DAVENPORT RESOURCES

ASX Announcement

18th June 2018

COMPANY DETAILS

Davenport Resources Limited

ABN: 64 153 414 852

ASX CODE: DAV

PRINCIPAL AND REGISTERED OFFICE (& Postal Address)

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Capital Structure

108.7M Ordinary shares
6.2M Unlisted options
6.2M Performance rights

BOARD OF DIRECTORS

Patrick McManus (Non-Executive Chairman)
Dr Chris Gilchrist (Managing Director)
Chris Bain (Executive Director)
Rory Luff (Non-Executive Director)

Historic potash resources identified within Ohmgebirge Mining Licence; Mühlhausen-Nohra progress update

Highlights

- **Previous exploration work completed on the Ohmgebirge Mining Licence defined a sylvinite-rich historic resource of 149.1 M tonnes at 13.5% K2O, containing 20.1 M tonnes of K_2O.**
- **The potash seam under most of the Ohmgebirge Mining Licence has an average thickness of between 5.0m and 7.6m with grades between 12.4% and 14.2% K_2O.**
- **The potash mineralisation is relatively shallow, approximately 700m below surface, and was historically scheduled to be mined as part of the nearby Bleicherode-Sollstedt mining operation. Two shafts, which are still in use today, are located within 2 km of the Ohmgebirge Mining Licence area.**
- **Excellent progress is being made by Micon International Co. Limited in the definition of further JORC 2012 resources within perpetual mining license area Mühlhausen-Nohra with upgrade expected within weeks.**

Davenport Resources (ASX: DAV) ("Davenport", "the Company"), is pleased to announce an historic resource of **149.1 million tonnes at 13.5% K_2O (20.1 million tonnes contained K_2O), of predominantly Sylvinite** on its 100%-owned **Ohmgebirge Mining Licence** (Table 1) in Germany's South Harz basin.

The resource was based on the results from 13 exploration drillholes sunk between 1894 and 1984 to test for potash at depth. This historic drillhole data was also re-modelled to estimate a JORC Exploration Target for the Ohmgebirge Mining Licence. Based on grade range of between 10.82% and 17.00% **K_2O** for the sylvinite layer, an **average tonnage of K_2O between 20 and 46 million metric tonnes** of K_2O is estimated for this layer (Table 4), which is higher than the historic resource estimation.

Davenport Managing Director Dr Chris Gilchrist said: *"The results of the Ohmgebirge review show once again the quality of the potash resources that have been identified underlying our newly-acquired Perpetual Mining Licence areas. These areas were scheduled for production as extensions of the nearby GDR state potash mines, which were closed after German reunification in the early 1990's. Our focus is now on making an informed decision as to which areas to prioritise for further exploration with the aim of establishing Davenport's assets as Europe's largest unmined potash field. We are fast-tracking the definition of JORC-compliant resources within our various license areas and we expect to be in a position to identify target areas for confirmatory drilling by July this year".*

Ohmgebirge is one of three perpetual mining licences in the South Harz basin that Davenport recently acquired from German government agency Bodenverwertungs-und-verwaltungs GmbH (BVVG), (Figure 1). The resource on the Ohmgebirge sub-area was estimated in 1996 and was an update of an earlier resource estimate completed by Haynrode in 1986, where the resources were given the classification of C2 under the former German Democratic Republic (GDR) system. No further resource estimate has been made on the licence area since 1996.

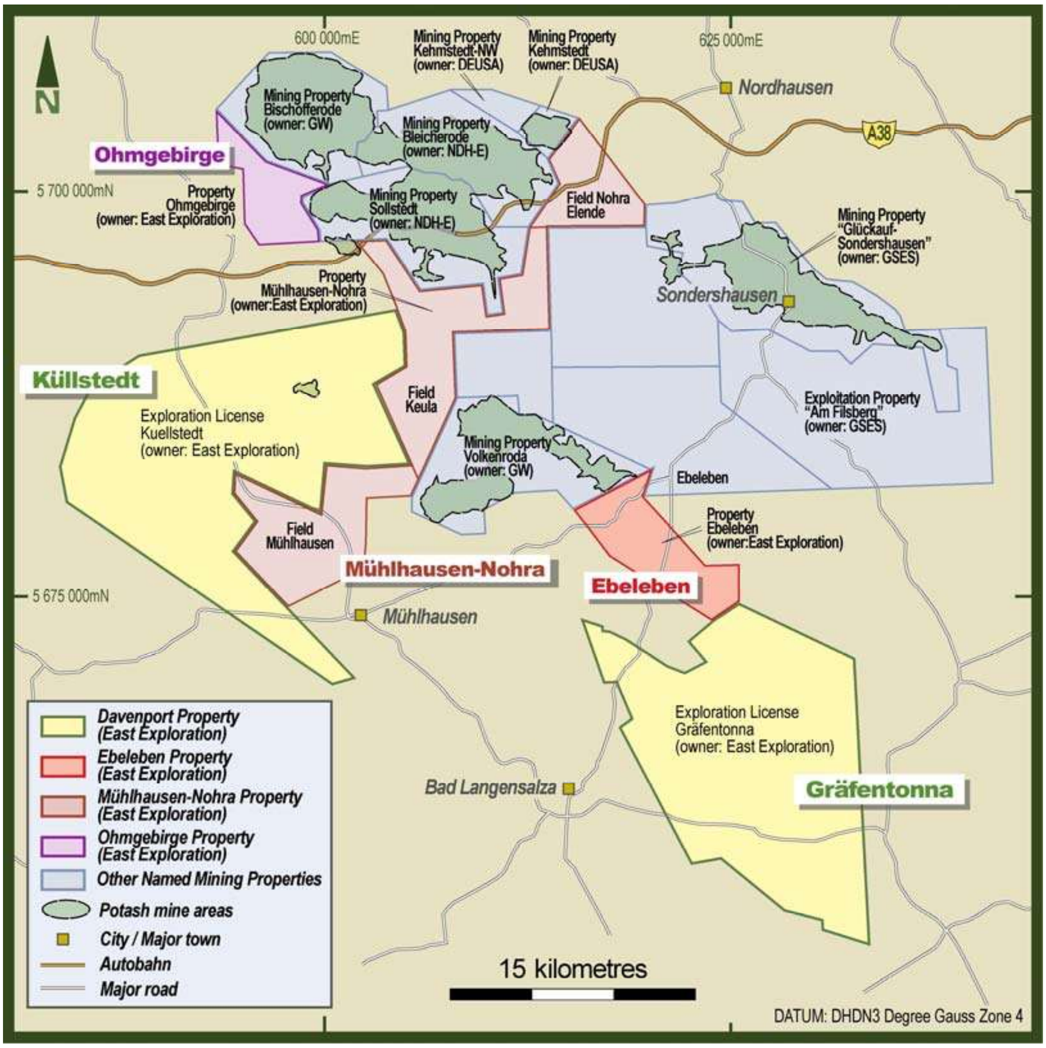

Figure 1 Location of the Ohmgebirge (top left) Mining Licence. The other Davenport mining license areas of Muhlhausen-Nohra (centre) and Ebeleben (bottom right) are also shown, together with the two exploration license areas Küllstedt and Gräfentonna.

Historic Resource - Total for Ohmgebirge Mining License			
Name of Sub-Area	Tonnage of Mineralised Rock [million tonnes]	**K_2O** Grade [%]	Tonnage of **K_2O** [million tonnes]
Area A	**47.18**	**12.4**	**5.85**
Area B	**53.50**	**13.8**	**7.38**
Area C	**48.41**	**14.2**	**6.87**
Total	**149.09**	**13.5**	**20.1**

Table 1 Summary of Historic Resources located within the Ohmgebirge Mining License area (after Watznauer & Tita, 1996)

An additional lower classification historic resource of 9.42 million tonnes of K_2O is also defined from within the Ohmgebirge Mining Licence, predominantly comprising of Carnallitite.

Cautionary Note: *The resource estimate that has been identified within the Ohmgebirge Mining License is a historical foreign estimate and is not reported in accordance with the JORC Code. A competent person has not yet performed sufficient work to classify this historical foreign estimate as a mineral resource in accordance with the JORC code, and it is uncertain that following further exploration work that this historical foreign estimate will be able to be reported as a mineral resource in accordance with the JORC Code.*

Ohmgebirge exploration history and data

The Ohmgebirge Mining Licence covers 24.84km^2 over the western part of the South Harz Potash District and adjoins the previous Bischofferode and Bleicherode-Sollstedt potash mines, which were closed down following German reunification in the early 90's (Figure 1).

Exploration activities in the Ohmgebirge Mining Licence area took place intermittently between 1894 and 1984 targeting only potash. A total of 14 drillholes (13 drillholes + 1 deviated hole) for potash were drilled within the licence area, with 13 having fully penetrated the potash bearing Kaliflöz Staßfurt (z2KSt) (Table 2). Drilling was carried in in three phases, with four holes being drilled between 1894 & 1906, five holes drilled between 1960 & 1963 and five holes drilled between 1982 & 1984. The drill holes are evenly distributed across the licence area, with an average drill hole spacing of approximately 1,600m (Figure 2).

Out of the 13 drillholes that penetrated the potash horizon, 10 drillholes were cored and three were drilled using destructive rotary drilling methods. Twelve of the drillholes have been fully assayed for potash and related salt minerals. Geophysical downhole logs are available from four of the historic drillholes. Reflective seismic geophysics covers only the southernmost part of the Ohmgebirge Mining Licence.

Detailed lithological logs are available for the drillholes completed during the 1960-1963 and 1982-1984 exploration phases. For the remaining four holes from the first exploration phase only short lithological logs are available. Core recovery from the lithostratigraphic unit Kaliflöz Staßfurt (z2KSt) horizon ranges between 97% and 100% (mainly 100%), except for the drillhole Kal Kaltohmfeld 6/1984, which was later re-drilled as Kal Kaltohmfeld 6a/1984 and attained a core recovery of 97%.

Sampling and assay procedures performed on materials recovered from potash-bearing salt deposits within the former GDR followed the state of scientific knowledge and used the state-of-the-art technology available at the time. No details are known about the analytical procedures used for the first phase of drilling at Ohmgebirge. Since 1956 however, sampling and analytical procedures for potash bearing salt rocks have strictly followed the guidelines set out in the former GDR protocol document known as "Kali-Instruktion". All analytics on core material from the two most recent exploration phases were performed by the laboratories of the DB Forschung of the VEB Kombinat KALI. The external QA/QC analytics were performed by the TKO laboratory located in the Bischofferode potash mine.

Cross check and quality control analyses of core material from holes drilled during the 1960-1963 exploration phase was conducted by the company-internal laboratory located at the Bischofferode potash mine. Remaining core material was stored in the underground core storage located at the Sondershausen potash mine. QA/QC was carried out on 34 samples taking an even coverage of the complete range of grades of all relevant rock components into consideration. For sylvinite these components were KCl, K_2SO_4, $MgSO_4$ and $CaSO_4$, for carnallitite these were KCl, $MgCl_2$ and $MgSO_4$, and for rock salt these were K_2SO4, $MgSO_4$ and $CaSO_4$. Internal and external QA/QC samples were identical, and both the primary and control laboratories showed good reproducibility of analytical results. Full details of the available data are set out in the JORC Code TABLE 1, attached to this announcement.

Drill Hole Name	**Easting**	**Northing**	**Elevation [masl]**	**Total depth [mbgl]**	**Final lithostrati-graphic unit**
Drilling Phase between 1894 and 1906					
Kal Emmy 1906	4385688.6	5706194.7	322.1	459.8	z4NA
Kal Freya 1894	4388341.0	5699109.5	357.0	720.7	z2NA
Kal Liese	4391206.7	5702610.6	359.0	662.0	z2NA
Kal Martha	4389962.4	5700334.6	338.0	726.1	z2ANa
Drilling Phase between 1960 and 1963					
Kal Bodenstein 1/1962	4385296.3	5704864.9	496.7	753.1	z2ANa
Kal Kirchohmfeld 1/1960	4386469.6	5702574.6	459.0	836.7	z2ANa
Kal Kaltohmfeld 2/1961	4388753.8	5702837.2	497.1	868.8	z2ANa
Kal Kaltohmfeld 3/1962	4388618.7	5701456.5	461.0	884.1	z2CA
Kal Worbis 1/1961	4386971.1	5700171.9	345.8	766.3	z2ANa
Drilling Phase between 1982 and 1984					
Kal Kaltohmfeld 4/1983	4388343.7	5700463.5	444.5	876.5	z2CA
Kal Kaltohmfeld 5/1983	4387547.3	5701456.9	412.2	814.2	z2ANa
Kal Kaltohmfeld 6/1984	4387823.8	5703129.6	463.0	877.6	z2ANa
Kal Kaltohmfeld 6a/1984	4387823.8	5703129.6	463.0	847.0	z2ANa
Kal Kaltohmfeld 8/1984	4386853.1	5703795.6	478.7	848.5	z2AN

Table 2 Summary of Historic Drillholes located within the Ohmgebirge Mining License
(coordinate system - DHDN 3 Degree Gauss Krueger Zone 4 / EPSG-Code 31,468)

The stratigraphic succession of the rocks of the lithostratigraphic unit Oberer Staßfurt-Ton to Unterer Leine-Ton ("Grauer Salzton", z2Tb-z3Ta) was designated in all drill holes presented in Table 2 except for hole Kal Emmy 1906 which ended in the lithostratigraphic unit Aller-Steinsalz (z4NA) above the lithostratigraphic potash bearing Kaliflöz Staßfurt (z2KSt). The depth of the top of the potash seam varies between -245 masl and -385 masl. The deepest part is located around drill holes Kal Kaltohmfeld 3/1962, Kal Kaltohmfeld 4/1983, Kal Kaltohmfeld 5/1983 and Kal Worbis 1/1961 in the southern part of the Ohmgebirge Mining License area. Towards the SE, E, NE, N and NW the top is located at shallower depths.

The thickness of the potash seam varies between 6.4 m (hole Kal Liese) and 27.7 m (hole Kal Kaltohmfeld 4/1983). 27.7m of potash is abnormal for this area, and this intersection has been interpreted to have been the result of tectonic thickening of the lithostratigraphic unit Kaliflöz Staßfurt (z2KSt) in the footwall. The overall thickness of the potash seam appears to be decreasing towards the west and north-west of the Ohmgebirge Mining License area, approaching the areas of the Leinefelde and Duderstadt upwarps.

The distribution of the K_2O grade varies between 0.0% K_2O (Kal Kirchohmfeld 1/1960, Kal Bodenstein 1/1962) and 17.7% K_2O (hole Kal Kaltohmfeld 3/1962). It is evident that the K_2O grade decreases towards the west, south-west and south of the Ohmgebirge Mining License area. Zero potash values are caused by the "Bodenstein barren zone" to the west, where the potash seam is completely subroded.

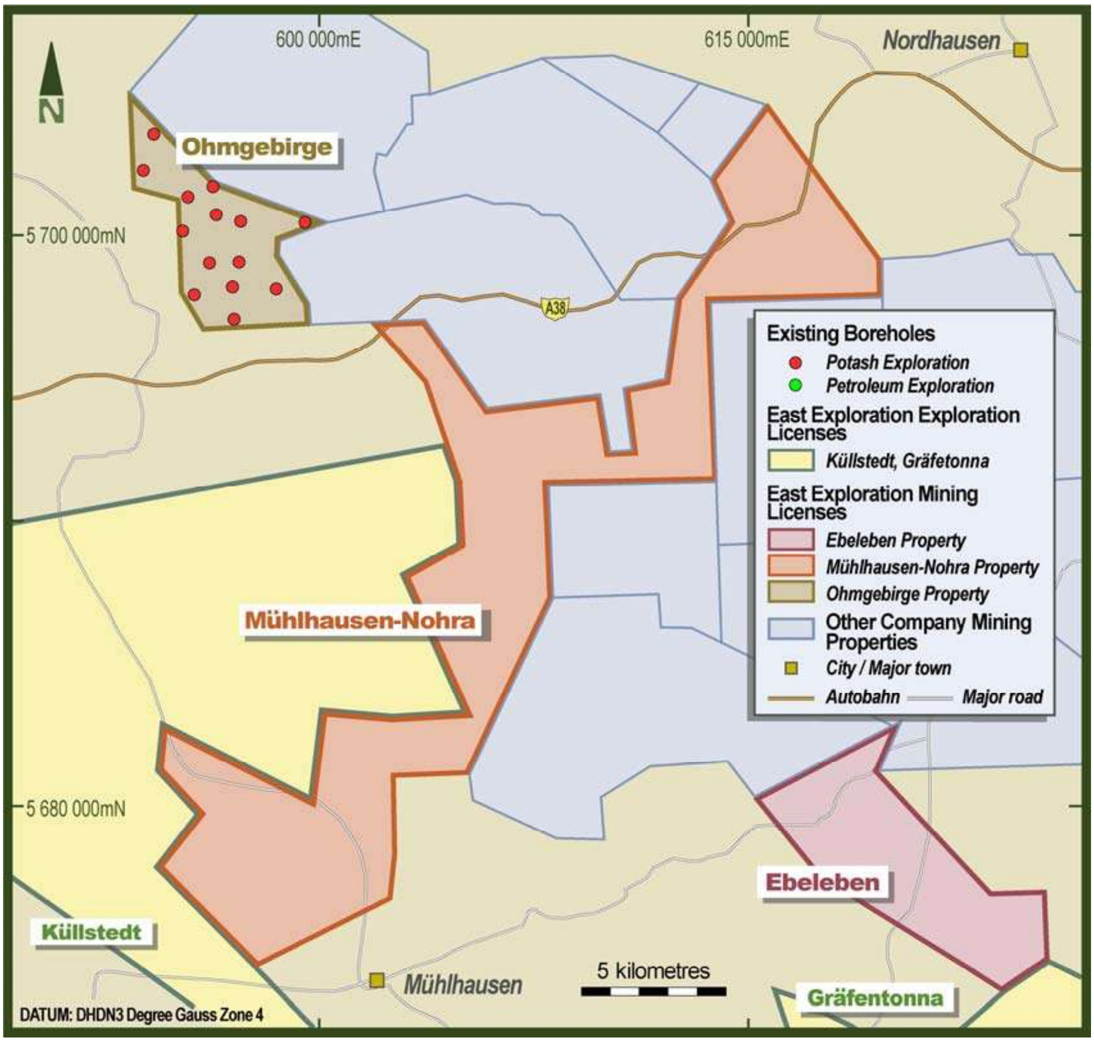

Figure 2 Ohmgebirge Mining Licence showing approximate historic drill hole locations

Historic Resource

Three historic resources estimates have been completed covering part of or all of the Ohmgebirge Mining Licence area (Figure 4). The latest resource estimate, completed by Watznauer and Tita in 1996, is assumed to be the most accurate and is the historic resource that has been referred to in this announcement. Details of the two previous resource estimates (Haynrode, 1986 & Worbis, 1964) can be found in JORC TABLE 1 at the end of this announcement.

The historical resource area determined by Watznauer and Tita (1996) is divided into four resource blocks or subfields. Subfield areas A, B & C contain predominantly sylvinite resources, though no resource category was defined. Subfield area D is dominated by carnallitite, and is based on just two drillholes, hole Kal Martha, located within the Ohmgebirge Mining License area, and hole Kal Lotte, located outside the licence area. Due to the fact that only two drillholes containing carnallitite were encountered in subfield D the subfield was not assigned any resources. All historical resource blocks are located within the Ohmgebirge Mining Licence area. Subfield area A covers about 4 km² (16%) of the licence area, area B covers about 5.1 km² (21%), area C covers about 6.3 km² (25%) and area D covers about 3.3 km² (13%).

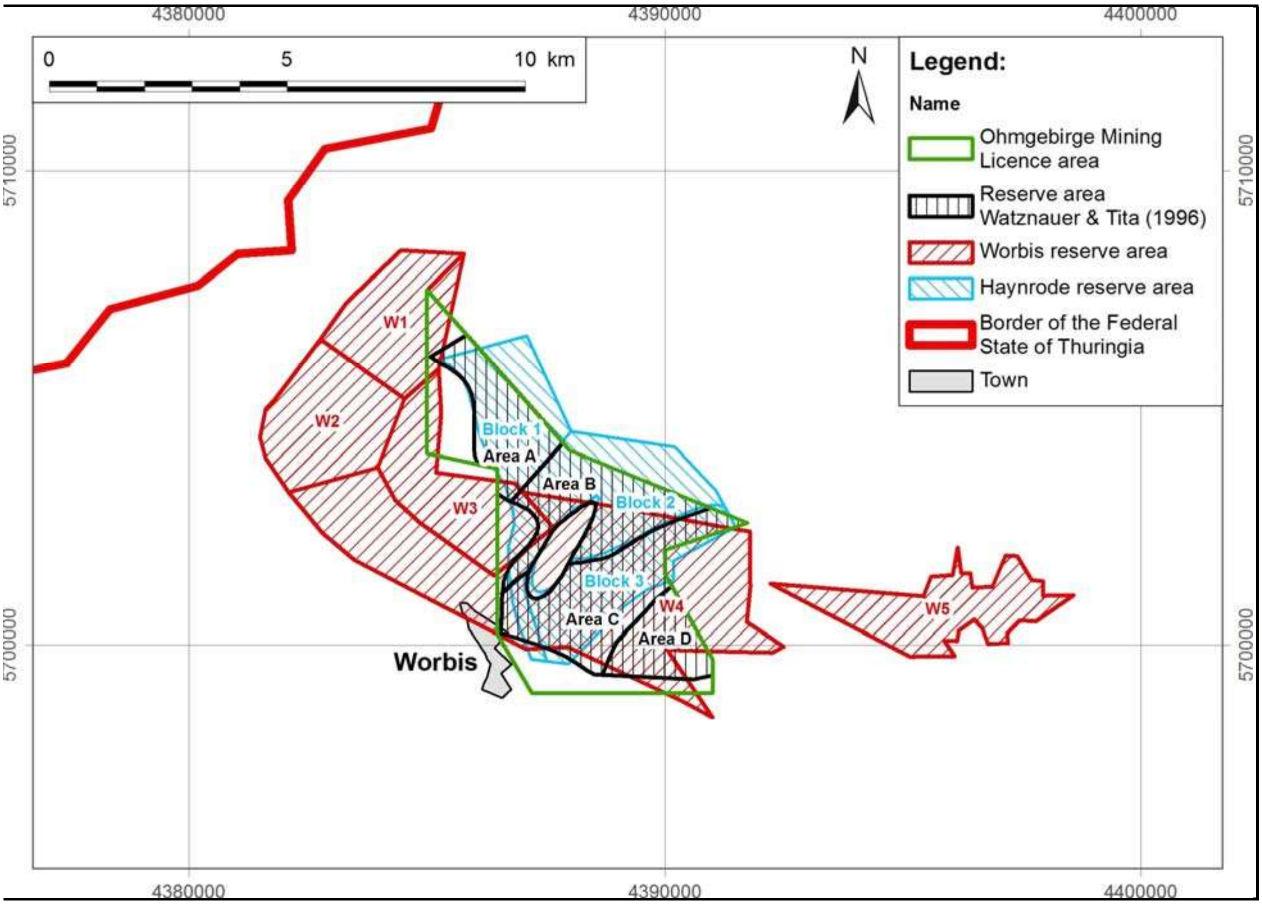

Figure 4 Location and extent of the historical resource areas (Worbis 1964, Haynrode 1986 and Watznauer & Tita, 1996) related to the location and extent of the Ohmgebirge Mining Licence area

The 1996 resource estimate states the following parameters regarding mining conditions were used, for all resource blocks within their resource estimate:

- effective thickness of protective layer footwall (z2NA): 20m
- effective thickness of protective layer hangingwall (z3NA): 30m

- thickness roof beam: 2m
- minimum K_2O grade: 7.5%
- minimum mining thickness: 3m (minimum mining thickness should be achieved by blending with barren zones (rock salt), where necessary).

According to 1996 resource estimate the thickness of the roof beam must be at least 2m. In case of a smaller thickness of the lithostratigraphic unit Decksteinsalz (z2NAr) parts of the lithostratigraphic unit Kaliflöz Staßfurt (z2KSt) have to be included to achieve this minimum thickness resulting in mining loss. Average raw material density was determined as 2.20 t/m³ for the entire resource area. A raw material coefficient of 0.7 was applied to the entire area as well to account for potential barren or depleted zones.

The historic resource estimate compiled by Watznauer & Tita in 1996 returned **149.1 million tonnes at 13.5% K_2O (20.1 million tonnes contained K_2O), of predominantly Sylvinite** located inside the Ohmgebirge Mining Licence. The Potash seam which is present under most of the Ohmgebirge Mining Licence has an average thickness of between 5.0m and 7.6m with grades between 12.4% and 14.2% K_2O (Table 3).

Details of Historic Resource - Total for Ohmgebirge Mining License					
Area	**Area [km²]**	**Average thickness [m]**	**Average K_2O grade [wt%]**	**Crude salt [million tonnes]**	**K_2O [million tonnes]**
A	4.03	7.6	12.4	47.18	5.850
B	5.11	6.8	13.8	53.50	7.383
C	6.29	5.0	14.2	48.41	6.87
Total	15.43		**13.5**	**149.09**	**20.1**

Table 3 Detailed Summary of Historic Resources located within the Ohmgebirge Mining License (after Watznauer & Tita, 1996)

A fourth area (Area D) covering 3.29 km² of the Ohmgebirge Mining Licence was also defined by Watznauer & Tita (1996). Area D was not given the same high classification as Areas A to C and is mainly composed of Carnallitite. The following was provided in the Watznauer & Tita, 1996 report:

- Total carnallitite tonnage: 117,740 kt
- Carnallitite- K_2O tonnage: 9,419 kt
- $MgCl_2$ tonnage: 19,074 kt
- KCl tonnage: 14,905 kt

Average carnallitite thickness was 19m. Average rock density was determined as 1.885 g/cm³ and average carnallitite grade was given as 8% K_2O.

There has been no mining in the Ohmgebirge Mining Licence and no known exploration since 1984. All adjacent conventional underground mines were closed down by the early 1990's, however two shafts remain open and are in use at the adjacent Bleicherode-Sollstedt Mine for underground waste storage.

Note on comparison between Historic Resources and JORC resource classification

No direct comparison exists between the former GDR resource classification and the JORC resource classification. The 1996 resource has no resource classification but is based on the results of the 1986 Haynrode which was assigned a C2 classification resource. A C2 resource is not a JORC resource. Under the GDR (or Soviet system as used in the GDR) if certain mining and economic parameters were applied to a C2 resource and depending on the drill hole spacing it could be considered an equivalent to an Indicated Resource. However, given the uncertainties and different modifying factors to allow a resource estimation under JORC, it is generally considered that C2 resources are broadly equivalent to a JORC Inferred Resource. A c2 resource has either been excluded by mining studies, a so-called “non-balanced resource” or generally has a lower standard of surety and may be likened to an Exploration Target.

Reliability of the Historic Resource Estimate

In order to check the reliability of the historic resource Davenport’s consultants, ERCOSPLAN, undertook a thorough evaluation of the available historic data on the Ohmgebirge Mining Licence. This work included checking original drillhole data and information available on sampling and parameters used as set out in JORC TABLE 1. Work undertaken by ERCOSPLAN to check the reliability of historic data by modelling the potash horizons is also described in JORC TABLE 1.

The information in this report that relates to historical resources, is an accurate representation of the available data and studies for the Ohmgebirge Mining Licence reviewed by Andreas Jockel, a Competent Person who is a Member of a ‘Recognised Professional Organisation’ (RPO), the European Federation of Geologists, and a registered “European Geologist” (Registration Number 1018). Andreas Jockel is a full employee of ERCOSPLAN Ingenieurgesellschaft Geotechnik und Bergbau mbH (ERCOSPLAN). Andreas Jockel 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”. Andreas Jockel consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Ohmgebirge Exploration Target

An outcome of the evaluation of the historic data is that ERCOSPLAN has estimated an Exploration Target for the Ohmgebirge Mining Licence area, set out in Table 3. 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.

	Volume (million m^3)	**Tonnage of mineralised rock (Million tonnes)**		**K_2O Grade (%)**		**Tonnage of K_2O (Million tonnes)**	
		Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
Sylvinite	113	183	271	10.82	17.00	20	46
Carnallitite	38	57	71	10.10		6	7
Total	**151**	**240**	**342**			**26**	**53**

Table 4 Exploration Target for Ohmgebirge Mining Licence area

Based on the K_2O mean grade of 13.91% K_2O for the sylvinite layer, an average tonnage of K_2O between 20 and 46 million metric tonnes of K_2O is estimated for this layer. Based on the K_2O grade of 10.10% K_2O

for the carnallitite layer, an average tonnage of K_2O between 6 and 7 million metric tonnes of K_2O has been calculated for this layer. The Exploration Target estimate returns a higher tonnage than the 1996 Watznauer & Tita historic resource estimation. This is due to the fact that the areas of the historical resource and the exploration target are not equal, plus mineable cut-off parameters were applied in the historical resource estimation.

The potential quantity and grade of the Exploration Targets are conceptual in nature and currently the available exploration data (only historical data and no original material or independent cross-check analyses available) is considered insufficient for the estimation of a Mineral Resource. Based on the current dataset it is possible but not guaranteed that further exploration will result in the estimation of a Mineral Resource.

The competent persons from ERCOSPLAN, who compiled the Exploration Target estimate, are familiar with the working procedures of the former geologists, which were quality-checked by independent state institutes. The available technical documents are considered a trustworthy base for the estimation of an Exploration Target for the Ohmgebirge Mining Licence area.

Based on the available documents from the historic drillholes, the following distribution areas of different potash-bearing layers were identified;

- only upper sylvinite
- upper sylvinite, carnallitite and lower sylvinite,
- upper sylvinite and carnallitite
- depleted sylvinite

and

- rock salt.

In estimating the Exploration Target tonnages, the following procedures were used (Exploration Target is given as mineralisation in place):

- Separate modelling of the carnallitite and sylvinite layer (see below) of the potash-bearing horizon was performed using Golden Software's Surfer 11 (v11.6.1159) with the Inverse Distance Weighted algorithm and a power of 2. Modell grid size was 200 m × 200 m. Outline of the modelled area is the Ohmgebirge Mining Li-cense area.
- Only data of holes presented in Table 2 were used.
- Drill hole Kal Kaltohmfeld 6/1984 was not incorporated into the calculations as 2.21 m of core loss were encountered over a mineralised thickness of 7.60 m (total thickness of potash-bearing horizon minus thickness of the depleted footwall of that horizon / "Liegendhalitit" - footwall rock salt).
- For calculation purposes the upper sylvinite and lower sylvinite layer were combined as only in two holes (Kal Kaltohmfeld 6/1984 and Kal Kaltohmfeld 6a/1984) a separation of the two layers is possible based on the K_2O content and the carnallitite layer located in between. This is in line with the report of Watznauer & Tita (1996).
- Carnallitite with considerable thickness within the licence area was only encountered in hole Kal Martha. Above it upper sylvinite is located. The carnallitite encountered between the upper sylvinite and lower sylvinite layer in holes Kal Kaltohmfeld 6/1984 and Kal Kaltohmfeld 6a/1984 was not modelled as a separate layer since chemical data of hole Kal Kaltohmfeld 6/1984 were not incorporated due to core loss.
- The lithological log of hole Kal Kaltohmfeld 4/1983 states a tectonic thickening of the potash-bearing horizon. Based on information presented in the report of VEB GFEF (1986b) the thickness of the horizon in this hole was reduced to 11.35m, for calculation purposes. The average K_2O grade of the horizon in this hole, however, was calculated as thickness-weighted K_2O grade, based on the length of every sample with the corresponding K_2O grade like for any other hole. This is in line with previous work.

- Since potash mineralisation is not restricted to the lithostratigraphic unit Kaliflöz Staßfurt (z2KSt), a cut-off of 5% K_2O in chemical analyses was applied to delineate the potash-bearing horizon for calculation purposes. Single low grade interbeds with a K_2O content of less than 5% have been incorporated. Thicknesses and K_2O grades for the carnallitite and sylvinite layer were calculated based on the 5% K_2O cut-off.
- Safety pillars around drill holes were not considered in the Exploration Target estimate.
- The volume of the carnallitite and sylvinite layer was calculated by summing up the calculated thicknesses for every modelled grid cell multiplying them by the corresponding area of 40,000 m^2 for each of the cells.
- Average density for the sylvinite layer was calculated using the available assay data of samples from the single holes. The density was calculated by multiplying the mineral percentage in every sample by the corresponding mineral density. Since complete data of only one assayed sample of the carnallitite layer was available, while the rest of the layer could not be retrieved due to core loss in hole Kal Kaltohmfeld 6/1984, the average density for the carnallitite layer was determined using the value given in the report of Watznauer & Tita (1996).
- Tonnage of mineralised rock for the carnallitite and sylvinite layer was calculated individually using the calculated average densities multiplied by the calculated volume of each layer.
- The K_2O grade of the sylvinite layer was calculated by the mean value and standard deviation of the average K_2O grade for each drill hole. The minimum K_2O grade was obtained by subtracting the standard deviation from the mean value, the maximum K_2O grade by adding the standard deviation to the mean value. Since complete data of only one assayed sample of the carnallitite layer was available, the average grade for the carnallitite layer was determine using a value of 10.10 % K_2O.
- Based on experiences from adjacent former active potash mines (Bischofferode and Bleicherode-Sollstedt mine) and the statements given in the report of VEB GFEF (1986b, /40/) a raw material coefficient of 0.8 was used. Therefore, the maximum tonnage of mineralised rock for the carnallitite and sylvinite layer was multiplied by this factor to retrieve the minimum tonnage of mineralised rock for the two layers of the potash-bearing horizon.
- The tonnage range of K_2O was obtained by multiplying the minimum / maximum tonnage of mineralised rock by the corresponding minimum / maximum K_2O grades of the carnallitite and sylvinite layer, respectively.
- No geological or technical cut-off value for thickness has been applied.

Update on Mühlhausen-Nohra

In April 2018, Davenport engaged Micon International Co. to review the historic drilling data belonging to the Mühlhausen-Nohra Mining License area. This work is progressing well and is on schedule for completion in the coming weeks. The aim of this work is to convert, where possible, historic resources identified on the Mühlhausen-Nohra Mining Licence area over to a 2012 JORC Inferred Resource. The approach is similar to that carried out on our Ebeleben Mining Licenses which culminated in the declaration of a JORC compliant **Inferred Resource of 576.6 million tonnes at 12.1% K_20** (see DAV:ASX announcement dated 3rd April 2018.

Planned Exploration

Davenport is prioritising areas within all the recently-acquired Perpetual Mining Licence areas where known historic exploration was conducted, using systematic data analysis. Additional information will be released to the market as this analysis progresses.

Once all data have been evaluated, Davenport intends to select priority areas with historic resources for additional evaluation and potential drill testing. Areas will be prioritised based on the quality of historic results and also on available access and approval requirements for new drilling. Not all areas may be subject to further evaluation in the short-term, however it is anticipated that the potash resources underlying our 650 km^2 under license will be unsurpassed within Europe in terms of both size, seam thickness and quality.

INVESTOR & MEDIA ENQUIRIES

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Competent Person Statement

The information in this report that relates to Exploration Targets, is based on information compiled by Andreas Jockel, a Competent Person who is a Member of a 'Recognised Professional Organisation' (RPO), the European Federation of Geologists, and a registered "European Geologist" (Registration Number 1018). Andreas Jockel is a full-time employee of ERCOSPLAN Ingenieurgesellschaft Geotechnik und Bergbau mbH (ERCOSPLAN). Andreas Jockel 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'. Andreas Jockel consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

JORC Code, 2012 Edition – Table 1

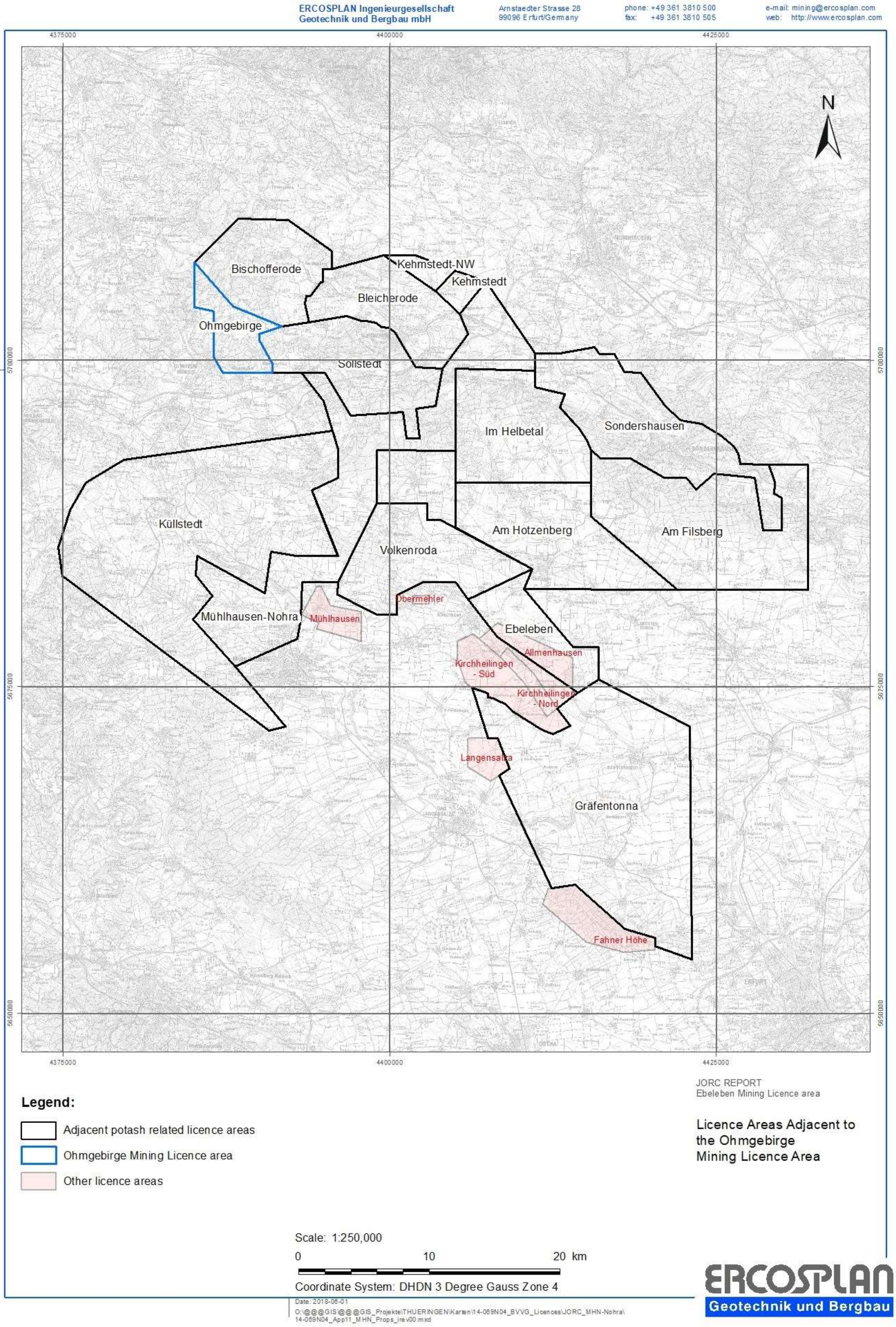

Figure 1 Potash related licence areas adjacent to the Ohmgebirge Mining Licence area

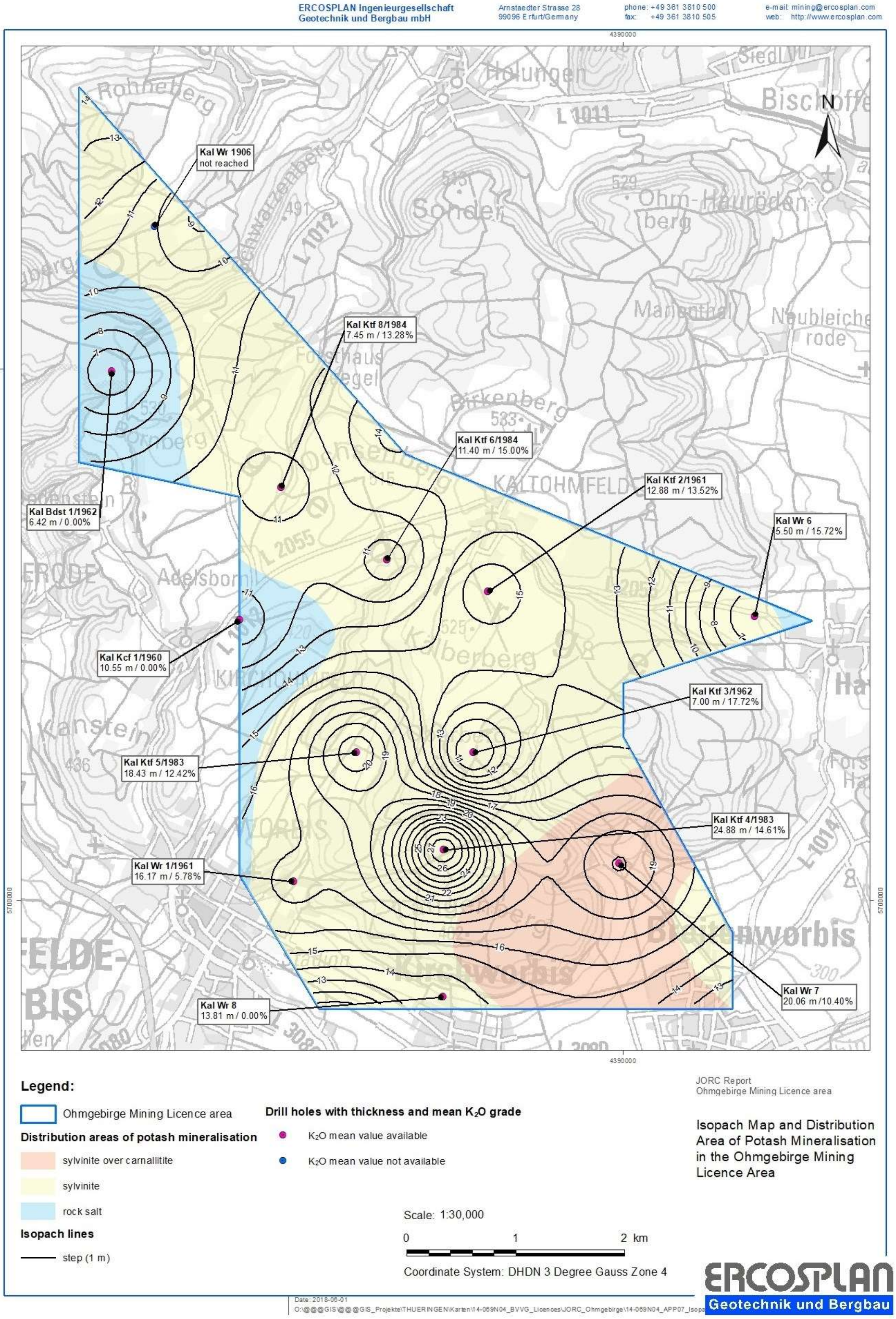

Figure 2 Isopach map of the potash-bearing horizon and facies distribution in the Ohmgebirge Mining Licence area

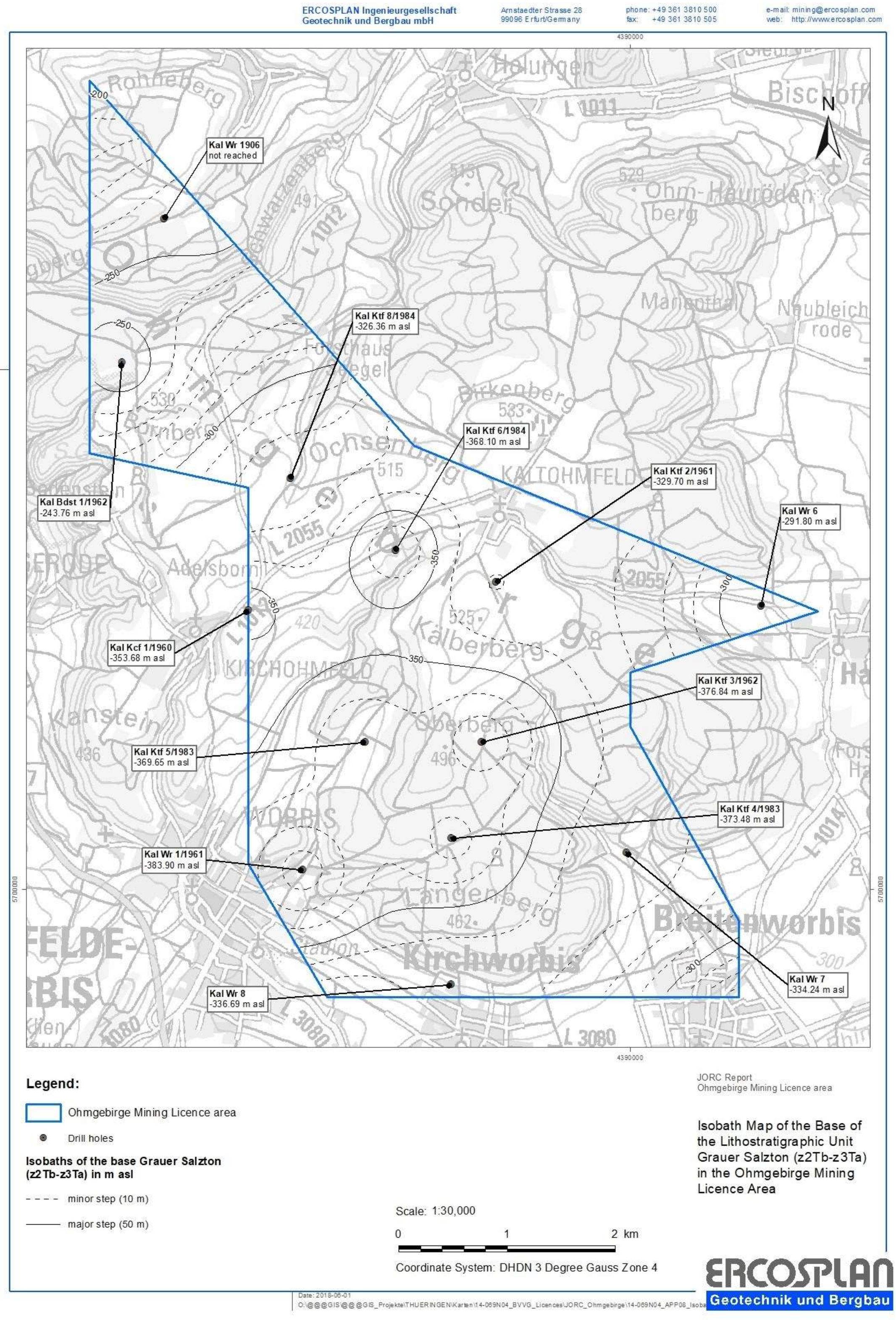

Figure 3 Isobath map of the top of the potash-bearing horizon in the Ohmgebirge Mining Licence area

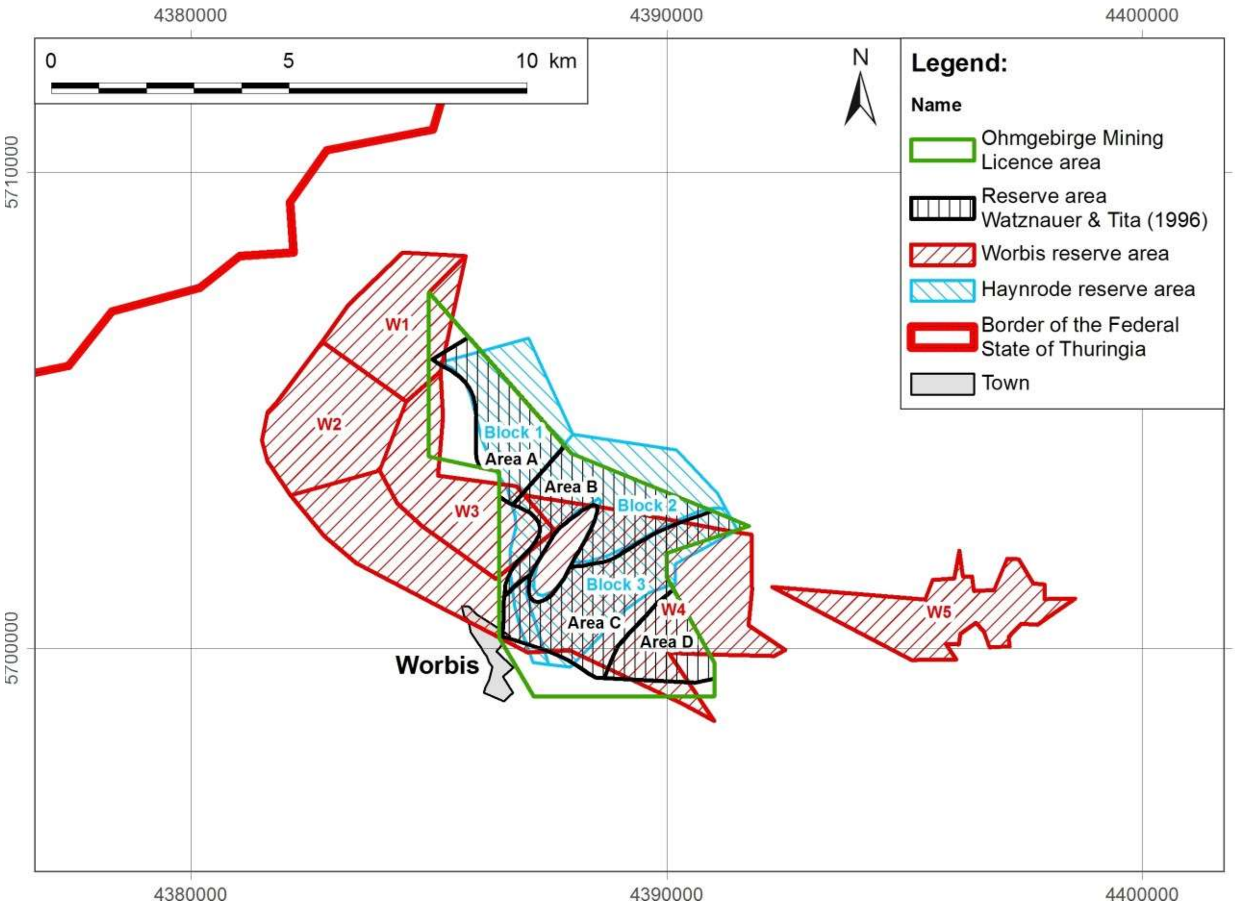

Figure 4 Location and extent of the historical reserve areas related to the location and extent of the Ohmgebirge Mining Licence area

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Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	Commentary
Sampling techniques	Currently, only historical exploration data are available. Within the Ohmgebirge Mining Licence area (cf. Figure 1) 14 potash exploration holes were drilled in three phases between 1894 and 1984. For holes drilled between 1960 and 1963 as well as between 1982 and 1984 recovery of cores from the potash seam is reported. No information is known for sampling of holes drilled before 1960. Sampling was conducted in different ways: • holes drilled between 1960 and 1963: no sample type specified; samples obtained by penetrating cores with a special designed device (not further specified); sampled lithostratigraphic units were Oberer Staßfurt-Ton (z2Tb), Deckanhydrit (z2ANb), Decksteinsalz (z2NAr), Kaliflöz Staßfurt (z2KSt) and the upper part of the lithostratigraphic unit Staßfurt-Steinsalz (z2NA) in all holes; no sample lengths specified • holes drilled between 1982 and 1984: section samples, random samples and mass samples; section samples extracted by axial drilling through cores with boundaries of samples usually matching with the boundaries of documented lithostratigraphic layers taking homogenous core sections into account; sample lengths between 0.13 and 5.66 m (mainly decimetre long) in the potash seam, meter long samples in the lithostratigraphic unit Staßfurt-Steinsalz (z2NA). No information is known regarding sample packing and transport to the laboratories in charge for analyses.
Drilling techniques	No information is known regarding drill holes sunk before 1960. All holes sunk between 1960 and 1963 were drilled with a rig type SIF 1200, all holes sunk between 1982 and 1984 were drilled with a rig type T 50 B. The complete lithostratigraphic section of the Zechstein Group (z) was cored, while cutting samples were considered to be sufficient in the overburden rocks. Some overburden sections were cored. Core diameters ranged between 65 and 140 mm. In holes drilled between 1960 and 1963 bentonite mud was used in rocks of the lithostratigraphic group Buntsandstein. The mud was changed to NaCl-saturated mud in the lower part of the lithostratigraphic subgroup Lower Buntsandstein (su). When reaching rocks of the lithostratigraphic unit "Grauer Salzton" (z2Tb-z3Ta) the mud was changed to $MgCl_2$-saturated mud. In holes drilled between 1982 and 1984 rocks down to the lithostratigraphic formation Aller-Formation (z4) were drilled using bentonite mud. Below $MgCl_2$ mud was used. With encounter of the potash-bearing horizon the mud was concentrated. Casings in holes drilled between 1960 and 1963 were set to prevent

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Criteria	Commentary
	unfavourable influence on groundwater by drilling activities and/or when encountering loose rocks or mud losses. Casings in holes drilled between 1982 and 1984 were set below rocks of the lithostratigraphic subgroups Lower Muschelkalk (mu) and Middle Buntsandstein (sm). In case of hole Kal Kaltohmfeld 6/1984 the last casing was set only below rocks of the lithostratigraphic subgroup Lower Muschelkalk (mu). The last casing was equipped with a blowout preventer in each case, since all holes were considered to be gas hazardous. Holes drilled in 1960 and afterwards were backfilled with cement, gravel and filter ash up to the top (expect for hole Kal Kaltohmfeld 8/1984 – backfilled until 379 mbgl).
Drill sample recovery	Within the lithostratigraphic unit Deckanhydrit (z2ANb) core recovery ranges between 82 and 100% (mainly 100%). Within the lithostratigraphic unit Decksteinsalz (z2NAr) core recovery ranges between 77 and 100% (mainly 100%). Within the lithostratigraphic unit Kaliflöz Staßfurt (z2KSt) core recovery ranges between 97 and 100% (mainly 100%). Core recovery in other cored sections is usually lower.
Logging	Detailed lithological logs are available for 10 holes. For the remaining holes (drilled before 1906) only short lithological logs are available. Geophysical well logs are available for 4 holes. It has been documented that interpretations and correlations were additionally cross-checked by geologists comparing the logging results with results from other drill holes. Available well logs comprise of drawn records of caliber logs, potential probe logs (normal logs), gradient probe logs (top edge, bottom edge), gamma logs and gamma-gamma logs. Additionally, geometry of drill hole traces was determined.
Sub-sampling techniques and sample preparation	Samples from cores were retrieved by either penetrating them with a specially designed device or axial drilling. Samples were analysed according to standard procedures developed by the state authority of the German Democratic Republic (GDR). No information is available about the sample preparation.
Quality of assay data and laboratory tests	The procedures conducted followed strict rules on execution, checking and evaluation of assay data. Quality control was ensured by independent state institutions. The quality of the analyses is considered to be satisfactory.
Verification of sampling and assaying	Cross-check analyses were conducted by independent laboratories to verify the assay results. Information given for samples from holes drilled between 1982 and 1984 state that for QA/QC 34 samples were selected taking an even coverage of the complete range of grades of all relevant rock components into consideration. Internal and external QA/QC samples were identical. Internal QA/QC showed a maximum error for $CaSO_4$ and $MgSO_4$ of 1.39%, for KCl and K_2SO_4 of 2.77%, for $MgCl_2$ of 0.69%, for NaCl of 3.46% and for K_2O of 2.08%, which means good reproducibility of analytical results. Systematic errors were examined by external QA/QC analytics. It was found that during the analytical run of external samples higher values for magne-

Criteria	Commentary
	sium were determined having an impact on calculated values for the components $MgSO_4$, KCl and K_2SO_4. Furthermore, two highly erroneous analyses were found with too low determined values for sulphate. The error originated from the analytics of the control laboratory. By eliminating both analyses the results could be improved and a correction of analytical values was considered to be not necessary due to the insignificance (for $MgSO_4$, K_2SO_4, $MgCl_2$), errors resulting from calculation (regarding KCl grade) and due to the insignificance for the results of exploration (regarding NaCl grade). As no core and sample material is preserved, ERCOSPLAN could not review the results.
Location of data points	Coordinates of drill holes (data points) were obtained from available historical documents and partly from state authorities. Historical drill hole locations were determined by survey and are given with centimetre to decimetre accuracy. Deviation of all holes of the exploration phase between 1982 and 1984 was at maximum 3.5 m with an average of 1.3 m (at an average total depth of 866.4 m at about 0.15 %). Other information regarding this subject is not available. Coordinate system is DHDN 3 Degree Gauss Krueger Zone 4 (EPSG-Code 31,468).
Data spacing and distribution	The drill holes are evenly distributed across the licence area without concentration on one part. Average drill hole spacing is about 1,600 m.
Orientation of data in relation to geological structure	Almost all holes (except hole Kal Kaltohmfeld 6a/1984) are close to vertical. Locations of drill holes were chosen to allow for reserve estimation with a minimum of holes during historical exploration, but were not chosen to delineate tectonic structures.
Sample security	No information is available about the sample storage until shipment to the laboratories in charge. Furthermore, no information is available, if special procedures were executed to preserve sample material.
Audits or reviews	ERCOSPLAN could not review analytical results, since no samples and cores are available from the historical exploration campaigns. Available detailed core logs could be reviewed. However, the editors of the historical reports and the results they present therein are considered to be reliable. Therefore, this information is acceptable for the present project status and the initial estimation of Exploration Targets.

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Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	Commentary
Mineral tenement and land tenure status	East Exploration GmbH (EAST EXPLORATION), a subsidiary of Davenport Resources Limited, was progressing with the acquisition of the three Mining Licences Mühlhausen-Nohra, Ebeleben and Ohmgebirge from the Bodenverwertungs- und -verwaltungs GmbH (BVVG) based on a contract dated 15 August 2017. The acquisition was finalised in May 2018. The Ohmgebirge Mining Licence is located adjacent to EAST EXPLORATION's Exploration Licences Gräfentonna and Küllstedt in the Federal State of Thuringia, Federal Republic of Germany, about 70 km northwest of the state capital, Erfurt (cf. Figure 1). The Mining Licence grants the mining of potash salts including occurring brine within the deposit. The area covered by the Ohmgebirge Mining Licence area amounts to around 24.84 km².
Exploration done by other parties	Exploration in the Ohmgebirge Mining Licence area began in 1894 and was intermittently continued until 1984. All holes focused on potash only. Three exploration phases: • 1894 to 1906 with 4 holes • 1960 to 1963 with 5 holes • and 1982 to 1984 with 5 holes took place, the latter two in context of the planned southwards extension of the former active Bischofferode potash mine. These 10 latest holes were sunk to allow for reserve estimation in the mine's forefield. No 2D seismic survey was conducted focussing on the licence area.
Geology	The Ohmgebirge Mining Licence area is located at the north-western border of the South Harz Potash District, which covers the central and north-western part of the Thuringian Basin. The South Harz Potash District reflects the extent of the potash deposit. The potash deposit is tectonically divided into three tectonic levels consisting of the basement, the saliferous strata and the overburden. Within the saliferous strata the potash mineralisation is hosted by the potash-bearing salt rocks of the lithostratigraphic unit Kaliflöz Staßfurt (z2KSt). The tectonic influence on the potash deposit resulted in brittle deformation in the basement and overburden, and folding of the saliferous strata to various degrees. Subrosion is a common feature and delimits the extent of the potash deposit towards the north and northwest. Within the extent of the deposit subrosion is locally restricted to tectonic structures. However, over most of its extent the potash deposit is still intact. The historical drilling results show that the potash seam is distributed across the entire Ohmgebirge Mining Licence area. The top varies between -245 m and -385 m above sea level (asl) with the deepest part in the southern part of the licence area. Towards the east and north the top is located at shallower depths (cf. Figure 2). The thickness of the potash seam varies between 6.4 m (hole Kal Liese) and 27.7 m (hole Kal Kaltohmfeld 4/1983). Due to a tectonic

Criteria	Commentary
	thickening of the footwall group of the lithostratigraphic unit Kaliflöz Staßfurt (z2KSt) the thickness of the developed sylvinite in the latter mentioned hole is anormal high. The thickness appears to be decreasing towards the west and northwest of the Ohmgebirge Mining License area (cf. Figure 3). Main minerals of the lithostratigraphic unit Kaliflöz Staßfurt (z2KSt) are halite, anhydrite, carnallite, sylvite, kieserite, polyhalite, kainite and langbeinite. Mineralisation is not restricted to the lithostratigraphic unit alone, but was also encountered in some holes in rocks of the lithostratigraphic units Decksteinsalz (z2NAr) above and Staßfurt-Steinsalz (z2NA) below without achieving possibly economic mineable concentrations. Based on historical information, the potash seam within the Ohmgebirge Mining Licence area consists mainly of sylvinite. Only in holes Kal Kaltohmfeld 6/1984 and Kal Kaltohmfeld 6a/1984 in the central part a thin carnallitite interlayer was encountered. Carnallitite of considerable thickness, topped by sylvinite, was only encountered in hole Kal Martha in the southwest of the licence area. Existence of barren zones is known in the west and northwest and in the far east. Below the potash-bearing salt rocks of the lithostratigraphic unit Kaliflöz Staßfurt (z2KSt) hydrocarbon-bearing dolomite exists.
Drill hole information	No holes were drilled recently in the licence area. In total 14 potash exploration holes were sunk to date in the Ohmgebirge Mining Licence area, 13 of them having fully penetrated the lithostratigraphic unit Kaliflöz Staßfurt (z2KSt) (cf. Table below). For 10 of them detailed lithological logs area available, for the remaining 4 holes only short lithological logs are available. For 4 holes geophysical well logs are available. For 12 holes chemical assays are available.

Short Name	Easting	Northing	Elevation	Final Depth	Depth Potash Intersection
	[m]	[m]	[masl]	[m]	[m]
Kal Bdst 1/1962	4 385 296.27	5 704 864.88	496.66	753.10	740.42 - 746.84
Kal Emmy 1906	4 385 688.58	5 706 194.69	322.05	459.80	-
Kal Freya	4 388 341.00	5 699 109.50	357.00	720.68	693.69 - 707.50
Kal Ktf 2/1961	4 388 753.81	5 702 837.22	497.10	868.80	829.56 - 842.44
Kal Ktf 3/1962	4 388 618.67	5 701 456.45	461.01	884.10	840.84 - 847.85
Kal Ktf 4/1983	4 388 343.68	5 700 463.53	444.50	876.48	820.80 - 845.68
Kal Ktf 5/1983	4 387 547.25	5 701 456.91	412.20	814.20	784.00 - 802.43
Kal Ktf 6/1984	4 387 823.76	5 703 129.55	463.00	877.60	832.40 - 843.80
Kal Ktf 6a/1984	4 387 823.76	5 703 129.55	463.00	847.00	833.85 - 842.31
Kal Ktf 8/1984	4 386 853.07	5 703 795.58	478.70	848.50	808.10 - 815.55
Kal Kcf 1/1960	4 386 469.64	5 702 574.60	459.00	836.70	812.68 - 823.23
Kal Liese	4 391 206.66	5 702 610.60	359.00	662.00	651.70 - 657.20
Kal Martha	4 389 962.41	5 700 334.57	338.00	726.12	672.24 - 692.30
Kal Wr 1/1961	4 386 971.14	5 700 171.85	345.80	766.30	730.73 - 746.90

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Criteria	Commentary
Data aggregation methods	A minimum cut-off grade of 5 % K_2O has been used for delineation of upper and lower boundary of the potash seam. Average K_2O content per drill hole was calculated by sample length weighted average. Single low grade samples with <5 % K_2O within the potash mineralisation interval have been incorporated.
Relationship between mineral-isation widths and intercept lengths	All drill holes are close to vertical. The bedding of the potash bearing horizon is in general more or less horizontally. The difference between down hole length to true thickness of the potash bearing horizon is deemed to be insignificant for the Exploration Target estimation.
Diagrams	Refer to Figure 1, Figure 2, Figure 3 and Figure 4.
Balanced reporting	The documented thicknesses of the potash seam based on available information from drill holes ranges between 0.00 m and 24.78 m with an average of 14.12 m for the sylvinite layer, and 19.06 m for the carnallitite layer (only hole Kal Martha). Highest K_2O content in a single sample reaches 25.5 % (0.39 m sample interval). The average K_2O grade per drill hole varies between 5.78 and 18.91 % for the sylvinite layer and is 10.10 % for the carnallitite layer (hole Kal Martha).
Other substantive exploration data	Partly thin sections of the potash bearing horizon were prepared by dry preparation method. Regular bromium analyses in metre intervals have been conducted to support stratigraphical classification and the genetic evaluation of the onset of potash mineralisation. Additionally, sub-samples of drill cores were obtained for gas-, iron- and clay mineralogical analyses. Core material from holes Kal Kaltohmfeld 5/1983 and Kal Kaltohmfeld 8/1984 underwent geotechnical test work.
Further work	The data from the historical drill holes located within the Ohmgebirge Mining Licence area should be checked via confirmation drilling. This will allow collection of core material from the potash-bearing horizon for the purpose of detailed description and chemical and mineralogical analyses. All confirmation drill holes will need to be logged geophysically to cross-check against the historical data and to correlate the results with the chemical analyses, in addition to obtain independent and additional data from the new drill holes for assay and drill record confirmation. Additionally, a feasibility study should be developed, with the aim of estimating the feasibility of a potash production inside the Ohmgebirge Mining Licence area, to define a suitable mining method and to identify further project steps for the development of a potash production, if feasibility could be derived.

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Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	Commentary
Database integrity	Summarised lithological and geophysical drill hole data as well as data from mapped faults in the licence area have been processed using Golden Software Surfer (v11.6.1159), Microsoft Excel (Version 2010), RockWare RockWorks (Version 17) and ESRI ArcGIS (Version 10.6). Digitised data were cross-checked by other team members responsible for the Report. The database was internally validated comparing the results of the different data types (e.g. lithological description, chemical assay data, geophysical drill hole logs) while database development.
Site visits	A site visit was carried out by ERCOSPLAN and EAST EXPLORATION on 06 June 2016. The objectives of the site visit were an overview of the site situation, an inspection of closed shafts and a general geological introduction.
Geological interpretation	Confidence on the geological interpretation of the potash deposit and its overburden is very high as exploration activities as well as mining activities since more than 100 years in different areas have extended the overall and detailed knowledge tremendously. The data used is historical. Assumptions made are based on methods, which were applied for resource and reserve estimations in former times. Factors affecting the potash deposit are small-scale tectonic structures and variations in mineralisation, which cannot be investigated in detail by exploration drilling or other surficial exploration methods. The existence of these small-scale variations is proven by mining activities conducted in the deposit.
Dimensions	The potash seam spreads across the licence area over a distance of about 6.7 km in E-W direction and over a distance of about 8.4 km the in N-S direction (cf. Figure 2). The top of the potash seam ranges between about 650 m below surface and about 840 m below surface. Its base ranges between about 660 m below surface and about 850 m below surface.
Estimation and modelling techniques	In estimating the Exploration Target tonnages, the following procedures were carried out: • Separate modelling of the carnallitite and sylvinite layer of the potash-bearing horizon was performed using Golden Software's Surfer 11 (v11.6.1159) with the Inverse Distance Weighted algorithm and a power of 2. Modell grid size was 200×200 m. Outline of the modelled area is the Ohmgebirge Mining License area. • Only data of holes located within the Ohmgebirge Mining Licence area were used. • Drill hole Kal Kaltohmfeld 6/1984 was not incorporated into the calculations as 2.21 m of core loss were encountered over a mineralised thickness of 7.60 m (total thickness of potash-bearing horizon minus thickness of the depleted

Criteria	Commentary
	footwall of that horizon / “Liegendhalitit” - footwall rock salt). • For calculation purposes the upper sylvinite and lower sylvinite layer were combined as only in two holes (Kal Kaltohmfeld 6/1984 and Kal Kaltohmfeld 6a/1984) a separation of the two layers is possible based on the K_2O content and the carnallitite layer located in between. This is in line with the report of Watznauer & Tita (1996). • Carnallitite with considerable thickness within the licence area was only encountered in hole Kal Martha. Above it upper sylvinite is located. The carnallitite encountered between the upper sylvinite and lower sylvinite layer in holes Kal Kaltohmfeld 6/1984 and Kal Kaltohmfeld 6a/1984 was not modelled as separate layer since chemical data of hole Kal Kaltohmfeld 6/1984 were not incorporated for the reasons given, and separate chemical analyses were not conducted for the carnallitite layer in hole Kal Kaltohmfeld 6a/1984. • The lithological log of hole Kal Kaltohmfeld 4/1983 states a tectonic thickening of the potash-bearing horizon. Therefore, the thickness of the horizon in this hole was reduced to 11.35 m for calculation purposes. The average K_2O grade of the horizon in this hole, however, was calculated as thickness-weighted K_2O grade, based on the length of every sample with the corresponding K_2O grade like for any other hole. • Since potash mineralisation is not restricted to the lithostratigraphic unit Kaliflöz Staßfurt (z2KSt), a cut-off of 5 % K_2O in chemical analyses was applied to delineate the potash-bearing horizon for calculation purposes. Single low grade interbeds with a K_2O content of less than 5 % have been incorporated. Thicknesses and K_2O grades for the carnallitite and sylvinite layer were calculated based on that cut-off. • Safety pillars around drill holes were not considered in the estimate. • The volume of the carnallitite and sylvinite layer was calculated by summing up the calculated thicknesses for every modelled grid cell multiplying them by the corresponding area of 40,000 m^2 for each of the cells. • Average density for the sylvinite layer was calculated using the available assay data of samples from the single holes. The density was calculated by multiplying the mineral percentage in every sample by the corresponding mineral density. Since complete data of only one assayed sample of the carnallitite layer were available, while the rest of the layer could not be retrieved due to core loss in hole Kal Kaltohmfeld 6/1984, the average density for the carnallitite layer was determined using a value of 1.885 t/m^3. • Tonnage of mineralised rock for the carnallitite and sylvinite layer was calculated individually using the calculated average densities multiplied by the calculated volume of each layer. • The K_2O grade of the sylvinite layer was calculated by the

Criteria	Commentary
	mean value and standard deviation of the average K_2O grades for each drill hole. The minimum K_2O grade was obtained by subtracting the standard deviation from the mean value, the maximum K_2O grade by adding the standard deviation to the mean value. Since complete data of only one assayed sample of the carnallitite layer was available, the average grade for the carnallitite layer was determine using a value of 10.10 % K_2O. • Based on experiences from adjacent former active potash mines (Bischofferode and Bleicherode-Sollstedt mine) and other statements a raw material coefficient of 0.8 was used. Therefore, the maximum tonnage of mineralised rock for the carnallitite and sylvinite layer was multiplied by this factor to retrieve the minimum tonnage of mineralised rock for the two layers of the potash-bearing horizon. • The tonnage range of K_2O was obtained by multiplying the minimum / maximum tonnage of mineralised rock by the corresponding minimum / maximum K_2O grades of the carnallitite and sylvinite layer, respectively. • No geological or technical cut-off value for thickness has been applied.
Moisture	Considered not relevant for the potash mineralisation.
Cut-off parameters	For calculation purposes a cut-off of 5 % K_2O in chemical analyses was applied to delineate the potash-bearing horizon. Single low grade interbeds with a K_2O content of less than 5 % have been incorporated.
Mining factors or assumptions	Neither assumptions for preliminary processing concepts nor mining factors been considered during the current Exploration Target estimation.
Metallurgical factors or assumptions	Neither assumptions for preliminary mining concepts nor metallurgical factors been considered during the current Exploration Target estimation.
Environmental factors or assumptions	No environmental factors, which would have been relevant to the current Exploration Target estimation, have currently been considered.
Bulk density	The bulk density of the carnallitite layer was determined with 1.885 t/m³. The bulk density for the sylvinite layer, determined as described under “Estimation and modelling techniques”, ranges between 2.02 and 2.40 t/m³.
Classification	The potash mineralisation present in the potash bearing horizon can be correlated between the historical drill holes. The thickness is relatively uneven with local highs and lows due to halotectonic and dissolution processes. For the Exploration Target estimation, the following values have been calculated: • The volume of the sylvinite layer amounts to 113 million m³. The volume of the carnallitite layer amounts to 38 million m³.

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Criteria	Commentary
	• The tonnage of mineralised rock for the sylvinite layer ranges between 183 and 271 million metric tonnes. The tonnage of mineralised rock for the carnallitite layer ranges between 57 and 71 million metric tonnes. **In total, the tonnage of mineralised rock ranges between 240 and 342 million metric tonnes.** • The K_2O grade ranges for the sylvinite layer between 10.82 and 17.00 % K_2O. The K_2O grade for the carnallitite layer is 10.10 % K_2O. **In total, the K_2O grade ranges between 10.65 and 15.57 % K_2O.** • The K_2O tonnage ranges for the sylvinite layer between 20 and 46 million metric tonnes. The K_2O tonnage ranges for the carnallitite layer between 6 and 7 million metric tonnes. **In total, the K_2O tonnage ranges between 26 and 53 million metric tonnes.** No Mineral Resources have been defined at present.
Audits or reviews	Three historical resource estimates have been reviewed, which are in fact reserve estimates according to today's reporting standards. They cover the Ohmgebirge Mining Licence area to various degrees (cf. Figure 4). The first reserve estimate conducted was reported in 1964 for the Worbis reserve area (about 57% coverage), resulting in the following total values: δ_1 prognostic hartsalz reserves: 34.2 Mt K_2O δ_1 prognostic carnallitite reserves: 6.5 Mt K_2O The second reserve estimate conducted was reported in 1986 for the Haynrode reserve area (about 57% coverage), resulting in the following total values: C_2 hartsalz reserves: 26.5 Mt K_2O hartsalz reserves, not balanced: 3.1 Mt K_2O The third reserve estimate conducted was reported in 1996 for the reserve area determined by Watznauer & Tita (about 75% coverage), resulting in the following total value: hartsalz reserves: 20.1 Mt K_2O. Applied conditions for these three historical reserve estimates are given in the Report (chapter 5.3). δ_1 and C_2 reserves are classified reserve categories according to former GDR reporting standards for reserves. Comparison of the three reserve estimates with the Exploration Target presented in this Report is difficult already based on the nature of reserve classification. Secondly, the areas for the single reserve estimates intersect the area, for which the Exploration Target is valid, to various degrees (cf. Figure 4). Furthermore, different conditions have been applied for calculation purposes. According to raw numbers the estimated C_2 hartsalz reserves for the Haynrode reserve area (including roof beam) with about 30 million tonnes of K_2O are well within the estimated Exploration Target for the sylvinite layer between 20 and 46 million metric tonnes of K_2O. The estimate of hartsalz reserves for the reserve area determined by Watznauer and Tita with about 20 million tonnes of K_2O is

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Criteria	Commentary
	within the estimated Exploration Target for the sylvinite layer, albeit close to the minimum K_2O tonnage. For the Haynrode reserve area no carnallitite reserves are given. For the reserve area determined by Watznauer & Tita a K_2O tonnage of about 9 million tonnes of K_2O is stated, which is about 2 million tonnes of K_2O (about 22%) higher than the maximum K_2O tonnage of the estimated Exploration Target with an amount between 6 and 7 million metric tonnes of K_2O. One reason is the lower calculated average thickness of the carnallitite layer with about 12 m for the Exploration Target compared to the average carnallitite thickness applied by Watznauer & Tita with 19 m. Another reason is the larger calculated area of the carnallitite layer of the Exploration Target with 3.46 km^2 compared to the area of subfield area D with 3.29 km (cf. section 5.3) stated in Watznauer & Tita (1996), which is 0.17 km^2 (about 5%) more.
Discussion of relative accuracy/confidence	Will be applied at a later project stage.

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	Commentary
Mineral Resource estimate for conversion to Ore Reserves	NOT APPLICABLE FOR THIS REPORT
Site visits	
Study status	
Cut-off parameters	
Mining factors or assumptions	
Metallurgical factors or assumptions	
Environmental	
Infrastructure	
Costs	
Revenue factors	
Market assessment	
Economic	
Social	
Other	
Classification	
Audits or reviews	
Discussion of relative accuracy/ confidence	

Section 5 Estimation and Reporting of Diamonds and Other Gemstones

(Criteria listed in other relevant sections also apply to this section. Additional guidelines are available in the 'Guidelines for the Reporting of Diamond Exploration Results' issued by the Diamond Exploration Best Practices Committee established by the Canadian Institute of Mining, Metallurgy and Petroleum.)

Criteria	Commentary
Indicator minerals	NOT APPLICABLE FOR THIS REPORT
Source of diamonds	
Sample collection	
Sample treatment	
Carat	
Sample grade	
Reporting of Exploration Results	
Grade estimation for reporting Mineral Resources and Ore Reserves	
Value estimation	
Security and integrity	
Classification	