

# DAVENPORT RESOURCES LIMITED

ABN 64 153 414 852

## NOTICE OF GENERAL MEETING

## EXPLANATORY MEMORANDUM

## PROXY FORM

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**TIME:** 10:00am (AEST)

**DATE:** 30 August 2018

**PLACE:** Level 27  
Rialto South Tower  
525 Collins Street  
Melbourne VIC 3000

This Notice of General Meeting and Explanatory Memorandum should be read in their entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please contact the Company Secretary by telephone on +61 (0) 415 065 280

**Shareholders are urged to attend or vote by lodging the Proxy Form attached to this Notice of General Meeting**

# DAVENPORT RESOURCES LIMITED

ABN 64 153 414 852

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## NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Shareholders of Davenport Resources Limited (**Davenport** or the **Company**) will be held at Level 27, Rialto South Tower, 525 Collins Street, Melbourne Victoria 3000 on Thursday, 30 August 2018 at 10:00am (AEST) (**Meeting**).

The attached Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form each forms part of this Notice of Meeting (**Notice**).

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Tuesday, 28 August 2018 at 10:00am (AEST).

Terms and abbreviations used in the Notice are defined in Schedule 1.

## AGENDA

### 1 Resolution 1 - Ratification of prior issue of Initial Placement Shares

To consider and, if thought fit, to pass with or without amendment, each as a separate ordinary resolution the following:

"**That**, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the following issues of Shares at \$0.07 per Share on the terms and conditions set out in the Explanatory Memorandum:

- (a) 16,305,217 Shares issued under Listing Rule 7.1; and
- (b) 10,191,483 Shares issued under Listing Rule 7.1A."

#### **Voting Exclusion Statement**

The Company will disregard any votes cast on this Resolution by any person who participated in the issue and any associates of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## 2 Resolution 2 – Approval to issue Second Placement Shares (and Options)

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

**"That**, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 2,425,000 Shares each at an issue price per Share of \$0.07 to raise up to \$169,750, together with, and subject to Shareholders approving Resolution 3, an equivalent number of Options to acquire ordinary Shares ("Options") on the basis that each Share issued pursuant to this resolution shall, subject to Shareholders approving Resolution 3, have one free attaching Option, with that Option to be granted on the terms and conditions as set out in the Explanatory Memorandum."

### ***Voting Exclusion Statement***

The Company will disregard any votes cast in respect of the Resolution by any person who may participate in, or who might obtain a material benefit as a result of, the proposed issue, other than a benefit in their capacity as a holder of ordinary securities in the Company, if the Resolution is passed, and their respective associates.

However, the Company need not disregard a vote cast on the resolution if:

- (a) it is cast by a person excluded from voting, as proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## 3 Resolution 3 - Approval to issue Placement Options

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

**"That**, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 28,921,700 Options on the terms and conditions set out in the Explanatory Memorandum."

### ***Voting Exclusion Statement***

The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and any person who might obtain a material benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associates of those persons.

However, the Company need not disregard a vote if:

- (c) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (d) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## 4 Resolution 4 - Approval to issue SPP Options

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

**"That**, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 7,142,857 Options on the terms and conditions set out in the Explanatory Memorandum."

### ***Voting Exclusion Statement***

The Company has been granted a waiver by ASX of Listing Rule 7.3.8 to permit any person who has an interest in this Resolution and ordinarily excluded from voting on this Resolution to vote, on condition that the SPP is not underwritten (or if it were, then the Company excludes any votes cast on this Resolution by any proposed underwriter or sub-underwriter of the SPP (which there is none, as the SPP is not underwritten or sub-underwritten)), and on condition that the Company excludes any votes cast by any investor who receives or may receive Shares under the SPP Shortfall.

## **5 Resolution 5 - Approval to issue any SPP Shortfall Shares**

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

**"That**, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 7,142,857 Shares on the terms and conditions set out in the Explanatory Memorandum."

### ***Voting Exclusion Statement***

The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and any person who might obtain a material benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associates of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## **6 Resolution 6 - Approval of Placement to a Director**

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

**"That**, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue to Rory Luff, non-executive Director, or his nominated controlled entity (as the case may be) of up to 1,428,571 Shares (each Share having one free attaching Option) at an issue price per Share of \$0.07 to raise \$100,000, on the terms and conditions set out in the Explanatory Memorandum and that, for the purposes of ASX Listing Rule 7.1 and ASX Listing Rule 7.2 Exception 14 approval be and is hereby given to the issue of all such Shares and free attaching Options."

**Note:** The Shares and Options issued under Resolution 6 will be issued to Mr Rory Luff, a non-executive director, or his nominated controlled entity (as the case may be). Further:

- (a) if Shareholder approval is given under ASX Listing Rule 10.11, Shareholder approval is not required under ASX Listing Rule 7.1;
- (b) the non-executive director described above or his nominated controlled entity (as the case may be) will be granted up to 1,428,571 Shares (and 1,428,571 free attaching Options) the details of which are described above and in the accompanying Explanatory Memorandum, for an aggregate issue price of \$100,000, or \$0.07 per Share (each with one free attaching Option);
- (c) the Options are free attaching options each with an exercise price of \$0.20 and expiring on 31 July 2023, will have no vesting hurdle and will be granted within 1 month of the date of the Meeting and otherwise will be issued on the terms and conditions set out in Schedule 2;
- (d) the terms and conditions of the Options referred to in this Resolution 6 and, other information relevant to Shareholders, are set out in the attached Explanatory Memorandum;
- (e) Shares issued as a result of the exercise of the Options will rank *pari passu* with ordinary shares in the Company; and

- (f) \$100,000 will be raised as a result of the issue of Shares to Mr Luff (or his nominated controlled entity), but no funds will be raised as a result of the grant of the free attaching Options.

***Voting Exclusion Statement***

The Company will, for the purposes of the ASX Listing Rules and in accordance with section 224 of the *Corporations Act 2001* (Cth), disregard any votes cast on Resolution 6 by Mr Rory Luff and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## **7 Resolution 7 - Approval to issue unlisted options to Broker**

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

**"That**, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 7,500,000 Broker Options to Hartleys Limited (or its nominees) on the terms and conditions set out in the Explanatory Memorandum."

***Voting Exclusion Statement***

The Company will disregard any votes cast on this Resolution by Hartleys Limited (or its nominees) and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities in the Company, if the Resolution is passed, and any associates of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**BY ORDER OF THE BOARD**



Mr Rajan Narayanasamy

**Company Secretary**

Dated: 27 July 2018

## Proxy and Voting Instructions

A member who is entitled to vote at a meeting may appoint:

- one proxy if the member is only entitled to one vote; and
- one or two proxies if the member is entitled to more than one vote.

Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the member's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes in which case any fraction of votes will be disregarded.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be lodged with the Company's share registry not less than 48 hours before the time for holding the Meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

The proxy form must be signed by the member or his/her attorney duly authorised in writing or, if the member is a corporation, in a manner permitted by the Corporations Act. A proxy given by a foreign corporation must be executed in accordance with the laws of that corporation's place of incorporation.

The proxy may, but need not, be a member of the Company.

A proxy form is attached to this Notice.

If you sign the proxy form and do not appoint a proxy, you will have appointed the Chair of the meeting as your proxy.

### Corporate Representatives

Any corporation which is a member of the Company may authorise (by certificate under common seal or other form of execution authorised by the laws of that corporation's place of incorporation, or in any other manner satisfactory to the chairperson of the Meeting) a natural person to act as its representative at any general meeting.

### Voting Entitlement

For the purposes of the Corporations Act and Corporations Regulations shareholders entered on the Company's Register of Members as at 10.00am (AEST) on Tuesday, 28 August 2018 are, subject to any applicable voting prohibition, entitled to attend and vote at the Meeting.

On a poll, members have one vote for every fully paid ordinary share held (provided the member is not subject to a voting restriction). Holders of options are not entitled to vote.

### How the Chair Will Vote Undirected Proxies

The Chair of the meeting will vote undirected proxies in favour of all of the proposed resolutions.

# DAVENPORT RESOURCES LIMITED

ABN 64 153 414 852

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## EXPLANATORY MEMORANDUM

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### 1 Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the General Meeting to be held at Level 27, Rialto South Tower, 525 Collins Street, Melbourne Victoria 3000 on Thursday, 30 August 2018 at 10:00am (AEST) (**Meeting**).

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2	Action to be taken by Shareholders
Section 3	Background to Resolutions
Section 4	Resolution 1 - Ratification of prior issue of Initial Placement Shares
Section 5	Resolution 2 - Approval to issue Second Placement Shares (and Options)
Section 6	Resolution 3 - Approval to issue Placement Options
Section 7	Resolution 4 - Approval to issue SPP Options
Section 8	Resolution 5 - Approval to issue any SPP Shortfall Shares
Section 9	Resolution 6 - Approval of Placement to a Director
Section 10	Resolution 7 - Approval to issue unlisted options to Broker
Schedule 1	Definitions
Schedule 2	Terms and conditions of Options
Schedule 3	Terms and conditions of Broker Options

A Proxy Form is attached to the Explanatory Memorandum.

## 2 Action to be taken by Shareholders

Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company's Share Registry, Security Transfer Australia Pty Ltd, in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

**The Chair intends to exercise all available proxies in favour of all Resolutions.**

## 3 Background to Resolutions

On 21 June 2018, the Company announced:

- (a) a capital raising comprising a placement in two tranches, namely, a placement to raise up to approximately \$1.9 million before costs by the issue of a total of up to approximately 26.9M Shares at 7 cents each, and a second placement of approximately 3.9M Shares each of 7 cents to raise \$0.27M (all such Shares each having an entitlement to one free attaching Option); and
- (b) an offer to Eligible Shareholders under a Share Purchase Plan (**SPP**) to raise up to a further \$500,000 before costs by the issue of up to 7,142,857 Shares at 7 cents each (**SPP Shares**) (each SPP Share also having an entitlement to one free attaching Option).

On 5 July 2018, the Company issued 26,496,700 Shares (**Initial Placement Shares**) to sophisticated, professional and institutional investors (**Initial Placement Subscribers**) using the Company's placement capacity under Listing Rules 7.1 and 7.1A to raise \$1,854,769 (before costs) (**Initial Placement**). The Company is seeking Shareholder approval for the ratification of the issue of those Initial Placement Shares pursuant to Resolution 1.

It is also proposed, subject to Shareholder approval in terms of Resolution 2, to complete a second placement (**Second Placement**) to certain sophisticated and professional investors (**Second Placement Subscribers**) of up to 2,425,000 Shares each at 7 cents (**Second Placement Shares**) to raise \$169,750 (before costs) and, subject to Shareholder approval under Resolution 3, the grant of one (1) free attaching Option per Second Placement Share.

The SPP is not underwritten. Any SPP Shares not subscribed for by Eligible Shareholders under the SPP will comprise the shortfall and may be offered to sophisticated, professional or institutional investors as a separate placement at the discretion of the Directors (**SPP Shortfall Offer**).

Eligible Shareholders who subscribe for SPP Shares under the SPP, and investors who subscribe for Shares under

the SPP Shortfall Offer (together, **SPP Subscribers**), are also being offered one free attaching Option for every Share subscribed for, that is, up to 7,142,857 Options (**SPP Options**).

Similarly, subscribers under the Initial Placement and the proposed Second Placement (together, the **Placements**) were also offered one free attaching Option for every Initial Placement Share and every Second Placement Share subscribed for, that is, an aggregate of up to 28,921,700 Options (**Placement Options**).

The Company has also agreed to issue 7.5 million unlisted options to the Broker, referred to in the Prospectus as the Lead Manager, (or its nominees) as part consideration for services provided to the Company in relation to its capital raising activities (**Broker Options**) referred to in the Prospectus as Lead Manager Options.

On 17 July 2018, the Company lodged a Prospectus (**Prospectus**) with ASIC for the offers of the SPP Options, Placement Options, the Options proposed to be granted to Mr Rory Luff or his nominee (referred to in the Prospectus as “Related Party Options”), subject to receipt of Shareholder approval and to satisfying the requirements of the ASX Listing Rules (as the case may be), and Broker Options. The Company does not currently have sufficient capacity available under Listing Rules 7.1 and 7.1A to issue the Second Placement Shares and Options, Placement Options, the SPP Options, and Shares under the SPP Shortfall Offer (**SPP Shortfall Shares**), and is therefore seeking Shareholder approval at the Meeting for the issue of those securities pursuant to Resolutions 2 to 5 (inclusive). In addition, whilst Shareholder approval to the grant of Broker Options is being sought in terms of Resolution 7, the grant is not subject to Shareholder approval but will be granted if and when the Company has sufficient capacity under ASX Listing Rules 7.1 and/or 7.1A (as the case may be).

In addition to the Placements, one of your Directors, Mr Rory Luff, has indicated he (or his nominee) is willing to take a placement of Shares (each with one free attaching Option), on the same terms as the Placements, and to subscribe \$100,000 for those Shares. As he is a related party of the Company, Mr Luff was not however permitted to participate in either of the Placements, as shareholder approval was required. That shareholder approval is now being sought at the Meeting for the placement to Mr Luff (or his nominee), in terms of Resolution 6.

Directors who are Eligible Shareholders (and the entities controlled by them) are permitted to participate in the SPP without Shareholder approval under Exception 8 of Listing Rule 10.12. The Company has been granted a waiver by ASX under Listing Rule 10.11 to permit the Directors who are Eligible Shareholders (and the entities controlled by them) and subscribe for Shares under the SPP to also subscribe for free attaching SPP Options without the approval of Shareholders, on condition that Shareholders approve Resolution 4 (for the issue of SPP Options, for the purposes of Listing Rule 7.1), the relevant Directors are offered shares under the SPP and SPP Options on the same terms as other Shareholders (which they are), and the Directors do not participate in any SPP Shortfall (which they will not, as the Directors are not permitted to subscribe for Securities under the SPP Shortfall).

## **4 Resolution 1 - Ratification of prior issue of Initial Placement Shares**

### **4.1 General**

Resolution 1 (Agenda Item 1) seeks the approval of Shareholders pursuant to Listing Rule 7.4 for the issue of a total of 26,496,700 Initial Placement Shares.

Each of the resolutions which form part of Resolution 1 is an ordinary resolution.

**The Board recommends that Shareholders vote in favour of each of the resolutions which form part of Resolution 1.**

## **4.2 Listing Rules 7.1 and 7.1A**

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.1A provides that an eligible entity may seek shareholder approval at its annual general meeting to allow it to issue Equity Securities comprising up to 10% of its issued capital. The Company obtained this approval at its Annual General Meeting held on 23 November 2017.

## **4.3 Listing Rule 7.4**

Listing Rule 7.4 provides an exception to Listing Rules 7.1 and 7.1A. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rules 7.1 and 7.1A (and provided that the previous issue did not breach Listing Rules 7.1 and 7.1A), those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rules 7.1 and 7.1A, as applicable.

The effect of Resolution 1 will be to allow the Company to retain the flexibility to issue Equity Securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1 and the additional 10% annual placement capacity set out in Listing Rule 7.1A without the requirement to obtain prior Shareholder approval.

## **4.4 Specific information required by Listing Rule 7.5**

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of the Initial Placement Shares:

- (a) a total of 26,496,700 Initial Placement Shares were issued on 5 July 2018 as follows:
  - I. 16,305,217 Initial Placement Shares were issued within the 15% annual limit permitted under Listing Rule 7.1, without the need for Shareholder approval; and
  - II. 10,191,483 Initial Placement Shares were issued within the 10% limit permitted under Listing Rule 7.1A, without the need for Shareholder approval;
- (b) the Initial Placement Shares were issued at 7 cents (\$0.07) per Share, with an entitlement to be issued one free attaching Option for every Placement Share subscribed for;
- (c) the Initial Placement Shares issued were fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue;
- (d) the Initial Placement Shares were issued to the Initial Placement Subscribers, none of whom is a related party of the Company;
- (e) the proceeds from the issue of the Initial Placement Shares will be used for additional data evaluation of German potash mining licences, target selection and drill hole permitting, and general working capital and administration pending regulatory approval to commence drilling the potash resource; and
- (f) a voting exclusion statement is included in the Notice.

## 5 Resolution 2 - Approval to issue Second Placement Shares (and Options)

### 5.1 General

Resolution 2 (Agenda Item 2) seeks Shareholder approval of the issue of up to 2,425,000 Shares (Second Placement Shares) each Share having one (1) free attaching Option, to raise \$169,750 (net of costs). Each Second Placement Share will be issued at a price of 7 cents (\$0.07). Shareholder approval is required for the issue of Second Placement Shares, and Options (see Resolution 3), to proceed as such an issue would otherwise result in the Company exceeding the 15% limit imposed by ASX Listing Rule 7.1. A summary of Listing Rule 7.1 is contained in Section 4.2.

It is proposed that up to 2,425,000 Second Placement Shares and, subject to Shareholder approval in terms of Resolution 3, up to 2,425,000 free attaching Options, will be issued to persons who are eligible to participate in the Second Placement as “professional” or “sophisticated” investors (within the meaning attributed to those terms in the Corporations Act). Details of the persons who will participate in the Second Placement are set out below.

The effect of Resolution 2 will be to allow the Company to issue the Shares and, subject to Shareholder approval in terms of Resolution 3, Options, pursuant to the Second Placement within the period of 3 months following the date of this Meeting.

Assuming no Options are exercised and no other Shares issued and the number of Shares referred to above are issued, the number of Shares on issue would increase from 135,198,149 (being the number of Shares on issue as at the date of the Notice) to 137,623,149 and the shareholdings of existing Shareholders would be diluted by 1.76%. Further, if all of the Options issued pursuant to the Second Placement were exercised the number of Shares on issue would increase to 140,048,149 and the shareholdings of existing Shareholders would be diluted by a further 1.70%.

Apart from the potential dilutive effect the Second Placement Share issue will have on existing members, the Company does not consider that Shareholders will be disadvantaged by approving Resolution 2 and the issue of Second Placement Shares and Options. However, if members do not approve Resolution 2, the Company will not, subject to the comment below, be authorised under this resolution to issue the Second Placement Shares and, consequently, the Company will not on these terms raise additional capital of \$169,750 (net of costs).

Nevertheless, if Resolution 1 is approved, but Resolution 2 is not approved, the Company will utilise its available capacity under ASX Listing Rules 7.1 and/or 7.1A (as the case may be) to issue the Second Placement Shares. If Resolutions 1 and 3 are approved, but Resolution 2 is not approved, again, the Company will utilise its available capacity under ASX Listing Rules 7.1 and/or 7.1A (as the case may be) to issue the Second Placement Shares.

Resolution 2 is an ordinary resolution.

**The Board recommends that Shareholders vote in favour of Resolution 2.**

### 5.2 Specific information required by ASX Listing Rule 7.3

For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to the proposed Second Placement Shares (and Options) issue described in Resolution 2:

- (a) the maximum number of new Shares to be issued (as Second Placement Shares) is 2,425,000 and the maximum number of free attaching Options is 2,425,000;
- (b) the Second Placement Shares (and free attaching Options) will be issued and allotted within 3 months following the date of this General Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules);
- (c) the issue price of each Second Placement Share is 7 cents (\$0.07);
- (d) the issue price of each Option is \$Nil (as they will, subject to Shareholder approval, be issued free

attaching with the Second Placement Shares on a one for one basis);

(e) the allottees of the Second Placement Shares are proposed to be:

- i. Oceanic Capital Pty Ltd ACN 112 800 978, for 1,425,000 Shares and 1,425,000 Options for a total subscription price of \$99,750;
- ii. Mr Jason Dawkins (and/or his nominees), for 1,000,000 Shares and 1,000,000 Options for a total subscription price of \$70,000;

raising funds of \$169,750 in aggregate (before costs).

Each of the above persons has been selected (or in the case of any of Mr Dawkins' nominees, will be selected) taking into account their eligibility to participate in the placement as "professional" or "sophisticated" investors (within the meaning attributed to those terms in the Corporations Act) and having regard to factors including the limits imposed by Chapter 6 of the Corporations Act, as well as the interests of the Company generally;

- (f) the Shares issued will be fully paid ordinary shares in the Company and will rank equally in all respects with the Company's existing Shares on issue (and the free attaching Options are, subject to Shareholder approval, to be issued on the terms and conditions set out in Schedule 2);
- (g) the funds raised from the issue of Second Placement Shares will be used for additional data evaluation of German potash mining licences, target selection and drill hole permitting, and general working capital and administration pending regulatory approval to commence drilling the potash resource;
- (h) it is intended that the Second Placement Shares will be issued on or about 3 September 2018; and
- (i) a voting exclusion statement is included in the Notice.

## **6 Resolution 3 - Approval to issue Placement Options**

### **6.1 General**

Resolution 3 (Agenda Item 3) seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of up to 28,921,700 Placement Options to the Placement Subscribers on the basis of one free attaching Placement Option for every Placement Share subscribed for. The Placement Options form part of both of the Placements.

Resolution 3 is an ordinary resolution.

**The Board recommends that Shareholders vote in favour of Resolution 3.**

### **6.2 Listing Rule 7.1**

A summary of Listing Rule 7.1 is contained in Section 4.2.

The effect of Resolution 3 will be to allow the Company to issue the Placement Options during the period of three months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### **6.3 Specific information required by Listing Rule 7.3**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Placement Options:

- (a) a maximum of 28,921,700 Options are to be issued as Placement Options;
- (b) the Placement Options will be issued no later than 3 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules);

- (c) the Placement Options are free attaching to the Placement Shares issued and therefore will be issued at an issue price of \$nil;
- (d) the Placement Options will be issued to the Placement Subscribers pursuant to an offer under the Prospectus, who are not related parties of the Company;
- (e) the Placement Options are to be issued on the terms and conditions set out in Schedule 2;
- (f) no funds will be raised from the issue of the Placement Options as are they are free attaching to the Placement Shares, however funds raised from the Placements will be used in accordance with Section 4.4(e);
- (g) it is intended that the Placement Options will be issued on or about 3 September 2018; and
- (h) a voting exclusion statement is included in the Notice.

## **7 Resolution 4 - Approval to issue SPP Options**

### **7.1 General**

Resolution 4 (Agenda Item 4) seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of up to 7,142,857 SPP Options to the SPP Subscribers on the basis of one free attaching Option for every Share subscribed for under the SPP or SPP Shortfall Offer.

Resolution 4 is an ordinary resolution.

**The Board recommends that Shareholders vote in favour of Resolution 4.**

### **7.2 Listing Rule 7.1**

A summary of Listing Rule 7.1 is contained in Section 4.2.

The effect of Resolution 4 will be to allow the Company to issue the SPP Options during the period of three months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### **7.3 Specific information required by Listing Rule 7.3**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the SPP Options:

- (a) a maximum of 7,142,857 Options are to be issued as SPP Options;
- (b) the SPP Options will be issued no later than 3 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules);
- (c) the SPP Options are free attaching to the Shares issued under the SPP or the SPP Shortfall Offer and therefore will be issued at a price of \$ nil;
- (d) the SPP Options will be issued to the SPP Subscribers pursuant to an offer under the Prospectus;
- (e) the SPP Options are to be issued on the terms and conditions set out in Schedule 2;
- (f) no funds will be raised from the issue of the SPP Options as are they are free attaching to the Shares to be issued under the SPP and SPP Shortfall Offer, however the proceeds from the SPP will be used for additional data evaluation of German potash mining licences, target selection and drill hole permitting, and general working capital and administration pending regulatory approval to commence drilling the potash resource;
- (g) it is intended that the SPP Options will be issued on or about 3 September 2018; and
- (h) the Company has been granted a waiver by ASX of Listing Rule 7.3.8 to permit any person who has an interest in Resolution 4 and ordinarily excluded from voting on Resolution 4 to vote, on condition that the SPP is not underwritten or sub-underwritten (or of it were, then the Company excludes any votes cast by any proposed underwriter or sub-underwriter of the SPP (which there is none, as the SPP is not underwritten or sub-underwritten)) and on condition that the Company excludes any votes cast by any investor who receives or may receive shares under the SPP Shortfall.

## **8 Resolution 5 - Approval to issue any SPP Shortfall Shares**

### **8.1 General**

Resolution 5 (Agenda Item 5) seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of up to 7,142,857 SPP Shortfall Shares to any sophisticated or professional investors who subscribe for Shares under the SPP Shortfall Offer.

Resolution 5 is an ordinary resolution.

**The Board recommends that Shareholders vote in favour of Resolution 5.**

### **8.2 Listing Rule 7.1**

A summary of Listing Rule 7.1 is contained in Section 4.2.

The effect of Resolution 5 will be to allow the Company to issue the SPP Shortfall Shares during the period of three months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### **8.3 Specific information required by Listing Rule 7.3**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the SPP Shortfall Shares:

- (a) a maximum of 7,142,857 Shares are to be issued as SPP Shortfall Shares;
- (b) any SPP Shortfall Shares will be issued no later than 3 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules);
- (c) any SPP Shortfall Shares will be issued at 7 cents (\$0.07) per Share, with an entitlement to be issued (subject to shareholder approval) one free attaching Option for every SPP Shortfall Share subscribed for;
- (d) any SPP Shortfall Shares will be issued to sophisticated, professional or institutional investors, who are not related parties of the Company;
- (e) any SPP Shortfall Shares are to be issued as fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue;
- (f) the proceeds from any issue of the SPP Shortfall Shares will be used for additional data evaluation of German potash mining licences, target selection and drill hole permitting, and general working capital and administration pending regulatory approval to commence drilling the potash resource;
- (g) it is intended that the SPP Shortfall Shares will be issued on or about 3 September 2018; and
- (h) a voting exclusion statement is included in the Notice.

## **9 Resolution 6 - Approval of Placement to a Director**

### **9.1 General**

Resolution 6 (Agenda Item 6) relates to the proposed placement to Mr Rory Luff, a non-executive Director of the Company (or his nominee) of 1,428,571 Shares (with each Share having one free attaching Option) on the same terms and conditions to the Placements made to the non-related parties the subject of Resolutions 1, 2 and 3. As a related party to the Company, Mr Luff was not permitted to participate in the Placements, as shareholder approval was required. Shareholder approval is now being sought at the Meeting for the placement to Mr Luff.

In that regard, Mr Luff (or his nominee) wishes to subscribe for \$100,000 worth of Shares (each Share having one (1) free attaching option to subscribe for one fully paid ordinary share ("Option")).

Each Option will have an exercise price of twenty cents (\$0.20) and an expiry date of 31 July 2023. The terms and conditions attaching to the Options are set out in Schedule 2. Those terms and conditions are the same as those of the Placement Options. The Company intends to apply to ASX for the quotation of the Shares and Options granted to Mr Luff (or his nominee).

Resolution 6 is an ordinary resolution.

**The Board (except Mr Luff, who has a material personal interest in this Resolution) recommends that Shareholders vote in favour of Resolution 6.**

## **9.2 Chapter 2E of the Corporations Act**

Under Chapter 2E of the Corporations Act, a public company cannot give a "financial benefit" to a "related party" unless one of the exceptions to section 208 of the Corporations Act apply or Shareholders have in general meeting approved the giving of the financial benefit to the related party. A "financial benefit" is defined in the Corporations Act in broad terms and includes a public company issuing securities. For the purposes of the Meeting, a "related party" includes a director of the company. Accordingly, the proposed issue of shares (and free attaching options) to a Director involves the provision of a financial benefit to a related party of the Company.

Section 210 of the Corporations Act provides that an entity does not need to obtain shareholder approval to give a financial benefit to a related party if the giving of the financial benefit would be reasonable in the circumstances if the related party and the public company were dealing at arm's length (or terms less favourable to the related party than arm's length).

Given that Mr Luff (or his nominee), as a related party, will be subscribing for Shares (and free attaching Options) on the same terms as offered to all other Placement Subscribers and Eligible Shareholders under the SPP, the Board has determined (except Mr Luff, who did not participate in the deliberations to make that determination) that the proposed issue to Mr Luff (or his nominee) to be reasonable in the circumstances and therefore that the exception in section 210(a) of the Corporations Act is relevant to proposed Resolution 6 (Agenda Item 6), and as such Shareholder approval pursuant to Chapter 2E of the Corporations Act is not being sought.

However, the ASX Listing Rules require shareholder approval to the proposed issue of Shares and free attaching Options to Mr Luff (or his nominee), to be obtained. This is dealt with further below.

Whilst Shareholder approval is not being sought pursuant to Chapter 2E of the Corporations Act, the following information is provided to allow Shareholders to assess the proposed issue of Shares and Options to Mr Luff (or his nominee).

### ***The related parties to whom the proposed resolutions would permit the financial benefit to be given:***

- (a) The related party to whom the financial benefit will be given is Mr Rory Luff (or his nominee) and that financial benefit will be given within 1 month of the passing of Resolution 6. For the purpose of receiving the financial benefit, Mr Luff nominates his controlled entity I.T.A. Nominees Pty Ltd ACN 083 594 129. The proposed Resolution 6 would permit the financial benefit to be given to that nominated controlled entity.

### ***The nature of the financial benefit:***

- (b) The only Director to have an interest in the outcome of the proposed resolution is Mr Luff and his financial benefit is that he (or his nominee) will become the holder of the Shares and Options and the recipient of any financial benefit attached thereto.

### ***Directors' recommendations:***

- (c) Each Director (other than Mr Luff) wishes to make a recommendation in relation to the Resolution. Each Director (other than Mr Luff) recommends to Shareholders that they vote in favour of Resolution 6 to grant Mr Luff (or his nominee) the Shares (and free attaching Options) as they consider that the terms of

the issue and allotment thereof are reasonable in the circumstances given that they are on the same terms and conditions as the Placements to all Placement Subscribers and that those terms and conditions were negotiated on an arm's length basis. Each of the Directors other than Mr Luff considers that, while Mr Luff (or his nominee) is obtaining a financial benefit, the Company is advantaged by the subscription of the requisite funds and that while it is possible that Mr Luff (or his nominee) would have had to pay significantly more to acquire on-market an equivalent number of shares and options in the capital of the Company, his doing so is of no benefit to the Company or its existing securityholders.

***Interests of Director:***

- (d) Mr Luff does not wish to make a recommendation to Shareholders in respect of Resolution 6 because he has a material interest in the outcome of the resolution.

***Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors:***

- (e) The number of Shares proposed to be issued to Mr Luff (or his nominee) is 1,428,571 Shares at 7 cents per share, which would represent 1.05% of the expanded issued capital on an undiluted basis after the Initial Placement, together with one (1) free attaching Option for each Share subscribed for. The Options and the exercise of the Options are issued subject to the proforma terms and conditions set out in Schedule 2 to this Explanatory Memorandum.
- (f) In addition to the Placement Options and SPP Options, and the Shares and Options the subject of the Second Placement, the Company will apply to ASX for quotation of the Shares and Options to be issued to Mr Luff (or his nominee). The market price of the Company's Shares during the term of the Options will normally determine whether or not the holder of the Option exercises the Option. At the time any Options are exercised and Shares issued pursuant to the exercise of the Options, the Company's Shares may be trading on ASX at a price which is higher than the exercise price of the Options.

The number of Shares (and free attaching Options) to be issued to, and the total subscription funds payable by Mr Luff (or his nominee), if the resolution the subject of Resolution 6 is approved by Shareholders, is as follows:

<b><i>Director</i></b>	<b><i>Number of Shares</i></b>	<b><i>Number of free attaching Options</i></b>	<b><i>Subscription Funds (\$)</i></b>
Mr Rory Luff	1,428,571	1,428,571	\$100,000

- (g) The nature of the financial benefit is that Mr Luff (or his nominee) will acquire the Shares and the free attaching Options on the same terms as those offered to all other Placement Subscribers which means that he will acquire the Shares at the same discount to market (see below) as that offered to the Placement Subscribers. While it may be perceived that a financial benefit is being given to Mr Luff (or his nominee) due to the fact that the issue price of the Shares is at the same discount to market as the Shares offered to the Placement Subscribers, it should be noted that the proposed issue to Mr Luff is on identical terms to those made to other independent and non-related third parties.

The issue price per Share to be issued under Resolution 6 is \$0.07 (7 cents) per Share, which is the same price as that offered to Eligible Shareholders under the SPP (and to the Placement Subscribers). This represents a 0.4% discount to the volume weighted average price of Davenport Shares for the one trading day of 18 June 2018 and the one trading day of 22 June 2018, of \$0.0703, those dates being the one trading day immediately before and the one trading day immediately after the date of Davenport's announcement of the Placements and SPP on 21 June 2018. These two dates had been chosen to calculate the SPP offer price per SPP Share to ensure that the offer price per SPP Share under the SPP is the same as that price paid by participants in the Initial Placement, and to be paid by participants in the proposed Second Placement. However, the volume weighted average price for the 30 day period up to the day prior to the date of the SPP is \$0.0654 (6.54 cents), and the price of the Company's Shares traded on ASX as at the date prior to the date of the SPP is \$0.065 (6.5 cents), which means the Shares proposed to issued to Mr Luff (or his nominee) would, based on that price, be issued at a premium of \$0.005 per Share.

However, as at the date of the Company's announcement referred to above, the inherent value of the financial benefit which Mr Luff (or his nominee) may have derived from the acquisition of the Shares is an amount of \$428, being a discount of \$0.0003 in respect of 1,428,171 shares. Nevertheless, the actual benefit he or his nominee may derive may be greater or less than this amount as it will be dependent on the actual price of the Shares at the time that he may dispose of them.

In the last 12 months, the highest price for ordinary fully paid shares in the Company trading on ASX was 17 cents which occurred on 14 September 2017. The lowest price of 5.6 cents occurred on 13 June 2018. The Company's share price being the most recent closing price prior to the dispatch of the Notice to which this Explanatory Memorandum relates is 7.0 cents.

- (h) In addition, Mr Luff (or his nominee) will also receive a financial benefit from the grant of the Options. In relation to the 1,428,571 Options to be granted to Mr Luff (or his nominee), it is intended that, subject to satisfying the prerequisites to quotation under Chapter 2 of the ASX Listing Rules (especially as to the number of holders of Options holding marketable parcels), the Company will apply for Official Quotation of those Options on ASX.

If the Options are quoted on ASX, then their value will be directly attributable to the price at which they are traded from time to time.

If the Options are not quoted on ASX (because the ASX prerequisites referred to above are not satisfied) then they will, from a practical viewpoint, have a lesser value as the market for the Options, as an unlisted security, will be limited and because, to obtain any inherent value in the Options, Mr Luff (or his nominee) may have to exercise them to acquire ordinary shares which will be listed and tradeable on ASX. The fully paid ordinary shares of the Company have been traded on ASX since 20 January 2017. Over the last 12 months up to the date of the Notice, the shares have traded in the range between \$0.056 and \$0.17 per share as referred to above with a share price of \$0.07 (being the most recent closing price prior to the dispatch of the Notice to which this Explanatory Memorandum relates). The Options are capable of being converted to Shares by payment of the exercise price (\$0.20 for each Option).

The Company has valued the Options to be granted to Mr Luff (or his nominee) as having an aggregate value of \$22,857 (that is, \$0.016 (1.6 cents) per Option) in accordance with the Black-Scholes valuation methodology.

However, the actual financial benefit to be derived by Mr Luff (or his nominee) from the grant of the Options may be greater or less than the value attributed thereto by that methodology as the actual benefit to be derived will depend on the future price of Shares in the Company.

Additionally, if there is insufficient spread of the Options to be quoted on ASX the value thereof may, as noted above, be less than if they were quoted because of the market for them being restricted which may mean Mr Luff (or his nominee) has to exercise them to derive the inherent value therein.

The Black-Scholes valuation of \$0.016 (1.6 cents) per Option was based on the following assumptions:

<b><i>Option Valuation<sup>3</sup></i></b>	<b><i>Input</i></b>
Share price	\$0.7 <sup>1</sup>
Exercise Price	\$0.20
Risk Free Rate of Interest	2.31%
<b><i>Option Valuation (cont'd)</i></b>	<b><i>Input (cont'd)</i></b>
Volatility	55.5% <sup>2</sup>
Time (years) to expiry	5 years
Calculated value of each option	\$0.016

**Notes:**

1. the Share price as at the date the Chairman of the Company approved (in terms of the Company's Securities Trading Policy) the grant to Mr Luff (or his nominee) of the Shares and free attaching Options: namely 18 June 2018.
2. The mid-point between the historic volatility factor for Davenport Resources (94%) and the S&P ASX Small Resources Index (17%) used as a proxy because there is insufficient trading of Davenport shares to calculate a meaningful volatility over the 12 month period prior to the date in note 1 above;
3. Any changes in the variables listed between the date of valuation and the date the options are granted would impact on their values.

- (i) The effect of the acquisition by Mr Luff (or his nominee) of the Shares will decrease Mr Luff's voting power from 10.8% to 9.0% based on the assumption that all of the Shares placed under the Second Placement and all Shares offered for subscription under the SPP are placed and that no Options are exercised. If all of the Options granted are exercised, except the existing options and the Broker Options, Mr Luff's voting power will decrease from 9.0% to 7.9% (assuming 183,687,705 Shares on issue).

As at the date of this Notice, Mr Luff has the following interests (direct and indirect) in the securities of the Company:

<b>Director</b>	<b>Number of Shares held as at the date of the Notice</b>	<b>Number of Shares to be issued</b>	<b>Number of Options held as at the date of the Notice</b>	<b>Total Number of Shares held after implementation of Resolution 6 (excluding exercise of options)</b>	<b>% of Shares on issue<sup>1</sup></b>
Rory Luff	11,707,473	1,428,571	Nil	13,136,044	9.0

**Note 1:** assumes 135,198,149 Shares on issue as at the date of the Notice (including restricted securities (71,767,857 Shares)) and no existing options on issue are exercised.

- (j) The remuneration of Mr Luff (as a Director) for the last audited financial year ended 30 June 2017 is as follows:

<b>Year Ended 30 June 2017</b>	<b>Salaries and Fees</b>	<b>Superannuation</b>	<b>Number of Options granted</b>	<b>Value of options granted</b>	<b>Total</b>
	\$30,000	Nil	Nil	Nil	\$30,000

**Note:** Mr Luff's remuneration referred to in the above table is not likely to change for the financial year ended 30 June 2018 except that Mr Luff has on 4 April 2018 been granted Performance Rights as follows:

- i. 375,000 Performance Rights (with a 1 year vesting date, and converting into fully paid ordinary shares upon the Company achieving certain performance hurdle); and
  - ii. 375,000 Performance Rights (with a 2 year vesting date, and converting into fully paid ordinary shares upon the Company achieving certain performance hurdle).
- (k) Each Director notes that there are no benefits forgone by the Company in placing the Shares and Options to Mr Luff (or his nominee) as it would have sought to have raised the same amount of funds from investors regardless of whether Mr Luff was a placement subscriber or not. Further, the Directors do not consider there are any commercial or economic or other adverse effects on the Company from making any such placement to Mr Luff (or his nominee). There are no opportunity costs foregone in making such placement and there is no adverse effect on the control of the Company associated therewith.
- (l) To the knowledge of the Directors, there is no other information reasonably required by Shareholders in order to decide whether or not it is in the interest of Shareholders to pass the proposed Resolution 6.

### 9.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities to a related party of the Company (which includes a Director).

If Resolution 6 is passed, Mr Luff (or his nominee) will be issued Shares and Options. Accordingly, approval for the issue of securities to Mr Luff (or his nominee), as a related party of the Company, is required pursuant to the ASX Listing Rule 10.11.

### 9.4 Specific information required by ASX Listing Rule 10.11

ASX Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under ASX Listing Rule 10.11. For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to Resolution 6 (Agenda Item 6):

	<b><i>Required Disclosure under Listing Rule 10.13</i></b>	<b><i>Disclosure</i></b>
1.	<i>The name of the Director:</i>	Mr Rory Luff
2.	<i>The Securities will be issued to:</i>	Mr Rory Luff or an entity associated with Mr Luff, namely, I.T.A. Nominees Pty Ltd ACN 083 594 129.
3.	<i>The maximum number of Securities to be issued:</i>	(a) 1,428,571 Shares (b) 1,428,571 Options
4.	<i>The date by which the Securities will be issued:</i>	Both the Shares and the free attaching Options will be issued as soon as is practicable after the Meeting, but in any event will be issued no later than 1 month after the Meeting.
5.	<i>The issue price of the Securities:</i>	\$0.07 per Share (each Share having one (1) free attaching Option).
6.	<i>The terms of issue of the Securities:</i>	The Shares will rank equally with the ordinary shares already on issue by the Company. The terms and conditions relating to the Options are set out in Schedule 2 to the Notice.
7.	<i>The intended use of funds raised:</i>	Funds received as subscription moneys from Mr Luff (\$100,000) will be applied towards: <ul style="list-style-type: none"><li>• additional data evaluation of German potash mining licences, target selection and drill hole permitting; and</li><li>• general working capital and administration pending regulatory approval to commence drilling the potash resource.</li></ul> No funds will be raised from the grant of Options.

A voting exclusion statement is included in the Notice.

## 10 Resolution 7 - Approval to issue unlisted options to Broker

### 10.1 General

Resolution 7 (Agenda Item 7) seeks Shareholder approval for the issue of up to 7,500,000 free unlisted options (**Broker Options**) to Hartleys Limited (**Hartleys**) or its nominees as part consideration for services provided to the Company in relation to its capital raising activities (see below for a summary of the agreement with Hartleys).

Note, even if Shareholder approval is not obtained, the Company will issue the Broker Options to the Broker (or its nominees) if and when it has sufficient capacity under ASX Listing Rules 7.1 and/or 7.1A (as the case may be) to do so. However, approving this Resolution 7 avoids this necessity and assists to preserve the Company's placement capacity as and when renewed.

**Consequently, the Board recommends that Shareholders vote in favour of Resolution 7.**

Resolution 7 is an ordinary resolution.

## 10.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is contained in Section 4.2.

The effect of Resolution 7 if approved will be to allow the Company to issue the Broker Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

## 10.3 Specific information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the proposed issue of the Broker Options:

- (a) the maximum number of Broker Options that will be issued is 7,500,000;
- (b) if Shareholder approval is obtained, the Broker Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of all the Broker Options will occur on the same date (and see paragraph (g) below);
- (c) the Broker Options will be issued for no cash consideration as part consideration for the services provided by Broker in relation to the Company's capital raising activities;
- (d) the Broker Options will be issued to the Broker (or its nominees) pursuant to an offer under the Prospectus, none of whom will be related parties of the Company;
- (e) the Broker Options will be non-transferable, will be issued on the terms and conditions set out in Schedule 3, and will not be quoted on ASX (and nor will the Company apply for their Official Quotation on ASX);
- (f) no funds will be raised from the issue of the Broker Options as the Broker Options will be issued as part consideration for services provided to the Company;
- (g) if Shareholder approval is obtained, it is intended that the Broker Options will be issued on or about 3 September 2018 (or if Shareholder approval is not obtained, the Company will issue the Broker Options to the Broker (or its nominees) if and when it has sufficient capacity under ASX Listing Rules 7.1 and/or 7.1A (as the case may be) to do so)); and
- (h) a voting exclusion statement is included in the Notice.

### *Summary of agreement with Hartleys:*

On 12 June 2018, the Company entered into a letter of engagement to appoint Hartleys to provide capital raising services. In consideration for its services, Hartleys will receive a capital raising fee of 6% (plus GST, if applicable) of the gross proceeds raised in the Company's capital raising activities; and a success fee of 7,500,000 unlisted options to be granted to Hartleys (or its nominees) (with an exercise price of \$0.20 and expiry 5 years from the date of grant).

In addition to the fees specified above, all disbursements and expenses (including, without limitation, travel, accommodation, printing, legal or other professional fees and communication expenses) relating to or arising from Hartleys' engagement in capital raising must be paid or reimbursed in full by the Company. Hartleys will seek approval from the Company before incurring any single or aggregate expense greater than \$2,000. The letter of engagement of Hartleys contains covenants, warranties, representations and indemnities that are customary for an agreement of this nature.

## Schedule 1 - Definitions

In the Notice, unless the context or the subject matter otherwise requires, the following terms have the meanings set out below, and words importing the singular include the plural and vice versa:

**A\$ or \$** means Australian Dollars.

**ASX** means ASX Limited ABN 98 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

**AEST** means Australian Eastern Standard Time.

**AWST** means Australian Western Standard Time being the time in Perth, Western Australia.

**Board** means the board of Directors.

**Broker or Hartleys** means Hartleys Limited ACN 104 195 057 (AFSL 230052) in the Prospectus referred to as the "Lead Manager".

**Broker Options** means 7,500,000 free unlisted options proposed to be issued to the Broker or its nominees, the subject of Resolution 7 (Agenda Item 7 in the Notice), the terms and conditions of which are set out in Schedule 3. in the Prospectus referred to as the "Lead Manager Options"

**Chair** means the person appointed to chair the Meeting of the Company convened by the Notice.

**Company** means Davenport Resources Limited (ABN 64 153 414 852).

**Constitution** means the constitution of the Company as at the date of the Meeting.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director** means a director of the Company.

**Eligible Shareholder** means a person registered as the holder of Shares as at 5:00pm (AWST) on 20 June 2018 whose registered address is in Australia or New Zealand.

**Equity Security** has the same meaning as in the Listing Rules and **Equity Securities** has the corresponding meaning.

**Explanatory Memorandum** means the explanatory memorandum which forms part of the Notice.

**Initial Placement** has the meaning given in Section 3.

**Initial Placement Shares** has the meaning given in Section 3.

**Initial Placement Subscribers** has the meaning given in Section 3.

**Listing Rules** means the listing rules of ASX.

**Meeting** has the meaning given in the introductory paragraph of the Notice.

**Notice** means this notice of General Meeting.

**Official Quotation** means the quotation of Shares and/or Options on the official list of ASX.

**Option** means an option to acquire a Share (not being a Broker Option) the terms and conditions of which are set out in Schedule 2.

**Placements** means the Initial Placement and the Second Placement as referred to in Section 3.

**Placement Options** has the meaning given in Section 3.

**Placement Shares** means the Initial Placement Shares and/or the Second Placement Shares and **Placement Share** means an Initial Placement Share and/or a Second Placement Share.

**Placement Subscribers** means the Initial Placement Subscribers and the Second Placement Subscribers.

**Prospectus** has the meaning given in Section 3.

**Proxy Form** means the proxy form attached to the Notice.

**Resolution** means a resolution referred to in the Notice.

**Schedule** means a schedule to the Notice.

**Second Placement** has the meaning given in Section 3.

**Second Placement Shares** has the meaning given in Section 3.

**Second Placement Subscribers** has the meaning given in Section 3.

**Section** means a section of the Explanatory Memorandum.

**Securities** has the same meaning as in the Listing Rules.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a shareholder of the Company.

**SPP** has the meaning given in Section 3(b).

**SPP Options** has the meaning given in Section 3.

**SPP Shares** has the meaning given in Section 3(b).

**SPP Shortfall Offer** has the meaning given in Section 3.

**SPP Shortfall Shares** has the meaning given in Section 3.

**SPP Subscribers** has the meaning given in Section 3.

## Schedule 2 - Terms and conditions of Options

1. **(Entitlement):** Each Option entitles the holder to subscribe for one fully paid ordinary Share.
2. **(Exercise Price and Expiry Date):** The Options are exercisable at \$0.20 each at any time up to 5.00pm (AWST) on 31 July 2023 ("Expiry Date"). Any Option not exercised by the Expiry Date will automatically expire.
3. **(Exercise):** To exercise Options, the Option holder must give the Company:
  - (a) a written exercise notice (in the form approved by the Board from time to time) specifying the number of Options being exercised and Shares to be issued; and
  - (b) payment of the exercise price for the Shares, the subject of the exercise notice, by way of bank cheque or by other means of payment approved by the Company.

The Option holder may only exercise Options in multiples of 5,000 Options unless the Option holder exercises all Options held by the Option holder. Options will be deemed to have been exercised on the date the exercise notice is lodged with the Directors.
4. **(Timing of issue of Shares upon exercise):** Within 10 days after receiving an application for exercise of Options and payment by the Option holder of the exercise price, the Company must issue the Option holder the number of Shares specified in the application.
5. **(Ranking of Shares):** Subject to the Constitution, all Shares issued on the exercise of Options will rank in all respects (including rights relating to dividends) equally with the existing ordinary shares of the Company at the date of issue.
6. **(Transferability):** The Options are transferable.
7. **(Quotation of Options):** The Company will apply to ASX for Official Quotation of the Options.
8. **(Quotation of Shares on exercise):** The Company will apply to ASX for Official Quotation of the Shares issued on exercise of Options.
9. **(Participation rights):** The Option holder is not entitled to participate in any issue to existing Shareholders of Securities unless they have exercised their Options before the "record date" for determining entitlements to the issue of Securities and participate as a result of holding Shares. The Company must give the Option holder notice of the proposed terms of the issue or offer in accordance with the Listing Rules.
10. **(Reorganisation):** If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Option holder (including the number of Options to which the Option holder is entitled to and the exercise price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
11. **(Amendments):** The number and exercise price of the Options remains the same regardless if the Company makes a bonus issue of Shares or other Securities to Shareholders.
12. **(Adjustments):** Any calculations or adjustments which are required to be made will be made by the Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Option holder.
13. **(Governing law):** These terms and the rights and obligations of the Option holder are governed by the laws of Western Australia. The Option holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.

### Schedule 3 - Terms and conditions of Broker Options

1. **(Entitlement):** Each Broker Option entitles the holder to subscribe for one fully paid ordinary Share.
2. **(Exercise Price and Expiry Date):** The Broker Options are exercisable at \$0.20 each at any time up to 5.00pm (AWST) on the date which is 5 years after the date of issue ("Expiry Date"). Any Broker Option not exercised by the Expiry Date will automatically expire.
3. **(Exercise):** To exercise Broker Options, the Broker Option holder must give the Company:
  - a. a written exercise notice (in the form approved by the Board from time to time) specifying the number of Broker Options being exercised and Shares to be issued; and
  - b. payment of the exercise price for the Shares, the subject of the exercise notice, by way of bank cheque or by other means of payment approved by the Company.
    - i. The Broker Option holder may only exercise Broker Options in multiples of 5,000 Broker Options unless the Broker Option holder exercises all Broker Options held by the Broker Option holder. Broker Options will be deemed to have been exercised on the date the exercise notice is lodged with the Directors.
4. **(Timing of issue of Shares upon exercise):** Within 10 days after receiving an application for exercise of Broker Options and payment by the Broker Option holder of the exercise price, the Company must issue the Broker Option holder the number of Shares specified in the application.
5. **(Ranking of Shares):** Subject to the Constitution, all Shares issued on the exercise of Broker Options will rank in all respects (including rights relating to dividends) equally with the existing ordinary shares of the Company at the date of issue.
6. **(No Transferability):** The Broker Options are not transferable.
7. **(Quotation of Options):** The Company will not apply to ASX for Official Quotation of the Broker Options.
8. **(Quotation of Shares on exercise):** The Company will apply to ASX for Official Quotation of the Shares issued on exercise of Broker Options.
9. **(Participation rights):** The Broker Option holder is not entitled to participate in any issue to existing Shareholders of Securities unless they have exercised their Broker Options before the "record date" for determining entitlements to the issue of Securities and participate as a result of holding Shares. The Company must give the Broker Option holder notice of the proposed terms of the issue or offer in accordance with the Listing Rules.
10. **(Reorganisation):** If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Broker Option holder (including the number of Broker Options to which the Broker Option holder is entitled to and the exercise price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
11. **(Amendments):** The number and exercise price of the Broker Options remains the same regardless if the Company makes a bonus issue of Shares or other Securities to Shareholders.
12. **(Adjustments):** Any calculations or adjustments which are required to be made will be made by the Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Broker Option holder.
13. **(Governing law):** These terms and the rights and obligations of the Broker Option holder are governed by the laws of Western Australia. The Broker Option holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia

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DAVENPORT RESOURCES LIMITED

ACN: 153 414 852

REGISTERED OFFICE:  
LEVEL 28,  
303 COLLINS STREET  
MELBOURNE VIC 3000

SHARE REGISTRY:  
Security Transfer Australia Pty Ltd  
All Correspondence to:  
PO BOX 52  
Collins Street West VIC 8007  
Suite 913, Exchange Tower  
530 Little Collins Street  
Melbourne VIC 3000  
T: 1300 992 916 F: +61 8 9315 2233  
E: registrar@securitytransfer.com.au  
W: www.securitytransfer.com.au

«EFT\_REFERENCE\_NUMBER»

«Holder\_name»  
«Address\_line\_1»  
«Address\_line\_2»  
«Address\_line\_3»  
«Address\_line\_4»  
«Address\_line\_5»

«Company\_code» «Sequence\_number»

Code: DAV

Holder Number: «HOLDER\_NUM»

PROXY 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.

VOTE  
ONLINE

Lodge your proxy vote securely at [www.securitytransfer.com.au](http://www.securitytransfer.com.au)  
1. Log into the Investor Centre using your holding details.  
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

«ONLINE»

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

☐ The meeting chairperson

OR

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the General Meeting of the Company to be held at 10:00am AEST on Thursday 30 August 2018 at Level 27, Rialto South Tower, 525 Collins Street, Melbourne VIC 3000 and at any adjournment of that meeting.

SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions. In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

RESOLUTION	For	Against	*Abstain
1a. Ratification of prior issue of Initial Placement Shares issued under Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1b. Ratification of prior issue of Initial Placement Shares issued under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Approval to issue Second Placement Shares (and Options)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Approval to issue Placement Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Approval to issue SPP Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Approval to issue any SPP Shortfall Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Approval of Placement to a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Approval to issue unlisted options to Broker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. \* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director & Sole Company Secretary

Director

Director/Company Secretary



My/Our contact details in case of enquiries are:

Name:

Number:

(   )

## 1. NAME AND ADDRESS

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

## 2. APPOINTMENT OF A PROXY

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

## 3. DIRECTING YOUR PROXY HOW TO VOTE

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

## 4. APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

To appoint a second Proxy you must:

- On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- Return both forms in the same envelope.

## 5. SIGNING INSTRUCTIONS

**Individual:** where the holding is in one name, the Shareholder must sign.

**Joint Holding:** where the holding is in more than one name, all of the Shareholders must sign.

**Power of Attorney:** to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

## 6. LODGEMENT OF PROXY

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Australia Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

The proxy form does not need to be returned to the share registry if the votes have been lodged online.

### Security Transfer Australia Pty Ltd

Online	<a href="http://www.securitytransfer.com.au">www.securitytransfer.com.au</a>
Postal Address	PO BOX 52 Collins Street West VIC 8007
Street Address	Suite 913, Exchange Tower 530 Little Collins Street Melbourne VIC 3000
Telephone	1300 992 916
Facsimile	+61 8 9315 2233
Email	<a href="mailto:registrar@securitytransfer.com.au">registrar@securitytransfer.com.au</a>

## PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Australia Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, 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 Australia Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

