structure is considered to best serve the Company in meeting its objectives, given its small capitalisation, limited resources and existing operations. The composition of the Board will be reviewed on an annual basis to ensure that the Board has the appropriate mix of expertise and experience.

### **Recommendation 2.4 - Notification of Departure:**

#### **There is no separate nomination committee.**

Due to the size and nature of the Company, the full Board considers the matters and issues that would fall to the nomination committee. The Company has adopted a Nomination and Remuneration Committee Charter setting out the Board processes to raise issues that would otherwise be considered by the nomination committee. The Board considers that at this stage, no efficiencies or other benefits would be gained by establishing a separate nomination committee.

The Board intends to reconsider the requirement for and benefits of a separate nomination committee as the Company’s operations grow and evolve.

## **RECOMMENDATION PRINCIPAL 4: SAFEGUARD INTEGRITY AND FINANCIAL REPORTING**

### **Recommendation 4.1 – 4.2 - Notification of Departure:**

#### **There is no separate audit committee.**

Due to the size and nature of the Company, the Board has not established an audit committee, rather the Board takes full responsibility for this role. The Board have an Audit Charter that can be viewed at [www.dempseyminerals.com.au](http://www.dempseyminerals.com.au)

The Board continues to strive to meet the ASX Corporate Governance Principles and Recommendations or other such principles and guidance as the Board may consider appropriate from time to time, however the Board also recognises that complying with the ASX Corporate Governance Principles and Recommendations 4.1-4.2 is impractical given the size of the company and the industry in which it operates. The Directors believe, it is sufficient for the Board to assume those responsibilities that are ordinarily assigned to an audit committee.

## **RECOMMENDATION PRINCIPAL 8: REMUNERATE FAIRLY AND RESPONSIBLY**

### **Recommendation 8.1 & 8.2 - Notification of Departure:**

#### **There is no separate remuneration committee**

Due to the size and nature of the Company, a separate remuneration committee is not considered to add any efficiency to the process of determining the levels of remuneration for the Directors and key executives. The Board considers that it is more appropriate that it set aside time at Board meetings to address matters that would normally fall to the nomination and remuneration committee. The Company has adopted a Remuneration Committee Charter setting out the Board processes to raise issues that would otherwise be considered by the remuneration committee that can be viewed at [www.dempseyminerals.com.au](http://www.dempseyminerals.com.au)

In addition all matter of remuneration will continue to be determined in accordance with the Corporations Act requirements, especially in relation to related party transactions. That is, no Director will participate in any deliberations regarding their own remuneration or related issues.

Some of the major risks associated with an investment in the Company are outlined below. These risk factors are largely beyond the control of the Company and its Directors because of the nature of the proposed business of the Company.

The following list is not intended to be an exhaustive list of the risk factors to which the Company is exposed. Potential investors should consult their professional advisors before deciding whether to apply for Shares under this Prospectus.

## 4.1 EXPLORATION SUCCESS

Potential investors should understand that the nature of exploration activities is a high-risk undertaking and therefore Shares offered under this Prospectus should be considered speculative.

There can be no assurance that exploration of acquired Projects or any other exploration properties that may be acquired in the future will result in the discovery of an economic resource. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited.

## 4.2 SPECIFIC RISKS ASSOCIATED WITH THE COMPANY

There are a number of specific risks associated with the Company which may adversely affect the Company's financial position, prospects and price of its Shares. In particular, the Company is subject to risks relating to the exploration and development of mineral properties which are not generally associated with other businesses.

Set out below are specific risks associated with exploration and development of mineral properties that may adversely affect the Company:

- 4.2.1 The Tenements are largely unexplored or are in the very early stages of exploration and are considered speculative.
- 4.2.2 The Company does not have legal title to the Tenements but rather has entered into Farm-in Agreements to acquire an interest in them and therefore the Company is reliant on the current owners of the Tenements to comply with the terms of the Farm-in Agreements and the conditions attached to the Tenements.

- 4.2.3 The Western Australian Department of Mines and Petroleum ("Department") from time to time reviews the environmental bonds that are placed on tenements. The Directors are not in a position to state whether a review is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Company. Reference should be made to the Solicitor's Report on the Tenements set out in Section 7 of this Prospectus for information in relation to the conditions imposed on Tenements by the Department

- 4.2.4 The exploration costs of the Company described in the Company Overview section of this Prospectus 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 viability.

- 4.2.5 The Tenements carry with them annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose its right to earn-in to an interest in the Tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments

## 4.3 INVESTMENT RISKS

The business activities of the Company are subject to various risks that may impact on the future performance of the Company. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. There are a number of risk factors that investors should consider and seek independent advice on, before deciding whether or not to invest in Shares.

# RISK FACTORS

The principal risk factors include, but are not limited to, the following:

## **Economic risks**

Economic factors beyond the control of the Company and its Directors' such as changes in commodity prices, interest rates, inflation, exchange rates and taxation, may negatively impact on the Share price and operations of the Company. Domestic and world economic conditions may affect the performance of the Company. Factors such as rising or slowing demand for goods, inflation, or interest rates, could impact on sales, revenues and costs. In addition, exchange rate movements will affect revenues and expenses incurred in other currencies.

## **Limited liquidity**

Whilst the Company does have a strategy to proceed with an application for the listing of Shares Offered under this Prospectus on ASX, there can be no assurance that the Offer price for Shares will correspond with the price at which Shares will trade on the ASX listing or that an active market for the Shares will develop or, if developed, that such a market will be sustained.

## **Mineral and Exploration Risk**

The business of exploration, project development and mining contains risks by its very nature. To prosper, it depends on the successful exploration and/or acquisition of reserves, design and construction of efficient production/processing facilities, competent operation and managerial performance and proficient marketing of the product. In particular, exploration is a speculative endeavour and certain circumstances, cost over runs and other unforeseen events can hamper mining operations.

## **Environmental Impact Constraints**

The Company's exploration programs will, in general, be subject to State and Federal laws and regulations concerning the environment and approval by governmental authorities. Development of any of the Company's Projects will be dependent on the project meeting environmental guidelines and, where required, being approved by governmental authorities. As with all mining projects, Dempsey's Projects would be expected to have a variety of environmental impacts should development proceed.

## **Operating Risks**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; prevention of access by reason of inability to obtain consents or approvals; mechanical failure or plant breakdown; 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 consumables, spare parts, plant and equipment.

No assurances can be given that Dempsey will achieve commercial viability through the successful exploration and/or mining of the tenement interests. Until Dempsey is able to realise value from the Projects, it is likely to incur ongoing operating losses.

## **Resource Estimates**

Resource estimates are expressions of judgments 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, 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.

## **Title Risks**

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose its right to earn-in to the Projects if licence conditions are not met or if insufficient funds are available to meet expenditure commitments (both regulatory and those imposed under the terms of the Agreement to earn-in to the Projects).

## **Native Title Risks**

It is possible that, in relation to Tenements which the Company may in the future acquire such an interest; there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected. The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

Reference should be made to the relevant section of the Solicitor's Report set out in Section 7 of this Prospectus for information on the issue of title and a description of the native title regime in Western Australia.

## **Additional Requirements for Capital**

The Company's capital requirements depend on many factors, including its business development activities. The Company believes its available cash and the net proceeds of this Offer should be adequate to fund its business development activities, exploration program and other Company objectives in the short term as stated in this Prospectus. However, the Company may require further financing in the future in addition to amounts raised under the Prospectus. Any additional equity financing, will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programs as the case may be.

## **Reliance on Key Management**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company will depend substantially on its senior management and its key personnel. Dempsey's future depends, in part, on its ability to attract and retain key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more employees cease their employment. Additionally, the inability to continue to attract and retain appropriately qualified personnel could have a material adverse effect on Dempsey's business.

## **Insurance Risks**

Insurance coverage of all risks associated with mineral exploration and production is not always available and, where available, the costs can be prohibitive.

The Company, where economically feasible, may insure its operations in accordance with industry practice. However, even if insurance is taken out, 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.

## **Competition Risk**

The mining industry is subject to domestic and global competition. There can be no assurance that the Company can compete effectively with these companies. The Company will have no influence or control over the activities or actions of its competitors, such actions or activities may, positively or negatively affect the operating and financial performance of the Company's business.

## **Government and Legal Risk**

Changes in government, monetary policies, taxation and other laws can have a significant impact on the Company's assets, operations and ultimately the financial performance of the Company and its Shares.

## **Reliance on Third Parties**

The Company does not presently have legal title to any of the Tenements in which it has the option to earn an interest. Its rights in respect of those Tenements are held through its interest in applicable agreements as summarised in Sections 8.2.1 and 8.2.2 of this Prospectus. The Company is, therefore, reliant on third parties to comply with the terms and conditions of such agreements and the conditions attaching to the Tenements. If the third parties breach the terms of these agreements or the conditions attaching to the Tenements, or if the conditions in the agreements are not fulfilled, the Company's rights in respect of the relevant Tenements may be adversely affected or relinquished.

# RISK FACTORS

## **Joint Venture**

The Company may become party to joint venture operating agreements in the future. Under such agreements, the situation could arise where any or all of the joint venture parties are unable to fund their pro rata contributions to expenditure in which case the Company may have to make increased contributions to ensure that the programme succeeds.

The Company will be required under the joint venture agreements to pay its percentage interest share of all costs and liabilities incurred by the joint venture in connection with joint venture activities. In common with other joint venture parties, if the Company fails to pay its share of any cost and liabilities it may be obliged to transfer its equity and interest to joint venture partners. If in any doubt about any aspects of the potential risks that may be applicable to any aspect of the Company's proposed operations, you are advised to seek professional advice.

## **Market Conditions**

Stock market conditions may affect the value of listed Shares, regardless of the operating performance of the Company. Investors should recognise that once the Shares are listed on ASX, the price of the Shares may fall as well as rise. In addition, recent world events have affected the price of shares in various sectors. Such events are unpredictable and their impact on individual companies or markets is beyond the control of the Company. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

**G J Miles**  
**Consulting Geologist**

(ABN 19 091 305 119)

6 Netherby Rd  
Duncraig WA 6023

Ph: 0424 016 674

threnody@smartchat.net.au

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The Directors  
Dempsey Minerals Limited  
PO Box 396  
West Perth WA 6872

Dear Sirs,

**INDEPENDENT GEOLOGIST'S REPORT**

Mr G J Miles has been commissioned by Dempsey Minerals Limited. ("Dempsey" or "the Company") to provide an Independent Geologist's Report on the projects contained in the following report located in Western Australia, and in which the Company has, or is earning, an interest. This report is to be included in a Prospectus to be lodged with the Australian Securities and Investments Commission ("ASIC") on or about the 11th April 2011, offering for subscription 12,500,000 Ordinary Shares at an issue price of 20 cents per Ordinary Share through a Prospectus, to raise a total of \$2,500,000 (before costs associated with the issue). The funds raised will be used for the purpose of exploration and evaluation of the existing mineral properties and identification of new projects.

The Independent Geologists' Report set out in this Prospectus has been prepared in accordance with the Australasian Code for Reporting on Exploration Results, Mineral Resources and Ore Reserves, ("JORC Code") December 2004 edition, the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports ("Valmin Code"), and Regulatory Guides 111 and 112 relating to Independent Expert Reports by the Australian Securities and Investments Commission ("ASIC") and relevant requirements of the Listing Rules of the Australian Securities Exchange ("ASX").

Mr G J Miles is a professional geologist with more than fifteen years experience in the exploration, development, mining, and evaluation of mineral properties within Australia and abroad. Mr. Miles is a Member of the Australian Institute of Geoscientists (AIG) and has the appropriate relevant qualifications, experience, competence and independence to be considered an "Expert" under definitions provided in the Valmin Code and "Competent Person" as defined in the JORC Code. Mr Miles is an exploration consultant who has provided services to a number of Australian mining and exploration companies.

Mr Miles has not been requested to provide an Independent Valuation, nor has he been asked to comment on the Fairness or Reasonableness of any vendor or promoter considerations, and therefore he has not offered any opinion on these matters.

Mr Miles has based the review of the various mineral properties on information provided by the Company, along with technical reports prepared by previous tenements holders, government exploration database systems of Western Australia, and other relevant published and unpublished data. A listing of the principal sources of information is included in the Independent Geologist's Report. Assumptions have been made by Mr Miles that the tenements and associated agreements are current, in good standing and the tenements are lawfully accessible for exploration.

# INDEPENDENT GEOLOGIST'S REPORT

A final draft of the report was provided to the Company, along with a written request to identify any material errors or omissions prior to lodgement.

The assessment of the projects is initially based upon technical, tenement and cost information provided by the Company and this information has been accepted by Mr Miles as being true and accurate and that the Company has not retained any material information relevant to the reporting assessment of the mineral property. None of the information provided by Dempsey has been specified as being confidential and not to be disclosed in this report.

The mineral properties, in which the Company has, or is earning, an interest, are considered to be an "Exploration Project" which are speculative in nature but require additional exploration to enhance the economic potential. Mr Miles considers that the Projects have been acquired on the basis of sound technical merit. The mineral properties are considered to be sufficiently prospective, subject to varying degrees of exploration risk, warranting further exploration and assessment of their economic potential, consistent with the Company's proposed programmes.

The Company intends to raise \$2,500,000 and at least half the liquid assets held, or funds proposed to be raised by the Company, are understood to be committed to acquisition, exploration, development and administration of the mineral properties, satisfying the requirements of ASX Listing Rules 1.3.2(b) and 1.3.3(b).

Mr Miles is satisfied that if the minimum subscription is raised the Company will have sufficient working capital to carry out its stated objectives, satisfying the requirements of ASX Listing Rule 1.3.3(a).

The Company has provided exploration work programmes and budgets covering the initial two years of exploration totalling approximately \$1,391,000, of which the Company plans to spend approximately \$516,000 in the first year of assessment. Where proposed exploration strategies have been stated, the proposed programmes are considered to be broadly consistent with the potential of the various projects. The corresponding budgets are generally adequate to cover the anticipated costs of the programmes. The programmes may be altered in view of results gained which could revise the emphasis of current priorities. Mr Miles considers that the relevant areas have sufficient technical merit, to justify the proposed programmes and associated expenditure, satisfying the requirements of ASX Listing Rule 1.3.3(a).

The Independent Geologist's Report has been prepared on information available up to and including the 31st March 2011. Mr Miles has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activity which they are each undertaking to qualify as a Competent Person as defined in the JORC Code. Mr Miles has provided consent for the inclusion of the Independent Geologist's Report in the Company Prospectus, in the form and context in which the report and those statements appear, and has not withdrawn that consent before lodgement of the Prospectus with the ASIC.

Mr Miles does not have, or previously had, any material interest in Dempsey Minerals Limited, or the mineral properties in which the Company has an interest. The relationship with Dempsey is solely one of professional association between client and independent consultant. This report is prepared in return for professional fees based upon normal commercial rates and the payment of these fees is in no way contingent on the results of this report.

Yours faithfully,



G J Miles  
BSc, Grad Dip (Geol)  
MAIG

# INDEPENDENT GEOLOGIST'S REPORT

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## 1 Executive Summary

Dempsey Minerals Limited ("Dempsey" or the "Company") has assembled a collection of tenements in two projects, namely the Dandargan and the Cooljarloo Projects. The Dempsey tenement portfolio comprises two Exploration Licenses totalling 392 Km<sup>2</sup> over ground considered prospective for both Heavy Mineral Sands (HMS) and Phosphate, within the Perth Basin. Located only a short drive from Perth, both projects are strategically located, readily accessible and have established civil infrastructure, providing advantages should a mineral discovery be made.

Dempsey has proposed an aggressive exploration programme and will commence immediately upon successful ASX listing and completion of necessary permitting.

Both Projects are located in the northern Perth Basin, approximately 150km north of Perth (Figure 1).

The Dandargan Project hosts numerous Phosphate occurrences occurring within Cretaceous sediments of the Dandargan Trough. Phosphate rock is the primary source of phosphorus, an essential nutrient for plants and one of the key ingredients in the production of fertilisers for use in agriculture.

The Cooljarloo Project is immediately adjacent to the Tiwest JV's Cooljarloo HMS Mine which has been operating since 1989 and Tiwest has reported production of more than 700,000 tonnes of heavy mineral concentrate a year using a dredging operation and dry mining techniques. The Project has potential to host further mineral sand resources with many of the economic strands being mined at Tiwest's Cooljarloo trending into the Dempsey project area.

Budgets detailed in this report total an estimated \$1,391 million, which is considered adequate to cover the costs of the proposed exploration programmes of the Company and the minimum expenditure requirements of the Western Australian Department of Mines and Petroleum.



Figure 1. Location of Dandaragan and Cooljarloo Projects.

## 2 Dandaragan Project

### 2.1 Location and access

The Dandaragan Phosphate Project is located approximately 150km north of Perth centred on the town of Dandaragan (Figure 4). Access to the project is via either Cataby Road or Dandaragan Road which branch off the Brand Highway to the township of Dandaragan. The project covers a number of pastoral leases which provide good access to the prospect sites, subject to seasonal cropping activities.

### 2.2 Tenure

The Dandaragan Project comprises a single granted Exploration License, E70/3741, covering 100 sub-blocks or approximately 295km<sup>2</sup>. The tenement is held by Kimba Resources Pty Ltd, a private mineral exploration company. Tenement details are tabulated below.

**Table 1. Dandaragan Project Tenure Summary**

| Tenement ID | Area (sb) | Grant Date | Expiry Date | Minimum Expenditure |
|-------------|-----------|------------|-------------|---------------------|
| E70/3741    | 100       | 23-Feb-11  | 22-Feb-16   | \$100,000           |

### 2.3 The Phosphate Market

Phosphate rock is one of the world's most important sources of phosphorus which is an essential nutrient for plants and one of the key ingredients in the production of fertilizers for use in agriculture. Phosphate is also used in detergents, deflocculants, animal feeds and metal treatment. By far the largest application is in fertilizers with Australia importing phosphate rock from countries such as Morocco, Jordan and the USA for the production of superphosphate. Currently Australia's resource base for Phosphorous is <1% of the world's global resources.

Global consumption of rock phosphate started to grow from 2003 after a stable period and prices started to rise from 2005. Key drivers for this growth are the growing economies of India and China who greatly increased their agricultural productivity and fertiliser requirements. This subsequently placed upward pressure on fertiliser prices. In particular, the exceptional growth in the plantation of crops for bio-fuels, which is in many cases subsidised by governments to assist in combating global warming, is expected to have a major impact on global fertiliser consumption.

### 2.4 Geology and Mineralisation

The project hosts numerous Phosphate occurrences occurring within Cretaceous sediments of the Dandaragan Trough. The origin and style of this mineralisation is unlike other major rock Phosphate projects in Australia, such as Phosphate Hill (Incitec Pivot) and Wonarah (Minemakers). Phosphate mineralisation at Dandaragan occurs as nodules and precipitates within sandy sedimentary host rocks similar to that observed in the giant Phosphate deposits of Florida, USA.

Late Cretaceous glauconitic clays and sandstones of the Coolyena Group occur within a trough formed between the Gingin Scarp and the Darling Fault in the Northern part of the Perth Basin (the Dandaragan Trough) (Figure 2&3). These sediments are thickest to the east of the scarp and become buried below surficial cover nearer to the Darling Fault. Generally the prospectivity for Phosphorous mineralisation increases from south to north within the trough however this prospectivity is also controlled by several other factors including the degree of weathering and lateritisation and the topographic position of the host stratigraphy.

Phosphorous mineralisation is found within two distinct Phosphorous bearing horizons and within the greensand units within the sequence. Within the project area several known Phosphorous bearing prospects have been identified. These all occur within the more favourable western margin of the trough and are characterised by phosphate nodules and phosphatised wood found within greensand units. Known occurrences within the project area include the; Hole in the Wall, Caves, Wedges, Summer Hill, Cooks, Minyulo and Vine Cottage prospects (Figure 4).

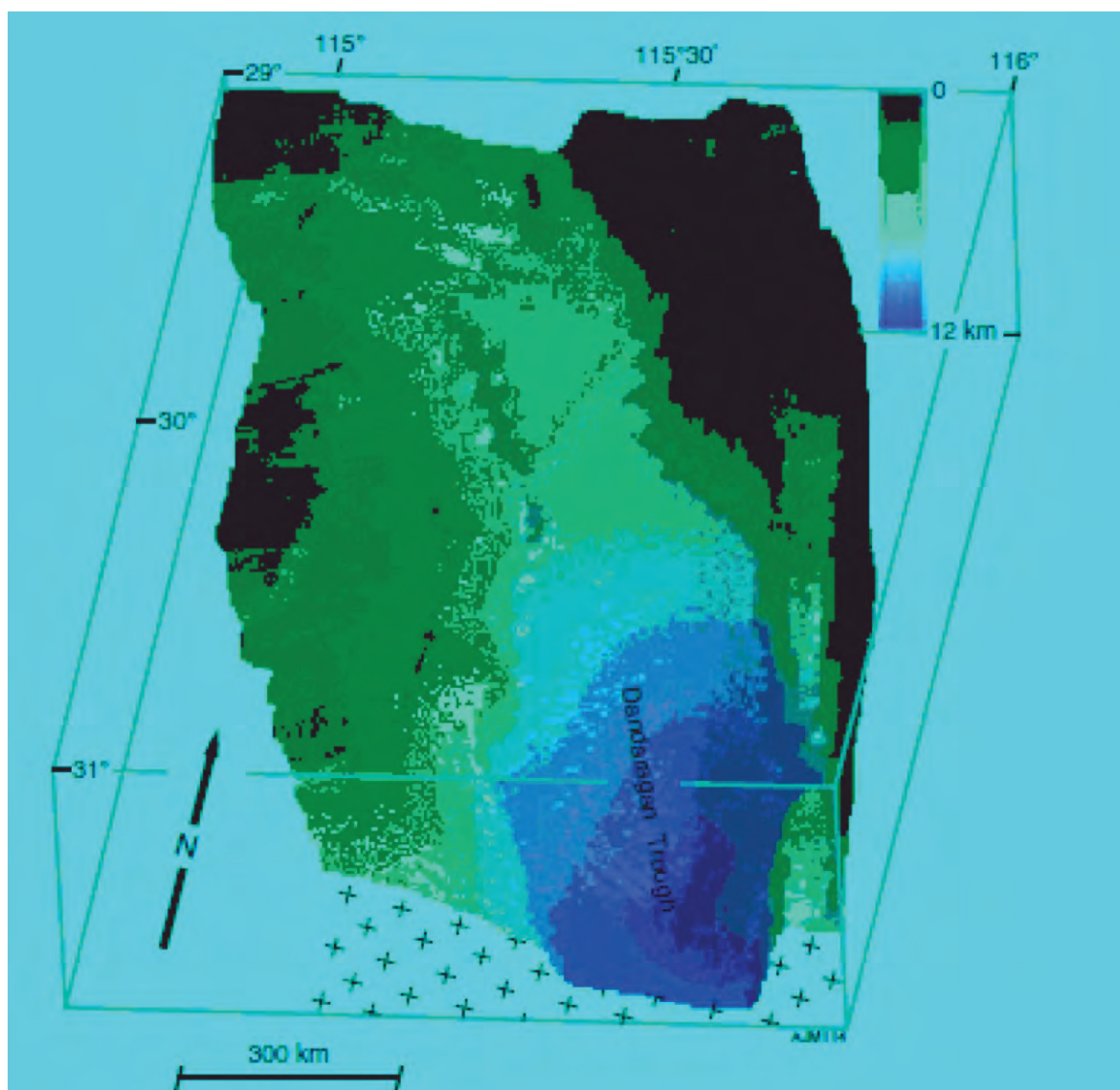


Figure 2. Depth to Precambrian basement showing Dandaragan Trough (GSWA)

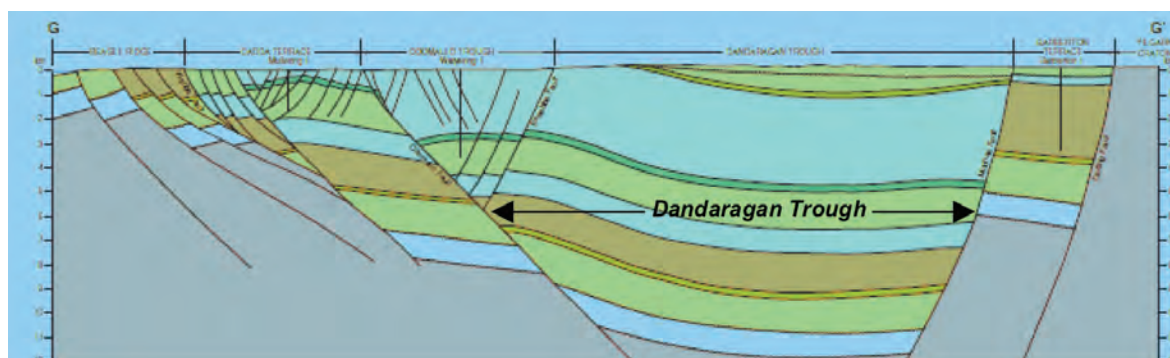


Figure 3. Cross section through the Perth Basin showing depth of Dandaragan Trough (GSWA)

# INDEPENDENT GEOLOGIST'S REPORT

All prospects contain outcropping rocks containing phosphate nodules occurring either within glauconitic chalk or calcareous greensands. Samples collected from test pitting by government geologists indicate that the phosphate beds vary in grade from 4.50% to 11.23% P2O5 which, when screened, ranged from 12.2% to 16.8% P2O5 with individual grades up to 39% P2O5 being recorded.

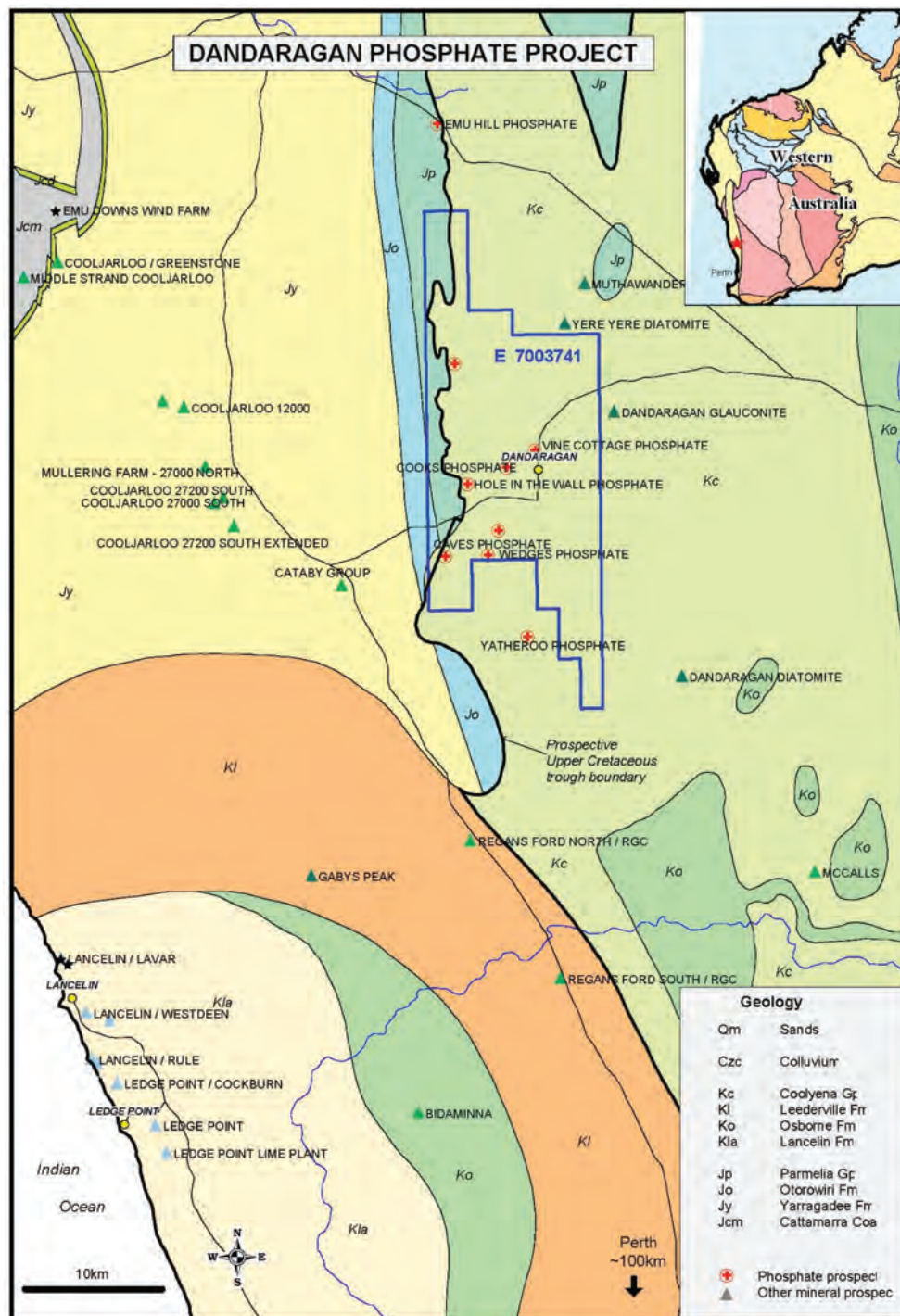


Figure 4. Project Location and Geology

Preliminary test work on the potential for upgrading of primary ores via flotation showed positive results with trials indicating that high recoveries (~70-80%) could be achieved at relatively low  $P_2O_5$  grades or high grades (~28-29%) at lower recoveries. Impurity levels were deemed to be acceptable in all trials. Conclusions were that the ores could potentially be floated however further work was required to refine the process route.

Potential also exists within the area for resources of Potassium ( $K_2O$ ), which is the key component of Potash fertiliser ( $K_2SO_4$ ), which occurs within glauconite, the key component of the greensands of the Dandaragan Trough. Glauconite from these greensands has previously been shown to contain around 6%  $K_2O$  recent studies on which have indicated a relatively easy extraction process. The market for potash has, in recent times, been similar to the phosphate market following worldwide increase in demand for fertilisers.

## 2.5 Previous Exploration

Phosphate was first discovered in the Dandaragan region in 1911 by Western Australian Government Surveyors who reported outcropping Phosphatic horizons near Poison Hill located to the south of the project area. In 1948 the Department of Mines conducted field investigations and published a book report, Bulletin No.4 "The Dandaragan Phosphate Deposits". The Phosphatic Poison Hill and Mole Cap Greensand horizons were mapped sub-outcropping in a northerly direction over several kilometres to the north-east of the township of Dandaragan, within the project area.

Confirmation of the potential of the region to host major Phosphate deposits came in the 1960's when Harvard University Palaeontologists uncovered Cretaceous fossil remains within the Phosphatic horizons near Dandaragan consistent with those found within the Cretaceous Florida Phosphate deposits. This indicated similar sedimentary environments for Phosphate formation whereby cold Phosphate-rich waters mix with warmer continental shelf waters creating precipitation of Phosphate minerals; conditions critical for the formation of giant Phosphate deposits.

In the 1970's the Western Australian Public Works Department completed a series of deep drilling programmes across the Perth Basin to identify and evaluate aquifers as potential metropolitan water sources. BHP evaluated this work for potential hydrocarbon and mineral occurrences correlating continuous stratigraphy of the Phosphatic Poison Hill, Molecap Greensands and the Gingin Chalk and producing an interpretive sub-surface map of the Cretaceous Dandaragan Trough. Phosphatic drill cuttings assayed up to 20.8%  $P_2O_5$  and BHP identified the area as having the greatest potential to host economic Phosphate mineralisation within the Perth Basin.

In the early 1980's Australian Fertilizers Limited (AFL) secured tenements across the Dandaragan Trough and completed reconnaissance drilling for Phosphate mineralisation on the Damadgee Prospect. Part of the drilling program at the Damadgee Prospect overlapped onto what is now E70/3741. Significant Phosphate mineralisation (>1.0%) was encountered in numerous holes (Table 2) within E70/3741. Higher grade, shallower zones were also identified associated with structural controls, particularly the Damadgee Fault.

**Table 2. Damadgee Prospect Phosphate Intersections (>1%  $P_2O_5$  , minimum 2m width)**

| Hole Id | North | East | RL  | Depth (m) | From (m) | Thickness (m) | Grade $P_2O_5$ % |
|---------|-------|------|-----|-----------|----------|---------------|------------------|
| WAD 13  | -*    | -*   | 251 | 77        | 52       | 20            | 2.19             |
| WAD 35  | 994   | 801  | 260 | 62        |          |               | NSA              |
| WAD 46  | 964   | 790  | 234 | 75        | 44       | 8             | 1.95             |
| WAD 48  | -*    | 789  | 222 | 43        | 36       | 6             | 1.53             |
| WAD 49  | 947   | 771  | 225 | 52        | 34       | 12            | 2.14             |
| WAD 54  | 994   | 775  | 250 | 81        | 51       | 3             | 1.68             |
|         |       |      |     |           | 57       | 12            | 1.73             |
| WAD 59  | 978   | 768  | 250 | 75        | 51       | 9             | 1.40             |
| WAD 60  | 951   | 757  | 241 | 60        | 39       | 14            | 1.63             |

Notes: Grid coordinates refer to local grid coordinates. No accurate transformation to UTM coordinates is available. Hole positions relative to E70/3741 have been determined from topographic features.

\*= No grid coordinates provided. Core location determined from original mapping

NSA = No Significant Assay

All holes drilled vertically

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Preliminary metallurgical test work was also commenced by AFL including sizing studies showed that pellet fragments greater than 2mm graded 14%  $P_2O_5$  and constituted 5 wt % of the sample. Grinding of the pellets followed by flotation produced a concentrate of up to 23%  $P_2O_5$  and recoveries of around 50%. The sub-1mm fraction was not flotation tested and gravity concentration studies were also not attempted. While not a comprehensive testing program the work to date indicates the potential for product beneficiation.

In 2008 Metals X Limited (Metals X) secured tenements in the region to the north east of E70/3741. Metals X identified that there was significant thicknesses and lateral continuity of the Poison Hill Greensand and identified zones showing average thicknesses of 20 meters and grades around 4.5%  $P_2O_5$  indicating that substantial tonnages of Phosphatic sands could exist in the region and with implications at the Dandaragan Project. Metals X is currently conducting metallurgical testwork on the mineralisation to optimise recovery routes. No resources have been reported to date.

## 2.6 Proposed Exploration Programme and Budget

Exploration of the phosphate potential at the project is at an early stage, requiring extensive mapping and reconnaissance style work to determine the resource potential of the Project. However, the historical work has identified mineralisation and provides an immediate focus for exploration. The lateral extent of the known phosphate prospects has never been tested and there is much scope for a resource of phosphate bearing sediment within the project.

Dempsey Minerals Limited has proposed an exploration programme and budget for the first two years of exploration at the Dandaragan Project upon listing on the ASX. The work involves compiling the previous data into a consolidated database, followed by geological mapping, RAB or Aircore drilling programmes and RC drilling. Success in these programmes may support a maiden inferred resource estimate. A budget of \$801,000 is proposed by Dempsey which is considered to be valid and consistent with the size of the Dandaragan Project and will exceed the minimum statutory expenditure requirements of the tenements.

The planned exploration programmes are as follows:

### Year 1.

- Comprehensive open file and published report search. Collection and capture of all relevant information into a project database.
- Geological mapping and reconnaissance sampling.
- Complete initial reconnaissance-style RAB or Aircore drilling (Approx. 3,000m).

### Year 2

- Review of initial drilling programme and targeting.
- Infill RAB or Aircore drilling (Approx 3,000m)
- Broad-spaced RC drilling (Approx 3,000m)
- Complete Inferred Resource Estimate

**Table 3. Proposed exploration expenditure for Dandaragan Project**

| Expenditure                    | Year 1           | Year 2           | Total            |
|--------------------------------|------------------|------------------|------------------|
| Wages / salaries / contractors | \$90,000         | \$120,000        | \$210,000        |
| RAB / Aircore Drilling         | \$63,000         | \$63,000         | \$126,000        |
| RC Drilling                    | -                | \$225,000        | \$225,000        |
| Assays                         | \$22,000         | \$64,000         | \$86,000         |
| Field costs/consumables        | \$11,000         | \$22,000         | \$33,000         |
| Resource Estimation            | -                | \$15,000         | \$15,000         |
| Tenement costs                 | \$13,000         | \$13,000         | \$26,000         |
| Administration                 | \$40,000         | \$40,000         | \$80,000         |
| <b>Totals</b>                  | <b>\$239,000</b> | <b>\$562,000</b> | <b>\$801,000</b> |

### 3 Cooljarloo Project

#### 3.1 Location and access

The Cooljarloo Heavy Minerals Sands (HMS) Project is situated in the Northern Perth Basin of WA and lies approximately 150km north of Perth within a very active minerals sands mining district hosting HMS mines. The project abuts Tiwest's Cooljarloo mine and Image Resources Limited's Cooljarloo heavy mineral sands discoveries.

The Project is cut by the Brand Highway on the eastern side allowing easy access to the tenement. Previous drilling areas can be accessed along Wogonderrah Road, about 22km north of Cataby Roadhouse. The northern portion of the tenement overlaps with several pastoral leases allowing access along farm tracks subject to seasonal cropping activities.

#### 3.2 Tenure

The Project comprises a single Exploration Licence, E70/3065, covering 43 sub-blocks or approximately 97km<sup>2</sup>. The licence is registered to Clinton Dean Hood, a private prospector. Tenement details are tabulated below.

**Table 4. Cooljarloo Project Tenure Summary**

| Tenement ID | Area (sb) | Grant Date | Expiry Date | Minimum Expenditure |
|-------------|-----------|------------|-------------|---------------------|
| E70/3065    | 43        | 16-Jul-09  | 15-Jul-14   | \$43,000            |

#### 3.3 Geology and Mineralisation

The Perth Basin is an approximately 1000 x 50 km, north-south trending trough bounded to the east by the Darling Fault and to the west by the continental shelf which has undergone two major stages of evolution, namely:

- i). An early Silurian to the early Cretaceous phase composed of a thick sequences of continental siliciclastic sediments with minor shallow marine sediments, during which time the basin was probably bounded by continental crust both to the east and west;
- ii). A second phase that persisted from the early Cretaceous to the present, during which time the sediments represent a marginal sag basin, occurring as generally thin sequences of shallow marine sediments. Eustatic sea level changes over this period, and possibly some tectonic movement, have caused near-shore sediments to be deposited over much of the east-west extent of the basin, especially along the coastal plains.

The Project area is covered by sand and clayey sand which may be subdivided into four basic units:

- Alluvial sand and clayey-sand which has washed down the Gingin Scarp (often containing transported laterite)
- Fluvial and shallow marine sands which includes beach sands which host the strandline mineral sand deposits
- Carbonaceous, silty sand which is possibly of a marginal-marine, lagoonal origin
- Fluvial sand and silt which comprise the Mesozoic basement

Weathering and groundwater fluctuations have caused local clay-rich zones and ferricrete horizons.

HM mineralisation occurs in three different depositional environments in the Cooljarloo area; Strandline mineralisation close to the surface, so called "mid-level" mineralisation and basement (Mesozoic) mineralisation.

Strandline mineralisation is generally close to the surface, narrow and of medium to high-grade. The mineralisation marks the locations of ancient shorelines (probably late Tertiary) deposited during transgressive, interglacial peaks. The strands are very continuous but vary in width and depth along strike. The deposits form a swathe of around 15 north-westerly trending, sub-parallel strands over a three-kilometre width. These have been described in the past as the 'Munbinea' shorelines and can be followed from Cataby to Badgingarra over a 40 km length of the Gingin Scarp.

Deeper sheets of mineralisation located to the east of the strandlines are referred to as “mid-level mineralisation”, consisting of fine to medium-grained, carbonaceous, silty sand. The HM is fine grained and often contains small quantities of diagenetic pyrite. The nature of the mineralised sediments, along with their position relative to the strandline suggests they were deposited in marginal-marine, estuarine conditions. It is possible that the fine grained nature of the HM is due to it being material blown off the nearby shorelines into back-beach lagoons where it settled into vegetated silt and sand. The vegetation is preserved as the carbonaceous material in the sediment.

“Basement” mineralisation is hosted by Mesozoic sediments covered by large amounts of overburden. The mineralisation lacks the horizontal continuity of both strandline and “mid-level” mineralisation.

The HM mineralisation at Cooljarloo comprises detrital ilmenite, rutile, leucoxene and zircon with subordinate monazite and a gangue of alumino-silicates kyanite, staurolite, andalusite and tourmaline.

### **3.4 Previous Exploration**

Previous work in the project area was largely limited to the mine environs however some grid clearing and drilling was conducted by Geopeko and later Tiwest along strike of the mine into the northern end of the Tenement. Results from this work indicate the presence of mineralisation in the area. Substantial widths and thicknesses of low grade mineralisation occur within which some higher grade zones occur. Additionally, mineralisation within the basement Mesozoic sediments was also recorded (eg: 30m @ 6.17% HM to end of hole). A full list of assays from drillholes within the tenement is detailed in Table 5.

The Mesozoic basement mineralisation is thought to occur in a deep trough that runs approximately parallel to the Gingin Scarp. The mineralisation is hosted by fine-grained silty, carbonaceous sands thought to occur at a facies change between shallow marine sands and probable continental sediments to the east. It is noted that very few of the previous drill holes evaluated mineralisation in the Mesozoic sediments, terminating at shallow depths (24m). This presents an opportunity to evaluate potentially large-tonnage, low-grade HM mineralisation, which to date does not appear to have undergone any economic evaluation.

Image Resources Limited (Image) has been exploring the region in recent times and particularly the immediate northern extensions to Tiwest's Cooljarloo mine. This has resulted in the discovery of numerous strandlines containing significant resources of heavy minerals. New mineral bearing strandlines and channels are continually being discovered by Image with a recent announcement outlining an Indicated Resource Estimate at the Atlas Deposit of 14.6mt @ 6.2% HM.

The project adjoins the Image tenure and lies immediately along strike and east of the the Tiwest Joint Venture mine area (Figure 5). The Image land holding is prospective for HMS bearing strandlines and channels with spectacular thicknesses of heavy minerals from channels in the area immediately adjacent to the project area. Image reported, the strands often contain numerous high grade zones and comprise a high quality heavy mineral suite including rutile and zircon. To date approximately 11km of high grade strands have been discovered within the Image project area with a further 30km of targets yet to be explored. Some of the channels are said to be unusual in that they occur at depths up to 40m below the strandlines.

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**Table 5. Heavy Mineral Results from previous exploration in E70/3065  
(Minimum 3m width ■ 1% HM and 2m internal dilution)**

| Company | Hole ID | Local E | Local N | Depth | From | Intercept | HM%  | EOH |
|---------|---------|---------|---------|-------|------|-----------|------|-----|
| Geopeko | C3030   | 9683    | 23200   | 69    | 15   | 9         | 2.43 |     |
|         |         |         |         |       | 28   | 6         | 1.15 |     |
|         |         |         |         |       | 39   | 30        | 6.17 | Y   |
| Geopeko | C3031   | 9720    | 23200   | 24    | 17   | 7         | 3.63 | Y   |
| Geopeko | C3032   | 9760    | 23200   | 24    | 16   | 7         | 2.83 |     |
| Geopeko | C3033   | 9800    | 23200   | 24    | 19   | 5         | 4.02 | Y   |
| Geopeko | C3034   | 9840    | 23200   | 60    | 18   | 6         | 2.70 |     |
|         |         |         |         |       | 37   | 3         | 1.19 |     |
| Geopeko | C3035   | 9880    | 23200   | 24    | 17   | 6         | 2.35 |     |
| Geopeko | C3036   | 10040   | 23200   | 24    | 19   | 4         | 3.23 |     |
| Geopeko | C3037   | 10080   | 23200   | 33    | 20   | 13        | 1.91 | Y   |
| Geopeko | C3038   | 10120   | 23200   | 24    | 20   | 4         | 2.81 | Y   |
| Geopeko | C3039   | 10160   | 23200   | 33    | 21   | 7         | 2.21 |     |
| Geopeko | C3044   | 9120    | 22350   | 60    | 16   | 44        | 2.23 | Y   |
| Geopeko | C3045   | 9160    | 22350   | 24    | 16   | 8         | 2.04 | Y   |
| Geopeko | C3046   | 9200    | 22350   | 24    | 16   | 8         | 1.71 | Y   |
| Geopeko | C3047   | 9240    | 22350   | 10    |      |           | NSA  |     |
| Geopeko | C3048   | 9280    | 22350   | 51    | 18   | 33        | 1.64 | Y   |
| Geopeko | C3049   | 9320    | 22350   | 24    | 17   | 7         | 2.02 | Y   |
| Geopeko | C3050   | 9360    | 22350   | 24    | 19   | 4         | 1.54 |     |
| Geopeko | C3051   | 9400    | 22350   | 24    | 17   | 7         | 1.84 | Y   |
| Geopeko | C3052   | 9440    | 22250   | 24    | 17   | 7         | 1.43 | Y   |
| Geopeko | C3053   | 9480    | 22260   | 39    | 18   | 4         | 1.18 |     |
| Geopeko | C3054   | 9520    | 22250   | 24    | 18   | 6         | 1.70 | Y   |
| Geopeko | C3055   | 9560    | 22250   | 24    | 18   | 6         | 1.27 | Y   |
| Geopeko | C3056   | 9600    | 22250   | 24    | 17   | 7         | 1.41 | Y   |
| Geopeko | C3057   | 9640    | 22250   | 60    | 16   | 8         | 1.94 |     |
| Geopeko | C3058   | 9680    | 22250   | 22    |      |           | NSA  |     |
| Geopeko | C3059   | 9720    | 22250   | 24    | 17   | 7         | 1.90 | Y   |
| Geopeko | C3060   | 9760    | 22250   | 24    | 16   | 8         | 2.31 | Y   |
| Geopeko | C3061   | 9800    | 22250   | 48    | 14   | 13        | 2.02 |     |
| Geopeko | C3062   | 9840    | 22250   | 17    |      |           | NSA  |     |
| Geopeko | C3063   | 9880    | 22250   | 24    | 19   | 3         | 3.30 |     |
| Geopeko | C3064   | 9920    | 22230   | 17    |      |           | NSA  |     |
| Geopeko | C3065   | 9960    | 22230   | 60    | 16   | 44        | 1.93 | Y   |
| Geopeko | C3066   | 10000   | 22230   | 24    | 14   | 10        | 2.40 | Y   |
| Geopeko | C3067   | 10040   | 22230   | 22    | 14   | 8         | 2.20 | Y   |
| Geopeko | C3068   | 10080   | 22230   | 24    | 17   | 7         | 2.55 | Y   |
| Geopeko | C3069   | 10120   | 22230   | 31    | 16   | 15        | 2.10 | Y   |
| Geopeko | C3070   | 10160   | 22230   | 20    | 16   | 4         | 2.06 | Y   |
| Geopeko | C3071   | 10200   | 22230   | 34    | 17   | 17        | 2.97 | Y   |
| Geopeko | C3072   | 10240   | 22230   | 57    | 17   | 40        | 1.88 | Y   |
| Geopeko | C3073   | 10280   | 22230   | 24    | 18   | 6         | 1.97 | Y   |
| Geopeko | C3074   | 10320   | 22230   | 24    | 0    | 6         | 1.66 |     |
|         |         |         |         |       | 18   | 6         | 1.84 | Y   |
| Geopeko | C3075   | 10360   | 22230   | 24    | 18   | 6         | 2.24 | Y   |
| Geopeko | C3076   | 10400   | 22150   | 29    | 17   | 12        | 2.59 | Y   |

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| Company | Hole ID | Local E | Local N | Depth | From | Intercept | HM%  | EOH |
|---------|---------|---------|---------|-------|------|-----------|------|-----|
| Geopeko | C3077   | 10440   | 22130   | 22    | 16   | 6         | 2.48 | Y   |
| Geopeko | C3078   | 10480   | 22110   | 24    | 14   | 9         | 2.55 |     |
| Geopeko | C3079   | 10520   | 22090   | 24    | 17   | 7         | 2.55 |     |
| Geopeko | C3080   | 10560   | 22070   | 24    | 16   | 6         | 2.73 |     |
| Geopeko | C3081   | 10600   | 22050   | 35    | 14   | 21        | 1.66 | Y   |
| Geopeko | C3082   | 10640   | 22030   | 24    | 14   | 10        | 2.84 | Y   |
| Geopeko | C3083   | 10680   | 22010   | 24    | 14   | 10        | 2.28 | Y   |
| Geopeko | C3084   | 10720   | 21990   | 24    | 14   | 10        | 2.84 | Y   |
| Geopeko | C3085   | 10720   | 22480   | 24    | 14   | 10        | 1.82 | Y   |
| Geopeko | C3086   | 10760   | 22457   | 24    | 12   | 12        | 2.47 | Y   |
| Geopeko | C3087   | 10800   | 22434   | 24    | 12   | 11        | 2.82 |     |
| Geopeko | C3088   | 10840   | 22411   | 21    | 12   | 9         | 1.91 | Y   |
| Geopeko | C3089   | 10880   | 22388   | 21    | 12   | 8         | 2.65 |     |
| Geopeko | C3090   | 10920   | 22365   | 30    | 12   | 3         | 2.96 |     |
| Geopeko | C3091   | 10960   | 22342   | 21    | 12   | 9         | 1.92 | Y   |
| Geopeko | C3092   | 11000   | 22319   | 21    | 10   | 10        | 1.84 |     |
| Geopeko | C3093   | 11040   | 22296   | 21    | 14   | 7         | 1.58 | Y   |
| Geopeko | C3102   | 9960    | 21680   | 24    | 16   | 8         | 1.82 | Y   |
| Geopeko | C3103   | 10000   | 21690   | 24    | 18   | 6         | 2.78 | Y   |
| Geopeko | C3104   | 10040   | 21700   | 30    | 18   | 8         | 2.82 |     |
| Geopeko | C3105   | 10080   | 21700   | 24    | 16   | 8         | 2.99 | Y   |
| Geopeko | C3106   | 10120   | 21690   | 24    | 20   | 4         | 2.42 | Y   |
| Geopeko | C3107   | 10160   | 21690   | 24    | 19   | 5         | 2.95 | Y   |
| Geopeko | C3108   | 10200   | 21700   | 24    | 21   | 3         | 3.16 | Y   |
| Geopeko | C3109   | 10240   | 21700   | 24    | 20   | 4         | 2.07 | Y   |
| Geopeko | C3110   | 10280   | 21700   | 24    | 20   | 4         | 2.13 | Y   |
| Geopeko | C3111   | 10320   | 21700   | 24    | 20   | 4         | 2.37 | Y   |
| Geopeko | C3112   | 10360   | 21700   | 24    | 18   | 6         | 2.06 | Y   |
| Tiwest  | 14579   | 11560   | 21200   | 12    |      |           | NSA  |     |
| Tiwest  | 14580   | 11640   | 21200   | 12    |      |           | NSA  |     |
| Tiwest  | 14581   | 11720   | 21200   | 9     |      |           | NSA  |     |
| Tiwest  | 14582   | 11800   | 21200   | 9     |      |           | NSA  |     |
| Tiwest  | 14583   | 11880   | 21200   | 9     |      |           | NSA  |     |
| Tiwest  | 14584   | 11680   | 21685   | 9     |      |           | NSA  |     |
| Tiwest  | 14585   | 11820   | 21685   | 9     |      |           | NSA  |     |
| Tiwest  | 14586   | 11980   | 21685   | 9     |      |           | NSA  |     |
| Tiwest  | 14587   | 11480   | 22000   | 15    |      |           | NSA  |     |
| Tiwest  | 14588   | 11560   | 22000   | 12    | 1    | 5         | 1.36 |     |
| Tiwest  | 14589   | 11640   | 22000   | 12    | 3    | 3         | 1.37 |     |
| Tiwest  | 14590   | 11720   | 22000   | 12    | 3    | 7         | 1.30 |     |
| Tiwest  | 14592   | 11800   | 22000   | 9     |      |           | NSA  |     |
| Tiwest  | 14593   | 11880   | 22000   | 12    | 1    | 9         | 1.43 |     |
| Tiwest  | 14913   | 11480   | 21200   | 12    |      |           | NSA  |     |
| Tiwest  | 14914   | 11480   | 21000   | 12    |      |           | NSA  |     |
| Tiwest  | 14915   | 11560   | 21000   | 12    |      |           | NSA  |     |
| Tiwest  | 14916   | 11640   | 21000   | 12    | 0    | 3         | 1.60 |     |
| Tiwest  | 14917   | 11720   | 21000   | 9     | 0    | 4         | 1.30 |     |
| Tiwest  | 14918   | 11800   | 21000   | 9     | 0    | 4         | 1.70 |     |
| Tiwest  | 14919   | 11480   | 21400   | 12    |      |           | NSA  |     |

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| Company | Hole ID | Local E | Local N | Depth | From | Intercept | HM%  | EOH |
|---------|---------|---------|---------|-------|------|-----------|------|-----|
| Tiwest  | 14920   | 11560   | 21400   | 12    |      |           | NSA  |     |
| Tiwest  | 14921   | 11640   | 21400   | 12    |      |           | NSA  |     |
| Tiwest  | 14922   | 11720   | 21400   | 9     | 1    | 3         | 1.70 |     |
| Tiwest  | 14923   | 11800   | 21400   | 9     | 0    | 5         | 1.80 |     |
| Tiwest  | 14924   | 11880   | 21400   | 9     |      |           | NSA  |     |
| Tiwest  | 14925   | 11480   | 21800   | 12    |      |           | NSA  |     |
| Tiwest  | 14926   | 11560   | 21800   | 12    | 1    | 3         | 1.90 |     |
| Tiwest  | 14927   | 11640   | 21800   | 12    | 1    | 3         | 2.40 |     |
|         |         |         |         |       | 8    | 4         | 2.00 | Y   |
| Tiwest  | 14928   | 11720   | 21800   | 9     | 0    | 5         | 1.26 |     |
| Tiwest  | 14929   | 11800   | 21800   | 9     |      |           | NSA  |     |
| Tiwest  | 14930   | 11880   | 21800   | 9     | 4    | 3         | 1.40 |     |
| Tiwest  | 16001   | 10440   | 20200   | 30    | 15   | 7         | 3.17 |     |
| Tiwest  | 16002   | 10600   | 20200   | 30    | 12   | 18        | 2.06 | Y   |
| Tiwest  | 16003   | 10760   | 20200   | 30    | 13   | 17        | 1.91 | Y   |
| Tiwest  | 16004   | 10920   | 20200   | 30    | 16   | 9         | 2.59 |     |
| Tiwest  | 16005   | 11080   | 20200   | 30    | 14   | 6         | 2.20 |     |
| Tiwest  | 16006   | 11240   | 20200   | 30    | 15   | 4         | 4.20 |     |

## Notes:

All coordinates are recorded in Local Grid. An accurate transformation into Geodectic Datum of Australia does not exist at the current time. Only approximate (710m) GDA coordinates can be estimated.

NSA= No Significant Assay.

EOH= End of Hole.

All holes drilled vertically.

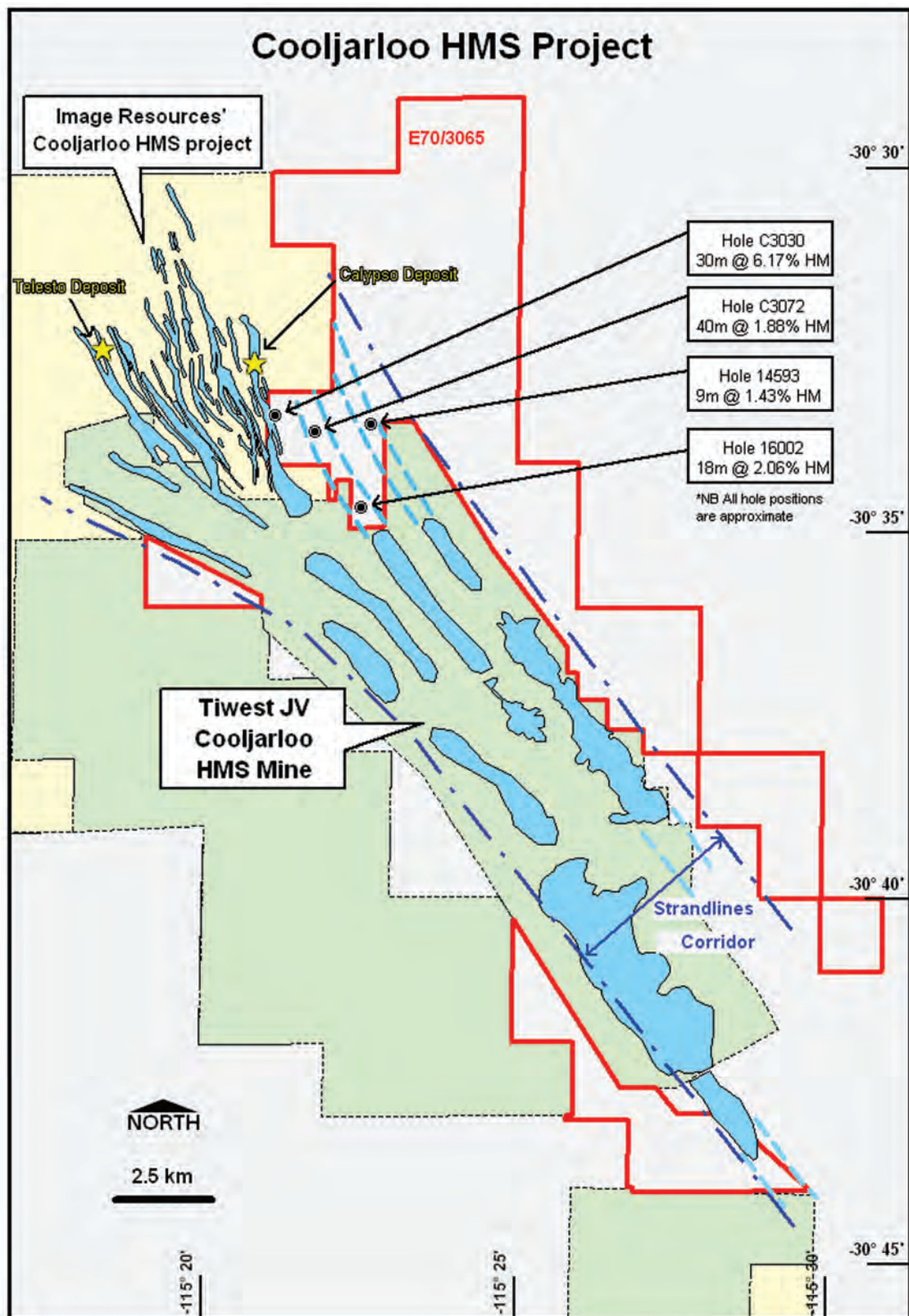


Figure 5. Cooljarloo tenement plan and strand line location

### 3.5 Proposed Exploration Programme and Budget

The potential of the Cooljarloo Project is highlighted by an active area of mining and successful recent exploration activity in the immediate area that have identified significant resources of mineral bearing sands at potentially economic grades. Very wide zones of quality heavy mineral adjacent to the property and several areas can be targeted for immediate drill based and geophysical exploration. Further exploration is warranted to the east and further north within the project area to test for additional heavy mineral bearing strandlines and channels as well as Mesozoic basement mineralisation.

Dempsey Minerals Limited has proposed an exploration programme and budget for the first two years of exploration at the Cooljarloo Project upon listing on the ASX. The work involves compiling the previous data into a consolidated database, followed by geological mapping, ground geophysical surveys and Aircore drilling programmes. Success in these programmes may warrant a maiden inferred resource estimate. A budget of \$590,000 is proposed by Dempsey which is considered to be valid and consistent with the size of the Dandaragan Project and will exceed the minimum statutory expenditure requirements of the tenements.

The planned exploration programmes are as follows:

#### Year 1.

- Comprehensive open file and published report search. Collection and capture of all relevant information into a project database.
- Geological mapping
- Ground-based magnetic survey
- Complete initial reconnaissance-style Aircore drilling (Approx. 2,000m).

#### Year 2

- Review of initial drilling programme and targeting.
- Infill and extension Aircore drilling (Approx 4,000m)
- Complete Inferred Resource Estimate

**Table 6. Proposed exploration expenditure for Cooljarloo Project**

| Expenditure                    | Year 1           | Year 2           | Total            |
|--------------------------------|------------------|------------------|------------------|
| Wages / salaries / contractors | \$90,000         | \$90,000         | \$180,000        |
| Aircore Drilling               | \$56,000         | \$112,000        | \$126,000        |
| Geophysical survey             | \$60,000         | -                | \$60,000         |
| Assays                         | \$15,000         | \$29,000         | \$60,000         |
| Field costs/consumables        | \$9,000          | \$20,000         | \$52,000         |
| Resource Estimation            | -                | \$15,000         | \$15,000         |
| Tenement costs                 | \$7,000          | \$7,000          | \$14,000         |
| Administration                 | \$40,000         | \$40,000         | \$60,000         |
| <b>Totals</b>                  | <b>\$277,000</b> | <b>\$313,000</b> | <b>\$590,000</b> |

## 4 Principle Sources of Information

|                                                                                                                         |                                                                                                                                        |
|-------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| Anon, 1999                                                                                                              | Annual Report on Exploration License E70/1691. 4M Corp Pty Ltd. Unpub Rep to WA Dept of Mines                                          |
| Anon, 1999                                                                                                              | Annual Report on Exploration License E70/1692. 4M Corp Pty Ltd. Unpub Rep to WA Dept of Mines                                          |
| Bailey D. G., 1988,                                                                                                     | Cooljarloo Heavy Mineral Sands.                                                                                                        |
| Carr, H., 2010                                                                                                          | Final Surrender Report on Dandaragan Phosphate Project (E70/3413, 3415, 3416). Agaton Phosphate Pty Ltd.                               |
| Ewert B., 2003                                                                                                          | Partial Surrender Report for E70/2126. Tiwest Pty Ltd. Unpub. Report to WA Department of Industry and Resources.                       |
| Ewert B., 2003                                                                                                          | Annual Mineral Exploration Report for E70/2126. Tiwest Pty Ltd. Unpub. Report to WA Department of Industry and Resources.              |
| Hackett D. O'N., 1982                                                                                                   | Phosphate Exploration Joint Venture, Perth Basin Project, Dambadgee Prospect. 1980/1981 Annual Report. Australian Fertilizers Limited. |
| Hackett D. O'N., 1982                                                                                                   | Phosphate Exploration Joint Venture, Perth Basin Project, Dambadgee Prospect. Annual Report. Australian Fertilizers Limited.           |
| Hackett D. O'N., 1984                                                                                                   | Phosphate Exploration Joint Venture, Perth Basin Project, Dambadgee Prospect. Annual Report. Australian Fertilizers Limited.           |
| Image Resources Limited, Cooljarloo North Project website. <a href="http://www.imageres.com.au">www.imageres.com.au</a> |                                                                                                                                        |
| Johnstone T E., 2001                                                                                                    | Annual Report on Exploration of E70/1725. Iluka Resources Limited. Unpublished report to WA Dept of Industry and Resources.            |
| Matheson R S., 1948                                                                                                     | The Dandaragan Phosphate Deposits. Department of Mines. Mineral Resources of Western Australia Bulletin No 4.                          |
| Metals X Limited 2008                                                                                                   | "Metals X moves into Phosphate" Press release, 28th February 2008.                                                                     |
| Mory, A J., Haig, D W., McLoughlin, S, and Hocking, R M., 2005,                                                         | Geology of the northern Perth Basin, Western Australia – a field guide: Western Australia Geological Survey, Record 2005/9, 71p.       |
| Mory, A J., and Iasky, R P., 1996,                                                                                      | Stratigraphy and structure of the onshore northern Perth Basin, Western Australia: Western Australia Geological Survey, Report 46.     |
| Rothnie C W., 1992                                                                                                      | Jurien JV – Cooljarloo Project, Annual Report for E70/459 & E70/643. Geopeko. Unpub. Report to Department of Mines and Energy.         |
| Ruane, M., 2002                                                                                                         | Gingin – Dandaragan Project Annual Report on E70/2244. Solbec Pharmaceuticals Limited. Unpub Rep to WA Dept of Mines.                  |
| Tiwest Joint Venture, Cooljarloo Operations web site. <a href="http://www.tiwest.com.au">www.tiwest.com.au</a>          |                                                                                                                                        |

## 5 Glossary of Technical Terms and Abbreviations

|                                        |                                                                                                                                                                                                              |
|----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Aeolian</b>                         | Formed or deposited by wind.                                                                                                                                                                                 |
| <b>Aircore drilling</b>                | An air drilling technique employed in poorly consolidated rocks which is generally more efficient and accurate than alternative methods.                                                                     |
| <b>Assemblage</b>                      | The mineral components of a rock.                                                                                                                                                                            |
| <b>Basement</b>                        | Crust of the earth underlying younger sedimentary deposits                                                                                                                                                   |
| <b>Bulk density</b>                    | The density of a rock including void or pore space.                                                                                                                                                          |
| <b>Cainozoic</b>                       | An era of geological time spanning the period from 65 million years ago to the present.                                                                                                                      |
| <b>Calcareous</b>                      | Containing calcium carbonate.                                                                                                                                                                                |
| <b>Cambrian</b>                        | The earliest period of the system into which the Palaeozoic era rocks are divided.                                                                                                                           |
| <b>Carbonaceous</b>                    | Containing carbon.                                                                                                                                                                                           |
| <b>Chromite</b>                        | Principle oxide mineral of chromium, $\text{Cr}_2\text{O}_3$ .                                                                                                                                               |
| <b>Concentrate</b>                     | The concentrated mineral product resulting from preliminary processing.                                                                                                                                      |
| <b>Cover</b>                           | Unmineralised overburden overlying a mineralised or potentially mineralised lithology.                                                                                                                       |
| <b>Density</b>                         | The mass of a substance per unit volume.                                                                                                                                                                     |
| <b>Devonian</b>                        | A period in the earth's history in the Palaeozoic era from 345 to 395 million years ago.                                                                                                                     |
| <b>Disconformities</b>                 | Time breaks between parallel strata demonstrating erosional relief.                                                                                                                                          |
| <b>Distal</b>                          | Further from the shore.                                                                                                                                                                                      |
| <b>Dunes</b>                           | Accumulations of sand deposited and shaped by wind.                                                                                                                                                          |
| <b>Exploration Licence</b>             | Granted title over a large area of land entitling the holder to explore for one or more mineral commodities for a set period of time.                                                                        |
| <b>Feasibility study</b>               | Study of all technical and financial aspects of a project to determine its economic viability.                                                                                                               |
| <b>Flotation</b>                       | A mineral separation technique involving the collection and selective removal of specific fine-grained minerals in a froth suspension, created by a variety of reagents, while the remaining material sinks. |
| <b>Fluvial</b>                         | Pertaining to streams and rivers.                                                                                                                                                                            |
| <b>Formation</b>                       | Large, persistent layer of a single rock type.                                                                                                                                                               |
| <b>Geomorphology</b>                   | Landforms and their study.                                                                                                                                                                                   |
| <b>Grain count</b>                     | Method of determining the proportional constituents of a heavy mineral concentrate by counting individual grains within a given area under a microscope.                                                     |
| <b>Heavy mineral sands (HMS or HM)</b> | Economic mineral suite usually dominated by varying proportions of ilmenite, rutile, leucoxene and zircon.                                                                                                   |
| <b>Ilmenite</b>                        | An iron and titanium oxide ( $\text{FeTiO}_3$ ) ultimately used in the paint, plastic and paper industry.                                                                                                    |
| <b>Imaging</b>                         | Computer processing of data to enhance particular features.                                                                                                                                                  |
| <b>Indicated resources</b>             | Insitu mineral resource calculated with a moderate confidence level to which economic parameters have not been applied.                                                                                      |
| <b>Indurated</b>                       | Coated or loosely cemented by secondary minerals, commonly iron oxide, silica or calcium carbonate.                                                                                                          |
| <b>Intracratonic</b>                   | Within a large, stable mass of the earth's crust.                                                                                                                                                            |
| <b>Iron indurated</b>                  | Cemented by secondary (re-precipitated) iron oxides.                                                                                                                                                         |
| <b>Iron oxide</b>                      | Oxides of iron including goethite, haematite and magnetite.                                                                                                                                                  |
| <b>Lacustrine</b>                      | Lake environment.                                                                                                                                                                                            |
| <b>Leucoxene</b>                       | An alteration product of ilmenite ( $\text{CaTiSiO}_5$ ) with higher titanium content than both ilmenite and partially altered ilmenite.                                                                     |
| <b>Lithified</b>                       | Sediment converted into a competent rock.                                                                                                                                                                    |
| <b>Lithologies</b>                     | Rock types.                                                                                                                                                                                                  |
| <b>Littoral</b>                        | Beach or shoreline environment.                                                                                                                                                                              |
| <b>Magnetic separation</b>             | The separation of individual species based on their magnetic properties.                                                                                                                                     |
| <b>Magnetic susceptibility</b>         | The magnetic properties of a mineral or rock mass.                                                                                                                                                           |
| <b>Magnetite</b>                       | A naturally occurring oxide of iron ( $\text{FeO}_4$ ) which produces a strong magnetic response.                                                                                                            |
| <b>Marine regression</b>               | Sea level falling to progressively expose the land.                                                                                                                                                          |

# INDEPENDENT GEOLOGIST'S REPORT

|                             |                                                                                                                                                                                     |
|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Marine transgression</b> | Sea level rising to progressively inundate the land.                                                                                                                                |
| <b>Metamorphic</b>          | Rocks which have been modified in composition or texture by heat and/or pressure.                                                                                                   |
| <b>Micaceous sand</b>       | Sand containing the mineral mica.                                                                                                                                                   |
| <b>Mineral sands</b>        | See "Heavy Mineral Sands".                                                                                                                                                          |
| <b>Mineralised horizon</b>  | Naturally concentrated minerals of potential economic significance which have a sub-horizontal morphology.                                                                          |
| <b>Mineralogy</b>           | The study of minerals and mineral assemblages.                                                                                                                                      |
| <b>Miocene</b>              | A mid top late Tertiary epoch in the earth's history, approximately 5 million years ago.                                                                                            |
| <b>Monazite</b>             | A phosphate of the cerium metals and the principle source of thorium.                                                                                                               |
| <b>Nearshore</b>            | Marine environment close to shore.                                                                                                                                                  |
| <b>Ordovician</b>           | A period of the earth's history in the Palaeozoic era, from 435 to 500 million years ago.                                                                                           |
| <b>Ore</b>                  | A concentration of economic minerals.                                                                                                                                               |
| <b>Palaeo-shorelines</b>    | Ancient or fossil shoreline.                                                                                                                                                        |
| <b>Palaeo-slope</b>         | Ancient or fossil slope.                                                                                                                                                            |
| <b>Palaeozoic</b>           | An era of geological time spanning the period from 570 million years to 250 million years before present.                                                                           |
| <b>Phosphate</b>            | A rock or mineral assemblage hosting compounds of phosphorus ( $P_2O_5$ )                                                                                                           |
| <b>Placer</b>               | A shallow body of coarse sediment usually containing detrital minerals of economic significance.                                                                                    |
| <b>Pliocene</b>             | A late Tertiary epoch in the earth's history, approximately 3 million years ago.                                                                                                    |
| <b>Quaternary</b>           | A period of time in the Earth's history, from 1.6 million years ago to the present day.                                                                                             |
| <b>Recoveries</b>           | The proportion of valuable minerals which can be economically extracted.                                                                                                            |
| <b>Rutile</b>               | An oxide of titanium ( $TiO_2$ ) ultimately used in the paints, plastic and paper industries and which has higher titanium content than ilmenite, altered ilmenite and leucoxene.   |
| <b>Scoping study</b>        | A preliminary study to determine the potential viability of a project.                                                                                                              |
| <b>Sedimentary</b>          | Rocks formed by erosion of the earth's surface and subsequent deposition.                                                                                                           |
| <b>Silicates</b>            | Minerals with a crystal structure containing silica ( $SiO_4$ ).                                                                                                                    |
| <b>Slimes</b>               | The fraction of a sediment which is very fine grained, usually less than 63 microns, but refers to a fraction less than 38 microns in analysis of WIM-style mineral sands deposits. |
| <b>Strand style</b>         | Coarse grained, poorly sorted HMS accumulations concentrated in a littoral (or beach) environment by wave action.                                                                   |
| <b>Strand lines</b>         | Preserved beach and associated dune deposits left stranded behind progressively younger shorelines.                                                                                 |
| <b>Stratigraphic</b>        | Composition, sequence and correlation of stratified rocks.                                                                                                                          |
| <b>Submarine</b>            | Marine environment below the active wave base.                                                                                                                                      |
| <b>Succession</b>           | A sequence of successive sediments.                                                                                                                                                 |
| <b>Tailings</b>             | Waste products derived from mineral processing.                                                                                                                                     |
| <b>Tertiary</b>             | Subdivision of geological time covering the period from 65 million years to 1.6 million years ago.                                                                                  |
| <b>Tourmaline</b>           | A complex aluminium silicate containing boron.                                                                                                                                      |
| <b>Trash</b>                | Minerals of no economic interest which, by virtue of their high relative density, report to the heavy mineral concentrate.                                                          |
| <b>WIM style</b>            | Fine grained well sorted heavy mineral sand accumulations deposited in a near-shore environment below the active wave base.                                                         |
| <b>Zircon</b>               | A silicate of zirconium ( $ZrSiO_4$ ) used as a refractory and an abrasive.                                                                                                         |

8 April 2011

The Directors  
Dempsey Minerals Limited  
Level 2, 38 Richardson Street  
WEST PERTH WA 6005

Dear Sirs

## **Investigating Accountant's Report – Dempsey Minerals Limited**

### **INTRODUCTION**

This report has been prepared at the request of the Directors of Dempsey Minerals Limited ("Dempsey Minerals" or "the Company"), for inclusion in a prospectus to be lodged with the Australian Securities and Investment Commission ("ASIC") on or around 11 April 2011 ("Prospectus"), relating to the proposed issue of a minimum of 12,500,000 ordinary shares at an issue price of 20 cents each to raise a total of at least \$2,500,000.

### **BASIS OF PREPARATION**

The report has been prepared to provide investors with information on historical results and the financial position of Dempsey Minerals, and to provide investors with a pro forma Statement of Financial Position and pro forma Statement of Comprehensive Income of Dempsey Minerals as at 17 March 2011 adjusted to include funds raised by the Prospectus and the completion of exploration interest acquisitions and other transactions as referred to in Note 2 of Appendix 2.

This report does not address the rights attaching to the Shares to be issued in accordance with the Prospectus, the risks associated with the investment, nor form the basis of an Expert's opinion with respect to a valuation of the Company or a valuation of the Share issue price of 20 cents per share to the public.

Bentleys has not been requested to consider the prospects for Dempsey Minerals nor the merits and risks associated with becoming a shareholder and accordingly, has not done so, nor purports to do so. Bentleys accordingly takes no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this report. Risk factors are set out in Section 4 of the Prospectus.

# INVESTIGATING ACCOUNTANT'S REPORT

## BACKGROUND

Dempsey Minerals was formed as a public company limited by shares on 22 February 2011.

From the date of incorporation to 17 March 2011 9,750,001 ordinary fully paid shares have been issued as follows:

- 1 ordinary shares were issued on incorporation at \$1 per share totalling \$1;
- 6,750,000 promoter shares were issued at \$0.001 per share totalling \$6,750
- 3,000,000 seed shares were issued at \$0.10 per share totalling \$300,000

Subsequent to 17 March 2011 the following shares were issued;

- 6,250,000 contingent entitlement shares were issued on 1 April 2011 for nil consideration and are held in trust (refer to subsequent events paragraph following)

On 17 March 2011, Dempsey entered into a Farm-in Agreement with Clinton Dean Hood ("Hood Agreement"). Under the terms of the Hood Agreement, Dempsey has the right to earn-in to an initial 75% interest in the Cooljarloo Heavy Mineral Sands ("HMS") Project comprising Exploration Licence E70/3065, subject to satisfying conditions as detailed in paragraph 8.2.1 of prospectus. Dempsey paid Clinton Dean Hood a non-refundable option fee of \$5,000 (inclusive of GST) for the sole and exclusive right to earn-into the Cooljarloo Project. The Hood Agreement is also conditional upon the receipt of any necessary approval by the Minister under the Mining Act within 180 days of execution of the Hood Agreement.

On 17 March 2011, Dempsey entered into a Farm-in Agreement with Kimba Resources Pty Ltd ("Kimba Agreement"). Under the terms of the Kimba Agreement, Dempsey has the right to earn-in to an initial 20% interest in the Dandaragan Phosphate Project ("Dandaragan Project") comprising Exploration Licence E70/3741, subject to satisfying conditions as detailed in paragraph 8.2.2 of prospectus. Dempsey paid Kimba a non-refundable option fee of \$5,000 (inclusive of GST). The Kimba Agreement is also conditional upon the receipt of any necessary approval by the Minister under the Mining Act within 180 days of execution of the Kimba Agreement.

Since incorporation, the only other activities undertaken by the Company have been the preparation for the proposed ASX listing of Dempsey Minerals. Refer to Section 8 of the Prospectus for further details of the nature of these agreements.

## SCOPE OF REPORT

Bentleys has been requested to:

(a) report whether anything has come to our attention which would cause us to believe that the historical financial information disclosed in the appendices to this report is not fairly presented in accordance with the recognition and measurement requirements (but not the disclosure requirements) of Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by Dempsey Minerals, and

(b) report whether anything has come to our attention which would cause us to believe that the pro forma financial information disclosed in the appendices to this report is not presented fairly in accordance with the basis of preparation and assumptions set out therein and with the recognition and measurement requirements (but not the disclosure requirements) of Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by Dempsey Minerals.

Dempsey Minerals has prepared, and is responsible for, the historical and pro forma financial information included in the appendices to this report.

## SCOPE OF REVIEW

Bentleys has not audited the financial statements of Dempsey Minerals as at 17 March 2011. We have conducted our review of the historical financial information in accordance with Australian Auditing Standard ASRE 2405 "Review of Historical Financial Information Other Than a Financial Report". We made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances, including:

- (i) enquiry of directors, management and others;
- (ii) analytical procedures on the historical information;
- (iii) a review of work papers, accounting records and other documents; and
- (iv) comparison of consistency in application of the recognition and measurement requirements (but not the disclosure requirements) of Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by Dempsey Minerals.

The review procedures were substantially less in scope than an audit examination conducted in accordance with Australian Auditing Standards.

Having regard to the nature of the review, which provides less assurance than an audit, and to the nature of the historical and pro forma financial information, this report does not express an audit opinion on the historical and pro forma financial information included in the appendices to this report.

## VALUATION OF EXPLORATION INTERESTS

The principal assets of Dempsey Minerals will be its exploration interests.

The assets have been included at cost in the pro forma Statement of Financial Position. We have not performed our own valuation of the exploration interests. We are unable to form a view on whether the carrying values of the interests are fairly stated.

## OPINIONS

- (a) Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the historical financial information, as set out in the appendices of this report is not presented fairly in accordance with the recognition and measurement requirements (but not the disclosure requirements) of Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by Dempsey Minerals.

- (b) Pro Forma Financial Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the pro forma financial information, as set out in the appendices of this report is not presented fairly in accordance with the basis of preparation in the appendices and assumptions set out therein and with the recognition and measurement requirements (but not the disclosure requirements) of Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by Dempsey Minerals.

# INVESTIGATING ACCOUNTANT'S REPORT

## SUBSEQUENT EVENTS

On 1 April 2011, 6,250,000 contingent entitlement shares were issued at nil consideration and are held by the Contingent Entitlement Share Trustee. Eligible Beneficiaries will be entitled to participate in a pool of Entitlement Shares on the contingent entitlement date. It is expected that the contingent entitlement date will be 24 months from the date of listing of Dempsey securities on the ASX. Further details regarding the Contingent Entitlement share trust deed are outlined in Section 8.2.3 of the Prospectus.

To the best of Bentleys' knowledge and belief, there have been no other material items, transactions or events subsequent to 17 March 2011 not otherwise disclosed in this report or its appendices that have come to our attention during the course of our review which would cause the information included in this report to be misleading or deceptive.

## INDEPENDENCE

Bentleys does not have any interest in the outcome of the listing of the shares, other than in connection with the preparation of this report for which normal professional fees will be received. Bentleys were not involved in the preparation of any part of the Prospectus, and accordingly, make no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Prospectus. Bentleys consents to the inclusion of this report in the Prospectus in the form and content in which it is included. At the date of this report, this consent has not been withdrawn.

Yours faithfully



**BENTLEYS**  
Chartered Accountants



**RANKO MATIĆ**  
Director

# INVESTIGATING ACCOUNTANT'S REPORT

## APPENDIX 1 – HISTORICAL AND PRO-FORMA FINANCIAL INFORMATION

### STATEMENT OF COMPREHENSIVE INCOME

|                                                         |      | Reviewed<br>Actual for the<br>Period 22 February<br>2011 to 17 March<br>2011<br>\$ | Reviewed<br>Pro forma for the<br>Period 22 February<br>2011 to 17 March<br>2011<br>\$ |
|---------------------------------------------------------|------|------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
|                                                         | Note |                                                                                    |                                                                                       |
| Income                                                  |      | -                                                                                  | -                                                                                     |
| Share based payment expense                             |      | -                                                                                  | -                                                                                     |
| Other expenses                                          |      | -                                                                                  | -                                                                                     |
| <b>Income/ (Loss) before income tax</b>                 |      | -                                                                                  | -                                                                                     |
| Income tax expense                                      |      | -                                                                                  | -                                                                                     |
| <b>Income/ (Loss) after income tax</b>                  |      | -                                                                                  | -                                                                                     |
| <b>Other comprehensive income</b>                       |      | -                                                                                  | -                                                                                     |
| <b>Total Comprehensive Income/(Loss) for the period</b> |      | -                                                                                  | -                                                                                     |

# INVESTIGATING ACCOUNTANT'S REPORT

## STATEMENT OF FINANCIAL POSITION

|                                  | Note | Reviewed<br>Actual as at<br>17 March 2011<br>\$ | Reviewed<br>Pro forma as at<br>17 March 2011<br>\$ |
|----------------------------------|------|-------------------------------------------------|----------------------------------------------------|
| <b>CURRENT ASSETS</b>            |      |                                                 |                                                    |
| Cash and cash equivalents        | 3    | 296,750                                         | 2,345,068                                          |
| Other assets                     | 4    | 909                                             | 48,066                                             |
| <b>TOTAL CURRENT ASSETS</b>      |      | <b>297,659</b>                                  | <b>2,393,134</b>                                   |
| <b>NON CURRENT ASSETS</b>        |      |                                                 |                                                    |
| Exploration expenditure          | 5    | 9,091                                           | 310,165                                            |
| <b>TOTAL NON CURRENT ASSETS</b>  |      | <b>9,091</b>                                    | <b>310,165</b>                                     |
| <b>TOTAL ASSETS</b>              |      | <b>306,750</b>                                  | <b>2,703,299</b>                                   |
| <b>CURRENT LIABILITIES</b>       |      |                                                 |                                                    |
| Trade and other payables         |      | -                                               | -                                                  |
| <b>TOTAL CURRENT LIABILITIES</b> |      | <b>-</b>                                        | <b>-</b>                                           |
| <b>TOTAL LIABILITIES</b>         |      | <b>-</b>                                        | <b>-</b>                                           |
| <b>NET ASSETS</b>                |      | <b>306,750</b>                                  | <b>2,703,299</b>                                   |
| <b>EQUITY</b>                    |      |                                                 |                                                    |
| Issued capital                   | 6    | 306,750                                         | 2,703,299                                          |
| Accumulated losses               |      | -                                               | -                                                  |
| <b>TOTAL EQUITY</b>              |      | <b>306,750</b>                                  | <b>2,703,299</b>                                   |

## APPENDIX 2 – NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 1. Summary of significant accounting policies

#### (a) Basis of Accounting

The financial statements have been prepared in accordance with the measurement and recognition (but not the disclosure) requirements of Australian Accounting Standards, Australian Accounting Interpretations and the Corporations Act 2001.

The financial statements have been prepared on an accruals basis, are based on historical cost and except where stated do not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The preparation of the Statement of Comprehensive Income and Statement of Financial Position requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Statement of Comprehensive Income and Statement of Financial Position are disclosed where appropriate.

The financial information has been prepared on the basis of a going concern which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Statement of Comprehensive Income for the period 22 February to 17 March 2011 and the Statement of Financial Position as at 17 March 2011 are in accordance with the Company's reviewed financial position at that date. The pro forma Statement of Comprehensive Income for the period ended 17 March 2011 and the pro forma Statement of Financial Position as at 17 March 2011 represents the reviewed financial result and position and adjusted for the transactions discussed in Note 2 to this report. The Statement of Comprehensive Income and Statement of Financial Position should be read in conjunction with the notes set out in this report.

#### (b) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

#### (c) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST).

## **(d) Income Tax**

The income tax expense for the period comprises current income tax expense and deferred tax expense.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities are measured at the amounts expected to be paid to the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well unused tax losses.

Current and deferred income tax expense is charged directly to equity instead of the Statement of Comprehensive Income when the tax relates to items that are credited directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

## **(e) Impairment of Assets**

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

## **(f) Exploration and Evaluation Expenditure**

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

# INVESTIGATING ACCOUNTANT'S REPORT

## (g) Trade Creditors

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

## (h) Issued Capital

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of income tax benefit and GST, from the proceeds.

## (i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables in the statement of financial position are shown inclusive of GST.

## 2. Actual and Proposed Transactions to Arrive at the Pro-Forma Financial Information

The pro-forma financial information has been included for illustrative purposes to reflect the position of Dempsey Minerals on the assumption that the following transactions had occurred as at 17 March 2011:

- The issue of 12,500,000 ordinary shares at 20 cents each pursuant to the Prospectus (at minimum subscription) to raise a gross \$2,500,000.
- The payment of expenses of the public issue totalling an estimated \$321,517 inclusive of GST where \$303,452 is expensed against equity with \$18,065 being recognised as GST receivable;
- The purchase of exploration interest through the payment of \$110,165 inclusive of GST where consideration of \$90,909 and stamp duty \$10,165 is recognised as cost of an asset and \$9,091 being recognised as GST receivable;
- The purchase or exploration interests through the issue of 1,000,000 shares at 20 cents totalling \$200,000 plus \$20,000 GST on issue of shares;

|                                                                                          |      | Reviewed<br>Actual as at<br>17 March 2011<br>\$ | Reviewed<br>Pro forma as at<br>17 March 2011<br>\$ |
|------------------------------------------------------------------------------------------|------|-------------------------------------------------|----------------------------------------------------|
|                                                                                          | Note |                                                 |                                                    |
| 3. Cash and cash equivalents                                                             |      |                                                 |                                                    |
| Cash at Bank 17 March 2011                                                               |      | 296,750                                         | 296,750                                            |
| Issue of 12,500,000 ordinary shares pursuant to the Prospectus (at minimum subscription) | 2(a) | -                                               | 2,500,000                                          |
| Prospectus issue costs                                                                   | 2(b) | -                                               | (321,517)                                          |
| Purchase of exploration interest – cash consideration                                    | 2(c) | -                                               | (110,165)                                          |
| Payment of GST on – on purchase of exploration interest – equity consideration           | 2(d) | -                                               | (20,000)                                           |
|                                                                                          |      | 296,760                                         | 2,345,068                                          |

# INVESTIGATING ACCOUNTANT'S REPORT

|                                                                                                |      | Reviewed<br>Actual as at<br>17 March 2011<br>\$ | Reviewed<br>Pro forma as at<br>17 March 2011<br>\$ |
|------------------------------------------------------------------------------------------------|------|-------------------------------------------------|----------------------------------------------------|
|                                                                                                | Note |                                                 |                                                    |
| <b>4. Other Assets</b>                                                                         |      |                                                 |                                                    |
| Other receivable on 17 March 2011                                                              |      | 909                                             | 909                                                |
| GST receivable on prospectus issue costs                                                       | 2(b) | -                                               | 18,066                                             |
| GST receivable on capital expenditure:<br>purchase of exploration interest                     | 2(d) | -                                               | 29,091                                             |
|                                                                                                |      | 909                                             | 48,066                                             |
| <b>5. Exploration expenditure</b>                                                              |      |                                                 |                                                    |
| Exploration expenditure at cost on<br>17 March 2011                                            |      | 9,091                                           | 9,091                                              |
| Purchase of exploration interest<br>– cash consideration                                       | 2(c) | -                                               | 90,909                                             |
| Purchase of exploration interest<br>– shares issue                                             | 2(d) | -                                               | 200,000                                            |
| Stamp duty on exploration<br>interest acquired                                                 | 2(e) | -                                               | 10,165                                             |
|                                                                                                |      | 9,091                                           | 310,165                                            |
| <b>6. Issued capital</b>                                                                       |      |                                                 |                                                    |
| 1 ordinary shares issued on<br>incorporation at \$1 per share                                  |      | 1                                               | 1                                                  |
| 6,750,000 shares issued at<br>\$0.001 per share                                                |      | 6,750                                           | 6,750                                              |
| 3,000,000 shares issued at<br>\$0.10 per share                                                 |      | 300,000                                         | 300,000                                            |
| Issue of 12,500,000 ordinary shares<br>pursuant to the Prospectus<br>(at minimum subscription) | 2(a) | -                                               | 2,500,000                                          |
| Issue of 1,000,000 ordinary shares<br>for purchase of exploration interest                     | 2(d) | -                                               | 200,000                                            |
| Prospectus issue costs                                                                         | 2(b) | -                                               | (303,452)                                          |
|                                                                                                |      | 306,751                                         | 2,703,299                                          |

## 7. Related Parties

Refer to Section 8 of the Prospectus for details of related party transactions and shareholdings.

## **8. Commitments**

### **(a) Exploration**

The Company will have minimum obligations pursuant to the terms and conditions of the exploration licences in the forthcoming year of \$143,000 for exploration commitments and \$17,319 for rental commitments. These obligations are capable of being varied from time to time, in order to maintain current rights of tenure to mining tenements.

### **(b) Native Title**

The Company's mining tenements may be subject to native title applications in the future. At this stage it is not possible to quantify the impact (if any) that native title may have on the operations of the Company.

## **9. Contingent Assets and Liabilities**

At the date of the report no material commitments or contingent liabilities exist that we are aware of, other than those disclosed in this Prospectus.

## **10. Subsequent Events**

On 1 April 2011, 6,250,000 contingent entitlement shares were issued at nil consideration and are held by the Contingent Entitlement Share Trustee. Eligible Beneficiaries will be entitled to participate in a pool of Entitlement Shares on the contingent entitlement date. It is expected that the contingent entitlement date will be 24 months from the date of listing of Dempsey securities on the ASX. Further details regarding the Contingent Entitlement share trust deed are outlined in Section 8.2.3 of the Prospectus.

At the date of this report there have been no other material events subsequent to balance date that we are aware of, other than those disclosed in this Prospectus.

8 April 2011

The Directors  
Dempsey Minerals Limited  
Level 2/38 Richardson Street  
WEST PERTH WA 6005

Dear Sirs

**Solicitors' Report on Mining Tenements  
Dempsey Minerals Limited (ACN 149 349 646)**

This report has been prepared for inclusion in the prospectus to be issued by Dempsey Minerals Limited ("the Company") dated on or about 11 April 2011 to raise up to \$2,500,000 ("the Prospectus"). The offer in the Prospectus comprises the issue by the Company of up to 12,500,000 fully paid ordinary shares at \$0.20 each.

We have been requested to report on the mining tenement interests to which the Company is entitled to or has acquired rights ("the Tenements"). Details of these mining tenement interests are listed in the attached Schedule of Mining Tenements ("the Schedule") which, together with the notes to the Schedule ("the Notes") forms part of this report.

All of the Tenements are located in Western Australia and are identified in the Schedule.

**1. Searches**

We conducted searches of the Tenements listed in the Schedule in the registers maintained by the Western Australian Department of Mines and Petroleum ("the DMP") on 21 March 2011. We have also undertaken native title quick appraisal searches of the DMP's electronic register and cross checked those against the National Native Title Tribunal's ("NNTT") electronic register in relation to the Tenements as at 3 March 2011.

As a result of those searches and our perusal of the material contracts set out in the Summary of Material Contracts contained in section 8.2 of this Prospectus ("the Agreements"), we consider this report provides an accurate statement, as at the date of the respective searches, as to the status of the Tenements and the interests of the Company in those Tenements. We have assumed the information in the registers maintained by the DMP and NNTT is accurate. The references in the Schedule to the areas of the Tenements are taken from details shown on the DMP's and NNTT's electronic registers. No survey was conducted to verify the accuracy of Tenement areas.

We have further assumed that the various parties' seals and signatures on all the Agreements are authentic and that the Agreements are and were within the capacity and powers of those who executed them. We assume that all of the Agreements were validly authorised, executed and delivered by and are binding on the parties to them and comprise the entire agreements of the parties to each of them concerning their respective subject matters.

## 2. General Information About Mining Tenements

### 2.1 Western Australia

#### (a) *Exploration Licence ("EL")*

An EL remains in force for 5 years from the date of grant with the possibility of renewal by the Minister for Mines and Petroleum ("the Minister") in certain circumstances. An EL must not be granted in respect of an area which is greater than 70 blocks, unless otherwise designated by the Minister. The holder of an EL is required to expend certain amounts upon exploration activities during the term of the EL with failure to do this leading to possible forfeiture of the licence.

The holder of an EL has, subject to the Mining Act 1978 (WA) ("the Mining Act"), the right to apply for and to have granted a ML over the land the subject of the EL.

The Company has acquired an interest in E70/3065 and E70/3741. Further details of these ELs are set out in the Schedule and the Agreements.

#### (b) *Exploration Licence Application ("ELA")*

If an ELA is successful the Minister will grant an EL to the applicant. An ELA gives the applicant no title to land or any exclusive rights relating to the land the subject of the application. For there to be a valid grant the procedures outlined in section 5 and 6 below must have been followed. Once an EL has been granted it cannot be transferred during the first year of the term of the licence without the tenement holder obtaining ministerial consent.

The Company has not acquired an interest in any ELAs.

#### (c) *Mining Lease ("ML")*

A ML gives the holder the exclusive right to find, extract and dispose of any minerals on the land the subject of that ML.

The maximum area over which a ML may be granted must not exceed 10 square kilometres. A ML remains in force for a period of 21 years from the date of grant and the holder has an option to renew for another 21 years on expiry. Further renewals are possible under the Mining Act. The holder of a ML must obtain ministerial consent in order to assign, sublet or part with possession of the ML.

A ML may only be applied for in instances where the Director of Geological Survey of Western Australia is satisfied that significant mineralisation exists or where a mining proposal has been prepared. "Significant mineralisation" is defined in the Mining Act as a deposit of minerals where there is a reasonable prospect of those minerals being obtained by mining operations. A mining proposal is a document which sets out in detail the mining operations proposed to be carried out on the area of the application.

The Company has not acquired an interest in any MLs.

(d) *Prospecting Licence ("PL")*

A PL remains in force for 4 years and can be extended for a further 4 years. A PL entitles the holder to enter land for the purpose of prospecting for minerals.

Pursuant to the Mining Act the holder of a PL has a right to apply for and have granted a mining lease over any of the land the subject of the PL, subject to the Mining Act and the conditions of the licence. The holder must make an application for conversion prior to the expiry of the PL. If an application for a mining lease is made, this will have the effect of keeping the underlying PL alive beyond its expiry date until such time as the mining lease application is determined.

The Company has not acquired an interest in any PLs.

## 2.2 *Tenement Conditions and Forfeiture*

Mining tenements in Western Australia are granted subject to various standard conditions prescribed by the Mining Act including payment of annual rent, minimum expenditure requirements, reporting requirements, restoration and rehabilitation requirements and standard environmental conditions, as well as any conditions that may be imposed by the Minister in respect of a particular mining tenement (such as restrictions on mining or access to certain reserves).

A royalty represents a payment to the State for the right of use of the State's mineral resources. Generally a royalty is payable in Western Australia when a mineral is sold, disposed of or used. Rents are levied at different rates, and are payable annually on all exploration and mining tenements held.

If a tenement holder fails to comply with the terms and conditions of a tenement the Minister may impose a fine or order that the tenement be forfeited. In most cases an order for forfeiture can only be made where the breach is of sufficient gravity to justify forfeiture of the tenement. In certain cases, a third party can institute administrative proceedings under the Mining Act seeking forfeiture of the tenement.

In the case of failure to comply with the annual minimum expenditure requirement the tenement holder can apply to the DMP for an exemption from that expenditure requirement. In addition, a third party can object to an application for exemption for expenditure. If an exemption application is refused then it is open to the Warden or Minister (as applicable) to impose a fine or make an order of forfeiture.

Mining tenements in Western Australia are subject to statutory requirements of certain other Acts including the Environmental Protection Act 1986 (WA), Rights in Water and Irrigation Act 1914 (WA), Wildlife Conservation Act 1950 (WA), Contaminated Sites Act 2003 (WA) and Conservation and Land Management Act 1984 (WA), the full details of which are beyond the scope of this report.

We are advised by the Company that it is not aware of any outstanding material non-compliance issues with respect to the terms and conditions attaching to the Tenements or any of the legislation referred to above.

## 3. **Aboriginal Sites**

The Tenements are subject to the provisions of the Aboriginal and Torres Strait Islander Heritage Protection Act 1984 (Cth) (the "Commonwealth Heritage Act"). The Commonwealth Heritage Act contains provisions designed to preserve and protect from injury or desecration areas and objects which are of particular significance to Aboriginal people in accordance with Aboriginal tradition. An area or object is found to be desecrated if it is used or treated in a manner inconsistent with aboriginal tradition.

The Aboriginal Heritage Act 1972 (WA) ("WA Heritage Act") applies to all of the Tenements located in Western Australia and makes it an offence, inter alia, to alter or damage an Aboriginal site or object on or under an Aboriginal site. An Aboriginal site is defined to include any sacred, ritual or ceremonial site which is of importance and special significance to persons of Aboriginal descent.

There is no requirement or need for an Aboriginal site to be registered in any public manner or, indeed, to be in any way acknowledged as an Aboriginal site for it to qualify as an Aboriginal site for the purposes of the WA Heritage Act.

The Company must ensure that any interference with such sites is in strict conformity with the provisions of the Commonwealth Heritage Act and the WA Heritage Act.

#### **4. Native Title Legislation**

Judicial recognition of native title at common law occurred in *Mabo v Queensland (No 2)* ("Mabo"), a decision of the High Court of Australia on 3 June 1992. Generally native title rights to land will be recognised where:

- (a) the claimants can establish that they have maintained a continuous connection with the land in accordance with their traditional laws and customs since British settlement in 1788; and
- (b) the native title rights have not been lawfully extinguished.

The High Court held in *Mabo* that native title rights can be lawfully extinguished by certain government legislation and executive actions which are not inconsistent with native title. In order for extinguishment to be lawful the extinguishment must comply with the obligations imposed by the Racial Discrimination Act 1975 (Cth).

After *Mabo*, considerable uncertainties existed about the validity of proprietary rights in Australia, including mining tenements. To address those uncertainties the Commonwealth Parliament responded by passing the Native Title Act 1993 (Cth) ("NTA"). The NTA commenced on January 1994 and was substantially amended in 1998 in response to the decision of the High Court in *Wik v Queensland*. The *Wik* case recognised that the granting of a pastoral lease did not necessarily extinguish all native title rights, some of which could co-exist with the rights under a pastoral lease. In summary the NTA:

- (a) provides for recognition and protection of native title;
- (b) sets up mechanisms for determining claims for native title such as the "right to negotiate" which allows native title claimants to be consulted in relation to certain mining and other developments;
- (c) validates certain "past acts" which would otherwise be invalidated because of native title;
- (d) establishes ways in which "future acts" (e.g. the granting of mining tenement applications and converting exploration licences and prospecting licences to mining leases) affecting native title may proceed and how native title rights are protected, including rights to compensation; and
- (e) provides a process by which claims for native title and compensation can be determined.

The Western Australian Parliament passed its own legislation, the Land (Title and Traditional Usage) Act 1993 ("WA Act") prior to the NTA. On 16 March 1995 the High Court found that the WA Act was invalid, which means that Western Australia must comply with the NTA.

The High Court decision of *Ward v Western Australia and South Australia* (2002) HCA 28 (8 August 2002) established that where tenure such as a pastoral lease is granted, native title is extinguished to the extent that it is inconsistent with the rights conferred by the pastoral lease.

## 5. Native Title Claims

Persons claiming to hold native title may lodge an application for determination of native title with the Federal Court. Once a native title claim has been lodged, the Court will refer the application to the Native Title Registrar. The Native Title Registrar must determine whether the claim meets certain conditions concerning the merits of the claim, and certain procedural and other requirements set out by the NTA.

If the Native Title Registrar is satisfied the lodged claim meets the registration requirements set out in the NTA ("Registration Test") it will be entered on the Register of Native Title Claims maintained by the NNTT. Claimants of registered claims are afforded certain procedural rights under the NTA including the "right to negotiate".

Claims which fail to meet the Registration Test are recorded on the NNTT's Schedule of Applications Received. Such claims may be entered on the Register at a later date if additional information is provided by the claimant that satisfies the Registration Test.

Existing pastoral leases on land the subject of the Tenements extinguish the right of native title claimants to control the land, restrict access to the land and require permission for acts to be done.

Where the Tenements relate to land which is currently the subject of a determined native title claim, the determination may provide that, in respect of the determination area there is no native title right or interest in minerals as defined by the Mining Act.

We have not undertaken the considerable historical, anthropological and ethnographic work that would be required to determine the likelihood that the native title determination may be challenged, or the possibility of any further claims being made in the future.

## 6. Validity of the Tenements

### (a) *Tenements granted since 23 December 1996*

Mining Tenements granted since 23 December 1996 which affect native title rights and interests will be valid provided that the future act procedures set out in paragraph (b) below were followed by the relevant parties. We have not been instructed to analyse whether or not the relevant NTA procedures were followed in relation to each Tenement, but are not aware of any reason why they would be regarded as not being validly granted.

All of the Tenements were granted after 23 December 1994.

### (b) *Future Tenement Grants*

The valid grant of any mining tenement which may affect native title requires full compliance with the provisions of the NTA in addition to compliance with the usual procedures under the relevant State or Territory mining legislation. The primary procedure prescribed under the NTA is the "right to negotiate" process.

The right to negotiate process involves the publishing or advertising of a notice of the proposed grant of a tenement followed by a 6 month period of negotiation between the State or Territory

Government, the tenement applicant and the relevant registered native title claimant. If agreement is not reached to enable the grant to occur, the matter may be referred to arbitration before the NNTT, which has a further 6 months to reach a decision. The decision of the NNTT may be reviewed by the relevant Federal Minister.

The right to negotiate process is not required to be followed in respect of a proposed future act in instances where the expedited procedure applies. Under the NTA, a future act is an act attracting the expedited procedure if the act is not likely to:

- (i) interfere with the carrying on of the community or social activities of the persons who are the holders of native title in relation to the land;
- (ii) interfere with areas or sites of particular significance, in accordance with their traditions, to the persons who are holders of the native title in relation to the land; and
- (iii) involve major disturbance to any land or waters concerned or create rights whose exercise is likely to involve major disturbance to any land.

When the proposed future act is considered to be one that attracts the expedited procedure, persons have until 3 months after the notification date to take steps to become a native title party in relation to the relevant act (for example the proposed granting of an exploration licence). The future act may be done unless, within 4 months after the notification day, a native title party lodges an objection with the NNTT against the inclusion of a statement that the proposed future act is an act attracting the expedited procedure.

If there are no objections lodged within the 4 month period, the act may be done. If one or more native title parties object to the statement, the NNTT must determine whether the act is an act attracting the expedited procedure. If the NNTT determines that it is, the Territory may do the future act (e.g. grant an exploration licence).

Further, the right to negotiate process does not have to be pursued in cases where an indigenous land use agreement ("ILUA") is negotiated with the relevant Aboriginal people and registered with the NNTT. In such cases, the procedures prescribed by the ILUA must be followed to obtain the valid grant of the tenement. These procedures will vary depending on the terms of the ILUA.

## **7. Renewals and Extensions of Tenements**

As with the granting of mining tenements, renewals and extensions of mining tenements granted prior to 1 January 1994, to the extent the renewals were invalid due to native title, have been validated by legislation.

Renewals of mining tenements granted between 1 January 1994 and 23 December 1996 have been similarly validated provided certain statutory criteria have been met.

Renewals made after 23 December 1996 of tenements validly granted before that date will not be subject to the right to negotiate process provided:

- (a) the area to which the earlier right is made is not extended;
- (b) the term of the new right is not longer than the term of the earlier right; and
- (c) the rights to be created are not greater than the rights conferred by the earlier grant.

# SOLICITOR'S REPORT ON TENEMENTS

There is doubt as to whether the right to negotiate process applies to second and subsequent renewals but this matter is yet to be determined by the Courts.

Other than as stated above, renewals of mining tenements are subject to the same right to negotiate process as is described in paragraph 6(b) above.

## 8. Compliance

The Company's interest in or rights in relation to the Tenements are subject to the holder continuing to comply with the respective terms and conditions of the Tenements under the provisions of the Mining Act and regulations made pursuant to that legislation, together with the conditions specifically applicable to any Tenement. The searches that we have carried out in relation to the Tenements do not reveal any outstanding non-compliance issues with respect to the Mining Act conditions for each of the granted Tenements.

## 9. Qualifications

While the status of the Tenements is dealt with in detail in the Schedule and the Notes we point out by way of summary, that:

- (a) we have assumed that all searches conducted on our behalf by the DMP and NNTT are complete and accurate as at the time the searches were conducted;
- (b) we have assumed that all information and advice, whether oral or written provided to us by the Company, its officers, employees, agents or representatives is accurate and complete;
- (c) in relation to each tenement application we express no opinion as to whether such tenement application will ultimately be granted, (including whether relevant Ministerial consent will be obtained) nor the conditions to which such tenement application may be granted or may not be granted subject to; and
- (d) in relation to the native title determination outlined in this report we do not express an opinion on the merits of such determination.

## 10. Consent

This report is given solely for the benefit of the Company and the Directors of the Company in connection with the issue of the Prospectus and is not to be relied on or disclosed to any other person or used for any other purpose or quoted or referred to in any public document or filed with any government body or other person without our prior consent.

Yours faithfully



**PRICE SIERAKOWSKI**

## Schedule of Mining Tenements

To be read in conjunction with the notes at the end of the Schedule.

| Status Tenement No. | Project Name | Registered Holder       | Shares Held % | State | Application Date | Grant Date | Expiry Date | Area                 | Annual Expenditure commitments | Next Annual Rent | Registered Dealings on Tenement | Conditions on Tenement    | Native Title           |
|---------------------|--------------|-------------------------|---------------|-------|------------------|------------|-------------|----------------------|--------------------------------|------------------|---------------------------------|---------------------------|------------------------|
| Live E70/3065       | Cooljarloo   | Clinton Dean Hood       | 100           | WA    | 12/10/06         | 16/07/09   | 15/07/14    | 43BL<br>(See note 1) | \$43,000                       | \$5,207.73       | Nil                             | See Note 2<br>Outstanding | See Native Title Notes |
| Live E70/3741       | Dandaragan   | Kimba Resources Pty Ltd | 100           | WA    | 13/11/09         | 23/2/11    | 22/2/16     | 100BL                | \$100,000                      | \$12,111.00      | Nil                             | See Note 3<br>Outstanding | See Native Title Notes |

# SOLICITOR'S REPORT ON TENEMENTS

## NOTES

1. The following land is not included in EL 70/3065:
  - (a) Mineral Lease 268SA.
  - (b) Exploration Licences 70/2345, 70/2346, 70/2459 and 70/2898.
  - (c) Mining Leases 70/696, 70/760, 70/1010, 70/1162 and 70/1163.
  - (d) Retention Licences 70/15 and 70/36.
2. The following endorsement is noted, amongst others, on the DMP's mining tenement register for EL 70/3065:
  - The grant of this licence does not include the land the subject of prior Exploration Licences 70/2345 and 70/2346. If the prior licence expires, is surrendered or forfeited that land may be included in this licence, subject to the provisions of the Third Schedule of the Mining Regulations 1981 titled "Transitional provisions relating to Geocentric Datum of Australia".

The following condition is noted, amongst others, on the DMP's mining tenement register for EL 70/3065:

  - The prior written consent of the Minister responsible for the Mining Act 1978 being obtained before commencing any exploration activities on Conservation of Flora and Fauna Reserve 40916, Conservation Park 41986, Conservation of Flora Reserve 26248, Recreation Camping and Conservation of Flora Reserve 27216, Water and Camping Reserve 12473, Trigonometrical Station Reserves 11906 and 11897 and Gravel Reserve 36618.
3. The following conditions are noted, amongst others, on the DMP's mining tenement register for EL 70/3741:
  - (a) In areas of native vegetation within the tenement, no exploration activities commencing until the licensee provides a plan of management to prevent the spread of dieback disease (*Phytophthora* sp) to the Director, Environment, DMP for assessment and until his written approval has been received. All exploration activities shall then comply with the commitments made in the management plan.
  - (b) The prior written consent of the Minister responsible for the Mining Act 1978 being obtained before commencing any exploration activities on Dandaragan Townsite, Water Reserve 11712, Water Supply Reserve 36020 and Trigonometrical Station Reserve 11827.

## NATIVE TITLE NOTES

Tenements E70/3065 and E70/3741 are affected by the following native title claims:

1.     **Application Name:** Vera Warrell and Others (Yued)  
          **Tribunal Number:** WC97/71  
          **Federal Court Number:** WAD 6192/98  
          **Date Registered:** 22/8/1997  
          **Claim Status:** Registered  
          **Current Status:** Active  
          **Notification Status:** Complete  
          **In Mediation:** No
  
2.     **Application Name:** Anthony Bennell & Ors v State of Western Australia (single Noongar Claim (Area 1))  
          **Tribunal Number:** WC 03/6  
          **Federal Court Number:** WAD 6006/03  
          **Date Registered:** 6/10/2003  
          **Claim Status:** Not Accepted for Registration  
          **Current Status:** In Mediation  
          **Notification Status:** Complete  
          **In Mediation:** Yes

## **8.1 RIGHTS ATTACHING TO FULLY PAID ORDINARY SHARES**

Full details of the rights attaching to the Shares are set out in Dempsey's constitution, a copy of which can be inspected, free of charge, at Dempsey's registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

All Shares issued pursuant to this Prospectus will from the time they are issued, rank *pari passu* with all the Company's existing Shares.

### **8.1.1 Voting Rights**

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at meetings of Shareholders of Dempsey:

- a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share.

### **8.1.2 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 Dempsey all assets that may be legally distributed among Shareholders will be distributed in proportion to the number of fully paid Shares held by them.

### **8.1.3 Transfer of Shares**

Subject to the constitution of the Company, the Corporations Act 2001, and any other laws and ASTC Settlement Operating Rules and the Listing Rules, Shares are freely transferable.

### **8.1.4 Future Increases in Capital**

The allotment and issue of any Shares is under the control of the Directors. Subject to restrictions on the allotment of Shares to Directors or their associates, the Listing Rules, the constitution of the Company and the Corporations Act 2001, the Directors may allot or otherwise dispose of Shares on such terms and conditions as they see fit.

### **8.1.5 Variation of Rights**

Under the Corporations Act 2001, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of the issue of the shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

### **8.1.6 Dividend Rights**

Subject to the rights of holders of shares issued with special, preferential or qualified rights (at present there are none), the profits of Dempsey which the Directors determine to distribute by way of dividend are divisible among the holders of ordinary Shares in proportion to the number of Shares held by them.

## **8.2 SUMMARY OF MATERIAL CONTRACTS**

### **8.2.1 Farm-in Agreement – Cooljarloo Project**

On 17 March 2011, Dempsey entered into a Farm-in Agreement with Hood (Hood Agreement). Under the terms of the Hood Agreement, Dempsey has the right to earn-in to an initial 75% interest in the Cooljarloo Project located approximately 150km north of Perth.

Dempsey paid Hood a non-refundable option fee of \$5,000 (inclusive of GST) for the sole and exclusive right to earn-into the Cooljarloo Project. Hood will grant Dempsey a 75% participating interest in the Cooljarloo Project upon Dempsey satisfying the following conditions:

- a) completing 2,000 metres of drilling;

- b) paying Hood \$75,000 (inclusive of GST) in immediately available funds; and
- c) providing Hood with 750,000 Shares at a deemed issued price of \$0.20 per Share (plus GST of \$15,000 in immediately available funds).

The Hood Agreement is conditional upon the receipt of any necessary approval by the Minister under the Mining Act within 180 days of execution of the Hood Agreement.

Following the completion of the initial farm-in of a 75% interest in the Cooljarloo Project, Hood can elect to contribute on a pro-rata basis his 25% share of further exploration, or elect to dilute. Standard dilution clauses apply once the initial 75% interest is obtained, except where Hood dilutes to less than a 10% interest in which case, Hood is deemed to dilute to royalty payment based on 2% of the Net Smelter Return from the Cooljarloo Project.

The Hood Agreement contains additional provisions, including warranties and indemnities in favour of Dempsey considered standard in an agreement of this type.

## 8.2.2 Farm-in Agreement – Dandaragan Project

On 17 March 2011, Dempsey entered into a Farm-in Agreement with Kimba (Kimba Agreement) an entity associated with Nathan McMahon. Under the terms of the Kimba Agreement, Dempsey has the right to earn-in to an initial 20% interest in the Dandaragan Project located approximately 150km north of Perth centred on the town of Dandaragan.

Dempsey has paid Kimba a non-refundable option fee of \$5,000 (inclusive of GST). Kimba will grant Dempsey the sole and exclusive right to earn-in to a 20% participating interest in the Dandaragan Project upon Dempsey satisfying the following conditions:

- a) completing 2,000 metres of drilling;
- b) paying Kimba \$25,000 (inclusive of GST) in immediately available funds; and
- c) providing Kimba with 250,000 Shares at a deemed issued price of \$0.20 per Share (plus GST of \$5,000 in immediately available funds).

The Kimba Agreement is conditional upon the receipt of any necessary approval by the Minister under the Mining Act within 180 days of execution of the Kimba Agreement.

Upon Dempsey having earned a 20% interest in the Dandaragan Project, it has the right to acquire a further

31% interest in the Dandaragan Project for an amount agreed upon by the parties following an independent valuation. Within 30 days of Dempsey notifying Kimba of its election whether to acquire a further 31%, Kimba can elect to contribute on a pro-rata basis its 80% or 49% share of further exploration (as the case may be), or elect to dilute. Standard dilution clauses apply except where Kimba dilutes to less than a 10% interest in which case, Kimba is deemed to dilute to a royalty payment based on 2% of the Net Smelter Return from the Dandaragan Project.

In the event that Dempsey has earned a 20% interest in the Dandaragan Project and Dempsey elects not to acquire the further 31% interest, Dempsey must complete a Bankable Feasibility Study (BFS) on the Dandaragan Project within three years of having earned the initial 20% interest. The BFS will be sole funded by Dempsey and on completion of the BFS, and payment to Kimba of the full amount Kimba has expended on the Dandaragan Project, Dempsey shall be entitled to an additional 55% interest for a total of a 75% interest in the Dandaragan Project.

The Kimba Agreement contains additional provisions, including warranties and indemnities in favour of Dempsey considered standard in an agreement of this type.

## 8.2.3 Contingent Entitlement share trust deed – Barclay Wells Limited

The Contingent Entitlement Trustee has entered into a declaration of trust under which it declares that it holds the Contingent Entitlement Shares on trust for certain shareholders of the Company ("Eligible Beneficiaries"). Eligible Beneficiaries are those Shareholders who hold at least 10,000 shares in the Company as at the Listing Date and who hold at least one share in the Company on the first Business Day following the date that all shares in respect of which the ASX imposes restrictions as a condition to the listing of the Company cease to be restricted Shares. The Contingent Entitlement Trustee will distribute the Contingent Entitlement Shares to each of the Eligible Beneficiaries on a pro rata basis in accordance with the following formula:

$$A \times C = \frac{X}{B}$$

Where:

- A is the number of Shares in the Company held by an Eligible Beneficiary as at the Entitlement Date;
- B is the total number of Shares in the Company held by all of the Eligible Beneficiaries as at

- C the Entitlement Date;  
is the total number of Contingent Entitlement Shares; and
- X is the amount of Contingent Entitlement Shares which the Eligible Beneficiary is entitled to receive on the Entitlement Date.

## 8.3 INTERESTS OF DIRECTORS OF THE COMPANY

Except as disclosed in this Prospectus, no Director holds, or during the last two years has held, any interest in:

- a) the formation or promotion of Dempsey;
- b) property acquired or proposed to be acquired by Dempsey in connection with its formation or promotion of the Offer; or
- c) the Offer,

and no amounts of any kind (whether in cash, Shares or otherwise) have been paid or agreed to be paid to any Director to induce him to become or to qualify as a Director or otherwise for services rendered by him in connection with the formation or promotion of Dempsey or the Offer.

### 8.3.1 Director's Interest in Vendors

The Company has entered into a Farm-in Agreement with Kimba for the right to earn-in to an initial 20% interest and up to a 75% interest in the Dandaragan Project as described further at Section 8.2.2. Mr McMahon, who is a director of Dempsey is also a director and shareholder of Kimba.

### 8.3.2 Directors' Shareholdings

The Directors are not required to hold any Shares in Dempsey under the constitution of Dempsey.

At the date of this Prospectus the relevant interests of each of the Directors in the Shares of the Company are as follows:

| Director                      | Number of Shares |
|-------------------------------|------------------|
| Nathan McMahon <sup>(a)</sup> | 1,850,001        |
| Chris Chalwell <sup>(b)</sup> | 350,000          |
| Lisa Wynne <sup>(c)</sup>     | 100,000          |

Notes:

- (a) Shares are held directly and by Kingsreef Pty Ltd (a company in which Mr McMahon has a relevant interest);

- (b) Shares are held directly;
- (c) Shares are held by Talatha Pty Ltd (a company in which Ms Wynne has a relevant interest).

Nothing in this Prospectus will be taken to preclude Directors, officers or employees of Dempsey from applying for Shares under this Prospectus.

### 8.3.3 Directors' Remuneration

#### Non-Executive Letter of Engagements

Dempsey has entered into non-executive letters of engagement with non-executive directors', Mr McMahon, Mr Chalwell and Ms Wynne for fees to be paid by Dempsey upon admission to the Official List, as follows:

- a) Mr McMahon will receive director's fees of \$30,000 per annum (exclusive of superannuation);
- b) Mr Chalwell will receive director's fees of \$30,000 per annum (exclusive of superannuation); and
- c) Ms Wynne will receive director's fees of \$30,000 per annum (exclusive of superannuation).

#### Other Interests

The Company has entered into deeds of indemnity, insurance and access with each of the Directors under which the Company agrees to indemnify the Directors against certain liabilities incurred by the Directors while acting as Director of the Company, to use its best endeavours to insure the Directors against certain risks to which the Directors are exposed to as a Director of the Company and to grant to the Director a right of access to certain records of the Company for a period up to seven years after the Director ceases to be a Director of the Company.

## 8.4 INTERESTS OF PERSONS NAMED

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 has, or has had within the two years before lodgement of this Prospectus with the ASIC, any interest in:

- a) the formation or promotion of Dempsey;
- b) any property acquired or proposed to be acquired by Dempsey in connection with its formation or promotion or in connection with the Offer; or

c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services rendered by them in connection with the formation or promotion of the Company or the Offer.

Bentleys will receive professional fees of approximately \$7,500 for accounting services in connection with this Prospectus including the provision of the Investigating Accountant's Report.

Bentleys will act as auditors of the Company. The Company will pay for auditing or related services in the normal course of business.

Gregory Miles will receive professional fees of approximately \$15,000 for the provision of the Independent Geologist's Report.

Price Sierakowski will receive professional fees of approximately \$15,000 for the provision of the Solicitor's Report on the Tenements.

Advanced Share Registry Limited has been appointed as Dempsey's share registry and will be paid for these services on normal commercial terms.

Sila Consulting Pty Ltd will be paid professional fees of approximately \$25,000 for managing the work undertaken in connection with this Prospectus and will receive an ongoing fee based on commercial rates for the provision of company secretarial services. Dempsey's Director and Company Secretary, Ms Wynne is a Director of Sila Consulting Pty Ltd.

## 8.5 CONSENTS

Each of the parties referred to in this Section:

- does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based other than as specified in this Section; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of 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.

Each of the following persons have consented to being named in this Prospectus in the capacity as noted below and have not withdrawn their consent before lodgement of this Prospectus with the ASIC:

- Gregory Miles as Independent Geologist;
- Bentleys as Investigating Accountant and auditor of the Company;
- Price Sierakowski as Independent Solicitor;
- Advanced Share Registry Limited as share registrar;
- Barclay Wells as Contingent Entitlement Trustee; and
- Sila Consulting Pty Ltd as IPO manager for Dempsey.

There are a number of persons referred to elsewhere in this Prospectus who are not experts and who have not made statements included in this Prospectus nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in the Prospectus and did not authorise or cause the issue of the Prospectus.

## 8.6 EXPENSES OF THE OFFER

It is estimated that Dempsey will pay the following costs in connection with the preparation and issue of this Prospectus (amounts inclusive of GST):

|                    |           |
|--------------------|-----------|
| Broker Fees        | \$153,750 |
| Corporate Advisory | \$25,625  |
| Legal              | \$16,500  |
| Accounting         | \$8,250   |
| Geological Expert  | \$16,500  |
| ASIC and ASX Fees  | \$31,476  |
| Other expenses     | \$51,350  |
| Total              | \$303,451 |

## 8.7 TAXATION

The acquisition and disposal of Shares in Dempsey will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in Dempsey are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, Dempsey, its officers and each of their respective advisors accept no liability or responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

## 8.8 EXPOSURE PERIOD

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that this examination may result in the identification of deficiencies in the Prospectus and, in those circumstances, any Application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act 2001. Applications for Shares under this Prospectus will not be accepted by the Company until after the expiry of the Exposure Period. No preference will be conferred on persons who lodge Applications prior to the expiry of the Exposure Period.

## 8.9 LITIGATION

Other than as disclosed elsewhere in this Prospectus, the Company is not involved in any material litigation or arbitration proceedings, nor, so far as the Directors are aware, are any such proceedings pending or threatened against the Company.

## 8.10 ELECTRONIC PROSPECTUS

Pursuant to Class Order 00/044 the ASIC has exempted compliance with certain provisions of the Corporations Act 2001 to allow distribution of an electronic prospectus and 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.

If you have received this Prospectus as an electronic prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company at [admin@dempseyminerals.com.au](mailto:admin@dempseyminerals.com.au) and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both. Alternatively, you may obtain a copy of the Prospectus from the Company's website at: [www.dempseyminerals.com.au](http://www.dempseyminerals.com.au)

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application 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.

## 8.11 EMPLOYEE INCENTIVE PLAN

As an incentive to employees of Dempsey, the Company has adopted a scheme called the Dempsey Employee Incentive Plan (EIP). At the date of this Prospectus, no Incentives have been granted under this EIP.

The purpose of the EIP is to give employees, executive directors, executive officers and consultants of the Company an opportunity, in the form of Incentives, to subscribe for ordinary shares in the Company. The Directors consider the EIP will enable the Company to retain and attract skilled and experienced employees, board members and executive officers and provide them with the motivation to make the Company more successful.

The key features of the Dempsey EIP are set out below.

### Eligible persons

Full and part time employees (and their Associates) of any Dempsey group company (wherever they reside) will be eligible to be issued Incentives. However, there may be some further regulatory requirements for executive directors or employees residing outside Australia.

Upon receipt of such an Offer, the Eligible Person may nominate an associate acceptable to the Board to be issued with the Incentives.

### Terms of Incentives

There is no consideration payable by an employee upon grant or exercise of a Performance Right.

There is no issue price for Options and the exercise price of Options will be determined by the Board in its absolute discretion.

Shares issued on exercise of Incentives will rank equally with other ordinary shares of the Company.

Incentives may not be transferred without the approval of the Board. Quotation of Incentives on the Australian Stock Exchange ("ASX") will not be sought. However, in the event that the Company is listed on ASX, it will apply to ASX for official Quotation of Shares issued on the exercise of Incentives.

## Restrictions on Issues

The number of Incentives granted under the EIP will be decided by the Board from time to time. However, the applicable ASIC Class Order sets out that the Board may not offer Incentives under the EIP if the total number of shares which would be issued were each Incentive accepted, together with the number of shares in the same class or Incentives to acquire such shares issued pursuant to all employee or executive share schemes during the previous five years, exceeds 5% of the total number of issued shares in that class as at the date of the offer.

Incentives may only be issued or exercised within the limitations imposed by the Corporations Act and the ASX Listing Rules.

The Directors will not be able to participate in the EIP without Shareholder approval being first obtained in a general meeting of Shareholders.

## Vesting

The Board has the discretion at the time of the grant of an Incentive under the EIP to determine what (if any) vesting conditions need to be satisfied before the Incentives become capable of exercise.

## Vesting on change of control

Incentives that remain subject to a vesting condition immediately vest and may be exercised by the Participant in the event that a takeover bid is made for the Company, or another corporate transaction is pursued (such as a scheme of arrangement, selective capital return etc) which results in the bidder acquiring voting power of more than 50% of the Company.

The Board also has a general discretion to allow Incentives to immediately vest if the then Board determines, acting in good faith and consistent with its fiduciary duties, that a person has obtained voting power which is sufficient to control the composition of the Board.

Incentives will lapse on their expiry date.

## Vesting in other circumstances

The Board may permit a participant to exercise or transfer the Incentives in other limited situations, such as where a resolution is passed approving the disposal of Dempsey's main undertaking or on a winding up of Dempsey.

## Expiry Date

The Board may set out in an invitation to participate in the EIP the date and times when any Incentives lapse. The expiry date will be no later than 7 years after the date of grant.

## Cessation of Employment

Treatment of Incentives on cessation of employment shall be as follows:

| Cause                                                                                             | Unvested                                                                                           | Vested Incentives                                                                   |
|---------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Termination for cause (eg. fraud, dishonesty or material breach)                                  | Immediately lapse                                                                                  | Expires 30 days after cessation of employment or longer period allowed by the Board |
| Termination for Death                                                                             | Immediately lapse unless Board determines otherwise                                                | Expire at Expiry Date                                                               |
| Termination for ill health                                                                        | Immediately lapse unless Board determines otherwise                                                | Expire at Expiry Date                                                               |
| Termination by consent (eg resignation)                                                           | Immediately lapse unless Board determines otherwise                                                | Expires 30 days after cessation of employment or longer period allowed by the Board |
| Redundancy, constructive dismissal, retirement, other termination by Company not dealt with above | Vest automatically. Expire 30 days after cessation of employment or longer period allowed by Board | Expires 30 days after cessation of employment or longer period allowed by the Board |

## ADDITIONAL INFORMATION

### **Participation in Future Issues**

The holders of Incentives will only participate in new issues, including bonus issues, if they have exercised the Incentives at that time and provided such exercise is permitted by the terms of the Incentives.

If there is a bonus issue to shareholders, the number of shares over which the Incentives is exercisable may be increased by the number of Shares which the holder of the Incentives would have received if the Incentive had been exercised before the record date for the bonus issue.

In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying Shares in the Company, the exercise price of Options may be reduced in accordance with Listing Rule 6.22.

### **Capital Reconstruction**

In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of the Incentive holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.

**Agreements** means those agreements between the Vendors and the Company referred to at Section 8.2.1 and 8.2.2 of this Prospectus.

**Applicant** means a person who submits an Application.

**Application** means a valid application to subscribe for Shares.

**Application Form** means the application form attached to and forming part of this Prospectus.

**Application Monies** means monies received by Dempsey from Applicants.

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

**ASTC** means ASX Settlement and Transfer Corporation Pty Ltd ACN 008 504 532.

**ASX** means Australian Securities Exchange Limited ACN 008 624 691.

**ASX Settlement Operating Rules** means the settlement rules of the ASTC (formerly the ASTC Settlement Rules). Auditors means Bentleys.

**Bankable Feasibility Study** means a Definitive Feasibility Study that is prepared in such depth and detail as would be normally acceptable to lending institutions.

**BFS** means a Bankable Feasibility Study.

**Board** means the board of Directors of Dempsey unless the context indicates otherwise.

**Business Day** means a day other than a Saturday or Sunday on which banks are open for business in Perth, Western Australia.

**CHESS** means ASX Clearing House Electronic Subregistry System.

**Closing Date** means the date on which the Offer closes. Company means Dempsey Minerals Limited.

**Contingent Entitlement Shares** means 6,250,000 Shares held in trust by the Contingent Entitlement Trustee.

**Contingent Entitlement Trustee** means Barclay Wells Ltd <Nominee A/C>, the trustee holding the Contingent

Entitlement Shares for distribution to Eligible Beneficiaries.

**Cooljarloo Project** means the Cooljarloo Mineral Heavy Mineral Sands Project in which the Company has the right to earn-in to Exploration Licence E70/3065.

**Corporations Act 2001** means the Corporations Act 2001 of Australia.

**Dandaragan Project** means the Dandaragan Phosphate Project in which the Company has the right to earn-in to Exploration Licence E70/3741.

**Definitive Feasibility Study** means a study of all aspects of developing and operating a mine and the development of all associated infrastructure.

**Dempsey** means Dempsey Minerals Limited ABN 87 149 349 646.

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

**Dollars or \$** means Australian dollars unless otherwise stated.

**EIP** means the Dempsey Employee Incentive Plan outlined in Section 8.11 of this Prospectus.

**Eligible Beneficiaries** means a Dempsey Shareholder who holds at least 10,000 shares in Dempsey on the Listing Date and who also holds at least one share in Dempsey on the Entitlement Date.

**Entitlement Date** means the first Business Day following the date all Shares in respect of which the ASX imposes restrictions on a condition to the listing of Dempsey cease to be restricted Shares.

**Exploration Licence** has the same meaning which is given to that term in the Mining Act.

**Exposure Period** means the period of seven (7) days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than seven (7) days pursuant to Section 727(3) of the Corporations Act 2001.

**Farm-in Agreements** means those agreements between the Vendors and the Company referred to at Section 8.2.1 and 8.2.2 of this Prospectus.

# GLOSSARY

**Glossary** means this glossary.

**HMS** means heavy mineral sands.

**Hood** means Clinton Dean Hood.

**Hood Agreement** means the agreements between Clinton Dean Hood and the Company referred to at Section 8.2.1 of this Prospectus.

**Incentives** means Performance Rights and Options.

**Independent Geologist** means Gregory Miles.

**Independent Geologist's Report** means the report contained in Section 5 of this Prospectus.

**Independent Accountants** means Bentleys.

**Independent Solicitor** means Price Sierakowski.

**Investigating Accountant** means Bentleys.

**Investigating Accountant's Report** means the report contained in Section 6 of this Prospectus.

**Kimba** means Kimba Resources Pty Ltd ACN 106 123 951.

**Kimba Agreement** means the agreements between Kimba Resources Pty Ltd and the Company referred to at Section 8.2.2 of this Prospectus.

**Listing Date** means the date the Company's Shares are listed on ASX.

**Listing Rules** means Listing Rules of the ASX.

**Minimum Subscription** means the raising of \$2,500,000 by the issue of 12,500,000 Shares at \$0.20 each pursuant to this Prospectus.

**Mining Act** means the Mining Act of Western Australia 1978.

**Net Smelter Return** means the total amounts received from the sale of products produced from the relevant tenement(s) at the point of sale less all costs, and any penalties under the terms and conditions of a relevant sales agreement (but not including the costs of mining, milling, leaching or any other processing costs incurred in relation to the product).

**Offer** means the offer of up to 12,500,000 Shares pursuant to this Prospectus.

**Offer Period** means the period commencing on the Opening Date and ending on the Closing Date.

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

**Opening Date** means the date on which the Offer opens. Option means an option to acquire 1 Share.

**Performance Right** means an entitlement to one Share, subject to vesting and satisfaction of any performance conditions, granted in accordance with the EIP.

**Projects** means the Dandaragan Project and the Cooljarloo Project.

**Prospectus** means this prospectus dated 12th April 2011 for the issue of 12,500,000 Shares including any electronic or online version.

**Quotation** means quotation of the Shares on ASX.

**Related Party** has the meaning set out in the ASX Listing Rules.

**Share** means 1 fully paid ordinary share in Dempsey Minerals Limited.

**Shareholder** means a holder of Shares.

**Share Registrar** means Advanced Share Registry Limited.

**Solicitor's Report on the Tenements** means the report contained in Section 7 of this Prospectus.

**Tenements** means E70/3741 and E70/3065.

**Vendors** means Kimba and Hood.

**WST** means Western Standard Time, Perth, Western Australia.

# CONSENT BY THE DIRECTORS

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in this Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC, or to the Directors' knowledge, before any issue of Shares pursuant to this Prospectus.

Each of the Directors of Dempsey Minerals Limited has consented to the lodgement of this Prospectus in accordance with Section 720 of the Corporations Act 2001 and has not withdrawn that consent.

Dated the 13th April 2011.



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Signed for and on behalf of  
**DEMPSEY MINERALS LIMITED**  
By  
Nathan McMahon  
Chairman



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ABN 87 149 349 646

## APPLICATION FORM

Before completing this Application Form, you should read the Dempsey Minerals Prospectus dated 13 April 2011 and the instructions overleaf. No Shares will be issued pursuant to the Prospectus later than 13 months after the date of the Prospectus.

Broker/Dealer Stamp

Share Registrar Use Only

### PLEASE READ ALL INSTRUCTIONS ON THE REVERSE OF THIS FORM

|          |                                                                                                                                                                                                                                  |                                                                                                                                                                                                                             |
|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>A</b> | I/We apply for<br><input type="text"/>                                                                                                                                                                                           | Offer for Shares in DEMPSEY MINERALS LIMITED at an issue price of 20 cents per Share (minimum 10,000) or such lesser number of Shares which may be allocated to me/us by the Directors. Closing 5.00pm (WST) on 6 May 2011. |
| <b>B</b> | I/We lodge full Application Monies of<br>A\$ <input type="text"/>                                                                                                                                                                | (Cheques to be payable to "DEMPSEY MINERALS LIMITED - Application Funds")                                                                                                                                                   |
| <b>C</b> | Full name (Title, given name(s) and surname or company name)<br><input type="text"/><br><br>Joint applicant 2 <designated account><br><input type="text"/><br><br>Joint applicant 3 <designated account><br><input type="text"/> |                                                                                                                                                                                                                             |
| <b>D</b> | Postal Address (PLEASE PRINT)<br>Street Number      Street Name<br><input type="text"/><br><br>City/Suburb/Town<br><input type="text"/><br><br>State      Postcode<br><input type="text"/> <input type="text"/>                  |                                                                                                                                                                                                                             |
| <b>E</b> | Contact name<br><input type="text"/>                                                                                                                                                                                             | Home telephone number<br><input type="text"/>                                                                                                                                                                               |
| <b>F</b> | CHESS HIN (where applicable)<br><input type="text"/>                                                                                                                                                                             | Work telephone number<br><input type="text"/>                                                                                                                                                                               |
| <b>G</b> | Email address<br><input type="text"/>                                                                                                                                                                                            |                                                                                                                                                                                                                             |
| <b>G</b> | Tax file number or exemption<br><input type="text"/>                                                                                                                                                                             | Applicant #2<br><input type="text"/>                                                                                                                                                                                        |
| <b>G</b> |                                                                                                                                                                                                                                  | Applicant #3<br><input type="text"/>                                                                                                                                                                                        |

### CHEQUE DETAILS

Please enter details of the cheque(s) that accompany this application

|          |                      |                      |                      |
|----------|----------------------|----------------------|----------------------|
| <b>H</b> | Cheque Details       |                      |                      |
|          | Drawer               | Bank                 | BSB                  |
|          | <input type="text"/> | <input type="text"/> | <input type="text"/> |
|          | Drawer               | Bank                 | BSB                  |
|          | <input type="text"/> | <input type="text"/> | <input type="text"/> |

Cheques should be marked 'Not Negotiable' and make payable "DEMPSEY MINERALS LIMITED - Application Funds".

### Declaration and Statements:

By lodging this Application Form:

I/We declare that all details and statements made by me/us are complete and accurate;

I/We agree to be bound by the terms and conditions set out in the Prospectus and by the Constitution of the Company;

I/We acknowledge that the Company will send me/us a paper copy of the Prospectus free of charge if I/we request so during the currency of the Prospectus;

I/We authorise the Company to complete and execute any documentation necessary to effect the issue of Shares to me/us; and

I/We acknowledge that returning the Application Form with the application monies will constitute my/our offer to subscribe for Shares in Dempsey and that no notice of acceptance of the application will be provided.

TO MEET THE REQUIREMENTS OF THE CORPORATIONS ACT 2001, THIS APPLICATION FORM MUST NOT BE HANDED TO ANY PERSON UNLESS IT IS ATTACHED TO OR ACCOMPANIED BY THE PROSPECTUS DATED 13 APRIL 2011.



## HOW TO COMPLETE THE APPLICATION FORM

- A) Enter the NUMBER OF SHARES you wish to apply for. The application must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares.
- B) Enter the TOTAL AMOUNT of application money payable. To calculate the amount, multiply the number of Shares applied for by \$0.20.
- C) Enter the FULL NAME(S) of all legal entities that are to be recorded as the registered holder(s). Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected.
- D) Enter the POSTAL ADDRESS for all communications from the Company. Only one address can be recorded.
- E) Enter a CONTACT NAME and TELEPHONE NUMBER(S) of a person the share registry can speak to regarding any queries they may have on the Application.
- F) The Company will become an Issuer Sponsored participant in the Australian Stock Exchange CHESS System. This enables a holder to receive a statement of their shareholdings from the Company's Share Registrar. If you are already a Broker Sponsored participant in this system, enter your Holder Identification Number (HIN). Otherwise, leave this box blank and your Shares will automatically be issued sponsored on allotment.
- G) Enter the TAX FILE NUMBER(S) of the Applicant(s). Collection of Tax File Numbers is authorised by taxation laws. Quotation of Tax File Number(s) is not compulsory and will not affect the Application.
- H) Enter the details of cheque(s) accompanying the Application Form in payment of application monies.

## DECLARATION AND STATEMENTS

Before completing the Application Form the Applicant(s) should read the Prospectus dated 13 April 2011. The Applicant(s) agree(s), upon and subject to the terms of the Prospectus, to take any number of Shares equal to or less than the number of Shares indicated on the Application Form that may be allotted to the Applicants pursuant to the Prospectus and declare(s) that all details of statements made are complete and accurate.

No notice of acceptance of the Application will be provided by the Company prior to the allotment of Shares. Applicants agree to be bound upon acceptance by the Company of the Application.

If your Application Form is not completed correctly, it may still be treated as valid. The Company's decision as to whether to treat your Application as valid, and how to construe, amend or complete it, shall be final.

There is no requirement to sign the Application Form.

## PAYMENT

Applications for Shares must be accompanied by the application money of \$0.20 per Share (in Australian currency). Cheques should be made payable to **"Dempsey Minerals Limited- Application Funds"** and crossed **'Not Negotiable'**.

## LODGING OF APPLICATIONS

Completed Application Forms and accompanying application monies must be:

Posted to:  
**DEMPSEY MINERALS LIMITED**  
C/- Advanced Share Registry Services  
PO Box 1156  
NEDLANDS WA 6909

OR

Delivered to:  
**DEMPSEY MINERALS LIMITED**  
C/- Advanced Share Registry Services  
150 Stirling Highway  
NEDLANDS WA 6009

Applications must be received by no later than **5.00pm WST on the Offer Closing Date, currently 6 May 2011** (unless varied by the Company).

## CORRECT FORM OF REGISTRABLE TITLE

Note that only legal entities are allowed to hold Shares. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Dempsey. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of the correct forms of registrable names below:

| TYPE OF INVESTOR                                                                                                                     | CORRECT FORM OF REGISTRABLE TITLE                            | INCORRECT FORM OF REGISTRABLE TITLE       |
|--------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|-------------------------------------------|
| Individual<br><i>Use given names, not initials</i>                                                                                   | Lisa Marie Smith                                             | L M Smith                                 |
| Company<br><i>Use Company title, not abbreviations</i>                                                                               | XYZ Pty Ltd                                                  | XYZ P/L<br>XYZ Co                         |
| Trusts<br><i>Use trustee(s) personal name(s),<br/>Do not use the name of the trust</i>                                               | Hayley Jones<br>◁Hayley Jones Family A/C▷                    | Hayley Jones Family Trust                 |
| Deceased Estates<br><i>Use executor(s) personal name(s)</i>                                                                          | Richard Jones<br>◁Est Richard Jones A/C▷                     | Estate of late Richard Jones              |
| Partnerships<br><i>Use partners' personal names,<br/>do not use the name of the partnership</i>                                      | Thomas Jones and Michael Jones<br>◁Thomas Jones and Son A/C▷ | Thomas Jones and Son                      |
| Clubs/Incorporated Bodies/Business Names<br><i>Use office bearer(s) personal name(s),<br/>Do not use the names of the clubs etc.</i> | David Jones<br>◁AAA Cricket Association A/C▷                 | AAA Cricket Association                   |
| Superannuation Funds<br><i>Use of name of trustee of fund, do not<br/>use the name of the fund.</i>                                  | Lisa Smith Pty Ltd<br>◁Super Fund A/C▷                       | Lisa Smith Pty Ltd<br>Superannuation Fund |





ABN 87 149 349 646

## APPLICATION FORM

Before completing this Application Form, you should read the Dempsey Minerals Prospectus dated 13 April 2011 and the instructions overleaf. No Shares will be issued pursuant to the Prospectus later than 13 months after the date of the Prospectus.

Broker/Dealer Stamp

Share Registrar Use Only

### PLEASE READ ALL INSTRUCTIONS ON THE REVERSE OF THIS FORM

|          |                                                                                                                                                                                                                                  |                                                                                                                                                                                                                             |
|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>A</b> | I/We apply for<br><input type="text"/>                                                                                                                                                                                           | Offer for Shares in DEMPSEY MINERALS LIMITED at an issue price of 20 cents per Share (minimum 10,000) or such lesser number of Shares which may be allocated to me/us by the Directors. Closing 5.00pm (WST) on 6 May 2011. |
| <b>B</b> | I/We lodge full Application Monies of<br>A\$ <input type="text"/>                                                                                                                                                                | (Cheques to be payable to "DEMPSEY MINERALS LIMITED - Application Funds")                                                                                                                                                   |
| <b>C</b> | Full name (Title, given name(s) and surname or company name)<br><input type="text"/><br><br>Joint applicant 2 <designated account><br><input type="text"/><br><br>Joint applicant 3 <designated account><br><input type="text"/> |                                                                                                                                                                                                                             |
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| Trusts<br><i>Use trustee(s) personal name(s),<br/>Do not use the name of the trust</i>                                               | Hayley Jones<br>◁Hayley Jones Family A/C▷                    | Hayley Jones Family Trust                 |
| Deceased Estates<br><i>Use executor(s) personal name(s)</i>                                                                          | Richard Jones<br>◁Est Richard Jones A/C▷                     | Estate of late Richard Jones              |
| Partnerships<br><i>Use partners' personal names,<br/>do not use the name of the partnership</i>                                      | Thomas Jones and Michael Jones<br>◁Thomas Jones and Son A/C▷ | Thomas Jones and Son                      |
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[www.dempseyminerals.com.au](http://www.dempseyminerals.com.au)



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Fax: +61 8 9322 6398

Email: [admin@dempseyminerals.com.au](mailto:admin@dempseyminerals.com.au)