

UPDATED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Davenport Resources Limited (“Davenport “ or “the Company”) provides the following updated pro forma consolidated statement of financial position showing the effect of adjustments subsequent to the 30 June 2016 balance date of the audited consolidated statement of financial position in the replacement prospectus dated 24 October 2016 (“the Prospectus”) and the completion of the IPO capital raising.

Davenport Resources Limited Pro-forma Consolidated Balance Sheet

	Davenport Consolidated Audited	Davenport Pro-forma Adjustments 1	Pro-forma Post Adjustments	EE Consolidated Reviewed 2	Pro-forma Adjustments 3	IPO Raising \$5.1M* less costs 4	Pro-forma Post Acquisition
	30 June 2016		30 June 2016	30 June 2016			
	\$	\$	\$	\$	\$	\$	\$
CURRENT ASSETS							
Cash and cash equivalents	395,005		395,005	154,838	0	4,774,365	5,324,208
Trade and other receivables	25,809		25,809	15,851	0	76,900	118,560
Prepayments	14,157		14,157		0	0	14,157
TOTAL CURRENT ASSETS	434,971	0	434,971	170,689	0	4,851,265	5,456,925
NON-CURRENT ASSETS							
Trade and other receivables	141,981		141,981		0	0	141,981
Other financial assets	250,000		250,000		(250,000)	0	0
Property, plant and equipment	11,817		11,817		0	0	11,817
Deferred exploration expenditure	261,245		261,245	14,928	0	0	276,173
TOTAL NON-CURRENT ASSETS	665,043	0	665,043	14,928	(250,000)	0	429,971
TOTAL ASSETS	1,100,014	0	1,100,014	185,617	(250,000)	4,851,265	5,886,896
CURRENT LIABILITIES							
Trade and other payables	232,599	(111,037)	121,562	108,031		592,900	822,493
Provisions	28,318		28,318		0	0	28,318
TOTAL CURRENT LIABILITIES	260,917	(111,037)	149,880	108,031	0	592,900	850,811

NON-CURRENT LIABILITIES

Provisions	12,000		12,000		0	0	12,000
Deferred tax liabilities	7,410		7,410		0	0	7,410
TOTAL NON-CURRENT LIABILITIES	19,410	0	19,410	0	0	0	19,410

TOTAL LIABILITIES	280,327	(111,037)	169,290	108,031	0	592,900	870,221
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NET ASSETS	819,687	111,037	930,724	77,586	(250,000)	4,258,365	5,016,675
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EQUITY

Issued capital	917,054		917,054	300,007	1,469,328	4,797,365	7,497,425
Reserves			0	(1,307)	0	0	(1,307)
Accumulated losses	(97,367)	111,037	13,670	(221,114)	(1,719,328)	(539,000)	(2,479,442)
TOTAL EQUITY	819,687	111,037	930,724	77,586	(250,000)	4,258,365	5,016,675

Footnotes:

* Capital raised from the IPO totalled \$5,111,737, before costs

- 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.
- Pro-forma assets and liabilities of East Exploration acquired. Based on 30 June 2016 reviewed consolidated financial statements.
- A share based payment listing expense of \$1,469,328 is recorded representing a deemed issue of shares by East Exploration, equivalent to shareholders interest in Davenport post the acquisition.
The \$250,000 payment of the Option and Exclusivity Fee by Davenport paid prior to 30 June 2016 to East Exploration is a consolidation elimination upon completion of the acquisition of East Exploration by Davenport.
- 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 \$76,900.

Refer also to the Notes on the following pages.

Notes to be read in conjunction with, and where applicable in place of tables in, the notes to the pro forma financial information in the Prospectus:

1. 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 \$5,111,737 before costs of the issue from the issue of 25,558,687 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. Expected costs are \$930,275 (inclusive of 10% GST). The portion of GST expected to be able to claimed is \$76,900 for the raising.

2. 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		-

3. 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		592,900
Trade and other payables – Pro-forma		822,493

4. 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:

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	5,111,737	
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	(314,371)	
<i>Total subsequent events and pro forma adjustments</i>		6,280,364
Post East Exploration transactions and capital raising		7,497,425

5. Pro-forma Listing Expenses

The 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 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

6. Accumulated losses

The Pro-forma accumulated losses as at the completion of the acquisition of East Exploration is as follows:

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	(539,000)	
<i>Total subsequent events and pro-forma adjustments</i>		(2,160,961)
Accumulated losses – Pro-forma		(2,479,442)