



ASX Announcement

24 April 2018

COMPANY DETAILS

Davenport Resources Limited

ABN: 64 153 414 852

ASX CODE: DAV

PRINCIPAL AND REGISTERED OFFICE (& Postal Address)

Davenport Resources Limited
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Capital Structure

108.2M Ordinary shares

6.2M Unlisted options

BOARD OF DIRECTORS

Patrick McManus

(Non-Executive Chairman)

Dr Chris Gilchrist

(Managing Director)

Chris Bain

(Executive Director)

Rory Luff

(Non-Executive Director)

Exploration activities report for March quarter 2018

HIGHLIGHTS:

- JORC (2012) Inferred Resource announced for Ebeleben perpetual licence area in Germany following independent review by Micon International Co. Limited ("Micon").
- Historic resource and Exploration Targets announced for perpetual licence areas, Muhlhausen, Nohra-Elende and Keula following independent review by German potash mining and engineering consultants, Ercosplan.
- Independent review of Muhlhausen, Nohra-Elende and Keula licence areas commenced by Micon to determine if data can support a JORC 2012 resource
- Inferred Mineral Resource of 2.2Mt at 0.7 g/t Au and 0.4% Cu estimated for Johnnies Reward deposit at Southern Cross Bore

Germany - South Harz Potash project

Perpetual Mining Licence Areas

Ebeleben

Following formal approval by the Thüringen State Mining Authority to transfer of title of the recently purchased Ebeleben, Mühlhausen and Ohmgebirge mining licences to East Exploration GmbH, work was conducted by Micon on reviewing historic exploration data within the Ebeleben licence area. Data from the historic drilling campaigns in the 1960's to 1980's were digitized and a new resource model was constructed. Micon's Competent Person was satisfied that all aspects of data collection and interpretation were compliant with respect to JORC 2012 and this culminated in the announcement of a JORC 2012 Inferred Resource in early April.

Micon confirmed an Inferred Resource of 576 million tonnes containing 12.1 % K₂O (equal to 19.2 % KCl) which contains in total 110.1 million tonnes KCl. The resource contains two predominant mineralization types, 324 million tonnes Sylvinit (KCl.NaCl) grading 24.8% KCl and containing 69.8 million tonnes KCl and 252 million tonnes Carnallitite (K,MgCl₃.6H₂O) grading 11.9% KCl containing 30 million tonnes KCl.

Muhlhausen Sub-Area, Keula and Nohra-Elende

Analysis of the data for the three licenses within the Muhlhausen area was conducted by Ercosplan and completed during the quarter. Historic resources had been estimated in accordance with the Russian Federation System applicable at that time in the former German Democratic Republic (GDR) system and exploration targets were calculated for these areas.

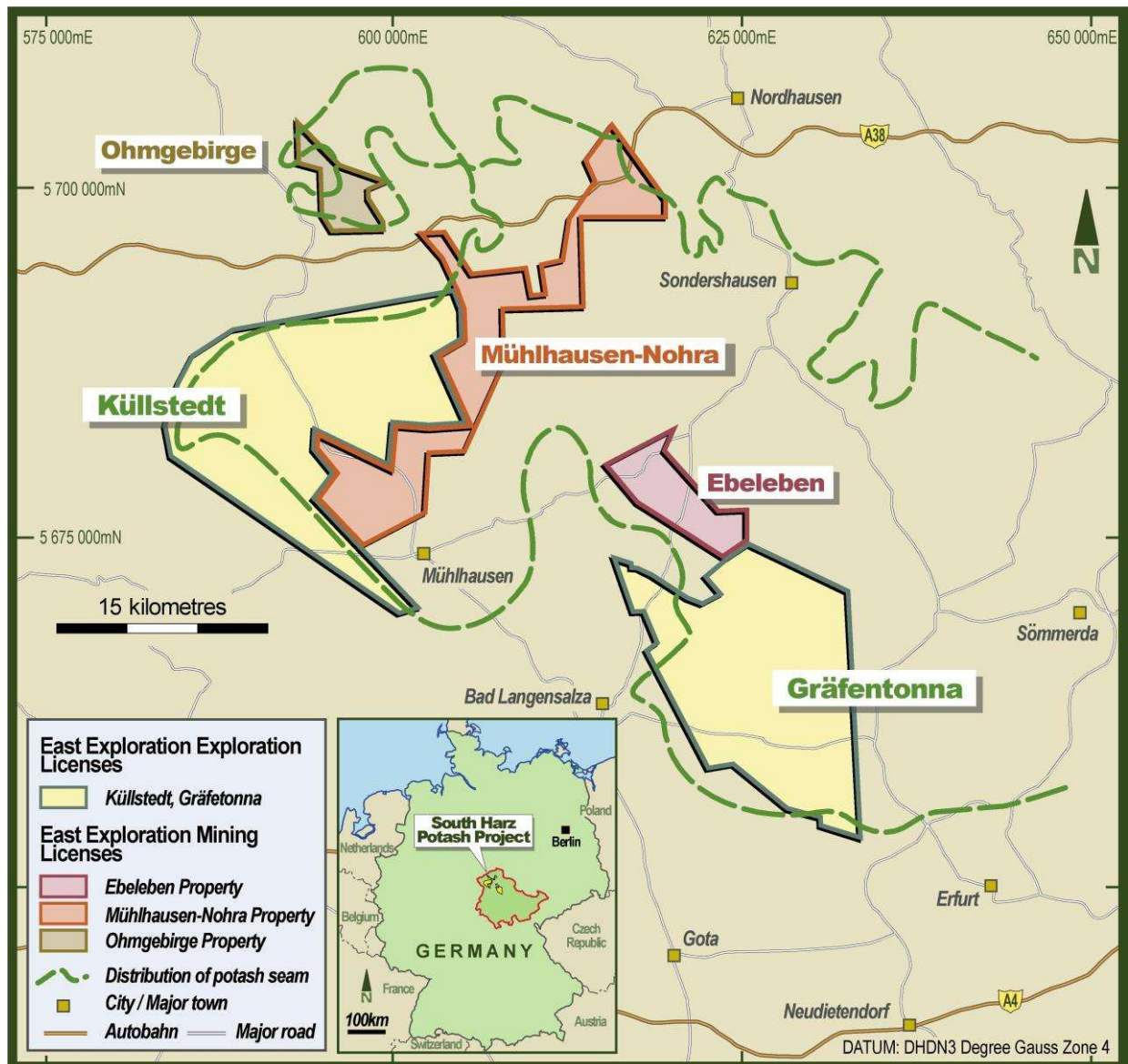


Figure 1 Location of Davenport Resources South Harz Project exploration and mining licences

All three new licences, which adjoin Davenport's existing Exploration Licences in the South Harz region, (Figure 1), are unique and valuable, being perpetual mining licences granted under the former GDR system. They are not subject to expiry, rent, royalties or reporting requirements of the current German tenure system. They are however, subject to the usual environmental laws and mine development regulations that apply in Germany.

The licences have been extensively drilled. In total, more than 100 deep drill holes were sunk leading to the creation of an extensive exploration database that would cost in excess of €100 million to replicate based on current industry costs.

Previous review work carried out on the Muhlhausen sub-area (ASX:DAV release 16th Nov 2017) announced a historic resource of 234 million tonnes grading at 14.4% K₂O (equal to 22.86% KCl) containing 53.5 million tonnes KCl.

Ercosplan confirmed that the historic resource for the Nohra-Elende sub-area was 816.1 million tonnes grading at 8.9% K₂O (equal to 14.1% KCl) containing 115.2 million tonnes KCl and was comprised mostly of Carnallitite (ASX:DAV release 10th April 2018).

Ercosplan further advised that they had confirmed the historic resource for the Keula sub-area as 65.2 million tonnes of predominantly Hartsalz (Sylvinitite containing Kieserite and other sulphatic salts) grading at 12.8% K₂O (equal to 20.3% KCl) containing 8.3 million tonnes KCl.

The total historic resource confirmed by Ercosplan for the Muhlhausen Nohra-Elende and Keula sub areas is therefore 1.115 billion tonnes grading at 10.3% K₂O (equal to 16.35% KCl) containing 182.3 million tonnes KCl. A summary is given in Table 1 below.

Historic Resources - Total for Muhlhausen-Nohra Mining License			
Name of Sub-Area	Tonnage of Mineralised Rock (million tonnes)	K ₂ O Grade (%)	Tonnage of K ₂ O (million tonnes)
Muhlhausen SA	234.0	14.4	33.8
Keula SA	65.2	12.8	8.3
Nohra-Elende SA	816.1	8.9	72.8
Total	1,115.3	10.3	114.9

Table 1: Summary of Historic Resources located within the Muhlhausen-Nohra Mining License.

Davenport is currently transferring data to Micon to enable them to digitise and model the resources within the three Muhlhausen areas with the intention of confirming a JORC 2012 compliant resource by June 2018.

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

Exploration Targets

An outcome of the evaluation of the historic data is that Ercosplan has estimated an Exploration Target for each of the Muhlhausen, Keula and Nohra-Elende sub-areas for which Davenport holds perpetual mining licences. The total Exploration target for the three sub-areas was advised by Ercosplan to lie between 3.145 – 4.431 billion tonnes grading at 14.4% KCl and containing 454 – 809 million tonnes KCl. Exploitation of the Sylvinitite (as opposed to the lower-grade Carnallitite) resource would be a priority for Davenport which would reduce the Exploration Target tonnage but enhance the grade. A summary of the Exploration Targets for the three sub-areas is given in Table 2. (ASX:DAV release 10 April 2018)

The potential quality 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.

Davenport now holds three perpetual mining licences and two potash exploration licences in Germany's Thüringen State. The licences cover a combined total area exceeding 650 km² across the South Harz potash basin. Historic drilling and mining in the basin demonstrate that the licence areas are underlain by a continuous potash horizon. Work by Ercosplan and Micon is ongoing, however a very large-scale potash deposit is emerging.

Küllstedt

Application for drilling approval has been temporarily suspended while the data analysis of the adjoining new mining licences is underway. Historic drilling programs exist across the boundary between Küllstedt and the new Mühlhausen sub-area and given the historic resource on the Mühlhausen sub area is in part influenced by holes within Küllstedt, the optimum drill hole location may be different.

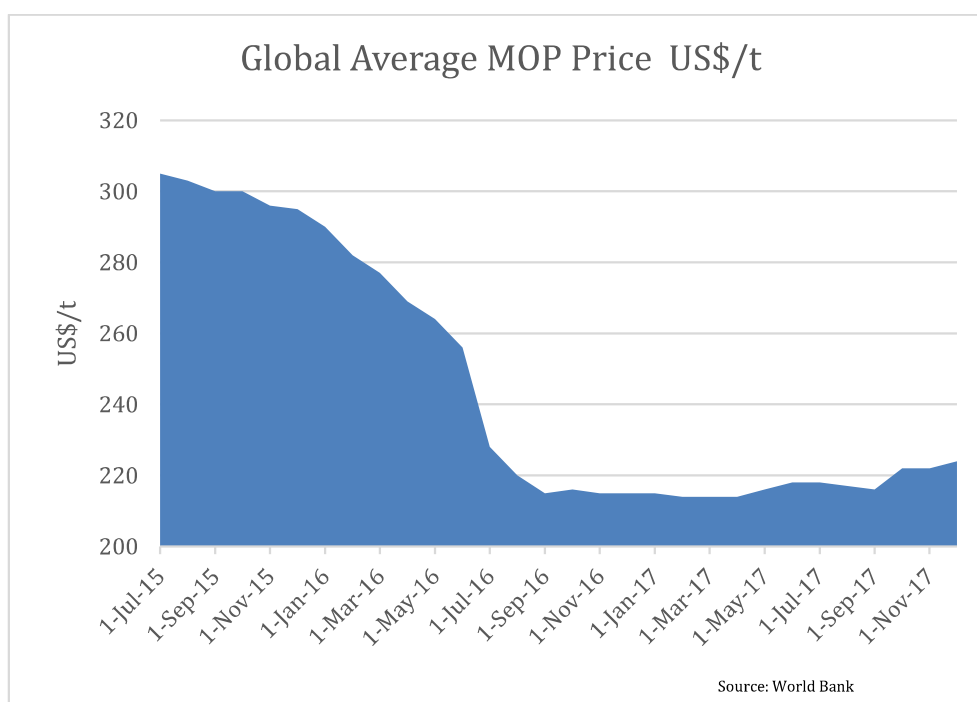
Davenport is maintaining contact with all levels of authority to pioneer the pathway within the legislative framework to achieve drilling approval. The Company continues to receive strong local and state government support for the exploration plans in the South Harz region.

Gräfentonna

No work during the quarter.

Potash Market

The year 2017 has been a record year for global Muriate of Potash (MOP) demand. Strong buying in USA, China, Brazil and India as well as many of the smaller markets has contributed to overall demand exceeding 63 million tonnes.



Spot prices in Brazil and SE Asia have continued their upward trajectory of the last twelve months and have now firmed across all markets. New supply coming from K+S in Canada and EuroChem in Russia will impact the market later in 2018 and 2019. However, at this

stage, all of the planned brownfield expansion projects from current producers have reached full operating capacity. Continued demand growth at around 2.5% to 3.0% per annum should see the market remain reasonably balanced over the medium term with prices forecast to steadily improve.

Australia

Southern Cross Bore

A JORC (2012) Inferred Resource at the Johnnies Reward prospect within the Southern Cross Bore project has been estimated based on historic drilling information. at 2.2 Mt at 0.7 g/t gold and 0.4% copper, the resource contains 52,000 ounces of gold and 9,000 tonnes copper, this is a 1.4 g/t gold equivalent for 101,000 ounces gold equivalent. (ASX:DAV release 9 April 2018). The Southern Cross Bore Project features numerous other targets for follow-up exploration. These include another outcropping gossan with anomalous rock-chip samples (Two Amigos) and historic copper workings (Pinnacles).

Tenements

The acquisition of the mining tenements from BVVG became unconditional early in the quarter with the final payment due in April 2018. No tenement were disposed of during the quarter. Current tenements are:

Tenement Name/Number	Location	Beneficial Holding
Küllstedt	Thüringen, Germany	100%
Gräfentonna	Thüringen, Germany	100%
Mühlhausen-Nohra	Thüringen, Germany	100%
Ebeleben	Thüringen, Germany	100%
Ohmgebirge	Thüringen, Germany	100%
EL28045	NT, Australia	100%
EL30090	NT, Australia	100%

INVESTOR & MEDIA ENQUIRIES

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Mühlhausen-Nohra Mining License (sub-areas) Exploration Targets according to recent Ercosplan Reports						
Mühlhausen SA	Target Tonnage		Target Grade		Contained K ₂ O	
	Lower	Upper	Lower	Upper	Lower	Upper
	MMT	MMT	% K ₂ O	% K ₂ O	MMT	MMT
Upper Sylvinite	401	583	10.2	18.4	41	107
Carnallitite	297	432	5.4	10.8	16	47
Lower Sylvinite	210	276	4.8	12.1	10	33
Sub-total	908	1291	7.4	14.5	67	187
Keula SA	Target Tonnage		Target Grade		Contained K ₂ O	
	Lower	Upper	Lower	Upper	Lower	Upper
	MMT	MMT	% K ₂ O	% K ₂ O	MMT	MMT
Upper Sylvinite	118	149	9.9	16.4	12	24
Carnallitite	144	180	7.7	11.0	11	20
Lower Sylvinite	12	15	8.8	16.6	1	2
Sub-total	274	344	8.7	13.6	24	46
Nohra-Elende	Target Tonnage		Target Grade		Contained K ₂ O	
	Lower	Upper	Lower	Upper	Lower	Upper
	MMT	MMT	% K ₂ O	% K ₂ O	MMT	MMT
Upper Sylvinite	123	169	11.4	22.9	14	39
Carnallitite	1,830	2,612	8.3	10.6	152	278
Lower Sylvinite	10	15	8.3	11.4	1	2
Sub-total	1,963	2,796	8.5	11.4	167	319
TOTALS	Tonnage	Tonnage			Contained K ₂ O	Contained K ₂ O
	Lower	Upper			Lower	Upper
	MMT	MMT			MMT	MMT
Mühlhausen-Nohra	3,145	4,431			258	552
Grand Total	3,145	4,431			258	552

Table 2 Exploration Target Summary for Mühlhausen-Nohra Mining License