



ASX Announcement

30th April 2019

COMPANY DETAILS

Davenport Resources Limited

ABN: 64 153 414 852

ASX CODE: DAV

ASX CODE (Options): DAVO

FRANKFURT CODE: A2DWXX

PRINCIPAL AND REGISTERED OFFICE (& Postal Address)

Davenport Resources Limited
Level 1,
675 Murray Street,
West Perth WA 6005
PO Box 1088
West Perth WA 6872

W: www.davenportresources.com.au

E: info@davenportresources.com.au

P: +61 (08) 6145 0291

Capital Structure

143.1M Ordinary Shares
16.6M Unlisted Options
34.4M Listed Options
3.1M Performance Rights

BOARD OF DIRECTORS

Patrick McManus

(Non-Executive Chairman)

Dr Chris Gilchrist

(Managing Director)

Rory Luff

(Non-Executive Director)

Dr Reinout Koopmans

(Non-Executive Director)

Davenport Resources Exploration Report

March Quarter 2019

Highlights

- Inferred Resource of 1.54 Billion tonnes grading 10.7% K₂O declared for part of the Küllstedt exploration licence area following a review of historic drill data by leading consultants Micon International Co. Ltd ("Micon").
- Davenport now controls over 4.9 Billion tonnes (grading 10.6% K₂O) of JORC Inferred Resource from its Ebeleben, Mühlhausen-Nohra and Küllstedt areas, including 1.6 billion tonnes of Sylvinite grading 13.1% K₂O.
- Davenport's portfolio of resources represents Western Europe's largest potash inventory and contains a number of stand-alone potential projects.
- World potash demand reached record highs in 2018 with large rebounds from both China and North America for MOP. Forecast price and offtake trends are favourable.

GERMANY – SOUTH HARZ PROJECTS

Ebeleben

No further work was conducted on Ebeleben during the reporting period.

Küllstedt

A JORC 2012 Inferred Resource of 1,538 million tonnes grading 10.7% K₂O was announced in February 2019 following a review of historical exploration data by internationally renowned consultancy Micon. The Resource comprises 333 million tonnes of sylvinitite grading at 13.0 % K₂O and 1,205 million tonnes of carnallitite grading at 10.1 % K₂O. It occurs within the Küllstedt exploration licence which lies to the west of the Mühlhausen-Nohra mining licence, and has an area of approximately 107 km² (Figure 1).

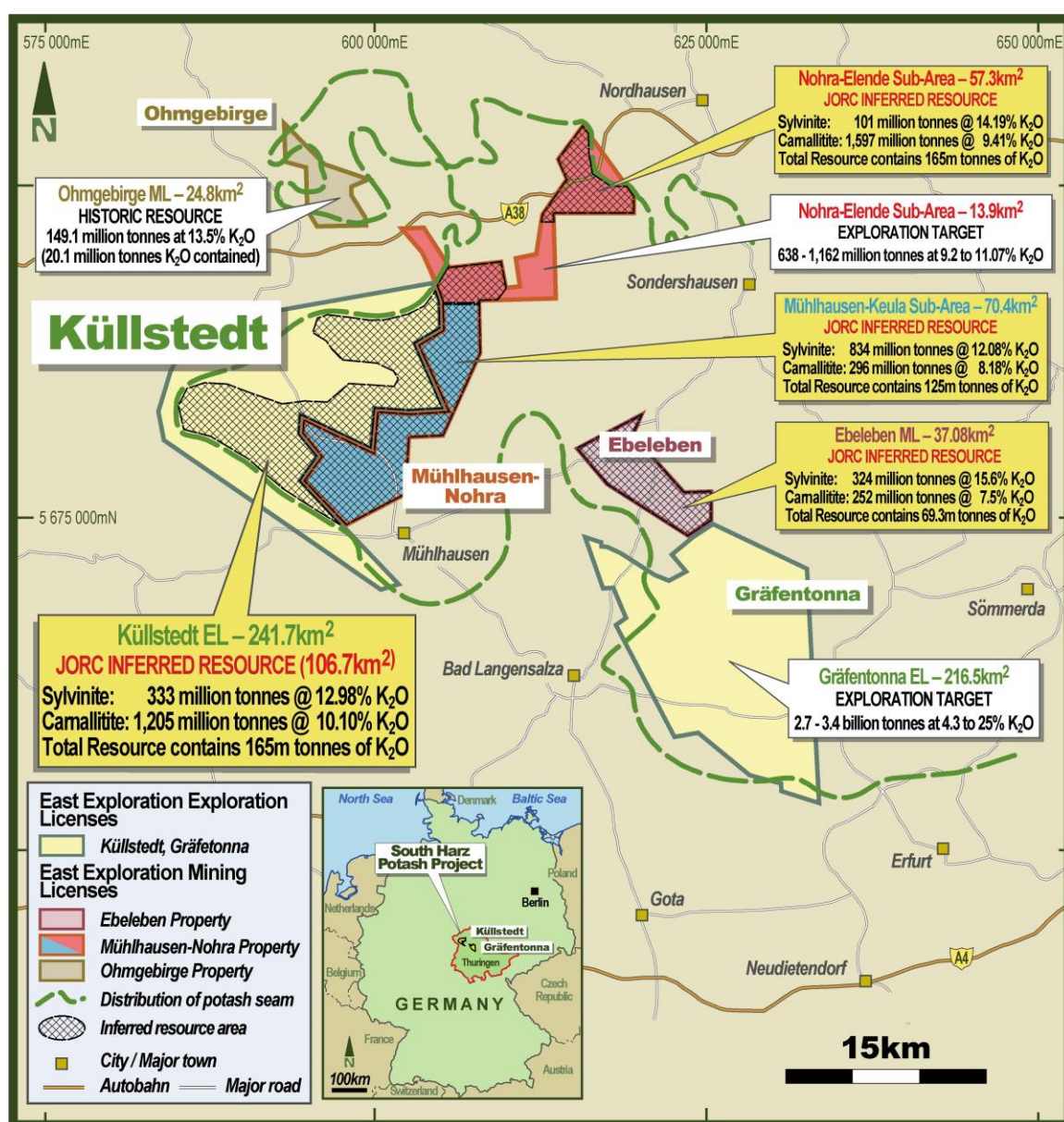


Figure 1: The area within the Küllstedt exploration licence where Micon defined a JORC 2012 Inferred resource of 1.538 billion tonnes based on the re-modelling of data from historic drillholes.

Additionally, Micon identified a further portion of the Nohra-Elende area as an Exploration Target. Details of this were announced on 15th January 2019 with a Target of 638 to 1162 million tonnes grading at 9.2 – 11.1 % K₂O. This area is also shown in Figure 1.

The complete breakdown (excluding Exploration Targets) is shown in Table 1 below.

Combining the above with the Inferred Resources already announced for Ebeleben (ASX announcement April 2018), the Mühlhausen-Nohra sub-area (ASX announcement October 2018) and the Nohra-Elende sub-area (ASX announcement November 2018), Davenport presently holds in excess of 4.9 billion tonnes within the JORC Inferred Resource category as shown in Table 1 below.

Table 1: Total JORC 2012 Inferred Resources as at March 31st 2019 held by Davenport.

Seam	Tonnage (Mt)	K ₂ O (%)	K ₂ O (Mt)
Sylvinite	324	15.6	50
Carnallitite	252	7.5	19
Total Ebeleben	576	12.1	69
Sylvinite	834	12.1	101
Carnallitite	296	8.2	24
Total Mühlhausen-Keula	1,130	11.1	125
Sylvinite	101	14.19	14
Carnallitite	1,597	9.41	150
Total Nohra-Elende	1,698	9.69	164
Sylvinite	333	13.0	43
Carnallitite	1,205	10.1	122
Total Küllstedt	1,538	10.7	165
Total Davenport JORC Inferred Resources to Date	4,942	10.6	523

Sylvinite is the preferred potash ore, as, typically, it contains the highest K₂O values. The Davenport assets currently includes 1,592 million tonnes of sylvinite grading at 13.1% K₂O.

Ohmgebirge sub-area

Davenport recognizes the project potential at the Ohmgebirge perpetual mining licence area where the historic resource of 149 Mt grading 13.5% K₂O was previously declared (ASX announcement June 2018) based on the results of 13 drillholes, the most recent of which was drilled in 1984. Whilst a relatively small resource in comparison to the others held by Davenport, it has the potential for a +50 year minelife with intersections of potash between 5.0 and 7.6 m thick at depths of 500m – 700m.

Küllstedt and Gräfontonna Exploration Licence Areas

Save for the conversion of 107 km² of the entire Küllstedt area of 242 km² to a JORC Inferred resource (ASX announcement 19 February 2019), there were no further exploration activities in these areas.

Projects Portfolio

Davenport has recognized a number of potential projects within the South Harz district, including:

Mühlhausen-Keula-Küllstedt

Contains a 2.7 billion tonne resource rich in sylvinite, as well as other K, Mg sulphate minerals. This has the potential for a large, long-life underground mine.

Nohra-Elende

Contains a 1.7 billion tonne resource with extremely thick (45m) carnallite seams, ideal for solution mining to produce MOP. An MOP solution mine has been operating for more than 20 years close to Nohra-Elende.

Ebeleben

Contains a 577 Mt high-grade resource with sylvinite intersections in excess of 25m thickness (ASX announcement April 2018).

Ohmgebirge

Contains a 150 Mt resource at relatively shallow depth which offers potentially shorter-term production and cashflow.

Davenport is commissioning desktop studies which will evaluate the opportunities presented by these projects and guide the priorities for the Company's future work programmes. These studies will be completed over the next six months.

AUSTRALIA – Southern Cross Bore

No activity in the period.

Activities for next reporting period

- Conduct roadshow in Australia highlighting latest corporate presentation (ASX announcement March 2019).
- Appoint German IR company to conduct marketing activities in Europe.
- Commission further studies on potential project areas as described above.

Potash Market

The potash market ended 2018 strongly and the average Vancouver FOB price for standard MOP is expected to elevate by a further US\$9 per tonne to US\$ 284 for 2019, according to leading market intelligence company, Integer Research. The market was generally tight in 2018 and whilst demand has been flat at approximately 65 million tonnes, it has nevertheless been robust in historical terms. Demand growth over the next ten years is forecast at 2% per annum. The oligopolistic nature of the market is expected to remain intact and prices are expected to increase steadily in accordance with the trends shown in Figure 2. By 2022, demand will begin to exceed supply, therefore both utilization rates and prices are expected to benefit.

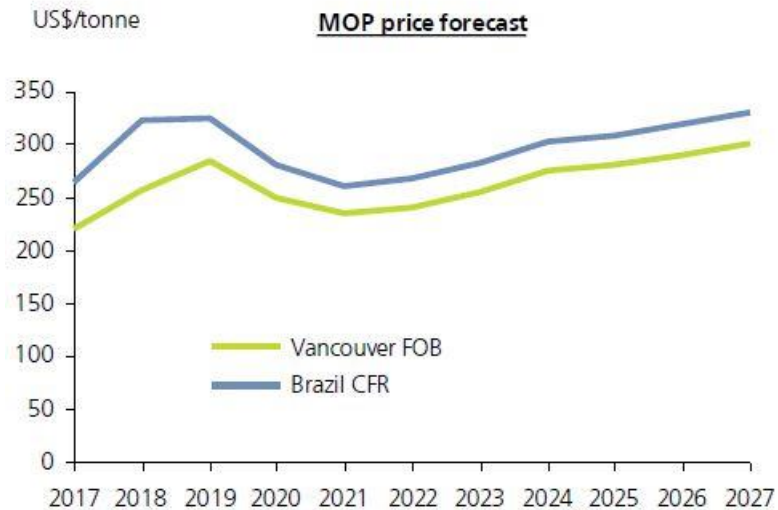


Figure 2: Current forecast of prices for Vancouver MOP (Standard grade, FOB) Brazil (Granular grade, CFR). A marginal softening of price is forecast in 2021 when several new projects are due to be commissioned, however the overall trend is upwards. Source: Integer March 2019

Other activities

Davenport continues to work with London-based Bacchus Capital Advisers (ASX announcement 6th September 2018) for the provision of strategic, financial and corporate advisory services.

Davenport has interviewed several European-based Investor Relations companies and is set to make an appointment in April. The chosen company will assist Davenport in marketing activities which will include roadshows and discussions with potential investors and financial institutions.

Tenements

Tenements held by the Company are as follows:

Tenement Name/Number	Location	Beneficial Holding
Küllstedt	Thüringen, Germany	100%
Gräfentonna	Thüringen, Germany	100%
Mühlhausen-Nohra	Thüringen, Germany	100%
Ebeleben	Thüringen, Germany	100%
Ohmgebirge	Thüringen, Germany	100%
EL28045	NT, Australia	100%
EL30090	NT, Australia	100%

INVESTOR & MEDIA ENQUIRIES

Dr Chris Gilchrist - Managing Director
Davenport Resources Ltd
+353 41 988 3409
+353 87 687 9886
cgilchrist@davenportresources.com.au

David Tasker – Managing Director
Chapter One Advisors
+61 433 112 936
dtasker@chapteroneadvisors.com.au

Paul Cahill - Managing Director
Bacchus Capital Advisers Ltd
+ 44 (0) 203 848 1643
paul.cahill@bacchuscapital.co.uk

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Davenport Resources Limited

ABN

64 153 414 852

Quarter ended ("current quarter")

31 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		10
1.2 Payments for		
(a) exploration & evaluation	(221)	(449)
(b) development		
(c) production		
(d) staff costs	(142)	(623)
(e) administration and corporate costs	(282)	(793)
1.3 Dividends received (see note 3)		
1.4 Interest received	6	12
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds	-	-
1.8 Other – occupancy make good costs	-	(56)
– release of security deposit	1	108
1.9 Net cash from / (used in) operating activities	(638)	(1,791)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(c) investments		
(d) other non-current assets		
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	2,410
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(199)
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (Equity Raising Costs)		
3.10 Net cash from / (used in) financing activities	-	2,211

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,785	722
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(638)	(1,791)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	2,211

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(8)	(3)
4.6	Cash and cash equivalents at end of period	1,139	1,139

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	639	677
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (short term deposit)	500	1,108
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,139	1,785

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

85

6.1 Director salaries and fees.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

8.2 Company Credit card facility cancelled

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	200
9.2 Development	
9.3 Production	
9.4 Staff costs	88
9.5 Administration and corporate costs	173
9.6 Other (provide details if material)	
9.7 Total estimated cash outflows	461

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced		Refer to the attached tenement schedule.		
10.2 Interests in mining tenements and petroleum tenements acquired or increased		Refer to the attached tenement schedule.		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

(Director/~~Company secretary~~)

Date: 30 April 2019

Print name: Chris Gilchrist

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

DAVENPORT RESOURCES LIMITED

TENEMENT SCHEDULE

NORTHERN TERRITORY

The following tenement interests were held during the quarter ended 31 March 2019:

Title Number	Interest held at start of quarter	Change in interest during the quarter	Interest held at end of quarter	Status (G - Grant, A - Appl'n)	Area Number of blocks
EL28045	100	-	100	G	23
EL30090	100	-	100	G	138

GERMANY

East Exploration GmbH ("**EE GmbH**"), the company's 100% controlled entity, holds the South Harz Project located in the northern part of the Federal State of Thuringia. Details of the licences held are:

Perpetual Mining Licences

- Mühlhausen-Nohra mining licence covering an area of 141km²,
- Ebeleben mining licence covering an area of 37km², and
- Ohmgebirge mining licence covering an area of 25km²,

Exploration Licences

- Küllstedt licence granted on 12 January 2015 covering an area of 241 km²
- Gräfentonna licence granted on 12 January 2015 covering an area of 216 km²

Under the German Mining Law the exploration licences are granted for a term of 5 years with an option to renew for a further 3 years.