



ABN 87 149 349 646

Financial Report
For The Half Year ended 31 December 2017

DIRECTORS

Nathan McMahon (Non-Executive Chairman)
Terry Gardiner (Non-Executive Director)
Chris Chalwell (Non-Executive Director)
Patrick Corr (Non-Executive Director)

AUDITORS

Bentleys Audit & Corporate (WA) Pty Ltd
London House
Level 3, 216 St Georges Terrace
PERTH WA 6000

COMPANY SECRETARY

Mike Robbins

SHARE REGISTRY

Advanced Share Registry Limited
110 Stirling Highway
Nedlands WA 6009

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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STOCK EXCHANGE LISTING

The Company is listed on the Australian
Securities Exchange Limited.
Home Exchange: Perth

ASX Code

DMI

Contents	Page
Directors' Report	3
Directors' Declaration	6
Auditor's Independence Declaration	7
Condensed Statement of Profit or Loss and Other Comprehensive Income	8
Condensed Statement of Financial Position	9
Condensed Statement of Cash Flows	10
Condensed Statement of Changes in Equity	11
Condensed Notes to the Financial Statements	12
Independent Auditor's Review Report	17

The Directors of Dempsey Minerals Limited ("Dempsey" or the "Company") present the financial report of the Company for the half year ended 31 December 2017. In order to comply with the provisions of the Corporations Act, the directors report as follows:

Directors

The names of Directors who held office during or since the end of the half year and until the date of this report are as follows.

Nathan McMahon	Non-Executive Director
Chris Chalwell	Non-Executive Director
Terry Gardiner	Non-Executive Director
Patrick Corr	Non-Executive Director (appointed 9 th October 2017)

The directors were in office for this entire period unless otherwise stated.

Mike Robbins holds the position of Company Secretary.

Results

The operating loss after income tax of the Company for the half year ended 31 December 2017 was \$631,054 (2016: \$158,307). The main reason for the larger than normal operating loss was the full impairment of the Petroz Ltd loan as at 31 December 2017.

Corporate Structure

Dempsey is a company limited by shares that is incorporated and domiciled in Australia. Its listed equity securities are quoted on the Australian Securities Exchange (ASX).

Review of Operations

Corporate

At the end of the 2017 calendar year, Dempsey had cash reserves of \$322,835.

As announced during the half year, the Company raised funds via the following small placements to investors:

- 6 September 2017 and 30 November 2017 - Issue of 2,000,000 fully paid ordinary shares plus a free attaching listed option (on a one for two basis) exercisable at \$0.14 on or before 31 December 2018 (total funds received \$100,000); and
- 9 October 2017 - Issue of 4,480,000 fully paid ordinary shares plus a free attaching listed option (on a one for two basis) exercisable at \$0.14 on or before 31 December 2018 (total funds received \$224,000); and
- 11 December 2017 - Issue of 2,040,000 fully paid ordinary shares plus a free attaching listed option (on a one for two basis) exercisable at \$0.14 on or before 31 December 2018 (total funds received \$102,000)

On 9 October 2017, the Company announced the appointment of Mr Patrick Corr to the Board. Mr Corr specialises in the laws regulating the companies and securities industries in Australia, with a particular focus on minerals and natural resources. He has extensive knowledge of the legal, regulatory and commercial requirements, as well as the practical considerations, involved in mineral and resource project transactions in international jurisdictions, particularly in Europe and Africa.

Operations

Alasehir Exploration Licence

As previously announced to the market on 4 September 2015 with subsequent updates on 22 December 2015 and 3 March 2016, Dempsey Minerals Limited ("Dempsey" or "the Company") entered into a conditional exclusive Option and Sale & Purchase Agreement ("Agreement") under which it had an option to acquire 100% of the issued capital of Petroz Limited ("Petroz") ("Option"). Petroz is an unlisted public Australian oil company, which holds a 75% interest in the onshore petroleum Licence 21A which hosts the discovered, but not yet developed, Alasehir & Sarikiz Oil Fields located in Western Turkey ("Licence").

The Company has re-negotiated an extension to the Option period to 31 December 2018.

Considering the social unrest in Turkey, the Company continues to retain a dialogue with the local regulatory authorities and our advisors whilst reducing expenditure to a bare minimum.

Greenbushes South – E70/4629 (100%)

The project comprises one Exploration Licence application (E70/4629) covering a total area of approximately 43 km². It is approximately 15kms to the south of the Greenbushes mine. The Greenbushes mine has been producing lithium from the Greenbushes Lithium Operations for over 25 years. It was established in 1983 and initially focussed on tantalum production but its primary product is lithium. The most recent public lithium resource for the mine was 118.4Mt @ 2.4% Li₂O (as per NI 43-101 Technical Report prepared by Behre Dolbear Australia Pty Ltd for Talison Mining Ltd dated 21 December 2013. A copy of the technical report can be found on Talison's SEDAR profile at www.sedar.com).

The Greenbushes South project is considered prospective for lithium, tin and tantalum. It has similar mineralisation to what exists at the Greenbushes mine.

Most of the project is covered with laterite; which is known to mask pegmatites. However, field reconnaissance and mapping undertaken by Dempsey in and around the old historical tin mining areas has revealed remnant pegmatite characteristic within areas of outcropping lateritic duricrust.

Exploration programmes have been planned and will commence upon grant of the tenement. The Company continues to seek expedition of the grant.

Significant changes in the state of affairs

Other than as disclosed elsewhere in the report, there have been no significant changes in the state of affairs of the Company to the date of this report.

Significant events after balance date

On 6 February 2018, the Company signed an exclusive option agreement (Option Agreement) with Australian company Blue Sky Lithium Pty Ltd (Blue Sky) to acquire 100% (royalty free) of Blue Sky's interests in mining tenements located in the world class lithium bearing *Hombre Muerto* salt flat in the province of Catamarca, Argentina. Blue Sky, through its Managing Director and founder Mr. Juan Pablo Vargas de la Vega, has had a long association in the mining industry in Australia and Latin America and in particular within the lithium sector. Under the terms of the Agreement, if Dempsey exercises the Option it may at its sole and absolute election determine whether to complete the acquisition by way of an asset sale agreement (i.e. by acquiring Blue Sky's interests in those mining tenements) or by acquiring 100% of the issued capital of Blue Sky (Acquisition).

The mining tenements in which Blue Sky has an interest (together the Project) are located within the South American Lithium Triangle in the *Hombre Muerto* Basin, one of the most important and prolific salt flats in Argentina and indeed the world. The Project is situated adjacent to Galaxy Resources' *Sal de Vida* project (proposed production of 25ktpa LCE - GXY:ASX announcement, 22 August 2016) and FMC's Fenix lithium operations (which has been in operation since 1997). The basin is known to have the lowest impurity levels of any producing Salar in Argentina and has been in production for over 20 years. The geology of the basin is well understood with lithium grades ranging from 680 to 780ppm and reserve life's estimated to be greater than 50 years for FMC (GXY NI 43-101, March, 2010) and 40 years for Galaxy (GXY: ASX announcement, 22 August 2016) at current and forecast production rates.

On 14 February 2018, the Company issued a total of 7,700,000 fully paid ordinary shares in the capital of the Company as part of an issue of shares required under a Financing Condition contained in the option agreement signed with Blue Sky Lithium Pty Ltd, in respect of their Argentinian Lithium Projects (as announced on 6 February 2018).

Likely Developments and Expected Results

Exploration activities

The Company is continuing to investigate opportunities for its mineral assets through exploration activities, joint ventures and strategic asset sales.

Auditor Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, Bentleys, to provide the Directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 6 and forms part of this Directors' Report for the half year ended 31 December 2017.

This report is signed in accordance with a resolution of the board of directors made pursuant to s 306(3) of the Corporations Act 2001.

A handwritten signature in black ink, appearing to be 'N' followed by a horizontal line.

Nathan McMahon – Non Executive Chairman
Perth, 14 March 2018

In the opinion of the directors:

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the Company as at 31 December 2017 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors, made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the Board



Nathan McMahon – Non Executive Chairman
14 March 2018

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To the Board of Directors

**Auditor's Independence Declaration under Section 307C of the
Corporations Act 2001**

As lead audit director for the review of the financial statements of Dempsey Minerals Limited for the period ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully



BENTLEYS
Chartered Accountants



DOUG BELL CA
Director

Dated at Perth this 14th day of March 2018

DEMPSEY MINERALS LIMITED**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the half year ended 31 December 2017

8

	31 December 2017	31 December 2016
	\$	\$
Revenue	-	-
Other income	1,647	1,027
Gain/(Loss) on financial assets at fair value through profit and loss	12,869	(59,363)
Administration and occupancy expenses	(26,516)	(18,341)
Corporate	(30,195)	(19,259)
Personnel expenses	(78,463)	(58,403)
Exploration written off	(1,281)	(3,968)
Impairment of loan	4 (458,238)	-
Share based payment expense	5 (50,877)	-
Loss before income tax	(631,054)	(158,307)
Income tax	-	-
Loss for the period	(631,054)	(158,307)
Other comprehensive income	-	-
Total comprehensive loss for the period	(631,054)	(158,307)
Basic loss per share (cents per share)	(1.58)	(0.43)

The accompanying notes form part of these financial statements.

DEMPSEY MINERALS LIMITED**CONDENSED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2017

9

		31 December 2017	30 June 2017
	Note	\$	\$
Current Assets			
Cash and cash equivalents		322,835	47,621
Trade and other receivables		6,558	5,323
Total Current Assets		329,393	52,944
Non-Current Assets			
Financial Assets		64,119	49,750
Loan to Petroz	4	-	458,238
Total Non-Current Assets		64,119	507,988
TOTAL ASSETS		393,512	560,932
Current Liabilities			
Trade and other payables		39,121	34,156
Total Current Liabilities		39,121	34,156
TOTAL LIABILITIES		39,121	34,156
NET ASSETS		354,391	526,776
Equity			
Issued capital	3	3,658,250	3,250,458
Reserves		111,827	60,950
Accumulated losses		(3,415,686)	(2,784,632)
TOTAL EQUITY		354,391	526,776

The accompanying notes form part of these financial statements.

DEMPSEY MINERALS LIMITED**CONDENSED STATEMENT OF CASH FLOWS**

For the half year ended 31 December 2017

10

	31 December 2017	31 December 2016
	\$	\$
Cash Flows from Operating Activities		
Payments to suppliers, contractors and employees	(126,308)	(162,771)
Payments for exploration and evaluation	(6,418)	(30,271)
Interest received	304	934
Net cash flows used in operating activities	(132,422)	(192,108)
Cash Flows from Investing Activities		
Loan - Petroz	-	(9,353)
Proceeds from investments sold	1,844	-
Payments for investments acquired	(2,000)	-
Net cash flows used in investing activities	(156)	(9,353)
Cash Flows from Financing		
Proceeds from issue of equities net of issue costs	407,792	(14,289)
Net cash flows used in financing activities	407,792	(14,289)
Net decrease cash and cash equivalents	275,214	(215,750)
Effect of exchange rate changes	-	-
Cash and cash equivalents at the beginning of the financial period	47,621	389,037
Cash and cash equivalents at the end of the financial period	322,835	173,287

The accompanying notes form part of these financial statements.

DEMPSEY MINERALS LIMITED**CONDENSED STATEMENT OF CHANGES IN EQUITY**

For the half year ended 31 December 2017

11

	Issued Capital	Equity-based Payment Reserve	Accumulated losses	Total
	\$	\$	\$	\$
Balance at 1 July 2017	3,250,458	60,950	(2,784,632)	526,776
Total comprehensive loss for the period	-	-	(631,054)	(631,054)
Issue of Equity	426,000	-	-	426,000
Share issue costs	(18,208)	-	-	(18,208)
Option Reserve	-	50,877	-	50,877
Balance at 31 December 2017	3,658,250	111,827	(3,415,686)	354,391

	Issued Capital	Equity-based Payment Reserve	Accumulated losses	Total
	\$	\$	\$	\$
Balance at 1 July 2016	3,264,747	63,208	(2,154,774)	1,173,181
Total comprehensive loss for the period	-	-	(158,307)	(158,307)
Issue of Equity	-	-	-	-
Share issue costs	(14,289)	-	-	(14,289)
Option Reserve	-	(2,258)	2,258	-
Balance at 31 December 2016	3,250,458	60,950	(2,310,823)	1,000,585

The accompanying notes form part of these financial statements.

1. CORPORATE INFORMATION

The interim financial report of Dempsey Minerals Limited ('the Company') for the half-year ended 31 December 2017 was authorised for issue in accordance with a resolution of the Directors on 14 March 2018.

Dempsey Minerals Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX). The principal activity of the Company is the exploration and development of mineral resources.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) Statement of Compliance**

The interim financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Accounting Standard AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS34: *Interim Financial Reporting*.

The condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2017 and any public announcements made by Dempsey during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

(b) Basis of Preparation

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period except for the impact of the standards and interpretations below in note 1(c). These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The financial report has also been prepared on an historical cost basis, modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report is presented in Australian Dollars, which is the Company's functional currency.

(c) New or revised standards and interpretations that are first effective in the current reporting period

The Company has adopted all of the new, revised and amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position in this financial report.

Any new, revised or amending Accounting Standards and Interpretations that are not yet mandatory have not been early adopted by the Company.

(d) Significant Accounting Judgements and Key Estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing this half-year report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2017.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black and Scholes model.

(e) Going Concern

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

The Company incurred a loss for the half year of \$631,054 (31 December 2016: \$158,307) and net cash outflows from operating activities of \$132,578 (31 December 2016: \$192,108).

As disclosed in note 8, the Company issued a total of 7,700,000 fully paid ordinary shares (tranche 1) as part of an issue of shares required under a Financing Condition contained in the option agreement signed with Blue Sky Lithium Pty Ltd, in respect of their Argentinian Lithium Projects (as announced on 6 February 2018). A further 17,300,000 shares (tranche 2) will be issued, once shareholder approval is obtained. The Company may require further funding during the 2018 calendar year in order to meet day to day obligations as they fall due and to progress its exploration projects. Based on the Company's cash flow forecast, the Board of Directors is aware of the Company's need to access additional working capital funds in the next 12 months to enable the Company to continue its normal business activities and to ensure the realisation of assets and extinguishment of liabilities as and when they fall due.

Based on the above, the Directors consider the going concern basis of preparation to be appropriate for this half-year report.

In the event that the Company is not successful in raising funds from the issue of new equity, containing operating and exploration expenditures and the sale of non-core assets, there exists material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the half-year report.

The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

3. Issued Capital

(a) Fully paid ordinary shares as at 31 December 2017

		31 December 2017 \$		30 June 2017 \$	
Issued and fully paid ordinary capital		3,658,250		3,250,458	
	31 Dec 2017	31 Dec 2017	30 Jun 2017	30 Jun 2017	
	Number	\$	Number		\$
Balance at the beginning of the period	36,570,001	3,250,458	36,570,001		3,264,747
Issue of shares at \$0.05 each (i)	2,000,000	100,000	-		-
Issue of shares at \$0.05 each (ii)	4,480,000	224,000	-		-
Issue of shares at \$0.05 each (iii)	2,040,000	102,000	-		-
Less: transaction costs	-	(18,208)	-		(14,289)
Balance at the end of the period	45,090,001	3,658,250	36,570,001		3,250,458

- (i) Placement shares issued on 6 September 2017 (1,600,000 shares) and 30 November 2017 (400,000 shares). Shares issued on 30 November 2017 were approved by shareholders at the annual general meeting on 24 November 2017.
- (ii) Placement shares issued on 9 October 2017
- (iii) Placement shares issued on 11 December 2017

(b) Options outstanding as at 31 December 2017

Listed Options

Expiry Date	Exercise Price	Number Under Option
31/12/18	\$0.14	16,450,000

Unlisted Options

Expiry Date	Exercise Price	Number Under Option	Issue Date
29/11/19	\$0.15	3,000,000	30 November 2017
29/11/19	\$0.15	500,000	11 December 2017

4. Loan - Petroz

Dempsey has provided a loan to Petroz under a conditional exclusive Option and Sale & Purchase Agreement through which it has an option to acquire 100% of the issued capital of Petroz Limited. Petroz is an unlisted public Australian oil company, which holds a 75% interest in the onshore petroleum Licence 21A which hosts the discovered, but not yet developed, Alasehir & Sarikiz Oil Fields located in Western Turkey.

Dempsey has been granted an extension to the Option period to 31 December 2018.

On the exercise of the Option (subject to certain conditions precedent including DMI shareholder and ASX approvals) Dempsey will issue Petroz shareholders a total of 4 million Dempsey Shares on completion of Dempsey's re-admission to the official list of the ASX, a recapitalisation raising sufficient to enable Dempsey Shares to be readmitted to quotation on the ASX after completion of the Acquisition and the recommencement of trade in Dempsey Shares and 16 million Dempsey performance shares which will each convert to fully paid ordinary shares in Dempsey subject to the following hurdles:

- (i) 6 million Class A performance shares which will convert into 6 million Dempsey Shares upon Dempsey's receipt of an independent expert's report confirming that the Sarikiz Field within the Licence has proven and probable (2P) oil resources of not less than 1 million barrels of oil ("mmbo") by 31 December 2015;
- (ii) 6 million Class B performance shares which will convert to 6 million Dempsey Shares upon the General Directorate registering a discovery under the Licence in accordance with Turkish Petroleum Law Implementing Regulation on or before 31 December 2017; and
- (iii) 4 million Class C performance shares which will convert to 4 million Dempsey Shares upon receipt of an independent expert's report confirming that drilling results and mapping of a 3D seismic survey data have identified not less than 25 mmbo of Prospective Resources (P50 Oil in Place) within the Licence and Dempsey reaching a market capitalisation of \$10,000,000 for 5 consecutive trading days on or before 30 June 2018.

If any of the Performance Milestones set out above are not achieved by the relevant Milestone determination date, every 1 million of the corresponding class of Performance Shares will automatically convert into one (1) Dempsey Share.

The loan is unsecured, non-interest bearing and will be treated as an intercompany loan by Dempsey if the acquisition of Petroz is completed. As part of the exclusive option and sale purchase agreement, it was agreed that the funding will be utilised for the environmental and permit bonds required by Petrol İşleri Genel Müdürlüğü under (Turkish Oil regulatory organisation) under Turkish Petroleum Law No. 6491 and held in a financial institution.

If Dempsey does not exercise the option, or if the acquisition is not completed, the loan must be repaid in full within one (1) month of the relevant circumstance occurring and is payable in either cash or converted into fully paid ordinary shares in Petroz at the set price of \$0.05 per Petroz Share.

Despite the Company being granted an extension to exercise its option, the Directors believe the underlying value of Petroz, including the projects within, is unknown as at 31 December 2017 and have therefore taken the view to provide for impairment of the loan balance, in full, as at that date resulting in an impairment loss of \$458,238.

5. Share Based Payments

Unquoted options are issued to vendors, directors, employees and consultants. The unquoted options may be subject to performance criteria, and are issued to directors, employees and consultants to increase goal congruence between executives, directors and shareholders. Unquoted options carry no dividend or voting rights.

Summary of Options Granted During the Half Year

Allottee	Number of Options	Fair Value at		Life of Option (years)	Exercise Price	Share Price at		Risk Free Interest Rate
		Grant Date per Option	Estimated Volatility			Grant Date		
Employees	500,000	\$0.1415	75%	1.9	\$0.15	\$0.07		2.25%
Directors	3,000,000	\$0.1460	75%	2.0	\$0.15	\$0.07		2.25%

These issue of the above options resulted in a share based expense of \$50,877 during the period.

6. Financial Instruments

The Company's financial instruments consist of trade and other receivable and trade and other payables. These financial instruments are measured at amortised cost, less any provision for non-recovery. The carrying amount of the financial assets and liabilities approximate their fair value.

The Company's financial assets held for trading are level-1 financial instruments and valued using the quoted bid prices from the Australian Securities Exchange as at the reporting date.

7. Contingent Liabilities and Assets

Since the last annual reporting date there has been no other material change in any contingent liabilities or contingent assets.

In the normal course of operations the Group may receive from time to time claims and suits for damages including workers compensation, vehicle accidents or other items of similar nature. The Group maintains specific insurance policies to transfer such risks. No provision has been included in the accounts unless Directors believe that a liability has been crystallised. In circumstances where the claim is material, has merit and is not covered by insurance, the financial effect will be provided for within the financial statements.

8. Subsequent Events

On 6 February 2018, the Company signed an exclusive option agreement (Option Agreement) with Australian company Blue Sky Lithium Pty Ltd (Blue Sky) to acquire 100% (royalty free) of Blue Sky's interests in mining tenements located in the world class lithium bearing *Hombre Muerto* salt flat in the province of Catamarca, Argentina. Blue Sky, through its Managing Director and founder Mr. Juan Pablo Vargas de la Vega, has had a long association in the mining industry in Australia and Latin America and in particular within the lithium sector. Under the terms of the Agreement, if Dempsey exercises the Option it may at its sole and absolute election determine whether to complete the acquisition by way of an asset sale agreement (i.e. by acquiring Blue Sky's interests in those mining tenements) or by acquiring 100% of the issued capital of Blue Sky (Acquisition).

The mining tenements in which Blue Sky has an interest (together the Project) are located within the South American Lithium Triangle in the Hombre Muerto Basin, one of the most important and prolific salt flats in Argentina and indeed the world. The Project is situated adjacent to Galaxy Resources' Sal de Vida project (proposed production of 25ktpa LCE - GXY:ASX announcement, 22 August 2016) and FMC's Fenix lithium operations (which has been in operation since 1997). The basin is known to have the lowest impurity levels of any producing Salar in Argentina and has been in production for over 20 years. The geology of the basin is well understood with lithium grades ranging from 680 to 780ppm and reserve life's estimated to be greater than 50 years for FMC (GXY NI 43-101, March, 2010) and 40 years for Galaxy (GXY: ASX announcement, 22 August 2016) at current and forecast production rates.

On 14 February 2018, the Company issued a total of 7,700,000 fully paid ordinary shares in the capital of the Company (at an issue price of \$0.08 per share) as part of an issue of shares required under a Financing Condition contained in the option agreement signed with Blue Sky Lithium Pty Ltd, in respect of their Argentinian Lithium Projects (as announced on 6 February 2018).

9. Segment Information

The Company currently only operates in one geographical area being Australia and one industry, being exploration, for the half year ended 31 December 2017 which was the same as reported in the financial report for the year ended 30 June 2017. The Chief Operating Decision Makers are the Board of Directors and the management of the Company. There is currently only one operating segment identified, being exploration activities based in Australia based on internal reports reviewed by the Chief Operating Decision Makers in assessing performance and allocation of resources.

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of the financial statements.

Independent Auditor's Review Report

To the Members of Dempsey Minerals Limited

We have reviewed the accompanying financial report of Dempsey Minerals Limited ("the Company") which comprises the condensed statement of financial position as at 31 December 2017, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Company.

Directors Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2017 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent Auditor's Review Report

To the Members of Dempsey Minerals Limited (Continued)



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Dempsey Minerals Limited is not in accordance with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Company's financial position as at 31 December 2017 and of its performance for the period ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(e) in the financial report, which indicates that the Company incurred a net loss of \$631,054 during the half year ended 31 December 2017. As stated in Note 2(e), these events or conditions, along with other matters as set forth in Note 2(e), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

BENTLEYS
Chartered Accountants

DOUG BELL CA
Director

Dated at Perth this 14th day of March 2018