

DAVENPORT RESOURCES LIMITED

ABN 64 153 414 852

REPLACEMENT PROSPECTUS

For an initial public offer (IPO) of between 25,000,000 and 30,000,000 fully paid ordinary shares at an issue price of \$0.20 (20 cents) per share to raise between \$5,000,000 and \$6,000,000 before costs ("the Equity Offer").

This Prospectus also contains offers of 36,458,333 fully paid ordinary shares, 33,854,167 first milestone shares and 33,854,167 second milestone shares as part of the consideration for the acquisition of 100% of the issued shares of East Exploration Pty Ltd ("the Vendor Offer") and offers of up to 10 million options having an exercise price of \$0.25 (25 cents) expiring three years after Listing to recipients determined by the Company, including to Australian financial service licence ("AFSL") holders or others in connection with the Equity Offer ("the Options Offer").

The Equity Offer is not underwritten.

THE SECURITIES OFFERED UNDER THIS PROSPECTUS SHOULD BE CONSIDERED SPECULATIVE

IMPORTANT INFORMATION: This is an important document that you should read in full. If you do not understand it, consult your professional advisor.

THIS IS A REPLACEMENT PROSPECTUS DATED 24 OCTOBER 2016. IT REPLACES A PROSPECTUS DATED 31 AUGUST 2016 RELATING TO SHARES, MILESTONE SHARES AND OPTIONS OF DAVENPORT RESOURCES LIMITED.



IMPORTANT NOTICE

General

THIS REPLACEMENT PROSPECTUS ("this Prospectus") is dated 24 October 2016 and was lodged with the Australian Securities and Investments Commission ("ASIC") on that date. This Prospectus replaces a prospectus dated 31 August 2016 ("the Prospectus Date") relating to shares, milestone shares and options of Davenport Resources Limited ("Davenport" or "the Company"). ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. This replacement prospectus has been issued to provide for the following:

- Further financial disclosure including audited financial reports of Davenport for the years ended 30 June 2014, 2015 and 2016, audited financial reports of East Exploration Pty Ltd ("East Exploration") for the years ended 31 December 2014 and 2015 and East Exploration's reviewed half year financial report to 30 June 2016, an updated pro forma consolidated statement of financial position, and a replacement investigating accountant's report;
- A general meeting of Davenport shareholders (the "General Meeting") having been held and shareholder approvals for the issue of shares and milestone shares to the vendors of East Exploration shares, the election of Mr Patrick McManus as a Director who will take office upon and subject to completion of the acquisition of East Exploration, adoption of a maximum non-executive Director remuneration amount, and the adoption of an employee incentive scheme have been received. As a consequence, receiving the shareholder approvals are no longer a condition of the Offers;
- The opening date of the Equity Offer having been deferred to 26 October 2016, after the date of lodgement of this Replacement Prospectus at ASIC;
- The closing date of the Equity Offer having been extended to 25 November 2016. The dates by which Listing and the minimum subscription are required to be achieved have been extended to 3 months and 4 months after the date of this Replacement Prospectus (respectively). Any applicant who lodged applications before the lodgement of this Replacement Prospectus at ASIC is being given 1 month to withdraw their application.

For the purposes of this document this replacement prospectus will be referred to as either the Prospectus or the Replacement Prospectus.

As at the date of this replacement prospectus, no applications for shares, milestone shares or options have been received.

No person is authorised to give information or to make any representation in connection with the Offers which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by Davenport in connection with this Prospectus.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The shares, milestone shares and options the subject of this Prospectus should be considered highly speculative.

Defined terms

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 15.

No Cooling-Off Rights

Cooling-off rights do not apply to any investment in shares under the Equity Offer in this Prospectus. This means that, in most circumstances, you cannot withdraw your application to acquire shares under the Equity Offer once it has been made.

Exposure Period

A fourteen day exposure period during which the Company was prohibited from processing applications applied to the Offers, which has expired.

No applications were received during the exposure period and no preference would have been given to applications if they had been received during the exposure period.

Investment Advice

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for shares under this Prospectus.

Expiry Date

No securities may be issued on the basis of this Prospectus later than 13 months after the Prospectus Date.

Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of past and present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its Directors and management.

Although the Company believes that the expectations reflected in the forward looking statements included in this Prospectus are reasonable, none of the Company, its Directors or officers, or any person named in this Prospectus, can give, or gives, any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur or that the assumptions on which those statements are based will prove to be correct or exhaustive beyond the date of its making. Investors are cautioned not to place undue reliance on these forward-looking statements. Except to the extent required by law, the Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus.

The forward looking statements contained in this Prospectus are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. The key risk factors of investing in the Company are set out in Section 5.

Privacy statement

By completing and returning an application or acceptance form, you will be providing personal information directly or indirectly to the Company, the Share Registry, and other brokers involved in the Offers and related bodies corporate, agents, contractors and third party service providers of the foregoing ("Collecting Parties"). The Collecting Parties collect, hold and will use that information to assess your application, service your needs as a shareholder or option holder and to facilitate distribution payments and corporate communications to you as a shareholder or option holder.

By submitting an application form, you authorise the Company to disclose any personal information contained in your application ("Personal Information") to the Collecting Parties where necessary, for any purpose in connection with the Offers, including processing your acceptance of the Offers and complying with applicable law, the ASX Listing Rules, the ASX Settlement Operating Rules and any requirements imposed by any public authority.

If you do not provide the information required in respect of your application, the Company may not be able to accept or process your acceptance of the relevant Offer. If the Offers are successfully completed, your Personal Information may also be used from time to time and disclosed to persons inspecting the registers of shareholders or option holders, including bidders for your shares or options in the context of takeovers, public authorities, authorised securities brokers, print service providers, mail houses and the Share Registry.

Any disclosure of Personal Information made for the above purposes will be on a confidential basis and in accordance with the Privacy Act 1988 (Cth) and all other legal requirements. If obliged to do so by law or any public authority, Personal Information collected from you will be passed on to third parties strictly in accordance with legal requirements. Once your Personal Information is no longer required, it will be destroyed or de-identified.

Subject to certain exemptions under law, you may have access to Personal Information that the Collecting Parties hold about you and seek correction of such information. Access and correction requests, and any other queries regarding this privacy statement, must be made in writing to the Share Registry at the address set out in the Corporate Directory at the end of this Prospectus. A fee may be charged for access.

Web Site – Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.davenportresources.com.au/prospectus.

The Corporations Act prohibits any person passing onto another person an application or acceptance form unless it is attached to a hard copy of this Prospectus or it accompanies a complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an application or acceptance from a person if it has reason to believe that when that person was given access to the application or acceptance form,

it was not provided together with the Prospectus and any relevant supplementary or replacement Prospectus or any of those documents were incomplete or altered.

Foreign offer restrictions

This Prospectus may not be distributed outside Australia. Shares, milestone shares and options may not be offered outside Australia. If you are outside Australia it is your responsibility to obtain any necessary approvals for the Company to allot and issue shares, milestone shares and options to you pursuant to this Prospectus.

Time

All references to time this Prospectus are references to Australian Eastern Standard Time in Melbourne, Victoria ("AEST").

Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

ASX Bookbuild

The Company may elect to utilise ASX BookBuild and make a certain percentage of its shares available via the facility during the period of the Equity Offer. If the Company does proceed to use the ASX BookBuild facility, it will announce this (together with all relevant parameter information and other details as required by the ASX Operating Rules and the Corporations Act) on its website (www.davenportresources.com.au) when the Equity Offer opens. That announcement will also be issued via the ASX Market Announcements Platform.

Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult your broker or legal, financial or other professional adviser without delay.

Should you have any questions about any of the Offers or how to accept any of the Offers, please call the proposed Managing Director, Christopher Bain, on +61 413 275 756 or the Company Secretary, Mr Rajan Narayanasamy, on +61 415 065 280.

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INDICATIVE TIMETABLE FOR THE EQUITY OFFER

Initial lodgement of prospectus	31 August 2016
Record Date for Priority Offers	8 September 2016
Lodgement of this replacement prospectus	24 October 2016
Opening date	26 October 2016
Priority Offers and General Offer Closing Date (5pm)	25 November 2016
Broker Firm Offer Closing Date (5pm) ^	25 November 2016
Shares are expected to be allotted	6 December 2016
Expected Despatch of holding statements	8 December 2016
Expected date of quotation of shares on ASX (subject to ASX approval)	14 December 2016

^ Broker Firm Offer - An earlier date than the Broker Firm Offer Closing Date may be specified by Brokers for returning applications for allocations under the Broker Firm Offer.

Dates may change - The above dates are subject to change and are indicative only. The Company reserves the right to vary the dates and times of the Equity Offer, including to extend the Equity Offer or accept late applications, without notifying any recipient of this Prospectus or any applicants. Investors are encouraged to submit their applications as early as possible.

MINIMUM SUBSCRIPTION AND QUOTATION CONDITIONS

The Closing Date of the Equity Offer has been extended to 25 November 2016 (which date may be further extended).

This Replacement Prospectus is a “refresh document” under ASIC Corporations (Minimum Subscription and Quotation Conditions) Instrument 2016/70. The dates by which Listing and the minimum subscription are required to be achieved are extended to 3 months and 4 months after the date of this Replacement Prospectus (respectively).

As at the date of this Replacement Prospectus:

- no applications for securities have been received and no amount has been raised;
- there have been no changes to the minimum subscription applicable to the Offers;
- the date by which the minimum subscription is required to be have been satisfied is 24 February 2017, being 4 months after the date of this Replacement Prospectus;
- application was made to ASX for admission to quotation of the shares offered under the Equity Offer within 7 days after the initial prospectus was lodged;
- the shares offered under the Equity Offer have not been admitted to quotation;
- ASX has not indicated that the shares offered under the Equity Offer will not be admitted to quotation, and has not indicated that shares offered under the Equity Offer will be admitted to quotation subject to certain conditions being satisfied;
- there have been no changes to the condition that shares offered under the Equity Offer are admitted to quotation (“the quotation condition”); and
- the date by which the quotation condition is required to be have been satisfied is 24 January 2017, being 3 months after the date of this Replacement Prospectus.

Applicants who wish to withdraw their application and be repaid have 1 month from the date of this Replacement Prospectus (“the withdrawal period”) to do so, and the Offers will remain open at least until the end of the withdrawal period.

Applicants can withdraw their application and be repaid by email, facsimile or mail to the Company’s Share Registry, Security Transfer Australia Pty Ltd, at registrar@securitytransfer.com.au, by facsimile to (08) 9315 2233 or by mail to PO Box 52, Collins Street West, Vic, 8007. The last day of the withdrawal period is 24 November 2016, being 1 month after the date of this Replacement Prospectus.

SUMMARY CAPITAL STRUCTURE

The anticipated capital structure of Davenport at the time of completing the acquisition of East Exploration and Listing, if the Equity Offer and conditions for the acquisition and Listing are successfully completed or satisfied, will be as follows:

Shares

DAVENPORT SHARES	MINIMUM SUBSCRIPTION (\$5 million)		MAXIMUM SUBSCRIPTION (\$6 million)	
	Number	%	Number	%
Existing shares	12,000,262	16.4%	12,000,262	15.3%
Consideration shares for the acquisition of East Exploration [^]	36,458,333	49.6%	36,458,333	46.5%
Equity Offer shares offered under this Prospectus (at 20 cents each)	25,000,000	34.0%	30,000,000	38.2%
TOTAL SHARES	73,458,595	100%	78,458,595	100%
Anticipated approximate market capitalisation at the Equity Offer price (20 cents)	14.69 million		15.69 million	

[^] Plus the two tranches of milestone shares (a total of 67,708,334 milestone shares – see following).

If the milestones applicable to both tranches of milestone shares are achieved, assuming no further shares are issued in the interim, the effect of the conversion of the milestone shares to ordinary shares would be as follows:

DAVENPORT SHARES	MINIMUM SUBSCRIPTION (\$5 million)		MAXIMUM SUBSCRIPTION (\$6 million)	
	Number	%	Number	%
Existing shares	12,000,262	8.5%	12,000,262	8.2%
Consideration shares for the acquisition of East Exploration (including converted milestone shares)	104,166,667	73.8%	104,166,667	71.3%
Equity Offer shares offered under this Prospectus (at 20 cents each)	25,000,000	17.7%	30,000,000	20.5%
TOTAL SHARES	141,166,929	100%	146,166,929	100%

The terms of the milestone shares including the milestones applicable to each are set out in Section 14.7.

Options

Davenport may also issue up to 10 million options having an exercise price of at \$0.25 (25 cents) and an expiry date three years after Listing to recipients determined by the Company, including to AFSL holders or others in connection with the Equity Offer.

The terms of the options are set out in Section 14.8.

GENERAL MEETING

Davenport held a general meeting ("the General Meeting") on 28 September 2016 at which shareholder approvals required for the issue of shares and milestone shares to the vendors of East Exploration shares (and/or their respective nominees) as part of the consideration for the acquisition of East Exploration and for related matters including the election of a new Director, Mr Patrick McManus, who will take office upon and subject to completion of the acquisition of East Exploration, the adoption of a maximum non-executive Director remuneration amount and adoption of an employee incentive scheme were received.

The notice of the General Meeting with an accompanying explanatory memorandum and an independent expert's report were sent to Davenport shareholders. A copy of the notice, memorandum, report will be available on the Company's website at www.davenportresources.com.au/meeting.

THE OFFERS

The Offers contained in this Prospectus are:

- a. the Equity Offer which is an invitation to apply for a total of between 25,000,000 and 30,000,000 fully paid ordinary shares in the capital of Davenport Resources Limited ("Davenport" or "the Company") at an issue price of \$0.20 (20 cents) per share to raise between \$5,000,000 and \$6,000,000 before costs. The Equity Offer is made up of:
 - a. the Priority Offers, made to existing shareholders of Davenport ("the Davenport Priority Offer") and shareholders of Potash West NL [ACN 147 346 334] ("the Potash West Priority Offer"), which are only open to shareholders of Davenport and Potash West NL (respectively) as at 8 September 2016 ("the Record Date");
 - b. the Broker Firm Offer which is only open to clients of brokers who receive a firm allocation from their broker; and
 - c. the General Offer which is open to all eligible investors; and
- b. the Vendor Offer which is an offer of 36,458,333 fully paid ordinary shares, 33,854,167 first milestone shares (fully paid non-transferrable, non-voting ordinary shares in the Company) and 33,854,167 second milestone shares as part of the consideration for the acquisition of 100% of the issued shares of East Exploration. Only vendors of East Exploration and/or their respective nominee(s) are eligible to accept the Vendor Offer;

- c. the Options Offer which is an offer of up to 10 million options having an exercise price of \$0.25 (25 cents) expiring three years after Listing to recipients determined by the Company, including to AFSL holders or others in connection with the Equity Offer. Only recipients determined by the Company are eligible to accept the Vendor Offer.

The Equity Offer, the Vendor Offer and the Options Offer are collectively referred to in this Prospectus as “the Offers”.

All of the Offers are conditional upon:

- a. completion of the acquisition of East Exploration including a director determined by the vendors of East Exploration being appointed to the Board of Davenport with effect at completion of the acquisition of East Exploration (Mr Patrick McManus was elected at the General Meeting, with effect at completion of the acquisition of East Exploration, to fulfil this condition), East Exploration issuing Melbourne Capital Limited [ACN 055 638 438] (a company associated with a Director of Davenport, Mr Angus Edgar) 27,780 shares upon or before completion of the Offers, which shares will be part of the East Exploration shares acquired by Davenport, and ASX giving its approval for Listing;
- b. the Company receiving applications and application monies for at least 25 million shares (\$5 million, being the minimum subscription amount under the Equity Offer);
- c. ASX giving its conditional approval for admission of the Company to the Official List.

The Offers will not proceed, no shares, milestone shares or options will be issued pursuant to this Prospectus and application monies will be refunded to applicants in full (without interest) in accordance with the Corporations Act if:

- a. the acquisition of East Exploration is not able to be completed;
- b. the minimum subscription is not received within 4 months of the date of this Replacement Prospectus (or any longer period as ASIC and ASX may permit); or
- c. ASX’s approval for admission of the Company to the Official List is not received within 3 months of the date of this Replacement Prospectus (or any longer period as ASIC and ASX may permit).

HOW TO APPLY

Equity Offer

Instructions on how to apply under the Equity Offer are set out in Sections 13.1, 13.2, 13.3 and 13.4. Except for applications under the Davenport Priority Offer to “top up” existing holdings to 10,000 shares, applications under the Equity Offer must be for at least 10,000 shares (\$2,000) and thereafter in multiples of 2,500 shares (\$500).

Applications for shares under the Equity Offer can only be made by:

- a. completing and lodging the applicable application form (a Davenport Priority Offer Form, a Potash West Priority Offer Form, a Broker Firm Offer Form or a General Offer Form) which was attached to or accompanied a copy of this Prospectus; or
- b. in the case of accepting the Davenport Priority Offer, the Potash West Priority Offer or the Broker Firm Offer, by making payment by BPAY® in accordance with the BPAY® instructions in the applicable application form;
- c. on a paper copy of the electronic General Offer application form which accompanied an electronic copy of this Prospectus, which can be found at and downloaded from www.davenportresources.com.au/prospectus; or
- d. an electronic General Offer application form submitted using the Share Registry’s on-line application facility at www.securitytransfer.com.au, in accordance with the instructions for use of the facility and only after downloading and confirming having received an electronic copy of this Prospectus.

To receive priority, a Davenport Priority Offer Form or Potash West Priority Offer Form (as applicable) must be returned with payment and received, or payment of the applicable amount by BPAY® must be received, before the date and time specified for the return of priority forms (which date may change as referred to above). Late forms or payments may be treated as applications under the General Application.

Broker Firm Application forms are to be returned, and payments made, in accordance with and by the date specified in the instructions issued by the applicable broker. Only recipients of an invitation and Broker Firm Application form from their broker may apply under the Broker Firm Offer. Late forms or payments may be treated as applications under the General Application.

Further details of how to apply for shares under the Equity Offer are set out in Sections 13.1, 13.2, 13.3 and 13.4.

Vendor Offer

The Vendor Offer is made solely to and is capable of acceptance only by vendors of East Exploration shares (or their nominees). Instructions for completing and returning the Vendor Offer Form will be set out in the form.

Further details about how vendors of East Exploration shares (or their nominees) are to apply for shares and milestone shares under the Vendor Offer are set out in Section 13.5.

Options Offer

The Options Offer is made solely to and is capable of acceptance only by recipients of a personalised invitation from the Company attached to or accompanied by a copy of this Prospectus. Instructions for completing and returning the Options Offer Form will be set out in the form.

Further details about how recipients of personalised invitation from the Company are to apply for options under the Options Offer are set out in Section 13.6.

LETTER FROM THE PROPOSED CHAIRMAN

Dear Investor:

On behalf of the Board of Directors, I invite you to become a shareholder of Davenport Resources Limited ("Davenport" or "the Company") through this Prospectus.

Davenport aims to be a developer of potash mines, focussed on the South Harz potash field in the province of Thuringia, in Central Germany, which has been the site of potash production for over 100 years.

Potash is the source of potassium, which is one of the three key fertiliser elements, along with nitrogen and phosphorous, that are essential to the productivity of modern agriculture. Without these minerals, agricultural productivity would be much lower and the imperative to feed the growing and increasingly sophisticated population of the world would not be met.

Potash is a circa \$25 billion per annum business, with most of the worlds production coming from Western Canada, Belarus and the Perm Basin in Russia. Germany was the site of the first potash mines, and has been an established producer for over 150 years. The South Harz region has been in continuous production since 1898 and produced over 130 million tonnes of potash between 1960 and 1990, under the former German Democratic Republic. Potash mining is still carried on close to our exploration ground.

The exploration licences held by East Exploration Pty Ltd, which will become owned by Davenport after the IPO, have been drilled prior to 1990 and a remarkable amount of exploration data is available for both licence areas. The most advanced project, the Küllstedt licence, has more than 30 exploration holes drilled on it, which has allowed the identification of an Exploration Target, as described in Section 4.1.

We seek to raise \$5,000,000 by the issue of shares at an issue price of \$0.20 each. The Company may accept oversubscriptions of up to \$1,000,000, to raise a maximum of \$6,000,000. The majority of the funds raised under this Prospectus will principally be used to drill confirmatory holes in the Küllstedt licence. As described in Section 4.1, the high quality of previous work done on the deposit, and the continuous stewardship provided by our consultants should allow a rapid and low cost route to a JORC compliant resource. Funds will also be used to evaluate the Gräfentonna licence, by collating

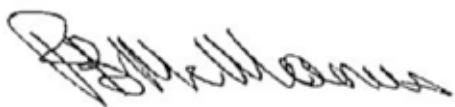
and reviewing previous drilling data, evaluating the prospectivity of other areas in the South Harz region.

The Southern Cross Bore copper-gold project, 75 km north-east of Alice Springs, in the Arunta Mineral Province of the Northern Territory is also a valuable asset in the Davenport portfolio. The Company holds 600 sq km of exploration licences, the most advanced being Johnnies Reward, an iron-oxide copper-gold (IOCG) prospect where drilling has identified broad zones of gold mineralisation grading between 0.4g/t and 2g/t, as discussed in Section 4.2.

The Company has a Board of Directors which is well qualified and experienced in exploration and development activities. We believe that with the Board and the executive team, we have the right mix of skills to ensure successful execution of our business, corporate and operational plans.

This Prospectus provides details of the Offers, the Company, the Projects and proposed operations, together with an outline of potential risks associated with investing in the Company. Potential investors should consider that an investment in the Company is speculative. I recommend you read this document carefully and seek independent professional advice before investing in the Company.

On behalf of the Board of Directors I recommend the Offers to you and look forward to welcoming you as a fellow shareholder.



Patrick McManus

Proposed Non-Executive Chairman

KEY INVESTMENT RISKS

Mineral exploration and development is an inherently speculative activity subject to many risks and uncertainties.

Section 5 describes and refers to some of the potential risks associated with an investment in the Company which may have a material adverse impact on the viability and financial performance of the Company and the market price of its shares, should they arise.

This summary should not be relied on. Greater detail is provided in Section 5. It is strongly recommended that you read Section 5 in full.

Risks associated with East Exploration

Risks identified in the Independent Technical Assessment South Harz Project report:

Including technical challenges and other risks specific to the East Exploration's German tenements, to the region or to global potash mining regions, which are described in Section 4 "Potential Risks" on page 44 of CSA Global Pty Ltd's "Independent Technical Assessment South Harz Project" report which is included in Section 10.

Risks identified in Section 5:

Additional Capital Requirements

Including that exploration costs and pursuit of Davenport's business plan will require further financing and may seek additional capital. If additional funding is not obtained the scope of operations may be reduced or business plans scaled back.

Exploration Resource Definition Stage

Including that East Exploration's tenements are generally at the exploration and resource definition drilling stage only. Insufficient exploration has been undertaken to define a JORC compliant resource. There can be no assurance that exploration of the South Harz Project will result in the discovery of a resource that can be economically exploited. Weather, mechanical difficulties, shortages or delays may affect drilling and other activities.

Accidents

Including unexpected events. These risks may result in legal proceedings, substantial losses, damage to or destruction of property, natural resources or equipment, pollution or other environmental damage, clean- up responsibilities, regulatory investigation, and penalties or suspension of operations.

Risks Associated with Operating in Germany

Including that the tenements located in Germany will be subject to the various political, economic and other risks and uncertainties associated with operating in that country such as economic, social or political change, changes of law, taxation, working conditions, rates of exchange, exploration licensing, environmental protection, mine safety, labour relations as well as differing Federal and State government regulations over mineral properties.

Tenement Title

Including that the licences are for specific terms, are subject to periodic renewal and carry work program and reporting commitments, as well as other conditions requiring compliance. Davenport could lose title to or its interest in tenements if not renewed, if the licence conditions are not met or new obligations are imposed, or if insufficient funds are available to meet expenditure commitments as and when they arise, in line with the German legislation.

Environmental and Other Regulatory Risks

Including strict environmental laws in Germany. Environmental laws are dynamic and can change over time. There are certain risks inherent to the Company's activities, such as accidental spills, leakages or other unforeseen circumstances, which could subject the Company to environmental liability.

Competition Risk

Including that the potash industry globally is competitive and may make it difficult for the Company to attract additional funding for the further exploration of the Projects or to grow or maintain revenues if production were to commence.

Reliance on Key Management

Including that the Company will depend substantially on the ability of its executives, senior management and key consultants to operate effectively.

Delays in Exploration

Including additional costs such as administration overheads before commencing exploration which will reduce the cash reserves of the Company. Delays and additional costs may result in some or all of the Projects not proceeding or defaults in licences or permits which, if not remedied, could result in forfeiture.

Risks associated with the Company's continuing operations

Risks Associated with Operating in Australia

Including that changes in government regulations and policies may adversely affect the financial performance of the operations of the Company.

Exploration and Evaluation Risk

Including that exploration contains risks by its very nature. There can be no assurance that exploration of the Southern Cross Bore Project will result in the discovery of an economic resource. Even if an apparently viable deposit or economic resource is identified, there is no guarantee that it can be viably or commercially exploited. Weather, mechanical difficulties, shortages or delays may affect drilling and other activities.

Liquidity and realisation risk

Including that there being no guarantee of an active market in shares or that the price of the shares will increase. Restriction obligations (escrow) will reduce the "free float" which may increase volatility of the market price of the Company's shares. Once escrow periods end there may be a significant sell down by the holders of those shares. The potential limited free float (tradeable shares during any restriction period) and potential sell down may affect the prevailing market price at which shareholders are able to sell their shares.

General risks

Risks that apply to companies generally may affect the performance of the Company or value its securities, include those set out in Section 5.4 including:

- Share Market Conditions
- Occupational Health and Safety
- Economic Risks
- The speculative nature of the investment.

The above is not intended to be an exhaustive list of the risk factors to which the Company or investors in the Company are or may be exposed. The factors not specifically referred to above may in the future materially affect the viability, or performance of the Company and the value of its securities.

SUMMARY OF THE OFFERS

TOPIC	SUMMARY	FOR MORE INFORMATION
1.1 Davenport, East Exploration and the acquisition of East Exploration		
Who is the issuer of this Prospectus?	Davenport Resources Limited [ABN 64 153 414 852] ("Davenport" or "Company").	Section 14.1
Who are Davenport and East Exploration?	<p>Davenport is a mineral exploration company that currently holds the Southern Cross Bore copper-gold project. The Southern Cross Bore Project covers an area of 600km² about 75kms north-east of Alice Springs in the Northern Territory.</p> <p>Davenport proposes acquiring 100% of the issued capital of East Exploration Pty Ltd ("East Exploration").</p> <p>East Exploration is a private Australian company which holds two exploration licenses in Germany, referred to as the South Harz Project, through a wholly owned and controlled German subsidiary.</p>	Section 4
What will be the Company's business after the acquisition of East Exploration?	From completion of the acquisition of East Exploration, Davenport's business will be holding and exploration of the South Harz Project and Southern Cross Bore Project tenements.	Section 4
What is the acquisition, what will Davenport pay for East Exploration shares, and what are the pre- conditions to the acquisition?	<p>The purchase by Davenport of all issued share capital in East Exploration from the shareholders of East Exploration (as vendors).</p> <p>The consideration for the acquisition of East Exploration is:</p> <ul style="list-style-type: none"> • \$250,000 cash, already paid to East Exploration as an option fee (\$100,000) and an exclusivity fee (\$150,000); • the issue to vendors of East Exploration shares (or their nominees) of: <ul style="list-style-type: none"> • 36,458,333 fully paid ordinary shares in the Company at a deemed issue price of AUD\$0.20 (20 cents) per share; • 33,854,167 first milestone shares; • 33,854,167 second milestone shares. 	Sections 14.3(a) and 14.7

TOPIC	SUMMARY	FOR MORE INFORMATION
	<p>The first and second milestone shares automatically convert to fully paid ordinary shares upon achievement of the respective milestones.</p> <p>The milestones are, in summary:</p> <ul style="list-style-type: none"> • for the first milestone shares: announcement within four (4) years after acquisition of East Exploration of the first JORC Code compliant inferred resources of one of the following: <ul style="list-style-type: none"> a. 250 million tonnes of potash at or above 11.0% K₂O by content, or b. 150 million tonnes of potash at or above 12.0% K₂O by content, or c. 100 million tonnes of potash at or above 13.0% K₂O by content, or d. 75 million tonnes of potash at or above 15.0% K₂O by content, or e. 50 million tonnes of potash at or above 18.0% K₂O by content. • for the second milestone shares: announcement within six (6) years after acquisition of East Exploration of Completion of satisfaction of all mining approvals and utility contracts required to construct and operate a minimum 500,000 tonnes per annum potash mine on the South Harz Project (including all government approvals, water and energy contracts necessary to operate the mine). <p>The full terms of the milestone shares and the milestones applicable to each of the first and second milestone shares are set out in Section 14.7.</p> <p>The acquisition of East Exploration is subject to the following conditions being fulfilled:</p> <ul style="list-style-type: none"> • The Company lodging a prospectus for a public offer of at least 25 million new shares at twenty cents (20 cents) each to raise, and successfully raising, between \$5 million and \$6 million (before costs) (the Equity Offer is made to satisfy this condition); • East Exploration issuing Melbourne Capital Limited [ACN 055 638 438], (a company associated with a Director of Davenport, Mr Angus Edgar) 27,780 shares upon or before satisfaction or waiver of the capital raising condition (above) and listing condition (below), which shares will be part of the East Exploration shares acquired by Davenport; 	

TOPIC	SUMMARY	FOR MORE INFORMATION
	<ul style="list-style-type: none"> Davenport receiving conditional approval for Listing. <p>The above conditions may be waived jointly by Davenport and East Exploration.</p> <p>It is also a condition for completion of the acquisition (subject to the above being satisfied or waived) that a Director determined by the vendors of East Exploration is appointed to the Board of Davenport with effect at completion of the acquisition of Davenport. Mr Patrick McManus was elected at the General Meeting, with effect at completion of the acquisition of East Exploration, to fulfil this condition.</p>	
Why has this Prospectus been issued?	The purpose of the Prospectus is to make the Equity Offer to provide the Company with funding, to make the Vendor Offer and Option Offer, and to assist the Company to comply with the requirements of ASX for Listing.	Sections 2 and 3
Are the Offers conditional?	<p>Yes.</p> <p>Shares, milestone shares and options will only be issued if, in summary:</p> <ul style="list-style-type: none"> the Equity Offer raises at least \$5 million; the acquisition of East Exploration (including satisfaction or waiver of the conditions of the acquisition described above) is completed; and Davenport becomes listed. <p>Further detail is set out in Section 12.6.</p> <p>If the conditions of the Offers are not fulfilled, applicants will be refunded their application monies in full without interest in accordance with the Corporations Act.</p>	Page 13 and Section 12.6
Why is the Equity Offer being conducted?	The Equity Offer is being conducted to provide funds for Davenport's proposed activities and as part of satisfying the requirements of ASX for Listing Davenport.	Sections 2 and 3
What is Davenport's business model?	To conduct exploration activities at the South Harz Project and Southern Cross Projects with the objective of delineating and in the long term potentially exploiting minerals at those Projects.	Sections 2, 3 and 4

TOPIC	SUMMARY	FOR MORE INFORMATION
How and where will the Company generate its revenue after completion of the acquisition of East Exploration?	It is not anticipated that Davenport will generate income in the near future. Any future generation of income will depend on delineating and in the long term potentially exploiting minerals at those Projects.	Sections 2, 3 and 4
What will be the Company's strategy after completion of the acquisition of East Exploration?	After completion of the acquisition of East Exploration, Davenport will pursue the South Harz Project and Southern Cross Project as described in Section 4.	Section 4
Where can I find details of Davenport's and East Exploration's Projects?	Section 4 of this Prospectus includes details of the Projects. Section 10 contains expert consultant reports on the Projects, including details of the tenements. Tenement reports are contained in Section 11.	Sections 4, 10 and 11
Where can I find details of Davenport's and East Exploration's historical performance?	Section 8 of this Prospectus includes summarised historical financial information for Davenport and East Exploration, including (for each) a Statement of Profit or Loss and Other Comprehensive Income. An Investigating Accountant's Report is contained in Section 9.	Sections 8 and 9
What is the Company's dividend policy?	No dividends are expected to be declared in respect of the 2016 or 2017 financial years. Subject to the performance of the Company in subsequent years, the Directors will review the dividend policy.	Section 14.10

TOPIC	SUMMARY	FOR MORE INFORMATION
1.2 Summary of Key Risks		
Are there risks?	<p>Yes. The Company is subject to a number of risks, both specific to it and of a general nature, which may either individually or in combination adversely affect the future operating and financial performance of the Company after completion of the acquisition of East Exploration, its investment returns, and the value of its shares.</p> <p>Section 5 describes some of the potential risks associated with East Exploration and the Company's continuing operations and the business and the industry in which the Company operates, and risks associated with an investment in shares which may have a material adverse impact on the viability and financial performance of the Company and the market price of its shares, should they arise.</p> <p>The risks are also summarised on page 17.</p> <p>These summaries should not be relied on. Greater detail is provided in Section 5. It is strongly recommended that you read Section 5 in full.</p>	Section 5 and page 17
1.3 Directors		
Who are the existing and proposed Directors?	<p>Current Board of Directors</p> <ul style="list-style-type: none"> • Christopher Bain – currently a Non-Executive Director, proposed Managing Director • Rory Luff - Non-Executive Director • Angus Edgar - Non-Executive Director <p>Proposed Director</p> <ul style="list-style-type: none"> • Patrick McManus - Non-Executive Chairman <p>Mr McManus was elected at the General Meeting, with effect upon completion of the acquisition of East Exploration.</p>	Section 6

TOPIC	SUMMARY	FOR MORE INFORMATION																				
Existing and proposed Director's interests in shares, milestone shares and options	Existing and proposed Directors' post-acquisition direct and indirect interests in shares, milestone shares and options:	Sections 6.4																				
	<table><tr><th>Director or proposed Director (or associated entity)</th><th>Ordinary shares</th><th>First milestone shares</th><th>Second milestone shares</th></tr><tr><td>Patrick McManus</td><td>Nil</td><td>Nil</td><td>Nil</td></tr><tr><td>Rory Luff^</td><td>6,109,986</td><td>5,557,487</td><td>5,557,487</td></tr><tr><td>Christopher Bain</td><td>Nil</td><td>Nil</td><td>Nil</td></tr><tr><td>Angus Edgar</td><td>3,238,804</td><td>1,354,272</td><td>1,354,272</td></tr></table>		Director or proposed Director (or associated entity)	Ordinary shares	First milestone shares	Second milestone shares	Patrick McManus	Nil	Nil	Nil	Rory Luff^	6,109,986	5,557,487	5,557,487	Christopher Bain	Nil	Nil	Nil	Angus Edgar	3,238,804	1,354,272	1,354,272
	Director or proposed Director (or associated entity)		Ordinary shares	First milestone shares	Second milestone shares																	
	Patrick McManus		Nil	Nil	Nil																	
	Rory Luff^		6,109,986	5,557,487	5,557,487																	
	Christopher Bain		Nil	Nil	Nil																	
Angus Edgar	3,238,804	1,354,272	1,354,272																			
Mr Luff's direct and indirect interests in Davenport shares would represent 8.32% of the Company's issued ordinary shares at the minimum subscription (\$5 million) or 7.79% at the maximum subscription (\$6 million). Mr Edgar's direct and indirect Davenport shares would represent 4.41% at the minimum subscription or 4.13% at the maximum subscription.																						
None of the Existing and proposed Directors will hold any post-acquisition direct and indirect interests in the above options.																						

TOPIC	SUMMARY	FOR MORE INFORMATION										
Existing and proposed Directors' remuneration	<p>The proposed remuneration of each current and proposed Director commencing upon completion of the acquisition is as follows:</p> <table><tr><th>Director or proposed Director</th><th>Director's Fees / Salary / Consulting Fees (per annum) (plus GST if applicable)</th></tr><tr><td>Patrick McManus</td><td>\$45,000</td></tr><tr><td>Rory Luff^</td><td>\$30,000</td></tr><tr><td>Christopher Bain</td><td>\$140,000</td></tr><tr><td>Angus Edgar</td><td>\$45,000</td></tr></table> <p>^ Mr Bain will be appointed as Managing Director with effect upon the acquisition.</p> <p>* Mr Edgar will receive director's fees at the rate of \$30,000 per annum, and for the first 6 months after Listing he (or a company associated with him) will also receive \$2,500 per month for providing corporate advisory consulting services to the Company.</p>	Director or proposed Director	Director's Fees / Salary / Consulting Fees (per annum) (plus GST if applicable)	Patrick McManus	\$45,000	Rory Luff^	\$30,000	Christopher Bain	\$140,000	Angus Edgar	\$45,000	Section 6.5
Director or proposed Director	Director's Fees / Salary / Consulting Fees (per annum) (plus GST if applicable)											
Patrick McManus	\$45,000											
Rory Luff^	\$30,000											
Christopher Bain	\$140,000											
Angus Edgar	\$45,000											

TOPIC	SUMMARY	FOR MORE INFORMATION																					
1.4 Key Offer Statistics																							
What are the key Offer statistics?	<p>The expected capital structure of the Company immediately following completion of the acquisition of East Exploration and the Equity Offer and Options Offer, is summarised below:</p> <p>SHARES</p> <table> <tr> <th></th><th>Minimum subscription (\$5 million)</th><th>Maximum subscription (\$6 million)</th></tr> <tr> <th>Shares:</th><th>Number %</th><th>Number %</th></tr> <tr> <td>Existing shares</td><td>12,000,262 16.4%</td><td>12,000,262 15.3%</td></tr> <tr> <td>Consideration shares for the acquisition of East Exploration ^</td><td>36,458,333 49.6%</td><td>36,458,333 46.5%</td></tr> <tr> <td>Equity Offer shares offered under this Prospectus (at 20 cents each)</td><td>25,000,000 34.0%</td><td>30,000,000 38.2%</td></tr> <tr> <td>Total Shares</td><td>73,458,595 100%</td><td>78,458,595 100%</td></tr> <tr> <td>Anticipated approximate market capitalisation at the Equity Offer price (20 cents)*:</td><td>14.69 million</td><td>15.69 million</td></tr> </table> <p>^ Plus the two tranches of milestone shares (a total of 67,708,334 milestone shares – see following).</p> <p>* Calculated as total ordinary shares multiplied by the Equity Offer price (20 cents).</p>		Minimum subscription (\$5 million)	Maximum subscription (\$6 million)	Shares:	Number %	Number %	Existing shares	12,000,262 16.4%	12,000,262 15.3%	Consideration shares for the acquisition of East Exploration ^	36,458,333 49.6%	36,458,333 46.5%	Equity Offer shares offered under this Prospectus (at 20 cents each)	25,000,000 34.0%	30,000,000 38.2%	Total Shares	73,458,595 100%	78,458,595 100%	Anticipated approximate market capitalisation at the Equity Offer price (20 cents)*:	14.69 million	15.69 million	Section 12.9(b)
	Minimum subscription (\$5 million)	Maximum subscription (\$6 million)																					
Shares:	Number %	Number %																					
Existing shares	12,000,262 16.4%	12,000,262 15.3%																					
Consideration shares for the acquisition of East Exploration ^	36,458,333 49.6%	36,458,333 46.5%																					
Equity Offer shares offered under this Prospectus (at 20 cents each)	25,000,000 34.0%	30,000,000 38.2%																					
Total Shares	73,458,595 100%	78,458,595 100%																					
Anticipated approximate market capitalisation at the Equity Offer price (20 cents)*:	14.69 million	15.69 million																					

TOPIC	SUMMARY	FOR MORE INFORMATION																		
	SHARES IF ALL MILESTONE SHARES CONVERT	Section 12.9(b)																		
	<table><tr><th></th><th>Minimum subscription (\$5 million)</th><th>Maximum subscription (\$6 million)</th></tr><tr><th>Shares:</th><th>Number %</th><th>Number %</th></tr><tr><td>Existing shares</td><td>12,000,262 8.5%</td><td>12,000,262 8.2%</td></tr><tr><td>Consideration shares for the acquisition of East Exploration (including converted milestone shares)</td><td>104,166,667 73.8%</td><td>104,166,667 71.3%</td></tr><tr><td>Equity Offer shares offered under this Prospectus (at 20 cents each)</td><td>25,000,000 17.7%</td><td>30,000,000 20.5%</td></tr><tr><td>Total Shares</td><td>141,166,929 100%</td><td>146,166,929 100%</td></tr></table>			Minimum subscription (\$5 million)	Maximum subscription (\$6 million)	Shares:	Number %	Number %	Existing shares	12,000,262 8.5%	12,000,262 8.2%	Consideration shares for the acquisition of East Exploration (including converted milestone shares)	104,166,667 73.8%	104,166,667 71.3%	Equity Offer shares offered under this Prospectus (at 20 cents each)	25,000,000 17.7%	30,000,000 20.5%	Total Shares	141,166,929 100%	146,166,929 100%
			Minimum subscription (\$5 million)	Maximum subscription (\$6 million)																
	Shares:		Number %	Number %																
	Existing shares		12,000,262 8.5%	12,000,262 8.2%																
	Consideration shares for the acquisition of East Exploration (including converted milestone shares)		104,166,667 73.8%	104,166,667 71.3%																
	Equity Offer shares offered under this Prospectus (at 20 cents each)		25,000,000 17.7%	30,000,000 20.5%																
	Total Shares		141,166,929 100%	146,166,929 100%																
	OPTIONS																			
	<table><tr><th>Options</th><th>Number</th><th>Exercise Price</th><th>Expiry Date</th></tr><tr><td>Existing options</td><td>Nil</td><td>-</td><td>-</td></tr><tr><td>Options offered under this Prospectus</td><td>Up to 10 million</td><td>25 cents</td><td>3 years after Listing</td></tr><tr><td>Total options</td><td>Up to 10 million</td><td>-</td><td>-</td></tr></table>		Options	Number	Exercise Price	Expiry Date	Existing options	Nil	-	-	Options offered under this Prospectus	Up to 10 million	25 cents	3 years after Listing	Total options	Up to 10 million	-	-		
	Options		Number	Exercise Price	Expiry Date															
	Existing options		Nil	-	-															
	Options offered under this Prospectus		Up to 10 million	25 cents	3 years after Listing															
	Total options		Up to 10 million	-	-															

TOPIC	SUMMARY	FOR MORE INFORMATION
Are there any escrow arrangements.	<p>Shares issued under the Equity Offer will not be escrowed.</p> <p>Some or all of the shares and milestone shares issued under the Vendor Offer and options issued under the Options Offer may be subject to escrow determined by ASX.</p>	Section 12.11
1.5 Summary of the Equity Offer		
What is the Equity Offer?	<p>Davenport is offering to issue a minimum of 25,000,000 and up to 30,000,000 fully paid ordinary shares to raise a minimum of \$5 million and up to \$6 million before costs.</p> <p>The Equity Offer issue price is \$0.20 (20 cents) per ordinary share.</p> <p>Ordinary shares issued pursuant to this Prospectus will, from the time they are issued, rank equally with all existing ordinary shares.</p> <p>No milestone shares or options are offered under the Equity Offer.</p>	Section 12.2
How is the Equity Offer structured?	<p>The Equity Offer comprises:</p> <ul style="list-style-type: none"> the Priority Offers to Davenport shareholders and Potash West NL shareholders (respectively); the Broker Firm Offer which is only open to clients of Brokers who receive a firm allocation from their Broker; and the General Offer which is open to all eligible investors. 	Sections 12.2, 13.1, 13.2 and 13.3

TOPIC	SUMMARY	FOR MORE INFORMATION
How will the proceeds of the Equity Offer be used?	<p>The proceeds of the Equity Offer are intended to be used:</p> <ul style="list-style-type: none"> • to pursue and in particular to conduct exploration activities at the South Harz potash project and existing Southern Cross Bore Project; • to determine potential extension, development and exploitation of Projects, if feasible; • to undertake geological review and target generation; and • for administrative costs, working capital, and to pay costs of the Offers and acquisition of East Exploration. <p>A detailed breakdown of the proposed use of funds is set out in Section 3.</p>	Sections 2 and 3
Will the Shares be listed?	<p>The Company applied to ASX for Official Quotation of the Shares offered under the Equity Offer on 31 August 2016.</p> <p>The Offers are conditional on ASX approving the application. If approval is not given within three months after the date of this Replacement Prospectus (or any longer period as ASIC and ASX may permit) the Offers will be withdrawn and all application monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p> <p>Listing of milestone shares and options offered under this Prospectus is not being applied for and is not a condition of the Offers.</p>	Section 12.10
Is the Equity Offer underwritten?	No. The Offer is not underwritten.	Section 12.15
What is the Equity Offer allocation policy?	<p>Shareholders of Davenport as at the Record Date (8 September 2016) will receive priority shares first to top up holdings of less than 10,000 shares to 10,000 shares, then Davenport Priority Offer applicants who applied for more shares than required to top up their holding will receive shares up to the balance of the 2.5 million priority shares at the discretion of the Directors.</p> <p>Shareholders of Potash West NL as at the Record Date will receive priority shares first to allocate 10,000 shares to the maximum number of Potash West Priority Offer applicants, then Potash West Priority applicants who applied for more than 10,000 shares will receive shares up to the balance of the 5 million priority shares at the discretion of the Directors.</p>	Sections 13.1(b), 13.2(d) and 13.3

TOPIC	SUMMARY	FOR MORE INFORMATION
	<p>If there are insufficient Priority Offer shares to top up Davenport shareholders' holdings or issue at least 10,000 shares to Potash West NL shareholder applicants, the Directors will allocate shares in their discretion. Shares offered under the General Offer may be applied to Priority Offer applications at the Directors' discretion.</p> <p>It will be a matter for each broker as to how they allocate shares under the Broker Firm Offer among their clients.</p> <p>If oversubscriptions are received the Company may at its discretion reject General Offer applications and/or scale back General Offer applications and issue fewer shares than an applicant applied for under the General Offer. Excess application monies will be refunded without interest.</p>	
Is there any brokerage, commission or stamp duty payable by applicants?	No brokerage, commission or stamp duty is payable by applicants on acquisition of shares under the Equity Offer.	Section 12.16
What are the tax implications of investing in shares?	Potential investors should consult their professional taxation adviser before deciding whether to apply for shares pursuant to this Prospectus as any tax liability may vary depending on their individual circumstances.	Section 14.11
When will I receive confirmation that my application has been successful?	It is expected that initial holding statements will be despatched on or about 8 December 2016.	Section 12.7
How can I apply for shares under the Equity Offer?	<p>Priority Offers: Apply by completing the applicable, personalised Priority Offer application form attached to or accompanying this Prospectus, or pay by BPAY® in accordance with the instructions on the personalised Priority Offer application form.</p> <p>Broker Offer: Applicants under the Broker Firm Offer must apply, and pay their application monies, to their broker in accordance with instructions provided by their broker. Your broker may require the application form and/or payment earlier than the Closing Date.</p>	Sections 12.2, 13.1, 13.2 and 13.3

TOPIC	SUMMARY	FOR MORE INFORMATION
	<p>General Offer: Apply by completing a General Offer application form attached to or accompanying this Prospectus.</p> <p>Applications may be made using the applicable electronic application form submitted using the Share Registry's on-line application facility at www.securitytransfer.com.au, in accordance with the instructions for use of the facility and only after downloading and confirming having received an electronic copy of this Prospectus</p> <p>Applications may also be made using Electronic copies of the relevant form. Electronic copies of forms may only be used if you received a copy of this Prospectus before applying.</p> <p>To the extent permissible by law, an application by an applicant under the Offers is irrevocable.</p>	
<p>Can the Offers be withdrawn?</p>	<p>The Company reserves the right not to proceed with the Offers at any time before completion of the acquisition of East Exploration and the issue of Shares under the Equity Offer.</p> <p>If the Offers do not proceed, application monies will be refunded by the Share Registry, your broker or the Company.</p> <p>No interest will be paid on any application monies refunded as a result of the withdrawal of the Offers.</p>	<p>Section 12.14</p>

TOPIC	SUMMARY	FOR MORE INFORMATION
1.6 Further Information		
Where can I find more information?	<p>Please call the proposed Managing Director, Christopher Bain, on +61 413 275 756 or the Company Secretary, Mr Rajan Narayanasamy, on +61 415 065 280, or your broker, if you require assistance to complete the applicable application form or require additional copies of this Prospectus.</p> <p>All enquiries in relation to the Broker Firm Offer should be directed to your Broker.</p> <p>If you are unclear in relation to any matter or are uncertain as to whether obtaining shares in the Company is a suitable investment for you, you should seek professional advice from your solicitor, stock broker, accountant or other independent and qualified professional advisor before deciding whether to invest.</p>	Section 14.19

1 CORPORATE OVERVIEW

The information in this section is a selective overview only. Prospective investors should read this Prospectus in its entirety before making any investment decision.

On 26 February 2016, Davenport demerged from Arunta Resources Limited [ACN 089 224 402] (which has subsequently changed its name to Spirit Telecom Limited) ("Arunta"), becoming a separate entity. Eligible Arunta shareholders were issued a total of 6,000,262 shares in Davenport on the basis of 0.328415 Davenport shares for every 100 Arunta shares held on the Record Date. Following the demerger from Arunta, Davenport raised \$480,000 through a placement of 6,000,000 shares at \$0.08 (8 cents) per share ("the Placement"). As at the date of this Prospectus Davenport has 12,000,262 shares on issue. Arunta is no longer associated with Davenport and is referred to for the purposes of historical identification only.

The Equity Offer is being made to raise a minimum of \$5,000,000 through the issue of 25,000,000 shares at \$0.20 (20 cents) per share and a maximum of up to \$6 million by issuing up to 30,000,000 shares.

East Exploration Pty Ltd is a private Australian company that holds two potash project licences (substantially equivalent to mining exploration tenements in Australia) in Küllstedt and Gräfentonna areas in Central Germany through a wholly owned and controlled German subsidiary, East Exploration GmbH. Further information about East Exploration and the licences is provided in Section 4.1. Terms of the acquisition of East Exploration are set out in Section 14.3(a).



In addition to the proposed acquisition of East Exploration, Davenport retains an Australian exploration project. At the date of this Prospectus the Company holds the Southern Cross Bore project located approximately 75km north of Alice Springs in Australia's Northern Territory. Southern Cross Bore is prospective for IOCG (Iron Oxide Copper Gold) style mineralisation and comprises exploration licences (ELs) 30090, 28045 and 29827. Further information about the Southern Cross Bore project is provided in Section 4.2.



2 PURPOSE OF THE EQUITY OFFER

The purpose of the Equity Offer is to raise funds:

- to pursue the Projects described in this Prospectus, in particular to conduct exploration activities including drilling at the German potash Project and Davenport's existing Southern Cross Bore Project;
- to determine the potential for extension, development and exploitation of the Projects, if feasible;
- to undertake geological review and target generation activities ; and
- for administrative costs, working capital, and to pay costs of the Offers and acquisition of East Exploration.

The Equity Offer is detailed in section 12.2. Further detail about the proposed use of funds raised is set out in the following Section 3.

3 USE OF FUNDS

Funds raised by the Equity Offer together with other funds shown below are intended to be applied as follows:

SOURCES OF FUNDS	MINIMUM SUBSCRIPTION (\$5 million)		MAXIMUM SUBSCRIPTION (\$6 million)	
	Year 1 \$ 000's	Year 2 \$ 000's	Year 1 \$ 000's	Year 2 \$ 000's
Adjusted Cash at 31 July 2016*	932	-	932	-
Equity Offer (before costs)	5,000	-	6,000	-
Previous year working capital balance	-	2,324	-	3,196
TOTAL	5,932	2,324	6,932	3,196

* Cash at 31 July 2016 adjusted for expenses incurred (but not yet paid) up to 31 July 2016, other than expenses incurred in respect of the acquisition (which are part of the costs of the Offers & acquisition in the expenditure table below), and includes consideration of \$500,000 for the sale of the Company's former interest in the Hatches Creek project..

EXPENDITURE	MINIMUM SUBSCRIPTION (\$5 million)			MAXIMUM SUBSCRIPTION (\$6 million)		
	Year 1 \$ 000's	Year 2 \$ 000's	Total \$ 000's	Year 1 \$ 000's	Year 2 \$ 000's	Total \$ 000's
SOUTH HARZ PROJECT (GERMANY) Küllstedt						
Site preparation & logistics	400	200	600	400	200	600
Drill rig mobilisation, drilling & consumables	1,240	800	2,040	1,240	800	2,040
Technical services - geology, logging, wireline logging, assays	250	100	350	250	100	350
Site rehabilitation	210	110	320	210	110	320
SUB-TOTAL KÜLLSTEDT	2,100	1,210	3,310	2,100	1,210	3,310
Gräfentonna						
Geological review and Target generation	50	50	100	100	125	225
SUB-TOTAL SOUTH HARZ	2,150	1,260	3,410	2,200	1,335	3,535

EXPENDITURE	MINIMUM SUBSCRIPTION (\$5 million)			MAXIMUM SUBSCRIPTION (\$6 million)		
	Year 1 \$ 000's	Year 2 \$ 000's	Total \$ 000's	Year 1 \$ 000's	Year 2 \$ 000's	Total \$ 000's
SOUTHERN CROSS BORE (AUSTRALIA)						
Tenement Rent & fees	14	19	33	14	19	33
Exploration & Rehabilitation	90	125	215	105	250	355
SUB-TOTAL SOUTHERN CROSS BORE	104	144	248	119	269	388
SUB-TOTAL EXPLORATION PROJECTS	2,254	1,404	3,658	2,319	1,604	3,923
ADMINISTRATION	507	490	997	507	490	997
WORKING CAPITAL	2,324	430	430	3,196	1,102	1,102
COSTS OF THE OFFERS & ACQUISITION OF EAST EXPLORATION [^]	847	-	847	890	-	910
TOTAL	5,932	2,324	5,932	6,932	3,196	6,932

[^] Costs of the acquisition of East Exploration are transaction costs, not the consideration payable for the acquisition which is set out in Section 14.3(a). A detailed breakdown of the costs of the Offers and acquisition (excluding GST) is set out in Section 14.16.

If more than the minimum subscription and less than the maximum subscription is raised, funds above \$5 million after costs will be applied primarily to accelerate target generation at Gräfontonna including purchase of historic drilling information and seismic data if a review shows that the information will assist the interpretation of the potash seam. In addition at Southern Cross Bore a

shallow drilling program to test extensions of mineralisation if the field and geophysical surveys identify a suitable target. Any residual balance will be allocated as working capital for application to other opportunities as they are identified from exploration and evaluation.

Further detail about East Exploration's intended activities, to which funds allocated to the South Harz Project in the above table will be applied, are included in Section 4.

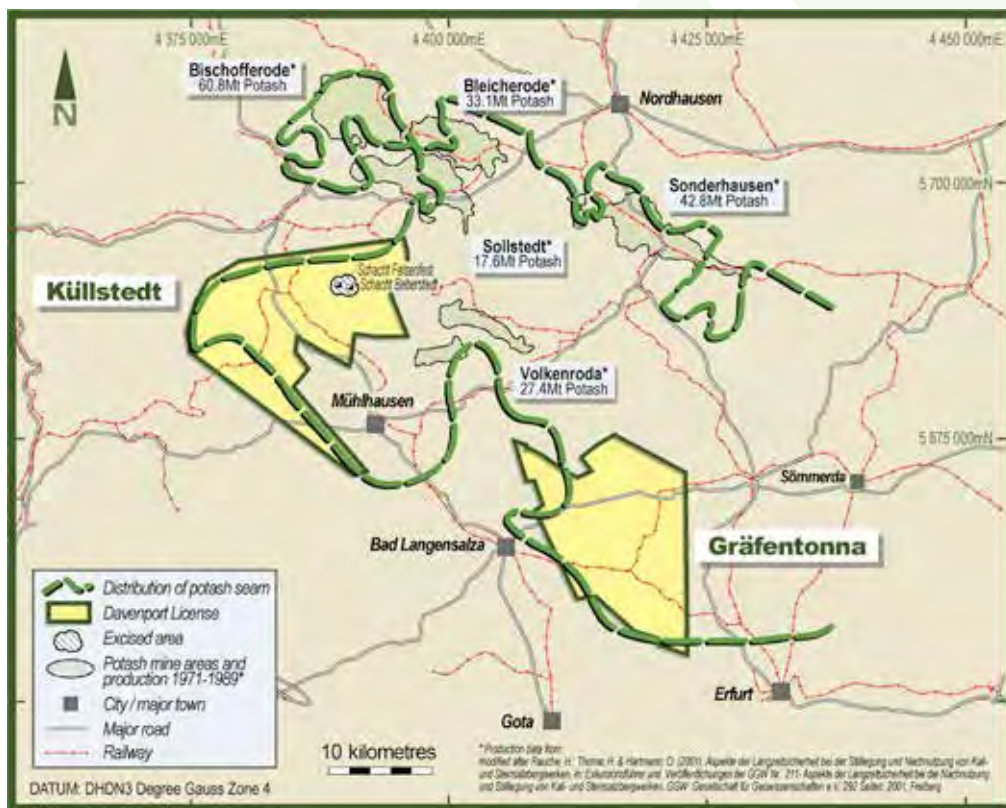
The Directors believe that following completion of the Equity Offer the Company will have sufficient funds available from the cash proceeds of the Equity Offer to fulfil the purposes of the Offers and meet the Company's stated business objectives.

4 THE COMPANY AND PROJECT

4.1 German Potash Project

(a) Overview of East Exploration and its Projects

Davenport intends acquiring 100% of the issued capital of East Exploration. A wholly owned and controlled German subsidiary of East Exploration is the holder of an exploration licence area of approximately 450km² on the southwestern edge of the South Harz Potash District within the Republic of Germany.



Davenport views this as a unique opportunity to acquire a greenfield potash project within an established potash mining district that is well supported by infrastructure.

The South Harz Potash District has a history of producing Muriate of Potash (MOP) from both Sylvinit and Carnallitite ores. Within the district both Sylvinit and Carnallitite ores have been mined by both conventional underground and solution mining operations. Prior to the re-unification of Germany the district (in the former German Democratic Republic) produced approximately 3.5 million tonnes of K₂O annually (approx. 4.4 million tonnes of MOP).

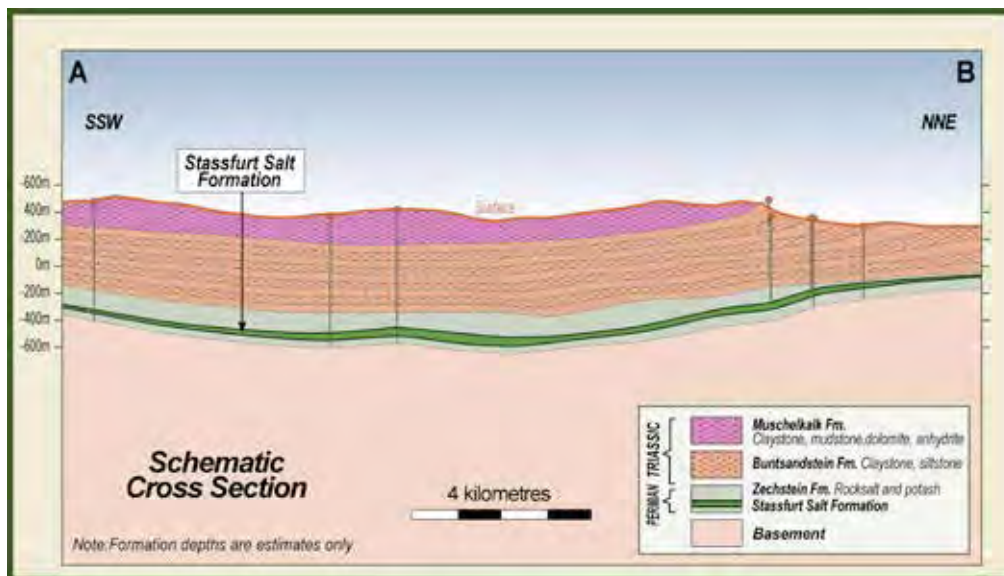
The project area is located in the northern part of the Federal State of Thuringia, situated approximately halfway between Frankfurt and Berlin. The area is well serviced with infrastructure including rail, power and road networks. Potash mining continues in the broader Harz region so knowledge and experience of potash mining is still available.

The project comprises two exploration licenses covering a total area of approximately 457km². The Küllstedt license was granted on the 12 Jan 2015, and covers an area of 241km², and the Gräfen-tonna license which was also granted on the 12 Jan 2015, covers an area of 216km². Under the German Mining Law the exploration licenses are granted for a term of 5 years with an option to renew for a further 3 years. Within the Küllstedt license there is an excised area covering the Hupstedt-Beberstedt and Felsenfest potash mines which closed in the 1920's. Ultimately the shafts were filled and capped in 2000.

The Company's Independent Technical Expert, CSA Global Pty Ltd, compiled the *"Independent Technical Assessment Report South Harz Potash Project"* in April 2016. A copy of the report is included Section 10.1. The report covers regional geology, mining history as well as past exploration completed on and around the license areas. Investors should read the report in its entirety.

East Exploration had previously engaged German based geological consultants ERCOSPLAN Ingenieurgesellschaft Geotechnik und Bergbau (ERCOSPLAN) who are internationally recognized potash specialist and are based in Erfurt, close to the project area. The results of ERCOSPLAN's preliminary work on the Küllstedt license has been released to ASX by East Exploration's 55% shareholder Potash West Limited (ASX:PWN) (refer ASX announcement PWN 4th March 2015 "Significant Exploration Target Identified at Küllstedt, within South Harz Project Germany").

The project lies within the north-western part of the Thuringian Basin that contains a potash rich evaporite sequence which is of Permian age. These so-called Zechstein evaporites have historically been an important source of salts, potassium fertilizers and hydrocarbons in the region. Due to the extensive mining and exploration history in the area, the geology of the project area and potash mineralisation is reasonably well known. The evaporite sequence containing the potash seams within the South Harz area occur at a depth of between 500m and 1,000m below surface. The overlying rocks consist of a marine sequence of sandstones, mudstones, marl, dolomite and siltstones.



Within the Küllstedt license the potash mineralisation is hosted by the Permian Stassfurt Formation which ranges in thickness between 32m and 255m. Within the Stassfurt Formation the Kalifloez Stassfurt unit (z2KSt) contains the potash seam which underlies the entire Küllstedt license area. Here, the z2KSt unit is up to 58 metres thick, and appears to be richer in Carnallite potash mineral in the north and Sylvite mineral in the south. Underlying the z2KSt unit is a relatively thick basal rock salt layer (Stassfurt rock salt, z2NA), and the Stassfurt basal anhydrite (z2ANa). The base of the Stassfurt Formation is a dolomite unit (z2D) that has been of interest to hydrocarbon explorers in the past.

Past mining and exploration within the Küllstedt license has included three vertical shafts which operated up to 1924 (excised from the tenement), as well as a number of potash exploration drill holes and oil wells that have drilled through the potash formations of interest as detailed in Table 7 of the *Independent Technical Assessment Report South Harz Potash Project* report in Section 10.1. ERCOSPLAN have obtained geological data and some assay data for the majority of the drill holes and have created a 3D geological model of the potash seam. This work has allowed ERCOSPLAN to calculate an Exploration Target for potash within the license of between 4,055 million tonnes and 5,141 million tonnes with a grade ranging between 7.2% K₂O and 25% K₂O. The potential quantity and grade of the Exploration Target is conceptual in nature, there has been insufficient exploration to estimate a mineral resource and it is uncertain if further exploration will result in the estimation of a mineral resource.

The Exploration Target underlying the Küllstedt license area is based solely on historical drill data. The Company's immediate priority on Listing is to complete a series of confirmation drill holes in order to confirm the thickness and grade of the potash intersected in the historical holes, and to acquire existing seismic data over the area to confirm the continuity of the underlying stratigraphy. Upon successful completion of this program the Company believes it will be in a position to convert

a part of the Exploration Target into a JORC compliant Inferred Resource. This will allow the Company to advance its plans to develop a profitable potash mining operation.

Little geological information is available on the Gräfentonna license, though the stratigraphy is expected to be broadly similar to the Küllstedt license. Based on preliminary data there appears to be a Sylvinite dominated seam running down the central part of the license area and Carnallite dominated seam towards the eastern side of the license. Once Listed, the Company will commence a detailed geological review and geological model of the potash seam using the available drilling and geological information. It is anticipated that this work will allow an Exploration Target to be calculated that can be confirmed by further drilling.

(b) Proposed Exploration Program

The Company has planned a two year exploration program post listing with the objective of upgrading the existing Exploration Target on the Küllstedt license to a JORC compliant Inferred Resource as well as completing a thorough geological review of the Gräfentonna license that may lead to an Exploration Target for potash being identified that will also require drill testing.

The proposed initial program is to drill two confirmation holes on the Küllstedt license twinning existing exploration holes that have intersected potash.

Confirmation Hole 1: This hole is testing a recorded intersection in hole Felsenfest 13 from 600.5m depth of 58 metres of Carnallite and Sylvite mineralisation recorded. The planned check hole is approximately 1.7km north of the historical Felsenfest potash mine. The hole is planned to be drilled to a depth of between 650m and 700m.

Confirmation Hole 2: This hole is to be drilled on the western side of the license area testing a zone of high grade Sylvinite mineralisation. The hole will be twinning Küllstedt 2/164 that intersected approximately 7 metres of Sylvite and Carnallite mineralisation from a depth of 932.5m. The hole is planned to be drilled to a depth of 980m.

A third drill hole has been proposed in year two of the program. A final decision to drill it will in part be dictated by the results of the Year 1 program.

Confirmation Hole 3: This hole is proposed to be drilled to test a previously recorded high grade Sylvinite lens on the western side of the Küllstedt license. A hole drilled to a depth of approximately 980m would be required, but the exact location has not been defined as yet.

In addition, the Company will be sourcing any other relevant historic drill hole or seismic data that may assist with modelling the structure and continuity of the potash deposit.

East Exploration's German geological consultants ERCOSPLAN have been involved in the planning and location of the drill holes. Discussions with the Mining Authority for the Thuringia Region to seek the necessary permits required have commenced.

Due to the depth of the holes, the program will utilize specialist deep drilling equipment. Work will be contracted to a drilling company experienced in drilling potash deposits and allowance has been made for environment and rehabilitation conditions the mining authority typically impose on drilling programs. Final drill permit requirements will not be known in detail until the permit has been issued.

The work program on the Gräfentonna license will undertake a thorough review of past exploration drilling that has intersected the potash horizon. If sufficient information is available Davenport anticipates it may be possible to estimate an Exploration Target for Potash on the license. This is expected to lead to developing drill targets, however, drilling on the license is not planned in the current budget period.

The estimated cost to undertake the described work is set out in the table below; it is planned to commence immediately after completion of the acquisition and ASX listing.

		YEAR 1	YEAR 2
Küllstedt	Site preparation & logistics	400,000	200,000
	Drill rig mobilisation, drilling & consumables	1,240,000	800,000
	Technical services -geology, logging, wireline logging, assays	250,000	100,000
	Site rehabilitation	210,000	110,000
SUBTOTAL		2,100,000	1,210,000
Gräfentonna	Geological review and exploration target generation	50,000	50,000
SUBTOTAL		50,000	50,000
TOTAL		2,150,000	1,260,000

Note: All costs are shown in in Australian Dollars.

Further detailed information about the South Harz Project is contained in the *Independent Technical Assessment South Harz Project* by CSA Global Pty Ltd in Section 10.1 and the *Expert Mining License Report* by CMS Hasche Sigle Partnerschaft von Rechtsanwälten und Steuerberatern mbB in Section 11.1.

(c) Information about East Exploration

The Information about East Exploration contained in this Prospectus has been prepared in part based on information provided by East Exploration or its representatives.

Information about East Exploration has also been released to ASX in announcements by Potash West NL (the holding company of a vendor of East Exploration shares). Copies of Potash West NL's ASX announcements can be obtained from the ASX website under the code PWN.

4.2 Australian Project - Southern Cross Bore

Davenport's Southern Cross Bore Project, comprising ELs 30090, 28045 and 29827 covering an area of 600km² is located about 75kms north-east of Alice Springs in Australia's Northern Territory. Access to the project is via the Stuart Highway north of Alice Springs for 49kms, then east along the Arltunga Tourist Road then north on the Bins Track. Station roads provide access within the licence area.

The project is prospective for Iron Oxide Copper Gold style (IOCG) mineralisation and is located within the high grade metamorphic rocks of the Central Block of the Arunta Province a Palaeo to Mesoproterozoic mobile belt. Within the project area the Arunta Province is represented by the Strangways Range Metamorphic Complex, originally a sequence of sedimentary and volcanic rocks of early Proterozoic age, that was deformed and metamorphosed 1700 to 1800 million years ago by regional metamorphism associated with igneous intrusion.

A north trending zone of intense tectonism bisects the eastern part of the project - called the Pinnacles Shear Zone it hosts numerous quartz - copper veins to the east and the Johnnies Reward prospect to the west. Local geology is dominated by protolithic carbonate in the east which transitions abruptly to a pelite-psammite-acid volcanic sequence in the west assigned to the 1810 - 1800Ma Cadney metamorphics, Aileron Province, Strangways Metamorphic Complex, southeast Arunta Inlier.

Johnnies Reward is a mature prospect discovered in 1964. Davenport's exploration has included an RC drilling program, soil-sampling, rock sampling, a second drilling program including both RC and diamond drilling and a heliborne VTEM and magnetics survey. Mineralisation is interpreted as at least two zones of mineralisation striking north-south with an easterly dip. The down plunge extent of the mineralisation remains untested.

Detailed interpretation of the VTEM data from the October 2013 heliborne geophysical survey identified 152 anomalies of which two were classified as high priority, twenty-seven as moderate priority and sixty eight as low priority. The high and moderate priority anomalies fall within four priority areas the two high priority anomalies being associated with the Johnnies Reward mineralisation. Selected anomalies were modelled using thin plates to estimate discrete conductor orientations and strengths and drill holes were designed to intersect the modelled plates.

Davenport plans to review all past exploration data including the more recent VTEM data with a view to prioritising targets. It is anticipated that field work will include soil and rock chip sampling over untested targets in particular across the lightly explored parts of EL30090 where splay structures from the Pinnacles Shear zone suggest enhanced prospectivity. In addition it is proposed to undertake additional geophysical surveys across the extended area of the Johnnies Reward prospect and over key structural and magnetic targets to the west of Johnnies Reward within EL30090. The work is expected to better refine targets for future drilling, however, no drilling is planned in the exploration budget based on the minimum \$5 million subscription level.

Further detailed information about the Southern Cross Bore Project is contained in the *Davenport Resources – Southern Cross Bore, Cu-Au, Independent Expert Report by John Collier* (Conarco Consulting) in Section 10.2 and the *Report on Northern Territory Exploration Licences 28045, 29827 & 30090* by AMETS (Australian Mining and Exploration Title Services) in Section 11.2.

5 RISK FACTORS

Davenport is a mineral exploration company. The effect of the acquisition of East Exploration will be to refocus exploration activity to East Exploration's German tenements with known potash mineralisation with the view to developing commercially viable mining operations. Due to the nature of Davenport's business, investment in Davenport carries with it risks reasonably expected of an investment in a mineral exploration company. There are a number of risks associated with investing in exploration companies generally and associated with investing in Davenport specifically. The business, assets and operations of Davenport are subject to risk factors that may affect the operating and financial performance of Davenport in the future.

The Risk Factors include, but are not limited to those set out below.

5.1 Risks associated with East Exploration

There are risks which could have a material adverse impact on the Company's operating and financial performance and the price or value of its shares after completion of the acquisition.

Key risks applying after completion of the acquisition identified by the present Board of East Exploration are set out below. It should be noted that the description of risks is not intended to be an exhaustive list of the risk factors to which the Company is or may be exposed.

Technical challenges the potash operations at the East Exploration's German tenements have faced and dealt with in the past and other risks specific to the East Exploration's German tenements, to the region or to global potash mining regions are described in Section 4 "Potential Risks" on page 44 of CSA Global Pty Ltd's "*Independent Technical Assessment South Harz Project*" report which is included in Section 11.1. Shareholders should read and have regard to those technical challenges and other risks, in addition to the following.

(a) Additional Capital Requirements

Exploration costs and pursuit of its business plan will use the Company's current cash reserves and the funds raised under the proposed Equity Offer. Therefore Davenport will require further financing and may seek additional capital whether through equity, debt or joint venture financing, to support long-term exploration and evaluation of its projects. The Directors can give no assurances as to the level of future borrowings or further capital raisings that will be required to meet the aims to develop the Exploration Licences. No assurance can be given that Davenport will be able to procure sufficient funding at the relevant times on the terms acceptable to it.

Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on Davenport's operating activities and business strategy. If Davenport is unable to obtain additional funding as needed, it may be required to reduce the scope of its operations or scale back its business plans.

(b) Exploration Resource Definition Stage

East Exploration's exploration tenements as described in this Prospectus are generally at the exploration and resource definition drilling stage only. They are not yet at the stage where a development plan is capable of being determined. Potential investors should understand that mineral exploration and subsequent development are high-risk undertakings. The prospects of Davenport after the acquisition should be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development.

While the exploration licences are considered by the Board to be highly prospective, insufficient exploration has been undertaken to define a JORC compliant resource. There is no guarantee that a JORC compliant resource in relation to any of these exploration licences will be identified in the future. Davenport proposes to utilise funds raised in the Equity Offer to undertake a drilling program to demonstrate the economic potential of the exploration licences.

Any resource delineated is an estimate only. An estimate is an expression of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect Davenport's operations.

Exploration costs described in this Prospectus are based on certain estimates and assumptions with respect to the method and timing of exploration. While based on industry practice, judgment and experience, these estimates and assumptions are by their nature, subject to significant uncertainties and actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions used will be realised in practice, which may materially and adversely affect Davenport's viability.

The business of mineral exploration, project development and production, by its nature, contains elements of significant risk with no guarantee of success. Ultimate and continuous success of these activities is dependent on many factors such as:

- i. the discovery and/or acquisition of economically recoverable reserves;
- ii. access to adequate capital for project development;
- iii. design and construction of efficient development and production infrastructure within capital expenditure budgets;
- iv. securing and maintaining title to interests;
- v. obtaining consents and approvals necessary for the conduct of mineral exploration, development and production; and
- vi. access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

There can be no assurance that exploration of the exploration licences currently held by East Exploration will result in the discovery of an economic potash deposit. Even if a potash deposit is identified, there is no certainty that it can be economically exploited. If exploration is successful, there will be additional costs and processes involved in transitioning to the development phase.

Drilling activities carry risk and as such, activities may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, shortages or delays in the delivery of drill rigs or other equipment.

(c) Accidents

The operations of the Company may be affected by unexpected events arising from errors, omission or natural disasters. These risks include fire, explosions, industrial disputes, unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, mechanical failure or breakdown, and environmental hazards such as accidental spills or leakage of liquids or geological uncertainty.

The occurrence of any of these risks could result in legal proceedings against the Company and substantial losses to the Company due to injury or loss of life, damage to or destruction of property, natural resources or equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigation, and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against the Company.

(d) Risks Associated with Operating in Germany

The East Exploration tenements are located in Germany and will be subject to the various political, economic and other risks and uncertainties associated with operating in that country. There are risks

attached to exploration and mining operations in Germany that are not necessarily the same as those in Australia. These risks and uncertainties vary from country to country and include, but are not limited to, economic, social or political change, changes of law, taxation, working conditions, rates of exchange, exploration licensing, environmental protection, mine safety, labour relations as well as differing Federal and State government regulations over mineral properties.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral exploration and environmental protection, could result in the loss, or reduction of entitlements. The occurrence of these various factors adds uncertainties that cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability.

There can be no guarantee that Davenport will be able to generate a positive return for its shareholders if an event occurs in Germany which materially adversely affects the value of Davenport, its assets and/or its business.

(e) Tenement Title

Rights in relation to exploration in Germany are governed by both Federal and State legislation. They are evidenced by the granting of licences. Each licence is for a specific term and carries with it work program and reporting commitments, as well as other conditions requiring compliance. Consequently, Davenport could lose title to or its interest in tenements if the licence conditions are not met or if insufficient funds are available to meet expenditure commitments as and when they arise, in line with the German legislation.

Tenements granted to the Company are subject to periodic renewal. Renewal is not automatic, and is subject to approval, which approval can be denied for various reasons, including failure to comply with the stated conditions. Renewal may include additional or varied expenditure or work commitments or compulsory relinquishment of the areas comprising projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of Davenport. If any of the Exploration Licences are not renewed, Davenport may suffer significant damage through loss of the opportunity to develop any mineral resources on that licence.

(f) Environmental and Other Regulatory Risks

Environmental laws in Germany are strict when it comes for the protection of environment. Every activity from exploration through to development and mining require compliance with the regulations for environmental protection. It is expected that the Company's activities will have an impact on the environment, particularly at the time of advanced exploration and any mine development.

It is in Davenport's interest to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws, in order to minimise damage to the environment and risk of liability. In a normal situation, it is expected that despite diligently observing the applicable environmental laws and regulations, there are certain risks inherent to the Company's activities, such as accidental spills, leakages or other unforeseen circumstances, which could subject the Company to environmental liability.

The Company will require other various governmental approvals and permits in Germany from time to time in connection with various aspects of its activities. To the extent such approvals or permits are required and not obtained, or are delayed, Davenport may experience delays affecting its scheduled exploration program and project development.

Environmental laws are dynamic and can change over time. The Company is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future. Additional laws or regulations may materially increase the Company's cost of doing business or affect its operations. The cost and complexity of complying with any additional environmental laws and regulations may prevent the Company from being able to develop potentially economically viable mineral deposits.

Further, environmental legislation is evolving in a manner which will likely require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation in Germany, if any, will not materially and adversely affect Davenports business, prospects, financial condition and results of operations.

(g) Competition Risk

The potash industry globally is competitive. The actions of an existing producer or the entry of new competitors into the potash mining industry may make it difficult for the Company to attract additional funding for the further exploration of the Projects. If the Company is successful in developing the Projects, the actions of an existing producer, or the entry of a new competitor, may make it difficult for the Company to grow or maintain its revenues, which in turn, may have a material adverse effect on the Company's profitability.

(h) Reliance on Key Management

Davenport's prospects and ability to carry on its business will depend substantially on the ability of its executives, senior management and key consultants to operate effectively. To manage its growth,

Davenport must attract and retain additional highly qualified personnel. Investors must be willing to rely to a significant extent on management's discretion and judgement, as well as the expertise and competence of outside contractors. There can be no assurance that there will be no detrimental impact on Davenport if one or more key employees cease their employment at some stage.

(i) Delays in Exploration

Exploration and development costs (including, without limitation, administration overheads if the Company continues to incur these costs for a significant period before it can commence any exploration) will reduce the cash reserves of the Company, which may not be replaced through the successful development of mining operations. The Company would then be dependent on seeking exploration capital elsewhere, through equity, debt or joint venture financing, to support long term exploration and evaluation of the Projects. There is no guarantee that the Company will be able to find exploration capital on satisfactory terms or at all. Inability to find exploration capital may result in some or all of the Projects not proceeding or defaults in licences or permits which, if not remedied, could result in forfeiture.

5.2 Risks associated with the Company's continuing operations

There are risks associated with Davenport's existing Southern Cross Bore Project which could have an adverse impact on the Company's operating and financial performance and the price or value of its shares. The materiality of these risks is somewhat mitigated by the low level of exploration activity planned for these tenements, amounting to approximately 5% of the total company budget over the first 2 years following completion of the acquisition.

Key risks associated with Davenport's existing Southern Cross Bore Project identified by the present Board of Davenport are set out below. It should be noted that the description of risks is not intended to be an exhaustive list of the risk factors to which the Company is or may be exposed.

(a) Risks Associated with Operating in Australia

The availability and rights to explore and mine, as well as resource industry profitability generally, can be affected by changes in government policy. Changes in government regulations and policies may adversely affect the financial performance of the operations of the Company. The impact of actions by governments may affect the Company's activities, including in relation to access to infrastructure, compliance with environmental regulations, taxation and royalties. Davenport holds rights to Northern Territory tenements, the responsible government authority will conduct reviews from time to time of policies in connection with the granting and administration of exploration licences. At present the Company is not aware of any proposed changes to policy that would affect the tenements. Changing

attitudes to environmental, land care, cultural heritage and indigenous land rights issues, together with the nature of the political process, provide the possibility of future policy changes. There is a risk that such changes may affect the Company's exploration plans or, indeed, its rights and/or obligations with respect to the Northern Territory tenements.

(b) Exploration and Evaluation Risk

The business of exploration contains risks by its very nature. Successful exploration requires competent operation and managerial performance. In particular, exploration is a speculative endeavour. There can be no assurance that exploration of the Southern Cross Bore Project will result in the discovery of an economic resource. Even if an apparently viable deposit or economic resource is identified, there is no guarantee that it can be viably or commercially exploited.

The exploration costs of the Company identified in Sections 3 (and 4.1(b)), and the Company's preliminary evaluation of the merit of continuing exploration at the project, is based on assumptions relating to exploration, the method and timing of exploration and other technical and market related assumptions. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the costs and results may materially differ from the estimates and assumptions. No assurance can be given that the estimates and assumptions will be realised in practice, which may adversely affect the Company's performance.

5.3 Liquidity and realisation risk

There can be no guarantee that an active market in the shares will develop or that the price of the shares will increase. There may be relatively few potential buyers or sellers at any given time and this may increase the volatility of the market price of the shares.

Restriction obligations (escrow) that may be applied to the Company's shares by ASX including ordinary shares issued under the Placement completed in May 2016 and/or as consideration for the acquisition will reduce the "free float" (shares which are tradable during any restriction period), resulting in there being relatively fewer active or potential sellers or buyers at a given time, which may increase the volatility of the market price of the Company's shares.

As referred to in Section 12.11, while the Company is not presently aware of what restriction obligations will be imposed, and will not know the extent of escrow until determined by ASX, if Placement shares are escrowed in proportion to the ratio the cash amount paid per share (8 cents) under the Placement bears to the Equity Offer price and all shares issued as consideration for the acquisition of East Exploration were to be restricted, restricted ordinary shares would represent approximately 54.5% of the issued ordinary shares of the Company at the minimum subscription level or 51.1% at

the maximum subscription level. This would leave only between approximately 45.5% and 48.9% (respectively) of the Company's ordinary shares free trading until the escrow period(s) ended. If more shares were to be restricted, fewer shares would be free trading, and if fewer shares were to be restricted, more shares would be free trading.

Further, there is a risk that once the shares subject to escrow or trading restrictions are released from the restrictions attaching to them, there may be a significant sell down by the holders of those shares.

The potential limited free float (tradeable shares during any restriction period) and potential sell down may affect the prevailing market price at which shareholders are able to sell their shares.

5.4 General risks

The future prospects of the Company's business may be affected by circumstances and external factors beyond the Company's control. Financial performance of the Company may be affected by a number of business risks that apply to companies generally and may include economic, financial, market or regulatory conditions.

(a) Share Market Conditions

The market price of the Company's shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither Davenport nor the Directors warrant the future performance of Davenport or any return on an investment in Davenport.

(b) Occupational Health and Safety

The mining industry has become subject to increasing occupational health and safety responsibility and liability. There is potential for liability under occupational health and safety regulations.

(c) Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on Davenport's exploration, development and production activities, as well as on its ability to fund those activities. If activities cannot be funded, there is a risk that tenements may have to be surrendered or not renewed. General economic conditions may affect the value of Davenports quoted securities regardless of operating performance. Share market conditions are affected by many factors such as:

- i. general economic outlook;
- ii. interest rates and inflation rates;
- iii. currency fluctuations;
- iv. changes in investor sentiment toward particular market sectors;
- v. the demand for, and supply of, capital; and
- vi. terrorism or other hostilities.

(d) Investment Speculative

The risk factors set out in this Section 5 ought not to be taken as an exhaustive list of the risks faced by Davenport or by potential investors in Davenport.

The proposed exploration expenditure on the Projects may be adversely affected by any unforeseen expenses which arise in the future and which have not been considered in this Prospectus. While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were incurred, the expenditure proposals of the Company may be adversely affected. Any combination of the above factors may materially affect any individual mineral project assets, operations or the financial performance of the Company and the value of its securities. To that extent the acquisition is subject to significant risk and uncertainty with respect to return or preservation of capital.

There is no guarantee with respect to the payment of dividends, returns of capital or the market value of Davenport shares. Shareholders should consider that their investment in Davenport is speculative and should read this Prospectus in full and consult their professional adviser if they are unsure about the effect of the acquisition.

6 BOARD AND MANAGEMENT

6.1 Current and Proposed Board

As at the date of this Prospectus, the Board of the Company consists of Mr Christopher Bain (proposed Managing Director), Mr Rory Luff (Non-Executive Director) and Mr Angus Edgar (Non-Executive Director).

Mr Patrick McManus was elected at the General Meeting on the basis that he will take office upon and subject to completion of the acquisition of East Exploration.

The Board at Listing will therefore consist of three current directors and Mr McManus.

Mr McManus will become the new Chairman.

(a) Proposed Director & Non-Executive Chairman

Patrick McManus - BSc (Hons), MBA, FAusIMM, FAICD

Patrick McManus has a degree in mineral processing from Leeds University and an MBA from Curtin University. A mining professional for more than 30 years, his work has taken him to many sites within Australia and overseas, including Eneabba and the Murray Basin in Australia, and Madagascar, Indonesia and the United States. During that time, Patrick has worked in operational, technical and corporate roles for RioTinto, RGC Limited and Bemax Resources Limited. He was a founding director and, from January 2007 to March 2010, managing director of ASX-listed Corvette Resources Limited. Patrick McManus is the Managing Director of Potash West NL.

Mr McManus is proposed to become the new Non-Executive Chairman of the Board when the acquisition of East Exploration is completed.

(b) Current Directors

Christopher Bain - B App Sc (App Geol), Dip Geo Sc, MAusIMM, GAICD

Mr Christopher Bain is a current Non-Executive Director of Davenport and will be appointed as Managing Director upon completion of the acquisition of East Exploration. Mr Bain is a geologist and mineral economist, with over 35 years experience including underground mining and exploration throughout Australia. He has lead mining research teams on both the buy and sell side and successfully managed a boutique resource equity investment fund. As a corporate advisor he has

been instrumental in mining project divestitures and acquisitions, valuations, capital raisings and managed several initial public offers (IPOs) and ASX listings. Mr Bain is a non-executive director of ASX listed KGL Resources Ltd and Metalicity Ltd.

Rory Luff – BCom

Mr Rory Luff is a current Non-Executive Director of Davenport. He is the founder of BW Equities, a specialist Melbourne equities advisory firm and has over 15 years experience in the financial services industry. Rory has spent most of his career in the financial markets advising resources companies on capital raisings and financial markets strategy.

Angus Edgar

Mr Angus Edgar is a current Non-Executive Director of Davenport. He has been employed in the finance/stockbroking industry since 1985. During that time he has provided corporate advisory services to private and ASX listed companies and has been instrumental in the listing of several new companies onto the ASX. Mr Edgar has agreed to a six-month engagement as a Director following ASX listing of Davenport.

6.2 Company Secretary

Rajan Narayanasamy - B Bus (Acct), CPA (Aust)

Mr Rajan Narayanasamy has served more than 20 years in the resources industry, having engaged with both listed mineral exploration companies and producers. His experience covers finance, accounting and secretarial; and was previously CFO/Company Secretary of Saracen Mineral Holdings, a listed gold producer.

6.3 Proposed Management Appointment

Jason Wilkinson - MSc, BSc, CSci, MIMMM - Project Director

A geologist with over 25 years experience, he has worked in Australia, USA, Middle East, Turkey and Greece. His most recent role was as in-country MD for a potash project in Ethiopia where he established the exploration team taking the project through a full resource drill-out and feasibility study. He is currently acting as consultant geologist and project manager to East Exploration GmbH. Mr Wilkinson resides in Europe and will be responsible for planning and implementing Davenport's potash exploration program.

6.4 Interests of Directors and Proposed Director

The current and proposed members of the Board of Davenport or entities associated with them currently hold the following Davenport shares:

Director or proposed Director (or associated entity)	Number of Davenport ordinary shares	% of existing shares
Patrick McManus	Nil	Nil
Rory Luff	125,000	1.04%
Christopher Bain	Nil	Nil
Angus Edgar	1,780,357	14.84%

The following current and proposed members of the Board of Davenport or entities associated with them will receive Davenport shares and milestone shares as part of the consideration for the acquisition of East Exploration shares, as follows:

Director or proposed Director (or associated entity)	Number of East Exploration ordinary shares	Number of Davenport ordinary shares	Number of Davenport first milestone shares	Number of Davenport second milestone shares
Patrick McManus*	Nil	Nil	Nil	Nil
Rory Luff^	114,000	5,984,986	5,557,487	5,557,487
Christopher Bain	Nil	Nil	Nil	Nil
Angus Edgar+	27,780	1,458,447	1,354,272	1,354,272

The total combined holdings of current and proposed members of the Board of Davenport or entities associated with them after receipt of Davenport shares and milestone shares as part of the consideration for the acquisition of East Exploration shares, are as follows:

Director or proposed Director (or associated entity)	Number of Davenport ordinary shares	% of total issued shares at the minimum subscription (\$5 million)#	% of total issued shares at the maximum subscription (\$6 million)#	Number of Davenport first milestone shares	Number of Davenport second milestone shares
Patrick McManus*	Nil	Nil	Nil	Nil	Nil
Rory Luff^	6,109,986	8.32%	7.79%	5,557,487	5,557,487
Christopher Bain	Nil	Nil	Nil	Nil	Nil
Angus Edgar†	3,238,804	4.41%	4.13%	1,354,272	1,354,272

Excludes milestone shares

If both milestones are achieved:

- Mr Luff and/or his associated entities would hold 12.20% of the Company's then issued shares at the minimum subscription level (\$5 million), or 11.78% at the maximum subscription level,
 - Mr Edgar and/or his associated entities would hold 4.21% of the Company's then issued shares at the minimum subscription level (\$5 million), or 4.07% at the maximum subscription level,
- assuming they do not acquire or dispose of any shares and no further shares are issued by the Company.

Notes:

* Mr McManus is a director of Potash West NL, an ASX listed company which is the ultimate holding company of an East Exploration shareholder, East Exploration Holdings Pty Ltd. Mr McManus does not control Potash West NL or East Exploration Holdings Pty Ltd and will have no relevant interest in the Davenport shares received by Potash West NL or East Exploration Holdings Pty Ltd.

^ An entity associated with a relative of Mr Rory Luff also holds 144,000 East Exploration shares and will receive 7,559,983 Davenport ordinary shares, 7,019,984 Davenport first milestone shares and 7,019,984 Davenport second milestone shares. The relative and their associated entity are not associates of Mr Rory Luff, and Mr Rory Luff will have no relevant interest in the Davenport shares received by the relative or their associated entity.

+ An entity associated with Mr Edgar, Melbourne Capital Limited (or its nominee), will receive East Exploration shares prior to completion of the acquisition. Neither Mr Edgar nor his associated entities currently hold any East Exploration shares.

Directors and their associates may also apply for Shares under the Equity Offer at the Offer Price, which would increase their holdings.

6.5 Board Remuneration

The proposed maximum aggregate remuneration for non-executive Directors is \$500,000 (see Section 6.6, below). Initially the amount payable to non-executive Directors will not be greater than \$160,000 per annum, divided between the directors as agreed. When appropriate the Board will undertake a review process and may seek advice from external consultants on fees paid to non-executive directors of comparable companies. Directors who are called upon to perform extra services beyond the director's ordinary duties may be paid additional fees for those services.

The proposed remuneration of each current and proposed Director commencing upon completion of the acquisition is as follows:

Director or proposed Director	Director's Fees / Salary / Consulting Fees (per annum) (plus GST if applicable)
Patrick McManus	\$45,000
Rory Luff	\$30,000
Christopher Bain^	\$140,000
Angus Edgar*	\$45,000*

^ Mr Bain will be appointed as Managing Director (an executive Director position) with effect upon the acquisition. Mr Bain's remuneration is not included in the non-executive Director remuneration pool.

* Mr Edgar has agreed to a six-month engagement as a Director following ASX listing of Davenport. Mr Edgar will receive director's fees at the rate of \$30,000 per annum, and for the first 6 months after Listing he (or a company associated with him) will also receive \$2,500 per month for providing corporate advisory consulting services to the Company.

Remuneration received by or agreed to be paid to the current Directors from the Company in the past two years is set out in the table below:

Director	October 2014 to September 2015	October 2015 to September 2016
Rory Luff	Nil	\$10,000
Christopher Bain	Nil	\$25,000
Angus Edgar*	Nil	\$10,000

** Mr Edgar received remuneration from Davenport's former parent entity for services to the group which included Davenport, but did not receive remuneration from Davenport prior to May 2016.*

6.6 Proposed Non-Executive Director Remuneration Pool

The Constitution of the Company provides for a maximum aggregate amount that may be paid to non-executive directors (referred to as a "non-executive director's remuneration pool") to be determined by shareholders at a general meeting. ASX requires the non-executive director's remuneration pool amount to be specified.

A maximum non-executive director's remuneration pool amount of \$500,000 per annum was adopted at the General Meeting.

The non-executive director's remuneration pool is a maximum and does not mean that non-executive directors will be paid a total of \$500,000 per annum. In the first two years following listing the non-executive directors remuneration pool will be limited to no more than \$160,000 per annum. The amount of each non-executive director's remuneration and allocations among non-executive directors within the pool limit are determined by the Board, and after listing the process of determining non-executive directors' remuneration will be subject to compliance with corporate governance policies to be adopted as part of listing. The proposed remuneration of each current and proposed Director commencing upon completion of the acquisition is set out in Section 6.5.

Payments to non-executive directors for specific services beyond the ordinary role of a non-executive director, such as consulting or professional services, are excluded from the total pool amount, as is reimbursement of expenses.

Any future change to the non-executive director's remuneration pool will require a further shareholder approval.

6.7 Proposed Employee Security Ownership Plan

An employee incentive scheme ("the Employee Security Ownership Plan" or "the Plan") was adopted at the General Meeting. The Employee Security Ownership Plan will take effect after Listing. The purpose of the Employee Security Ownership Plan is to enable eligible directors, officers and employees (including executive and non-executive directors of the Company or its subsidiaries) to receive shares, options to acquire shares in the Company or other securities or interests such as performance rights.

The objects of the Plan are to:

- provide participants (eligible persons within the meaning of the Plan) with an additional incentive to work to improve the performance of the Company;
- attracting and retaining eligible persons essential for the continued growth and development of the Company;
- to promote and foster loyalty and support amongst eligible persons for the benefit of the Company; and
- to enhance the relationship between the Company and eligible persons for the long term mutual benefit of all parties.

There is no current proposal to issue any shares, options, other securities or interests such as performance rights under the Plan. While the Plan makes provision for participation by directors and their associates (subject always to further shareholder approval) the Plan is only being adopted to enable shares or options to be issued to non-director employees if the Board decided to do so after Listing. No directors or their associates can or will participate in the Plan or receive any shares, options, other securities or interests such as performance rights unless and until further shareholder approval of specific issues to them is obtained.

The terms of the Plan are set out in Section 14.9

7 CORPORATE GOVERNANCE

7.1 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering policies and procedures to meet shareholder expectations, and that the Company, its Directors, officers and employees operate in an appropriate environment of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted The Corporate Governance Principles and Recommendations (3rd Edition) as published by the ASX Corporate Governance Council ("the Recommendations").

Given the Company's size and nature, the Board considers that the current board and policies are a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available in the corporate governance information section of the Company's website (www.davenportresources.com.au).

7.2 Board of directors

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- a. maintain and increase shareholder value;
- b. ensure a prudential and ethical basis for the Company's conduct and activities; and
- c. ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- Overseeing and approving the Company's strategic and operating objectives;
- Reviewing and approving the Company's financial position, systems of risk management and

internal compliance and control, codes of conduct and legal compliance;

- Approving and monitoring the progress of major capital expenditure, the budget, capital management and acquisitions and divestments;
- Ensuring the integrity of the Company's financial reporting (with the assistance of the Audit Committee, if applicable) and other reporting through approval and monitoring;
- Being responsible for the Company's senior management and personnel including appointing and, where appropriate, removing the Chairman;
- Evaluating the performance of the executive Directors and the senior management team and determining their remuneration through an appropriate remuneration framework, determined by the Remuneration Committee;
- Delegating appropriate powers to the executive Directors and senior management to ensure the effective day-to-day management of the business and monitoring the exercise of these powers;
- Ensuring that policies and procedures are in place consistent with the Company's objectives, and that the Company and its officers act legally, ethically and responsibly in all matters.
- Ensuring corporate accountability to the shareholders primarily through adopting an effective shareholder communications strategy, encouraging effective participation at general meetings and, through the Chairman, being the key interface between the Company and its shareholders;
- Overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the entity's securities; and
- Monitoring the effectiveness of the Company's governance practices.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

7.3 Composition of the Board

A Board Charter has been adopted which sets out the responsibilities of the Board. It provides that the Board should comprise a minimum of three Directors, and that the Directors' should have the appropriate mix of skills, experience and expertise which are relevant to the Company's business and the Directors responsibilities.

The Board Charter allows the Board to delegate powers and responsibilities to committees to assist the Board discharge its duties.

The Company shall also develop and implement a formal induction program for Directors which allows new directors to participate fully and actively in Board decision-making at the earliest opportunity, and enable new Directors to gain an understanding of the Company's policies and procedures.

7.4 Identification and management of risk

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

7.5 Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

7.6 Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

7.7 Remuneration arrangements

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors initially set by, and any subsequent variation is made by, an ordinary resolution of shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director.

In addition, a Director may be paid fees as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing

any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

7.8 Trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its directors, officers, employees and contractors. The policy generally provides that for directors, the written acknowledgement of the Chair (or the Board in the case of the Chairman) must be obtained prior to trading.

7.9 External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

7.10 Audit committee

The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

7.11 Shareholder Communication

The Board's aim is to ensure that shareholders are informed of all major developments affecting the Company. Information will be communicated to shareholders through various methods including once listed the lodgement of information with the ASX as required by the Company's continuous disclosure obligations and inclusion of the information on the Company's website.

7.12 Departures from Recommendations

Under the ASX Listing Rules the Company will be required to provide a statement in its annual financial report or on its website disclosing the extent to which it has followed the Recommendations

during each reporting period. Where the Company has not followed a Recommendation, it must identify the Recommendation that has not been followed and give reasons for not following it.

The Company's departures from the Recommendations will also be announced prior to admission to the official list of the ASX.

8 FINANCIAL INFORMATION

8.1 Pro-forma Consolidated Statement of Financial Position

The information set out below consists of the Historical Statements of Financial Position derived from the audited financial statements of Davenport Resources Limited (the Company) and the reviewed consolidated financial statements of East Exploration Pty Ltd and its subsidiary as at 30 June 2016, the directors' estimate of subsequent events from this date to completion of the Transaction and the pro-forma adjustments associated with completion of the Offer at the minimum and maximum capital raising amounts and the Transaction (collectively referred to as the **Pro-Forma Financial Information**). Footnotes including assumptions are included at the end of the pro-forma Consolidated Statement of Financial Position.

The Prospectus has provision for capital raising scenarios of \$5m and \$6m as detailed below.

Davenport Resources Limited Pro-forma Consolidated Balance Sheet	Davenport Consolidated Audited	Davenport Pro-forma Adjustments	Pro-forma Post Adjustments	EE Consolidated Reviewed	Pro-forma Adjustments	Minimum Raising \$5m less costs	Pro-forma Post Acquisition \$5m raised	Pro-forma Post Acquisition \$6m raised
		1		2	3	4		
	30 Jun 2016		30 Jun 2016	30 Jun 2016				
	\$	\$	\$	\$	\$	\$	\$	\$
CURRENT ASSETS								
Cash and cash equivalents	395,005	0	395,005	154,838	0	4,670,000	5,219,843	6,153,843
Trade and other receivables	25,809	0	25,809	15,851	0	76,400	118,060	122,860
Prepayments	14,157	0	14,157		0	0	14,157	14,157
TOTAL CURRENT ASSETS	434,971	0	434,971	170,689	0	4,746,400	5,352,060	6,290,860
NON-CURRENT ASSETS								
Trade and other receivables	141,981		141,981		0	0	141,981	141,981
Other financial assets	250,000		250,000		(250,000)	0	0	0
Property, plant and equipment	11,817		11,817		0	0	11,817	11,817
Deferred exploration expenditure	261,245		261,245	14,928	0	0	276,173	276,173
TOTAL NON-CURRENT ASSETS	665,043	0	665,043	14,928	(250,000)	0	429,971	429,971
TOTAL ASSETS	1,100,014	0	1,100,014	185,617	(250,000)	4,746,400	5,782,031	6,720,831

Davenport Resources Limited Pro-forma Consolidated Balance Sheet	Davenport Consolidated Audited	Davenport Pro-forma Adjustments	Pro-forma Post Adjustments	EE Consolidated Reviewed	Pro-forma Adjustments	Minimum Raising \$5m less costs	Pro-forma Post Acquisition \$5m raised	Pro-forma Post Acquisition \$6m raised
		1		2	3	4		
	30 Jun 2016		30 Jun 2016	30 Jun 2016				
	\$	\$	\$	\$	\$	\$	\$	\$
CURRENT LIABILITIES								
Trade and other payables	232,599	(111,037)	121,562	108,031		592,900	822,493	825,793
Provisions	28,318		28,318		0	0	28,318	28,318
TOTAL CURRENT LIABILITIES	260,917	(111,037)	149,880	108,031	0	592,900	850,811	854,111
NON-CURRENT LIABILITIES								
Provisions	12,000	0	12,000	0	0	0	12,000	12,000
Deferred tax liabilities	7,410	0	7,410	0	0	0	7,410	7,410
TOTAL NON-CURRENT LIABILITIES	19,410	0	19,410	0	0	0	19,410	19,410
TOTAL LIABILITIES	280,327	(111,037)	169,290	108,031	0	592,900	870,221	873,521
NET ASSETS	819,687	111,037	930,724	77,586	(250,000)	4,153,500	4,911,810	5,847,310
EQUITY								
Issued capital	917,05		917,054	300,007	1,469,328	4,692,500	7,392,559	8,331,059
Reserves			0	-1,307	0	0	-1,307	-1,307

Davenport Resources Limited Pro-forma Consolidated Balance Sheet	Davenport Consolidated Audited	Davenport Pro-forma Adjustments	Pro-forma Post Adjustments	EE Consolidated Reviewed	Pro-forma Adjustments	Minimum Raising \$5m less costs	Pro-forma Post Acquisition \$5m raised	Pro-forma Post Acquisition \$6m raised
Accumulated losses	(97,367)	111,037	13,670	(221,114)	(1,719,328)	(539,000)	(2,479,442)	(2,482,442)
TOTAL EQUITY	819,687	111,037	930,724	77,586	(250,000)	4,153,500	4,911,810	5,847,310

Footnotes:

1. Costs associated with the Offers and acquisition accrued as at 30 June 2016 are excluded from 'trade and other payables'. These costs have been provided for in the costs of the Offers referred to in Note 4.
2. Pro-forma assets and liabilities of East Exploration acquired. Based on 30 June 2016 reviewed consolidated financial statements.
3. A share based payment listing expense of \$1,469,318 is recorded representing a deemed issue price of shares by East Exploration, equivalent to shareholders interest in Davenport post the acquisition. The \$250,000, payment of the Option and Exclusivity fee paid prior to 30 June by Davenport to East Exploration is a consolidation elimination upon completion of the acquisition of East Exploration by Davenport.
4. Funds raised less estimated costs required to be paid to legal and other advisors and experts for capital raising and transaction costs. The portion of GST expected to be claimed is \$76,400 for the minimum raising.

8.2 Basis of preparation

(a) Pro-forma adjustments

The Pro Forma Financial Information has been prepared on the basis of adjusting the Company's and East Exploration's Historical Statements of Financial Position as at 30 June 2016 for the financial effects of the following transactions:

- Acquisition of all issued shares of East Exploration Pty Ltd;
- Capital raising of between \$5 million and \$6 million before costs of the issue from the placement of between 25,000,000 and 30,000,000 shares;
- A share based payment listing expense of \$1,469,328 is recorded representing a deemed issue of shares by East Exploration, equivalent to the existing shareholders interest in Davenport post the acquisition; and
- Funds raised less estimated costs required to be paid to legal and other advisors and experts for capital raising and transaction costs incurred. Based on the minimum raising of \$5m expected costs are \$922,900 (inclusive of 10% GST). The portion of GST expected to be able to claimed is \$76,400 for the minimum raising.

(b) Statement of Compliance

The Financial Information has been prepared:

- i. in accordance with the recognition and measurement principles of Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'), which are consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB'), as outlined in the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members; and
- ii. on an accruals basis; and
- iii. based on historical cost unless otherwise stated in the notes; and
- iv. the amounts presented in the Pro Forma Consolidated Statement of Financial Position has been rounded to the nearest dollar; and
- v. is presented in Australian Dollars.

The Financial Information set out in the Prospectus is presented in an abbreviated form and does not contain all the disclosures and other mandatory professional reporting requirements that are applicable to a general purpose financial report prepared in accordance with the Corporations Act 2001 (Cth).

(c) Use of Estimates and Judgements

The preparation of the Pro Forma Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected

(d) Going concern

The Financial Information has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business. .

(e) Basis of Consolidation

Reverse acquisition accounting

The proposed acquisition of East Exploration (the legal subsidiary) by the Company (the legal parent) is deemed to be a reverse acquisition, since the substance of the transaction is such that the existing shareholders of East Exploration will obtain substantial control of the Company.

AASB 3 Business combinations ('AASB 3') sets out the accounting principles to be followed in a reverse acquisition transaction. However, the Directors have concluded that the Company does not meet the definition of a business as prescribed in AASB 3 and, as such, it has been deemed that the Acquisition cannot be accounted for in accordance with the guidance set out in AASB 3.

Therefore, consistent with the accepted practice for transactions similar in nature to the acquisition, the Company has accounted for the acquisition of East Exploration in the Pro Forma Financial Information of the legal acquirer (the Company) as a continuation of the financial statements of the legal acquired entity (East Exploration), together with a share based payment measured in accordance with *AASB 2 Share based payments ('AASB 2')*, which represents a deemed issue of shares by the legal acquired entity (East Exploration), equivalent to the current shareholders in the Company post the acquisition. The excess of the assessed value of the share based payment over the pro forma net assets of the Company as at acquisition date has been expensed to the income statement as a listing fee.

(f) Principles of consolidation

The Pro Forma Financial Information incorporate the assets and liabilities of all subsidiaries of the Company and East Exploration ('the Group') as at 30 June 2016.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intergroup transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(g) New accounting standards and interpretations

Certain new accounting standards and IFRIC interpretations have been published that are not mandatory for current reporting periods. The Company's assessment of the impact of these new standards and interpretations is that there would be no material impact on the pro forma financial information.

8.3 Significant accounting policies

(a) Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

All revenue is stated net of the amount of goods and services tax (GST).

(b) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

(c) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short- term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(d) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

(e) Investments and other financial assets

Investments and other financial assets are measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are

based on current bid prices. For unlisted investments, the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised directly in the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been had the impairment not been recognised and is reversed to profit or loss.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised directly in the available-for-sale reserve.

(f) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation commences from the time the asset is available for its intended use. Leasehold improvements are depreciated over the shorter of either the period of the lease or the estimated useful lives of the improvements.

Depreciation is calculated on a diminishing value basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements 10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date to ensure it is not in excess of the assets recoverable amount. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted in determining recoverable amounts.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

(g) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

(h) Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

(i) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(j) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

(k) Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

(l) Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The costs of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The costs of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

(m) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(n) Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the tax authority.

8.4 Other financial assets

The pro-forma other financial assets comprise other financial assets and adjustments as at 30 June 2016;

Other financial assets	\$	\$
Other financial assets - Davenport	250,000	
Other financial assets - East Exploration	-	250,000
<i>The following subsequent events and pro-forma adjustments</i>		
Elimination of the East Exploration option and exclusivity fee		(250,000)
Other financial assets - Pro-forma		-

8.5 Trade and other payables

The pro-forma trade and other payables comprise trade and other payables and adjustments as at 30 June 2016;

Trade and other payables	\$	\$
Trade and other payables - Davenport	232,599	
Trade and other payables - East Exploration	108,031	340,630
<i>The following subsequent events and pro-forma adjustments</i>		
Elimination of the offer and transaction costs accrued		(111,037)
Capital raising costs		596,200
Trade and other payables - Pro-forma		825,793

8.6 Contributed Equity

The pro-forma issued share capital as at completion of the acquisition of East Exploration and the Equity offer as at 30 June 2016 assuming the maximum capital raising of \$6 million:

Share Capital	\$	\$
Davenport issued capital at 30 June 2016	917,054	
East Exploration issued capital at 30 June 2016	300,007	1,217,061
<i>The following subsequent events and pro forma adjustments</i>		
Capital raising – Davenport	6,000,000	
Elimination of issued share capital in Davenport	(917,054)	
Deemed fair value of payment to Davenport shareholders on reverse acquisition	2,400,052	
Cost associated with the acquisition and the Offer	(369,000)	
<i>Total subsequent events and pro-forma adjustments</i>		7,113,998
Post East Exploration transactions and capital raising		8,331,059

The Prospectus has provision for the subscription of between of between 25,000,000 and 30,000,000 shares to raise between \$5 million and \$6 million. Should the minimum \$5 million be raised, the share issue cost would decrease to \$307,500, and the share capital balance would decrease by \$938,500 to \$7,392,559

8.7 Pro-forma Listing Expenses

The proposed acquisition of East Exploration by the Company is deemed to be a reverse acquisition as the substance of the transaction is such that the existing shareholders of East Exploration will obtain substantial control of the Company. However, the Company is not considered to meet the definition of a business under AASB 3 Business Combinations ('AASB 3') and, as such, it has been concluded that the acquisition cannot be accounted for in accordance with the guidelines set out in AASB 3. Therefore consistent with the accepted practice for transactions similar in nature to the acquisition, the acquisition is accounted for in the pro forma financial information as a continuation of the financial statements of the legal acquiree (East Exploration), together with a share based payment measured in accordance with AASB 2 Share Based Payments ('AASB 2'), which represents a deemed issue of shares by the legal acquiree (East Exploration), equivalent to current shareholders interest in the Company post the acquisition. The excess of the assessed fair value is of the share based payment over the net assets has been expensed to the income statement as a listing fee.

Consequently, a listing expense of \$1,469,328 has been expensed on the acquisition, which represents the excess of the deemed fair value of the Company shares on issue less the pro-forma net assets of the Company on completion of the settlement of all transactions, as set out below:

Fair value of East Exploration at completion date	No of Shares	\$
Fair value of East Exploration on acquisition		7,291,667
East Exploration pre-acquisition shares on issue	694,446	
Assessed fair value of pro-forma listing expense		
Deemed post-consolidation East Exploration shares issued	228,577	
Deemed price of shares issued	\$10.50	
Deemed fair value of share-based payment, assessed in accordance with AASB 2		2,400,052
Adjustment for transaction and share issue costs accrued at 30 June 2016		(111,037)
Elimination of net assets of Davenport at acquisition		(819,687)
Pro-forma listing expense recognised on reverse acquisition		1,469,328

8.8 Accumulated losses

The Pro-forma accumulated losses as at the completion of the acquisition of East Exploration is as follows assuming the maximum capital raising of \$6 million:

Accumulated losses	\$	\$
Per Davenport as at 30 June 2016	(97,367)	
Per East Exploration as at 30 June 2016	(221,114)	(318,481)
<i>The following subsequent events and pro forma adjustments</i>		
Elimination of pre-acquisition losses on consolidation	97,367	
Elimination of exclusivity and option fee	(250,000)	
Pro-forma listing expense recognised on reverse acquisition	(1,469,328)	
Legal, accounting, printing and administration transaction costs	(542,000)	
<i>Total subsequent events and pro-forma adjustments</i>		(2,163,961)
Accumulated losses – Pro-forma		(2,482,442)

8.9 Historical Financial Information

The pro-forma consolidated balance sheet is based on actual, audited Financial Statements of Davenport Resources Limited and the reviewed consolidated Financial Statements of East Exploration Pty Ltd and its subsidiary for the period ended 30 June 2016 and has been prepared to provide shareholders with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company following the Capital Raising and Acquisition of East Exploration. The historical actual Statement of Profit or Loss and Other Comprehensive Income are set out below for Davenport Resources Limited - audited (for 12 months) and East Exploration Pty Ltd consolidated - reviewed (for 6 months) for the period ended 30 June 2016. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements

Davenport Resources Limited
Statement of Profit or Loss and Other Comprehensive Income

	Year ended 30 June 2016, Audited Actual	Year ended 30 June 2015, Audited Actual	Year ended 30 June 2014, Audited Actual
Revenue from continuing operations	48,599	-	-
Other income	3,138,726	-	-
Administration and corporate expenses	(44,552)	(19,667)	(46,933)
Legal and professional fees	(177,546)	-	-
Depreciation and amortisation expense	(622)	-	-
Impairment of assets	(52,502)	(2,756,873)	(6,923)
Director fees	(25,000)	-	-
Occupancy costs	(104,458)	-	-
Operating profit/(loss) before income tax	2,782,645	(2,776,540)	(53,856)
Income tax attributable to operating profit/(loss)	(7,410)	-	-
Operating profit/(loss) after tax	2,775,235	(2,776,540)	(53,856)

Other Comprehensive Income			
	Year ended 30 June 2016, Audited Actual	Year ended 30 June 2015, Audited Actual	Year ended 30 June 2014, Audited Actual
Other comprehensive income or loss:	-	-	-
Total other comprehensive income for the period, net of tax	-	-	-
Total comprehensive profit/ (loss) for the period	2,775,235	(2,776,540)	(53,856)

Davenport Resources Limited Statement of Financial Position			
	As at 30 June 2016, Audited Actual	As at 30 June 2015, Audited Actual	As at 30 June 2014, Audited Actual
Assets			
<i>Current assets</i>			
Cash and cash equivalents	395,005	3,328	1,358
Trade and other receivables	25,809	134	741
Other assets	14,157	-	-
Total current assets	434,971	3,462	2,099
<i>Non-current assets</i>			
Trade and other receivables	141,981	-	-
Other financial assets	250,000	-	-
Property, plant and equipment	11,817	-	-

Continued on next page.

Exploration and evaluation	261,245	245,320	910,950
Total non-current assets	665,043	245,320	910,950
Total Assets	1,100,014	248,782	913,049

	As at 30 June 2016, Audited Actual	As at 30 June 2015, Audited Actual	As at 30 June 2014, Audited Actual
Liabilities			
<i>Current Liabilities</i>			
Trade and other payables	232,599	18,748	8,587
Loan - related entity	-	2,665,582	563,470
Provisions	28,318	-	-
Total current liabilities	260,917	2,684,330	572,057
<i>Non-Current Liabilities</i>			
Provisions	12,000	-	-
Deferred tax liabilities	7,410	-	-
Total non-current liabilities	19,410	-	-
Total Liabilities	280,327	2,684,330	572,057
Net Assets	819,687	(2,435,548)	340,992

Continued on next page.

Equity			
Issued capital	917,054	437,054	437,054
Accumulated losses	(97,367)	(2,872,602)	(96,062)
Total Equity	819,687	(2,435,548)	340,992

East Exploration Pty Ltd and its controlled entity
Statement of Profit or Loss and Other Comprehensive Income

	6 Months to 30 June 2016, Reviewed Actual	Year ended 31 December 2015, Audited Actual	10 months ended 31 December 2014, Audited Actual
Other income	150,000	100,000	-
Corporate expenses	(72,684)	(103,254)	(29,828)
Exploration and evaluation expenses	-	(154,599)	(110,749)
Operating income/(loss) before income tax	77,316	(157,853)	(140,577)
Income tax attributable to operating profit/(loss)	-	-	-
Operating income/(loss) after tax	77,316	(157,853)	(140,577)

Other Comprehensive Income			
	6 Months to 30 June 2016, Reviewed Actual	Year ended 31 December 2015, Audited Actual	10 months ended 31 December 2014, Audited Actual
Other comprehensive income or loss:			
Foreign exchange translation reserve	1,122	1,010	(1,419)
Total other comprehensive income for the period, net of tax	1,122	1,010	(1,419)
Total comprehensive income/(loss) for the period	78,438	(158,863)	(141,996)

East Exploration Pty Ltd and its controlled entity Statement of Financial Position			
	As at 30 June 2016, Reviewed Actual	As at 31 December 2015, Audited Actual	As at 31 December 2014, Audited Actual
Assets			
<i>Current assets</i>			
Cash and cash equivalents	154,838	40,224	54,942
Trade and other receivables	15,851	6,370	28,443
Total current assets	170,689	46,594	83,385

Continued on next page.

<i>Non-current assets</i>			
Exploration and evaluation	14,928	14,993	-
Total non-current assets	14,928	14,993	-
Total Assets	185,617	61,587	83,385
Liabilities <i>Current Liabilities</i>			
Trade and other payables	108,031	62,439	25,381
Total current liabilities	108,031	62,439	25,381
Total Liabilities	108,031	62,439	25,381
Net Assets	77,586	(852)	58,004
Equity <i>Contributed equity</i>	300,007	300,007	200,000
Reserves	(1,307)	2,429	(1,419)
Accumulated losses	(221,114)	(298,430)	(140,577)
Total Equity	77,586	(852)	58,004

The following historical financial information has been lodged with ASIC and is taken to be included in this Prospectus by operation of Section 712 of the Corporations Act:

Davenport Resources

(a) Davenport Resources Limited – Annual Report – 30 June 2016:

Davenport Resources Limited's financial information for the period ended 30 June 2016 is contained in its audited Financial Report. The Annual Financial Report for the period ended 30 June 2016 comprises a Directors' Report, statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, notes to financial statements and an Independent Auditor's Report. The Independent Auditor's Report contains an unmodified conclusion. The Independent Auditor's Report states the financial information for the period ending 30 June 2016 (in particular, that Davenport continued to incur negative cash flows throughout the period ending 30 June 2016) indicates the existence of a material uncertainty that may cast doubt on Davenport's ability to continue as a going concern;

(b) Davenport Resources Pty Ltd – Special Purpose Financial Report – 30 June 2015:

As a non-public company for the period ended 30 June 2015, the Davenport Resources Pty Ltd financial information is provided in the form of an audited Special Purpose Financial Report. The Special Purpose Financial Report for the period ending 30 June 2015 contains financial information in addition to the financial information in this section 8. The financial information contained in the Special Purpose Financial Report for the year ending 30 June 2015 comprises a statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, notes to consolidated financial statements and an Independent Auditor's Report. The Independent Auditor's Report contains an unmodified conclusion. The Independent Auditor's Report states the financial information for the period ending 30 June 2015 (in particular, the total comprehensive loss of \$2,776,540 and Davenport's liabilities exceeding its assets by \$2,680,868) indicates the existence of a material uncertainty that may cast doubt on Davenport's ability to continue as a going concern;

(c) Davenport Resources Pty Ltd – Special Purpose Financial Report – 30 June 2014:

As a non-public company for the period ended 30 June 2014, the Davenport Resources Pty Ltd financial information is provided in the form of an audited Special Purpose Financial Report. The Special Purpose Financial Report for the year ended 30 June 2014 contains financial information in addition to the financial information in this section 8. The financial information contained in the Special Purpose Financial Report for the year ended 30 June 2014 comprises a statement of profit or

loss and other comprehensive income, statement of financial position, statement of changes in equity, notes to the financial statements and an Independent Auditor's Report. The Auditor's Report states the financial information for the period ending 30 June 2014 (in particular, the total comprehensive loss of \$53,856 and Davenport's liabilities exceeding its assets by \$569,958) indicates the existence of a material uncertainty that may cast doubt on Davenport's ability to continue as a going concern;

East Exploration

(a) East Exploration Pty Ltd – Half-Year Financial Report – 30 June 2016:

East Exploration Pty Ltd's financial information for the half-year period ended 30 June 2016 is provided in the form of a reviewed Financial Report. The Financial Report for the half-year ended 30 June 2016 contains financial information in addition to the financial information in this section 8. The financial information contained in the Financial Report for the half-year ended 30 June 2016 comprises a consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flows, notes to consolidated financial statements and an Independent Auditor's Review Report. The Independent Auditor's Review Report contains an unmodified review conclusion and there is no emphasis of matter or other qualification;

(b) East Exploration Pty Ltd – Financial Report – 31 December 2015:

East Exploration Pty Ltd's financial information for the period ended 31 December 2015, is provided in the form of an audited Financial Report. The Financial Report for the year ended 31 December 2015 contains financial information in addition to the financial information in this section 8. The financial information contained in the Financial Report for the year ended 31 December 2015 comprises a consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flows, notes to consolidated financial statements and an Independent Auditor's Report. The Independent Auditor's Report contains an unmodified conclusion. The Independent Auditor's Report states the financial information for the period ending 31 December 2015 (in particular, the comprehensive loss of \$158,863, working capital deficiency of \$15,845 and deficit net assets of \$852) indicates the existence of a material uncertainty that may cast doubt on East Exploration's ability to continue as a going concern;

(c) East Exploration Pty Ltd – Financial Report – 31 December 2014:

East Exploration Pty Ltd's financial information for the period ended 31 December 2014 is provided in the form of an audited Financial Report. East Exploration Pty Ltd was incorporated in March 2014

and therefore the Financial Report considers the 10 month period from the date of incorporation to 31 December 2014. The Financial Report for the year ended 31 December 2014 contains financial information in addition to the financial information in this section 8. The financial information contained in the Financial Report for the year ended 31 December 2014 comprises a consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of cash flows, notes to consolidated financial statements and an Independent Auditor's Report. The Independent Auditor's Report contains an unmodified conclusion and there is no emphasis of matter or other qualification;

Any person may request a copy of any of the financial information referred to above during the application period of this Prospectus, which Davenport will provide free of charge. A copy of each of the above documents can also be downloaded from Davenport's website at www.davenportresources.com.au/accounts.

9 INVESTIGATING ACCOUNTANT'S REPORT



21 October 2016

The Directors
Davenport Resources Limited
Level 14
31 Queen Street
MELBOURNE VIC 3000

Dear Sirs

INVESTIGATING ACCOUNTANTS REPORT

INDEPENDENT LIMITED ASSURANCE REPORT ON DAVENPORT RESOURCES LIMITED HISTORICAL AND PRO FORMA FINANCIAL INFORMATION

Introduction

Advantage Advisors Corporate Pty Ltd (AAC) have been engaged by Davenport Resources Limited - ACN 153 414 852 (Davenport) to report on the historical financial information and pro forma historical financial information of Davenport as at 30 June 2016 for inclusion in the Replacement Prospectus dated on or about 24 October 2016 (Prospectus) in respect to the issue of between 25 million and 30 million shares of Davenport at a price of 20 cents per share to raise between \$5 million and \$6 million (Offer).

The purpose of the Offer is to provide working capital and to fund the on-going operations of the business following the acquisition of East Exploration Pty Ltd - ACN 168 560 647 and its subsidiary (East), which hold two project potash licences in Germany. Further details concerning the operations and objectives of the Offer and Davenport are set out in Sections 2 and 4 of the Prospectus.

Expressions and terms defined in the document have the same meaning in this report.

Advantage Advisors Corporate Pty Ltd holds an Australian Financial Services Licence (AFSL Number 311489).

This report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which it was prepared.

Scope

You have requested AAC to perform a limited assurance engagement in relation to the following financial information included in the Prospectus:

Advantage Advisors Corporate Pty Ltd

Level 7, 114 William Street
Melbourne VIC 3000
Australia

GPO Box 2266
Melbourne VIC 3001
Australia

ACN 109 824 788

AFS Licence No. 311489

T +61 3 9274 0600

F +61 3 9274 0680

consult@advantageadvisors.com.au

advantageadvisors.com.au

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Independent Member of
Walker Wayland Australasia Limited,
a network of independent accounting firms

a) Historical Financial Information being the:

- i) summarised historical statement of financial position of Davenport as at 30 June 2016 (**Davenport Historical Financial Information**);
- ii) summarised historical statement of :
 - a) financial performance of East for the years ended 31 December 2014, 2015 and the half year ended 30 June 2016 (**East Historical Statement of Financial Performance**); and
 - b) summarised historical statement of financial position of East as at 31 December 2014, 2015 and 30 June 2016 (**East Historical Statement of Financial Position**).

(together, the **East Historical Financial Information**)

b) Pro Forma Financial Information being the:

pro forma consolidated statement of financial position of Davenport as at 30 June 2016, which assumes completion of the pro forma adjustments as described in Section 8.1 of the Prospectus.

The Historical Financial Information and the Pro Forma Financial Information are together the **Financial Information**.

The Financial Information is presented in the Prospectus in an abbreviated form, in that it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

Historical Financial Information

The Davenport Historical Financial Information has been extracted from the financial report of Davenport for the year ended 30 June 2016, which was audited by Advantage Advisors Audit Partnership in accordance with the Australian Auditing Standards. Advantage Advisors Audit Partnership issued an unmodified audit opinion with an emphasis of matter on the financial report. The emphasis of matter paragraph indicated that a material uncertainty exists which casts doubt about Davenport's ability to continue as a going concern.

The financial statements of East for the years ended 31 December 2014 and 2015 were audited by Advantage Advisors Audit Partnership in accordance with Australian Auditing Standards and on which unmodified opinions were issued. The audit opinion in relation to the year ended 31 December 2015 included an emphasis of matter in relation to a material uncertainty as to the consolidated entity's ability to continue as a going concern. Advantage Advisors Audit Partnership also issued an unmodified limited review conclusion (which is not an audit) in respect of the six months ended 30 June 2016.

Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the company's adopted accounting policies.

Pro Forma Financial Information

The Pro Forma Consolidated Statement of Financial Position as at 30 June 2016 has been derived from the Historical Financial Information of Davenport and East after adjusting for the effects of pro forma adjustments described in Note (a) of Section 8.2 of the Prospectus (Pro Forma Adjustments). Those Pro Forma Adjustments include:

- i) The acquisition of East, accounted for as a reverse acquisition as described in Section 8.8 of the Prospectus; and
- ii) The effects of the Offer and other related transactions.

The stated basis of preparation of the Pro Forma Financial Information is the recognition and measurement principles contained in Australian Accounting Standards as set out in Section 8.2 of the Prospectus.

Due to its nature, the pro forma historical financial information does not represent the company's actual or prospective financial position or financial performance.

Unless specifically described, the Pro Forma Historical Statement of Financial Position does not include adjustments for the Company's business occurring after 30 June 2016 that do not relate to the acquisition or the capital structure of the Company.

Directors' Responsibility

The directors of Davenport are responsible for the preparation of the historical financial information and pro forma historical financial information, including the selection and determination of pro forma adjustments made to the historical financial information and included in the pro forma historical financial information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of historical financial information and pro forma historical financial information that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance engagement included procedures such as review of accounting records and documents, work papers, enquiries of directors, management and other advisors, and consideration of the Pro Forma Adjustments.

A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable

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Independence

Neither AAC nor its Directors or employees have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter.

Advantage Advisors Audit Partnership provides audit assurance services to Davenport.

Neither AAC nor its Directors or employees have any interest in the outcome of the Offer other than in connection with the preparation of this report for which professional fees will be received.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Greg Lay'.

Greg Lay
Director

Advantage Advisors Corporate Pty Ltd

10 INDEPENDENT TECHNICAL REPORTS

10.1 Independent Technical Assessment South Harz Project





Report prepared for

Client Name	Davenport Resources Ltd
Project Name/Job Code	DAVITA01
Contact Name	Chris Bain/Angus Edgar
Contact Title	Director
Office Address	Melbourne

Report issued by

CSA Global Office	Perth
Division	Corporate
Street Address	Level 2, 3 Ord Street, West Perth, WA 6005
Phone	+61 8 93551677
Email	+61 8 93551977

Report information

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Author and Reviewer Signatures

Principal Author:	Dr Simon Dorling PhD, MSc. MAIG	
Contributing Author:	Mark Pudovskis BSc. (Applied Geology) MAusIMM	
Peer Reviewer	Jeff Elliott BSc. (Applied Geology), FAusIMM, MAIG, MAICD, MAIM	
CSA Global Authorisation	Jeff Elliott BSc. (Applied Geology), FAusIMM, MAIG, MAICD, MAIM	

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Disclaimers

Purpose of this document

This Report was prepared exclusively for Davenport Resources Ltd ("the Client") by CSA Global Pty Ltd (CSA Global). The quality of information, conclusions and estimates contained in this Report are consistent with the level of the work carried out by CSA Global to date on the assignment, in accordance with the assignment specification agreed between CSA Global and the Client.

Notice to third parties

CSA Global has prepared this Report having regard to the particular needs and interests of our client, and in accordance with their instructions. This Report is not designed for any other person's particular needs or interests. Third party needs and interests may be distinctly different to the Client's needs and interests, and the Report may not be sufficient nor fit or appropriate for the purpose of the third party. If a third party chooses to use or rely on all or part of this Report, then any loss or damage the third party may suffer in so doing is at the third party's sole and exclusive risk.

CSA Global has created this Report using data and information provided by or on behalf of the Client (and the Clients' agents and contractors). Unless specifically stated otherwise, CSA Global has not independently verified that all data and information is reliable or accurate. CSA Global accepts no liability for the accuracy or completeness of that data and information, even if that data and information has been incorporated into or relied upon in creating this Report.

Results are estimates and subject to change

The interpretations and conclusions reached in this Report are based on current scientific understanding and the best evidence available to the authors at the time of writing. It is the nature of all scientific conclusions that they are founded on an assessment of probabilities and, however high these probabilities might be, they make no claim for absolute certainty.

The ability of any person to achieve forward-looking production and economic targets is dependent on numerous factors that are beyond CSA Global's control and that CSA Global cannot anticipate. These factors include, but are not limited to, site-specific mining and geological conditions, management and personnel capabilities, availability of funding to properly operate and capitalize the operation, variations in cost elements and market conditions, developing and operating the mine in an efficient manner, unforeseen changes in legislation and new industry developments. Any of these factors may substantially alter the performance of any mining operation.

Executive Summary

The South Harz Potash Project ("Project") located in Germany comprises two Exploration Licences (Küllstedt, Gräfentonna) covering an aggregate area of approximately 440 square kilometres (km²). The tenements are held by East Exploration GmbH ("East Exploration") and Davenport Resources Ltd ("Davenport") can earn a 100% interest in the project subject to the following conditions:

- Davenport pays A\$250,000 to East Exploration to advance its drilling program on the Project;
- Davenport pays all listing costs;
- Davenport issues East Exploration with ~36.5M fully paid ordinary shares and milestone shares; and
- Davenport raises A\$4–\$5 million in an initial public offering on the Australian Stock Exchange.

At the request of Davenport, CSA Global Pty Ltd (CSA Global) has completed a review of the Project based on information provided by East Exploration's technical consultant Ercosplan Ingenieuresellschaft Geotechnik und Bergbau GmbH ("Ercosplan"); along with technical reports prepared by government agencies and other relevant published and unpublished data. A site visit was undertaken to the Project by the principal author of this report. CSA Global has made all reasonable enquires to establish the authenticity and completeness of the technical data on which it has relied and a final draft of the report was also provided to Davenport, along with a written request to identify any material errors or omissions, prior to lodgement. Where appropriate, and in accordance with ASIC Practice Note 55 and Update 183, consent has been obtained to quote opinions expressed in unpublished reports prepared by other professionals on the property concerned.

The Project's key points are summarised:

- The exploration licences are located in the south west of the South Harz Potash District which has a proven history of potash exploration and mining dating back to the late nineteenth century resulting in a sound understanding of the geological setting; its potential future economic significance and associated risks.
- Exploration has indicated the presence of potash salts at depths amenable to safe mining on the Küllstedt Exploration Licence however due to the era of the drilling there is limited documentation of the methodologies employed. Furthermore with the lack of QA/QC protocols this results in a degree of uncertainty in the potash grades and mineralisation continuity.
- Supported by the presence of potash intercepts from historic drilling, CSA Global believes it is reasonable to assume that the potential for intersecting additional potash on Küllstedt is strong. However the challenge remains to delineate sufficient potash of grade and continuity in a setting amenable to economic extraction. With additional drilling this prospect remains sound for Küllstedt.
- There is insufficient geological data on the Gräfentonna Exploration Licence to determine with any confidence the exploration potential, except to draw from the fact that the licence is located within a historic producing district, albeit approximately 20 km south east of the Volkenroda Mine (commenced in 1906 and closed in 1991), and that the historic drilling and results are not available for review.
- Two historical resource estimates have been made corresponding to the Küllstedt Exploration Licence Area. The first was made in 1964 and the most recent in 1980. Due to the absence of supporting geological data, QA/QC and resource estimation methodology, it is the opinion of CSA Global that neither of the historic resources are suitable for reporting as Mineral Resources as defined by the JORC Code (2012).



- Since the 1990s there has been no field-based exploration completed on either the Küllstedt or the Gräfen-tonna Exploration Licences. The only meaningful desktop work completed was a technical report in January 2015 by Ercosplan. The report is in accordance with the JORC Code (2012) and included an Exploration Target for the Küllstedt Exploration Licence which resulted in a minimum of 292Mt to a maximum of 1285 Mt contained K₂O. CSA Global agrees that there is sufficient data to report an Exploration Target for the Küllstedt Exploration Licence.
- CSA Global agrees with Ercosplan that the potash seam of interest can be extracted by either conventional under-ground or solution mining. The economic viability is subject to ongoing studies.
- The main technical risks (potash seam thickness and grade variation, geometry of the potash seam, faulting of the potash seam, roof thickness to the potash horizon and clay intercalations, hydrocarbons in the underlying "Hauptdolomit" and depth of potash mineralisation) are somewhat mitigated for the project areas by the evidence presented:
 - The presence of historic mines and long mining history;
 - Two currently operating mines in the district: Zielitz and Verbundwerk Hattorf-Wintershall, owned and operated by K+S Aktiengesellschaft and producing (2012) 1.32 Mta and 1.12 Mta KCl respectively; and
 - Drill holes with evidence of potash bearing salts at depths amenable to either solution or conventional under-ground mining.
- Other risks which will likely pose significant hurdles to developing a potash mine are the licence to operate from a social and environmental perspective. With increasing global public concerns over the impact of mining on the environment, CSA Global strongly recommends that environmental and social impact studies to accompany any exploration work programs..
- Davenport provided CSA Global with a high-level exploration strategy and a proposed A\$3.3 million two year exploration budget. The exploration program is designed to confirm previously delineated potash mineralisation on the Küllstedt Exploration Licence and commence desktop studies on the Gräfen-tonna Exploration Licence. The field activities are proposed to be executed from funds raised from the (up to A\$5M) IPO.
- Davenport proposes to use the funds to undertake the drilling of two holes in Year One and a single hole in Year Two on the Küllstedt Exploration Licence. In addition to drilling, funds have been allocated for geophysical activities (sourcing and reprocessing of seismic plus downhole geophysics), field logistics and sample analysis. Davenport also proposes to complete over the two years a desktop review of the Gräfen-tonna Exploration Licence with a view to estimate an Exploration Target.
- The purpose of the Küllstedt Exploration Licence drilling program will be:
 - Year One, confirm the presence and grade of potash salts by the twin drilling of two historic drill holes which intercepted the higher grades of interpreted sylvinite and mixed potash salts.
 - Year Two, target with a single hole previously intersected sylvinite on the western side of the Küllstedt Exploration Licence.
- CSA Global is of the opinion that the work planned at the South Harz Potash Project is an appropriate use of funds. However CSA Global must quantify this statement by commenting that whilst the funding is appropriate for the proposed early stage objectives, additional significant funding will be required to adequately address the technical risks.
- CSA Global considers that the South Harz Potash Project properties have sufficient technical merit to justify the proposed programs and associated expenditure, providing they are appropriately staged, satisfying the requirements of ASX Listing Rule 1.3.3(a). The proposed exploration budgets are also sufficient to meet the anticipated annual statutory work commitments on the project tenements.



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- The Independent Geologist's Report has been prepared on information available up to and including 31 March 2016. CSA Global has provided consent for the inclusion of the Independent Geologist's Report in Section 8 of the Prospectus, in the form and context in which the report appears, and has not withdrawn that consent before lodgement of the Prospectus with the ASIC.



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1 Introduction

1.1 Context, Scope and Terms of Reference

CSA Global was requested by Davenport Resources Ltd ("Davenport" or "the Company") to prepare an Independent Technical Assessment (ITA) report for use in a prospectus to support an initial public offering of shares (68.5 million fully paid ordinary shares at an issue price of 20¢ per share to raise A\$4-5 million) for Davenport to enable a listing on the Australian Securities Exchange (ASX). The funds raised will be used for the purpose of exploration and evaluation of the Project.

The Company's plans are to acquire 100% of South Harz Potash Project which is held by East Exploration GmbH., a public company registered in Germany. Davenport Resources is currently completing a technical evaluation study on the South Harz Potash Project with the aim of completing a Mineral Resource estimation in accordance with the principles of the JORC Code (2012) at the completion of the first work program.

The ITA is an Independent Technical Assessment report subject to the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports 2015 ("VALMIN¹ Code"). In preparing this ITA, CSA Global:

- Adhered to the VALMIN Code as closely as practically possible.
- Relied on the accuracy and completeness of the data provided to it by Davenport, and that Davenport made CSA Global aware of all material information in relation to the projects.
- Relied on Davenport's representation that it will hold adequate security of tenure for exploration and assessment of the projects to proceed.
- Required that Davenport provide an indemnity to the effect that Davenport would compensate CSA Global in respect of preparing the report against any and all losses, claims, damages and liabilities to which CSA Global or its Associates may become subject under any applicable law or otherwise arising from the preparation of the Report to the extent that such loss, claim, damage or liability is a direct result of Davenport or any of its directors or officers knowingly providing CSA Global with any false or misleading information, or Davenport, or its directors or officers knowingly withholding material information.
- Required an indemnity that Davenport would compensate CSA Global for any liability relating to any consequential extension of workload through queries, questions, or public hearings arising from the reports.

1.2 Compliance with the VALMIN and JORC Codes

As far as possible the report has been prepared in accordance with the VALMIN Code, which is binding upon Members of the Australian Institute of Geoscientists (AIG) and the Australasian Institute of Mining and Metallurgy (AusIMM), the JORC² Code and the rules and guidelines issued by such bodies as the Australian Securities and Investments Commission (ASIC) and ASX that pertain to IER.

¹ Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports. The VALMIN Code, 2005 Edition (The 2015 Edition of the VALMIN Code will be mandatory from 1 July 2016) prepared by the VALMIN Committee, a joint committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Mineral Industry Consultants Association with participation of the Australian Securities and Investments Commission, the Australian Stock Exchange Limited, the Minerals Council of Australia, the Securities Association of Australia and representatives from the Australian Finance Sector.

² Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The JORC Code, 2012 Edition. Prepared by: The Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC).



1.3 Principal Sources of Information and Reliance on Other Experts

CSA Global has based its review of the Project on information made available to the principal authors by Davenport along with technical reports prepared by consultants, government agencies and previous tenements holders, and other relevant published and unpublished data. CSA Global has relied upon discussions with Davenport's management as well as recent company exploration reports for information contained within this assessment. A site visit was made to the Project to confirm the recent exploration activities quoted herein. This report has been based upon information available up to and including 31 March 2016.

CSA Global has endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy, and completeness of the technical data upon which this report is based. Unless otherwise stated, information and data contained in this technical report or used in its preparation has been provided by Davenport in the form of documentation, and from data obtained and observations made during the site visit.

Davenport was provided a final draft of this report and requested to identify any material errors or omissions prior to its lodgement.

CSA Global completed site visits to the South Harz Project area in February 2016.

Descriptions of the mineral tenure; tenure agreements, encumbrances and environmental liabilities were provided to CSA Global by Davenport or its technical consultants Ercosplan. Davenport has warranted to CSA Global that the information provided for preparation of this report correctly represents all material information relevant to the Project. Full details on the tenements is provided in the Independent Solicitor's Report elsewhere in the prospectus.

1.4 Authors of the Report

CSA Global is privately owned, mining industry consulting company headquartered in Perth, Western Australia. CSA Global provides geological, resource, mining, management and corporate consulting services to the international resources sector and has done so for more than 30 years.

This Independent Technical Assessment has been prepared by a team of consultants sourced principally from CSA Global's Perth, Western Australia office. The individuals who have provided input to the ITA have extensive experience in the mining industry and are members in good standing of appropriate professional institutions. The Consultants preparing this ITA are specialists in the fields of geology, exploration and Mineral Resource estimation and classification, in particular relating to potash.

The following individuals, by virtue of their education, experience and professional association, are considered Competent Persons (CP), as defined in the JORC Code (2012), for this report. The CP's individual areas of responsibility are presented below:

- Principal author – Dr Simon Dorling (Principal Consultant Geologist with CSA Global in Perth, Western Australia) responsible for the entire report.
- Contributing author – Mark Pudovskis (Principal Consultant of CSA Global in Perth, Western Australia) responsible for Sections 2, 3.6.9, 3.6.10, 3.7, 3.8, 3.9, 4, 5, 6 and 7 of the report.
- Contributing author and peer reviewer – Mr Jeff Elliott (Managing Director of CSA Global in Perth, Western Australia) responsible for the entire report.

Dr Simon Dorling is originally from Germany, and familiar with the German potash geology and industry. He has considerable potash experience and is familiar with the South Harz district. Simon has over 26 years' experience in exploration, development and the mining of base metals (Cu, Zn, Pb, Fe, Sn), precious



metals (Au, Ag), energy minerals (U, coal) and industrial minerals (K, P, F) in mineralisation environments in a variety of global geological settings from the grass roots level to feasibility study stage.

Mark Pudovskis has significant potash experience from his time working with BHPB. Mark is a geologist with over 20 years' multi-commodity (Fe, K, U, Mn, Al, Cu, Pb, Zn, Ag, Au) global experience across a variety of geological terranes, with specialist expertise in exploration for and the evaluation of iron ore, manganese and potash deposits. Mark was based in Saskatchewan, where he worked on various Canadian potash projects, and on potash projects in Ethiopia.

Peer review was completed by Jeff Elliott who has been involved in much of CSA Global's potash resource and feasibility study work, and Ivy Chen (who was ASIC's geologist until joining CSA Global).

1.5 Independence

Neither CSA Global, nor the authors of this report, has or has had previously, any material interest in Davenport, or the mineral properties in which Davenport has an interest. CSA Global's relationship with Davenport is solely one of professional association between client and independent consultant.

CSA Global is an independent geological consultancy. Fees are being charged to Davenport at a commercial rate for the preparation of this report, the payment of which is not contingent upon the conclusions of the report. The fee for the preparation of this report is approximately A\$25,000.

No member or employee of CSA Global is, or is intended to be, a director, officer or other direct employee of Davenport. No member or employee of CSA Global has, or has had, any shareholding in Davenport.

There is no formal agreement between CSA Global and Davenport as to Davenport providing further work for CSA Global.

1.6 Declarations

This report has been prepared by CSA Global at the request of, and for the sole benefit of Davenport. Its purpose is to provide an Independent Technical Assessment of the South Harz Potash Project.

The report is to be included in its entirety or in summary form within a prospectus to be prepared by Davenport in connection with an initial public offering. It is not intended to serve any purpose beyond that stated and should not be relied upon for any other purpose.

The statements and opinions contained in this report are given in good faith and in the belief that they are not false or misleading. The conclusions are based on the reference date of 31 March 2016 and could alter over time depending on exploration results, mineral prices and other relevant market factors.

1.7 About this Report

This report describes the prospectivity of the Project to host potash mineralisation of different mineralisation types. The South Harz area is a current and historical potash producing district.

The geology and mineralisation for each prospect area are discussed, as well as the exploration work done and the results obtained there from. A great wealth of data pertains to the work done on the Project and an effort was made to summarise this so as to contain the size and readability of the report. Maps of the areas are presented and statistics on the drilling are provided.

No valuation has been requested or completed for the Project.

2 Potash Basics

2.1 Genesis of Potash Mineralisation

Potash is any of various mined and manufactured salts that contain potassium. Their primary use is as a fertilizer due to their soluble source of potassium. Common terminology used in the potash industry is represented in Table 1.

Table 1: Potash terminology (adopted from Fuzesy, 1982)

	Chemical or Mineral Name	Chemical Formula	Common Name
Element	Potassium	K	Potash
	Sodium	Na	Soda
Mineral	Sylvite	KCl	Potash salt
	Carnallite	KCl.MgCl ₂ .6H ₂ O	Potash salt
	Halite	NaCl	Common table salt
Ore	Sylvinite	KCl,NaCl	Sylvite & Halite
	Carnallite	KCl.MgCl ₂ .6H ₂ O, NaCl	Carnallite & Halite
Product	Potassium Chloride	KCl	Potash, Muriate of Potash
Unit of Measure	Potassium Oxide	K ₂ O	Potash

2.2 Global Reserves, Resources and Production

Potash hosting basins are distributed globally with Elk Point Basin, Saskatchewan Canada being the most significant from a Mineral Resource and Ore Reserve perspective. Other notable potash basins include Pripyatski Belarus, Solikamsk Depression (Bereniki and Solikamsk mines) Perm Russia, Pricaspian Depression Kazakstan and Russia, and the Nepskoe Basin located in Siberia Russia (Warren, 2010).

The two standout producing basins are the Elk Point Canada and the Solikamsk Depression Perm Russia, owned by Potash Corp and PJSC Uralkali respectively.

Compiled from SNL, Table 2 represents a select group of notable producing potash mines.



Table 2: Operating potash mines

Deposit	Owner(s)	Country	Mine type	Reserves & Resources (Mt) - Potash	% K ₂ O	Reserves & Resources As Of Date	KCl Production (Mta)	KCl Production (date)
Allan	PotashCorp.	Canada	Conventional Underground	5,033	23.0	31/12/14	2.38	2015
Cory	PotashCorp.	Canada	Conventional Underground	4,307	22.8	31/12/14	1.51	2015
Lanigan	PotashCorp.	Canada	Conventional Underground	4,263	20.5	31/12/14	1.83	2014
Rocanville	PotashCorp.	Canada	Conventional Underground	3,214	23.5	31/12/14	2.0	2013
Belle Plaine	Mosaic Co.	Canada	ISL	3,242	18	31/12/14	2.80	2014
Vanscoy	Agrium Inc.	Canada	Conventional Underground	2,175	24.4	8/8/14	1.97	2015
Colonsay	Mosaic Co.	Canada	Conventional Underground	790	26.4	31/12/14	1.40	2014
Carlsbad West	Intrepid Potash Inc.	USA	Conventional Underground	350	10.9	31/12/14	0.32	2015
Carlsbad East	Intrepid Potash Inc.	USA	Conventional Underground	311	8.8	31/12/14	0.20	2015
Carlsbad	Mosaic Co.	USA	Conventional Underground	110	5.7	31/12/14	0.60	2014
Zielitz	K+S Aktiengesellschaft	Germany	Conventional Underground	55	NA	31/12/12	1.32	2012
Verbundwerk Hattorf-Wintershall	K+S Aktiengesellschaft	Germany	Conventional Underground	49	NA	31/12/12	1.12	2012
Hersey	Undisclosed Buyer	USA	ISL	40	26.7	31/5/13	0.10	2013
Moab	Intrepid Potash Inc.	USA	ISL	30	13.5	31/12/14	0.10	2013
Unterbreisbach	K+S Aktiengesellschaft	Germany	Conventional Underground	18	NA	31/12/12	NA	NA
Berezinski*	PJSC Uralkali	Russia	Conventional Underground	NA	18.8	NA	11.40	2015
Dead Sea	Arab Potash Co. Plc	Jordan	Brine	NA	NA	NA	1.74	2013
Dead Sea Works	Israel Chemicals Ltd.	Israel	Brine	NA	NA	NA	4.20	2014

The tabulated figures should only be used as a crude comparative guideline. None of the figures present have been verified. They have been collated from various websites including SNL and company reports.

* Comprises the Berezinski mines to the south and Solikamsk mines to the north. Total of 11 mines.

The list of operating potash mines is not definitive but represents a small selection of the largest mines along with several notables; No cut-off grades reported; ISL: In-situ leach

Global potash shipments in Mt KCl are represented in Figure 1 (source PotashCorp). The data and information was sourced from Fertecon, CRU, IFA and PotashCorp with the projected shipment tonnages being the opinion of PotashCorp.

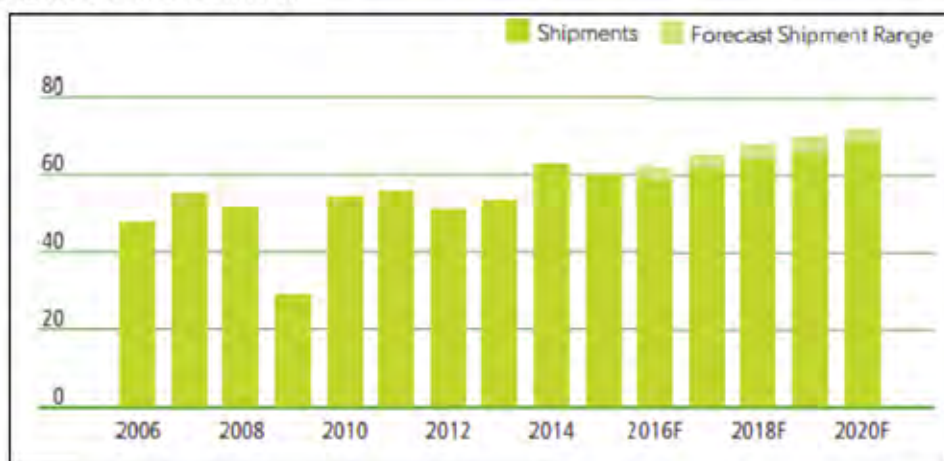


Figure 1: Global potash shipments
(Source Potash Corp 2015 Annual report)

2.3 Exploration and Testing Methods

Although the world's potash basins are relatively mature on a regional scale, many of which associated with and discovered during petroleum exploration, the deposit scale knowledge i.e. the distribution and continuity of grade and mineralogy remains immature for most part. This leaves the exploration discovery of new resources a real possibility.

Prior to planning any drilling program it is prudent to develop an understanding of the broad basin geometry of the area of interest therefore it is recommended to complete an initial wide-spaced 2D seismic survey. A seismic interpretation will identify any large-scale structures such as faults which should be avoid during drill planning. Faulting is a significant project risk if there are any major aquifers in the hanging-wall. As the exploration program matures toward defining Indicated and/or Measured Resources 3D seismic should be considered.

In addition to seismic and drilling, petrophysics and geophysical well logging are exploration techniques commonly adopted in the potash exploration industry. For example, downhole density sondes can assist in the identification of salts during core logging. The densities of select evaporates is included as Table 3.

Table 3 Densities of Evaporites

Mineral	Density (t/m ³)
Sylvite	1.92
Carnallite	1.60
Kainite	2.10
Polyhalite	2.78
Langbeinite	2.83
Anhydrite	2.97
Kieserite	2.57
Halite	2.07

Potash exploration with its close association to petroleum exploration is naturally a time consuming and expensive proposition with each potash drill hole potentially (depth of potash horizon being the main cost driver) costing in the order of US\$1M.

Exploration success should be defined as intersecting distinct bedded (greater than 3 metres) stratiform sylvinite (KCl) bounded by a competent hangingwall / footwall of halite which is amenable to safe and economic extraction whether conventional under-ground or solution.

The criteria favourable for the development of a conventional under-ground or solution potash mine include mineralogy, depth of potash horizon, simple (flat or gently dipping) structure and thickness of potash-bearing beds.

The world's premier potash mining district is the Elk Point basin, Saskatchewan Canada, which comprises world-class Mineral Resources of greater than 10 billion tonnes of sylvinite at grades generally 20% to 25% K₂O. Many of the preferred below-mentioned criteria are characteristic to the potash mines of the Elk Point basin and should be set as a high benchmark for all global potash exploration programs.

2.3.1 Mineralogy

Sylvite (KCl) is the preferred mineral in potash layers due to its higher inherent potassium content (63% K₂O). A natural mixture of sylvite and halite (NaCl) is referred to as sylvinite. Carnallite (KMgCl₃·6H₂O) is also present with sylvite to varying degrees. In certain volumes it can be considered a contaminant due to its lower potassium content, extreme solubility, corrosive nature and mechanical instability. Carnallite levels of up to 10–12% in the ROM can be tolerated if the mineral occurs in coarse-grained sylvinite and is thus amenable to separation during processing. However, numerous companies are consciously evaluating and mining carnallite (a natural mixture of carnallite and halite) as a sole source of potash. The associated requirements for processing carnallite and its inherent lower potassium content may place such companies towards the upper quartile of the cost curve.

Insoluble clay minerals are commonly present, and need to be removed prior to floatation in order to maximize the KCl recovery. As a guideline, insoluble minerals in ROM should not exceed 10% since they consume flotation reagents, depress the KCl recovery rate and therefore increase operating costs.

In solution mining the introduction of carnallite or other sulphates adds complexities in the processing of the brines therefore increasing costs. MgCl is the most soluble salt and will preferentially dissolve therefore depressing the solubility of KCl and NaCl in the brine.

Any exploration program should make particular effort to understand the mineralogy, notably the distribution of sylvinite / carnallite and associated insolubles.

2.3.2 Depth

Conventional under-ground mining should take place in the depth range 400 m to around 1100 m. Underground mines shallower than 400 m are frequently subject to water ingress leading to mine abandonment and to surface subsidence (sometimes as catastrophic sinkholes), leading to loss of surface infrastructure and / or significant social impact. Any deeper than 1100 m the mine can be subjected to increased structural compression issues and an elevated geothermal gradient.

Solution mines, for the same reasons as the conventional under-ground mines, should not be any shallower than 400 m to 600 m. Their advantage solution mines have over the conventional mines is that potash deeper than 1100 m can be accessed. The Mosaic Belle Plaine in-situ leach mine was the world's first solution mine with the potash horizon lying approximately 1600 m below the surface.

2.3.3 Structure

To facilitate simple mining potash-bearing horizons should preferably be continuous flat lying or gently dipping. Caution should be taken in mine planning of those basins or sub-basins which have undergone halokinetic deformation.

2.3.4 Thickness of Potash Horizons

Potash bed thickness should be a minimum of 2.5 m to accommodate room and pillar under-ground mining. A suitably thick (greater than 10 m) impermeable barrier should also be present as the hanging-wall in order to guard against water ingress and act to support mine structural integrity.

2.4 Mining and Processing

Potash is mined by:

- Shaft mining (conventional under-ground mine). Upon extraction floatation or crystallization processes, sometimes complex, are applied to separate the product (KCl) from the mineral (Fuzesy, 1982). i.e. Berezniki and Lanigan,
- Dissolved and brought to the surface as brine (solution mine) i.e. Belle Plaine, or
- Evaporated³, either mechanically or by solar power from surface brines i.e. Dead Sea Works.

Solution mining is fraught with challenges, particularly at depths less than 400 m (Warren, 2006). Unless directional drilling is possible (requires depths typically greater than 400 m to bend the drill rods), the result may be a high cost extraction well field (single extraction pad / pump for each cavern) and a project prone to subsidence. The ideal solution mine requires one extraction pad per 20 mining caverns, will mine predominantly sylvinite and halite, and is located at depths where the overlying geology is not prone to collapse.

A schematic of a conventional under-ground mine and mill process (source Potash Corp) is included as Figure 2.

³ Separating a KCl product from a complex Mg, K solution by evaporation can be a complicated process requiring cold and hot precipitation. Further, for mechanical evaporation a gas source is required which is preferred as it allows the control of the brine temperatures during precipitation. Solar evaporation requires expansive lined evaporation ponds which therefore restricts the control of the salt precipitation from the brine i.e. carnallite will precipitate first which then must be processed. In addition, the evaporation ponds can develop halite mushrooms if the brine chemistry is not managed.

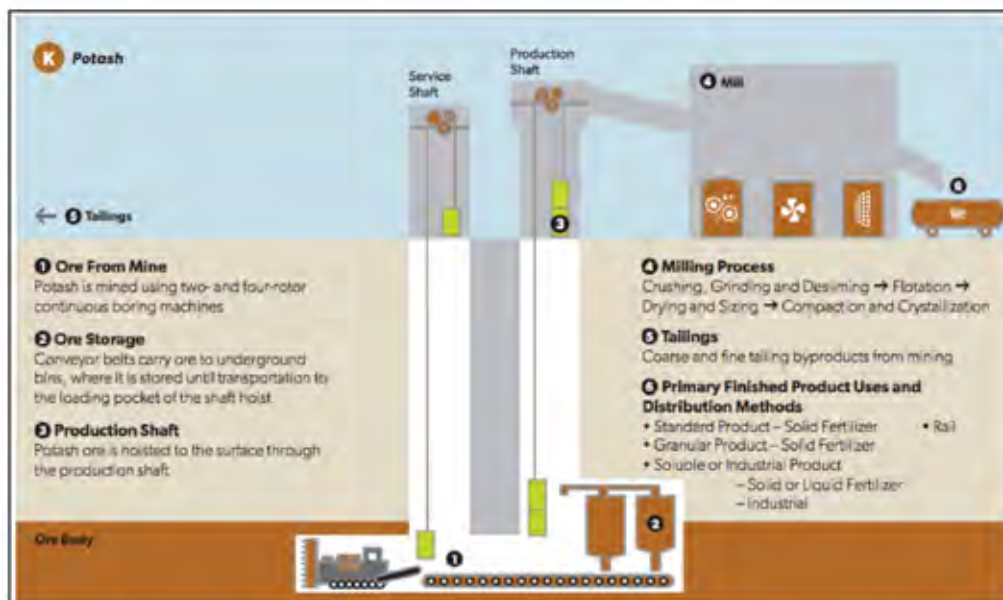


Figure 2: Schematic of a conventional under-ground mine and mill process
(source Potash Corp)

2.5 Specifications

Potash represents a variety of salts which are mined or manufactured. The potash salt of most economic interest is Muriate of Potash MOP or chemically, KCl (Sylvite). Sulphate of Potash SOP (K_2SO_4) is also a common industrial salt as well as Nitrate of Potash (KNO_3) and Sulphate of Potash Magnesia SOPM ($K_2SO_4 \cdot MgSO_4$).

Sylvite is the most commonly mined potash salt with carnallite, polyhalite also mined to varying degrees. Table 4 shows the geochemistry of typical evaporate elements and associated oxides included as Table 4. To compare various potash products the grade is expressed typically as per cent K_2O .

Table 4: Geochemistry of common evaporates

Mineral	Volumetric percentage														
	Na	K	Mg	H	Cl	O	S	Ca	H ₂ O	K ₂ O	MgO	Na ₂ O	CaO	SO ₃	
Sylvite		52.5			47.0					63.2					
Carnallite		14.1	8.8	4.4	38.2	34.6			38.9	17.0	14.5				
Kainite		15.7	9.8	2.4	14.2	45.0	12.9		21.7	18.9	16.2			32.2	
Polyhalite		13.0	4.0	0.7		47.8	21.3	13.3	6.0	15.6	6.7		18.6	53.1	
Langbeinite		18.8	11.7			46.3	23.2			22.7	19.4			57.9	
Anhydrite						47.0	23.6	29.4					41.2	58.8	
Kieserite			17.6	1.5		57.8	23.2		13.0					57.9	
Halite	39.3				60.7							53.0			

2.6 Markets and Major Players

The two dominant potash producers are Potash Corp and PJSC Uralkali producing approximately 8Mt and 11Mt per annum respectively and control over 30% of the global market.

BHP Billiton's Jansen project in the Elk Point basin contains a reported Measured + Indicated Mineral Resource of 5.3 Bt grading 25.6% K₂O. Should the project be commissioned it has the potential to deliver an additional 10 to 12 Mta potash and become the world's single largest potash mine.

Table 5 represents the forecast potash demand in 2016 revealing China, Latin America and North America as the largest consumers.

Table 5: Forecast potash demand by market (source Potash Corp)

Market	2016 forecast (Mt KCl)
China	13.5 – 14.5
India	4.2 – 4.7
Latin America	10.8 – 11.3
North America	9.2 – 9.7
Other Asia	8.5 – 8.8
Other	12.5 – 13.0
Total	59 – 62

2.7 Prices

Following a spike to almost US\$1000 / ton spot price in 2008 potash prices have remained relatively flat, as illustrated in Figure 3. Potash is traded as either 'Granular' or 'Standard' product.

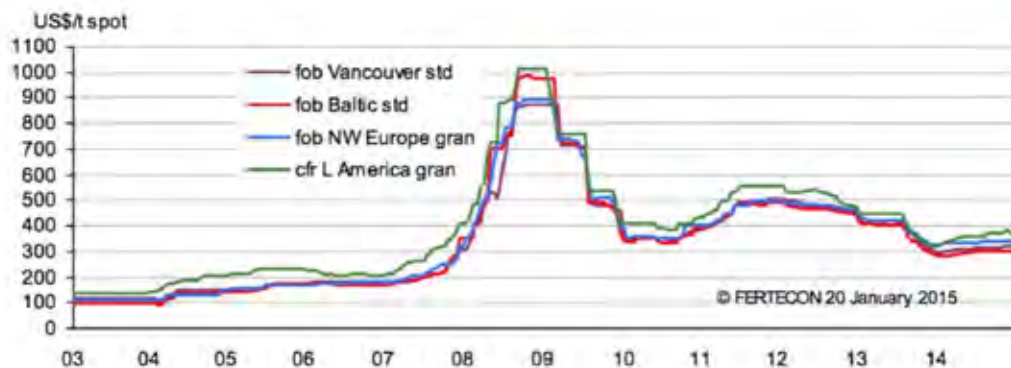


Figure 3: Potash prices 2003 – 2015
(source Fertecon)

As of 20 January 2016 key market prices are shown in Table 6 :

Table 6: Potash Market Prices

Market	Standard	Granular
Vancouver spot \$/t fob	300-340	330-375
FSU Baltic spot \$/t fob	265-330	285-345
E.C.L America spot \$/t fob	340-350	365-370

3 South Harz Potash Project

3.1 Location, Access and Infrastructure

The Küllstedt and Gräfenonna Exploration Licence areas are located in the northeastern region of the Federal State of Thuringia, Germany (Figure 4) and occupy the west-southwestern margin of the Thuringian basin ("Thüringer Becken"). The total size of the Küllstedt Exploration Licence Area is 24,164.55 ha (241.65 km²). The total size of the Gräfenonna Exploration Licence Area is 21,651.70 ha (216.51 km²).

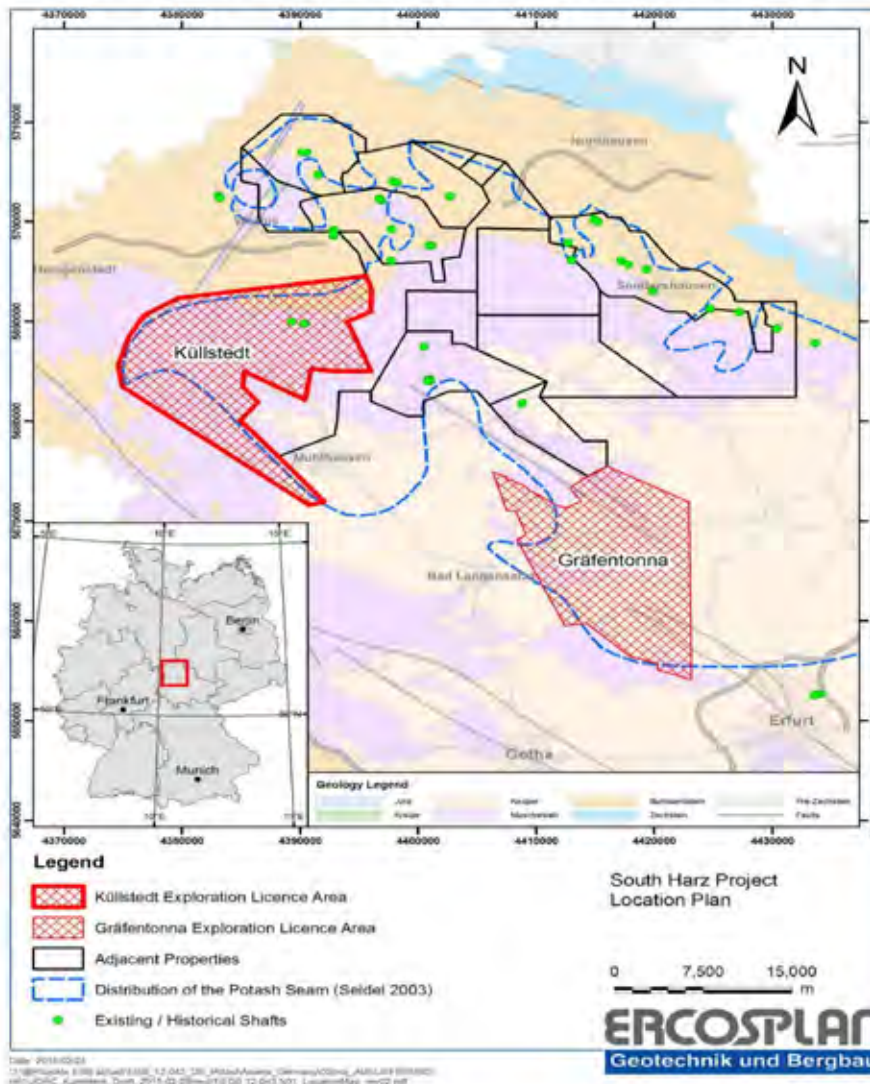


Figure 4: Location map of the South Harz project area (Potash West, ASX Aug., 2015).

According to its geographical position, the mining area is referred to as the South Harz Potash District. Up to 3.5 million tonnes of K_2O were produced annually in the South Harz Potash District. The extraction of the potash ore was mainly carried out by conventional mining. The most important sites of mining and processing were (Figure 5):

- "Glückauf" Sondershausen Mine and Potash Plant
- Bischofferode Mine and Potash Plant
- Sollstedt Mine and Potash Plant
- Bleicherode Mine and Potash Plant
- Volkenroda Mine and Potash Plant

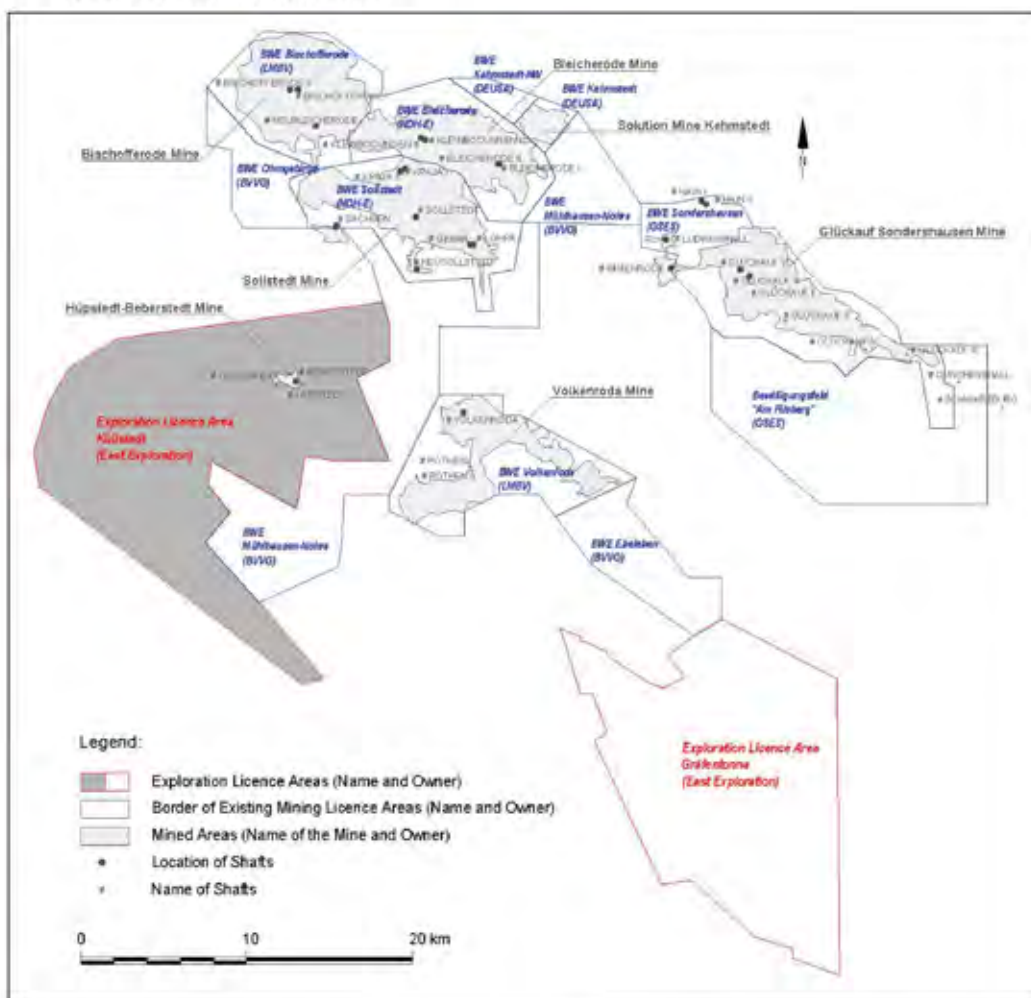


Figure 5: Position of the Külstedt and Gräfentonna Exploration Licence areas in relation to historic and existing potash properties in the South Harz Potash District (Ercosplan 2015).

In the 1980s a solution mining operation was established at the Kehmstedt Brine Field (today operated by DEUSA International GmbH).

The area is serviced by a well-developed electricity and water supply network in the region. Several roads and railways exist for access to both licence area. The closest civil airport is located in Erfurt and the small airfield, Göttingen-Heilbad Heiligenstadt, is located about 3 km north of Heilbad Heiligenstadt, close to the federal highway BAB 38.

3.2 Climate and Physiography

The K llstedt and Gr fentonna Exploration Licence areas are located in the temperate climate zone of Central Europe with prevailing westerly winds. Mainly due to the shielding effect of highlands to the west ("*Hessisches Bergland*"), the climate in the area is more continental than in the western and northern parts of Germany. Accordingly, the area is located in one of the driest regions in the country with comparably low total annual precipitation, accompanied by long dry periods, cold winters and sunny climate without much wind. The average annual temperature is 9.2 C, with July being the warmest month with an average temperature of 19.0 C and a highest measured temperature value of 35.6 C. January and February are the coldest months with an average temperature of 0.6 C and a lowest measured temperature value in February of -21.8 C (Wetterdienst.de, 2014).

The total annual precipitation is 526 mm, with the highest precipitation occurring from May (67 mm) to September (46 mm) (Wetterdienst.de, 2016). Most of the area is agricultural. Only at higher elevations do broad-leaved or mixed forests exist.

Topographically, the K llstedt and Gr fentonna areas are dominated by rolling moderately hilly landscape (Photo 1) with the mountain ranges of the D n (to the northeast) and Oberes Eichsfeld, the latter with elevations of more than 500 m above sea level (e.g. Wartberg, which is 516 m above sea level and north of the town of Flinsberg). To the southeast, the topographic elevation decreases to about 300 m above sea level. The highest elevation in the area is the Winterberg (511 m above sea level). The valley of the Unstrut River has elevations between 260 m above sea level (west of the country town of Dachrieden) and 400 m above sea level (source region of the Unstrut River at Kefferhausen).

3.3 Land use and Social Licence

Dingelst dt, the administrative headquarters of the municipalities of Helmsdorf, Kallmerode, Kefferhausen, Kreuzebra and Silberhausen, is located about 15 km northwest of M hlhausen and covers an area of approx. 20 km 2 (65 km 2 for all municipalities) and is home to over 4,300 inhabitants (as of December 2013; 7,500 in all municipalities, Ercosplan 2015). On the next higher administrative level, the region belongs to the Thuringian district of Eichsfeld, with its headquarters in Heilbad Heiligenstadt with 16,200 inhabitants, located about 15 km northwest of Dingelst dt.

M hlhausen with an area of 86 km 2 and 33,000 inhabitants is the district town of the Unstrut - Hainich administrative district bordering to the southeast of K llstedt. Larger cities in the vicinity are Erfurt (approx. 55 km to the southeast), G ttingen (approx. 60 km to the northwest) and Kassel (approx. 85 km to the west).

As many of the people living in the region were employed over several years in the mines of the South Harz Potash District, experience with potash mining is still readily available.



Photo 1: Kühlstedt project area topography and land use.

3.4 District History

Potash exploration and exploitation in the South Harz Potash District took place over more than a century and comprised several stages which range from the first deep exploration hole drilled in 1888 to the closure of the last mine in 1993.

In April 1888, an extensive exploration programme for potash was initiated by the Prussian Ministry for Public Works (*"Preussisches Ministerium für Öffentliche Arbeit"*) in the northern administrative district Erfurt with a total of 66 exploration holes completed by the end of the programme in November 1897. These drill holes laid the foundation for the first shaft sinking in 1909 and commencement of mining activities in 1920.

During the 1950s and 1960s, the former East German state owned operators of the mining district commenced an internal review to establish a standard for the processing of historical and recent exploration data of the mines of the South Harz Potash District. For example several parameters of the deposit, such as its thickness distribution and structure, were missing during the years before. Until the 1950s, the geological documentation of the mines was prepared at different degrees of detail depending on which group of companies the individual mine was affiliated with. In 1964, a framework was set for the geological documentation. Later in the 1980s, the creation and use of mine plans was considered necessary.

Potash exploration in the South Harz Potash District came to an end with the closure of the Bleicherode, Sollstedt und Volkenroda Mines in 1990, "Glückauf" Sondershausen Mine in 1991 and Bischofferode in

1993. Much of the geological documentation was incomplete at the end of the mining activities as it was handed over to the trust company "*Gesellschaft zur Verwahrung und Verwertung von stillgelegten Bergwerkbetrieben GmbH*".

Apart from potash exploration, drill holes for oil and gas as well as carbonate (not detailed further in this report) exploration were also completed.

3.5 Ownership and Tenure

Previous ownerships in the Küllstedt and Gräfenonna areas are known for the Hüpstedt-Beberstedt and Felsenfest Potash Mines. Under the ownership of the Winterhall AG, the twin mine shaft Hüpstedt-Beberstedt and the mine shaft Felsenfest were sunk and developed between 1909 and 1913 and a potash facility became operational in 1920. However, in 1924, mining activities came to an end (Raue, 1970). Since 1990, the Thüringer Landesbergamt has been responsible for the closed mines. East Exploration Pty Ltd filed a written application for the granting of the commercial exploration of potash salts and rock salt in the "Küllstedt" and "Gräfenonna" claims in compliance with Section 7, Paragraph 1 of the Bundesberggesetz BBergG (German Federal Mining Act) on 04 July 2014. East Exploration Pty Ltd applied to transfer its application to East Exploration GmbH in November 2014.

The exploration licence for Küllstedt was granted in compliance with Sections 6 & 7 BBergG to East Exploration GmbH by the Thüringer Landesbergamt on 12 January 2015 and the Gräfenonna licence was granted on 22nd of March 2016. The licence (Küllstedt Exploration Licence Area) is valid until 12 January 2020 whereas the Gräfenonna licence area is valid until the 22nd of March 2021. The exploration licences are restricted to the exploration of mineral resources in compliance with Section 3, Paragraph 3 BBergG, which are rock salt, potash salts, magnesia and boron salts together with accompanying salts within the deposit. Results of the exploration activities have to be reported to the Thüringer Landesbergamt annually and submitted to the authority at the latest by the expiry of the exploration licence.

Full details pertaining to Agreements, Royalties and Taxes will be discussed in the Independent Solicitor's Report.

The legal status of the Exploration Licences has not been independently verified by CSA Global. The present status of tenements and agreements listed in this report is based on information provided by Davenport, and the report has been prepared on the assumption that the tenements are lawfully accessible for exploration and evaluation purposes.

3.6 Geological Setting

For the purpose of a technical geological overview the two licence areas will be treated singularly. This is justified based on the geological setting and the proximity between the areas. The following geological and hydrogeological overview has been synthesised and compiled from detailed technical documents on the local and regional geology presented in a Technical Report by Ercosplan (2015) and documents publicly available e.g., Bartl et al., (2003). This synthesis covers, beyond a fundamental geological framework, a summary of the hydrogeology of the Küllstedt and Gräfenonna Exploration Licence areas together with potash mineralisation characteristics and genesis in terms of type, thickness, depth and grade distribution.

3.6.1 Regional Geology and Potash in South Germany

The Zechstein evaporites of the South Harz Potash District were deposited during the Late Permian period between about 260 to 240 million years ago along the southern margins of a shallow, periodically cut off and drying up sea. Continued subsidence and burial in geological eons thereafter allowed the

accumulation of a thick pile of cover sediments and subsequent tectonic overprinting which triggered processes that led to the modification of the original evaporite layers and in particular the minerals through ascending and descending solutions. The result is a characteristic change of these chemical sediments (Bartl et al., 2003).

Geologically located in the northwestern part of the Thuringian basin (Figure 6, Figure 7), the South Harz Potash District is approximately 85 km long and represented as a southeast-northwest trending structure following the regional geological structures. In the project area, the overburden layers of the evaporite formation show a general dip of less than 10° towards the south, accompanied by fracture faults with the same trend as the potash district and gently undulating flexures of the cap rock layers (Figure 7).

The Küllstedt and Gräfentonna Exploration Licence Area are located near the western border of the South Harz Potash District. Further west, the area is confined by the Eichsfeld-Schwelle, whereas to the north and east, the area is limited by a platform adjacent to the east of the Eichsfeld swell. This platform was originally a shallow water domain and deepened further to the east.

The Finne Fault is of trans-regional structure as it separates the Thuringian basin (*“Thüringer Becken”*) from the Hermundurische horst block (high). The post-salt brittle deformation framework (faults) developed during the Mesozoic, primarily as normal faults with offsets in the range of about one hundred metres. During the Late Cretaceous, these structures were overprinted compressively. Towards the west, the influence of these southwest-northwest trending faults declines and north-northeast-south-southwest orientated structures appear, which extend as the Ohmgebirge graben zone into the Küllstedt Exploration Licence Area (Figure 8).

The Zechstein evaporites in the South Harz Potash District accounts for four large evaporite deposition cycles (Werra, Stassfurt, Leine and Aller Formation; Figure 9) with only the second oldest cycle (Stassfurt Formation) containing potash minerals. Since the district took a position relatively close to the basin's margin during the time of the Zechstein, the overlying three cycles (Ohre, Friesland and Fulda Formation; Figure 9) did not develop salt minerals. Generally, the salinar formation is overlain by rocks of the Buntsandstein (Figure 9). The structural perforation of the basin controlled the paleo-geography of the Zechstein sea at the time of the Stassfurt salt deposition and lead to varying and gradually increasing salt sequence towards the east. The thickness of the Stassfurt rock salt (z2NA) increases from the south (10 m – 20 m) to the north (approximately 70 m).

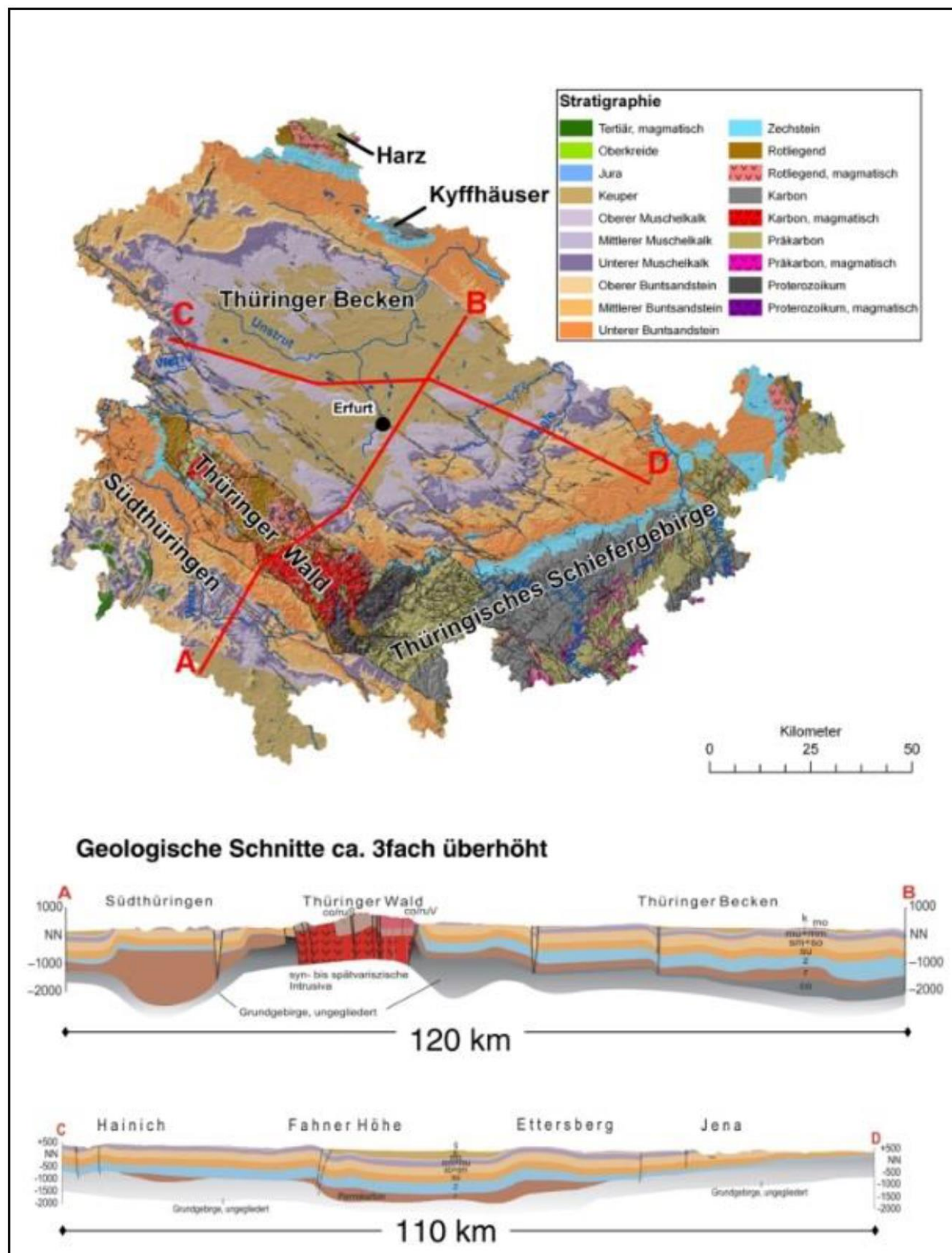


Figure 6: Geological map of the State of Thuringia (Thüringer Becken).

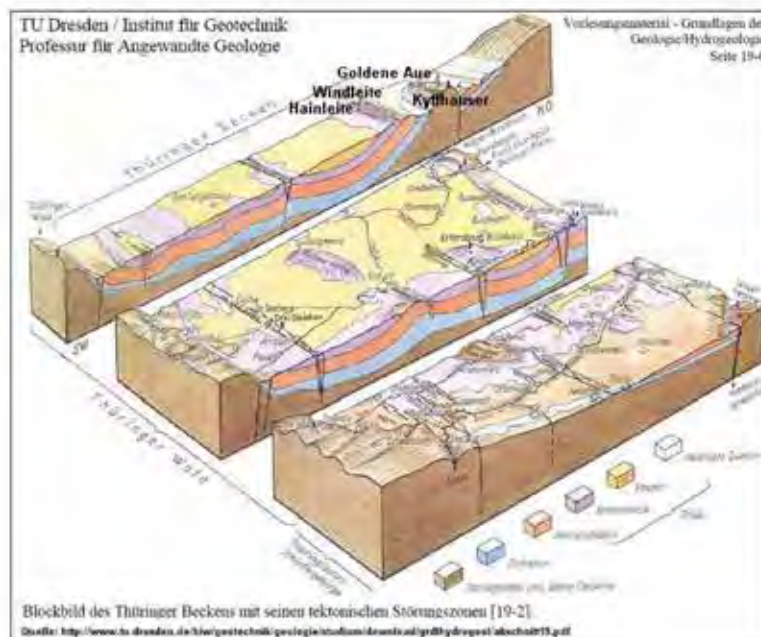


Figure 7: 3D illustration of the geology and the Thuringian Basin (Thüringer Becken).

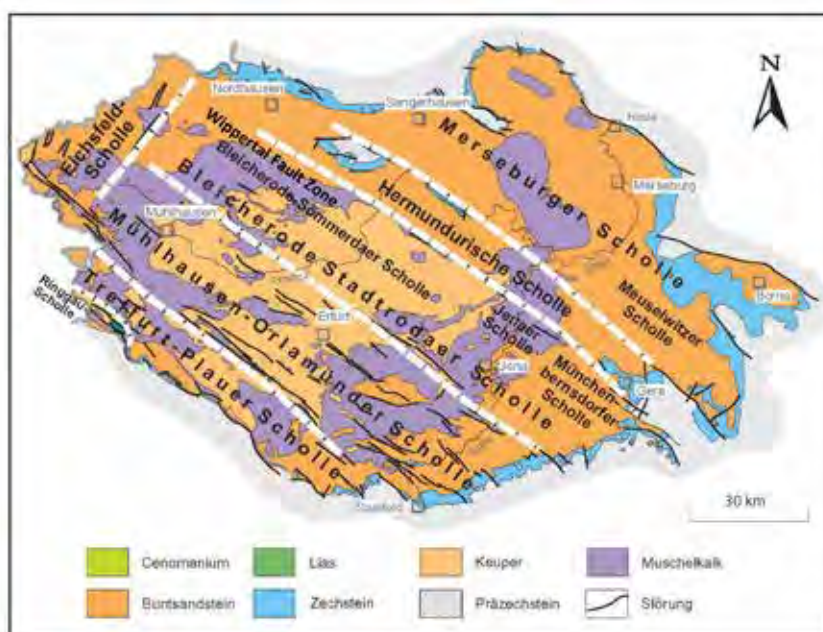


Figure 8: Simplified local geo-tectonic domain map of the Thuringian Basin (Thüringer Becken).

	Series	(Regional) Group	Formation/Sequence	Horizon (Local Name)	Stratigraphic Symbol	Thickness [m]		
						min	max	
Quaternary					q	0.0	15.0	
Hiatus								
Triassic	Keuper	Unterer Keuper			ku	0.0	21.0	
		Oberer Muschelkalk			mo	0.0	61.0	
	Muschelkalk	Mittlerer Muschelkalk			mm	0.0	166.0	
		Unterer Muschelkalk			mu	0.0	109.0	
	Buntsandstein	Oberer Buntsandstein	Röt 4		so4	so	0.0	253.7
			Röt 3		so3			
			Röt 2		so2			
			Röt 1		so1			
			Roter Röt		soR			
			Pellit-Röt		soP			
			Grauer Röt		soG			
			Solling-Folge		smS			
		Mittlerer Buntsandstein	Hardegsen-Folge		smH			
			Defurth-Folge		smD			
			Volpriehausen-Folge		smV			
		Unterer Buntsandstein	Bernburg-Folge		suBG	su	305.0	527.2
			Calvörde-Folge		suC			
		Permian	Zechstein		Ohre- bis Fulda-Formation	Obere Zechsteinletten	z5-z7	0.0
Aller-Formation	Grenzanhydrit			z4ANb	0.0	2.0		
	Allersteinsalz			z4NA	0.0	17.0		
	Pegmatitanhydrit			z4ANa	0.0	4.5		
Leine-Formation	Roter Salzton			z3Tb-z4Ta	0.0	15.0		
	Leinsteinsalz			z3NA	0.0	89.4		
	Hauptanhydrit			z3AN	11.0	108.0		
Plattendolomit	z3Ca			0.0	11.5			
Stassfurt-Formation	Grauer Salzton			z2Tb-z3Ta	3.0	18.0		
	Deckanhydrit			z2ANb	0.0	10.0		
	Decksteinsalz			z2NAr	0.0	6.1		
	Kaliflöz Staßfurt			z2KSt	0.0	58.0		
	Staßfurt-Steinsalz			z2NA	15.5	77.0		
	Basalanhydrit			z2ANa	0.53	10.0		
Werra-Formation	Hauptdolomit			z2D	1.6	68.7		
	Oberer Werra-Anhydrit			z1ANc	3.0	4.4		
	Werra-Steinsalz			z1NA	31.0	213.4		
	Unterer Werra-Anhydrit			z1ANa	23.0	82.0		
	Werra-Karbonat			z1CA	2.80	19.75		
	Werra-Ton (Kupferschiefer)			z1T	0.35	>2.85		
	Werra-Basalkonglomerat			z1C	0.50	0.50		
Basement						40.8		

Figure 9: Stratigraphy of Permo-Triassic evaporite bearing Zechstein Series including the potash-bearing 2nd salt cycle (Stassfurt Formation).

3.6.2 Local Geology

The salt precipitation in the South Harz Potash District is characterised by its formation at a shallow depth in an area strongly influenced by basement structures. Only four of the seven salt cycles are present, of which the oldest cycle, the Werra Formation has the largest thickness, ranging between 103 m and 314 m (Figure 9). The overlying Stassfurt Formation, with a thickness between 32 m and 255 m, contains the Stassfurt potash seam (z2KSt) which is relevant for mining in the region and is the current exploration target of the project areas, with a potash seam thickness of up to 58 m (Figure 9).

The Stassfurt potash seam (z2KSt) has a generally distinctive layering with decreasing spacing between the single bands in the range of decimetres to centimetres, but partly also in the millimetre range, alternating in their mineral content between halite and potash minerals as well as thin sulphate mineral layers with different compositions. The latter are accompanied by clay, also occurring isolated in thin layers. The clay reduces the overall rock strength, which is also known under the term “Tonlöser”, and was historically a risk factor requiring careful underground mining management (Ercosplan, 2015). According to the layering, two areas can be distinguished in the Stassfurt potash seam (z2KSt), which are the footwall group with mainly a narrow layering (centimetres to millimetres) almost without thick halite layers, which increase the percentage of mineable potash minerals, and the hanging wall group with a wider spacing of the layering (decimetres) and characteristically several centimetre - to a few decimetre-thick halite layers (Bartl et al., 2003). The “Decksteinsalz” is a barren rock salt layer overlying the Stassfurt

potash seam (z2KSt) with a thickness ranging between 0 m and approximately 6 m (Figure 9). Although represented as a stratigraphic unit, technically the unit corresponds to an extensive barren layer in the uppermost part of the z2KSt potash seam based on relict minerals and remnant structures of former potash minerals.

A similar interpretation is proposed for the overlying "*Deckanhydrit*" with thicknesses between 0 m and 10 m and its often distinctive layering, which represents the former layering of the potash section. The mineral conversions here were more intensive than in the Decksteinsalz. Above the Deckanhydrit, dark sediments occur, increasingly dominated by clay. In the lower part of these sediments, salt inclusions indicate the fading of the evaporite deposition, which designates this part to the Stassfurt Formation ("*Oberer Stassfurt Ton*", z2Tb), whereas the upper part is designated to the Leine Formation ("*Unterer Leine-Ton/Grauer Salzton*", z3Ta, Figure 9).

Underlying the z2KSt potash seam is a relatively thick and locally variable basal carbonate and sulphate-bearing layer (z2NA). The lower Stassfurt rock salt (z2NA) is also accompanied by centimetre to decimetre thick intercalations of rock salt and clay layers with a total thickness of only 40 m, thinning towards the west. The upper section has reddish to reddish-brown rock salt, clay intercalations ("*Tonlöser*") and fissures (running normally to the layering) that are mainly filled with secondary clay-bearing halite. All an indication for continental influence with periodic drying of the sediment surface and subsequent flooding with brines.

Due to its comparably small thickness, the Stassfurt rock salt (z2NA) forms a less well-developed protective layer for the overlying Stassfurt potash seam (z2KSt) against the hydrocarbons and brines contained in the underlying carbonate and sulphate layers.

Beneath the z2NA horizon is the Stassfurt basal anhydrite (z2ANa).

At the base of the Stassfurt Formation lies a significant dolomite horizon z2D ("*Hauptdolomit*") which in the past was of interest to hydrocarbon explorers as it contains a comparably high percentage of organic matter. This interest consequently led to the drilling of four holes along the southwestern border of the Küllstedt Exploration Licence Area targeting hydrocarbons.

3.6.3 Tectonics

The Zechstein Series was affected by tectonic events during the late Mesozoic and Tertiary, which led to the exhumation of the Harz Mountains and Thüringer Forst Range as well as the development of the Thuringian basin ("*Thüringer Becken*") and which also determined the present depth distribution of the Stassfurt potash seam (z2KSt). In the more competent rocks above and below the evaporite formation, fractures developed with corresponding displacement of these rocks against one another, whereby the salt rocks developed characteristic fold drape structures due to their comparably lower competence and their relative "plastic" response to deformation (Bartl et al., 2003). The South Harz Potash District is tectonically more differentiated than the Unstrut Potash District to the east.

The Finne Fault extends from the Unstrut Potash District towards the northwest as a zone of intensely faulted salt rocks, known as Wippertal Fault Zone and is traceable across the mining claims of Sonderhausen and Bleicherode to the area north of Bischofferode. Although its offset is decreasing towards the Thuringia basin, the influence of the fault zone on the intra-salt tectonic is noticeable, which is mainly a result of the comparably small thickness of the salt formation. Northeast of the Wippertal Fault Zone in the South Harz Potash District, only a thin seam of potash mineralisation occurs (Figure 8).

The largest part of the South Harz Potash District has developed in the area between the Wippertal Fault Zone and the northwest-southeast trending Schlothheimer graben, thus tectonically belonging to the

Thuringia basin. Northwest of Schlotheim, the typical graben character decreases and the fault system of the Schlotheimer Graben occurs as a thrust sheet of the complete second cycle of the Zechstein in the Pöthen mine claim without further complexity.

The Stassfurt potash seam (z2KSt) is dominated by fold structures with wave length of several metres to several hundreds of metres. The more extensive anticlinal and synclinal structures in the more competent rocks underlying and overlying the Stassfurt potash seam (z2KSt) influenced the tectonic deformation of the potash section, whereas the Leine anhydrite ("Hauptanhydrit", z3AN) especially, embedded within the salt rocks, induced compensation movements within these rocks, particularly in the Stassfurt potash seam (z2KSt), where the carnallite accommodated much of the intra-salt movement. Continued tectonic strain on the rock layers of the Lower Line Clay "Unterer Leineton" (Z3Ta) and Leine anhydrite (z3AN, especially in hinge and top areas of folds) led to rapid thinning of these layers, which caused the Stassfurt potash seam (z2KSt) to be directly overlain, in places, by the Leine rock salt (z3NA). In the eastern part of the Bischofferode mine claim, the largest thickness of brecciated carnallite "Trümmern carnallit" within such structures was measured at >160 m (Bartl et al., 2003).

The fold structures of the South Harz Potash District show a northwest-southeast axial trend with small regional differences of this direction between the western, central and eastern part, strongly depending on the tectonic pattern in the basement and its control exerted on the distribution of the potash seam. Accordingly, a great variability of tectonic influence is observed from almost non-to weakly affected areas showing horizontal to slightly dipping, level or weakly waving potash layers, to strongly affected areas with the described structures, mainly linked to regional or trans-regional fault zones (e. g. Wippertal-Fault Zone or Schlotheimer graben).

As a consequence of the tectonic influence, parts of the Zechstein evaporites were exposed to near-surface waters in the cap rock due to exhumation of extensive parts of the crust (e.g. Harz Mountains), which affected the Stassfurt potash seam (z2KSt) in particular, since it contained and still contains minerals with high solubility (e.g. carnallite). Accordingly, a salt table developed in the South Harz Potash District, above which salt is developed and represents today's limit for the distribution of the salt rocks in the sub-surface.

3.6.4 Hydrogeology

Hydrogeologically, two different main groundwater aquifer systems can be distinguished according to the volume and composition of the circulating water (Ercosplan, 2015). The lower ground water system correlates with the Zechstein and Buntsandstein (lower main groundwater level) and the Muschelkalk, Keuper and Quaternary (upper main groundwater level). The individual horizons of the first groundwater level allow the passage of highly saline waters along jointed areas in fracture zones (formations waters), but usually their volumes are small and their movement minimal. The second groundwater level comprises of horizons with good conductivity and connectivity, like the highly karstified Middel Muschelkalk (Anhydrit-Formation, Figure 9) and the overlying lower part of the Main Muschelkalk Formation. The groundwater movement follows the dip of the individual horizons, especially along fault zones. The waters escape at surface sources with high flow rates, mainly in the Mühlhausen area. Since water from these sources is used as potable water, the groundwater bearing Muschelkalk in this area is well investigated.

3.6.5 Deposits and Exploration Model

Due to the synclinal bedding of the Zechstein layers and those of the cap rock, these rock layers rise towards the Leinefelder Sattel in the north and the Hainich in the west and southwest respectively, whereas the stratigraphically overlying formations crop out gradually. This causes the evaporite horizons

to come more and more into the area of influence ground waters, with their leaching effect causing the suberosion of these horizons. The extent of the evaporite subrosion is derived from abrupt changes in thickness of the horizon under the premise that the loss of substance is due to subrosional processes. Locally, facies differences can also be the reason for these changes (Ercosplan, 2015).

The areas with evidence of initial subrosion follow as parallel corrors approximately parallel to the rim of the basin. While the inner belt relates to the stratigraphically higher evaporite horizons, the outer belt relates to the stratigraphically lower evaporite horizons. The general progress of the individual belts is mainly determined by structural conditions and often modified by tectonic structures (fault zones, anticlines and synclines).

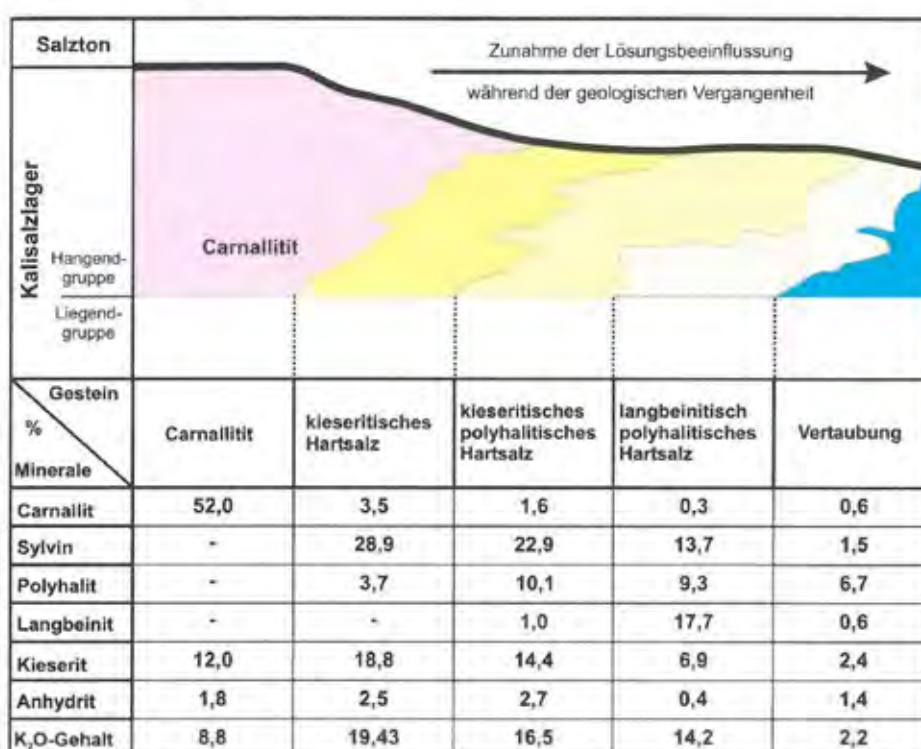
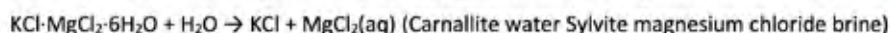


Figure 10: Graphic illustration of the facies variation and spatial relationship for carnallite mineralisation based on the interpretation of ascending and descending waters and secondary conversion process (Bartl et al., 2003).

The Stassfurt potash seam (z2KSt) was deposited at relative consistent thickness as kieseritic carnallite with an original mineralisation consisting of carnallite (between 55% and 60%), halite (between 25% and 30%) and kieserite (between 10% and 14%), whereas the lower part of the footwall group is almost kieserite-free. Shortly after the deposition of the carnallite, mineral conversion processes began. External brines, not belonging to the original sedimentation conditions and usually under saturated with regard to potash-minerals, could flow through the still relatively porous and uncompacted evaporites and remove certain components in the order of decreasing solubility, accompanied by the generation of new

minerals in the affected areas, Figure 10, Bartl et al., 2003). In this process carnallite was converted to sylvite due to the removal of magnesium chloride (MgCl_2) brine according to:



The sylvite is the potash mineral in sylvinite. Continued dissolution led to the removal of potassium chloride (KCl) which resulted in barren rock salt. Kieserite, as a mineral of relative low solubility, was converted to Mg-, Ca-, K- and Na-bearing sulphates, commonly occurring in the sylvinite (Bartl et al., 2003).

The process above leads to loss of substance in the original evaporates; on one hand due to the dissolution and removal of components of the original minerals, if not recrystallized in other places of the deposit, and on the other hand due to the removal of crystal water from the original minerals like carnallite, which contains 39% of crystal water. Accordingly, reduced thicknesses of the potash profiles are the result (e.g. an originally 46m thick carnallite horizon reduces to about 22 m for sylvinite and of about 19 m for completely barren rock salt).

Ercosplan (2015) propose a concept that involves two different directions for Zechstein-aged external brines that to have an influence on the formation of the deposit, which are ascending NaCl-saturated (Seidel, 2003,) brines probably having originated from volcanic sources below the Zechstein-aged rocks and/ or from the compacting of the Rotliegend rocks below the Zechstein rocks or the Zechstein rocks themselves, and descending brines probably having their origin in the decreasing concentration of the "mother" liquor at the end of the second cycle of the Zechstein (Bartl et al., 2003; Schröder & Blümel, 1977).

Ascending brines affected the original deposit along their pathways, creating spatially restricted zones of mixed salt, sylvinite and barren rocks, which are very variable in terms of their vertical extension and as well as horizontal arrangement. In the South Harz Potash District, extensive barren rock zones are known, which might have been the result of ascending fluids converting the original deposit due to the small thickness of the Stassfurt rock (z2NA). The relatively difficult to soluble kieserite of the original carnallite was also affected and completely converted to fine crystalline anhydrite, which occurs as the main sulphate-bearing mineral in the district. Since this mineral is even less soluble, it was not further affected by the ascending brines.

The influence of descending brines on the Stassfurt potash seam (z2KSt) is expressed by the extensive occurrence of the cover anhydrite "Deckanhydrit" and cover rock salt "Decksteinsalz", which underwent intensive conversion processes, amongst others caused by NaCl-under saturated solutions (Seidel, 2003).

The cover anhydrite was affected most intensely by the removal of the chloride minerals, whereas the cover rock salt represents a partial development of a barren zone in the hanging wall block of the Stassfurt potash seam (z2KSt). Underlying carnallite is converted to sylvinite if the influence of descending brine is smallest. As the thickness of the affected profiles of the potash section is determined by the depth of sedimentation in the basin, such profiles of marginal areas have a much larger thickness than the profiles located more centrally and in deeper parts of the former basin. Accordingly, a stratigraphic reduction of the remaining potash profile occurs, whereby the cover anhydrite has the largest thickness in the profiles of the marginal areas (e.g. 75% of the total thickness of the potash section in the Mühlhausen-Pöthen area. Geologically, the influence of both types of solutions are considered to have occurred during the second cycle of the Zechstein with the generation of the Stassfurt Formation. However, the ascending brines influenced the deposit at first, whereas the descending brines encountered the results of this earlier influence before the sedimentation of the Lower Line clays ("Unterer Leineton" z3Ta, Bartl et al., 2003; Schröder & Blümel, 1977).

3.6.6 Mineralisation

Within the Stassfurt potash seam (z2KSt), different evaporite facies occur, changing laterally as well as vertically in over short distances (in the range of centimetres), with the fine halite and clay layers usually being unaffected. Distinctive salt facies are not bound to certain stratigraphic horizons. In the potash seam, the following salt facies occur (Bartl et al., 2003; Seidel, 2003):

- **Carnallite:** the main mineral is carnallite ($\text{KCl} \cdot \text{MgCl}_2 \cdot 6\text{H}_2\text{O}$), accompanied by halite (NaCl) and kieserite ($\text{MgSO}_4 \cdot \text{H}_2\text{O}$), subordinately also by anhydrite (CaSO_4), and rarely by clay and boracite ($\text{Mg}_3\text{B}_7\text{O}_{13}\text{Cl}$). Iron-bearing minerals such as Hematite (Fe_2O_3) and rarely goethite ($\text{Fe}^{3+}\text{O}(\text{OH})$) appear finely dispersed as red colour pigments. Under undisturbed conditions, the mineral composition is 56.9% carnallite, 29.5% Halite, 10.7% Kieserite, 2.3% Anhydrite and 0.6% insolubles. Towards the top of the potash section, the amounts of Carnallite and Kieserite increase. Carnallite occurs most often in terms of area, compared to other types of mineralisation in the potash seam, with the comparably lowest variability of all salt facies. However, the carnallite has a lower percentage of K_2O (around 10%), compared to the sylvinite. Furthermore, the original layering of the sediments is rarely preserved. More often, shatter structures are present. The rubble consists of Halite embedded in a Carnallite matrix.
- **Mixed salt:** depending on the degree of influence by ascending brines on the original deposit, this salt facies is a mixture of minerals contained in the original carnallite and its conversion product sylvinite with a very variable composition. The mixed salt facies was mined in the South Harz Potash District in the Bleicherode, Sollstedt and "Glückauf" Sondershausen Mines.
- **Sylvinite:** Sylvite (KCl) accompanied by halite (NaCl) is the main potassium-bearing mineral. Additionally, Polyhalite ($\text{K}_2\text{SO}_4 \cdot \text{MgSO}_4 \cdot 2\text{CaSO}_4 \cdot \text{H}_2\text{O}$), Langbeinite ($\text{K}_2\text{SO}_4 \cdot 2\text{MgSO}_4$), Kieserite ($\text{MgSO}_4 \cdot \text{H}_2\text{O}$), Kainite ($\text{KCl} \cdot \text{MgSO}_4 \cdot 3\text{H}_2\text{O}$), Anhydrite (CaSO_4) and variable clay is present. Admixtures of Boracite ($\text{Mg}_3\text{B}_7\text{O}_{13}\text{Cl}$) and Pyrite (FeS_2) in small concentrations are also present. Sylvinite developed on carnallite due to influence of ascending brines at 55°C , has on average a composition of 60.9% Halite, 19.2% Anhydrite, 18.4% Sylvite and 1.9% insoluble, amounting to a K_2O content of 11.6%. If the Sylvite is restricted to the horizons overlying the 8th marker horizon, the Sylvite percentage increases to 23.2% and the Anhydrite percentage to 22.9% amounting to a K_2O content of 14.7 %. Noteworthy is the zoning of sulphate minerals in the transition zone with carnallite or barren zones. In the South Harz Potash District, this polysulphatic sylvinite is restricted to the Pöthen, Volkenroda and Bischofferode Mines. Deposits of sylvinite are usually spatially linked to barren zones, arranged between these zones and carnallite zones and there is generally a higher to very high variability in terms of the mineralogy. Like in the carnallite, shatter structures exist in the sylvinite.
- **Glaseritic sylvinite:** this salt facies is restricted to the southwestern parts of the South Harz Potash District, mainly in the Küllstedt-Mühlhausen area and parts of the Pöthen and Volkenroda mining sites, and is in its distinctive formation free of Sylvite. The main potassium-bearing mineral is Glaserite ($\text{K}_3\text{Na}(\text{SO}_4)_2$), whereas Halite (NaCl) is the main mineral. Additionally, zonally distributed Polyhalite ($\text{K}_2\text{SO}_4 \cdot \text{MgSO}_4 \cdot 2\text{CaSO}_4 \cdot \text{H}_2\text{O}$), Langbeinite ($\text{K}_2\text{SO}_4 \cdot 2\text{MgSO}_4$), Syngenite ($\text{CaSO}_4 \cdot \text{K}_2\text{SO}_4 \cdot \text{H}_2\text{O}$) and Görgeyite ($\text{K}_2\text{SO}_4 \cdot 5\text{CaSO}_4 \cdot \text{H}_2\text{O}$) occur.
- **Barren zones:** barren zones refer to areas lacking potash minerals; the main mineral is Halite (NaCl), often only accompanied by Anhydrite (CaSO_4) and locally (Bischofferode) occurring Polyhalite ($\text{K}_2\text{SO}_4 \cdot \text{MgSO}_4 \cdot 2\text{CaSO}_4 \cdot \text{H}_2\text{O}$) and Kieserite ($\text{MgSO}_4 \cdot \text{H}_2\text{O}$). These zones comprise in places the complete profile of the potash seam, but may also only affect parts of it, either below, within

or above the sylvinite in varying combination. Barren zones above the sylvinite are a common feature of the Stassfurt potash seam (z2KSt).

Within the Küllstedt area, carnallite has been encountered as the predominantly potash mineralisation which is locally covered by sylvinite of small thicknesses (Figure 11). Only the Felsenfest 1 drill hole in the northern part has intersected a barren zone.

Low grade potash mineralisation also occurs within the underlying Stassfurt rock salt (z2NA) which is a laterally continuous horizon and layer-bound. Like in the Stassfurt potash seam (z2KSt), the potash mineralisation within the Stassfurt-rock salt (z2NA) occurs in form of the carnallite and sylvinite as described above. However, the concentrations have not been proven to be commercially mineable so far.

A salt mineral facies map for both the Küllstedt and Gräfetonna areas is shown in Figure 11 and Figure 12 respectively. The map was compiled and provided by Ercosplan, however no further data is available.

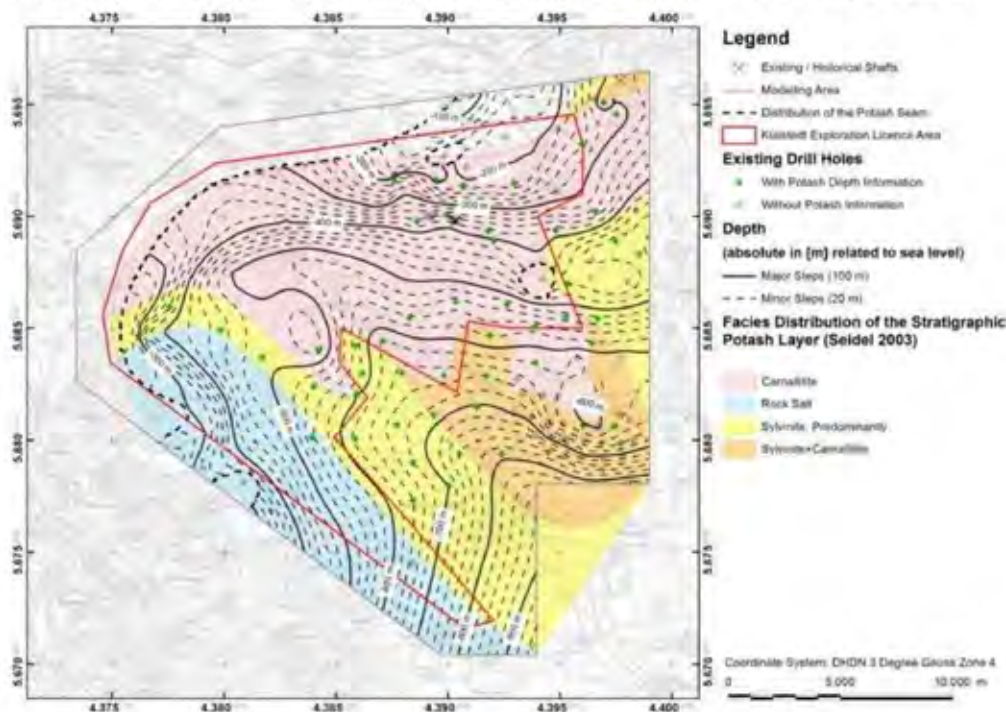


Figure 11: Salt facies and type distribution map in Küllstedt area (Ercosplan 2016).

3.6.7 Potash Distribution, Thickness and Grade

The potash deposit in the Küllstedt Exploration Licence Area is interpreted to occur in the entire area with exclusions along a narrow seam with a width between 600 m and 1,000 m along its western border. Generally, the depth of the potash seam top increases from the north to the south, ranging from 120 m below sea level to 860 m below sea level or about 500 to 1000m below surface.

The thickness is poorly constrained due to drill hole density and location. Greatest thickness is intersected northeast of Büttstedt (approx. 30.3 m) and west of Deuna river (approx. 58 m) and lowest thickness is

intersected northeast of Eigenrode (1.5 m) and north of Küllstedt (approx. 1.7 m). Towards the west, the thickness decreases, while it increases towards the southeast.

The average K₂O grade distribution separates the Küllstedt Exploration Licence Area into two parts, with the north-eastern part showing a more even distribution of comparably lower values (between 9.6% to 14% K₂O) than the southwestern part with comparably higher values (approx. 18.3% K₂O) (area between Helmsdorf and Büttstedt). However, the southwestern part, information from only one drill hole (Kal Küllstedt 1/62) was available.

The potash mineral facies distribution for the Küllstedt Exploration Licence Area is represented in Figure 11 and in Figure 12 for the Gräfen-tonna Exploration Licence.

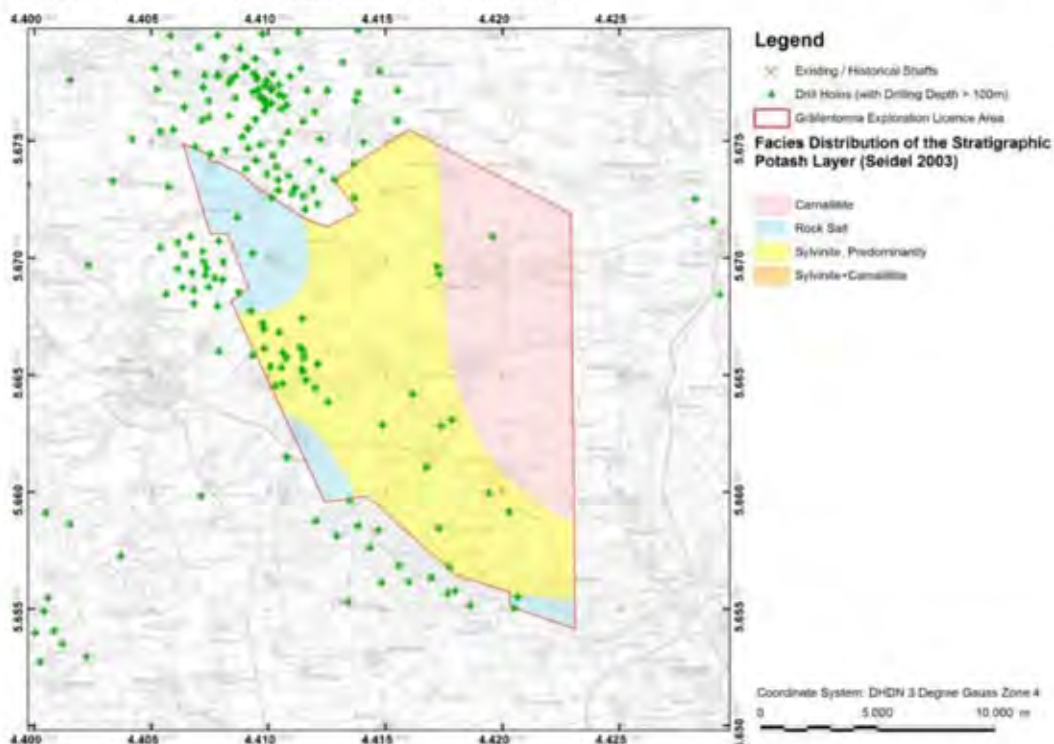


Figure 12: Salt facies and types distribution map in Grafentonna area (Ercosplan, 2016).

3.6.8 Deposit Type

Based on the geological information available from the exploration activities, the potash deposit within the Küllstedt and Gräfen-tonna Exploration Licence Areas can be characterised as follows:

- The occurrence of potash salts is mainly related to the presence of the Kaliflöz Stassfurt (z2KSt). Locally, potash mineralisation also occurs within the Stassfurt-Steinsalz (z2NA). Nevertheless, no commercially mineable concentration within the Stassfurt-Steinsalz (z2NA) has been proven yet.
- The potash minerals present are Carnallite, Sylvite and Polyhalite. The additional exploitation of Halite could be possible.

- For Carnallite and Polyhalite, a primary origin. The presence of water in the carnallite is caused by ascending brines from the foot wall (structurally controlled) and descending brines from the hanging wall (influence of sea water directly after deposition).
- The Sylvite is of secondary origin, which leads to the conclusion that the primary carnallite deposit has reacted with water (cf. Section 6.3.1).

Based on current data density, and knowledge of the regional geology, the bedding of the deposit is interpreted to be slightly wavy with an constant low angel dip over large distances, however, differences in areas with east-southeast to west-northwest trending fault zones are likely.

3.6.9 Historical Resources

As reported by Ercosplan in the January 2015 JORC report, two historical resource estimates have been made corresponding to the Küllstedt Exploration Licence Area. The first was made in 1964 and the most recent in 1980. Due to the absence of supporting geological data, QA/QC and resource estimation methodology, it is the opinion of CSA Global that neither of these results are suitable for reporting as JORC Mineral Resources.

There are no historical resource estimates for the Gräfentonna Exploration Licence Area nor is there sufficient data available to underpin an estimation.

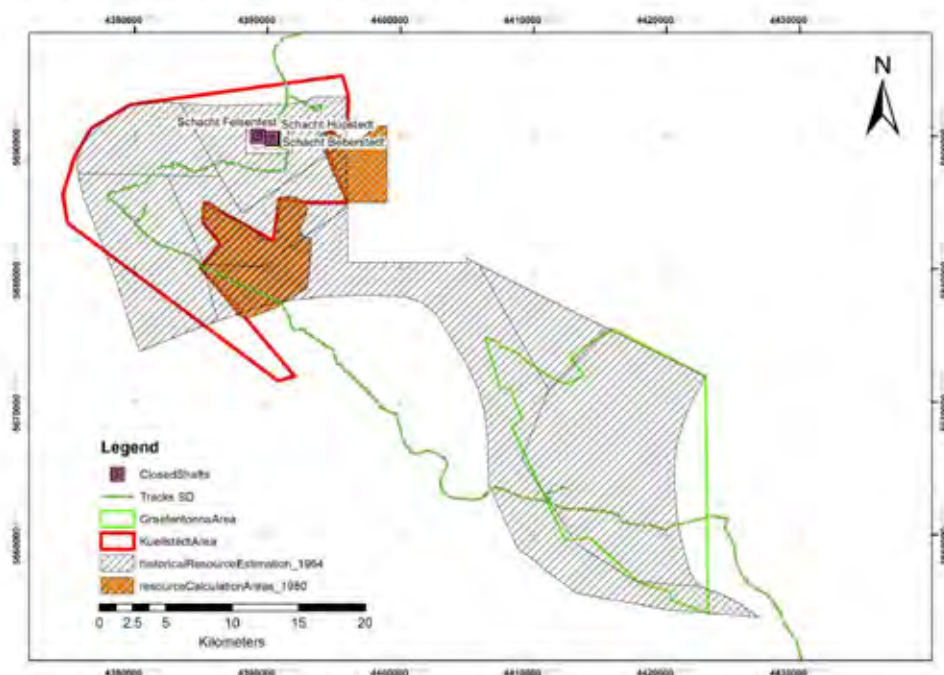


Figure 13: Graphic illustration and reference to historic mineral resources referred to in the text above (Data, Ercosplan 2016).

3.6.10 Exploration Target Range

An Exploration Target was established for the Küllstedt Exploration Licence by Ercosplan in January 2015 in accordance with Section 17 of the JORC code. CSA Global agrees that there is insufficient data or confidence in the historical data to estimate a JORC compliant Mineral Resource and consequently an Exploration Target is the correct approach.

In quantifying the Exploration Target Ercosplan accepted the validity of the historical data and associated working procedures of the former responsible geologists based on personal knowledge of their professional competence. For any Mineral Resource estimation it is CSA Global's opinion that this would not be appropriate, however as the estimation is an early stage Exploration Target, Ercosplan are credible leaders in potash evaluation and the area of interest has a long history of proven potash mining, the assumptions on the validity of the historical data and working procedures are considered acceptable.

To ascertain the Exploration Target range Ercosplan followed these procedures:

- Generation of a geological model of the potash seam and calculation of the volume – 2216 km³
- The potash seam volume was multiplied by a tonnage factor (or density) to reflect uncertainty in the mineralisation style. A density range of 1.83t/m³ to 2.32t/m³ was applied. This resulted in a ranged tonnage of 4,055 Mt to 5,141 Mt of mineralisation.
- For conversion to contained K₂O, the ranged mineralisation was factored by the historically reported K₂O range of the potash seam (7.2% to 25% K₂O). This equated to a minimum of 292 Mt to a maximum of 1,285 Mt contained K₂O.

Other assumptions used for the estimation included; using only drill holes within the Küllstedt Exploration Licence which contained complete assaying data of the potash seam and no geological or technical cut-off values for thickness or grades were applied.

Further, it was of Ercosplan's opinion that the potash seam of interest can be extracted by either conventional underground or solution mining. The economic viability is subject to ongoing studies.

While CSA Global agrees in a broad sense of the approach taken by Ercosplan in ranging an Exploration Target, for reasons of transparency, improvements can be made. For example:

- Develop an isopach plan of the thickness and depth of the potash seam/s
- Provide two or three interpretations of the potash seam and its broad geometry i.e. flat, gently dipping etc., in lieu of anchoring on a single volume.
- Articulate the mineralisation types which constitute the applied density i.e. predominantly carnallite with minor sylvinite and polyhalite or predominantly sylvinite with minor residual primary carnallite etc
- Mention of whether there is potential for structural disruptions to the potash seam

These above-mentioned improvements could then act as drivers for any future work programs.

3.7 Küllstedt Exploration History

Since the late 19th century the area bounded by the now the Küllstedt Exploration Licence Area has been subjected to numerous campaigns of exploration targeting potash and natural gas including two potash mines and a gas field. The Hüpstedt-Beberstedt and Felsenfest mines, located in the north-east of the licence, were longwall and room-and-pillar operations in production between 1912 and 1924. Details of the production are not known.

The exploration summary comprising drilling and seismic survey work is tabulated in Table 7 and summarised as:

- 1900 – 1912: First exploration phase (Felsenfest 1, 3, 5 to 13, 17, and 18 as well as the Felsenfest, Hüpstedt and Beberstedt shafts)
- 1930 – 1939: Second exploration phase (Felsenfest 6 to 18)
- 1960 – 1976: Prospecting phase (Vollenborn 1/60, Gerterode 1/61, Beberstedt, 1/61, Küllstedt 1/62, Sollstedt 1/62, Wachstedt 1/63, Küllstedt 2/64, Kaiserhagen, 2/75, Horsmar 2/75, Bickenriede 1/75, Bickenriede 2/75,)
- 1975- 1976: reflection seismic on a total section length of 244.4 km with a measuring density of nine seismograms per kilometre and a profile density of 0.8 km/km². The interpretation report and raw seismic is not currently available.
- 1976 – 1978: (Eigenrode 2/76, Bickenriede, 4/76, Eigenrode 2/76, Eigenrode 3/77, Kaiserhagen 4/77, Zella 3/77). The result of this phase of work demonstrated the presence of mixed sylvinitic and carnallitic further to the south.

Nearly all drill holes were drilled through the Kaliflöz Stassfurt (z2KSt) into the underlying Basalanhydrit/Stassfurt Karbonat (z2ANa/z2CA) or the Stassfurt Steinsalz/Decksteinsalz (z2NA/z2NAr), except four drill holes that did not completely intersect the potash seam (Felsenfest 7) or were drilled into the Werra-Anhydrit (z1AN) of the Werra Formation below the Stassfurt Formation (Bickenriede 2, Kaisershagen 2 and Sollstedt 1).

Table 7: Summary of historical potash exploration drill holes
(Easting and Northing in Gauss-Krueger Coordinates)

Drill hole	Easting	Northing	Depth	End of Hole Stratigraphy	Potash intercepts	Mineralogy	% K ₂ O
Felsenfest 1	4389830	5692703	532	z2ANa	None	None	None
Felsenfest 3/1906	4389922	5690047	883.5	z2ANa	827.65 – 832.85	Sylvinitic	22.29
					832.85 – 835.85	Carnallitic	10.79
Felsenfest 5 (Deutschland 17)	4388609	5689761	853.5	z2NA	821.65 – 832.53	Carnallitic	9.7
Felsenfest 6 (Deutschland 15)	4390650	5691340	625	z2D	576.20 – 584.30	NA	NA
Felsenfest 7 (Deutschland 16)	4392950	5691520	561.6	z2KSt	557.30 – 561.60	Potash salts	NA
Felsenfest 8 (Deutschland 18)	4387584	5691614	639	z2NA	600.00 – 600.50	Sylvinitic	17.2
					600.50 – 606.00	Carnallitic	10.4
Felsenfest 9 (Deutschland 24)	4390780	5692190	522.1	z2NA	511.13 – 519.60	Potash salts	NA
Felsenfest 10 (Deutschland 19)	4390700	5691370	584.9	z2NA	574.10 – 583.35	Sylvinitic + Carnallitic	14



Drill hole	Easting	Northing	Depth	End of Hole Stratigraphy	Potash Intercepts	Mineralogy	% K ₂ O
Felsenfest 11 (Deutschland 20)	4392970	5691470	633	z2NA	570.28 – 572.28	Sylvinite	10.2
					572.28 – 628.27	Carnallite	10.56
Felsenfest 12 (Deutschland 23)	4389415	5691619	551	z2NAr	None	None	None
Felsenfest 13 (Deutschland 21)	4389505	5691616	645	z2CA	548.91 – 570.41	Carnallite	11.3
Felsenfest 17 (Deutschland 25)	4392550	5693540	553.2	z2NA	None	None	None
Felsenfest 18 (Deutschland 22)	4391790	5689340	882	z2NA	841.90 – 842.40	Sylvinite	10.24
					842.40 – 872.10	Carnallite	NA
Gernterode 1/1961	4394911	5693902	560.1	z2ANa	None	None	None
Vollenborn 1/1960	4395973	5693238	672.1	z2ANa	None	None	None
Schacht Felsenfest 1909/1	4389249	5690005	869.5	z2NA	835.00 – 848.00	NA	NA
Schacht Hüpstedt	4390290	5689830	880	z2NA	844.00 – 860.00	NA	NA
Schacht Beberstedt 1910	4390363	5689788	880	z2NA	846.00 – 860.00	NA	NA
Beberstedt 1/1961	4388266	5685439	965.5	z2ANa	916.00 – 916.75	Sylvinite	6.7
					Carnallite	Carnallite	11.5
Eigenrode 3/1977	4390358	5686171	1008	z2ANa	944.45 – 945.96	Sylvinite	NA
Wachstedt 1/1963	4377563	5685943	901.4	z2ANa	857.1 – 860.80	Minor sylvinite / carnallite	NA
Küllstedt 1/1962	4381685	5683696	923.6	z2ANa	891.90 – 893.50	Sylvinite	18.4
					893.5 – 907.85	Sylvinite	NA
					910.85 – 912.45	Sylvinite	18.4
Küllstedt 2/1964	4379818	5684892	953.9	z2ANa	None	None	None
Bickenriede 1/1975	4384003.9	5682397	951	z2ANa	900.75 – 901.24	Sylvinite	NA
Bickenriede 4/1976	4383931	5680123	933.7	z2ANa	903.34 – 905.11	Polyhalite, Halite	NA
Bickenriede 2/1975	4385911	5682052	1036.8	z1AN	907.22 – 909.09	Sylvinite	NA

Drill hole	Easting	Northing	Depth	End of Hole Stratigraphy	Potash Intercepts	Mineralogy	% K ₂ O
					909.09 – 910.09	Carnallite	NA
Eigenrode 2/1976	4392619	5686040	994.5	z2ANa	958.55 – 959.15	Sylvinite	NA
					959.15 – 964.35	Carnallite	NA
Horsmar 2/1975	4389822	5682888	988.7	z2ANa	952.08 – 955.69	Carnallite	NA
Kaisershagen 2/1975	4393877	5685066	1210.5	z1AN	985.06 – 987.49	Carnallite	NA
Kaisershagen 4/1977	4395266	5685488	995.9	z2ANa	949.6 – 974.49	Carnallite / Halite	NA
Sollstedt 1/1962	4394214	5687171	1011	z1AN	None	None	None
Zella 3/1977	4387108	5684430	949.5	z2ANa	907.08 – 915.65	Carnallite	NA
					915.65 – 915.90	Sylvinite	NA
Mühlhausen 1	4388402	5674546	1002.7	z1ANc	NA	NA	NA

Due to the era of the drilling activities and / or access to the historic reports, minimal to no supporting geological data is available to verify the findings reported in the Ercosplan 2015 JORC report. Details include drilling methodology, logging, sampling and survey were not available. It was assumed by Ercosplan, based on their knowledge of the German state institutions, that the procedures followed are credible. CSA Global cannot confirm the assertion.

Sample preparation and assaying was undertaken in the Laboratory of the Research Department of VEB Kombinat Kali. It is unknown whether this applied to all the drill holes or a subset. The standard procedures for sample analysis applied by Laboratory of the Research Department of VEB Kombinat Kali are summarised in Table 8. CSA Global is unable to verify the sample preparation or analysis procedures, nor is there any evidence of any external or internal laboratory audits which is common practice in today's minerals industry.

Table 8: Standard Procedures Applied for Sample Analysis by the Laboratory of the Research Department of VEB Kombinat Kali

Sample Preparation/Type of Analysis	Applied Standard	Comments
Chemical analysis	KALI 97-003/01	Analysis of potassium by flame photometry.
Crystallographic investigations	KALI 97-020/1 and KALI 97-020/02	Applied if K ₂ SO ₄ was analysed.
Bromine analysis	KALI 97-5	

Sample Preparation/Type of Analysis	Applied Standard	Comments
Iron analysis	TGL 12.126	
Gas analysis	"Analysenvorschrift zur Bestimmung mineralgebundener und freier Gase mittels Schwingmahlung (Trockendegasierung) und gaschromatographischer Analyse" (standard for the determination of mineral-bound and free gases by oscillating milling (dry de-gasing) and gaschromatographic analysis).	
Determination of degree of deposit development for Sylvite and Glaserite	KALI 97-021	
Clay mineralogical investigation	Dilution of sample with tap water and shaking for 96 hours with NaCl (15%) solution to remove Gypsum and Anhydrite. Subsequently, X-ray analysis of the CaSO ₄ -reduced solution residue followed. For comparison, clay samples were elutriated, dried and analysed in the same way. All analyses were conducted by means of X-ray counter-tube goniometers, the evaluation was done semi-quantitatively.	
Thin section analysis	Only transmitted light investigation in bright field was conducted.	

According to Ercosplan (Jan 2015) "The detailed documentation, such as drilling reports, geophysical logging data, photographs, technical drilling record, interim and final reports, were stored in the drill archive of the VEB GFE Freiberg, BT Jena and are presently part of the archives of regional authorities.

Copies of the data related to the potash section of the drill holes, important technical documentations and protocols about chemical and thin section analyses were additionally stored by the research department of the state holding potash company (VEB Kombinat Kali, DB Forschung)"

These documents were not available during the CSA Global Technical Assessment and their future accessibility is unknown.

There is minimal core remaining in storage relating to drilling activities on the K llstedt Exploration Licence. The exceptions include:

- Reference samples from the drill holes Kaisershagen 4/1977 (reference samples of Zechstein 3 and 4)
- Pulverized samples from the chemical analysis and thin sections

The samples were stored in the central core storage archive in Bernau and by the VEB Kombinat Kali respectively.

In addition to the potash exploration on the K llstedt Exploration Licence, five oil and gas exploration drill holes were completed in the central, southern and north-eastern parts of the licence, one in the 1930s and the remainder in the 1960s. Three were interpreted to have intersected the Stassfurth evaporites into the Werra-Steinsalz (z1NA) and the Unterer Werra-Anhydrit (z1ANa). No meaningful data is available although the drill holes were logged by downhole natural gamma with K₂O content estimated. Paper copies of the logs are reportedly stored in the archive of GDF Suez.



3.8 Recent Exploration by East

Since the 1990s there has been no field based exploration completed on either the K llstedt or the Gr fentonna Exploration Licences. The only meaningful desktop work completed was a JORC report in January 2015 by Ercosplan.

3.9 Exploration Potential

The K llstedt and Gr fentonna Exploration Licences are located in the south west of the South Harz Potash District which has a proven history of potash mining. Supported by the presence of potash intercepts from historic drilling, CSA Global believes it is reasonable to assume that the potential for intersecting additional potash on K llstedt is strong. The real success of the exploration however rests with delineating sufficient potash of grade and continuity in a setting amenable to economic extraction. With additional drilling this prospect remains sound for K llstedt.

There is insufficient geological data on the Gr fentonna Exploration Licence to determine with any confidence the exploration potential, except to draw from the fact that the Licence is located within a historic producing district, albeit approximately 20 km south east of the Volkenroda Mine (commenced in 1906 and closed in 1991. There are also reportedly a number of historic drill holes which were not sighted by CSA Global.

4 Potential Risks

Past exploration and a century of potash mining in the South Harz region has resulted in a sound understanding of the geological setting; its potential future economic significance and associated risks. The level of knowledge is such that there now exists a high degree of certainty about the presence of potash mineralisation in the project areas. However, history has also identified region- and location-specific risks which may be encountered in Davenport's South Harz Potash Project licences.

Previously, South Harz potash operations have faced and dealt with the following technical challenges:

1. *Potash seam thickness and grade variation*: The understanding of the distribution of high grade and thickness of mineralisation is fundamental to the economic evaluation of a project. The data density for the project area is low and consequently its interpretation is somewhat speculative. Thickness and grade uncertainty can be reduced through a combination of drilling and seismic data acquisition.
2. *Geometry (folding) of the potash seam*: economic mining is reliant on structurally simple potash-bearing horizons. Not understanding, or being able to demonstrate, whether the potash horizons are continuous and flat lying, gently dipping or halokinetically deformed poses a risk for mine planning. The consensus is that both project areas are halokinetically stable, however without any supporting seismic data some uncertainty remains. This risk can be significantly reduced by initially, either re-interpreting past seismic (if available) or completing a 2D seismic survey, and at a later stage 3D seismic to aid with mapping of stratigraphy and structure.
3. *Faulting of the potash seam*: Faulting of the potash seams can be expected in the vicinity of regional structures and basement flexures. Fault zones pose a significant project risk due to the potential for water inflow from aquifers above the evaporite formation which can be catastrophic in the worst circumstances. Structures also impact mine planning and mining recovery when the ore-seam is offset by faulting. The risk associated with faulting can be significantly reduced during the exploration and evaluation phases through the use of 2D and 3D seismic. During mining operations radar and sonar technology can be utilised to image areas ahead of mining to identify areas of structural risk.
4. *Roof thickness to the potash horizon and clay intercalations*: Safe underground mining requires minimum rock salt roof thickness to ensure safe extraction. The barren rock salt layer "Decksteinsaltz" which overlies the potash beds is a relatively thin layer and only locally developed. Underground mine planning would require detailed modelling of roof geometry and composition to ensure mining can proceed safely.
5. *Hydrocarbons in the underlying "Hauptdolomit"*: Salt is commonly considered an effective "seal" for "trapping" hydrocarbons. In areas of deformation the potential risk exists that hydrocarbons from reservoir or source rocks such as the "Hauptdolomit" can escape through fissures into trap sites in the overlying salt. During the exploration stage the associated technical and safety risks can be minimised by detailed structural studies and the use of blow-out preventers during drilling respectively.
6. *Depth of potash mineralisation*: Within the Project area the potash mineralisation occurs at depths from 450m to 900m below surface. Proposed exploration drilling will target potash between 550 and 830 m below surface. The target depths are not a technical risk however depth does impact the economics of evaluation and extraction. Increasing depth of potash targets can be compensated by above other factors such as improved thickness, grade and / or geometry.

These risks are to a large degree district features and all or some may not apply to the South Harz Potash Project. They are also characteristics of many global potash mining regions where the risks are assessed and managed successfully. The risk profile of the Project is very dependent on the amount of data



collected, its interpretation and the development method chosen (solution extraction or or conventional under-ground mining).

The risks are somewhat mitigated for the Küllstedt Exploration Licence and the Project by local production experience and exploration completed including:

- The presence of historic mines and long mining history;
- Two currently operating mines in the district: Zielitz and Verbundwerk Hattorf-Wintershall, owned and operated by K+S Aktiengesellschaft and producing (2012) 1.32 and 1.12 Mta KCl respectively; and
- Drill holes with evidence of potash bearing salts at depths amenable to either solution or conventional under-ground mining.

However, historical geological data across the Gräfen-tonna Exploration Licence has yet to be analysed. Consequently, the technical risks, including the presence of sufficient sylvinite to sustain a mine, remain to be mitigated.

Other risks which will likely pose significant hurdles to developing a potash mine are the licence to operate from a social and environmental perspective. With increasing global public concerns over the impact of mining on the environment, CSA Global recommends robust environmental and social impact studies to accompany any exploration work programs.

In conclusion, there is currently little data available to assess and quantify (with any degree of confidence) the specific project risks within the Küllstedt and Gräfen-tonna Exploration Licences. It is likely that some or all of the abovementioned risks may be encountered at various stages of evaluation and development of the Project but measures can generally be put in place to assess, manage and mitigate the risks.

5 Proposed Exploration Strategy

Davenport provided CSA Global with a high-level exploration strategy, including a proposal for the initial two years of field activities. The exploration program has been designed to confirm previously delineated potash mineralisation on the K llstedt Exploration Licence and commence desktop studies on the Gr fentonna Exploration Licence. The field activities are proposed to be executed from funds raised from the (up to A\$5M) share subscription.

Davenport proposes to use the funds to undertake the drilling of two holes in Year One and a single hole in Year Two on the K llstedt Exploration Licence. In addition to drilling, funds have been allocated for geophysical activities (sourcing and reprocessing of seismic plus downhole geophysics), field logistics and sample analysis, Table 9. Davenport also proposes to complete a desktop review of the Gr fentonna Exploration Licence with a view to estimate an Exploration Target for the potash mineralisation.

CSA Global was informed by Davenport that exploration planning is at the permitting stage for the drilling with a requirement to submit the formal proposal to the Mining Authority for approval. This will be done once Davenport has been listed on the ASX.

The purpose of the K llstedt Exploration Licence drilling program will be:

- In Year One, confirm the presence and grade of potash salts by the twin drilling of two historic drill holes which intercepted the higher grades of interpreted sylvinite and mixed potash salts. A correlation of the assay results from the proposed drill holes to the historic drill results ideally would add a degree of confidence in the credibility of the remaining historical drilling and lay a foundation for an initial JORC compliant Inferred Mineral Resource at a time in the future. The proposed drill holes can be summarised as:
 - Check Hole 1 (CH1): A twin of Felsenfest 13 which intersected 2.0 m at 10.2% K₂O Sylvinite and 56.0m at 10.6% K₂O Carnallite from a depth of 600.5 m. This hole is located approximately 1.7 km north of the historical "Schacht Felsenfest" shaft and potash mine. The total hole depth is expected to be between 650 and 700 m.
 - Check Hole 2 (CH2): A twin of K llstedt 2/164 which intersected 2.8 m at 15% K₂O Sylvinite and 4.3% K₂O Carnallite from a depth of 932.5 m. CH2 is located on the western side of the tenement and will target a zone of high grade Sylvinite mineralisation. The total hole depth is expected to be 980 m.
- In Year Two a third hole (CH3) will target previously intersected sylvinite on the western side of the K llstedt Exploration Licence. The exact location has yet to be determined and will be contingent on the results of initial drilling.

Davenport will seek access to or purchase historic seismic data (in Year Two) with a view to re-process and interpret for the purposes of developing a degree of confidence in the subsurface interpretation of stratigraphic and structural continuity.

CSA Global is of the opinion that the initial confirmation drilling approach is correct and an appropriate use of the funds. However, to underpin the estimation and reporting of Mineral Resources in accordance with the principles of the JORC Code (2012), particularly for an Indicated or Measure Resource, careful consideration should be given to ensure that appropriate hydrogeological and geotechnical data is collected during drilling. This should be supplemented with additional 2D seismic, pending the access or acquisition and review (for suitability and quality) of the historical seismic data.



CSA Global also recommends that consideration be given to an initial hole on the Gräfentonna Exploration Licence (potentially in Year Two) although this is presently unbudgeted. As the Gräfentonna Exploration Licence is relatively immature in exploration any significant intersection in potash could have very positive implications for the potential of the Project.

Table 9: Proposed two year budget

Licence	Activity	Year 1 Estimated Cost (A\$)	Year 2 Estimated Cost (A\$)
Küllstedt	Site preparation and logistics	400,000	200,000
	Drill rig mobilisation, drilling charges and consumables	1,234,000	800,000
	Technical services – geology logging, wireline logging, assays	250,000	100,000
	Site rehabilitation	210,000	110,000
	Sub-total	2,100,000	1,110,000
Gräfentonna	Geological review and target generation	50,000	
	Exploration target generation		50,000
		50,000	50,000
	Sub-total		920,000
	Total	2,150,000	1,160,000

CSA Global is of the opinion that the work planned at the South Harz Potash Project represents an appropriate use of funds. While the funding is appropriate for the proposed early stage objectives, pending positive drill results, additional significant funding will be required to adequately address the technical risks and progress the project through to the declaration of Mineral Resources.

6 Conclusions

Davenport have established a sizeable foothold in a well-known potash producing district offering significant potential for the discovery of additional potash mineralisation. The exploration licences are located in the south west of the South Harz Potash District which has a proven history of potash exploration and mining dating back to the late nineteenth century resulting in a sound understanding of the geological setting, its potential future economic significance and associated risks.

Exploration has indicated the presence of potash salts at depths amenable to safe mining on the Küllstedt Exploration Licence however due to the era of the drilling there is limited documentation of the methodologies employed. Furthermore with the lack of QA/QC protocols this results in a degree of uncertainty in the potash grades and mineralisation continuity.

Two historical resource estimates have been made corresponding to the Küllstedt Exploration Licence Area. The first was made in 1964 and the most recent in 1980. Due to the absence of supporting geological data, QA/QC and resource estimation methodology, it is the opinion of CSA Global that neither of the results are suitable for reporting as Mineral Resources as defined by the JORC Code (2012).

Since the 1990s there has been no field-based exploration completed on either the Küllstedt or the Gräfentonna Exploration Licences. The only meaningful desktop work completed was a JORC report in January 2015 by Ercosplan. The report is in accordance with the JORC Code (2012) and included an Exploration Target for the Küllstedt Exploration Licence which resulted in a minimum of 292Mt to a maximum of 1285 Mt contained K_2O . CSA Global agrees that there is sufficient data to report an Exploration Target for the Küllstedt Exploration Licence.

CSA Global agrees with Ercosplan that the potash seam of interest can be extracted by either conventional under-ground or solution mining. The economic viability is subject to ongoing studies.

Supported by the presence of potash intercepts from historic drilling, CSA Global believes it is reasonable to assume that the potential for intersecting additional potash on Küllstedt is strong. However the challenge remains to delineate sufficient potash of grade and continuity in a setting amenable to economic extraction. With additional drilling this prospect remains sound for Küllstedt.

Further, it highlights the ongoing requirement for exploration in order to unlock value in the South Harz project, commencing with the initial three drill hole program proposed by Davenport which is supported by CSA Global.

There is insufficient geological data readily available on the Gräfentonna Exploration Licence to determine with any confidence the exploration potential, except to draw from the fact that the licence is located within a historic producing district, albeit approximately 20 km south east of the Volkenroda Mine (commenced in 1906 and closed in 1991). There are also reportedly a number of historic drill holes which were not sighted by CSA Global.

7 Recommendations

Developing an early understanding of the Project's technical value drivers should be considered critical and at the forefront for the design of an exploration strategy and execution of a work program. Potash exploration is expensive by minerals standards and requires a well-considered strategy and thoughtfully designed program.

To complement the proposed three drill hole program CSA Global recommends:

- Reviewing the reported Exploration Target to refine the model and improve reporting e.g.:
 - Develop an isopach plan of the thickness and depth of the potash seam/s;
 - Provide two or three interpretations of the potash seam and its broad geometry i.e. flat, gently dipping etc., in lieu of anchoring on a single volume;
 - Articulate the mineralisation types which constitute the applied density i.e. predominantly carnallite with minor sylvinite and polyhalite or predominantly sylvinite with minor residual primary carnallite etc.; and
 - Mention of whether there is potential for structural disruptions to the potash seam.
- Supplementing all drilling with downhole geophysics.
- Capturing hydrogeological and geotechnical data during the proposed drilling program to obtain information on any overlying aquifers.
- Acquire, re-process and complete an interpretation of any existing seismic data. If such data is not available then complete an initial wide-spaced seismic survey to identify any structural disruptions which can be avoided during drilling.

Although not proposed in the two year budget, CSA Global recommends consideration is given to bringing forward an initial drill hole on the Gräfen-tonna Exploration Licence. Early success could have a significant impact in terms of the exploration potential and future development scenarios open to Davenport.

CSA Global strongly recommends that environmental and social impact studies be commenced as soon as possible to accompany the work programs.

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9 Glossary

Below are brief descriptions of some terms used in this report. For further information or for terms that are not described here, please refer to internet sources such as Wikipedia www.wikipedia.org

Anhydrite	An evaporite mineral with the chemical formula CaSO_4 .
Aquifer	A permeable formation that stores and transmits groundwater in sufficient quantity to supply wells.
Basement	The oldest rocks recognized in a given area, a complex of metamorphic and igneous rocks that underlies all the sedimentary formations. Usually Precambrian or Paleozoic in age.
Basin	In tectonics, a circular, syncline-like depression of strata. In sedimentology, the site of accumulation of a large thickness of sediments.
Bedding	A characteristic of sedimentary rocks in which parallel planar surfaces separating different grain sizes or compositions indicate successive depositional surfaces that existed at the time of sedimentation.
Brine	Water that is saturated or nearly saturated with salt.
Bromine	A chemical element with the symbol Br. It occurs as colourless, crystalline mineral halide salts, analogous to table salt.
Carnallite	A hydrated, potassic evaporite mineral with the chemical formula $\text{KMgCl}_3 \cdot 6(\text{H}_2\text{O})$.
Carnallitite	A mixture of carnallite ($\text{KMgCl}_3 \cdot 6(\text{H}_2\text{O})$) and halite (NaCl).
Deposition	A general term for the accumulation of sediments by either physical or chemical sedimentation.
Diapirism	The formation of a diapir, an intrusion into brittle rocks of a more mobile, ductily-deformable and less dense material, for example a salt dome.
Evaporite	A chemical sedimentary rock consisting of minerals precipitated by evaporating waters, especially salt and gypsum.
Facies	The set of all characteristics of a sedimentary rock that indicates its particular environment of deposition and which distinguish it from other facies in the same rock.
Fault	A planar or gently curved fracture in the Earth's crust across which there has been relative displacement.
Flood plain	A level plain of stratified alluvium on either side of a stream; submerged during floods and built up silt and sand carried out of the main channel.
Geochemical sample	A sample collected for geochemical analysis to determine metal or mineral content.
Graben	A downthrown block between two normal faults of parallel strike but converging dips; hence a tensional feature. See also horst.
Gypsum	An evaporite mineral with the chemical formula $\text{CaSO}_4 \cdot 2\text{H}_2\text{O}$.
Halite	An evaporite mineral with the chemical formula NaCl . It is the mineral form of sodium chloride and is commonly known as 'rock salt'.
Kainite	A mineral salt that consists of potassium chloride and magnesium sulphate, used as a fertilizer. ($\text{MgSO}_4 \cdot \text{KCl} \cdot 3\text{H}_2\text{O}$)
Kieserite	An unstable, evaporite mineral with the chemical formula $\text{MgSO}_4 \cdot \text{H}_2\text{O}$.
Lithology	The systematic description of rocks, in terms of mineral composition and texture.



Mineral	A naturally occurring element or compound with a precise chemical formula and a regular internal lattice structure. Organic products are usually not included.
Ore	A natural deposit in which a valuable metallic element occurs in high enough concentration to make mining economically feasible.
Ore mineral	The mineral of an ore that contains the useful element.
Permian	A geologic period from about 299 to 251 million years ago.
Potash	The common name for various mined and manufactured salts that contain potassium in water-soluble form.
Precambrian	The large span of time between the formations of the Earth to the emergence of abundant hard shelled animals, 4.6 billion years ago to about 542 million years ago.
Salt	A mineral composed primarily of sodium chloride crystals (NaCl).
Seismic profile	The data collected from a set of seismographs arranged in a straight line with an artificial seismic source, especially the times of P-wave arrivals.
Seismic reflection	A mode of seismic prospecting in which the seismic profile is examined for waves that have reflected from near-horizontal strata below the surface.
Seismic refraction	A mode of seismic prospecting in which the seismic profile is examined for waves that have been refracted upward from seismic discontinuities below the profile. Greater depths may be reached than through seismic reflection.
Stratification	A structure of sedimentary rocks, which have recognizable parallel beds of considerable lateral extent.
Stratigraphic sequence	A set of beds deposited that reflects the geologic history of a region. Stratigraphy The science of the description, correlation, and classification of strata in sedimentary rocks, including the interpretation of the depositional environments of those strata.
Sylvinite	An ore mineral consisting of a mixture of sylvite (KCl) and halite (NaCl).
Sylvite	A potassic evaporite mineral with the chemical formula KCl.
Tectonics	The study of the movements and deformation of the crust on a large scale, including epirogeny, metamorphism, folding, faulting, and plate tectonics.



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10.2 Davenport Resources – Southern Cross Bore, Cu-Au, Independent Expert Report



Davenport Resources – Southern Cross Bore, Cu-Au, Independent Expert Report

JOHN COLLIER
June 2016

EXECUTIVE SUMMARY

Davenport Resources Ltd. A public unlisted company is seeking to list on the ASX via an Initial Public Offer. The project covers three tenements for a total of 600 km² within the Arunta Inlier, 75 km north-east of Alice Springs. Davenport has requested that Conarco Consulting prepare an Independent Geological Report for the Southern Cross Bore project. This report has been prepared for inclusion in the prospectus to be issued by Davenport Resources Ltd.

Davenport currently holds interest in three exploration licenses, covering a total of 600 km². The company intends to explore for IOCG (iron oxide copper-gold) style mineralisation. The project area is subdivided into Jonnies Reward, Wagyu - Black Angus and Braham prospects.

The Davenport tenement package offers the potential to host significant exploration potential and with some additional work can be reported as defined by the JORC code (2012).

The Davenport tenements host the Jonnies Reward prospect where reportedly mineralisation extends at least 500 m down plunge and has been intersected by both historic and recent drilling. The more recent drilling during 2012 confirms the presence of high grade gold and copper results including 24 m @ 4.19 g/t gold and 0.33% copper from 79 m, 34 m @ 3.83 g/t gold and 0.44% copper from 63 m, 4 m @ 3.53 g/t gold from 70 m and 5 m @ 2.73 g/t gold and 0.28% copper from 108 m.

The above exploration results, as well as evidence of historic mining dating back to 1889 provide important evidence for the potential of IOCG mineralisation in the Southern Cross Bore project area.

The proposed work programme with the aim of identifying extensions to known mineralisation and providing confidence of current data to announce a maiden Mineral Resource is outlined as follows:

- Review data required for Table 1 of the JORC code 2012
- DH EM
- Detailed gravity
- Topography survey
- Further drilling (RC and Diamond)
- Bulk density testing

COMPETENT PERSONS STATEMENT

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr. John Collier, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr. Collier has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Collier consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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1 INTRODUCTION

Conarco Consulting (Conarco) was engaged by the Company to prepare an Independent Export Report (IER) of iron oxide copper-gold (IOCG) potential in the Arunta region, NT 75 km's north-east of Alice Springs. Opinions expressed in this report are in accordance with the JORC Code (2012) and other regulations and guidelines that govern the preparation of such reports.

This report is not a Valuation report and does not express an opinion as to the value of the mineral assets or tenements involved, nor to the fairness and reasonableness of any transaction between Davenport and any other party.

This report is to be included in a Prospectus to be lodged in support of the ASX listing rules. The prospectus will offer 25 million shares at an issue price of 20 cents per share to raise a minimum of AUD\$5M. These funds will primarily be used for the exploration and evaluation of the mineral tenements outlined in the report.

The legal status, including Native Title has been independently evaluated by AMETS (Australian Mining and Exploration Title Services) (ABN 30 140 504 098) and shows that tenements EL28045, EL29827 and EL30090 are currently in good standing. The current status of the tenements listed in this report is based on information provided by AMETS and has been prepared on the assumption that Davenport will have lawful access to the tenements.

During the preparation of this report, access has been provided to all relevant data held by Davenport. Conarco has made all reasonable efforts to ensure the accuracy and relevance of the data that has been supplied. Davenport has ensured that all data provided to Conarco, is to best of its knowledge, accurate and true. And that full disclosure has been made of all material in its possession.

A site visit was carried out during June 2016 where the following was inspected:

- Field geology and outcrops
- Drill hole collar location
- Drill core

This report was prepared by geologist John B. Collier BSc (Hons) MAIG. The writer is qualified to provide such reports for the inclusion in public company prospectuses and has been prepared in accordance with the requirements of the Australian Securities Exchange (ASX), Australian Securities and Investment Commission (ASIC) Regularity Guidelines RG111 and RG112 and the Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Export Reports (Valmin Code) which is binding on members of the Australasian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG).

Conarco Consulting is an independent geological consultancy that was established in 2015. Neither Conarco nor any of its employees or associates have had any material direct or indirect interest in Davenport nor in any of the mineral properties included in the report nor any asset of Davenport, nor has such interest existed in the past. This report has been prepared by Conarco strictly in the role of an independent expert. Professional fees payable for the preparation of this report constitutes the only commercial interest in Davenport. Payment of fees are in no way reliant on the outcomes of the report for which it was designed.

2 GEOLOGY AND MINERALISATION

2.1 Regional Geology

The licence areas are located within the southeast Arunta Inlier (Figure 2.1) a major ensialic Palaeo to Mesoproterozoic mobile belt of multiply deformed polymetamorphic

basement terrain covering 200,000 square km in central Australia. It differs from other north Australian Proterozoic inliers by intensity and frequency of apparent deformation, high grade of metamorphism and abundance of granite thus more akin to mobile belts in southern Africa and the Baltic Shield.



Figure 2.1 – Location of the project area.

A tectonic setting of older 2.5-2.0 GA continental crust, nowhere exposed, beneath Paleoproterozoic rocks (1850 Ma) is the current model. The overall style of deformation and subsequent basin development across central Australia is similar to other continental settings where thick-skinned deformation and rifted or sag continental basin development are the norm. The mobile belt evolved over 1500 Ma commencing with mafic and felsic volcanism, mafic intrusions within a latitudinal rift followed by marine deposition of shale and limestone, followed by subsequent deformation, metamorphism and emergence.

Flysch sedimentation accompanied by volcanism continued within geosynclinal troughs flanking the latitudinal ridge of meta-igneous rocks followed by shallow-marine platform deposition, more deformation/metamorphism plus granitic intrusion all of which point towards an extensional continental setting. Furthermore, recent geochemical and isotopic data interpretation combined with remapping of mafic rock units indicate abundance of 1810 – 1800 Ma high level tholeiitic mafic intrusions with geochemical signatures of continental margin subduction or back-arc related magmatism.

The southeast Arunta region is assigned to the Aileron Province locally referred to as Ongeva package (1825 – 1790) of which the Strangways Metamorphic Complex (SMC) on ALICE SPRINGS is a major component (1820 – 1790 Ma), bounded to the south by a regional linear zone of tectonism trending east southeast for 140 km hosting the Winnecke goldfield and Arltunga Nappe Complex – hosted White Range goldfield (25,000 ozs). It crops out northwards for 40 km truncated by Florence Creek shear zone juxtaposing older SMC against 1765 Ma Oonagalabi tongue rocks assigned to upper Bungitina metamorphics. The remaining northerly limit of cropping out SMC forms a sheared unconformable contact with 743 Ma Harts Range Group Riddoch Amphibolite trending west northwest for about 60 km before disappearing beneath on-lapping Waite Formation Tertiary sediments. The

SMC of unknown thickness (estimates from mapping of 5 to 15 km) is a package of complexly folded Paleoproterozoic mafic/felsic granulite and metasediments. Basement to SMC is nowhere exposed and is therefore unknown however age dating of intrusives show most of SMC is older than 1780 Ma. Parts are deposited in a deeper water setting based on chrono-stratigraphic correlations with turbiditic Lander Rock beds in NAPPERBY i.e. Pelites of Erontonga and Yambah granulites are deep-water mudstones and greywackes.

The Utnalanama Zn-Cu prospect (formerly Phlogopite mine) 20 km south of Johnnies an interpreted volcanic associated massive sulphide deposit (VAMS) also supports a mooted deep water setting, occurring at depths of at least 1000 m. Recent convention suggests SMC changes from a bimodal volcanic sequence upward to a pelitic succession overlain by siliciclastics and carbonate however caution is warranted as many of felsic/mafic extrusives appear to be intrusive. The presence of extrusive/pyroclastic volcanics cannot be dismissed however locally intrusive units are more common within the SMC. Intense deformation, metamorphism and accompanying anatexis have largely obliterated all primary sedimentary/igneous rock features. Additionally, wall rocks of mineral deposits such as Johnnies Cu-Au deposit were extensively altered prior to high grade metamorphism thus generally protolithic rock-type classifications are educated guesses.

2.2 Local Geology

EL 28045 is underlain by Cadney metamorphics near the top of SMC positioned centrally within a cropping out, north westerly trending rectangular area 140 km long by 40 km wide on the ALICE SPRINGS map sheet.

The north trending Pinnacles fault zone bisects the licence area with upper Cadney calcsilicate and marble to the east, hosting the narrow vein Pinnacles copper deposits while to the west, the protolithic carbonate depositional environment, abruptly transitions to a pelite, psammite, volcanic intrusive and minor carbonate assemblage of metamorphosed to granulite facies, biotite-garnet-sillimanite gneiss, amphibolite's, quartzite, marble, calcsilicate and mafic granulite. The south southeast-trending Woolana lineament readily apparent on satellite imagery passes through the licence area from north to south east.

Johnnies Reward Prospect (Figure 2.2) occurs within lower Cadney metamorphics comprising metapelite quartzofeldspathic gneiss, felsic granulite and minor mafic granulite located stratigraphically just below the lower – upper Cadney metamorphic transitional contact. Johnnies Reward is hosted by a north-striking, overturned east-dipping (60 degrees) metasedimentary succession dominated by quartzose gneiss subdivided into the following major lithological units:

1. Quartz – biotite – garnet gneiss
2. Quartz – feldspar – biotite gneiss
3. Diopside – tremolite – magnetite rock hosting Cu – Pb (Zn – Ag – Au) mineralisation
4. Mafic granulite referred to by Alcoa as "plagioclase pyroxenite"
5. Pegmatite occurring as a coarse grain equigranular pink microcline and quartz intrusive possibly related to the Wuluma granite (1728 Ma).

The above are generally concordant with stratigraphy however mafic granulite is interpreted as mafic sills.

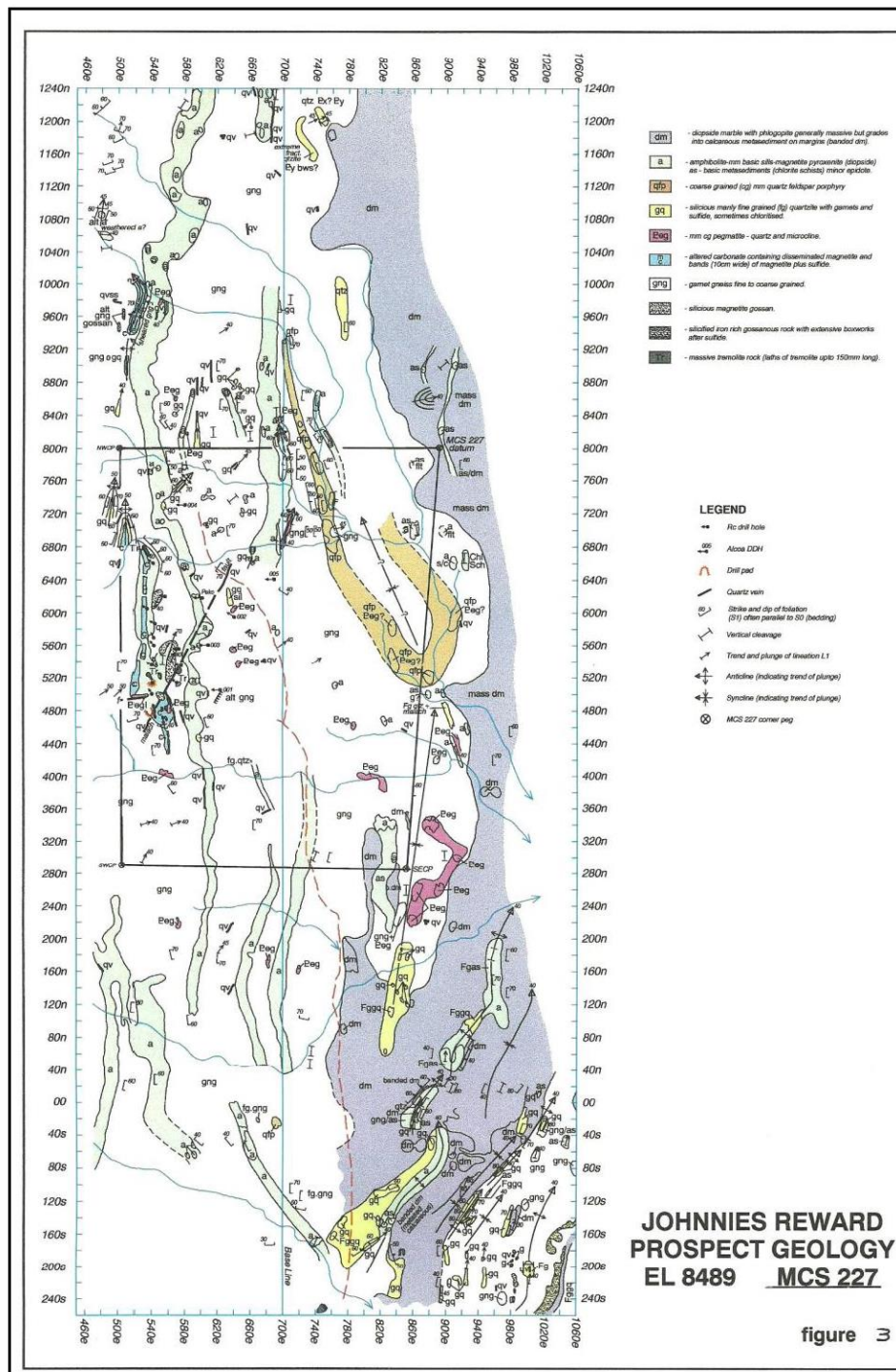


Figure 2.2 – Johnnies Reward Prospect geology.

The lode diopside – tremolite – magnetite unit strikes north for 200 m delineated by a profound negative vegetation anomaly some 50 m wide. The mineralised gossan comprising a tightly folded overturned anticline plunging 45° north northeast is juxtaposed against the western boundary/contact of the above lode unit. Remnant forsterite marble within lode unit drill core implies a carbonate replacement origin. The abundance of garnet increases from the west towards the lode. The dominant lithology quartzose gneiss is chloritised on both footwall and hangingwall of lode unit for up to 35 m away from the lode/gneiss contact. Small to large scale steeply north northeast plunging folds are present throughout the prospect area.

Mineralisation (quarter core Alcoa E058 – 005). The following styles of mineralisation are present;

1. High Cu, Pb, Zn, Ag with relatively low anomalous Au occur in magnetite-tremolite/diopside lode assemblage.
2. High gold, low anomalous copper occurs in quartz-biotite-garnet minor magnetite rock lacking diopside and tremolite.

Bismuth and molybdenum are associated with Au (Cu) assemblages. Lode rock is low in SiO₂, Al₂O₃, Na₂O, and K₂O thus consistent with mooted replaced carbonate origin. It is also enriched in total iron and magnesium i.e. magnetite ± diopside ± tremolite mineralogy.

CaO is enriched at and near the top of lode rock due to preponderance calcic pyroxene (diopside) and amphibole (tremolite, hornblende) silicates are dominated by Ca – poor anthophyllite and hypersthene. MnO enrichment occurs below CaO – enriched zone characterised by Mn – rich anthophyllite replacing Mn – poor tremolite. Along the MnO – CaO enriched zone boundary is a narrow zone of high TiO₂, Al₂O₃, K₂O, F, REE and Th suggesting a possible mafic rock on the margin of a mooted original carbonate lens. However, 0.1% REEs plus 200ppm Thorium suggest hydrothermal introduction of above.

A tentative metal zonation from bottom to top is as follows:

Au (Cu) → Cu-Pb-S (Zn-Ag-Au) → Pb-Mn → REE →Ca, with iron and magnesium enrichment present throughout mineralised zone. Mineralised lode rock contains up to 30% magnetite also pyroxene, amphibole and quartz with amphibole replacing pyroxene. Talc locally replaces calcium-poor amphibole. Lenses of forsterite marble indicate lode rock replacing carbonate (supported by whole rock geochemistry).

Sulphide comprises pyrite, chalcopyrite, galena and sphalerite with minor pyrrhotite, molybdenite, scheelite, native bismuth, bismuthinite. Molybdenite and scheelite occur together with other sulphides as inclusions in magnetite or replacing fibrous amphibole.

Within Au (Cu) footwall mineralised zone quartz-biotite-garnet assemblage contains minor magnetite, chalcopyrite and pyrite distinguishing it from un-mineralised quartz-biotite-garnet gneiss. Local lode hangingwall biotite, sericite, sillimanite shear zones contain magnetite-chalcopyrite replaced by hematite – bornite respectively in association with carbonate.

Johnnies Reward wall and lode rocks have magnesium numbers less than 60 and are therefore considerably more iron – rich than Utnalanama deposit. Johnnies country rocks contain feldspar and thus appreciable CaO, Na₂O and K₂O. However, Johnnies footwall zone is depleted in both Na₂O and K₂O and the upper mineralised zone enriched in manganese (up to 2.78% MnO). Johnnies protoliths comprise three geochemical divisions i.e.

- Aluminium rich (felsic)
- Aluminium poor
- Iron-enrichment

The accompanying mineralisation is superimposed on above protolithic types (strong association of base metal mineralisation and iron enrichment). Most Al-rich rocks have similar Titanium/zirconium ratio of 23 – 33 indicating a dacitic (intermediate volcanic) protolith.

Al-poor rocks show low Zr and low to moderate TiO₂ contents implying a relatively pure carbonate protolith. The elevated TiO₂ in an aluminium-poor rock is the result of hydrothermal alteration. Titanium mobility is known to occur in skarn systems.

The upper mineralised unit and mafic granulite have similar protoliths i.e. a subalkaline basalt composition.

Hangingwall garnet-biotite-quartzofeldspathic gneiss shows REE patterns typical of meta-sedimentary upper crustal sourced rocks. Unaltered mafics at Johnnies Reward show REE patterns similar to mid ocean ridge basalts (MORB). The hangingwall protolith contains feldspar / muscovite conversely the footwall zone lacks feldspar reflected in the depletion of Na₂O and K₂O of footwall relative to hangingwall rocks (which are relatively unaltered) however the footwall has undergone pervasive quartz-chlorite-sericite alteration.

Johnnies Reward through its close association with magnetite-rich rocks and its lack of quartz-cordierite assemblages, is not a VMS deposit further reinforced by its lead-rich character. Instead an iron oxide-hosted copper-gold model is proposed similar to Ernest Henry, Tennant Creek, Prominent Hill and Olympic Dam.

The age of deposition of Johnnies Reward Ongeva package SMC host rocks is 1810-1800 Ma however the mineralisation is epigenetic and deemed to have been transported to its current depositional trap site during the 1790-1770 Ma Yambah event. However recent GA lead isotopic dating, hitherto unpublished shows a continuum of individual apparent ages from 1720-1360 Ma with a cluster of 10 analyses around 1583.9 ± 7.3 Ma the age of the World's largest IOCGU deposit (10 billion tonnes) Olympic dam in South Australia. Another cluster occurs at 1002 Ma coinciding locally with the intrusion of the Stuart dolerite dyke swarm an east-west extensional episode of north trending dykes occurring throughout southern Arunta Inlier.

Johnnies Reward is hosted by a north-trending shear likewise Pinnacles copper deposits. Hence locally mineralisation has evolved over 730Ma (1730 Ma to 1002 Ma) involving at least two discrete remobilisations the earlier one of which over a remarkable continuum of 360 Ma.

3 MINING

Details relating to the mining history has been comprehensively detailed by Mackie, 2012. All details have been transcribed from the report.

The Pinnacles copper gougings located in the northeast licence area were discovered in 1889. The copper mineralisation comprising malachite, chalcocite, bornite, traces of azurite, chrysocolla, rare cuprite and native copper occur as open space fillings within quartz veins with traces of gold, silver and bismuth. Tourmaline is also present and siderite gangue. In 1942 P. Ciccone sunk two shafts 6 and 18 metres deep intersecting a small chalcocite-rich quartz vein occurring at the calcsilicate/marble contact. Estimated production until 1948 was 50 tonnes averaging 20% copper.

Sullivan (1942) described the mineralisation in Ciccone's Shaft, followed by Jensen (1943) who reported Pinnacles copper ore was primary. In 1948 Enterprise Exploration visited the copper shows (Thompson, 1948). In 1952 Bell and Firman (Mines Branch) mapped Ophir and Ciccone's workings. An inferred Ore Reserve to 6 metres of 100 tonnes averaging 20% copper and 9,000 tonnes averaging 5% copper was quoted. Two drill holes recommended by Bell (1952) were drilled but failed to intersect the main ore zone.

In 1952 Kurt Johannsen, opened up Ophir South and North gougings, followed by Central No 2 worked until 1957. Production for the period is estimated at 20 tonnes averaging 20% copper.

From 1964 to 1968 J Vitosky and others grubstaked by Reg Harris of Alice Springs recommenced working gougings opened up by Johannsen namely Central No 2, Ophir North and South.

Central No 2 is the largest working on the field comprising a horizontal drive or open cut 40 metres long by 5 metres wide by 12 metres deep trending north into the side of a marble ridge following a zone of high density quartz veining located at the sheared contact of calcsilicate and marble. 1500 tonnes of quartz were mined and hand-picked resulting in

an ore parcel of 33.5 tonnes averaging 15.75% Cu and 2.9 ounces silver (Port Kembla Smelter records).

Other recorded production is as follows:

Ophir North 50.95 tonnes @ 9.26% copper

Ophir South 17.93 tonnes @ 5.27% copper

Urals 7.25 tonnes @ 8.24% copper

Polly Boy 22 tonnes @ 17.8% copper

Estimated production to the end of 1968 is 248 tonnes averaging 12.4% copper. Of this total 21.6 tonnes averaged 2.9 ounces per tonne, silver. No further recorded mining activity has occurred since 1968.

4 PREVIOUS EXPLORATION

The gossanous rock at Johnnies Reward was discovered by John Vitosky in 1964 comprising massive hematite, quartz / jasper stained with malachite cropping out as two easterly dipping overturned limbs of a north north-east plunging anticline possessing the overall aspect of a Tennant Creek – type ironstone (Mackie, 2012).

Details relating to the exploration history between 1964 and 2014 has been comprehensively detailed by Mackie, 2012 and Bain, 2016 and summarised in Table 4.1.

Year	Company	Prospect	Type	Quantity / Scale	Comments
1964	BMR	Regional	Geo reconnaissance		
1964	BMR	Pinnacle - JR	aeromag		
			ground mag		
1965	Geopeko	JR	Self-potential Geophysics		
			IP		
			EM		
			Diamond drilling	1	
		Pinnacle	Ground mag		
		Pinnacle	IP		Broad anomaly remains untested
		Pinnacle	SP		
		New Folly	EM		
		New Folly	SP		
		Pinnacle - JR	Mapping	1:12,000	
		Polly Boy	Mapping	1:2400	
		Onhier	Mapping	1:2400	
		Central No. 2	Mapping	1:2400	
		Ciccone's	Mapping	1:2400	
		Urals	Mapping	1:2400	
			Mapping	1:1200	
		JR	Percussion drilling	219 holes, 671 samples	830 m, max depth 3.65 m assayed for Cu, Pb and Zn
			rock chips	63	assayed for Cu, Pb, Zn, Au, Ag, Bi and Ni.
		Pinnacles	Diamond drilling	4	
1968		JR	Diamond drilling	1	
1969 - 1973	Stockdale Prospecting	Regional	Mapping	1:22,000	
		Regional	Drainage Sampling	270 sq km's	
			Color aerial photography	1,20,000	480 sq km's
			Mapping	1:5000	
			Mapping	1:500	
			Rock Chips	122	
			Soil Samples	11	
			Traverse Sampling	73	10 m composites
1982	Alcoa Australia	JR	Diamond drilling	5	E058 series holes
1983 - 1984			rock chips	218	7 traverses, 10 m composites
1984			Soil Samples		
1988	Tectonic Resources	JR	RC drilling	15	454 m
			Re-assay of Alcoa drilling	57	quarter core samples were fire assayed
1992	Stockdale Prospecting	Regional	Re-assay of Stockdale's drainage samples	73	XRF for 36 elements
1993	Saturn	JR	Drainage Sampling		
			ground mag		
1996	CRAE	JR	Mapping	1:1,000	
			Re-logging	2	E058/002 and E058/005
		JR	Re-logging	15	Tectonic Resources RC drilling
		JR	Re-logging	1	DDH Geopeko 1
1997	Pasminco	JR	Mapping	1:500	
			Drainage Sampling	8	Orientation survey
			Thin Section	2	
		Pinnacle - JR	rock chips	42	
		Pinnacle - JR	Drainage Sampling	12	BLEG - 2 mm
			Re-processing CRAE mag data		
			Re-processing Tectonic's soil data		digitised and reprocessed
		JR	Ground mag	traverses 40 m apart	JR West grid
		Pinnacle - JR	Ground mag	traverses 100 m apart	
		JR	Mapping		1:500 of JR West grid
			rock chips	54	footwall contact of mineralised sequence and JR North gossanous skarn
		Pinnacle - JR	GPS Survey	274 points	The Omni Star accurately relocated existing BMR grids
		JR	Petrology	9	
			Re-processing of data	63 Magellan rock chips	digitised and reprocessed
			Re-processing of data	219 percussions holes	digitised and reprocessed
			Re-processing of data	4 diamond holes	digitised and reprocessed
			Re-processing of data	30 Alcoa rock chips	digitised and reprocessed
			Re-processing of data	Magellan mapping	digitised and reprocessed
		Ciccone's Shafts	Mapping		
			Re-processing of data	BMR geophysical survey	re-drafted using 1999 GPS survey coords
		JR	Re-processing of data	ground mag from CRAE and Allender	digitised and reprocessed
			Re-processing of data	Tectonic's soil samples	digitised and reprocessed
2002 - 2004	Flinder's Diamonds	JR	rock chips	85	
2006	Maximus	JR	HOITEM / AMAG	85 line km, 80 m spacing	
2008	Minitaur Exploration	JR	Ground EM	5 lines of moving loop and fixed loop	
			Gravity Survey	49 station, one km apart	
2011		Regional	Collation of historic data		
			RC drilling	8	
			Soil Samples	393	18.5 km of line over two grids
		JR	Mineralogical Study		
			Metallurgical test work		
			RC drilling	9	
			Soil Samples	7	
		Black Angus	RC drilling	17	one diamond tail
		JR	RC drilling	3	all with diamond tails
		Brahman	RC drilling	4	
		Regional	Airborne VTEM and magnetics	315 line km's	
2014		Regional	Interp from VTEM and magnetics	152 anomalies identified	2 high priority, 27 moderate priority and 68 lower priority

Table 4.1 – Summary of the exploration history.

5 ENVIRONMENT PROTECTION AND BIODIVERSITY

A report was created on 24/01/2012 which provides guidance and other matters protected by the Environment Protection and Biodiversity Act and is summarised in Table 5.1. A search of the Australian Government, Department of Environment database identified 6 Threatened Mammal Species, 9 Migratory Species, 7 Listed Marine Species and 4 Invasive Species or species habitat likely to occur within the area. Invasive weed species included in the search are (*Cenchrus ciliaris*) Buffel-grass and Black Buffel-grass, and (*Parkinsonia aculeate*) Parkinsonia, Jerusalem Thorn, Jelly Bean Tree, Horse Bean, which are classified as WoNS (Weeds of National Significance) species.

World Heritage Properties	None
National Heritage Places	None
Wetlands of International	None
Great Barrier Reef Marine Park	None
Commonwealth Marine Area	None
Threatened Ecological Communities	None
Threatened Species	6
Migratory Species	9

Table 5.1 – Summary of biodiversity

5.1 Flora

The immediate drill area is dominated by rocky soils grading to hills immediately west of the proposed drill collars. The bioregion is broadly characterised by plains of Acacia shrubland, tussock and hammock grassland, and Acacia and Eucalyptus woodlands, NRETAS (2009).

- The broad habitat types within the tenement area may include:
- Low open Eucalypt woodland with grass understorey;
- Tall sparse Mulga shrubland with low sparse shrubland understorey;
- Spinifex hummock grassland with Acacia tall sparse shrubland.

5.2 Fauna

Numerous animals such as Euros *Macropus robustus*, Red Kangaroos scat, House Mice, Long-nosed Dragon *Amphibolurus longirostris*, Geckoes, Zebra finches, Willie-wagtails, White-plumed Honeyeaters and Magpie-larks are present within the exploration licence. Feral animals include cats, wild dogs, camels and cattle are present.

5.3 Discussion

It is unlikely that future drilling programmes or soil and rock chip sampling will impact the immediate project area as it has been previously disturbed with historical diamond and percussion drilling and lies in an area of low relief with outcrops and hills to the west

Endangered species mentioned above are more likely to be encountered in areas of higher relief, water courses and areas of dense vegetation.

As discussed in the Company's Environmental Management Plan, existing drill access tracks will be refurbished and used over a short drilling period. No exploration activity will occur after a significant rain event and cleanliness of vehicles moving in and out of the area will prevent any transport and spreading of noxious weeds noted above.

6 TENEMENT STATUS, RENTS AND EXPENDITURE COMMITMENT

Information within Section 6 of this report has been transcribed from the report compiled by AMETS, 2016. From the information contained in the Ministers Certificates for Exploration Licences 28045, 29827 and 30090 and advice from the Mining Compliance Division of the Department of Mines and Energy, AMETS consider that this report provides an accurate statement in respect to the status of the titles. It is assumed that the information in the registers maintained by DME is accurate. AMETS assume that any related agreements were validly authorised, executed and delivered and are binding on the parties to them.

6.1 Mineral Titles Act Matters

6.1.1 Definition

Exploration Licence ("EL")

An EL authorises the holder to enter onto the area covered by the EL with any necessary equipment for the purposes of exploring the area covered by that EL. An EL permits exploration for minerals and the undertaking of operations connected to such exploration, the holder of an EL may also extract and collect samples from that EL.

ELs are granted for a maximum period of six years however, there is provision for the EL to be renewed for ongoing periods of up to 2 years at the Minister's discretion. Under the Act an EL must be reduced in size by 50% after the first 2 years and then 4 years and 6 years. Generally, an EL must be reduced by 50% at a time though the Minister, on application, can waive this reduction.

After the first renewal, EL's are not required to be reduced.

Under the Mineral Titles Act, failure to meet expenditure covenants for two consecutive years will result in a loss of block penalty. EL Holders are required to relinquish additional blocks after the statutory 50% reduction required. There is a submission process to appeal this penalty.

All EL's are subject to conditions considered standard throughout the mining industry in Australia.

6.2 Schedule of Titles

The Schedule of Titles is listed in Table 6.1.

Title Number	Registered Holder	%	Status (G - Grant, A - Application)	Application Date	Grant	Expiry	Years of Tenure	Blocks	Rent & Admin Amt	Covenant payment pt	Caveat	Agreement	Mortgage	Annual Reports (last lodged)
EL28045	Davenport Resources Limited	100	G	19/04/2010	30/11/2010	29/11/2016	6	23	\$3,680.00	\$40,000	n/a	n/a	n/a	10/02/2016
EL29827	Davenport Resources Limited	100	G	5/01/2013	29/06/2013	28/06/2019	3	4	\$284.00	\$12,500	n/a	n/a	n/a	3/11/2015
EL30090	Davenport Resources Limited	100	G	2/11/2013	28/01/2015	27/01/2021	2	173	\$6,805.00	\$53,250	n/a	n/a	n/a	11/04/2016

Table 6.1 – Schedule of Titles

6.3 Report on Titles

6.3.1 Mortgage

There are no Mortgages recorded against these titles as at 23 May 2016.

6.3.2 Caveats

There are no Caveats recorded against these titles as at 23 May 2016.

6.3.3 Agreements

There are no Agreements recorded against these titles.

6.3.4 Rent

Rent and Administration fees on Exploration Licence 28045 is due to be paid by 29 November 2016. The current rent for year 7 is \$201 per block and \$287 Administration fee.

The current area of EL28045 is 23 blocks.

It should be noted that EL28045 expires on 29 November 2016, and a renewal application and rent is required to be lodged prior to this date. This EL is also required to reduce by 50% on renewal or a waiver of reduction applied for.

Rent and Administration fees on Exploration Licence 29827 is due to be paid by 28 August 2016. The current rent for year 4 is \$71 per block and \$287 Administration fee.

The current area of EL29827 is 4 blocks.

Rent and Administration fees on Exploration Licence 30090 is due to be paid by 27 January 2017. The current rent for year 3 is \$71 per block and \$287 Administration fee.

The current area of EL30090 is 173 blocks. This EL is required to reduce by 50% on 27 January 2017. A waiver of reduction may be applied for.

6.3.5 Reduction/Waiver

EL28045 is due for 50% statutory reduction on 29 November 2016. The current area is 23 blocks, to be reduced by 11 blocks to retain 12 blocks.

EL30090 is due for 50% statutory reduction on 27 January 2017. The current area is 173 blocks to be reduced by 86 blocks to retain 87 blocks.

Pursuant to Section 29(4) of the *Mineral Titles Act*, a waiver of reduction may be requested to retain the full area of the EL's.

6.3.6 Mining Compliance

The Mining Compliance Division of the Department of Mines and Energy have confirmed that that EL28045 has a current Mine Management Plan (MMP) authorised to Arunta Resources Limited.

The area of EL28045 was inspected by the Mining Compliance inspectors on 8 October 2015. At the time of generating this report AMETS advises that there is rehabilitation outstanding. The required level of rehabilitation was completed 15th August 2016 and although a site inspection has not occurred, Conarco is of the opinion that the bonds held by the Department of Mines Energy is sufficient for any shortfalls with this activity. These bonds are also sufficient to cover the required future monitoring of the site.

EL's 29827 and 30090 are do not have a current MMP authorised.

6.3.7 Native Title

Applications for exploration and/or mining on Pastoral Lease land may be subject to the *Native Title Act (NTA) 1993*. Applications for Exploration Licences are advertised under the NTA Expedited Procedure. Exploration licence applications (ELA) advertised under the expedited procedure will be subject to conditions to protect the rights and interests of the Native Title Parties pursuant to NTA s.237.

The Department ensures legislative compliance and that the public notification processes for each application are met.

Following public notification, a period of 4 months is allowed for registered Native Title Claimants to lodge an objection to the expedited process with the National Native Title Tribunal (NNTT).

The NNTT is the arbitral body responsible for conducting hearings, mediations and arbitration matters in the Northern Territory.

Where NO objections are lodged the exploration licence application is granted.

With the information that has been obtained by AMETS, it is the opinion that these titles are currently in good standing.

7 DRILLING AND LOGGING

A review of the drilling and logging utilised the database supplied to Conarco. There are 63 holes in total, including 41 drilled at Johnnies Reward, 18 at Black Angus and 4 at Brahman Table 7.1.

Prospect / Type	No. Holes	Drill Meters
Black Angus	18	1,168
RCP	17	1,000
RCP/Diamond Tail	1	168
Brahman	4	450
RCP	4	450
Johnnies Reward	41	4,699
Diamond	6	828
Percussion	15	454
RCP	17	2,914
RCP/Diamond Tail	3	503
Grand Total	63	6,317

Table 7.1 – List of drillholes within the database

7.1 Drilling Data

During the 1960's there were 15 percussion holes drilled that have a prefix "JR" and were drilled to a maximum of 40 m a total for of 454 m. These holes do not have downhole surveys, however given their short depth, this is not considered material to the project. These holes also lack geological, geotechnical and assay information. Given their age and lack of information available, these holes cannot be utilised for future assessment of the prospect.

During this period there was also a diamond hole drilled by Geopeko to a depth of 141 m at the Johnnies Reward prospect. This hole was not downhole surveyed and therefore care should be used when deciding if this hole should be included in any future Mineral Resource estimates.

Between 1983 and 1984 five diamond holes were drilled at the Johnnies Reward prospect that have a prefix E058 and were drilled to a maximum of 208 m for a total of 687 m. Holes E058/001 – E058/003 were downhole surveyed at end of hole and therefore there were between 105 m – 130 m between surveys. E058/004 and E058/005 were surveyed more regularly with approximately 50 m between surveys. It is assumed all holes were drilled within the rod string as there are no changes to the azimuth values. Therefore, some caution should be exercised when using these holes in any future Mineral Resource estimation.

Between 2012 and 2013 42 holes were drilled. 20 holes were drilled at Johnnies Reward including 17 RC holes and three RC with diamond tails. 18 holes were drilled at Black Angus including 17 RC holes and one RC with a diamond tail. Four RC holes were drilled at Brahman.

Drill holes 12JRRRC001 – 12JRRRC008 and 13BARC018 – 13BARC042 were collar surveyed by GPS and downhole surveyed within the rod string using a single shot survey. Due to the magnetic interference of the rod string, only the dips are available. The remaining holes were collar surveyed by GPS and downhole surveyed using a gyro survey tool. The dip and azimuth values were calculated as an average of the "in" and "out" surveys.

7.2 Logging Data

There is no information relating to the logging procedures however the database comprises sufficient information for the style of deposit. The majority of the data from both RC chips and diamond were sampled over one-meter intervals however some of the diamond have

some smaller and larger intervals. There are also composite intervals for the RC samples that range in size from 1 m to 6 m.

Geological logging included three major lithological codes each including grain size and three mineral codes. There are also codes for percentage pyrite, bornite, pyrrhotite, sulphide, pyrolusite, vein quartz, limonite and haematite. This level of detail is sufficient for Mineral Resource estimation however further work is required for geotechnical, metallurgical and mining studies.

8 SAMPLING PROCEDURES

8.1 RC Drilling

Information prior to 2012 is not available and the following is a description of the RC sampling procedures after this date.

The drill holes were geologically logged, sampled and magnetic susceptibility readings were recorded at 1 m intervals at the time of drilling.

Utilising a cone splitter both single meter samples and 4 m composite samples were collected at the time of drilling using the "spear" methodology. As drill holes do not always end in even multiples of 4 m a number of 3 m, 2 m and 1 m composites were collected. All drill holes were lithologically logged and a chip sample from each meter drilled was stored in chip trays (Buskas, 2014).

Single meter samples visually judged to be from the better mineralised portions of each drill hole and composite samples from all other parts of the drill holes were selected for analysis (Buskas, 2014). Samples were submitted to ALS in Alice Springs for preparation prior to being forwarded to ALS' laboratory in Perth for analysis of Au, Cu and Fe. Gold analysis was done by method Au-AA25 which is a fire assay method completed on a 30 g charge followed with an AAS finish (Atomic Absorption Spectroscopy). When high gold results were received a repeat gold analyse was performed. Both copper and iron were analysed for using ME-ICP61. This method is a four acid near total digest followed by and ICP MS (Inductively Couple Plasma Mass Spectrometry) or ICP AES (Inductively Coupled Plasma Atomic Emission Spectrometry) finish. In those instances, where Cu or Fe analyses exceeding the upper limit of detection an ore grade analysis was performed (Buskas, 2013).

8.2 Diamond drilling

During 2013, four holes were drilled with an RC pre-collar before switching to diamond drilling. Diamond drilling was done with NQ sized core and oriented using a Reflex core orientation device.

On completion of drilling all diamond core was oriented with a bottom of the hole line marked on the core as defined by the orientations marks made by the drillers. Following orientation, the core was marked up in one meter intervals after which it was photographed. After photography recoveries and RQDs were measured and recorded. This was followed by lithological logging and when possible structural logging of the core (Buskas, 2014).

Core samples which were visually judged to contain the better mineralisation in the diamond tails were submitted for analysis as half core. Samples of half core varied from 0.3 m to 1.5 m in length with the majority being 1 m long. As knowledge of the mineralisation at Black Angus was limited it was decided that it would be best to submit samples from the entire length of the diamond tail of 13BARCD038. To achieve this all core not judged to contain potentially significant mineralisation were submitted as fillets with ten 5 m and one 2.3 m core fillets submitted for analysis (Buskas, 2014).

8.3 Soil Samples

Information prior to 2012 is not available and the following is a description of the soil sampling procedures after this date.

Soil sampling over the gridded areas was conducted on east-west running lines spaced at 100 m intervals north-south with samples collected on 50 m centres (Buskas, 2013), 200 m spaced lines with samples collected every 200 m including a follow up infill programme reducing the line spacing to 50 m (Buskas, 2014). All sample sites were located using a handheld GPS unit.

At all sites the upper 5 cm to 10 cm of soil was scraped off to minimise the amount of organic material included in samples. Soil was passed through a 1.5 mm sieve with 0.5 kg's of the undersized fraction retained in a paper geochem bag for analysis. At each site a short description of the site and material collected was recorded. All samples were submitted to ALS' preparation facility in Alice Springs where they were prepared prior to shipping to Perth for analysis. All samples were analysed for Au, Ag, As, Bi and Cu. Gold was analysed for using a trace level method Au-TL43 where a 25 g sample is digested in an aqua regia solution and followed by an ICP-MS (Induced Coupled Plasma Mass Spectrometry) finish. The remaining elements Ag, As, Bi and Cu were analysed by ICP43. In this method an aliquot from the aqua regia gold digestion is analysed using ICPAES (Induced Coupled Plasma Atomic Emission Spectroscopy) (Buskas, 2013).

8.4 Rock chips

All rock samples collected were submitted to ALS' preparation facility in Alice Springs where they were prepared prior to shipping to Perth to be analysed. Samples were analysed for Au using method Au-AA25, a 30 gram fire assay, and by method ME-ICP61 a four acid "near total" digest followed by analysis by ICP-AES (Inductively Coupled Plasma Atomic Emission Spectroscopy) for Ag, As, Bi, Cu, Pb and Zn (Buskas, 2014).

9 EXCLUDED DATA

A Mineral Resource Estimate has not been completed and therefore there is no reason to exclude data at this time. As mentioned in section 8.1, there are some drill holes that should be excluded from future estimates and some holes that should be evaluated during this process. These are listed in Table 9.1.

Drillhole	
JR1 - JR15	Exclude
GEOPEKO DDH1	Evaluate
E058/001 - E058/005	Evaluate
12JRR001 - 12JRR008	Evaluate
13BARC018 - 13BARC042	Evaluate

Table 9.1 – List of drillholes that should be excluded / evaluated during the Mineral Resource Estimation

10 ASSAY DATA

10.1 Assaying

10.1.1 Gold

Gold Assays were submitted to ALS Laboratory, Alice Springs and test by Atomic Absorption Spectroscopy (AAS) using a 30 g finish. A prepared sample is fused with a mixture of lead oxide, sodium carbonate, borax, silica and other reagents as required, inquarted with 6 mg of gold-free silver and then cupelled to yield a precious metal bead.

The bead is digested in 0.5 mL dilute nitric acid in the microwave oven. 0.5 mL concentrated hydrochloric acid is then added and the bead is further digested in the microwave at a lower power setting. The digested solution is cooled, diluted to a total volume of 10 mL with de-mineralised water, and analysed by atomic absorption spectroscopy against matrix-matched standards.

10.1.2 Other Elements

All other elements were tested by Inductively Coupled Plasma - Atomic Emission Spectroscopy (ICP - AES). A prepared sample (0.25 g) is digested with perchloric, nitric, hydrofluoric and hydrochloric acids. The residue is topped up with dilute hydrochloric acid and the resulting solution is analysed by inductively coupled plasma-atomic emission spectrometry. Results are corrected for spectral interelement interferences.

10.2 QA/QC

10.2.1 Summary

As a general rule, the reporting of QA/QC results and procedures is poor or missing altogether. Most of the data, especially the drilling was conducted before the formation of JORC and standardised reporting methods. It is recommended that the future collection of samples, albeit at surface or by drilling, use an appropriate quantity of standards, blanks, duplicate and independent laboratory checks.

10.2.2 Standards and Blanks

There is no data available for standards and blanks.

10.2.3 Duplicate Samples

Samples were generally tested by Atomic Absorption Spectroscopy (AAS) technique, with 3315 samples recorded in the database. There were up to two repeat samples, with 43 and 16 samples recorded in the database respectively. There were also two repeat assay using a Fire Assay Technique with 22 and 10 samples recorded.

A comparison of the original AAS assay to the repeat and re-assay samples are shown in Figures 10.1 – 10.4. There is a good correlation between the AAS and the repeat assays with a line of regression of 0.996 and 0.95 indicating an acceptable level of repeatability. There is greater variability when the AAS samples are compared to the FA50 assays. The Fire Assays are generally higher and there is generally a poorer correlation, indicating that there could be a bias using this assay method.

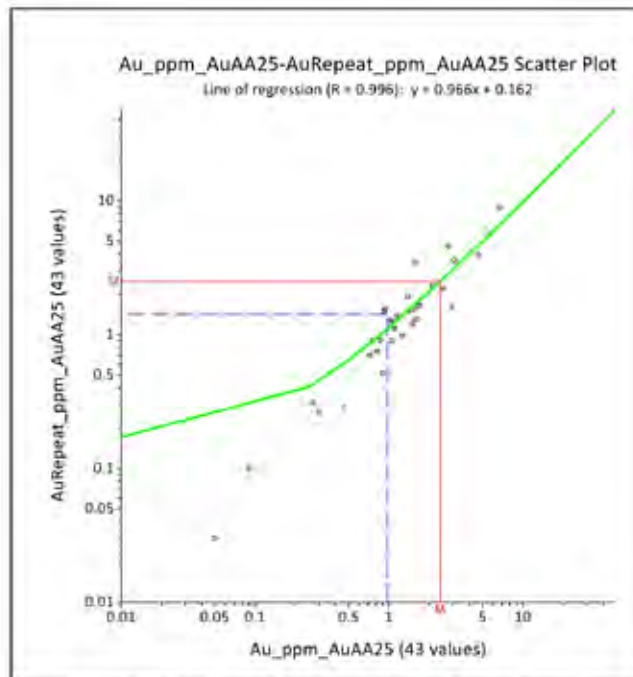


Figure 10.1 – Comparison of assays and repeat assay.

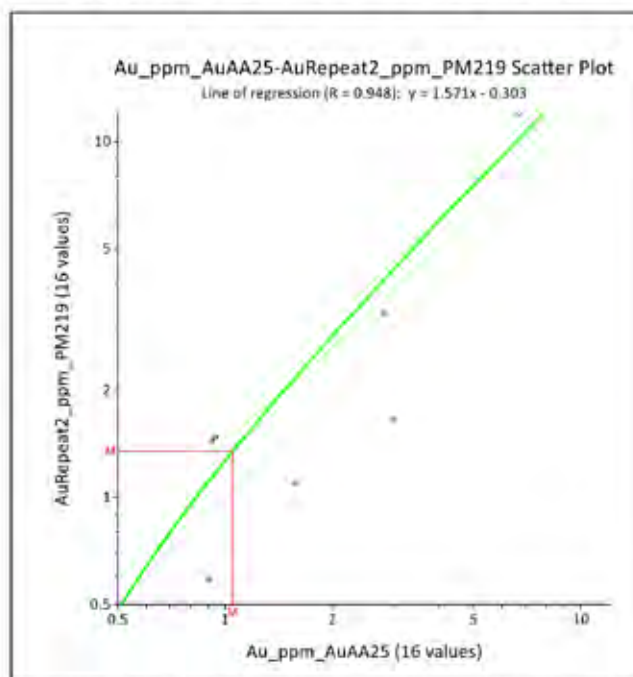


Figure 10.2 – Comparison of assays and second repeat assay.

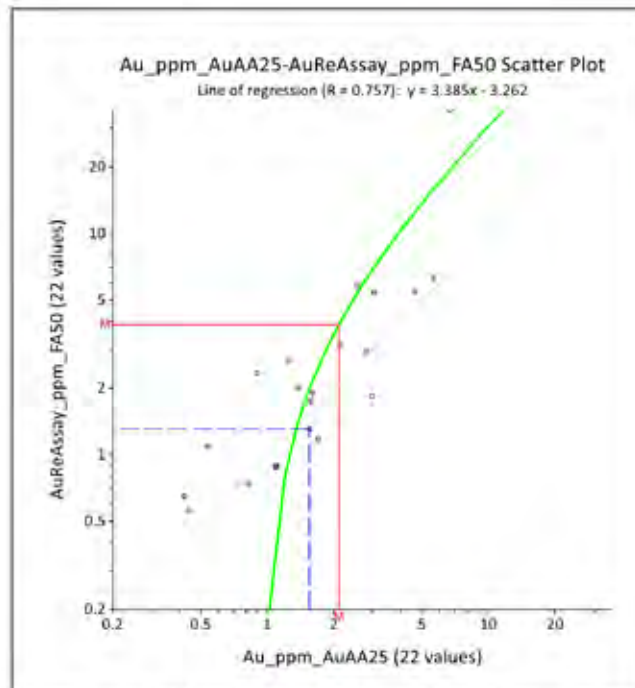


Figure 10.3 – Comparison of assays and re-assay.

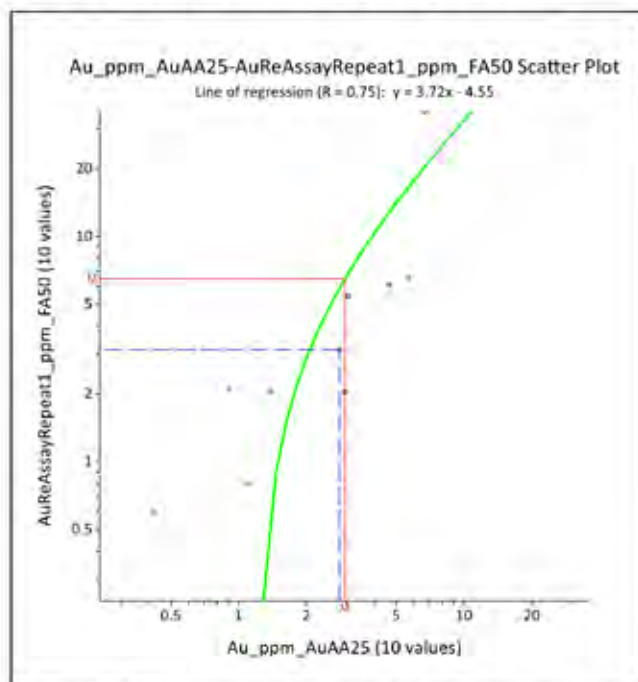


Figure 10.4 – Comparison of assays and re-assay repeat 1.

10.2.4 Independent Laboratory Checks

There is no mention of the use of an independent Laboratory check.

11 BULK DENSITY DATA

Density measurements are available for hole E08/002 where 84 measurements were taken (Table 11.1) however there is no information available as to the type of technique used.

No samples	84
Min	2.6
Max	4.1
Mean	3.1
St. Dev	0.3

Table 11.1 – Density measurements

It is strongly recommended that bulk density be tested with further drill programmes. Current core may be used if it is decided that it is in reasonable condition and has not started to deteriorate or weather / oxidise. This is an important step in estimating a Mineral Resource and advancing the project.

12 DATABASE VALIDATION

A database validation of some 63 holes has found only one minor error where hole 13JRRCD040 has an overlapping sample interval between 59 – 60 m. This is interpreted to be a scribing error as it is the change between RC and diamond drilling. This error should be amended, however, a check of the assays shows that this is not material to the project.

Other validation checks included collar coordinates with similar results, overlapping intervals for all fields, final depth discrepancies between all tables, survey azimuth between 0 - 360°, survey dip between -90° and + 90°. There were no other errors.

13 METALLURGICAL TEST WORK

The aim of this work was to establish that the gold is recoverable by traditional CIP methods. Four composite samples were submitted from recent drilling 12JRR001 and 12JRR004

These were crushed to <3.35mm, homogenised and each individual sample split into 3 sub samples, for head assay, grind establishment (80% passing -75µm) and cyanidation leach test work. The leach test work involved a simple bottle roll with the addition of cyanide (NaCN) and lime at around 40% solids.

These was then monitored and agitated for 48 hours with sampling at 2, 4, 6, 24 and 48 hours. The leach solutions and residue were then analysed with the results listed in Table 13.1.

ANALYTE	UNIT	COMPOSITE 1 12JRRC004 68-78m	COMPOSITE 2 12JRRC004 83-93m	COMPOSITE 3 12JRRC001 79-86m	COMPOSITE 4 12JRRC001 90-100m
Au ₁	ppm	2.30	2.37	1.97	5.57
Au ₂	ppm	2.12	2.66	2.00	4.40
Ag ₁	ppm	2.7	3.6	1.2	1.8
Ag ₂	ppm	2.7	3.3	1.5	1.8
Cu	ppm	5560	3865	3570	2700
Pb	ppm	390	225	155	165
Zn	ppm	706	104	120	236
Bi	ppm	620	300	280	330
Au (drill result)	ppm	2.42	2.51	2.05	4.95
Cu (drill result)	ppm	6200	4100	4000	2800

Table 13.1 – results of head assays and average drill intercepts.

13.1 Results

The head assays for gold and copper compare very well to the average drill intercepts and are therefore considered representative and suitable for this analysis.

Overall recovery of gold was generally excellent with around 90% of the gold in solution after 48 hours in composites 1 and 4. In composites 2 and 3, about 20% of gold remained in the solid after 48 hours. These have the solid (leach tail) grades of 0.50 and 0.33 ppm gold which was not extracted. However, leach kinetics were efficient as recoverable gold exceed 80% after the first 6 hours. The rate of gold extraction for composite sample 4 is shown in Figure 13.1 and it can be noted that leach kinetics slow down after 24hrs. Further work will be needed on grind sizes and mineralogy. The reagent's consumptions are within a reasonable range, similar to expected consumption rates at operational sites.

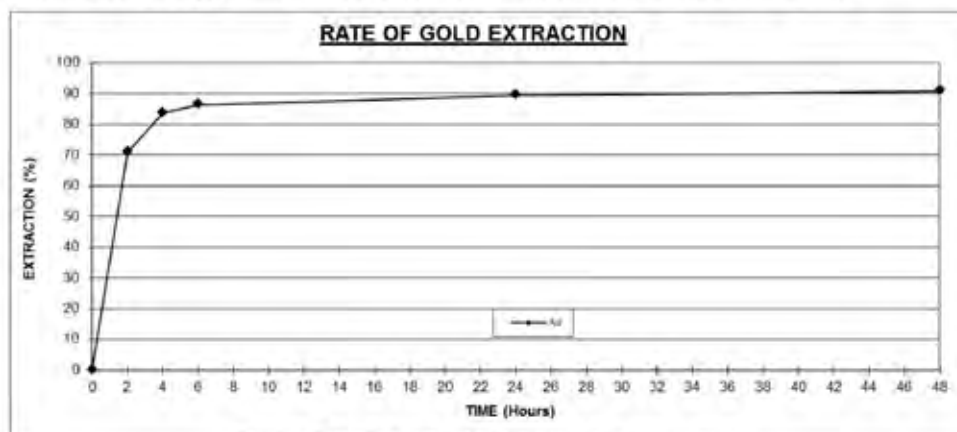


Figure 13.1 – Rate of gold extraction for composite 4.

14 MINERALOGICAL STUDY

One pair of gold-bearing Knelson panned concentrate and tailings from composite 4 was provided to ALS metallurgy for quantitative automated mineralogical analysis (ALS metallurgy, 2012).

The results of the mineralogical study indicate that the composite 4 concentrate is made up primarily of quartz 42.5%, magnetite 27.4% and chlorite/micas 15.0%. Minor constituents included pyroxenes – amphiboles 7.0%, garnets 4.3% and pyrite 1.5%. Other minerals are negligible with the exception of chalcopyrite 0.74% which occurs primarily in the tails. Gold was not detected.

It was also noted that the Knelson panned concentrate was inefficient in separating potentially gold bearing sulphides from magnetite and gangue silicates. A minor proportion of the concentrate is made up of sulphides (~3.3% combined). The Au-Ag mineral phases intercepted in the sample are classified as native gold (95 – 100% Au and 0 – 5% Ag). No gold mineral grain was intercepted in the concentrate. Only one fine, liberated and equant pure native gold grain was detected in the gravity tail.

15 DISCUSSION

As previously stated, there has been considerable work conducted on the Johnnies Reward Prospect since 1964 by a number of large multi-national companies as well as Junior explorers. In general, all of this work is considered industry standard with consideration given to historic exploration. Over this time, and due to quick successions in ownership of the project since 2012, there has been a loss of custody of data. Although this is considered acceptable at this stage (exploration) of the project, some consideration is necessary for the use of this data to advance the project to having a Mineral Resource.

15.1 Soils and Rock Chips

There has been multiple programmes of soil and rock chips sampling and the results show that this is very efficient method of exploration. There are distinct anomalous values of gold, and copper within the immediate vicinity of already known zones of mineralisation. Figures 15.1 and 15.2 show the distribution of gold samples that clearly highlights the Johnnies Reward, Brahman, Wagyu and Black Angus Prospects. Figures 15.3 to 15.6 shows the results from sampling the Black Angus Prospect for gold, copper, arsenic and zinc (Young, 2013).

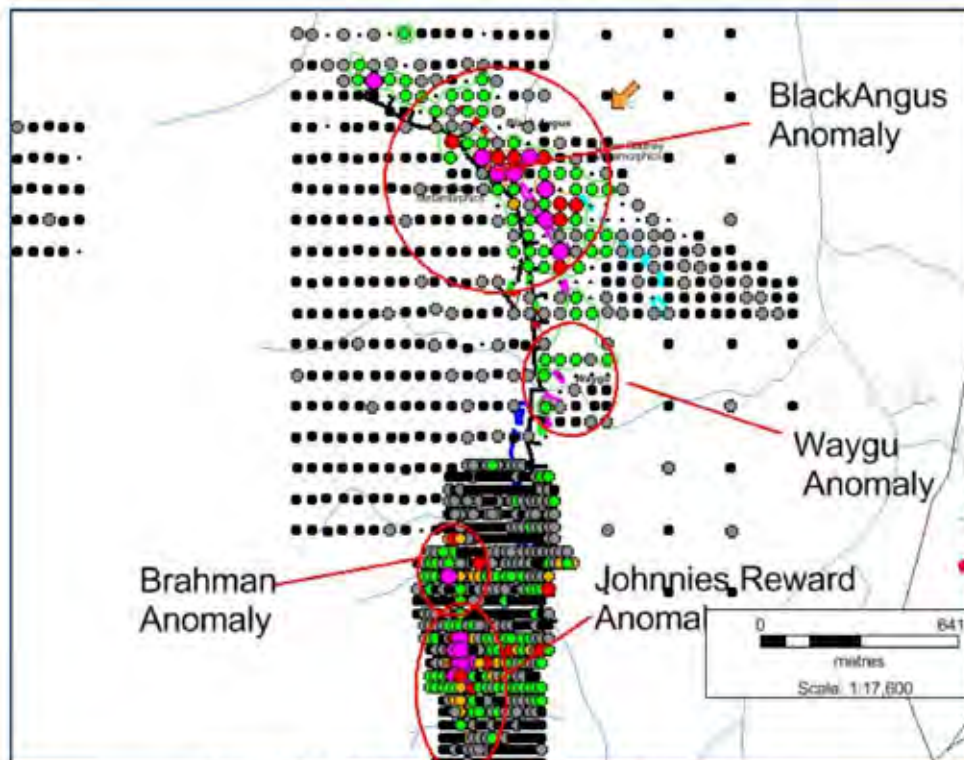


Figure 15.1 – Location and results of soils samples (gold)

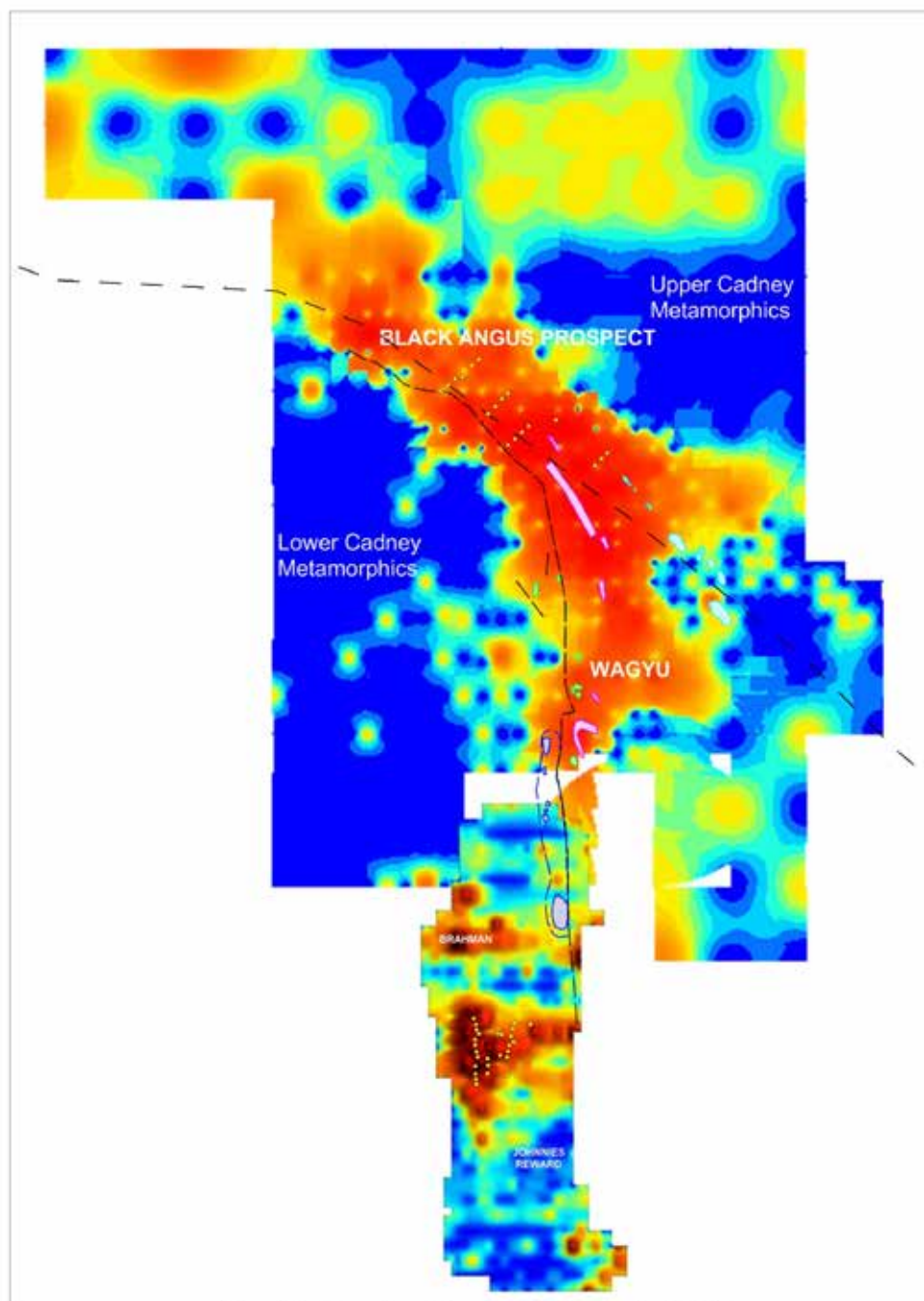


Figure 15.2 – Contoured results of soils samples (gold)

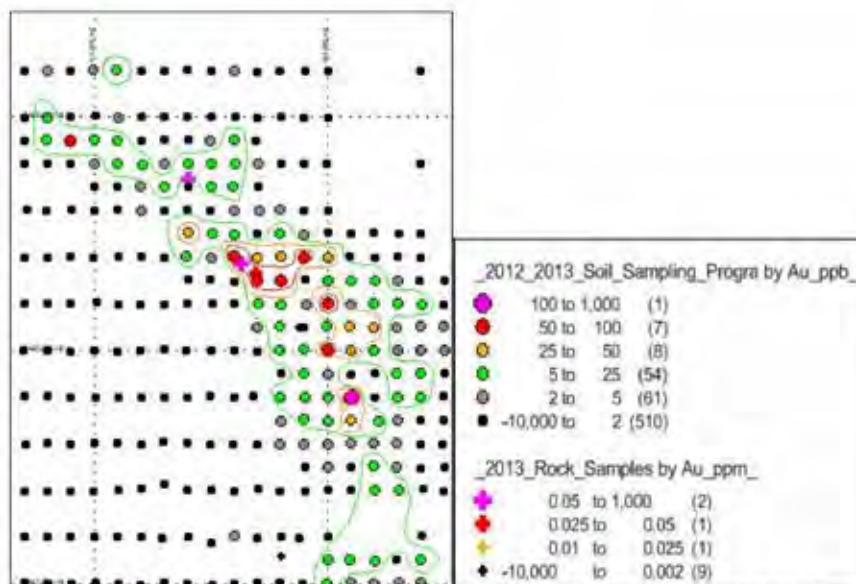


Figure 15.3 – Location and results of Black Angus soils samples (gold)

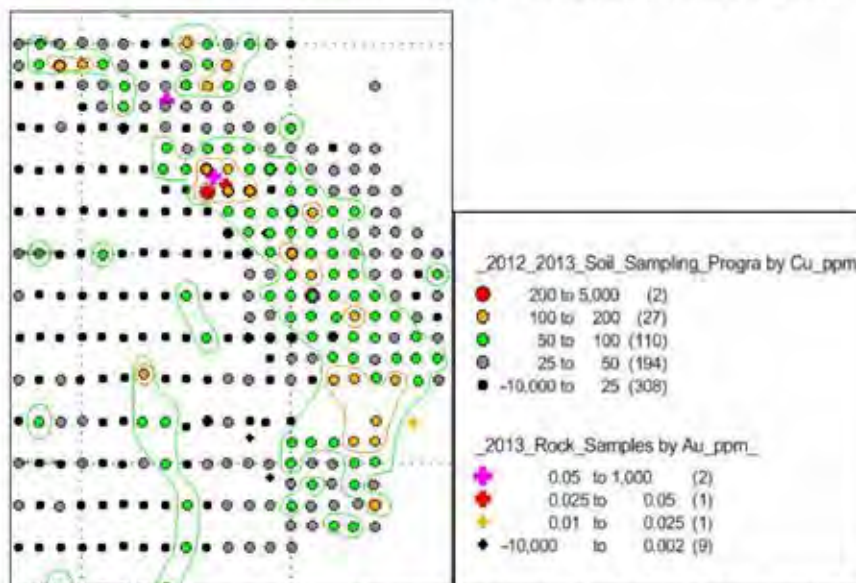


Figure 15.4 – Location and results of Black Angus soils samples (copper)

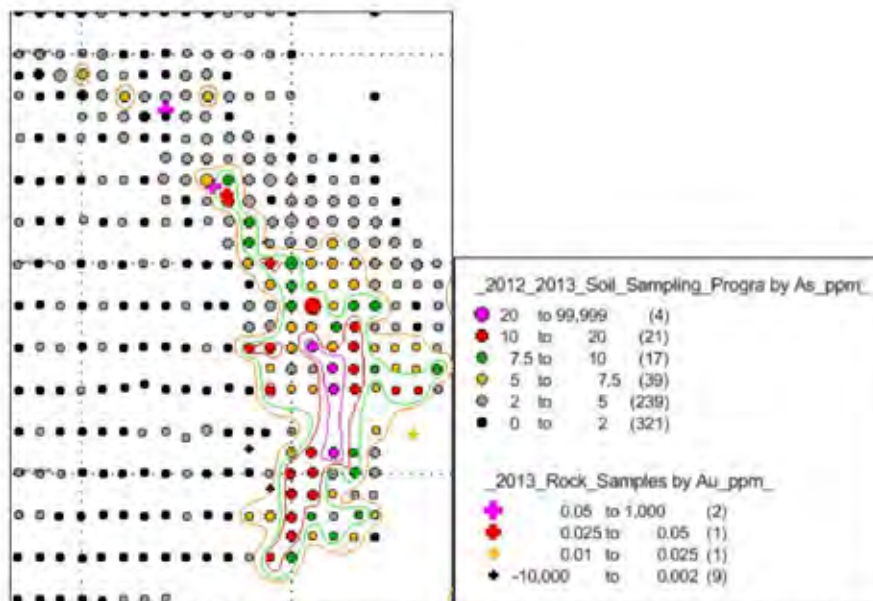


Figure 15.5 – Location and results of Black Angus soils samples (arsenic)

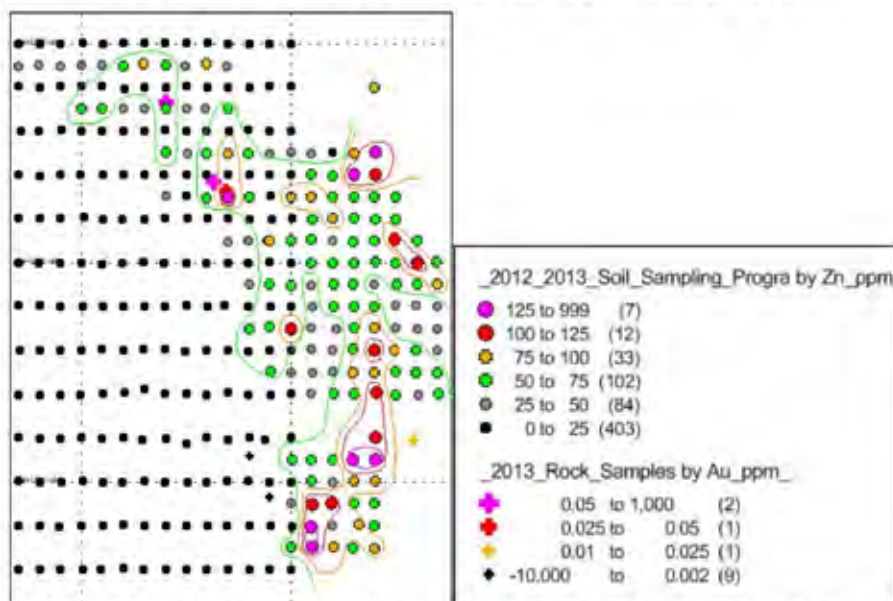


Figure 15.6 – Location and results of Black Angus soils samples (zinc)

15.2 Geophysics

A summary of the geophysics has been transcribed from an unpublished report written in 2012.

The regional aeromagnetic data surrounding EL28045 which includes the Johnnies Reward prospect is shown in Figure 15.7. Automatic depth calculations were applied to the regional data but conclusive results of this work is still in progress.

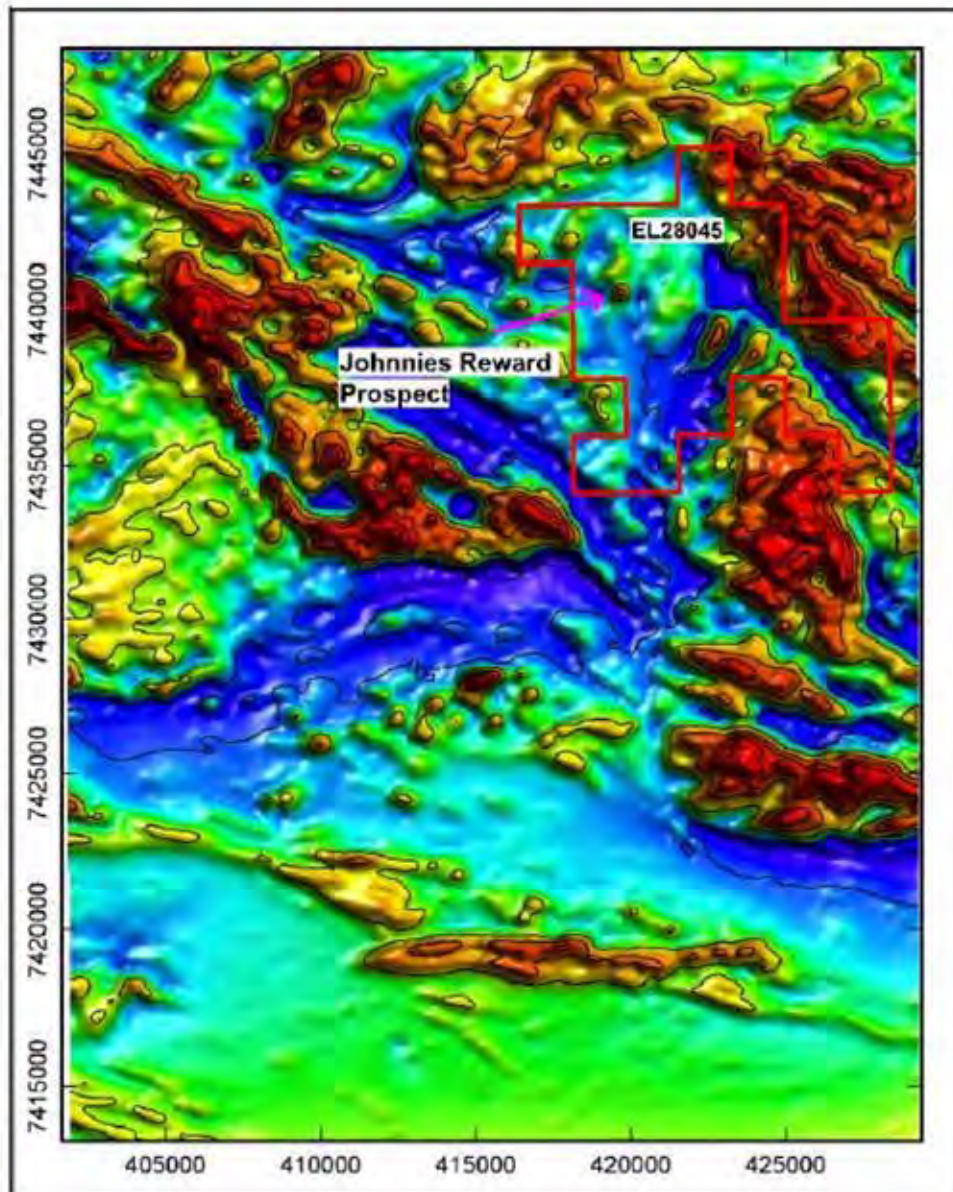


Figure 15.7 – Regional Magnetic data.

The available bouguer gravity covering the tenement was processed with the result of high pass processing shown in Figure 15.8. The available data set consisted of a 4 km spaced data grid over the area. The data set was not detailed enough to give useful prospect scale information for Johnnies Reward. However, it is possible to deduce regional structure from these data. More detailed tenement scale surveying could be considered to assist exploration.

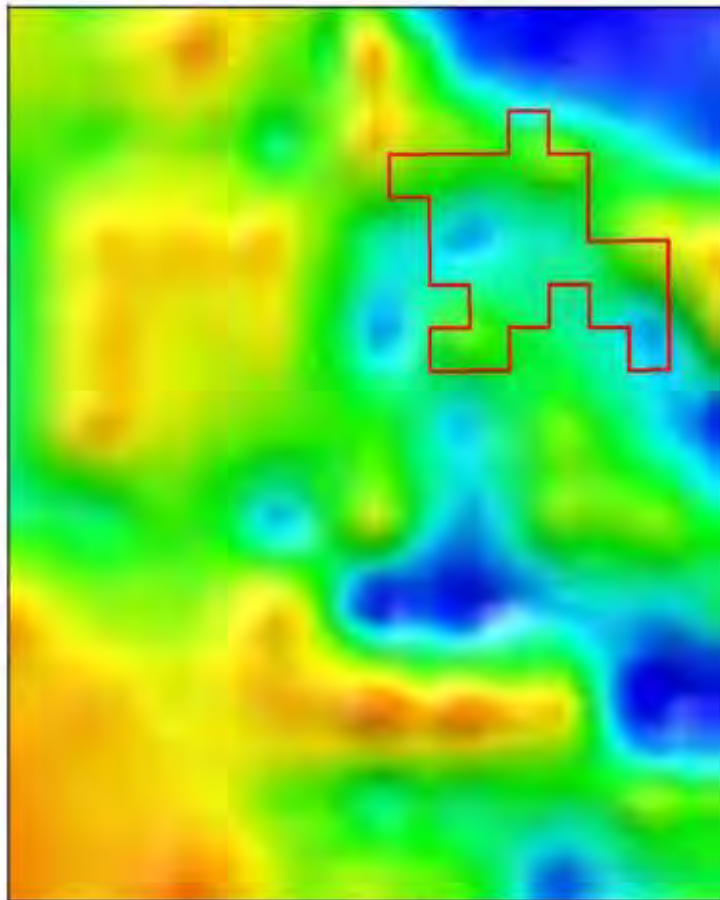


Figure 15.8 – High pass filter applied to the regional bouguer gravity

Magnetic and AEM data from a detailed 80 m line spaced HoistEM survey flown over Johnnies Reward is shown in Figures 15.9 to 15.10. Semi quantitative analysis of these data suggest steep to vertical dipping structures over most of the Johnnies Reward prospect. Results of specialized filtering suggest remanence does not play a dominant role over the Johnnies Reward survey area. Various orientations of magnetic lineaments intersect the prospect area. The main Johnnies Reward magnetic anomaly is discrete with an intensity of the order 4000nT.

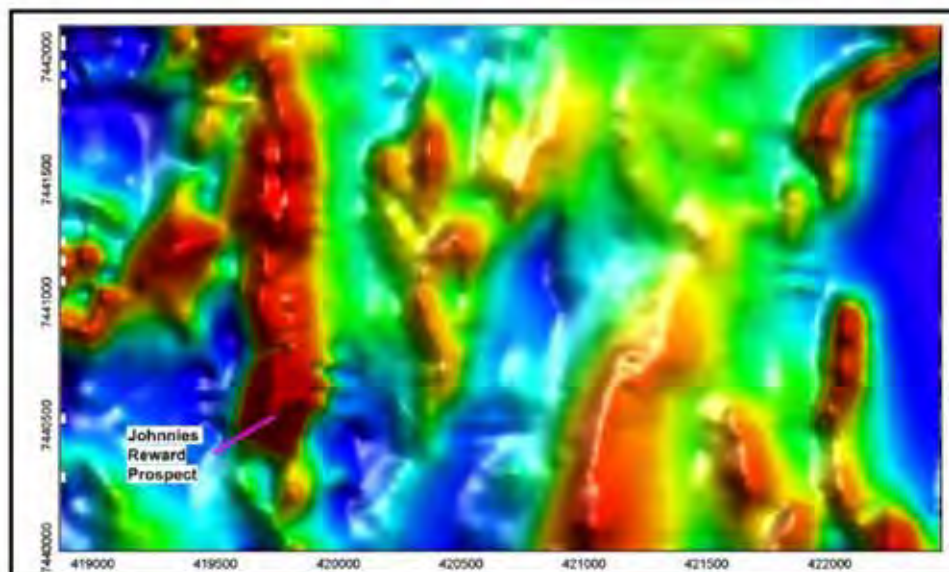


Figure 15.9 – HoistEM system magnetic data

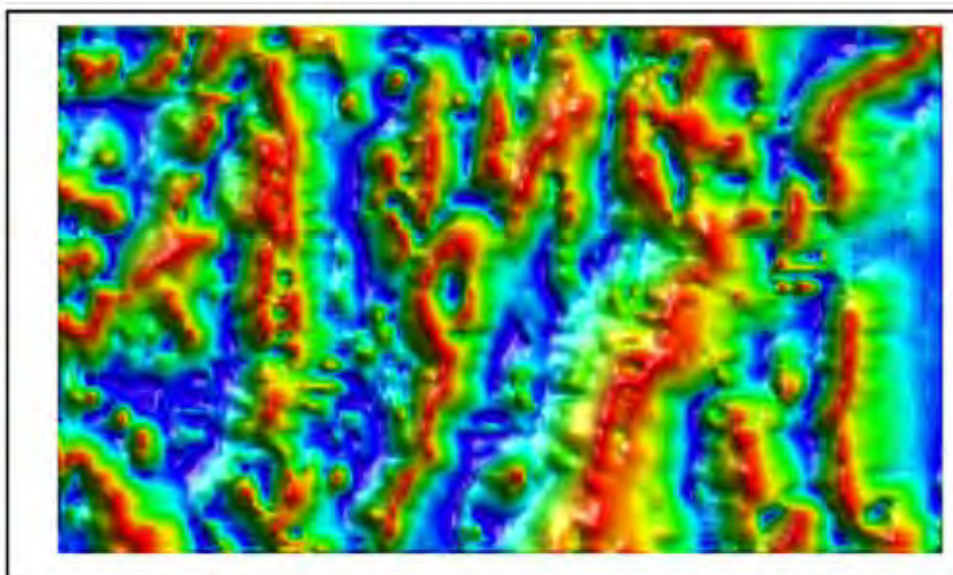


Figure 15.10 – Enhanced magnetic data over Johnnies Reward Prospect.

A discrete conductivity anomaly is associated with Johnnies Reward and extends to depth. AEM inversion sections suggests the conductivity anomaly has a northern aerial extent of the order of 300m. The conductivity anomaly is coincident with the magnetic anomaly. It is likely some of the more extensive anomalous areas over the survey area is associated with ground waters.

15.3 Drilling

Of the 63 holes in the database, 41 have been drilled at the Johnnies Reward Prospect (Figure 15.11 – JR series percussion holes not shown). The drill density is high with drilling being conducted on 10 – 15 m centres, which has defined the known mineralisation over a strike length of 140 m. The mineralisation remains open along strike and down-dip (Figure 15.12). This is in accordance with the results of the geophysics which suggests mineralisation may be up to 300 m in length.

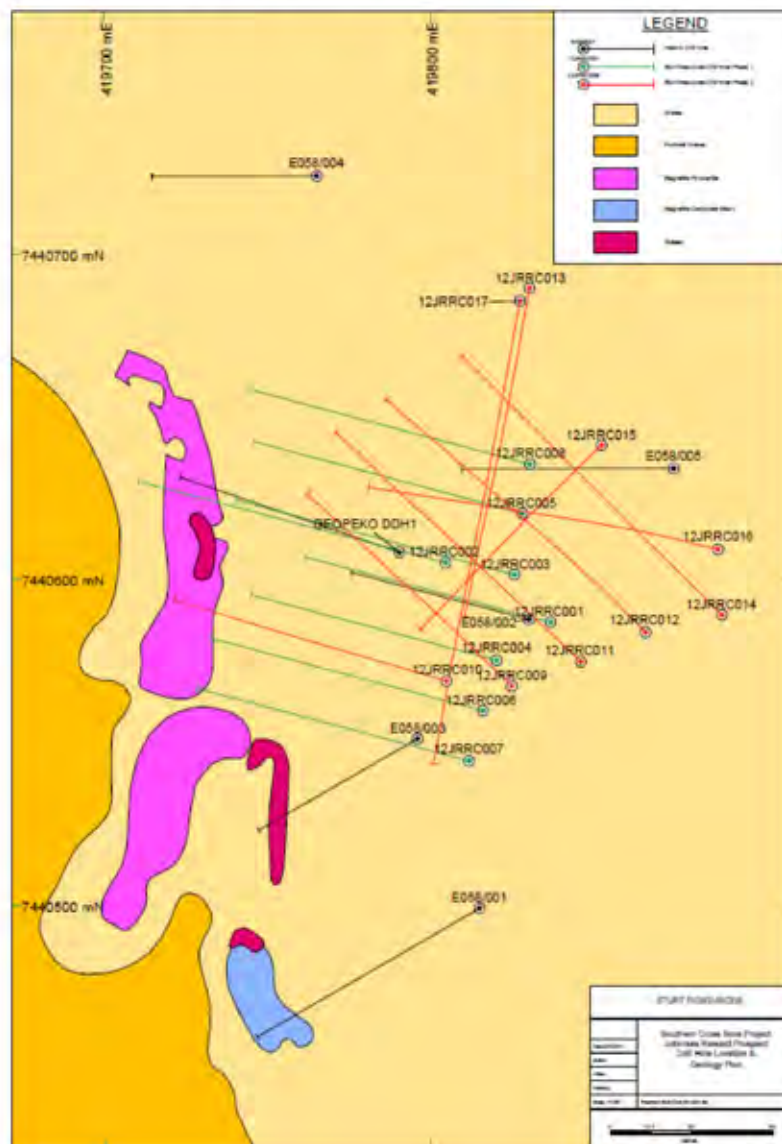


Figure 15.11 – Plan view of the drill hole locations at Johnnies Reward Prospect.

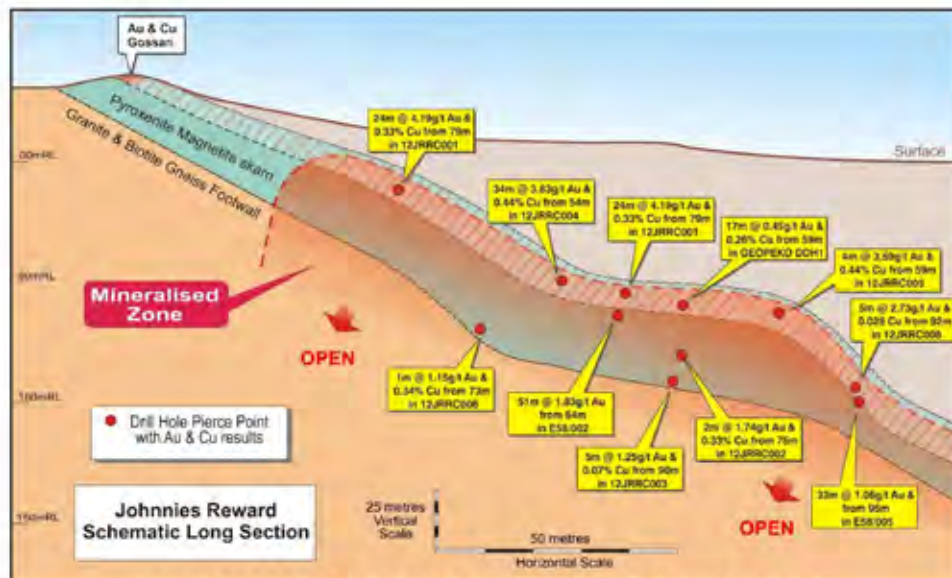


Figure 15.12 – Schematic long section of Johnnies Reward Prospect.

As previously discussed, there are some short falls with the drilling data that are required to be addressed in order to progress the project.

Firstly, the quality and quantity of the bulk density sampling must be improved. Since it is anticipated that mineralisation will be closely related to the haematitic-rich rocks, or the absence of haematic with regards to the gold-rich zone, then the density of the mineralised zones has the ability to vary quite significantly. This can have a significant impact on the tonnage of any potential Mineral Resource that may be announced in the future.

Secondly, the introduction of quality assurance / quality control (QA/QC) procedures is necessary for reporting and analysing any problems that may be associated with sampling or the laboratory analysis of the assay. This is industry standard and relatively easy and cheap to administer. This can be achieved by routinely (every 20 – 30 samples) submitted blanks and certified reference material (standards).

It is recommended that if the location of the core can be determined, then quarter core check assays should be submitted. It is recommended that between 10 – 15% of the current intercepts be checked. The results of these assays can then be compared to the original assays to determine the quality of the originals. It is also possible to conduct bulk density measurements on these samples. All things going well, this should satisfy the QA/QC and bulk density problems described.

Thirdly, as discussed above, the Johnnies Reward Prospect has been tightly drilled which should provide enough information to create a three-dimensional interpretation of the mineralisation. This is a required step to progress the project to having a maiden Mineral Resource.

15.4 Exploration Targets

In January 2014, Arunta commissioned a study by SGC (Southern Geoscience Consultants) to interpret data from the airborne VTEM and magnetics survey. The data was of reasonably good quality and from it over 152 anomalies were identified. Of these, two were classified as high priority, twenty-seven as moderate priority and sixty-eight as lower priority. The high and moderate priority anomalies fall within four priority areas (Figure 15.13).

- Zone 1 (Johnnies Reward) includes the 2 high priority anomalies which are coincident with a significant magnetic high and a number of moderate anomalies which closely follow a structural boundary extending up to Black Angus where geochemical sampling and shallow drilling have identified elevated Cu, Pb, Zn and Au concentrations. A VTEM survey conducted over the area in late 2013 identified three conductive anomalies. One is a highly localised anomaly centred over the Johnnies Reward Prospect.
- Zone 2 includes a series of moderate anomalies that closely follow an interpreted structure, the Woollanga Lineament, occurring on the shoulder of a much broader anomaly to the east.
- Zone 3 includes an assortment of moderate, weak and negative transient anomalies that follow a structural boundary. Modelling was difficult due to the large background response. No ground investigation has been undertaken in the area.
- Zone 4 comprises a single anomaly, Anomaly 42, located close to a structural boundary which may be caused by a small strong conductor proximal to elevated Cu in soil geochemistry.

Selected anomalies were modelled using thin plates to estimate discrete conductor orientations and strengths and drill holes were designed to intersect the modelled plates.

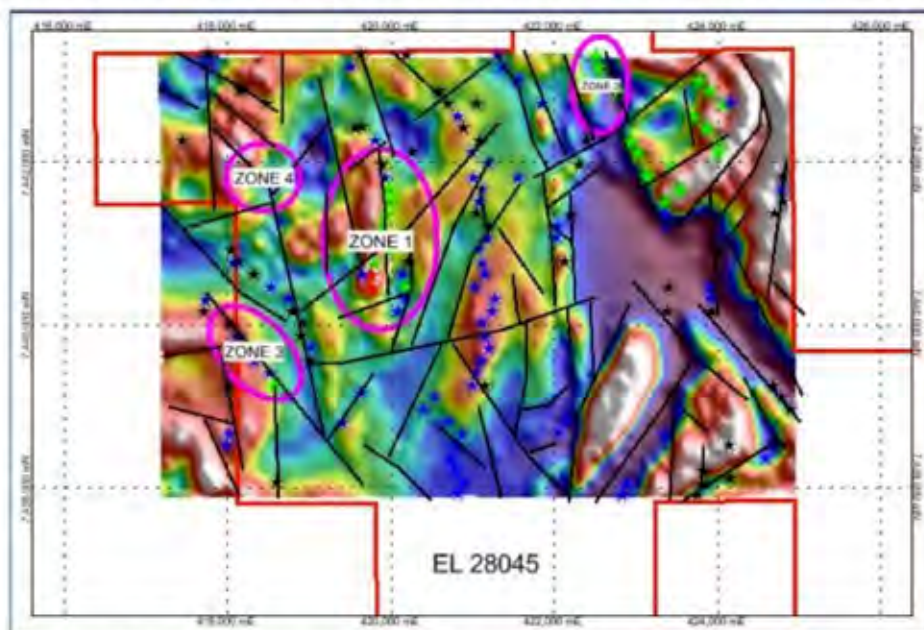


Figure 15.13 – The background image is a magnetic RTP image, with an overlying lineament interpretation (black lines). Anomalies indicated by stars High = red, moderate = green, low = blue and negative transients = black.

15.5 Conclusion

The drilling at Johnnies Reward has identified at least two zones of mineralisation with a north-south strike, dipping moderately to the east. The first, is associated with diopside-tremolite-magnetite rock which responds well to electrical geophysical exploration methods and is a distinct bullseye magnetic anomaly. There is also evidence of a second lode characterised by high gold values in the footwall quartz-biotite-garnet rich rock. This rock has only minor or accessory magnetite and lacks diopside and tremolite (Young *et al.*, 2013)

The soil anomaly at the Black Angus Prospect has been interpreted to be sitting over the eastern side of the contact zone between the quartz-garnet-biotite gneiss, anthophyllite and magnetite rocks of the Lower Cadney metamorphics and the carbonate dominated marble and calc-silicates of the Upper Cadney metamorphics and hence are likely to represent a different style of mineralisation than at Johnnies Reward (Young, 2013).

This soils work has established the presence of a large WNW trending soil anomaly in non-magnetic meta-sediments. The prospective "Johnnies Reward" sequence is cut by a major WNW shear / thrust. The geochemical anomaly is co-incident with a prominent circular magnetic low. This gold dominant anomaly appears to be in a structure originating from the Woolanga Lineament, a long lived crustal scale structure that was a conduit for magmatism throughout the Proterozoic.

16 REFERENCES

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APPENDIX 1 – JORC TABLE 1

SECTION 1 SAMPLING TECHNIQUES AND DATA

Criteria	JORC Code explanation	Commentary
Sampling techniques	<p><i>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.</i></p> <p><i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></p> <p><i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</i></p>	<p>All sampling for drilling was by industry standard drilling techniques such as aircore, reverse circulation and diamond drilling.</p> <p>Soil and rock chips samples were collected from designated grid systems and collected at regular intervals.</p> <p>The type of drilling, angle of drilling and sample density in industry standard for the style of deposit and ensures there is sample representivity.</p> <p>Soil sampling has been conducted over multiple grid spacing namely 200 m x 200 m and 50 m x 50 m. A comparison has been made between the two outlining that this is an effective exploration method.</p> <p>There is no information available on the calibration of the measuring tools.</p> <p>Information prior to 2012 is not available and the following is a description of the sampling procedures after this date.</p> <p>RC Drilling</p> <p>The drill holes were geologically logged, sampled and magnetic susceptibility readings were recorded at 1 m intervals at the time of drilling. Utilising a cone splitter both single meter samples and 4 m composite samples were collected at the time of drilling using the "spear" methodology. As drill holes do not always end in even multiples of 4 m a number of 3 m, 2 m and 1 m composites were collected. All drill holes were lithologically logged and a chip sample from each meter drilled was stored in chip trays.</p> <p>Single meter samples visually judged to be from the better mineralised portions of each drill hole and composite samples from all other parts of the drill holes were selected for analysis. Samples were submitted to ALS in Alice Springs for preparation prior to being forwarded to ALS' laboratory in Perth for analysis of Au, Cu and Fe. Gold analysis was done by method Au-AA25 which is a fire assay method completed on a 30 g charge followed with an AAS finish (Atomic Absorption Spectroscopy). When high gold results were received a repeat gold analyses was performed. Both copper and iron were analysed for using ME-ICP61. This method is a four acid near total digest followed by and ICP MS (Inductively Couple Plasma Mass Spectrometry) or ICP AES (Inductively Coupled Plasma Atomic Emission Spectrometry) finish. In those instances, where Cu or Fe analyses exceeding the upper limit of detection an ore grade analysis was performed.</p> <p>Diamond drilling</p> <p>Four holes were drilled with an RC pre-collar before switching to diamond drilling. Diamond drilling was done with NQ sized core and oriented using a Reflex core orientation device.</p>

Criteria	JORC Code explanation	Commentary
		<p>On completion of drilling all diamond core was oriented with a bottom of the hole line marked on the core as defined by the orientations marks made by the drillers. Following orientation, the core was marked up in one meter intervals after which it was photographed. After photography recoveries and RQDs were measured and recorded. This was followed by lithological logging and when possible structural logging of the core.</p> <p>Core samples which were visually judged to contain the better mineralisation in the diamond tails were submitted for analysis as half core. Samples of half core varied from 0.3 m to 1.5 m in length with the majority being 1 m long. As knowledge of the mineralisation at Black Angus was limited it was decided that it would be best to submit samples from the entire length of the diamond tail of 13BARCD038. To achieve this all core not judged to contain potentially significant mineralisation were submitted as fillets with ten 5 m and one 2.3 m core fillets submitted for analysis.</p> <p>Soil Samples</p> <p>Soil sampling over the gridded areas was conducted on east-west running lines spaced at 100 m intervals north-south with samples collected on 50 m centres (Buskas, 2013), 200 m spaced lines with samples collected every 200 m including a follow up infill programme reducing the line spacing to 50 m.</p> <p>At all sites the upper 5 cm to 10 cm of soil was scraped off to minimise the amount of organic material included in samples. Soil was passed through a 1.5 mm sieve with 0.5 kgs of the undersized fraction retained in a paper geochem bag for analysis. At each site a short description of the site and material collected was recorded. All samples were submitted to ALS' preparation facility in Alice Springs where they were prepared prior to shipping to Perth for analysis. All samples were analysed for Au, Ag, As, Bi and Cu. Gold was analysed for using a trace level method Au-TL43 where a 25 g sample is digested in an aqua regia solution and followed by an ICP-MS (Inductively Coupled Plasma Mass Spectrometry) finish. The remaining elements Ag, As, Bi and Cu were analysed by ICP43. In this method an aliquot from the aqua regia gold digestion is analysed using ICPAES (Inductively Coupled Plasma Atomic Emission Spectroscopy).</p> <p>Rock chips</p> <p>All rock samples collected were submitted to ALS' preparation facility in Alice Springs where they were prepared prior to shipping to Perth to be analysed. Samples were analysed for Au using method Au-AA25, a 30 gram fire assay, and by method ME-ICP61 a four acid "near total" digest followed by analysis by ICP-AES (Inductively Coupled Plasma Atomic Emission Spectroscopy) for Ag, As, Bi, Cu, Pb and Zn.</p>
Drilling techniques	Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).	There were 63 holes in the database, including 6 Diamond, 15 Percussion, 38 Reverse Circulation and 4 Reverse Circulation with diamond tails. Diamond tails were drilled NQ size and oriented using a Relex core orientation device.

Criteria	JORC Code explanation	Commentary
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	Recoveries have been recorded for holes 12JRRCD09EXT, 13JRRCD036, 13BARCD038 and 13JRRCD040. Generally, recoveries are very good and are close to 100%. There are minor areas where recoveries are less than 60% and as low as 0%. These have been interpreted as "cavings". Recoveries have been calculated as a percentage based on interval length / recovery length and are only applied to diamond drilling.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	It is assumed that recoveries of samples were an acceptable standard as the drilling companies involved; Australian Mineral and Waterwell Drilling and McKay drilling are well known competent drillers across Australia.
	<i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	There is no evidence between sample recovery and grade as low recovery rates are generally outside of the mineralised domains.
Logging	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i>	Cuttings and core have been geologically logged and the information compiled into a coded system for use in computer coded analysis. This includes three major lithological codes each including grain size and three mineral codes. There are also codes for percentage pyrite, bornite, pyrrhotite, sulphide, pyrolusite, vein quartz, limonite and haematite. This level of detail is sufficient for Mineral Resource estimation however further work is required for geotechnical and mining studies.
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</i>	Non-core holes are quantitative by nature and are reliant on the sample interval. Diamond drilling is also quantitative with sampling generally over 1 m interval although some smaller and larger intervals occur.
	<i>The total length and percentage of the relevant intersections logged.</i>	All holes used within the database were logged in full
Sub-sampling techniques and sample preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	All core was cut and half core was sampled. In 1988, 57 samples from the Alcoa drilling were re-assayed by fire assay using quarter core.
	<i>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</i>	When possible samples were split with a riffle splitter, away from the mineralised zones the samples were speared. Sub sample preparation followed standard practice for this type of sampling.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	The sample type is considered appropriate for the style of mineralisation.
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	The sample type is considered appropriate for the style of mineralisation.
	<i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i>	The drilling type and angle of drilling to the orebody is considered to be appropriate. Duplicate sampling of fire assays is shown to be appropriate and are explained further in section 10.1 of this report.

Criteria	JORC Code explanation	Commentary
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	Sample size is considered appropriate for the style of mineralisation.
Quality of assay data and laboratory tests	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	The samples were either assayed by fire assay or AAS with some check assays. This is considered appropriate for the style of deposit. The use of blanks and standards have not been used or not made available. This is considered below industry standard and is recommended for future drilling and sampling programmes.
	<i>For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i>	No geophysical tools were used in the estimation of the deposit.
	<i>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i>	The use of blanks and standards have not been used or not made available. This is considered below industry standard and is recommended for future drilling and sampling programmes.
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	There are no reports of the verification of significant intersections by an independent company, however drilling has been carried out by multiple owners over many years and shows that there are comparable results.
	<i>The use of twinned holes.</i>	There were no twinned holes specifically drilled.
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	There is no documentary of this nature available.
	<i>Discuss any adjustment to assay data.</i>	There has been no adjustment to the assay data. The assay receipts from ALS laboratories are available for drilling after 2013.
Location of data points	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation</i>	Drilling Holes 12JRR001 - Holes 12JRR001 and 13BARC018 - 13BARC018 have been collar surveyed by GPS and downhole survey using "in-rod" single shot survey. Therefore, due to magnetic interference only the dips are able to be measured. Holes 12JRR009 - 12JRR017 have been collar surveyed by GPS and downhole survey by gyro using an average of the "in" and "out" results. The remaining holes were drilled prior to 1983. The survey details of these holes are not available however the data was re-processed following a GPS survey accurate to 0.1 m which was conducted in 1998.

Criteria	JORC Code explanation	Commentary
		Soil and chip samples
		Samples collected after 2012 were surveyed by hand held GPS at the time of collection.
		The survey details of samples prior to 2012 are not available however the data was re-processed following a GPS survey accurate to 0.1 m which was conducted in 1998
	<i>Specification of the grid system used.</i>	The grid system that is used is UTM zone 53S. There is no known establishment of a local grid.
	<i>Quality and adequacy of topographic control.</i>	There is no evidence of a topographic surface that can be used for control purposes.
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	The data spacing is adequate for reporting Exploration Results and is discussed below.
	<i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i>	The main mineralised zones of the Jonnies Reward prospect are drilled on sections 10 – 15 m along strike. This level of detail is considered appropriate for the style of deposit.
	<i>Whether sample compositing has been applied.</i>	All samples have been reported in their natural state. It is anticipated that once a Mineral Resource is established, compositing will be required but it cannot be guaranteed whether the composited values will be reported.
Orientation of data in relation to geological structure	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	The majority of the drilling has been drilled at an appropriate angle to reduce bias and produce the most robust result. Drill azimuths range between 190 and 328 degrees with the majority occurring between 225 and 285 degrees. The vast majority of the dips are at -60 degrees with a total range between -50 and -70 from the horizontal.
	<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	Further work is required to fully understand the key mineralised structures at a local scale. The drilling to date is appropriate for broader scale structures and therefore is suitable for reporting Exploration Results.
Sample security	<i>The measures taken to ensure sample security.</i>	The project area is remotely located. Core is stored at the DME core facility in Alice Springs. Chips are stored within a secured work shed.
Audits or reviews	<i>The results of any audits or reviews of sampling techniques and data.</i>	There is no evidence of any audits or reviews however this report may be considered as such.

SECTION 2 REPORTING OF EXPLORATION RESULTS

Criteria	JDRC Code explanation	Commentary
Mineral tenement and land tenure status	<p>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</p> <p>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</p>	<p>Davenport Ltd currently holds Exploration Licences EL28045, EL29827 and EL 30090. Davenport considers the tenement is in good standing covering an area of 600 km² located 75 km NE of Alice Springs.</p> <p>There are no known impediments however there is a commitment to rehabilitate previous exploration. This work was in-progress at the time of writing and is expected to meet the requirements of the DME.</p>
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	The exploration history is very detailed and outlined in section 4 of this report. The following is a brief summary.

[illegible]

Johnnies Rewara a stratabound distal volcanogenic gold-silver base metal deposit comprising mineralised oxide facies iron formation (hematitic gossan) and dolomitic-chloritic tuffaceous unit (magnetite pyroxenite) is classified as an IOCG deposit, metamorphosed to granulite facies assemblages subsequently retrogressed by Alice Springs Orogeny greenschist facies event, indicated by pervasive retrogressive mineral assemblages occurring within the discordant,

Criteria	JORC Code explanation	Commentary																																																																																																																																																																																																																																																																																																																																																																							
		structurally controlled quartz-carbonate-magnetite-sulfide mineralised vein stockwork forming the deposit																																																																																																																																																																																																																																																																																																																																																																							
Drill hole Information	<p>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</p> <ul style="list-style-type: none">• easting and northing of the drill hole collar• elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar• dip and azimuth of the hole• down hole length and interception depth• hole length.• If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	<table><tr><th>HOLE</th><th>EAST</th><th>NORTH</th><th>RL</th><th>DIP</th><th>AZIMUTH</th><th>FROM</th><th>TO</th><th>LENGTH</th><th>AU (ppm)</th><th>CU (%)</th></tr><tr><td>12JHRC001</td><td>419,837</td><td>7,440,587</td><td>743</td><td>-60</td><td>285</td><td>151</td><td>83.0</td><td>103.0</td><td>20.0</td><td>4.9</td><td>0.3</td></tr><tr><td>12JHRC004</td><td>419,820</td><td>7,440,575</td><td>750</td><td>-60</td><td>285</td><td>150</td><td>58.0</td><td>60.0</td><td>2.0</td><td>0.9</td><td>0.6</td></tr><tr><td>and</td><td></td><td></td><td></td><td></td><td></td><td></td><td>66.0</td><td>97.0</td><td>31.0</td><td>4.1</td><td>0.5</td></tr><tr><td>12JHRC005</td><td>419,828</td><td>7,440,620</td><td>744</td><td>-60</td><td>285</td><td>150</td><td>101.0</td><td>106.0</td><td>5.0</td><td>0.6</td><td>0.6</td></tr><tr><td>12JHRC006</td><td>419,816</td><td>7,440,560</td><td>750</td><td>-60</td><td>285</td><td>150</td><td>47.0</td><td>59.0</td><td>12.0</td><td>0.3</td><td>0.9</td></tr><tr><td>and</td><td></td><td></td><td></td><td></td><td></td><td></td><td>67.0</td><td>72.0</td><td>5.0</td><td>0.3</td><td>0.9</td></tr><tr><td>and</td><td></td><td></td><td></td><td></td><td></td><td></td><td>78.0</td><td>93.0</td><td>15.0</td><td>0.3</td><td>0.6</td></tr><tr><td>12JHRC007</td><td>419,812</td><td>7,440,544</td><td>750</td><td>-60</td><td>285</td><td>150</td><td>41.0</td><td>44.0</td><td>3.0</td><td>0.1</td><td>1.8</td></tr><tr><td>and</td><td></td><td></td><td></td><td></td><td></td><td></td><td>67.0</td><td>71.0</td><td>4.0</td><td>0.1</td><td>0.4</td></tr><tr><td>and</td><td></td><td></td><td></td><td></td><td></td><td></td><td>88.0</td><td>95.0</td><td>8.0</td><td>0.2</td><td>0.6</td></tr><tr><td>12JHRC008</td><td>419,831</td><td>7,440,635</td><td>748</td><td>-60</td><td>285</td><td>150</td><td>94.0</td><td>113.0</td><td>19.0</td><td>0.9</td><td>0.4</td></tr><tr><td>12JHRC009EXT</td><td>419,825</td><td>7,440,567</td><td>748</td><td>-60</td><td>315</td><td>187</td><td>94.0</td><td>104.0</td><td>10.0</td><td>0.3</td><td>0.5</td></tr><tr><td>12JHRC011</td><td>419,846</td><td>7,440,575</td><td>746</td><td>-60</td><td>315</td><td>181</td><td>133.0</td><td>139.0</td><td>6.0</td><td>0.2</td><td>0.7</td></tr><tr><td>and</td><td></td><td></td><td></td><td></td><td></td><td></td><td>154.0</td><td>166.0</td><td>12.0</td><td>1.9</td><td>0.4</td></tr><tr><td>12JHRC012</td><td>419,866</td><td>7,440,584</td><td>745</td><td>-60</td><td>315</td><td>191</td><td>140.3</td><td>145.9</td><td>5.6</td><td>0.1</td><td>0.2</td></tr><tr><td>and</td><td></td><td></td><td></td><td></td><td></td><td></td><td>163.0</td><td>169.0</td><td>6.0</td><td>0.6</td><td>0.4</td></tr><tr><td>12JHRC013</td><td>419,831</td><td>7,440,689</td><td>744</td><td>-50</td><td>190</td><td>153</td><td>129.2</td><td>142.8</td><td>13.6</td><td>-</td><td>-</td></tr><tr><td>12JHRC014</td><td>419,890</td><td>7,440,589</td><td>742</td><td>-60</td><td>315</td><td>217</td><td>199.0</td><td>202.0</td><td>3.0</td><td>1.0</td><td>0.6</td></tr><tr><td>12JHRC015</td><td>419,853</td><td>7,440,641</td><td>745</td><td>-70</td><td>225</td><td>181</td><td>117.0</td><td>138.0</td><td>21.0</td><td>1.3</td><td>1.3</td></tr><tr><td>12JHRC016</td><td>419,888</td><td>7,440,609</td><td>743</td><td>-60</td><td>285</td><td>187</td><td>145.0</td><td>153.0</td><td>8.0</td><td>1.5</td><td>0.8</td></tr><tr><td>and</td><td></td><td></td><td></td><td></td><td></td><td></td><td>161.0</td><td>167.0</td><td>6.0</td><td>0.4</td><td>0.8</td></tr><tr><td>12JHRC017</td><td>419,828</td><td>7,440,685</td><td>744</td><td>-50</td><td>190</td><td>211</td><td>124.5</td><td>135.0</td><td>10.5</td><td>0.8</td><td>1.4</td></tr><tr><td>13JHRC040</td><td>419,741</td><td>7,440,947</td><td>726</td><td>-60</td><td>270</td><td>100</td><td>62.0</td><td>84.0</td><td>2.0</td><td>0.1</td><td>0.5</td></tr><tr><td>and</td><td></td><td></td><td></td><td></td><td></td><td></td><td>70.0</td><td>100.0</td><td>30.0</td><td>3.9</td><td>0.5</td></tr><tr><td>E058/002</td><td>419,830</td><td>7,440,588</td><td>743</td><td>-60</td><td>285</td><td>126</td><td>59.4</td><td>61.2</td><td>1.9</td><td>0.0</td><td>0.0</td></tr><tr><td>and</td><td></td><td></td><td></td><td></td><td></td><td></td><td>80.0</td><td>102.0</td><td>22.0</td><td>1.0</td><td>0.3</td></tr><tr><td>E058/003</td><td>419,796</td><td>7,440,551</td><td>750</td><td>-50</td><td>240</td><td>113</td><td>29.0</td><td>43.0</td><td>14.0</td><td>0.8</td><td>0.8</td></tr><tr><td>E058/005</td><td>419,875</td><td>7,440,634</td><td>743</td><td>-70</td><td>270</td><td>208</td><td>140.0</td><td>156.0</td><td>16.0</td><td>0.9</td><td>0.6</td></tr><tr><td>and</td><td></td><td></td><td></td><td></td><td></td><td></td><td>162.0</td><td>165.0</td><td>3.0</td><td>0.9</td><td>0.6</td></tr></table> <p>Summary of key intersection of the Johnnies Reward Prospect using a 0.5 g/t gold and 0.5% copper cut-off. Down hole lengths are reported. Some high grade intercepts have been omitted due to lack of continuity and may be misleading. These intervals may become material to the project when more information is available.</p>	HOLE	EAST	NORTH	RL	DIP	AZIMUTH	FROM	TO	LENGTH	AU (ppm)	CU (%)	12JHRC001	419,837	7,440,587	743	-60	285	151	83.0	103.0	20.0	4.9	0.3	12JHRC004	419,820	7,440,575	750	-60	285	150	58.0	60.0	2.0	0.9	0.6	and							66.0	97.0	31.0	4.1	0.5	12JHRC005	419,828	7,440,620	744	-60	285	150	101.0	106.0	5.0	0.6	0.6	12JHRC006	419,816	7,440,560	750	-60	285	150	47.0	59.0	12.0	0.3	0.9	and							67.0	72.0	5.0	0.3	0.9	and							78.0	93.0	15.0	0.3	0.6	12JHRC007	419,812	7,440,544	750	-60	285	150	41.0	44.0	3.0	0.1	1.8	and							67.0	71.0	4.0	0.1	0.4	and							88.0	95.0	8.0	0.2	0.6	12JHRC008	419,831	7,440,635	748	-60	285	150	94.0	113.0	19.0	0.9	0.4	12JHRC009EXT	419,825	7,440,567	748	-60	315	187	94.0	104.0	10.0	0.3	0.5	12JHRC011	419,846	7,440,575	746	-60	315	181	133.0	139.0	6.0	0.2	0.7	and							154.0	166.0	12.0	1.9	0.4	12JHRC012	419,866	7,440,584	745	-60	315	191	140.3	145.9	5.6	0.1	0.2	and							163.0	169.0	6.0	0.6	0.4	12JHRC013	419,831	7,440,689	744	-50	190	153	129.2	142.8	13.6	-	-	12JHRC014	419,890	7,440,589	742	-60	315	217	199.0	202.0	3.0	1.0	0.6	12JHRC015	419,853	7,440,641	745	-70	225	181	117.0	138.0	21.0	1.3	1.3	12JHRC016	419,888	7,440,609	743	-60	285	187	145.0	153.0	8.0	1.5	0.8	and							161.0	167.0	6.0	0.4	0.8	12JHRC017	419,828	7,440,685	744	-50	190	211	124.5	135.0	10.5	0.8	1.4	13JHRC040	419,741	7,440,947	726	-60	270	100	62.0	84.0	2.0	0.1	0.5	and							70.0	100.0	30.0	3.9	0.5	E058/002	419,830	7,440,588	743	-60	285	126	59.4	61.2	1.9	0.0	0.0	and							80.0	102.0	22.0	1.0	0.3	E058/003	419,796	7,440,551	750	-50	240	113	29.0	43.0	14.0	0.8	0.8	E058/005	419,875	7,440,634	743	-70	270	208	140.0	156.0	16.0	0.9	0.6	and							162.0	165.0	3.0	0.9	0.6
HOLE	EAST	NORTH	RL	DIP	AZIMUTH	FROM	TO	LENGTH	AU (ppm)	CU (%)																																																																																																																																																																																																																																																																																																																																																															
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12JHRC008	419,831	7,440,635	748	-60	285	150	94.0	113.0	19.0	0.9	0.4																																																																																																																																																																																																																																																																																																																																																														
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Data aggregation methods	<p>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</p> <p>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</p> <p>The assumptions used for any reporting of metal equivalent values should be clearly stated.</p>	<p>There has been no data aggregation to rock chip or soil sampling data.</p> <p>Drill samples intervals have assumed a grade cut-off of 0.5 g/t gold and 0.5% copper</p> <p>No information is available however since most of the drilling is by non-diamond core methods such as RC and AC, this is not considered to be a material outcome.</p> <p>Metal equivalents have not been reported to date.</p>																																																																																																																																																																																																																																																																																																																																																																							

Criteria	JORC Code explanation	Commentary
Relationship between mineralisation widths and intercept lengths	<p>These relationships are particularly important in the reporting of Exploration Results.</p> <p>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</p> <p>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</p>	There is no known relationship between mineralisation width and intercept length and therefore down hole lengths are reported. Further information is required before the geometry of the mineralisation is understood to a point where true widths can be reported.
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	Diagrams are shown in Figures 15.11 and 15.12.
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	The reporting of drill samples, soils samples and rock chips is considered balanced.
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	No other information is available.
Further work	<p>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</p> <p>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</p>	<p>There is great potential to extend known mineralisation along strike and down-dip of current known zones of mineralisation.</p> <p>It is also reasonable to assume that further work on the current data and future additional drilling will result in a maiden Mineral Resource Estimation for the Johnnies Reward Prospect.</p> <p>Exploration targets are shown in Figure 15.12 and 15.13.</p>

11 TENEMENT REPORTS

11.1 Expert Mining License Report – South Harz Project

<p>EAST EXPLORATION PTY LTD. Level 25, 360 Collins Street Melbourne, Victoria 3000 Australia</p>	<p>C/M/S/ Law . Tax</p> <p>CMS Hasche Sigle Partnerschaft von Rechtsanwälten und Steuerberatern mbB</p> <p>Stadthausbrücke 1-3 20355 Hamburg</p> <p>T +49 40 37630 0 F +49 40 37630 40600</p> <p>www.cms-hs.com</p> <p>Deutsche Bank AG Hamburg IBAN DE1320070000484727300 BIC DEUTDE33HAN</p> <p>Dr. Christiane Kappes Cur.ref.: CK-gg-2016/07524 Office: Gabriele Grönigell T +49 40 37630 318 F +49 40 37630 40667 E Christiane.Kappes@cms-hs.com</p>
<p>Expert Mining License Report</p>	<p>19 August 2016</p>
<p>Dear Sirs,</p> <p>We have prepared this Expert Mining License Report on behalf of EAST EXPLORATION PTY LTD.</p> <p>The aim of this Report is to collate, summarise and interpret available information to ascertain the location, subject, ownership and validity of the exploration licenses (<i>Aufsuchungserlaubnisse</i>) listed in the attached Mining Licenses Summary.</p> <p><u>The Expert</u></p> <p>Dr Christiane Kappes is a German lawyer and has been admitted to the Hanseatic Bar of Hamburg. She is experienced in mining law and advises in particular on mineral resources exploration and production activities in Germany.</p>	
<p><small>© CMS HASCHE SIGLE PARTNERSCHAFT VON RECHTSANWÄLTEN UND STEUERBERATERN MBB, SIEHE: BERLIN (AG CHARLOTTENBURG, PR 31th B) CMS HASCHE SIGLE IST MITGLIED VON CMS, EINER NUTZGEMEINNÜTZIGEN AUSÜBENDEN ANWÄLTENVEREINIGUNG. IN BESTIMMTEN FÄLLEN DARF CMS (H) MARKEN- ODER FIRMENNAMEN ANZEHEN. BESCHÜTZUNGSGEMÄß IHRER MITGLIEDSCHAFT. WEITERE INFORMATIONEN FINDEN SIE UNTER WWW.CMSHS.COM CMS STANDORTE: Aberdeen, Alge, Antwerpen, Barcelona, Belgien, Berlin, Bratislava, Bristol, Brüssel, Budapest, Bukarest, Casablanca, Dubai, Düsseldorf, Edinburgh, Frankfurt/Main, Genf, Gießen, Hamburg, Istanbul, Kiew, Köln, Leipzig, Lissabon, Ljubljana, London, Luxemburg, Lyon, Madrid, Mailand, Mailand, Moskau-Stadt, Moskau, München, Paris, Peking, Podgorica, Prag, Riga de Janeiro, Rom, Sarajevo, Sevilla, Shanghai, Sofia, St. Petersburg, Stuttgart, Teheran, Triest, Utrecht, Warschau, Wien, Zagreb und Zürich.</small></p>	

Scope

The scope of this Report has been restricted to compliance with

- The German Federal Mining Act (*Bundesberggesetz*)
- The Thuringian Ordinance on Exploration and Production Royalties (*Thüringer Verordnung über die Feldes- und Förderabgabe*)

Sources

We have exclusively and solely relied on documentation and information obtained from EAST EXPLORATION PTY LTD, and E-Mail by the Thuringian State Mining Authority (*Thüringer Landesbergamt*) and have only examined photocopies and electronic copies. All material requested has been supplied.

Assumptions

For the purpose of rendering this Report we have assumed without further verification or investigation that the documentation and information submitted by EAST EXPLORATION PTY LTD, and by the Thuringian State Mining Authority (*Thüringer Landesbergamt*) is true, accurate and complete and that there is no other relevant documentation and information which may be relevant for this Report.

Royalties

For the subject exploration licenses, no exploration royalties (*Feldesabgabe*) apply in Thuringia until 31 December 2020.

Charges

No charges for issuance of the exploration licenses are outstanding.

Assessment of standing

We have assessed the standing of the exploration licenses in the attached Mining License Summary. In assessing standing we have had consideration of the reported items.

Based on the available documentation and information we conclude that

- The exploration licenses were validly issued to East Exploration GmbH and continue to be held by East Exploration GmbH;
- There are no rights or interests to or over the licences and their subject matter, except as stated in the licenses or applying under the German Federal Mining Act (*Bundesberggesetz*) and the Thuringian Ordinance on Exploration and Production Royalties (*Thüringer Verordnung über die Feldes- und Förderabgabe*);
- The exploration licenses are current and in good standing. The exploration licenses are not subject to third party legal redress. The holder of the exploration licenses has not and is not suspected to have failed any requirements under or in connection with the exploration licenses. Further, the exploration licenses have not been revoked and there is no outstanding, current or proposed penalty.

Qualifications

Under German law it is generally not possible to confirm validity of exploration licenses with absolute certainty. Exploration licenses are not publicly registered. Therefore, an exploration license issued to the purported holder is only a strong indication, but not full evidence of title, as it cannot be ruled out that the exploration license has been revoked or transferred to a third party. However, our Assessment of standing is consistent with confirmation of the Thuringian State Mining Authority (*Thüringer Landesbergamt*) by E-Mail as of 7 July 2016 which provides a high degree of certainty.

Annual mineral exploration reports

No annual report is currently outstanding. The results of the exploration have to be reported to the Thuringian Mining Authority (*Thüringer Landesbergamt*) after completion of the exploration works.

Disclosure of Interest

CMS Hasche Sigle Partnerschaft von Rechtsanwälten und Steuerberatern mbB (CMS Hasche Sigle) will be paid normal and usual professional fees for the preparation of this Report. Other than in respect of its professional fees, CMS Hasche Sigle has no interest in the promotion of EAST EXPLORATION PTY LTD..

Consent


CMS Hasche Sigle gives its consent to the Report being relied upon by EAST EXPLORATION PTY LTD., Davenport Resources Limited and their officers and advisors.


Dr Christiane Kappes
Attorney at Law

MINING LICENSES SUMMARY

	KÜLLSTEDT
License	Exploration license for commercial purposes, field "Küllstedt", Germany/Thuringia (Notice No. 19/2015). The license was issued to EAST EXPLORATION GmbH by the Thuringian State Mining Authority (<i>Thüringer Landesbergamt</i>) on 12 January 2015.
Subject	Exploration of rock salts, potassium salts, magnesium salts and boron salts and any other salts that occur in the same reservoir.
Term	Expires on 12 January 2020
Holder	EAST EXPLORATION GmbH
Encumbrances	Nil
Comments	The exploration license grants its holder the exclusive right to explore the respective mineral sources. Any exploration activities may only be executed after a mining permit (<i>Betriebsplanzulassung</i>) has been issued.
Standing	Good standing
	GRÄFENTONNA
License	Exploration license for commercial purposes, field "Gräfentonna", Germany/Thuringia (Notice No. 17/2015). The license was issued to EAST EXPLORATION GmbH by the Thuringian State Mining Authority (<i>Thüringer Landesbergamt</i>) on 12 January 2015.
Subject	Exploration of rock salts, potassium salts, magnesium salts and boron salts and any other salts that occur in the same reservoir.
Term	Expires on 12 January 2020
Holder	EAST EXPLORATION GmbH
Encumbrances	Nil
Comments	The exploration license grants its holder the exclusive right to explore the respective mineral sources. Any exploration activities may only be executed after a mining permit (<i>Betriebsplanzulassung</i>) has been issued.
Standing	Good standing

11.2 Report on Northern Territory Exploration Licences 28045, 29827 & 30090



Australian Mining
and Exploration
Title Services

12 August 2016

The Directors,
Davenport Resources Ltd,
L 14, 31 Queen Street,
Melbourne VIC 3000

Dear Directors

**REPORT ON NORTHERN TERRITORY EXPLORATION LICENCES 28045, 29827 & 30090
– DAVENPORT RESOURCES LIMITED**

As requested, AMETS have prepared a Report on Exploration Licences 28045, 29827 and 30090 held by Davenport Resources Limited. Details of the titles are listed in the Schedule of Titles that forms part of this report. The subject Titles are located within the Northern Territory.

On 23 May 2016, AMETS received copies of Ministers Certificates for Exploration Licences 28045, 29827 and 30090 which include associated Dealings in the registers maintained by the Department of Mines and Energy (DME). (Copies attached).

On 26 May 2016, AMETS received advice from the Mining Compliance Division of the Department of Mines and Energy advising on the status of authorised activities on EL's 28045, 29827 and 30090.

In view of the information contained in the Certificates, we consider that this report provides an accurate statement in respect to the status of the titles. It is assumed that the information in the registers maintained by DME is accurate. We assume that any related agreements were validly authorised, executed and delivered and are binding on the parties to them.

The attached spreadsheet of Titles advises of the current year of tenure for each exploration licence, rent, reporting and any dealings which are current recorded against each title.

Mineral Titles Act Matters

Definition

Exploration Licence ("EL")

An EL authorises the holder to enter onto the area covered by the EL with any necessary equipment for the purposes of exploring the area covered by that EL. An EL permits exploration for minerals and the undertaking of operations connected to such exploration, the holder of an EL may also extract and collect samples from that EL.

NEW SOUTH WALES

PO Box 1593
Tamworth NSW 2340
P 0438 874 379
E nsw@amets.com.au

NORTHERN TERRITORY

GPO Box 888
Darwin NT 0801
P 08 8941 1911
E nt@amets.com.au

QUEENSLAND

PO Box 913
Mareeba QLD 4860
P 07 4092 6431
E qld@amets.com.au

AMETS.COM.AU

Tenement Management
across Australia

ELs are granted for a maximum period of six years however, there is provision for the EL to be renewed for ongoing periods of up to 2 years at the Minister's discretion. Under the Act an EL must be reduced in size by 50% after the first 2 years and then 4 years and 6 years. Generally, an EL must be reduced by 50% at a time though the Minister, on application, can waive this reduction.

After the first renewal, EL's are not required to be reduced.

Under the Mineral Titles Act, failure to meet expenditure covenants for two consecutive years will result in a loss of block penalty. EL Holders are required to relinquish additional blocks after the statutory 50% reduction required. There is a submission process to appeal this penalty.

All EL's are subject to conditions considered standard throughout the mining industry in Australia.

Schedule of Titles

Exploration Licence 28045 – granted title
Exploration Licence 29827 – granted title
Exploration Licence 30090 – granted title

Report on Titles

Dealings with Interest

Mortgage

There are no Mortgages recorded against these titles as at 23 May 2016.

Caveats

There are no Caveats recorded against these titles as at 23 May 2016.

Agreements

There are no Agreements recorded against these titles.

Rent

Rent and Administration fees on Exploration Licence 28045 is due to be paid by 29 November 2016. The current rent for year 7 is \$201 per block and \$287 Administration fee.

The current area of EL28045 is 23 blocks.

It should be noted that EL28045 expires on 29 November 2016, and a renewal application and rent is required to be lodged prior to this date. This EL is also required to reduce by 50% on renewal or a waiver of reduction applied for.

AMETS

Rent and Administration fees on Exploration Licence 29827 is due to be paid by 28 August 2016. The current rent for year 4 is \$71 per block and \$287 Administration fee.

The current area of EL29827 is 4 blocks.

Rent and Administration fees on Exploration Licence 30090 is due to be paid by 27 January 2017. The current rent for year 3 is \$71 per block and \$287 Administration fee.

The current area of EL30090 is 173 blocks. This EL is required to reduce by 50% on 27 January 2017. A waiver of reduction may be applied for.

Reduction/Waiver

EL28045 is due for 50% statutory reduction on 29 November 2016. The current area is 23 blocks, to be reduced by 11 blocks to retain 12 blocks.

EL30090 is due for 50% statutory reduction on 27 January 2017. The current area is 173 blocks to be reduced by 86 blocks to retain 87 blocks.

Pursuant to Section 29(4) of the *Mineral Titles Act*, a waiver of reduction may be requested to retain the full area of the EL's.

Mining Compliance

The Mining Compliance Division of the Department of Mines and Energy have confirmed that that EL28045 has a current Mine Management Plan (MMP) authorised to Arunta Resources Limited.

The area of EL28045 was inspected by the Mining Compliance inspectors on 8 October 2015. This report advises that there is rehabilitation outstanding.

EL's 29827 and 30090 are do not have a current MMP authorised.

Native Title

Applications for exploration and/or mining on Pastoral Lease land may be subject to the *Native Title Act* (NTA) 1993. Applications for Exploration Licences are advertised under the NTA Expedited Procedure. Exploration licence applications (ELA) advertised under the expedited procedure will be subject to conditions to protect the rights and interests of the Native Title Parties pursuant to NTA s.237.

The Department ensures legislative compliance and that the public notification processes for each application are met.

Following public notification, a period of 4 months is allowed for registered Native Title Claimants to lodge an objection to the expedited process with the National Native Title Tribunal (NNTT).

AMETS

The NNTT is the arbitral body responsible for conducting hearings, mediations and arbitration matters in the Northern Territory.

Where NO objections are lodged the exploration licence application is granted.

With the information that has been obtained by AMETS, it is the opinion that these titles are currently in good standing.

Yours sincerely



Cristel Woelfel
Senior Tenement Consultant



12 DETAILS OF THE OFFERS

12.1 The Offers

The Offers comprise the Equity Offer, the Vendor Offer and the Options Offer.

12.2 The Equity Offer

This Prospectus invites investors to apply for a minimum of 25,000,000 and up to 30,000,000 shares in the Company at the Offer Price of \$0.20 (20 cents) per share to raise a minimum of \$5,000,000 and a maximum of \$6,000,000 before costs of the Offers.

The Equity Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

Details of how to apply for shares under the Equity Offer are set out in Sections 12.1, 12.2, 12.3 and 12.4.

The Equity Offer comprises:

- **the Davenport Priority Offer** – of up to 2,500,000 shares (\$500,000) made to and which is only open to shareholders of Davenport as at 8 September 2016 ("the Record Date");
- **the Potash West Priority Offer** – of up to 5,000,000 shares (\$1,000,000) made to and which is only open to shareholders of Potash West NL as at the Record Date;
- **the Broker Firm Offer** – open to Australian resident clients of Brokers who have received a firm allocation from their Broker; and
- **the General Offer** – an invitation to eligible investors to apply for shares.

Details of the allocation policies under the two Priority Offers, Broker Firm Offer and the General Offer are described in Sections 13.1(b), 13.2(d) and 13.3.

Investors wishing to apply under the General Offer or Davenport or Potash West NL shareholders wishing to apply for additional shares above their priority entitlement will be satisfied to the extent that Davenport or Potash West NL shareholders do not take up all of the Priority Offers.

12.3 Vendor Offer

This Prospectus contains an offer 36,458,333 fully paid ordinary shares, 33,854,167 first milestone shares (fully paid non-transferrable, non-voting ordinary shares in the Company) and 33,854,167 second milestone shares to the vendors of East Exploration and/or their respective nominee(s) as

consideration for the acquisition of 100% of the issued shares of East Exploration. Only Vendors of East Exploration and/or their respective nominee(s) are eligible to accept the Vendor Offer.

No funds will be raised through the Vendor Offer.

12.4 Options Offer

This Prospectus contains an offer up to 10 million options having an exercise price of \$0.25 (25 cents) expiring three years after Listing to recipients determined by the Company, including to AFSL holders or others in connection with the Equity Offer. Only recipients determined by the Company are eligible to accept the Options Offer.

No funds will be raised through the issue of Options under the Options Offer. Funds received upon exercise of options (if exercised) will be applied to the Company's working capital requirements at the time.

12.5 Shares, Milestone Shares and Options

All shares offered under this Prospectus will, once issued, rank equally with the Company's currently issued shares. A summary of the rights attaching to shares is set out in Section 14.6.

The milestone shares are fully paid non-transferrable, non-voting ordinary shares in the Company which convert to fully paid ordinary shares having the same terms as the Company's existing ordinary shares upon achievement of the applicable milestone. The full terms of the milestone shares, including the respective milestones applicable to the 33,854,167 first milestone shares and the 33,854,167 second milestone shares are set out in Section 14.7. The milestone shares will not be quoted (listed), and admission of the milestone shares to quotation is not a condition of the Offers. The Company will apply for quotation of ordinary shares into which the first or second milestone shares (as applicable) convert if the respective milestone is achieved.

Each option will entitle the holder to be issued one fully paid ordinary share upon exercise and payment of the exercise price. The options have an exercise price of \$0.25 (25 cents) and expire three years after Listing. The full terms of the options are set out in Section 14.8. The options will not be quoted (listed) at the time of issue, and admission of the options to quotation is not a condition of the Offers. The Company will apply for quotation of shares issued upon valid exercise of the options.

Shares issued upon valid exercise of an option will rank equally with and have the same terms as the shares currently on issue.

12.6 Conditions of the Offers

Completion of the Offers is conditional upon:

- a. completion of the acquisition of East Exploration, including a director determined by the vendors of East Exploration being appointed to the Board of Davenport with effect at completion of the acquisition of East Exploration (Mr Patrick McManus, who was elected at the General Meeting and will take office at completion of the acquisition), East Exploration issuing Melbourne Capital Limited (a company associated with a Director of Davenport, Mr Angus Edgar) 27,780 shares upon or before completion of the Offers, which shares will be part of the East Exploration shares acquired by Davenport, and ASX giving its approval for Listing;
- b. the Company receiving applications and application monies for at least 25 million shares (\$5 million, being the minimum subscription amount under the Equity Offer);
- c. ASX giving its conditional approval for admission of the Company to the Official List.

If:

- a. the acquisition of East Exploration is not able to be completed;
- b. the minimum subscription is not received within 4 months of the date of this Replacement Prospectus (or any longer period as ASIC and ASX may permit); or
- c. ASX's approval for admission of the Company to the Official List is not received within 3 months of the date of this Replacement Prospectus (or any longer period as ASIC and ASX may permit),

the Offers will not proceed, no shares, milestone shares or options will be issued pursuant to this Prospectus and all application monies received will be refunded to applicants (without interest) in accordance with the Corporations Act.

12.7 Important Dates

Prospectus lodged with ASIC and ASX	31 August 2016
Record Date for Priority Offers	8 September 2016
Lodgement of this replacement prospectus	24 October 2016
Opening date	26 October 2016
Priority Offers and General Offer Closing Date (5pm)	25 November 2016
Broker Firm Offer Closing Date (5pm) ^	25 November 2016
Shares are expected to be allotted	6 December 2016
Expected Despatch of holding statements	8 December 2016
Expected date of quotation of Shares on ASX (subject to ASX approval)	14 December 2016

^ Broker Firm Offer - An earlier date than the Closing Date may be specified by Brokers for returning applications and payment of application monies for allocations under the Broker Firm Offer.

Dates may change - The above dates are subject to change and are indicative only. The Company reserves the right to vary the dates and times of the Equity Offer, including to extend the Equity Offer or accept late applications, without notifying any recipient of this Prospectus or any applicants. Investors are encouraged to submit their applications as early as possible.

12.8 Use of funds raised by the Equity Offer

The Company is intending to apply the funds raised under the Equity Offer in the manner detailed in Section 3.

12.9 Effect of the Offers

a. Pro-Forma Consolidated Statement of Financial Position

The Company's Pro-Forma Consolidated Statement of Financial Position following completion of the acquisition of East Exploration and Equity Offer, including details of the pro-forma adjustments, is set out in Section 8.

b. Share, milestone share and option structure

The anticipated capital structure of Davenport at the time of completing the acquisition and Listing, if the Equity Offer and conditions for the acquisition and Listing are successfully completed or satisfied, will be as follows:

Shares

DAVENPORT SHARES	MINIMUM SUBSCRIPTION (\$5 million)		MAXIMUM SUBSCRIPTION (\$6 million)	
	Number	%	Number	%
Existing shares	12,000,262	16.4%	12,000,262	15.3%
Consideration shares for the acquisition of East Exploration [^]	36,458,333	49.6%	36,458,333	46.5%
Equity Offer shares offered under this Prospectus	25,000,000	34.0%	30,000,000	38.2%
TOTAL SHARES	73,458,595	100%	78,458,595	100%

[^] Plus the two tranches of milestone shares (a total of 67,708,334 milestone shares – see following).

If the milestones applicable to both tranches of milestone shares are achieved, assuming no further shares are issued in the interim, the effect of the conversion of the milestone shares to ordinary shares would be as follows:

DAVENPORT SHARES	MINIMUM SUBSCRIPTION (\$5 million)		MAXIMUM SUBSCRIPTION (\$6 million)	
	Number	%	Number	%
Existing shares	12,000,262	8.5%	12,000,262	8.2%
Consideration shares for the acquisition of East Exploration (including converted milestone)	104,166,667	73.8%	104,166,667	71.3%
Equity Offer shares offered under this Prospectus	25,000,000	17.7%	30,000,000	20.5%
TOTAL SHARES	141,166,929	100%	146,166,929	100%

The terms of the milestone shares including the milestones applicable to each are set out in Section 14.7.

Options

Davenport may also issue up to 10 million options having an exercise price of 25 cents and an expiry date three years after Listing. These options may be issued as determined by the Company, including to AFSL holders or others in connection with the Equity Offer.

The terms of the options are set out in Section 14.8

Escrow restrictions which may be applied by ASX to all or some of the shares and milestone shares to be issued to vendors of East Exploration or their nominees and options are described in Section 12.11.

No shares issued under the Equity Offer will be subject to escrow.

(c) Other control implications of the Offers

Details of shares to be issued to vendors of East Exploration or their nominees, and the percentages of Davenport's shares that will be held by each are set out in Section 14.5.

The current Board of Davenport will remain and Mr Patrick McManus will join the Board as Non-Executive Chairman upon completion of the acquisition. Mr Edgar has agreed to a six-month engagement as a Director following ASX listing of Davenport. Details of the proposed Board and their direct and indirect interests in Davenport shares are set out in Section 6.

12.10 ASX Application

Application was made to ASX on 31 August 2016 for the Company to be admitted to the Official List of ASX, and for Official Quotation of the Company's fully paid ordinary shares including the shares offered under the Equity Offer. The ASX and its officers take no responsibility for the contents of this Prospectus or the merits of investment to which it relates. Acceptance of the application by ASX or the fact that the ASX may admit the Company to the Official List or any of its securities to Official Quotation is not to be taken as an indication of the merits of the Company, East Exploration, the Company's shares, milestone shares or options.

If (other than as provided below) permission is not granted for the Official Quotation of shares on ASX within three months after the date of this Replacement Prospectus (or such longer period as ASIC and ASX may permit), all application monies will be refunded (without interest) to the applicant in accordance with the requirements of and within the time prescribed by the Corporations Act. Shares, and shares into which milestone shares convert or shares issued upon exercise of options, upon which restriction (escrow) obligations are imposed by ASX may not be quoted until the escrow period ends. The admission of those shares to quotation before the end of the applicable escrow period is not a condition of the Offers, and it is expressly not stated or implied that permission will be sought for the Official Quotation of those shares, or of milestone shares or options, or will be granted within three months or any other period after the date of this Replacement Prospectus.

12.11 ASX Escrow (Restriction)

None of the shares offered under the Equity Offer will be subject to restriction (escrow).

ASX may restrict (escrow) some of the Company's existing ordinary shares and/or all or some ordinary shares issued as consideration for the acquisition of East Exploration. The Company is not presently aware of what, if any, restriction obligations will be imposed on the ordinary shares, and will not know the extent of escrow of ordinary shares until determined by ASX. However, subject to that proviso:

- a. it is expected that shares distributed in specie by Arunta under the demerger in February 2016 will not be escrowed;
- b. the 6 million shares issued under the Placement completed in May 2016 may be partly or fully escrowed. The proportion escrowed is expected to be determined by the ratio the cash amount paid per share (8 cents) bears to the Equity Offer price (20 cents), so that 60% (or 3.6 million shares) would be escrowed and 40% (or 2.4 million shares) free trading;
- c. shares issued to acquire East Exploration shares for which cash payments (if any) were made may be excluded from escrow, in the proportion that the cash amount paid for East Exploration shares bears to the Equity Offer issue price (20 cents), depending on demonstrating to ASX's satisfaction that funds were expended on developing the East Exploration projects;
- d. it is expected that the milestone shares to be issued as consideration for the acquisition of East Exploration will be fully escrowed. If a milestone applicable to performance shares is achieved during the escrow period, the ordinary shares into which the performance shares convert would be escrowed for the remainder of the escrow period that applied to the converted performance shares.

Restriction periods are usually two years from Listing for shares that were issued to or are held by related parties (principally directors and their associates), or one year from the issue of shares if not issued to or held by related parties.

If the above proportion of Placement shares and all ordinary shares issued as consideration for the acquisition of East Exploration were to be restricted, the restricted ordinary shares would represent approximately 54.5% of the issued ordinary shares of the Company at the minimum subscription level or 51.1% at the maximum subscription level.

The up to 10 million options offered under the Options Offer would be expected to be fully escrowed for 2 years from Listing. Ordinary shares issued if options are exercised during the escrow period would be escrowed for the remainder of the escrow period that applied to the options.

The Company draws attention to the risks described in Section 5.3 regarding the potential effect of escrow on liquidity and of the release of shares from escrow.

The Company will announce details of what, if any, restrictions are applied before Official Quotation commences.

12.12 ASX Waivers and ASIC modifications or exemptions

As at the date of this Prospectus the Company has not applied to ASX for any waivers of the Listing Rules or to ASIC for any modifications of or exemptions from the Corporations Act or other legislation.

The Company is relying on ASIC Corporations (Minimum Subscription and Quotation Conditions) Instrument 2016/70. Under that Instrument, the dates by which Listing and the minimum subscription are required to be achieved are extended to 3 months and 4 months after the date of this Replacement Prospectus (respectively).

12.13 Issue

Subject to the conditions of the Offers being fulfilled, allotment of the shares offered under the Equity Offer in this Prospectus and despatch of initial holding statements are expected to take place as soon as practicable after the Closing Date.

It is the responsibility of each person who seeks to trade in shares on ASX to confirm their holding before trading in shares. Any person who sells shares before receiving a holding statement does so at their own risk. The Company and the Share Registry disclaim all liability, whether in negligence or otherwise, if a person sells shares before receiving a holding statement, even if that person obtained holding details of holding through their Broker.

All dates are subject to change – see Section 12.7 for further information.

12.14 Discretion regarding the Offers

The Company may withdraw the Offers at any time before the issue of shares, milestone shares or options to successful applicants. If the Offers, or any part of them, do not proceed, application monies will be refunded to applicants (without interest) in accordance with the Corporations Act.

The Company also reserves the right to extend the Offers or any part of them, accept late applications either generally or in particular cases, reject any application (other than a valid Priority Offer or Broker Firm Offer application), allocate any applicant under the Equity Offers fewer shares than applied for, determine a person to be eligible or ineligible to participate in the Equity Offer, or amend or waive the application procedures or requirements, in its discretion subject to compliance with applicable laws.

12.15 Not underwritten

The Equity Offer is not underwritten.

12.16 Commissions payable

The Company may agree to pay broker handling fees of up to 6% of the amount of successful applications submitted by the broker. Broker handling fees will only be paid where a broker claim form and schedule is submitted to the Share Registry no later than 5pm on the Broker Firm Offer Closing Date. The broker claim form and schedule is available from the Share Registry during the Broker Firm Offer period.

No brokerage, commission or stamp duty is payable by applicants.

12.17 CHESS

Prior to listing, the Company will apply to participate in the ASX's Clearing House Electronic Sub-register System (CHESS) and will comply with the ASX Listing Rules and ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in electronic form.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with holding statements (similar to a bank account statement) that set out the number of shares, milestone shares or options issued to them under this Prospectus. The holding statements will also advise holders of their Holder Identification Number (if the holder is broker sponsored) or Security Holder Reference Number (if the holder is issuer sponsored) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of shares or options (subject to any restriction obligations imposed by ASX and the terms of the options) can be transferred without having to rely upon paper documentation. Further, monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month. Security holders may request a holding statement at any other time, however a charge may be made for such additional statements.

12.18 Foreign selling restrictions

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law.

No action has been taken to register or qualify the shares, milestone shares or options, or otherwise permit an offer of the shares, milestone shares or options the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisors as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

If you are outside Australia it is your responsibility to obtain all necessary approvals for the Company to allot and issue the shares, milestone shares or options to you pursuant to this Prospectus. The return of a completed application or acceptance form will be taken by the Company to constitute a representation and warranty by you that you are a person whom the Company's securities can be offered and issued lawfully, that all relevant laws have been complied with and that all relevant approvals have been obtained.

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Securities Act 1978 (New Zealand). The shares are not being offered or sold in New Zealand, or allotted with a view to being offered for sale in New Zealand, and no person in New Zealand may accept an offer or placement of shares unless otherwise permitted by law.

The shares, milestone shares or options have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States.

Each applicant will be taken to have represented, warranted and agreed as follows:

- it understands that the shares, milestone shares or options have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered, sold or resold in the United States;
- it is not in the United States;
- it has not and will not send this Prospectus or any other material relating to the Offers to any person in the United States; and

it will not offer or sell the shares, milestone shares or options in the United States or, unless permitted by the laws of the applicable place (without requiring any action by the Company), in any other jurisdiction outside Australia.

12.19 Enquiries in relation to the Offers

This Prospectus provides information for potential investors in Davenport, and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in Davenport, please contact your accountant, stockbroker, lawyer or other professional adviser.

13 HOW TO APPLY

13.1 Priority Offers

(a) Who may apply

The Davenport Priority Offer of up to 2,500,000 shares (\$500,000) is only open to shareholders of Davenport as at 8 September 2016 ("the Record Date").

The Potash West Priority Offer of up to 5,000,000 shares (\$1,000,000) is only open to shareholders of Potash West NL as at the Record Date.

(b) How will Priority Offer shares be allocated

Under the Davenport Priority Offer, shares will be allocated to existing Davenport shareholders (as at the Record Date):

- first to increase ("top up") share holdings of less than 10,000 shares to 10,000 shares;
- thereafter, any balance of the Davenport Priority Offer shares will be allocated to Davenport Priority Offer applicants who applied for more shares than required to top up their holding at the discretion of the Directors.

Under the Potash West Priority Offer, shares will be allocated to Potash West NL shareholders (as at the Record Date):

- first to allocate 10,000 shares to the maximum number of Potash West Priority Offer applicants;
- thereafter, any balance of the Potash West Priority Offer shares will be allocated to Potash West Priority Offer applicants who applied for more than 10,000 shares at the discretion of the Directors.

If there are insufficient Priority Offer shares (as applicable) to top up Davenport shareholders' holdings to 10,000 shares or to issue at least 10,000 shares to Potash West NL shareholders who apply under the respective Priority Offer, the Directors will allocate shares in their discretion. The Directors may but are not obliged to take into account the order that applications and payments were received provided that no preference is given to applications or payments received during an exposure period. The Directors may but are not obliged to allocate shares from the General Offer to Priority Offer applications.

If valid applications for fewer than all the shares offered under the Davenport Priority Offer or Potash West Priority Offer (respectively) are received, the balance of the respective Priority Offer will form part

of the shares available for issue to applicants under the other Priority Offer, the Broker Offer or the General Offer at the discretion of the Directors.

(c) How to apply under the Priority Offers

Applications under the Priority Offers may only be made, and will only be accepted, in one of the following forms:

- on the applicable personalised Priority Offer application form which was attached to or accompanied a copy of this Prospectus;
- by making payment by BPAY® in accordance with the instructions on the applicable personalised Priority Offer application form which was attached to or accompanied a copy of this Prospectus;
- an applicable electronic Priority Offer application form submitted using the Share Registry's on-line application facility at www.securitytransfer.com.au, in accordance with the instructions for use of the facility and only after downloading and confirming having received an electronic copy of this Prospectus; or
- on a paper copy of the applicable electronic personalised Priority Offer application form which accompanied an electronic copy of this Prospectus.

Instructions for completing and lodging the applicable Priority Offer application form and paying application monies, or making payment by BPAY® are set out in the applicable Priority Offer application form. Completed Priority Offer application forms and payments should be sent to:

Davenport Resources Limited
c/ Security Transfer Australia Pty Ltd
PO Box 52
COLLINS STREET WEST VIC 8007

Payments are to be made in Australian currency by a cheque (made payable to "Davenport Resources Ltd" and crossed "Not Negotiable") drawn on an Australian branch of an Australian bank (accompanied by the completed personalised Priority application form), in accordance with the instructions in the on-line application facility, or by BPAY®. Do not send cash.

The Priority Offers are expected to open at noon (AEST) on 26 October 2016 and are expected to close at 5pm (AEST) on 25 November 2016. The Company may elect to close either or both of the Priority Offers early or extend either or both of the Priority Offers, or accept late applications either generally or in particular cases. The Priority Offers General Offer may be closed at any earlier date and time, without further notice. Eligible shareholders are therefore encouraged to submit their Priority Offer applications as early as possible.

Applications for shares under the Davenport Priority Offer must be for a minimum of the number of new shares required to increase ("top up") the applicant's holding of Davenport shares to 10,000 shares (up to \$2,000) and thereafter in multiples of 2,500 shares (\$500). Payment for all the shares applied for must be made in full at the Offer Price of \$0.20 (20 cents) per share. The personalised Davenport Priority Offer application form will set out the number of new shares required to top up the shareholder's holding of Davenport shares to 10,000 shares and the amount payable for the "top up" shares. Further shares can be applied for on the same form.

Applications for shares under the Potash West Priority Offer must be for a minimum of 10,000 shares (\$2,000) and thereafter in multiples of 2,500 shares (\$500) and payment for all the shares applied for must be made in full at the Offer Price of \$0.20 (20 cents) per share.

Application monies paid for shares not issued will be refunded (without interest) in accordance with the Corporations Act.

The Company reserves the right to reject at its absolute unfettered discretion any Priority Offer application which is submitted by a person who it believes is or may be ineligible to participate in that Priority Offer.

13.2 Broker Firm Offer

(a) Who may apply

The Broker Firm Offer is open to persons who have received a firm allocation from their broker. The Broker Firm Offer is expected to close at 5pm on 25 November 2016. Your broker may require the Broker Firm Offer application form and/or payment to be received earlier. Please contact your broker for instructions.

Applicants under the Broker Firm Offer must pay their application monies in accordance with instructions from their broker. The allocation of shares to brokers will be determined by the Company. Shares that are allocated to brokers for allocation to their Australian resident clients will be issued to the applicants who have received a valid allocation of shares from those brokers. It will be a matter for the brokers how they allocate shares among their clients, and they (and not the Company) will be responsible for ensuring that clients who have received an allocation from them, receive the relevant shares.

The Company and Share Registry take no responsibility for any acts or omissions by your broker in connection with your application, application form and application monies (including, without limitation, failure to submit application forms by the close of the Broker Firm Offer).

Please contact your broker if you have any questions.

(b) How to apply

If you have received an allocation of shares from your broker and wish to apply for those shares under the Broker Firm Offer, you should contact your broker for information about how to submit your Broker Firm Offer application form and for payment instructions.

Applicants under the Broker Firm Offer must not send their application forms or payment to the Share Registry or the Company. Applicants under the Broker Firm Offer should contact their broker to request a copy of this Prospectus and application form. An earlier date than the Closing Date may be specified by brokers for returning applications and making payment for allocations under the Broker Firm Offer. Your broker will act as your agent and it is you and your broker's responsibility to ensure that your application form and application monies are received before 5pm (AEST) on the Broker Firm Offer Closing Date or any earlier closing date as determined by your Broker.

Applications for shares under the Broker Firm Offer must be for a minimum of 10,000 shares (\$2,000) and thereafter in multiples of 2,500 shares (\$500) and payment for the shares must be made in full at the Offer Price of \$0.20 (20 cents) per share.

The Broker Firm Offer is expected to open at noon (AEST) on 26 October 2016 and is expected to close at 5pm (AEST) on 25 November 2016. The Company may elect to extend the Broker Firm Offer, or accept late applications either generally or in particular cases. The Broker Firm Offer may be closed at any earlier date and time, without further notice. Investors invited to participate in the Broker Firm Offer are therefore encouraged to submit their applications as early as possible.

If you are an investor applying under the Broker Firm Offer, you should complete and lodge your broker Firm Offer application form with the Broker from whom you received your firm allocation. Broker Firm Offer application forms must be completed in accordance with the instructions given to you by your broker and the instructions set out in the application form.

The Company and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

(c) Payment

Applicants under the Broker Firm Offer must pay their application monies to their broker in accordance with instructions provided by their broker.

(d) Allocation policy under the Broker Firm Offer

The Company will determine the allocation policy to brokers under the Broker Firm Offer.

Shares that have been allocated to brokers for allocation to their Australian resident retail clients will be issued to the applicants nominated by those brokers. It will be a matter for each broker as to how they allocate shares among their retail clients, and brokers (and not the Company) will be responsible for ensuring that their retail clients who have received a firm allocation from them receive the relevant shares.

(e) Rejection of Applications

The Company, reserves the right to reject any Broker Firm Offer application which is not correctly completed or which is submitted by a person who they believe is or may be ineligible or not appropriate to participate in the Broker Firm Offer. The Company may treat a Broker Firm Offer application by an applicant who does not have a registered address in Australia as an application under the General Offer. A Broker Firm Offer application for more than the number of shares allocated to the applicant by their broker will be treated as an application under Broker Firm Offer for the allocated number of shares and an application under the General Offer for the additional shares. The application for the additional shares may be accepted in respect of the full amount, or any lesser amount lower, without further notice to the applicant.

13.3 General Offer

Applications under the General Offer may be made, and will only be accepted, in one of the following forms:

- on a General Offer application form which was attached to or accompanied a copy of this Prospectus;
- on a paper copy of the electronic General Offer application form which accompanied an electronic copy of this Prospectus, which can be found at and downloaded from www.davenportresources.com.au/prospectus; or
- an electronic General Offer application form submitted using the Share Registry's on-line application facility at www.securitytransfer.com.au, in accordance with the instructions for use of the facility and only after downloading and confirming having received an electronic copy of this Prospectus.

Instructions for completing and lodging General Offer application forms and paying application monies are set out in the General Offer application form. Unless you have made arrangements with your broker or the Company, the completed General Offer Application Form and payment by cheque should be sent to:

Davenport Resources Ltd
c/ Security Transfer Australia Pty Ltd
PO Box 52
COLLINS STREET WEST VIC 8007

Payments are to be made in Australian currency by a cheque (made payable to "Davenport Resources Ltd" and crossed "Not Negotiable") drawn on an Australian branch of an Australian bank, unless otherwise specified for applications made using on-line application facility, or by prior arrangement with the Company. Applications under the General Offer cannot otherwise be made by BPAY®. Do not send cash.

The General Offer is expected to open at noon (AEST) on 26 October 2016 and is expected to close at 5pm (AEST) on 25 November 2016. The Company may elect to extend the General Offer, or accept late applications either generally or in particular cases. Investors are therefore encouraged to submit their applications as early as possible.

Applications for shares under the General Offer must be for a minimum of 10,000 shares (\$2,000) and thereafter in multiples of 2,500 shares (\$500) and payment for all the shares applied for must be made in full at the Offer Price of \$0.20 (20 cents) per share.

If subscriptions above the maximum subscription level amount are received (oversubscriptions), the Company may at its discretion reject General Offer applications and/or scale back General Offer applications and issue fewer shares than an applicant applied for under the General Offer. Application monies paid for shares not issued will be refunded (without interest) in accordance with the Corporations Act.

The Company reserves the right to reject at its absolute unfettered discretion any General Offer application which is submitted by a person who it believes is or may be ineligible to participate in the General Offer.

13.4 All Equity Offer Applications

It is your responsibility to ensure that your application form(s) and payment(s) are mailed in time or bank transfer payment initiated in time to allow for receipt before the date specified by your broker or the Broker Firm Offer Closing Date or Closing Date (as applicable). It is also your responsibility to ensure sufficient funds are available upon presentation of cheques and/or for DvP settlement, if and as applicable. If returning your application form to your broker, please allow sufficient time for your broker to receive and process your application. The Company and the Share Registry take no responsibility for lost or delayed mail, or misprocessed acceptances and payments, or errors or delays by brokers. The Company may, but is not obliged to, accept late applications.

An application under the Equity Offer is an offer by the applicant to the Company for the number of shares specified in the application form at the Offer Price, or by dividing the amount paid by bank transfer by the Offer Price, on the terms and conditions set out in this Prospectus (including any supplementary or replacement Prospectus) and the relevant application form.

To the extent permitted by law, an application under the Equity Offer is irrevocable. If the amount received as application amount is less than the amount payable for the shares applied for, the Company may (but is not obliged to) treat the application as being for the number of shares represented by the amount received and issue fewer shares than were applied for. The Company may correct or fill in any application form and/or treat as valid and give effect to an application form or payment notwithstanding any error or that any information is incomplete. The Company may reject an application where payment of the application monies is not received or a cheque or funds transfer is not honoured, or without prejudice to its rights, issue shares in response to the application and recover outstanding application amount from the applicant.

Acceptance of an Equity Offer application will give rise to a binding contract upon issue of shares to a successful applicant.

There is no guarantee that applicants will receive any number of shares applied for. Where the number of shares allotted is fewer than the number applied for, surplus application monies will be refunded to the applicant without interest.

There is no maximum number or value of shares that may be applied for under the Equity Offer, provided that an applicant alone or with its associates (as that terms is defined in the Corporations Act) may not acquire an interest in more than 20% of the issued voting shares of the Company unless permitted by the Corporations Act without further action by the Company.

13.5 Vendor Offer

The Vendor Offer of shares and milestone shares is made solely to and is capable of acceptance only by East Exploration vendors and their approved nominees. East Exploration vendors (and/or their nominees, as applicable) must complete a Vendor Offer application form attached to or accompanying a copy of this Prospectus and return it to the Company or as specified in the Vendor Offer application form by the time specified in the Vendor Offer application form. Instructions for completing and returning the Vendor Offer application form are set out in the Vendor Offer application form.

13.6 Options Offer

The Options Offer is made solely to and is capable of acceptance only by recipients determined by the Company, including to AFSL holders or others in connection with the Equity Offer to whom a personalised Options Offer application form attached to or accompanying a copy of this Prospectus is given. Recipients of a personalised Options Offer application form must complete the form and return it to the Company or as specified in the Vendor Offer application form by the time specified in the Options Offer application form. Instructions for completing and returning the Options Offer application form are set out in the Options Offer application form.

13.7 All Offers

By making an application, you declare that you were given access to a copy of this Prospectus, together with the applicable application form. The Corporations Act prohibits any person from passing an application form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

14 ADDITIONAL INFORMATION

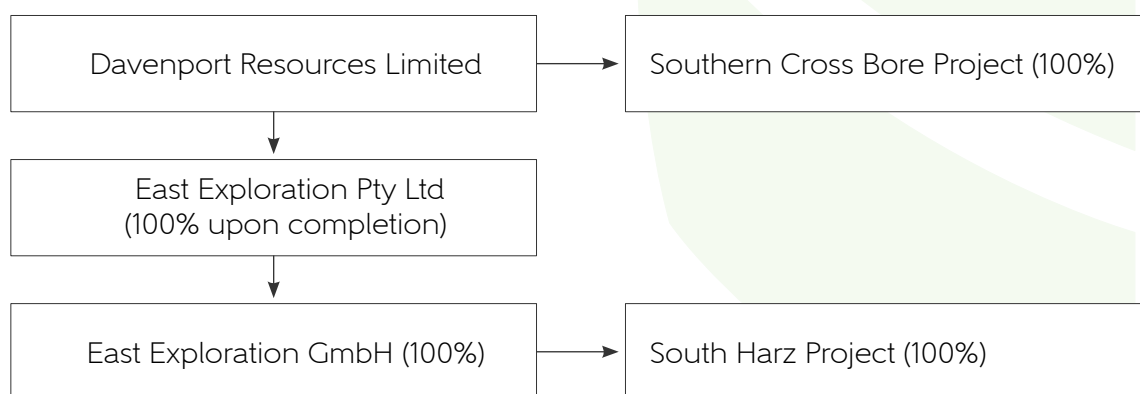
14.1 Registration

Davenport was incorporated on 26 September 2011 and converted to a public company on 21 August 2015.

14.2 Corporate Structure

Davenport demerged from Arunta (which has since changed its name to Spirit Telecom Limited) on 26 February 2016 following Arunta shareholder approval obtained on 19 February 2016. As part of the demerger Arunta shareholders were issued 0.328415 Davenport shares for every 100 Arunta shares held on 25 February 2016. Arunta is no longer associated with Davenport and is referred to for the purposes of historical identification only.

Upon completion of the acquisition, East Exploration Pty Ltd will become a 100% owned and controlled subsidiary of Davenport Resources Limited. East Exploration Pty Ltd's wholly owned and controlled subsidiary East Exploration GmbH will therefore also become a 100% indirectly owned and controlled subsidiary of Davenport Resources Limited.



14.3 Material Contracts

(a) Share Sale Agreement

On 6 June 2016 Davenport, East Exploration and the shareholders of East Exploration entered into a sale of shares agreement ("the Share Sale Agreement"). The Share Sale Agreement sets out the terms and conditions upon which the Company proposes to acquire East Exploration.

The consideration paid or payable in respect of the acquisition of East Exploration is:

- \$250,000 cash, already paid to East Exploration as an option fee (\$100,000) and an exclusivity fee (\$150,000);
- the issue to vendors of East Exploration shares (or their nominees) of:
 - 36,458,333 fully paid ordinary shares in the Company at a deemed issue price of AUD\$0.20 (20 cents) per share;
 - 33,854,167 first milestone shares;
 - 33,854,167 second milestone shares.

The terms of the milestone shares and the milestones applicable to each of the first and second milestone shares are set out in Section 14.7.

The Share Sale Agreement contains a number of pre-completion covenants agreed by the parties. These include East Exploration providing the Company with information, East Exploration conducting its business in a manner that protects and maintains its assets and uses reasonable endeavours to maintain the South Harz Project and its revenues and profitability, and the Company conducting its business in a manner that protects and maintains its assets including the Southern Cross Bore Project and uses reasonable endeavours to maintain its profitability.

As at the date of this Prospectus, under the terms of the Share Sale Agreement completion of the acquisition of East Exploration is conditional upon satisfaction or waiver of the following conditions which are yet to be fulfilled or waived:

- East Exploration issuing Melbourne Capital Limited (a company associated with a Director of Davenport, Mr Angus Edgar) 27,780 shares upon or before completion of the Offers, which shares will be part of the East Exploration shares acquired by Davenport, and ASX giving its approval for Listing;
- the Company securing subscriptions from investors of not less than \$5 million under the Equity Offer made through this Prospectus; and

- ASX giving its conditional approval for admission of the Company to the Official List.

Completion is also conditional on:

- a director determined by the vendors of East Exploration being appointed to the Board of Davenport with effect at completion of the acquisition of East Exploration. Mr Patrick McManus was elected at the General Meeting, with effect at completion of the acquisition of Davenport, to fulfil this condition); and
- the non-occurrence of any event having an unremedied material adverse effect on the Company or East Exploration prior to completion of the acquisition of East Exploration.

The Share Sale Agreement includes warranties by the Company, East Exploration and the vendors typical for agreements of a similar kind, including warranties regarding the provision and accuracy of all relevant material to the Company. The Share Sale Agreement also contains warranties from the vendors including warranties regarding ownership of and title to equity interests that are to be acquired by the Company.

Various post-completion covenants are mutually given by the parties, including the promise to do all things and execute all documents that may be required to effect completion of the acquisition of East Exploration.

Where a party is in default under the terms of the Share Sale Agreement the other party may serve a notice to remedy the default. If the default remains un-remedied for seven days following notice then the party not in default may choose to either proceed with specific performance of the Share Sale Agreement or terminate the Share Sale Agreement. Where the Share Sale Agreement is terminated all other rights the party not in default has remain unaffected.

The Share Sale Agreement otherwise contains general terms pertaining to confidentiality, the Share Sale Agreement forming the entirety of the transaction between the parties, governing law, severance and provision of notice to all parties.

(b) ERCOSPLAN Consultancy Services Agreement

On 30 September 2015 East Exploration entered into a client/consultant services agreement with ERCOSPLAN Ingenieurgesellschaft Geotechnik und Bergbau mbH ("ERCOSPLAN") for the provision of consulting services in respect of East Exploration's South Harz Project in the Republic of Germany ("the Consulting Agreement").

ERCOSPLAN will complete tasks including defining possible drill hole locations within the project (Task 1), preparation of a drilling request for proposals (Task 2), provision of an evaluation of the proposals received and assisting with drilling preparation (Task 3). ERCOSPLAN shall exercise all due care, skill and diligence in the performance of its obligations under the Consulting Agreement.

East Exploration has agreed to pay ERCOSPLAN €91,400 ("the Sum") (excluding taxes) for completion of Tasks 1, 2 and 3. Payment is directly attributable to completion of defined milestones in respect of the Tasks. East Exploration was required to pay 25% of the Sum on the date of execution of the Consulting Agreement. A further 20% of the Sum is payable upon ERCOSPLAN providing East Exploration maps and a memorandum upon completion of Task 1. A further 25% of the Sum is payable upon a detailed design and request for proposals in respect of the project being provided to East Exploration. The final 30% is payable upon completion and distribution of proposals to potential drilling contractors. Each of the aforementioned amounts become payable 10 banking days after the occurrence of each milestone.

The Consulting Agreement allows East Exploration to engage ERCOSPLAN to complete services beyond the scope of those set out within the Consulting Agreement (defined in as Additional Services and Exceptional Services). The engagement and completion of any further services is subject to the scope and cost of such further services being agreed between East Exploration and ERCOSPLAN. Where a breach of the terms of the Consulting Agreement is established against a party, that party is liable to pay compensation to the other party. The compensation payable is capped at the total payable under the Consulting Agreement, plus any additional expense for efforts expended proved by the affected party.

East Exploration may terminate the Consulting Agreement where ERCOSPLAN is shown to have offered, given, received or solicited anything of value or misrepresented facts with a view of influencing the behaviour or action of anyone in the selection process or conduct of the Consulting Agreement.

East Exploration may also terminate the Consulting Agreement where it receives written notice from ERCOSPLAN that the scope or duration services to be provided must be increased or that it would be irresponsible or impossible for ERCOSPLAN to complete the services or where completion of the services is delayed by longer than 30 calendar days. Where East Exploration terminates the Consulting Agreement it is liable to pay ERCOSPLAN only for work completed up to termination.

The Consulting Agreement otherwise contains terms consistent with similar arrangements such as provisions relating to confidentiality, the independent status of both parties, the retention of copyright rights by East Exploration over all data and documents prepared by ERCOSPLAN in completing the services under the Consulting Agreement, disputes being determined under German law and the

right of ERCOSPLAN to reference the project and the work it completes under the Consulting Agreement.

(c) Proposed Executive Employment Contract

As Managing Director, Mr Christopher Bain will receive remuneration of \$140,000 per annum plus superannuation. Mr Bain's contract is terminable by either party on three (3) months' notice, and Mr Bain will dedicate 70% of his available time to the Company. Subject to the unanimous approval of the Board of Directors and compliance with the Listing Rules and Corporations Act, additional remuneration to Mr Bain in the form of options may be granted from time to time under the employee security ownership plan described in Section 14.9 at the discretion of the Board.

(d) Proposed Project Director Employment Contract

As Project Director, Mr Jason Wilkinson will receive remuneration of \$200,000 per annum. Mr Wilkinson's contract is terminable by either party on six (6) months' notice, and Mr Wilkinson will dedicate 100% of his available time to the Company. Following completion of the acquisition of East Exploration Mr Wilkinson will be appointed a Director of East Exploration GmbH, the German subsidiary that holds the Küllstedt and Gräfentonna tenements. Subject to the unanimous approval of the Board of Directors and compliance with the Listing Rules and Corporations Act, additional remuneration to Mr Wilkinson may be granted from time to time under the employee security ownership plan described in Section 14.9 at the discretion of the Board.

(e) Proposed Deeds of Access, Indemnity and Insurance

It is proposed to enter into a Deed of Access, Indemnity and Insurance with each current and proposed Director prior to Listing. This will entitle each Director to access Board papers, be indemnified from liability, and to have Davenport take out directors and officers insurance to the extent Davenport is able to obtain it. Each Director of Davenport may obtain independent professional advice at Davenport's expense in accordance with the guidelines adopted by the Board from time to time or if the Board has given its prior approval. Each such deed applies to the extent permitted by law and is on a conventional basis.

14.4 Top 20 Existing Shareholders

Shareholder	Number of shares	%
Oceanic Capital Pty Ltd	1,936,279	16.14%
Melbourne Capital Ltd	1,000,000	8.33%
SEREC Pty Ltd	650,026	5.42%
Philip Anthony Feitelson	625,000	5.21%
Biddle Partners Pty Ltd Biddle Superannuation Fund A/C	422,444	3.52%
Mikado Corporation Pty Ltd Jfc Superannuation FundA/C	383,516	3.20%
Scintilla Capital Pty Ltd	312,500	2.60%
Drawone Superannuation Fund	312,500	2.60%
Northern Star Nominees Pty Ltd	268,300	2.24%
Peter Wright	250,000	2.08%
Dennis Bell	250,000	2.08%
Maram Nominees Pty Ltd	187,500	1.56%
Steda Nominees Pty Ltd Steda Superannuation Fund A/C	187,500	1.56%
Australian Heritage Group Pty Ltd Australian Heritage A/C	163,130	1.36%

14.4 Top 20 Existing Shareholders

Shareholder	Number of shares	%
Timothy David Horgan	156,250	1.30%
St Barnabas Investments Pty Ltd Melvista Family A/C	155,887	1.30%
Owen Barry & Joanne Ross Merrett Merrett Family A/C	133,211	1.11%
Mungala Investments Pty Ltd	129,008	1.08%
R L Holdings Pty Ltd Rory Luff Superannuation Fund A/C	125,000	1.04%
AWD Consultants Pty Ltd	125,000	1.04%
Top 20 total	7,773,051	64.77%
Other shareholders	4,227,211	35.23%
TOTAL	12,000,262	100%

14.5 Vendors of East Exploration

The following tables set out the number of Davenport shares and milestone shares to be received by vendors of East Exploration (or their nominees), and percentages based on the minimum and maximum Equity Offer subscriptions.

No issue will be made to a nominee if that nominee (alone or with its associates) would obtain a relevant interest in 20% or more of the issued voting shares of the Company unless permitted by a resolution passed at the General Meeting.

On the basis of information provided by the vendors, other than RL Holdings Pty Ltd and ITA Nominees Pty Ltd being associated, the Company is not aware of any of the vendors of East Exploration being associates of each other for the purposes of the Corporations Act.

MINIMUM SUBSCRIPTION (\$5 million)				
Vendor (and/or nominee(s))	Number of Davenport shares*	% of Davenport shares upon issue*	Number of Davenport milestone shares (both tranches)	Total held as % of all Davenport shares if both milestones achieved
Bishopstone Proprietary Limited	629,999	0.86%	1,169,998	1.28%
Lufgan Nominees Pty Ltd	7,559,983	10.29%	14,039,968	15.30%
RL Holdings Pty Ltd	3,149,992	4.29%	5,849,986	6.38%
I.T.A. Nominees Pty Ltd	2,834,994	3.86%	5,264,988	5.74%
Taurus Corporate Services Pty Ltd	1,574,996	2.14%	2,924,994	3.19%
East Exploration Holdings Pty Ltd	19,249,922	26.21%	35,749,856	38.96%
Melbourne Capital Limited	1,458,447	1.99%	2,708,544	2.95%
SUBTOTAL	36,458,333	49.63%	67,708,334	73.79%
Existing shares	12,000,262	16.34%	8.50%	
Equity Offer shares	25,000,000	34.03%	17.71%	
TOTAL	73,458,595	100.00%	100.00%	

* Excludes milestone shares

MAXIMUM SUBSCRIPTION (\$6 million)				
Vendor (and/or nominee(s))	Number of Davenport shares*	% of Davenport shares upon issue*	Number of Davenport milestone shares (both tranches)	Total held as % of all Davenport shares if both milestones achieved
Bishopstone Proprietary Limited	629,999	0.80%	1,169,998	1.23%
Lufgan Nominees Pty Ltd	7,559,983	9.64%	14,039,968	14.78%
RL Holdings Pty Ltd	3,149,992	4.01%	5,849,986	6.16%
I.T.A. Nominees Pty Ltd	2,834,994	3.61%	5,264,988	5.54%
Taurus Corporate Services Pty Ltd	1,574,996	2.01%	2,924,994	3.08%
East Exploration Holdings Pty Ltd	19,249,922	24.54%	35,749,856	37.63%
Melbourne Capital Limited	1,458,447	1.86%	2,708,544	2.85%
SUBTOTAL	36,458,333	46.47%	67,708,334	71.27%
Existing shares	12,000,262	15.30%	8.21%	
Equity Offer shares	30,000,000	38.24%	20.52%	
TOTAL	78,458,595	100.00%	100.00%	

* Excludes milestone shares

The associates of each vendor, who will also acquire the same relevant interest in Davenport shares as the respective vendor acquires, are as follows:

Vendor	Associate(s)
Bishopstone Proprietary Limited	Eugen Tong and Michael Tong
Lufgan Nominees Pty Ltd	Royden Euan Luff and Rosemary Luff
RL Holdings Pty Ltd	Rory Luff
I.T.A. Nominees Pty Ltd	Rory Luff
Taurus Corporate Services Pty Ltd	Benjamin Kay
East Exploration Holdings Pty Ltd	Potash West NL (the ASX listed parent of East Exploration Holdings Pty Ltd)
Melbourne Capital Limited	Mungala Investments Pty Ltd, Serec Pty Ltd and Angus Edgar

Details of shares and milestone shares to be issued to by Directors or the proposed Director, or their respective associates, and their respective existing holdings, are set out in Section 6.4

14.6 Rights and liabilities attaching to ordinary shares

The shares to be issued under the Equity Offer are all fully paid ordinary shares.

A total of 36,458,333 fully paid ordinary shares are to be issued under the Vendor Offer.

The shares offered under this Prospectus will be fully paid ordinary shares in the issued capital of the Company and will, upon issue, rank equally with all other shares then on issue.

The rights and liabilities attaching to shares are regulated by the Company's Constitution, the Corporations Act, the ASX Listing Rules, the ASX Settlement Rules and common law. The following is a summary of the more significant rights and obligations attaching to the shares. This summary is not

exhaustive and does not constitute a definitive statement of the rights and liabilities of shareholders. To obtain such a statement, persons should seek independent legal advice.

Further details of the rights attaching to shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours. A copy can also be downloaded from the Company's website at (www.davenportresources.com.au/constitution)

General meetings

Shareholders are entitled to attend and vote at general meetings of the Company, in person, or by proxy, attorney or representative.

For so long as the Company remains a listed entity, shareholders will be entitled to receive at least 28 days' prior written notice of any proposed general meeting.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution.

Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of shareholders or a class of shareholders:

- On a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- On a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him or her, or in respect of which he or she is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

Dividend rights

Subject to the rights of any preference shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Board may from time to time declare a dividend to be paid to the shareholders entitled to the dividend which shall be payable on all shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such shares.

No dividend shall carry interest as against the Company. The Board may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Board, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may implement a dividend reinvestment plan which provides for any dividend which the Board may declare from time to time, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of shares to be issued to the relevant shareholder.

Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he or she considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

Shareholder liability

As the shares offered this Prospectus are fully paid shares, they are not subject to any calls for money by the Company and will therefore not become liable for forfeiture.

Transfer of Shares

Generally, shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

Variation of rights

The rights attaching to shares may only be varied or cancelled by the sanction of a special resolution passed at a meeting of shareholders or with the written consent of holders of three quarters of all

shares on issue. A special resolution is passed only where approved by at least 75% of all votes cast (and entitled to be cast) on the resolution at the meeting.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the authorisation by a special resolution passed at a separate meeting of the holders of the shares of that class.

Alteration of Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting.

14.7 Milestone share terms

The following are the proposed common terms of the first milestone shares and the second milestone shares, subject to modification to the extent, if any, required by ASX.

The Applicable Milestone for the first milestone shares is Milestone 1. The Applicable Milestone for the second milestone shares is Milestone 2. The Milestones are set out below.

- a. **(Milestone Shares):** A milestone share is a share in the capital of the Company (being Davenport Resources Limited) (Milestone Shares).
- b. **(General Meetings):** A milestone share shall confer on the holder (a Holder) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. The Holder of a milestone share has the right to attend general meetings of shareholders of the Company.
- c. **(No Voting Rights):** A milestone share does not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company.
- d. **(No Dividend Rights):** A milestone share does not entitle the Holder to any dividends.
- e. **(Rights on Winding Up):** The Holder of a milestone share is not entitled to participate in the surplus assets or profits of the Company in a winding up.

- f. **(Not Transferable):** A milestone share is not transferable.
- g. **(Issues and Reorganisation of Capital):** A milestone share does not entitle the Holder to participate in any bonus issue, pro rata issue or any other issue or rights to subscribe for fully paid ordinary shares or any other securities issued by the Company. Further, if at any time the issued capital of the Company is reconstructed, all rights of a Holder will be changed as if each milestone share held by the Holder was a fully paid ordinary share, to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganisation.
- h. **(No Other Rights):** A milestone share gives the Holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.
- i. **(Conversion):** Subject to paragraph (m) below, a milestone share will convert into one fully paid ordinary share in the Company (a **Share**) upon the achievement of the milestone applicable to that Milestone Share (the **Applicable Milestone**). The Applicable Milestone for a milestone share will be specified in the terms of issue of or invitation to apply for the milestone share. Milestone shares which have not lapsed will convert automatically (without the achievement of the Applicable Milestone) in the event of a takeover or change of control of the Company.
- j. **(Conversion Procedure):** The Company will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of Milestone Shares into Shares under paragraph (i).
- k. **(Lapse):** If the Applicable Milestone for a milestone share is not achieved within the time or by the event specified for and as part of the Applicable Milestone, all milestone share for which that milestone is the Applicable Milestone will lapse and be deemed to have been cancelled without payment or other compensation to the Holder.
- l. **(Quotation – Application to ASX):** Milestone share will not be quoted on the ASX. If milestone shares convert into Shares the Company must within seven (7) days of the date of conversion apply for official quotation on ASX of the Shares.
- m. **(Compliance with Law):** The conversion of milestone shares is subject to compliance at all times with the Corporations Act and the Listing Rules of ASX.
- n. **(Ranking of Shares):** The Shares into which the milestone share will convert will rank pari passu in all respects with existing Shares.

- o. (Amendment to comply with ASX requirements):** These terms and the Applicable Milestone(s) of milestone shares may be amended by the Board of the Company before or after the issue of milestone shares as necessary in order to comply with the ASX Listing Rules, or any direction or requirement of ASX.

Milestone 1

The Milestone for the first milestone shares is as follows:

The announcement to ASX by Davenport within four (4) years after Completion (or such lesser period as is satisfactory to ASX) of the first JORC Code compliant inferred resources of one of the following:

- f. 250 million tonnes of potash at or above 11.0% K₂O by content, or
- g. 150 million tonnes of potash at or above 12.0% K₂O by content, or
- h. 100 million tonnes of potash at or above 13.0% K₂O by content, or
- i. 75 million tonnes of potash at or above 15.0% K₂O by content, or
- j. 50 million tonnes of potash at or above 18.0% K₂O by content.

"Completion" means completion of the acquisition of all the shares of East Exploration Pty Ltd by Davenport.

Milestone 2

The Milestone for the second milestone shares is as follows:

The announcement to ASX by Davenport within six (6) years after Completion (or such lesser period as is satisfactory to ASX) of satisfaction of all mining approvals and utility contracts required to construct and operate a minimum 500,000 tonnes per annum potash mine on the South Harz Project (including all government approvals, water and energy contracts necessary to operate the mine).

"Completion" means completion of the acquisition of all the shares of East Exploration Pty Ltd by Davenport.

"South Harz Project" means the mineral exploration project targeting potash in central Germany including the K llstedt and Gr fentonna exploration licences and all ground within 50 kilometres of the K llstedt and Gr fentonna tenements.

14.8 Option terms

The options ("Options") offered under the Options Offer will entitle the holder to subscribe for fully paid ordinary shares of the Company ("Shares") on the following terms and conditions:

- Each Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Option, the Optionholder must exercise the Options in accordance with these terms and conditions.
- The Options will expire at 5:00pm (AEST in Melbourne, Victoria) on the date which is the third anniversary of admission of Listing (the admission of the Company to the Official List) **(Expiry Date)**. Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- The amount payable upon exercise of each Option will be \$0.25 (25 cents) **(Exercise Price)**.
- The Options may be exercised in whole or in part, and if exercised in part, multiples of 500 must be exercised on each occasion.
- Optionholders may exercise their Options by lodging with the Company, before the Expiry Date:
 - a written notice of exercise of Options specifying the number of Options being exercised; and
 - a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;
- An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.
- All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- If admitted to the official list of ASX at the time, the Company will apply for quotation of all Shares allotted pursuant to the exercise of the Options on ASX within 10 Business Days after the date of

allotment of those Shares. The Company is entitled but not obliged to apply for quotation of the Options on ASX at its discretion.

- If at any time the issued capital of the Company is reconstructed, all rights of the Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- There are no participating rights or entitlements inherent in the Options and the Optionholder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least three (3) Business Days after the issue is announced.
- An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.
- Shares issued upon the exercise of New Options will be fully paid ordinary shares and will have the same voting and other rights as the existing shares of the Company.

14.9 Employee Security Ownership Plan terms

The Company adopted an employee security ownership plan having the following terms at the General Meeting.

PURPOSE, COMMENCEMENT AND INTERPRETATION

1 PURPOSE OF THIS PLAN

1.1 The Board of the Company has adopted this Employee Security Ownership Plan ("this Plan") described in this Plan for the purpose of:

- a. providing Eligible Persons with an additional incentive to work to improve the performance of the Company;
- b. attracting and retaining Eligible Persons essential for the continued growth and development of the Company;
- c. to promote and foster loyalty and support amongst Eligible Persons for the benefit of the Company; and
- d. to enhance the relationship between the Company and Eligible Persons for the long term mutual benefit of all parties.

2 COMMENCEMENT

This Plan shall commence upon the day it is adopted by the Board, or such later date as the Board may specify.

3 INTERPRETATION

3.1 In this Plan, unless the context otherwise requires:

"Associated Body Corporate" means a body corporate (whether incorporated in Australia or elsewhere) in which the Company holds a relevant interest (as defined in the Corporations Act and as if the body corporate was incorporated in Australia) of at least 30%;

"ASX" means (as the context requires) ASX Limited or the prescribed financial market known as ASX operated by ASX Limited and/or its subsidiaries;

"Board" means the board of directors of the Company from time to time (but does not imply a requirement that any act be authorised by a unanimous decision of the Board);

"Company" means Davenport Resources Limited [ABN 64 153 414 852]; "Corporations Act" means the Corporations Act 2001 (Cth);

"Director" means a director from time to time of the Company;

"Eligible Person" means a person who is:

- i. (i) an employee of;
- ii. (ii) a consultant to; or
- iii. (iii) a director or other officer of,

the Company or an Associated Body Corporate and, in the case of consultants, includes bodies corporate;

"Option" means an Option issued under this Plan to subscribe for a Share;

"Other Interest" means a security (within the meaning of the Corporations Act) or other right, interest or entitlement (which may be a conditional right, interest or entitlement) to acquire or receive Shares or to receive or participate in a benefit referable to Shares or the activities of the Company, and without limitation may include a preference share, a performance right, a beneficial interest in shares held by a trustee or to the proceeds of the sale of shares held by a trustee, or an entitlement

to receive amounts calculated as if shares were issued or held by or on behalf of a person (whether alone or with others) and sold;

"Plan" means the Employee Security Ownership Plan as comprised by and contained in this document, as amended from time to time;

"Option holder" means a person who holds Unexercised Options;

"Security" means Shares, Options or Other Interests, as the case requires, and notwithstanding that an Other Interest may not be a security within the meaning of the Corporations Act;

"Share" means an ordinary fully paid share in the capital of the Company; and

"Unexercised Options" means Options issued under this Plan from time to time which have not lapsed and have not been exercised.

3.2 The word "offer" is used in this plan and any document under or referring to this Plan for convenience only, and an offer referred to or under this Plan is an invitation to apply for Securities and is expressly not capable of creating a binding contract to issue Securities merely by acceptance.

3.3 In this Plan, unless the context otherwise permits and requires, the singular shall include the plural and vice versa.

3.4 A reference to an Act or other legislation includes a reference to that Act or legislation as amended, re-enacted or replaced from time to time, and in the case of an Act includes a reference to any applicable subordinate legislation.

3.5 Nothing in this Plan will apply to permit or authorise, or be interpreted as permitting or authorising, any act (including an omission) prohibited by law of which is contrary to the constitution of the Company. Acts ancillary to the exercise of powers under this Plan including acts to comply with the law or the constitution of the Company in order to give effect to the purpose and intention of this Plan are acts under this Plan.

3.6 If at any relevant time any securities of the Company are admitted to official quotation on ASX this Plan shall be interpreted and applied in accordance with and subject to all applicable listing rules.

4 NUMBER OF SECURITIES

4.1 The total number of Securities which may be issued under this Plan from time to time is the number which is 10% (ten percent) of the number of Shares on issue at the time of issue of the Security.

4.2 For the purposes of clause 4.1 a Share issued on exercise of an Option or exercise or conversion of an Other Interest is not to be counted in determining the number of Securities issued under this Plan.

4.3 For the purposes of clause 4.1 an Option or an Other Interest which has been exercised or converted, or which has lapsed or been cancelled, is not to be counted in determining the number of Securities issued under this Plan after the Option or Other Interest is exercised, lapses or cancelled.

4.4 For the purposes of clause 4.1 a Security which lapses before vesting is not to be counted in determining the number of Securities issued under this Plan after the Security lapses.

4.5 For the purposes of clause 4.1 where the invitation or offer in respect of a Security specified the proposed issue of the Security would not occur or would be deferred until or unless an event occurred, a condition (which may be the non-occurrence of an event) was satisfied and/or a period of time passed and the proposed issue was cancelled or be deemed to have been cancelled in accordance with the terms of the invitation or offer and/or this Plan, the Security is not to be counted in determining the number of Securities issued under this Plan.

4.6 For the purposes of clause 4.1 the number of Securities represented by an Option or an Other Interest is the number of Shares to be issued upon exercise or conversion of the Option or Other Interest. If the terms of issue of an Other Interest do not provide for a fixed number of Shares to be issued or it is otherwise not possible to establish at the time of the applicable invitation or offer the exact number of Shares that would be issued upon exercise or conversion of the Other Interest:

- a. the maximum number of Shares which may be issued if all conditions of exercise or conversion of the Other Interest were to be satisfied shall be counted for the purposes of clause 4.1; and
- b. the Directors may specify a number of Shares for the purposes of clause 4.1, on the basis of a reasonable estimate of the factor to be included in the calculation of the number of Shares which would be issued (for example, if the price of Shares at the time of exercise or conversion is a factor in the calculation, by using a price representing the price of Shares current at the time

an invitation or offer is made in the absence of a minimum price or other determinant of price affecting the calculation).

5 TYPES OF SECURITIES

5.1 The Company may issue Securities of any type provided for in this Plan. The choice of the type of Security or Securities for which an invitation or offer is made, or which is issued to an Eligible Person, shall be at the Board's discretion.

5.2 The type of Security which is the subject of an invitation or offer shall be specified in the applicable invitation or offer.

6 LOANS

6.1 Subject to the Corporations Act, the Company may, at its discretion and without being obliged to do so, offer or make loans to Eligible Persons to assist acquiring or for the purpose of acquiring Securities under the Plan.

6.2 The terms of any loan offered under clause 6.1 will be set out or incorporated by reference into the invitation or offer of the Securities (provide that if the terms of the loan are incorporated by reference, without limiting the other ways a copy may be made available, the Board will make a copy available to the named recipient of the invitation or offer within a reasonable period of a written request to do so). Unless the invitation or offer includes provision for an election by the recipient to acquire the Securities without the loan (for example by making payment for the Securities from the recipient's own funds) and the recipient so elects including fulfilling any requirement of such election, acceptance of the issue of Securities to which the invitation or offer applied will constitute acceptance of and an agreement to be bound by the terms of the loan.

6.3 Each certificate for Securities issued under this Plan or other document (if any) shall include a statement or be endorsed with a statement that this Plan apply to the Securities evidenced by the document, but this Plan shall still apply despite any failure to include or endorse such a statement on a certificate or other document where an invitation or offer made under this Plan is accepted.

PARTICIPATION IN THIS PLAN

7 ELIGIBILITY AND ENTITLEMENT

7.1 Subject to the listing rules of ASX (if applicable) and this Plan, the Board (with the advice of the remuneration committee, if any) shall determine from time to time:

- a. the number and type of Securities (if any) an Eligible Person be made an invitation or offer to apply for and acquire under this Plan;
- b. the terms of issue of the Securities;
- c. whether any sum is to be payable for the issue of the Securities, whether prior to, at the time of or after the issue of the Securities;
- d. whether any loan will be proposed or made in connection with the acquisition; and
- e. (where applicable) the expiry date, any applicable vesting date or dates, and the exercise price of Options or Other Interests to be offered.

7.2 If the Board determines that Securities are to be offered to an Eligible Person, that Eligible Person shall be invited to apply in his or her name or in the name of his or her nominee (provided such nominee is approved by the Board) for all or part of the Securities offered to that person. The Company shall issue the agreed number of Securities following receipt (within the time, if any, specified in the invitation) of the application and, if applicable, payment of any sum specified for the issue of the Securities.

7.3 An invitation or offer of Securities may specify that the proposed issue of the Securities will not occur or will be deferred until or unless an event occurs, a condition (which may be the non-occurrence of an event) is satisfied and/or a period of time passes. Until the issue of the Securities the Eligible Person has no claim to the Securities or any Shares that would be issued upon exercise or conversion of an Option or Other Security, and the proposed issue will be deemed to have been cancelled in accordance with the terms of the invitation or offer and/or this Plan.

7.4 The Board of Directors retains the right to withdraw an invitation or offer at any time prior to receiving an application from the person to whom the invitation or offer was made, or that person's nominee.

7.5 It is a term of any invitation or offer that it may not be accepted by a person who is not an Eligible Person or who is a person to whom securities cannot be offered or issued without disclosure under the Corporations Act. The making or acceptance of an invitation or offer, or the issue of Securities, does not result in or deem a person to be an Eligible Person or to be a person to whom securities cannot be offered or issued without disclosure under the Corporations Act.

8 ACCEPTANCE

8.1 The Company shall accept and treat as valid any application or acceptance in response to an invitation or offer provided that the application accords, in all respects, with this Plan, is for the number of Securities to which the Eligible Person is entitled, the recipient has performed or otherwise satisfied all requirements under or applicable to the invitation or offer, and the invitation or offer has

not been withdrawn. The Company is not otherwise bound to issue Securities notwithstanding that a person may have received an invitation or offer.

8.2 Upon acceptance of application the Company shall deliver a certificate or other record of holding in respect of the Securities granted to the Eligible Person within 20 business days unless the Eligible Person has agreed to the Company or third party retaining or receiving the certificate or record of holdings.

8.3 Each Eligible Person (and, if applicable, his or her nominee) will be taken to agree to be bound by this Plan upon the acceptance of an invitation or offer from the Board to take up Securities under this Plan.

8.4 If the Company is admitted to the official list of ASX, the recipient of Securities issued under this Plan agrees to complete, execute and comply with any restriction agreement necessary to satisfy the requirements of ASX.

SHARES

9 TERMS OF ISSUE

9.1 Shares issued under this Plan are fully paid ordinary shares in the capital of the Company but may be subject to restrictions, special requirements or other terms of issue without necessarily forming a distinct class of securities for the purposes of the Corporations Act.

9.2 The Board may determine the restrictions, special requirements or other terms of issue of any Share which may be issued under this Plan, provided such is described in the invitation to apply for or offer of that Share. The description may be by way of reference to this Plan (which in any event is deemed to be incorporated in any such invitation or offer as if set out in the invitation or offer in full) or any other document provided that, without limiting the other ways a copy may be made available, the Board will make a copy available to the named recipient of the invitation or offer within a reasonable period of a written request to do so.

9.3 Without limitation, the terms of issue of a Share may specify that the Share is not able to be transferred, disposed of or encumbered until one or more conditions (which may include the passage of time to the occurrence or non-occurrence of an event) are fulfilled or an amount is paid to the Company, or that (subject to the Corporations Act) Shares must be transferred as directed by the Company or sold back, whether or not for any consideration or compensation, upon the occurrence of an event or if an event does not occur (whether by a particular date or otherwise).

9.4 This clause 9 does not limit the nature, class or terms of issue of shares which may be issued under this Plan as Other Securities.

OPTIONS

10 TERMS OF OPTIONS ISSUED UNDER THIS PLAN

10.1 Unless otherwise specified in the terms of an offer under this Plan, no amount is payable for a grant of Options.

10.2 Each Option shall carry the right in favour of an Option holder to subscribe for one fully paid ordinary Share in the capital of the Company.

10.3 Each Option expires at 5.00 pm (Melbourne, Victoria time) on the expiry date specified in the terms of issue of that Option, subject to earlier expiration, lapse or cancellation in accordance with the terms of this Plan.

10.4 Options may only be exercised if permitted by this Plan and on the terms of issue. Options cannot be exercised unless vested in accordance with the terms of issue.

10.5 The exercise price of each Option shall be as specified in the terms of issue of that Option. The exercise price shall be payable in full on exercise of the Option by the Holder.

10.6 The Company may permit cashless exercise of options, at the discretion of the Board.

10.7 Options shall be exercisable by the delivery to the registered office of the Company of a notice in writing stating the intention of the Option holder to exercise all or a specified number of Options, accompanied by the relevant Option certificate (if any) and a cheque made payable to the Company for the exercise price of all the Options exercised, or by such other method as the Company may specify (whether at the time of issue or otherwise).

10.8 An exercise of only some Options shall not affect the rights of the Option holder under the balance of the Options held by him or her.

10.9 If an Option is exercised in accordance with this Plan and its terms of issue, the Company shall issue the resultant Share and deliver notification of shareholding within forty (40) business days of the exercise of an Option or such longer time as may be permitted under the listing rules of ASX (if applicable) and the Company's Constitution.

10.10 Shares issued pursuant to the exercise of Options shall rank equally with existing Shares of the Company in all respects from the date of issue of the Share. If admitted to the official list of ASX at the time of issue of the Share, the Company will apply for official quotation by ASX of the Shares issued upon exercise of an Option, subject to any restriction obligations imposed by ASX.

10.11 Options may not be transferred, assigned or otherwise dealt with except in accordance with clause 12 of this Plan.

10.12 The Company is not bound to recognise any transfer or assignment of Options unless made in accordance with clause 12 of this Plan and then only if a copy of the duly executed instrument of assignment or transfer is lodged with the Company.

10.13 Holders of Options which have vested will be permitted to participate in any new pro-rata issue of securities of the Company subject to the prior exercise of the Options and any restriction obligations. The Company will ensure that Option holders will be allowed at least seven business days notice to allow for the conversion of Options prior to the record date in relation to any offer of securities made to shareholders.

10.14 In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:

- a. if at the time of the reconstruction any securities of the Company are admitted to quotation by the ASX or another stock exchange, the Options will be reorganised in accordance with the listing rules or their equivalent applying at the time of the reorganisation; or
- b. if at the time of the reconstruction no securities of the Company are admitted to quotation by the ASX or other stock exchange, the Options will be reorganised in the same proportion as the underlying ordinary shares (in such a way as not to cause a change in the total exercise price for a post reconstruction holding of Options, disregarding the effect of any fractions or rounding).

Note: That is, in the case referred to in clause 10.14(b), if ordinary shares are reconstructed by each share being divided into four shares, if a pre-reconstruction Option to acquire one ordinary share was exercisable at two dollars, it will be divided into four Options each to acquire one post-reconstruction ordinary share at an exercise price of 50 cents each. The other terms and conditions of the Options will remain unchanged.

10.15 The Options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant Options.

10.16 Options issued under this Plan do not confer upon the holder a right to receive notices of general meetings (except as may be required by law), nor any right to attend, speak at or vote at general meetings of the Company.

10.17 If offered and issued after the Company is admitted to the official list of ASX, any Options offered and issued shall:

- a. have an exercise price of not less than the average closing trading price of the Company's listed Shares on the five trading days prior to issuing invitations or offers to accept Options under this Plan;
- b. have an expiry date not later than five years after the date of issue; and
- c. vest at such times as the Board (with the advice of the remuneration committee) may specify in the applicable invitation to accept an offer of the Options, each of which shall be deemed to form part of the terms of issue of the Options.

11 EXERCISE PERIOD & LAPSE OF OPTIONS

11.1 Options lapse and cannot be exercised after the earlier of the expiry date specified in their terms of issue or the date determined in accordance with clause 13 of this Plan in respect of the applicable Eligible Person.

11.2 If the Company is admitted to the official list of ASX, Options may only be exercised during a restriction period in accordance with the terms of the restriction and the ASX listing rules.

12 LIMITED TRANSFERABILITY & DEALINGS

12.1 Save as otherwise provided in this clause 12, Options are personal to the Eligible Person and are not transferable or assignable and may only be exercised in accordance with this Plan. No Option issued under this Plan shall be capable of being mortgaged, pledged or encumbered in any way whatsoever.

12.2 Subject to clause 12.3 of this Plan and provided that the prior written consent of the Board is obtained (such consent not to be unreasonably withheld), clause 12.1 shall not prevent an Option from being transferred or assigned:

- a. by will or by operation of the laws of succession following the Eligible Person's death; or
- b. in accordance with a direction of the Board upon the incapacity of the Eligible Person; or
- c. to a spouse or an associated trust or company within the meaning of former section 26AAB(14) of the Income Tax Assessment Act 1936.

12.3 Before an Option is transferred or assigned, the transferee must execute a covenant with the Company whereby the transferee agrees to be bound by the terms of this Plan.

12.4 A transferred Option may only be exercised in accordance with this Plan and the terms of issue of the Options.

13 TERMINATION OF RIGHT TO EXERCISE OPTION

13.1 Subject to clauses 13.2 and 13.3 of this Plan, an Option holder's right to exercise Options under this Plan shall terminate within one month of the Option holder ceasing to be an Eligible Person (or, if the Option holder is a nominee of an Eligible Person, the Eligible Person who nominated the nominee ceasing to be an Eligible Person) provided that:

- a. where an Eligible Person dies and at the date of his or her death that Eligible Person (and his or her nominees) held any Unexercised Options, such Options may be exercised by the legal personal representatives of the Option holder (or, if applicable, his or her nominees) within 12 months of the date of the Eligible Person's death (subject to the earlier expiry or lapse of the Options); or
- b. where an Eligible Person ceases to be an Eligible Person by reason of the cessation of employment or their engagement as a consultant for whatever reason, other than the circumstances referred to in clause 13.1(e) of this Plan and on the date the Eligible Person ceases to be an Eligible Person, the Eligible Person (and his or her nominees) held any Unexercised Options (subject to the earlier expiry or lapse of the Options), such Options may be exercised at any time within 90 days or such other period, being not less than 90 days, as determined by the Board (in its absolute discretion) prior to, at or following the date upon which the Eligible Person so ceased to be an Eligible Person; or
- c. where an Eligible Person ceases to be an Eligible Person by reason of:
 - A. the retirement of the Eligible Person at or after attaining the age of 65 years;
 - B. retirement of the Eligible Person before age 65 years with the consent of the Board;
 - C. ill health of, or accident affecting, the Eligible Person; or
 - D. redundancy by reason of participation in a voluntary redundancy scheme of the Company or an Associated Body Corporate or being made redundant or being retrenched by the Company or an Associated Body Corporate,and on the date the Eligible Person ceases to be an Eligible Person, the Eligible Person (and his or her nominees) held any Unexercised Options, such Options may (subject to the earlier expiry or

lapse of the Options) be exercised at any time before the expiry of six months from the date upon which the Eligible Person ceased to be an Eligible Person; or

- d. where an Eligible Person is declared bankrupt or becomes subject to Part X of the Bankruptcy Act 1966 (Cth) (as amended) and upon such date the Eligible Person held any Unexercised Options, those Unexercised Options shall immediately lapse and cease to be exercisable;
- e. where an Eligible Person ceases to be an Eligible Person by reason of the Company terminating the Eligible Person's contract of service in circumstances where the Eligible Person has committed gross misconduct, gross negligence, wilful disobedience or due to any other cause or matter which entitles the Company to dismiss the Eligible Person without notice and on the date the Eligible Person ceases to be an Eligible Person, the Eligible Person (and his or her nominees) held any Unexercised Options, such Options shall immediately and automatically lapse and the right of the Eligible Person (and his or her nominees) to exercise those Unexercised Options shall terminate immediately upon dismissal of the Eligible Person; or
- f. where Options have been assigned in accordance with the terms of this Plan and an event has occurred in respect of the original Option holder (or, in the event that the original Option holder was a nominee of an Eligible Person, then that Eligible Person) of the nature referred to in the foregoing paragraphs of this clause 13.1, the person then the Option holder at that time shall only be entitled to exercise the Unexercised Options within the same time limits (if any) specified in the respective paragraph of this clause 13.1, and otherwise the Unexercised Options shall lapse.

13.2 If at the relevant time any securities of the Company are admitted to quotation by the ASX or other stock exchange, subject to compliance with the listing rules (particularly but not only listing rule 6.23 or its equivalent, if applicable), the Board may, in its discretion, extend the time periods in, or waive the application of any provision of, clause 13.1 of this Plan, but not so as to extend the expiry date of an Option beyond the expiry date specified in its terms of issue.

13.3 Nothing in clauses 13.1 and 13.2 of this Plan shall be taken to permit an Option to be exercised after its expiry date specified in its terms of issue and any reference to a date in those clauses shall be taken to be a reference to the earlier of that date or the expiry date of the relevant option or options.

OTHER INTERESTS

14 NATURE AND TERMS OF OTHER INTERESTS

14.1 The Board may determine the nature, rights and liabilities attaching to, and terms of issue of any Other Interest which may be issued under this Plan.

14.2 The terms of issue of any Other Interest issued under this Plan may include that the Other Interest may be lapse or be cancelled on such terms as the Board determines. An Eligible Person or other holder of an Other Interest shall have no claim against the Company or any other person if the Other Interest lapses or is cancelled as provided for in its terms of issue.

14.3 The Board may adopt rules subordinate to this Plan for the terms of and administration of particular Other Interests, which subordinate rules will apply to those Other Interests as terms of issue of those Other Interests. Clauses 15 to 19 of this Plan (both inclusive, with such amendments as the context requires and permits) will apply to such subordinate rules as if set out in the subordinate rules.

MISCELLANEOUS

15 AMENDMENT OF THIS PLAN

This Plan may only be amended with the prior approval by resolution of the shareholders of the Company in general meeting. If the Company is admitted to the official list of ASX, this Plan may only be amended in accordance with the listing rules of ASX.

16 RIGHTS OF EMPLOYEES OR CONSULTANTS

This Plan shall not form part of any contract of employment between the Company and any of its employees or consultants and shall not confer directly or indirectly on any employee or consultant any legal or equitable rights.

17 GOVERNING LAW

This Plan, any Securities issued under this Plan and any invitation, offer or application under this Plan shall be governed by the laws applying in the State of Victoria, Australia. Each person who accepts an invitation or offer of Securities made under this Plan, or who applies for or receives Securities issued under this Plan, or to whom this Plan otherwise applies submits to the non-exclusive jurisdiction of the Courts of the State of Victoria and the Courts of appeal therefrom.

18 POWERS OF DIRECTORS

18.1 This Plan shall be administered by the Board who shall have the power to:

- a. determine procedures from time to time for administration of this Plan consistent with this Plan;
- b. subject to clause 15 of this Plan and (if applicable) the listing rules, amend or modify this Plan; and
- c. resolve conclusively all questions of fact or interpretation arising in connection with this Plan.

18.2 The Board may delegate any of its powers under this Plan other than the powers in clauses 13.1(b), 13.1(c) and 14. An act by a delegate in accordance with a delegation of powers by the Board will be as good, effective and binding as if it were an act of the Board.

19 TERMINATION AND SUSPENSION OF PLAN

19.1 This Plan may at any time be terminated by the Board but such termination shall not, in and of itself, affect the rights of holders of Securities issued or the terms of Securities issued prior to such termination.

19.2 The Board may suspend the operation of this Plan for any period it considers desirable, but such suspension will not affect holders of Securities issued or the terms of Securities issued prior to such suspension.

14.10 Dividends and forecasts of future earnings

The Directors do not envisage that Davenport will be in a position to declare dividends for the foreseeable future.

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings beyond the expected listing date on the basis that the anticipated operations of the Company after the completion of the acquisition of East Exploration are inherently uncertain. Any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

14.11 Taxation

The acquisition and disposal of shares in Davenport will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in Davenport are urged to obtain independent financial advice about the consequences of acquiring shares from a taxation viewpoint and generally. If you are in doubt as to the course you should follow, you should consult your accountant, stockbroker, lawyer or other professional adviser. To the maximum extent permitted by law, Davenport, its officers and each of their respective advisors accept no liability or responsibility with respect to the taxation consequences of subscribing for shares under this Prospectus.

14.12 Litigation

Davenport is not involved in any litigation or arbitration proceedings, nor, so far as the Directors are aware, are any such proceedings pending or threatened against Davenport.

14.13 Competent Persons' Statements

The *Independent Technical Assessment South Harz Project* report by CSA Global Pty Ltd and the *Davenport Resources – Southern Cross Bore, Cu-Au, Independent Expert Report* by John Collier (Conarco Consulting) set out in Section 10 each contain statements by competent persons as defined in the JORC Code. The information contained in Section 4 that relates to exploration results of the respective Projects is based on, and fairly represents, information compiled or reviewed by the persons named as competent persons in those reports. The persons named as competent persons in those reports have consented to this statement and to references in this Prospectus to each of them and to their reports or statements in their reports (respectively) in the form and context in which those references appear, and have not withdrawn their respective consents before lodgement of this Prospectus with ASIC.

14.14 Interests of advisors

The Company has engaged the following professional advisors in relation to the Offers:

- Advantage Advisors Corporate Pty Ltd has acted as the Investigating Accountant. Advantage Advisors Corporate Pty Ltd is associated with the Company's auditor, Advantage Advisors Audit Partnership. The Company has paid, or has agreed to pay, approximately \$18,000 (excluding disbursements and GST) to Advantage Advisors Corporate Pty Ltd and approximately \$15,000 (excluding disbursements and GST) to Advantage Advisors Audit Partnership in the two years prior to the date of this Prospectus. Further amounts may be paid to Advantage Advisors Corporate Pty Ltd in accordance with normal charge out rates.

- John Collier (trading as Conarco Consulting) has acted as an independent expert. The Company has paid, or agreed to pay, approximately \$19,100 (excluding disbursements and GST) to Mr Collier in the two years prior to the date of this Prospectus. Subsequently, fees will be charged in accordance with normal charge out rates.
- CSA Global Pty Ltd has acted as an independent geologist. The Company has paid, or agreed to pay, approximately \$49,200 (excluding disbursements and GST) to CSA Global Pty Ltd in the two years prior to the date of this Prospectus. Subsequently, fees will be charged in accordance with normal charge out rates.
- CMS Hasche Sigle Partnerschaft von Rechtsanwälten und Steuerberatern mbB has acted as legal advisors in relation to its Expert Mining License Report. The Company has paid, or agreed to pay, approximately €4,285 to CMS Hasche Sigle Partnerschaft von Rechtsanwälten und Steuerberatern mbB in the two years prior to the date of this Prospectus. Subsequently, fees will be charged in accordance with normal charge out rates.
- AMETS (Australian Mining and Exploration Title Services) has acted as a tenement consultant. The Company has paid, or agreed to pay, approximately \$23,450 (excluding disbursements and GST) to AMETS (Australian Mining and Exploration Title Services) in the two years prior to the date of this Prospectus. Subsequently, fees will be charged in accordance with normal charge out rates.
- Quinert Rodda and Associates Pty Ltd has acted as legal advisor to the Company. The Company has paid, or agreed to pay, approximately \$125,000 (excluding disbursements and GST) to Quinert Rodda and Associates Pty Ltd in the two years prior to the date of this Prospectus. Subsequently, fees will be charged in accordance with normal charge out rates.

East Exploration has paid, or agreed to pay approximately €245,505 (excluding disbursements and taxes) to ERCOSPLAN Ingenieurgesellschaft Geotechnik und Bergbau mbH in the two years prior to the date of this Prospectus. Further amounts may be paid to ERCOSPLAN Ingenieurgesellschaft Geotechnik und Bergbau mbH by East Exploration in accordance with the terms of its engagement of ERCOSPLAN Ingenieurgesellschaft Geotechnik und Bergbau mbH, and at normal charge out rates for any additional work, as summarised in Section 14.3(b).

These amounts, and other expenses of the Offers, to the extent not paid by the Company or East Exploration prior to completion of the acquisition of East Exploration and the Equity Offer will be paid out of funds raised under the Equity Offer or available cash. Further information on the use of proceeds and costs of the Equity Offer is set out in Sections 3 and 14.16.

14.15 Consents

Each of the parties listed below (each a "Consenting Party") has given its written consent and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to being named in this

Prospectus in the form and context in which it is named and, where applicable, to the inclusion in this Prospectus of his or its report specified below and/or statements by him or it (and to references to or statements based on his or its report and/or statements) in the form and context in which his or its report or statements and references to or statements based on his or its report and/or statements appear:

- the Proposed Director, Mr Patrick McManus;
- Advantage Advisors Corporate Pty Ltd as Investigating Accountant and the inclusion of its Investigating Accountant's Report in this Prospectus;
- Advantage Advisors Audit Partnership as auditor;
- ERCOSPLAN Ingenieurgesellschaft Geotechnik und Bergbau mbH as consultants to East Exploration;
- CMS Hasche Sigle Partnerschaft von Rechtsanwälten und Steuerberatern mbB as legal advisors in relation to its Expert Mining License Report and the inclusion of its report in this Prospectus;
- John Benjamin Collier (trading as Conarco Consulting) as an independent expert and the inclusion of his Davenport Resources – Southern Cross Bore, Cu-Au, Independent Expert Report in this Prospectus;
- CSA Global Pty Ltd as an independent geologist and the inclusion of its Independent Technical Assessment South Harz Project report in this Prospectus;
- AMETS (Australian Mining and Exploration Title Services) as a tenement consultant and the inclusion of its Report on Northern Territory Exploration Licences 28045, 29827 & 30090 in this Prospectus;
- Quinert Rodda and Associates Pty Ltd as legal advisors in relation to the Offers; and
- Security Transfer Australia Pty Ltd as the Share Registry.

Each of the Consenting Parties, to the maximum extent permitted by law, severally expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and the statements, a report or references to either included in this Prospectus with its consent as set out above.

Davenport's former parent company, Arunta Resources Limited (which has changed its name to Spirit Telecom Limited) is no longer associated with Davenport and is referred to in this Prospectus for the purposes of historical identification only. Spirit Telecom Limited has not prepared any part of or authorised any statement in this Prospectus and has not authorised or consented to the issue of this Prospectus.

14.16 Costs of the Offers

A detailed breakdown of the approximate costs of the Offers and acquisition (excluding GST) is set out below.

Item of expenditure	Minimum subscription (\$5 million) \$	Maximum subscription (\$6 million) \$
Broker commissions (up to:)	300,000	360,000
ASX listing & ASIC lodgement fees	80,000	83,000
Legal fees	280,000	280,000
Experts reports	126,000	126,000
Share Registry costs	6,000	6,000
Investor relations costs	10,000	10,000
Design & printing	20,000	20,000
Other	25,000	25,000
Total	847,000	910,000

14.17 Continuous disclosure obligations

The Company, upon listing, will be a "disclosing entity" (as defined in Section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's shares.

14.18 Governing Law

The Offers and the contracts formed on acceptance of an application are governed by the laws applicable in Victoria, Australia. Each person who applies for shares or options pursuant to this Prospectus (including by payment by BPay®) submits to the non-exclusive jurisdiction of the courts of Victoria, Australia, and the relevant appellate courts.

14.19 Enquiries

Please call the proposed Managing Director, Christopher Bain, on +61 413 275 756 or the Company Secretary, Mr Rajan Narayanasamy, on +61 415 065 280, or your broker, if you require assistance to complete the applicable application form or require additional copies of this Prospectus.

All enquiries in relation to the Broker Firm Offer should be directed to your Broker.

If you are unclear in relation to any matter or are uncertain as to whether obtaining shares in the Company is a suitable investment for you, you should seek professional advice from your solicitor, stock broker, accountant or other independent and qualified professional advisor before deciding whether to invest.

No person is authorised to give information or to make any representation in connection with the Offers, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by Davenport in connection with this Prospectus.

14.20 Directors' authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

Each of the Directors has consented to the lodgement of this Prospectus with ASIC in accordance with section 720 of the Corporations Act and as at the date of this Prospectus has not withdrawn that consent.

GLOSSARY

\$	Australian dollars
€	Euros
AASB	Australian Accounting Standards Board
ABN	Australian Business Number
ACN	Australian Company Number
ÆST	Australian Eastern Standard Time in Melbourne, Victoria
AFSL	Australian financial services licence
Arunta	Arunta Resources Limited [ACN 089 224 402] (the former parent entity of Davenport, which has changed its name to Spirit Telecom Limited)
ASIC	The Australian Securities and Investments Commission
ASX	ASX Limited [ACN 008 624 691] or its applicable subsidiary, or the Australian Securities Exchange, as operated by ASX Limited [ACN 008 624 691], as the case requires
ASX Book Build	The automated on-market bookbuild facility operated by ASX
Australian Accounting Standards	Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board and Urgent Issues Group Interpretation
Board or Board of Directors	The directors of the Company from time to time
Broker Firm Offer	The offer of shares to Australian resident clients of brokers (ASX participating organisations) who have received a firm allocation as part of the Equity Offer under this Prospectus
Broker Firm Offer Closing Date	5pm (ÆST), 25 November 2016 or such other date and time determined by the Company

CHESS	Clearing House Electronic Sub-register System, operated in accordance with the Corporations Act
Closing Date	the date by which applications must be received by the Share Registry being 5pm (AEST), 25 November 2016 or such other date and time determined by the Company
Collecting Party	The Company, the Share Registry and other brokers involved in the Equity Offer and their respective related bodies corporate, agents, contractors and third party service providers
Company	Davenport Resources Limited [ABN 64 153 414 852]
Consenting Party	A person or entity which has given its consent to being named in this Prospectus, identified in Section 14.15
Constitution	The Constitution of the Company
Corporations Act	The Corporations Act 2001 (Cth)
Davenport	The Company (Davenport Resources Limited)
Davenport Priority Offer	The offer of up to 2,500,000 shares (\$500,000) made to and which is only open to shareholders of Davenport as at the Record Date
Director	A director of the Company from time to time
DvP	"Delivery versus payment", a method of settlement where payment is made simultaneously with or in anticipation of the delivery of the security)
East Exploration	East Exploration Pty Ltd [ACN 168 560 647]
Equity Offer	The offer of a minimum of 25,000,000 and up to 30,000,000 shares under this Prospectus, comprising the Priority Offers, the Broker Firm Offer and the General Offer
ERCOSPLAN	German based geological consultants Ercosplan Ingenieurgesellschaft Geotechnik und Bergbau mbH
General Meeting	The general meeting of the shareholders of Davenport held on 28 September 2016

General Offer	An invitation to eligible investors to apply for shares as part of the Equity Offer
Group	In Section 8 means the Company and East Exploration and their subsidiaries
GST	Goods and Services Tax
Historical Statements of Financial Position	The historical statements of financial position derived from the reviewed financial statements of Davenport Resources Limited (the Company) and the reviewed consolidated financial statements of East Exploration Pty Ltd and its subsidiary as at 31 December 2015
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretations Committee
Investigating Accountant's Report	the report dated 21 October 2016 prepared by Advantage Advisors Corporate Pty Ltd in Section 9 of this replacement prospectus
JORC or JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition)
Listing	Admission to the Official List
Listing Rules	The listing rules of ASX
Offers	The Equity Offer, the Vendor Offer and the Options Offer
Offer Price	\$0.20 (20 cents) per share offered under the Equity Offer
Official List	The official list of ASX
Official Quotation	Official quotation by ASX in accordance with the ASX Listing Rules
Options Offer	The offer of options to acquire shares of the Company made under this Prospectus
Personal Information	Any personal information contained in an application
Placement	The placement by the Company of 6,000,000 shares at \$0.08 (8 cents) per share completed in May 2016

Potash West Priority Offer	The offer of up to 5,000,000 shares (\$1,000,000) made to and which is only open to shareholders of Potash West NL as at the Record Date
Priority Offers	The Davenport Priority Offer and the Potash West Priority Offer (as applicable)
Pro-Forma Consolidated Statement of Financial Position	The Company's pro-forma consolidated statement of financial position following completion of the acquisition of East Exploration and the Equity Offer, including details of the pro-forma adjustments, set out in Section 8
Pro-Forma Financial Information	Has the meaning set out in Section 8.1
Projects	The South Harz Project and the Southern Cross Bore Project
Prospectus	This document (including the electronic form of the Prospectus) and any supplementary or replacement prospectus in relation to this document
Recommendations	ASX Corporate Governance Principles and Recommendations (Third Edition)
Record Date	8 September 2016
Share Registry	Security Transfer Australia Pty Ltd [ACN 008 894 488]
Share Sale Agreement	Means the Sale of Shares Agreement between the Company, the vendors, and East Exploration for the purchase of all the shares of East Exploration dated 8 June 2016, as amended
South Harz Project	East Exploration's mineral exploration project targeting potash in central Germany including the Küllstedt and Gräfen-tonna exploration licences held through its wholly owned and controlled German subsidiary, East Exploration GmbH and all ground within 50 kilometres of the Küllstedt and Gräfen-tonna tenements
South Cross Bore Project	The Company's project located approximately 75km north of Alice Springs in Australia's Northern Territory comprising and comprises exploration licences (ELs) 30090, 28045 and 29827
Vendor Offer	the offer of shares and milestone shares to the vendors made under this Prospectus

GENERAL OFFER APPLICATION FORM

GENERAL OFFER FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

All Correspondence to:

Security Transfer Australia Pty Ltd
PO BOX 52 Collins Street West VIC 8007
Exchange Tower, Level 9, Suite 913
530 Little Collins Street MELBOURNE VIC 3000
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

DAVENPORT RESOURCES LIMITED

ACN: 153 414 852

BROKER STAMP

Broker Code

Advisor Code

PLEASE READ CAREFULLY ALL INSTRUCTIONS ON THE REVERSE OF THIS FORM

This application relates to the offer of Fully Paid Ordinary Shares at the price of \$0.20 per Share.

No share will be issued pursuant to the Prospectus later than 13 months after the date of the Prospectus.

Before completing this Application Form you should read the accompanying Replacement Prospectus dated 24 October 2016 and the instructions overleaf.

Please print in BLOCK LETTERS.

I / We apply for:

, , shares at AUD \$0.20 per share

or such lesser number of shares which may be allocated to me/us by the Directors.



www.securitytransfer.com.au

I/We lodge full application of monies of:

A \$, , ,

BPAY® this payment via internet or phone banking.

Please visit our share registry's website: www.securitytransfer.com.au and complete the online application form.

If electronic payment cannot be made then cheque(s) or bank draft(s) can be used.

See reverse for further payment instructions.

Full Name of Applicant / Company

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Joint Applicant #2

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Joint Applicant #3

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Account Designation (for example: THE SMITH SUPERFUND A/C)

< >

Postal Address

Unit Street Number Street Name or PO BOX

Suburb / Town / City

State

Postcode

Country Name (if not Australia)

CHESS HIN (where applicable)

☒ X ☐ If an incorrect CHESS HIN has been provided (for example, an incorrect number as registration details do not match those registered) any securities issued will be held on the Issuer Sponsored subregister.

Tax File Number / Australian Business Number

Tax File Number of Security Holder #2 (Joint Holdings Only)

Contact Name

Contact Number

()

Email Address

@

Declaration and Statements:

- (1) I/We declare that all details and statements made by me/us are complete and accurate.
- (2) I/We agree to be bound by the terms & conditions set out in the Replacement Prospectus and by the Constitution of the Company.
- (3) I/We authorise the Company to complete and execute any documentation necessary to effect the issue of Securities to me/us.
- (4) I/We have received personally a copy of the Replacement Prospectus accompanied by or attached to this Application form, or a copy of the Application Form or a direct derivative of the Application Form before applying for the Securities.
- (5) I/We acknowledge that the Company will send me/us a paper copy of the Replacement Prospectus and any Supplementary Prospectus (if applicable) free of charge if I/we request so during the currency of the Offers.
- (6) I/We acknowledge that returning the Application Form with the application monies will constitute my/our offer to subscribe for Securities in the Company and that no notice of acceptance of the application will be provided.

ZZUDVPIPO211016

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TO MEET THE REQUIREMENTS OF THE CORPORATIONS ACT, THIS FORM MUST NOT BE HANDED TO ANY PERSON
UNLESS IT IS ATTACHED TO OR ACCOMPANIED BY THE REPLACEMENT PROSPECTUS DATED 24 OCTOBER 2016 AND ANY RELEVANT SUPPLEMENTARY PROSPECTUS.
This Application Form relates to the Offer of Fully Paid Shares in DAVENPORT RESOURCES LIMITED.

APPLICATION FORMS

Please complete all parts of the Application Form using BLOCK LETTERS. Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected. Current CHESS participants should complete their name and address in the same format as they are presently registered in the CHESS system.

Insert the number of Shares you wish to apply for. The application must be for a minimum of 10,000 Shares and thereafter in multiples of 2,500 Shares. The applicant(s) agree(s) upon and subject to the terms of the Replacement Prospectus to take any number of Shares equal to or less than the number of Shares indicated on the Application Form that may be allotted to the applicants pursuant to the Replacement Prospectus and declare(s) that all details of statements made are complete and accurate.

No notice of acceptance of the application will be provided by the Company prior to the allotment of Shares. Applicants agree to be bound upon acceptance by the Company of the application.

Please provide us with a telephone contact number (including the person responsible in the case of an application by a company) so that we can contact you promptly if there is a query in your Application Form. If your Application Form is not completed correctly, it may still be treated as valid. There is no requirement to sign the Application Form. The Company's decision as to whether to treat your application as valid, and how to construe, amend or complete it shall be final.

PAYMENT



www.securitytransfer.com.au

BPAY® your payment via internet or phone banking. Please visit our share registry's website:

www.securitytransfer.com.au and complete the online application form. All online applicants can BPAY their payments via internet or phone banking. A unique reference number will be quoted upon completion of the application.

Applicants should be aware of their financial institution's cut-off time (the time payment must be made to be processed overnight) and ensure payment is processed by their financial institution on or before the day prior to the closing date of the offer.

BPAY applications will only be regarded as accepted if payment is received by the registry from your financial institution on or prior to the closing date. It is the applicant's responsibility to ensure funds are submitted correctly by the closing date and time.

You do not need to return any documents if you have made payment via BPAY.

Your BPAY reference number will process your payment to your application electronically and you will be deemed to have applied for such securities for which you have paid.

All cheques should be made payable to **DAVENPORT RESOURCES LIMITED** and drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable". Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid.

Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured. Do not forward cash as receipts will not be issued.

LODGING OF APPLICATIONS

Completed Application Forms and cheques must be:

Posted to:
DAVENPORT RESOURCES LIMITED
C/- Security Transfer Australia Pty Ltd
PO Box 52
COLLINS STREET WEST VIC 8007

OR

Delivered to:
DAVENPORT RESOURCES LIMITED
C/- Security Transfer Australia Pty Ltd
Exchange Tower, Level 9, Suite 913,
530 Little Collins Street, MELBOURNE VIC 3000

Applications must be received by no later than 5:00pm AEST on the Closing Date 25 November 2016 which may be extended at any time and at the discretion of the Company.

CHESS HIN/BROKER SPONSORED APPLICANTS

The Company intends to become an Issuer Sponsored participant in the ASX CHESS System. This enables a holder to receive a statement of holding rather than a certificate. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold shares allotted to you under this Application on the CHESS subregister, enter your CHESS HIN. Otherwise, leave this box blank and your Shares will automatically be issuer sponsored on allotment.

CORRECT FORM OF REGISTRABLE TITLE

Note that only legal entities are allowed to hold securities. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to DAVENPORT RESOURCES LIMITED. At least one full given name and one surname are required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of the correct forms of registrable names below.

TYPE OF INVESTOR

Individual

Use given names in full, not initials.

Company

Use the company's full title, not abbreviations.

Joint Holdings

Use full and complete names.

Trusts

Use trustee(s) personal name(s). Do not use the name of the trust.

Deceased Estates

Use the executor(s) personal name(s).

Minor (a person under the age of 18)

Use the name of a responsible adult with an appropriate designation.

Partnerships

Use the partners' personal names. Do not use the name of the partnership.

Superannuation Funds

Use the name of the trustee(s) of the super fund.

CORRECT

Mr John Alfred Smith

ABC Pty Ltd

Mr Peter Robert Williams &
Ms Louise Susan Williams

Mrs Susan Jane Smith
<Sue Smith Family A/C>

Ms Jane Mary Smith &
Mr Frank William Smith
<Estate John Smith A/C>

Mr John Alfred Smith
<Peter Smith A/C>

Mr John Robert Smith &
Mr Michael John Smith
<John Smith and Son A/C>

Jane Smith Pty Ltd
<JSuper Fund A/C>

INCORRECT

J A Smith

ABC P/L or ABC Co

Peter Robert &
Louise S Williams

Sue Smith Family Trust

Estate of Late John Smith
or
John Smith Deceased

Master Peter Smith

John Smith and Son

Jane Smith Pty Ltd Superannuation Fund

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

CORPORATE DIRECTORY

Directors

Christopher Bain (Proposed Managing Director)

Rory Luff (Non-Executive Director)

Angus Edgar (Non-Executive Director)

Proposed Director and Non-Executive Chairman

Patrick McManus

Company Secretary

Rajan Narayanasamy

Registered Office

Level 14, 31 Queen Street

Melbourne VIC 3000

Contact Details

Christopher Bain

Telephone: +61 413 275 756

Facsimile: +61 3 8610 8666

Website: www.davenportresources.com.au

Share Registry

Security Transfer Australia Pty Ltd

PO Box 52

COLLINS STREET WEST VIC 8007

Telephone: (08) 9315 2333

Fax: (08) 9315 2233

Email: registrar@securitytransfer.com.au

Website: www.securitytransfer.com.au

Auditor

Advantage Advisors Audit Partnership

Proposed ASX code

DAV

Australian Legal Adviser

Quinert Rodda & Associates Pty Ltd

Solicitors

Level 6, 50 Queen Street

MELBOURNE VIC 3000

Investigating Accountant

Advantage Advisors Corporate Pty Ltd

German Lawyer in relation to South Harz tenements

CMS Hasche Sigle Partnerschaft von

Rechtsanwälten und Steuerberatern mbB

Tenement consultant for NT Tenements

AMETS (Australian Mining and Exploration

Title Services)

Independent Geologist - South Harz Project

CSA Global Pty Ltd

Independent Geologist - Southern Cross Bore Project

John Collier, Conarco Consulting