

## DAVENPORT RESOURCES LIMITED

[ABN 64 153 414 852]

("the Company")

### MILESTONE SHARE TERMS

as at admission to the Official List of ASX

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 (k) 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 Share 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

Shares 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 Shares will not be quoted on the ASX. If Milestone Share 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 Shares 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 Share may be amended by the Board of the Company before or after the issue of Milestone Share 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 the Company within four (4) years after Completion of the first JORC Code compliant inferred resources of one of the following:

- (a) 250 million tonnes of potash at or above 11.0% K<sub>2</sub>O by content, or
- (b) 150 million tonnes of potash at or above 12.0% K<sub>2</sub>O by content, or
- (c) 100 million tonnes of potash at or above 13.0% K<sub>2</sub>O by content, or
- (d) 75 million tonnes of potash at or above 15.0% K<sub>2</sub>O by content, or
- (e) 50 million tonnes of potash at or above 18.0% K<sub>2</sub>O by content.

**“Completion”** means completion of the acquisition of all the shares of East Exploration Pty Ltd by the Company.

### **Milestone 2**

The Milestone for the second milestone shares is as follows:

The announcement to ASX by the Company within five (5) years after 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).

**“Completion”** means completion of the acquisition of all the shares of East Exploration Pty Ltd by the Company.

**“South Harz Project”** means the mineral exploration project targeting potash in central Germany including the Küllstedt and Gräfenonna exploration licences and all ground within 50 kilometres of the Küllstedt and Gräfenonna tenements.