

ASX ANNOUNCEMENT28th January 2021**DECEMBER 2020 QUARTERLY ACTIVITY REPORT****Highlights**

- Transformational \$10 million placement successfully completed to advance Davenport's German potash projects which received strong support from existing shareholders, the Davenport Board and new sophisticated and institutional investors.
- Capital raising ensures Davenport is fully funded to complete its strategic program for CY 2021 thus advancing its world class potash projects in Germany which host 5.3 billion tonnes of potash inferred resource.¹
- Confirmatory drilling will be conducted at Davenport's Ohmgebirge project in Q2/Q3 CY2021 to upgrade the resource from Inferred to Measured and Indicated, permitting the release of a technical and economic study for the project.

Next steps

- Application process to secure drilling permission has commenced and discussions will begin shortly with permitting authority and all regional stakeholders including media, drilling contractors and landowners.
- Technical and economic studies will be completed during the last quarter of CY 2021.
- Detailed planning is underway to ensure completion of a DFS at Ohmgebirge by the end of CY 2022. Early-start activities have been identified to ensure this phase of the project schedule is delivered as planned.
- Board and corporate restructuring processes are continuing and will be announced accordingly.

Davenport Resources Ltd (ASX: DAV, "Davenport", "The Company") is pleased to report on its activities for the December 2020 quarter.

GERMANY – SOUTH HARZ PROJECTS

The funds raised from the \$10 million capital raising undertaken during the quarter ensures the Company is fully funded to complete a confirmatory drilling program at the first of its portfolio of projects within the 659 square km South Harz field, the Ohmgebirge project, during calendar year 2021.

The upcoming drill program is designed to upgrade the classification of the 325Mt @ 13.14% K₂O for 43Mt of K₂O resource¹ [ASX announcement 23rd December 2019] from the Inferred category to the Measured and Indicated categories and facilitate the update and subsequent release of a technical and economic study. A detailed work program and budget has been constructed for this phase, which includes a social interaction and media management program,

¹ In accordance with ASX listing rule 5.23, the Company is not aware of any new information or data that materially affects the information included in the previous market announcement (ASX announcements 23 December 2019) and that all material assumptions and technical parameters underpinning the estimate in the previous market announcement continue to apply and have not materially changed.

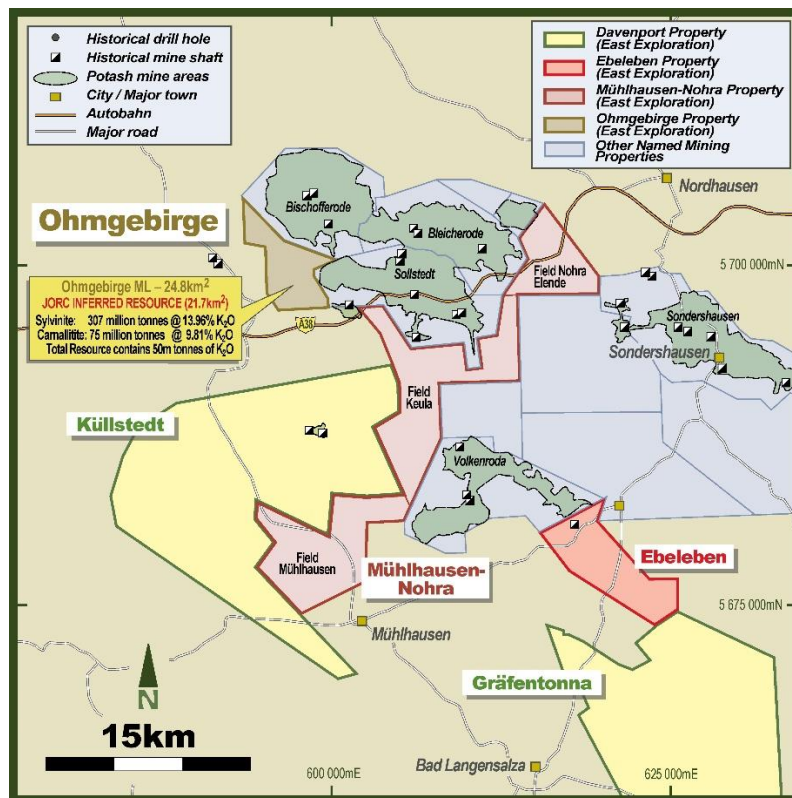
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selection of drilling contractors, the application for permission to drill, the drilling of two confirmatory holes, analysis of the drill core, re-modelling of the resource, thus culminating in an upgrade to the mineral resource and scoping study. The first of these activities has already made strong progress.

The process to secure drilling permission has commenced with a stakeholder and media information program and discussions have been initiated with drilling contractors and landowners.

Following the conclusion of this work program in the fourth quarter of 2021, the Company will move into the second phase which is to commence a Definitive Feasibility Study for Ohmgebirge. Several early-start activities have been identified which will commence in advance of the main part of the DFS scheduled for completion in late 2022.

Notwithstanding the focus on Ohmgebirge, the Company intends to further research the production of value-adding fertilizer products from the South Harz field and develop a long-term strategy for the development of the remaining mining and exploration permit areas. An annual report to the permitting authorities for the two exploration permits is in preparation.



Ohmgebirge Mining Licence area showing proximity to former mines Bischofferode and Söllstedt. Two holes will be drilled in this area in order to verify the results from 41 historic exploration boreholes drilled by the former East German state mining company.

MARKET OUTLOOK

The macro picture for potash remains compelling. Rising agricultural production and increasing fertilizer usage remain the key factors driving long term demand for potash. An increase in the global population, urbanization, rising incomes and consequently improving standards of living, decreasing arable land per capita and increasing demand for bio-fuels, and animal feed are the factors contributing to the growth drivers. A change in consumption patterns and a shift to

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protein based diets, rising affordability and the accelerating development of emerging markets are other factors propelling growth. This is expected to continue for the foreseeable future and potash demand remains on a trajectory of 2-3% growth per annum.

As we enter 2021, the market is witnessing early signs of a recovery. This is evident in signals emanating from countries like India and China. After nearly a decade of decline, shipments to China are expected to increase this year. The subsidy policy for potash in India has also changed recently. Prices for standard MOP have crept upwards from a low of US\$215 to approximately \$250 per tonne CIF over recent months and the results of current negotiations between Canpotex and Chinese buyers are eagerly awaited as they generally set the global benchmark for the year.

Indications are therefore extremely positive that Davenport will develop its Ohmgebirge project against a backdrop of increasing volumes and prices.

FINANCIAL

Overheads during the quarter were well contained and the Company commences 2021 with a healthy net cash position of \$841k. This was supplemented by the receipt of \$8.33m from the second tranche of the capital raising² subsequent to the end of the quarter on 25th January 2021. These funds will be invested in drilling at the Ohmgebirge project as described elsewhere in this report. The Company is fully funded to complete the first phase of its strategic program scheduled for completion in the fourth quarter of calendar year 2021.

CORPORATE

During the quarter, Davenport announced a two-tranche placement to raise a total of \$10 million (before costs) [ASX announcement 27th November 2020]. The placement was strongly supported by existing shareholders together with new sophisticated and institutional investors. The first tranche, consisting of \$750,000 settled in 2020 with the second tranche (~\$9.25 million) approved by shareholders at a general meeting held on 18th January 2021.

Euroz Hartleys Limited in Perth, WA and Cenkos Securities plc in London acted as Joint Lead Managers to the Placement.

TENEMENT SUMMARY AS OF 31 DECEMBER 2020

Tenement Name	Location	Interest held at 30 September 2020	Interest acquired/ disposal of during quarter	Interest Held at 31 December 2020
Küllstedt (Exploration)	Thüringen, Germany	100%	N/A	100%
Gräfentonna (Exploration)	Thüringen, Germany	100%	N/A	100%
Mühlhausen-Nohra (Mining Licence)	Thüringen, Germany	100%	N/A	100%
Ebeleben (Mining Licence)	Thüringen, Germany	100%	N/A	100%
Ohmgebirge (Mining Licence)	Thüringen, Germany	100%	N/A	100%

² The remaining, firmly-committed A\$0.92m from the capital raising is expected to settle within the coming days.

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ASX Listing Rule 5.3.1 - Summary of expenditure incurred on mining activities:

Exploration expenditure for the quarter consisted of \$31,000. This amount was paid to the Company's resource geologists relating to the Company's perpetual mining licence areas.

ASX Listing Rule 5.3.5 - Payments to related parties of the entity and their associates:

Payments made during the quarter and included in items 6.1 and 6.2 of Appendix 5B – Mining exploration entity quarterly cash flow report, comprise the following.

6.1 Aggregate amount of payments to related parties and their associates included in cash flows from operating activities – \$87,000. This includes payments of directors' remuneration for services to the economic entity – \$87,000.

6.2 Aggregate amount of payments to related parties and their associates included in cashflows from investing activities – nil.

This report and accompanying 5B financial summary has been approved by the Managing Director, Dr Chris Gilchrist and the Financial Director, Mr Robert Van Der Laan.

Investor & Media Enquiries

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Davenport Resources Limited

ABN

64 153 414 852

Quarter ended ("current quarter")

31 December 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (06months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	1
1.2 Payments for		
(a) exploration & evaluation	(31)	(127)
(b) development	-	-
(c) production	-	-
(d) staff costs	(151)	(292)
(e) administration and corporate costs	(208)	(415)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	15	15
1.9 Net cash from / (used in) operating activities	(375)	(818)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (06months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) 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 equity securities (excluding convertible debt securities)	720	1,464
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(39)
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 (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	720	1,425

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	502	242
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(375)	(818)
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)	720	1,425

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (06months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(6)	(8)
4.6	Cash and cash equivalents at end of period	841	841

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	841	502
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	841	502

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1*	87
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
* Directors fee payments Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	Loan facilities	
7.2	Credit standby arrangements	
7.3	Other (please specify)	
7.4	Total financing facilities	
7.5	Unused financing facilities available at quarter end	-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

8. Estimated cash available for future operating activities	\$A'000	
8.1	Net cash from / (used in) operating activities (item 1.9)	(375)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(375)
8.4	Cash and cash equivalents at quarter end (item 4.6)	841
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	841
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.17
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>		
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer:	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer:	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

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.

Date: 28 January 2021.....

Authorised by: By the board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg *Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.