

ASX ANNOUNCEMENT27th April 2021

MARCH 2021 QUARTERLY ACTIVITY REPORT

Davenport Resources Ltd (ASX: DAV, “Davenport”, “The Company”), the potash exploration and development company with world class projects in Germany, is pleased to report on its activities for the March 2021 quarter.

Highlights

Operational

- Drill permitting application for Ohmgebirge Project is in progress with final submission to authorities expected after conclusion of landowner discussions
- Completed both scoping study structure and drilling pad design for the Ohmgebirge Project

Corporate

- Successfully completed A\$10 million placement (before raising costs)
- Garnered strong support from both government and community stakeholders following engagement and a successful media campaign in Germany
- Implemented Environmental, Social and Governance (ESG) strategy and Safety policies
- Proposed name change to South Harz Potash Limited, subject to shareholder approval, to be more reflective of the Company’s operations
- Appointed Mr. Len Jubber as Non-Executive Director
- Appointed Alma PR to bolster European Investor Relations engagement

Key June quarter activities

- Appoint and mobilise drillers after drilling permit is issued by authorities
- Engage consultants to assist in compilation of the scoping study components
- Strengthen ESG capability
- Appoint UK-based Chief Financial Officer (CFO)

Davenport Resources’ Managing Director, Dr Chris Gilchrist commented “*I am delighted to report that we have made significant headway in achieving our work program for this year. We have completed a highly successful media campaign for which we have received encouraging feedback from the regional government, local administrators and the community. We are finalising access agreements with the landowners and tenants for the two areas on which we intend to drill and following completion, we will submit our final application for drilling permission and mobilise the drillers in mid-year, as planned. We are also making significant capacity-building improvements to the general corporate structure and welcome a new and highly experienced non-executive director, Len Jubber, to the Board*”.

CONTACT DETAILS

GERMANY – SOUTH HARZ POTASH PROJECTS

The Company's 100% owned world-class Ohmgebirge, Mühlhausen-Nohra and Ebeleben perpetual mining licences and the Küllstedt and Gräfenonna exploration licences are located in the South Harz region of Thuringia and collectively host a JORC 2012 Inferred Mineral Resource of 5.3 billion tonnes at 10.8% K₂O.¹

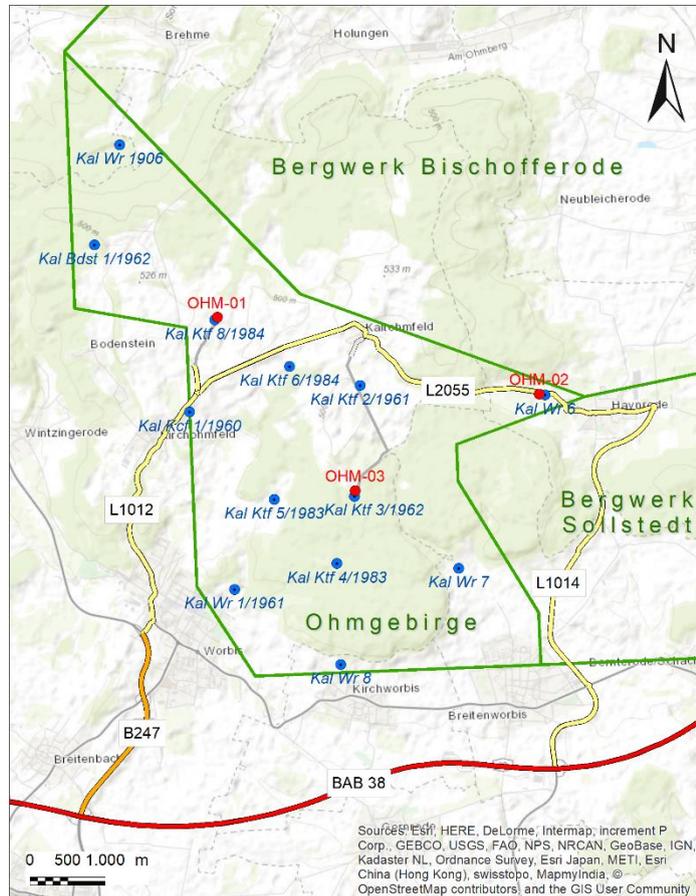


Figure 1: Ohmgebirge mining licence area showing locations of 13 historic drillholes in blue. During this calendar year, Davenport intends to drill twin holes OHM-01 and OHM-02 as indicated above in red. Location OHM-03 is being held in reserve but will likely not be drilled. Micon International has confirmed that the results from the two twin holes will provide sufficient evidence to validate the historic drillhole results and thereafter elevate the Ohmgebirge resource to the Measured and Indicated status.

¹In 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 announcements :

- Ohmgebirge: ASX announcement 23 December 2019
- Nohra-Elende: ASX announcements 13 November 2018 and 23 September 2020
- Mühlhausen-Keula: ASX announcement 16 October 2019
- Ebeleben: ASX announcement 3 April 2018

CONTACT DETAILS

Land Access

During the quarter, the Company conducted a highly successful media campaign in Germany where it received encouraging high-level political feedback as well as grassroots support from the South Harz community.

Discussions with landowners from areas where drilling will take place are well progressed. A provisional drilling permitting application was submitted to authorities and has been returned with only two minor amendments. The formal submission of the application will be made once landowner discussions have been concluded.

Drilling Program

Drilling at site OHM-01 will be conducted to a depth of approximately 850 metres to penetrate the entire potash sequence and into the basement layers below. For site OHM-02, drilling will be conducted to a depth of 670m to penetrate the potash sequence. Core will be recovered from the entire potash horizons for further analysis. Each hole will be steel-cased over the entire depth, the diameter of which will taper in steps from approximately 24 inches at surface to 7 inches at maximum depth and will be supported appropriately with casing shoes. The holes will be fully grouted and plugged upon conclusion of drilling. The drill-pad, approximately 50m x 75m, will be fully remediated back to its original state upon completion of drilling.

Drilling pad design and environmental assessments of the drilling sites have also been completed and the Company has received quotes from three drilling companies and is currently in further discussions with them. It is intended that the appointment and mobilisation of drillers will occur immediately upon receiving the requisite approvals from the authorities.

Scoping Study

The Company has compiled a scoping study framework that outlines the key components of the study program, the external support required and target completion dates for these components.

Consultants will be engaged so that work can commence on the scoping study components, much of which can be prepared in advance of receiving the final drill core assays. In this way, it is anticipated that the time delay between completing drilling and finalising the scoping study can be minimised.

CORPORATE

Capital Raising

The Company completed the second tranche of a A\$10 million placement announced in November 2020. The funds will be used to conduct resource drilling and complete the scoping study for the Ohmgebirge project. Funds in treasury at 31st March, 2021 amounted to A\$8,819,040.

Appointment of Non-Executive Director

On the 1st March 2021, Mr Len Jubber was appointed to the Board as Non-Executive Director. His appointment constitutes another building block in the development of the Company's world-class 5.3 billion tonne portfolio of potash resources in Germany.

Len Jubber, a Civil Engineer by training, was Chief Executive of ASX-listed Bannerman Resources Ltd, a uranium development company, for eight years. Prior roles included Chief Executive of Perilya Ltd, a zinc and lead producer, and Chief Operating Officer of Oceana Gold Ltd. In a mining career spanning more than 30 years, he brings a wealth of technical, commercial and corporate experience which will complement the current Board composition.

In addition, Mr Robert Van der Laan, who had been an interim Executive Director since September 2020, stepped down from the Board on 1st March 2021.

CONTACT DETAILS

Proposed Company Name Change

Davenport's Board of Directors has resolved, subject to shareholder approval, to change the company name to South Harz Potash Limited. The 100% owned German subsidiary has already been changed to SüdHarzKali GmbH.

Davenport will seek shareholder approval at an extraordinary meeting of shareholders to be held on 4th May 2021. If approval is achieved, the Company will change its code to ASX:SHP, which has been reserved.

The Board proposes that a company name associated with the region in Germany where the Company's assets are situated, together with the intended end-product, will better represent the Company. The Company's world-class potash projects are located in the South Harz region of Thuringia and host an Inferred Mineral Resource¹ of 5.3 billion tonnes.

Director Share Options and Remuneration

Davenport's Board has resolved, subject to shareholder approval, to introduce a Share Options Scheme.

The proposed new Share Options Scheme aims to add a performance-linked incentive component to the remuneration of the Board and senior executives of the Company. The scheme is an integral long-term element of the Company's remuneration architecture, which when taken together with competitive salaries and short-term incentives, is designed to enable the Company to attract, retain, motivate and reward performance by team members in their respective roles.

The Company previously issued Rights under a Performance Rights Plan in 2019, however no further new Rights allocations will be made under that scheme.

It is proposed, subject to shareholder approval, that the number of Share Options issued to each Director is as follows:

- 1,750,000 to Mr Len Jubber
- 1,689,189 to Dr Chris Gilchrist (approx.)
- 1,250,000 to Mr Ian Farmer
- 750,000 to Dr Reinout Koopmans
- 750,000 to Mr Rory Luff
- 750,000 to Mr Hansjörg Plaggemars

The Option exercise price is set at a 100% premium to the 20-day VWAP on 29th March 2021 at A\$0.1776.

Executive and Non-Executive Director options are exercisable from when they vest (once granted). All options will expire five years after the issue date, except 1 million of the 'sign on' options allocated to Mr. Len Jubber that are exercisable from when they vest (once granted) and expire four years after the date of issue.

A summary of the vesting criteria and material terms by individual Director are set out in the Notice of General Meeting issued on 1st April 2021.

Directors' fees

With effect from 1st March 2021, Non-Executive Directors fees increased from A\$30,000 per annum to A\$40,000 per annum.

Dr Gilchrist's salary was adjusted to A\$300,000 per annum from 1st March 2021. A short-term incentive bonus has also been introduced payable at the Board's discretion at the end of the calendar year based on performance criteria.

Investor Relations

Alma PR, London, has been appointed to bolster investor relations engagement in Europe.

CONTACT DETAILS

Environmental, Social and Governance

The Company's Environmental, Social, and Corporate Governance (ESG) and Safety policies were approved by the Board and are subsequently undergoing design and implementation by the management team. The Company is engaging with prospective ESG and environment consultancies.

TENEMENT SUMMARY AS OF 31 MARCH 2021

Tenement Name	Location	Interest held at 31 December 2020	Interest acquired/ disposal of during quarter	Interest Held at 31 March 2021
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%

ASX ADDITIONAL INFORMATION

The Company provides the following information pursuant to ASX Listing Rule requirements:

- ASX Listing Rule 5.3.1: Exploration and Evaluation Expenditure spend during the quarter was A\$52,421. Full details of exploration activity during the March 2021 quarter are set out in this report.
- ASX Listing Rule 5.3.2: No mining production or development.
- ASX Listing Rule 5.3.5: Payment to related parties of the Company and their associates during the quarter was A\$167,822 cash.

This Quarterly Report has been approved by the Chief Executive, Dr Chris Gilchrist, and Chief Financial Officer, Mr R Van Der Laan.

Investor & Media Enquiries

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ASX Code (Options): DAVO
Frankfurt Code: A2DWXX

423.5 M Ordinary Shares
156.3 M Unlisted Options
46.2 M Listed Options
4.1M Performance Rights

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 March 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (09months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	1
1.2 Payments for		
(a) exploration & evaluation	(52)	(179)
(b) development	-	-
(c) production	-	-
(d) staff costs	(242)	(534)
(e) administration and corporate costs	(235)	(650)
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)	2	17
1.9 Net cash from / (used in) operating activities	(527)	(1,345)

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	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (09months) \$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)	9,070	10,534
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	5	5
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(653)	(692)
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	8,422	9,847

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	841	242
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(527)	(1,345)
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)	8,422	9,847

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 (09months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(83)	75
4.6	Cash and cash equivalents at end of period	8,819	8,819

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	8,819	841
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)	8,819	841

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*	168
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. 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)	(527)
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)	(527)
8.4 Cash and cash equivalents at quarter end (item 4.6)	8,819
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	8,819
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	16.73
<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: 27 April 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.