DEMPSEY
MINERALS LTD
ACN 149 349 646

5 February 2016

Dear Option holder

Offer of Shares and Options under Non Renounceable Entitlement Offer

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

- one (1) fully paid ordinary share in the capital of the Company ("**New Share**") for every five (5) fully paid ordinary shares in the Company ("**Shares**") held by eligible holders of Shares ("**Shareholders**") registered at 5:00pm (WST) on 10 February 2016 ("**Record Date**") at a price of $0.07 per New Share, together with one (1) free attaching option (exercisable at $0.14 on or before 31 December 2018) ("**New Option**") for every one (1) New Share issued;
- one (1) New Option (exercisable at $0.14 on or before 31 December 2018) for every five (5) Shares held by eligible Shareholders at the Record Date at an issue price of $0.01 per New Option.

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

The Entitlement Offer will be made to all Shareholders whose registered addresses are in Australia or New Zealand and who are recorded as Shareholders as at 5:00pm (WST) on the Record Date.

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

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

The terms and conditions of the DMI options ("**Existing Options**") you currently hold do not entitle you to participate in the Entitlement Offer unless you exercise your Existing Options and are entered on DMI's register of Shareholders by **5.00 pm (WST) on the Record Date**.

To exercise all or a portion of your Existing Options and thereby participate in the Entitlement Offer, you should complete a Notice of Exercise of Options and lodge it with DMI, together with your payment for the exercise price of the Existing Options you wish to exercise. You do not need to exercise all of your Existing Options to become an eligible Shareholder.

To ensure that your shares are issued and registered by 5.00 pm (WST) on the Record Date, your Notice of Exercise of Options and together with your payment for the exercise of your Existing Options must be received by DMI no later than 8 February 2016.

If you do not wish to participate in the Entitlement Offer in respect of your Existing Options you do not need to take any action.

Before deciding whether to exercise any or all of your Existing Options, you should read the Prospectus in its entirety and consult with your professional adviser.

If you require further information, please contact the Company Secretary on +61-8 9322 6283.

Yours faithfully,
MIKE ROBBINS
COMPANY SECRETARY