



ASX Announcement

26 July 2018

COMPANY DETAILS

Davenport Resources Limited

ABN: 64 153 414 852

ASX CODE: DAV

PRINCIPAL AND REGISTERED OFFICE (& Postal Address)

Davenport Resources Limited
Level 28,
303 Collins Street
Melbourne VIC 3000

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P: +61 (0) 415 065 280

Capital Structure

135.2M Ordinary shares

6.2M Unlisted options

6.2M Performance Rights

BOARD OF DIRECTORS

Patrick McManus

(Non-Executive Chairman)

Dr Chris Gilchrist

(Managing Director)

Chris Bain

(Executive Director)

Rory Luff

(Non-Executive Director)

Exploration activities report for June quarter 2018

HIGHLIGHTS:

- Significant historic potash resources were identified within the Ohmgebirge Perpetual Mining Licence area. A total of 20.1 Mt K₂O, comprising predominantly Sylvinite mineralization, was announced to the ASX on 19th June 2018 following a review of historic drill data by world-leading consultants, ERCOSPLAN Ingenieurgesellschaft Geotechnik und Bergbau mbH ("ERCOSPLAN").
- The potash mineralization has a thickness of 5.0m – 7.6m with grades between 12.4% and 14.2% K₂O. The potash is relatively shallow (700m below surface) and was previously scheduled to be mined as part of the, now closed, Bleicherode-Sollstedt mine. Two shafts, which are still in use today, are located within 2 km of the Ohmgebirge licence area.
- All regulatory processes relating to the transfer of legal ownership of the three recently-acquired perpetual mining licences have been completed
- An oversubscribed placement was undertaken at 7 cents per share to raise approximately A\$2.1 million.
- The Company is currently in the process of inviting eligible shareholders to participate in a Share Purchase Plan ("SPP")

Germany - South Harz Potash project

Perpetual Mining Licence Areas

Ebeleben

The Company announced on 10th July 2018 that all regulatory processes relating to the transfer of the recently-acquired perpetual mining licenses Ebeleben, Muhlhausen-Keula-Nohra Elende and Ohmgebirge were completed and that confirmation of tenure was received by the Company lawyers from the Thuringian Land Registry office in Erfurt, Germany.

As announced on 3rd April 2018, Micon International Co. Limited ("Micon") confirmed an Inferred Resource of 576 million tonnes containing an average of 12.1 % K₂O within the Ebeleben field containing Sylvinite seam thicknesses of up to 22.8 m.

Representatives of the Company and Micon collaborated during the quarter to examine cross-sections of the Ebeleben field to identify target locations for future twin drilling. The twin drilling is expected to validate historical drilling, and provide core samples that will allow confirmation of a JORC Indicated Resource, and provide samples to allow metallurgical testwork, as part of feasibility studies.

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Muhlhausen Sub-Area, Keula and Nohra-Elende

Analysis of the data for the three sub-licenses within the Muhlhausen field was conducted by Micon. Due to the large volume of information, that work is still in progress. It is expected to report a JORC compliant resource in August. Historic resource estimates for these licence areas were announced in April of this year (ASX release 10th April 2018).

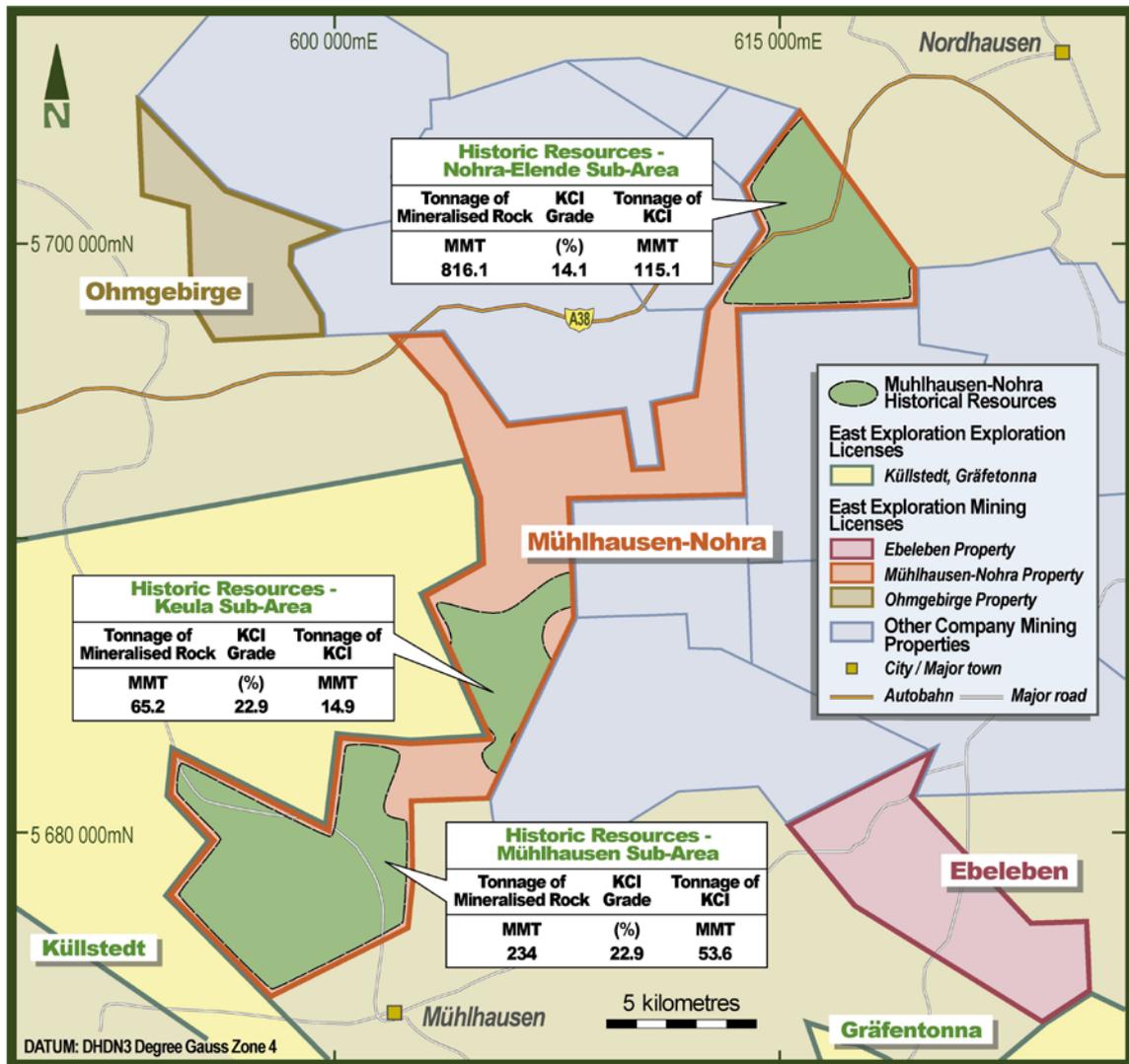


Figure 1 Location of Davenport Resources South Harz Project exploration and mining licences showing the historic resource estimates for the Muhlhausen, Keula and Nohra-Elende sub-areas. Conversion of these historic resources to a JORC-compliant resource is underway with completion expected in August.

Cautionary Note: The Mülhausen, Nohra-Elende and Keula sub-area resource estimates are historical foreign estimates and are not reported in accordance with the JORC Code. A competent person has not done sufficient work to classify these historical foreign estimates as mineral resources in accordance with the JORC code and it is uncertain that following further exploration work that these historical foreign estimates will be able to be reported as mineral resources in accordance with the JORC Code.

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Ohmgebirge

The Company announced on 19th June that consultants ERCOSPLAN Ingenieurgesellschaft Geotechnik und Bergbau mbH ("ERCOSPLAN") had identified historic potash resources on the Ohmgebirge Mining Licence of 149.1 million tonnes at 13.5% K₂O which comprised predominantly Sylvinitite with thicknesses between 5.0m and 7.6m. This equates to a total K₂O content of 20.1 million tonnes.

The potash mineralisation is relatively shallow, approximately 700m below surface, and was historically scheduled to be mined as part of the nearby Bleicherode-Sollstedt mining operation. Two vertical shafts, which are still in use today, are located within 2 km of the Ohmgebirge field. These shafts are used to transport industrial wastes into a nearby exhausted mine but could possibly be used to facilitate quick and low-cost access to the orebody.

Exploration Licence Areas

Küllstedt

Application for drilling approval continues to be temporarily suspended while the data analysis of the adjoining mining licences is underway.

Davenport continues to maintain contact with all levels of authority to pioneer the pathway within the legislative framework to achieve drilling approval and has engaged ERCOSPLAN to compile a report describing the permitting pathway for a mining operation in Thüringen. The Company continues to receive strong local and state government support for the exploration plans in the South Harz region.

Gräfentonna

No work during the quarter.

Potash Market

Robust demand for potash, together with some cautious spot selling, helped the spot potash markets appreciate in the first half of 2018 with the expectation that this will assist an upwards adjustment of contract markets, which are yet to be finalized.

CFR prices for granular MOP in Brazil reached US\$315 per tonne in May 2018 whilst SE Asia prices reached US\$290 per tonne. Owing to the sizeable volumes represented by contract business, Vancouver and Baltic FOB prices maintained levels below US\$230 per tonne but are expected to rise with new 2018 contracts. Chinese seaport stocks were reported to be in the region of 2.1 Mt in May 2018 which was 16% higher than at the same time last year.

Demand for MOP is forecast to continue by some 2-3% per annum as an increase in cultivated area is not possible in many countries to meet the growth in crop production required to meet both the increasing population and the changes in dietary trends in many developing countries. The ratio of potash use relative to nitrogen and phosphorous is expected to increase as many countries apply potash sub-optimally. Potash application will need to rise in many countries in order to maintain production growth requirements. For example, China's MOP application rates to rice crops are double that of India meaning there is a huge demand growth potential.

Australia

Southern Cross Bore

No exploration during the quarter

Corporate

Davenport undertook a placement to raise \$2.1million (before costs) at \$0.07 (7 cents) a share. Comprising two parts, the first to raise \$1.9m was completed in early July and the balance will be subject to Shareholder approval at a general meeting scheduled for 30 August. In conjunction with the placement shareholders were invited to subscribe up to \$15,000 also at \$0.07 a share through a Share Purchase Plan (SPP) capped at \$500,000. Also subject to shareholder approval at the general meeting all participants in the placement and SPP will be eligible to receive one free option for each share issued, exercisable at 20 cents before 31 July 2023. Davenport will apply to the ASX for the options to be listed.

Tenements

The acquisition of the mining tenements from BVVG became unconditional early in the quarter with the final confirmation of tenure received in July 2018 as reported earlier.

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

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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")

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers – sub-tenants rent	29	93
1.2 Payments for		
(a) exploration & evaluation	(52)	(396)
(b) development		
(c) production		
(d) staff costs	(214)	(654)
(e) administration and corporate costs	(206)	(749)
1.3 Dividends received (see note 3)		
1.4 Interest received	3	27
1.5 Interest and other costs of finance paid	(3)	(3)
1.6 Income taxes paid	(43)	(43)
1.7 Research and development refunds		
1.8 Other -		
1.9 Net cash from / (used in) operating activities	(486)	(1,725)

2. Cash flows from investing activities

- 2.1 Payments to acquire:
- (a) property, plant and equipment
 - (b) tenements (see item 10)
 - (c) investments

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Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	(d) other non-current assets Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements		
	(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 – Progress payments/costs associated with acquisition of German mining licences	(725)	(1,904)
	- security deposits paid		(6)
2.6	Net cash from / (used in) investing activities	(725)	(1,910)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares		
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		
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	-	-
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,936	4,318
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(486)	(1,725)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(725)	(1,910)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(3)	39
4.6	Cash and cash equivalents at end of period	722	722

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	722	1,536
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (short term deposit)		400
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	722	1,936

6. Payments to directors of the entity and their associatesCurrent quarter
\$A'000

6.1 Aggregate amount of payments to these parties included in item 1.2

134

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

Director salaries and fees.

7. Payments to related entities of the entity and their associatesCurrent quarter
\$A'000

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

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	10	1
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, secured by term deposit

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	440
9.2 Development	
9.3 Production	
9.4 Staff costs	225
9.5 Administration and corporate costs	170
9.6 Other – Capital raising costs	215
9.7 Total estimated cash outflows	1,050

NB - On 5 July 2018, Davenport completed a placement by the issue of 26.5M ordinary shares that raised approximately \$1.9M before costs.

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)

Date:26 July 2018.....

Print name:Chris Bain.....

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.

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DAVENPORT RESOURCES LIMITED
TENEMENT SCHEDULE

NORTHERN TERRITORY

The following tenement interests were held during the quarter ended 30 June 2018:

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 sq kms
EL28045	100	-	100	G	73
EL30090*	100	-	100	G	444

* The area held in EL 30090 reduced during the quarter resulting from statutory reduction of tenement holding.

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
- Gräfontonna 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.

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