DAVENPORT RESOURCES LIMITED
ABN 64 153 414 852

2018 Annual Report

Corporate directory

Directors	Patrick McManus - Non-Executive Chairman Chris Gilchrist - Managing Director Christopher Bain - Non-Executive Director Rory Luff - Non-Executive Director
Company secretary	Rajan Narayanasamy
Registered office & Principal place of business	Level 28, 303 Collins Street Melbourne VIC 3000 Phone: +61 (3) 9678 9104
Auditor	Walker Wayland Advantage Audit Partnership Level 7, 114 William Street Melbourne, VIC 3000
Stock exchange listing	Davenport Resources Limited shares are listed on the Australian Securities Exchange (ASX code: DAV)
Share registry	Security Transfer Australia Pty Ltd 530 Little Collins Street, Melbourne, VIC 3000 Tel: + 61 (3) 9628 2200
Website address	www.davenportresources.com.au

Chairman's letter

Fellow Shareholders,

2018 has been transformative for Davenport Resources and it give me great pleasure to present this annual report to you.

The South Harz basin has produced more than 180 million tonnes of potash, as K_2O, historically and was a major producer until the late 1980s. After the reunification of Germany in the early 1990s, the region suffered considerable retraction and now hosts only two mines. But it remains highly prospective for premium Potash and the provincial government of Thuringia is supportive of efforts by Davenport to reinvigorate what was once a thriving industry.

The purchase of 3 mining licences in the basin, completed during the year, is transformative for Davenport. They have been extensively drilled and a very large amount of exploration and geological data has been acquired by Davenport. Review of that is still in progress, but results to date increase our confidence that we now are owners of a very large, high grade resource, spread over several licences within the field.

Chris Gilchrist, based in Europe has taken on the role of Managing Director. He has several decades of potash experience, as a Mine Manager and project developer. He is ably supported by Jason Wilkinson, also Europe based, who has potash exploration and feasibility study experience.

Davenport's rationale for focusing on potash relates to the role the commodity will play in helping to feed the world's growing population. Potash's ability to vastly improve crop yields will be vital as demand for food rises and the amount of arable land available worldwide falls. The combination of these factors is forecast to result in the global potash market growing by as much as 3% per annum. There has an expectation that the supply-side response will ensure potash prices remain soft, at least in the short-term. But this view fails to take into account that many of the world's potash mines have been operating for decades and capacity will come out of the market over time. Western Europe remains a nett importer of potash. Over the last 12 months there are strong signs that the MOP market has reversed its weakness, with prices 40 to 50% up from the ten year lows in late 2016.

I would like to record my appreciation of the executives of the Company, including the outgoing MD, Chris Bain, who managed the listing of Davenport, and still oversees the Australian activities of the Company. And to thank you, the shareholders, for your support of Davenport. I urge you to maintain it as we look to begin drilling in the South Harz basin and build a significant German potash business.

Yours Sincerely,

Patrick McManus

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Review of activities

Financial year 2018 has seen Davenport Resources Limited ("Davenport" or "The Company") significantly expand its potash portfolio in the South Harz Potash basin in Germany. In April 2017, Davenport submitted an offer to purchase a package of three perpetual mining licences from Bodenverwertungs-undverwaltungs GMBH ("BVVG"), a German government agency charged with divesting former German Democratic Republic (GDR) assets. The licences - Mühlhausen-Nohra, Ebeleben and Ohmgebirge - adjoin Davenport's existing Exploration Licences (Küllstedt & Gräfentonna) and have extensive historic drilling and potash resources which were estimated under the system of the former GDR.

Following negotiation, an agreement was signed with BVVG in August 2017. Final government approvals relating to the transfer of the licences to EE GmbH was given in October 2017 and in July 2018, Davenport announced the completion of all regulatory processes relating to the transfer of ownership of the licences.

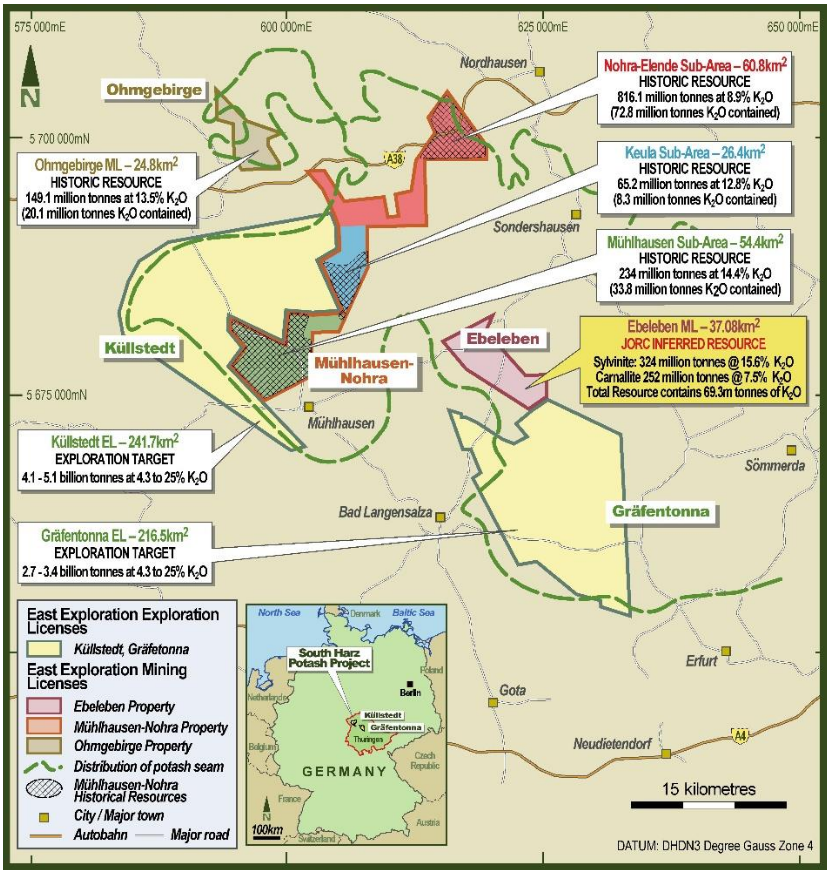

Figure 1 Location of Davenport projects with historic resources and Ebeleben JORC Inferred Resource

All three Mining Licences have been comprehensively drilled with historic resource estimates that date back to the former GDR era when potash was extensively mined in the South Harz region. In total, more than 100 deep drill holes have been sunk on the licences leading to the creation of an extensive exploration database that would cost in excess of €100 million to replicate today based on current industry costs.

The review of historic exploration data began in September 2017 using potash and salt engineering consultants Ercosplan, based in Erfurt in Germany. On all three licences, historic resources had been estimated in accordance with the Russian Federation System applicable at that time in the former GDR.

Review work identified an historic sylvinite resource at Ebeleben of 356 million tonnes at 16.1% K_2O (57.4 million tonnes of contained K_2O). At Mühlhausen-Nohra, the known historic resource base for the overall Mining Licence was identified at 1.11 billion tonnes at 10.4% K_2O containing 114.9 million tonnes of K_2O. At Ohmgebirge, previous work had defined a sylvinite-rich historic resource of 149.1 million tonnes at 13.5% K_2O containing 20.1 million tonnes of K_2O.

Davenport engaged leading mineral industry consultancy Micon International Co Limited (Micon) based in Norwich, UK, to undertake a further review of historic exploration data from Ebeleben and Mühlhausen-Nohra in January 2018. The primary objective of the Micon review, and subsequent geological modelling, was to establish resource estimates for both projects that comply with the 2012 edition of the Joint Ore Reserves Committee (JORC) Code, which governs the reporting of mineral resources to the Australian Securities Exchange.

In April 2018, Davenport released its first Maiden JORC-compliant potash resource covering the Ebeleben Mining Licence totalling 576.6 million tonnes at 12.1% K_2O of Inferred Resources. The resource comprises mostly Sylvinite (324 million tonnes at 15.6% K_2O) and Carnallitite (252 million tonnes at 7.5% K_2O). Consultants Micon continues to model data from Davenport's adjoining South Harz licences with a view to confirming additional JORC resources. These are expected in the fourth quarter of 2018.

Davenport's combined land holdings in Germany now cover a combined area exceeding 650 km^2. Historic drilling and mining in the basin demonstrate that the licences are underlain by a continuous potash horizon.

Davenport is working towards validating historic exploration information to upgrade JORC 2012 Inferred Resources to Indicated Resource by twinning selected historic drill holes. Earlier plans for drilling on Küllstedt was suspended following the acquisition of the three perpetual mining licences. Plans are now well underway to begin confirmation and further evaluation drilling on several areas within the Küllstedt, Ebeleben and Gräfentonna licence areas. Environmental studies have begun, which once completed will allow the company to submit its application for drilling to the Thüringen State Mining Authority. The aim is to commence drilling in spring 2019 which will be followed immediately with the commencement of economic studies.

Australian Tenements

Davenport owns two exploration tenements EL28045 and EL30090 in Australia's Northern Territory. Covering an area of approximately 600 km^2 and located in the Arunta region approximately 75km north east of Alice Springs, the area is prospective for copper and contains a known copper prospect – Johnny's Reward. During the year Davenport completed a detailed aeromagnetic survey over the tenements and undertook limited follow-up of anomalous areas.

A maiden gold-copper resource for Johnnies Reward of 2.2 million tonnes at 1.4g/t gold equivalent (101,000 ounces gold equivalent) was declared in March 2018, (ASX announcement 28 March 2018). The resource was prepared by Conarco Consulting and includes 52,000 ounces gold at 0.7g.t Au and 9,000 tonnes of copper at 0.4%. The Company is reviewing its options for realising value from Southern Cross Bore, which contains the Johnnies Reward gold-copper deposit.

Directors report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Davenport Resources Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the year ended 30 June 2018.

Directors
The following persons were directors of Davenport Resources Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Patrick McManus
Dr Chris Gilchrist
Mr Christopher Bain
Mr Rory Luff

Company Secretary
Mr Rajan Narayanasamy

Principal activities
During the financial year the principal continuing activities of the consolidated entity consisted of development of mineral exploration assets:

Dividends
There were no dividends paid or declared during the current or previous financial year.

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $1,481,872 (30 June 2017: $2,734,788). Included in the loss for the previous financial year is an expense of $1,825,364 incurred on the deemed reverse acquisition by the shareholders of East Exploration Pty Ltd to acquire a substantial interest in the Company. Further details relating to the previous financial period’s expense of $1,825,364 are provided in Note 5 to the financial statements.

A review of the Company’s activities is provided in the activities report that directly precedes this Directors' Report.

Significant changes in the state of affairs
During the financial year, Davenport, through its 100% German subsidiary, East Exploration GmbH, acquired for 1.2 million Euros, three highly prospective potash mining licences in the South Harz region of Germany adjoining the then existing two exploration licences in the region.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Directors report

Matters subsequent to the end of the financial year

i. On 5 July 2018, the Company issued 26,496,700 fully paid ordinary shares at $0.07 each under an Initial Placement raising $1,854,769 before costs, of which $1,840,769 were received in June 2018 and included the 30 June 2018 Statement of financial position as 'Monies held in trust – share applications'.
ii. On 27 July 2018, the Company issued 4,085,693 fully paid ordinary shares at $0.07 each to subscribers of a share purchase plan raising $286,000 before costs.
iii. On 11 September 2018, the Company issued 3,853,571 fully paid ordinary shares at $0.07 each under a Second Placement (2,425,000 shares) and a placement (1,428,571 shares) to Rory Luff, a director of the Company, raising $269,750 before costs. The shares were issued after obtaining shareholder approval at a general meeting held on 30 August 2018.
iv. On 11 September 2018, the Company issued, and obtained official quotation, 33,221,680 options exercisable at $0.20 each, expiring 31 July 2023. The options were issued to eligible participants in the capital raising described in (i) to (iii) above who applied for the options pursuant to a prospectus dated 17 July 2018.
v. On 11 September 2018, the Company issued for nil consideration 7,500,000 unlisted options exercisable at $0.20 each, expiring 11 September 2023 to a broker as part consideration for services provided in the capital raisings.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years

Likely developments and expected results of operations

In future financial years the Directors expect to continue the principal activities of the consolidated entity consisting of development of mineral exploration assets.

Environmental regulation

The consolidated entity is subject to significant environmental regulation both in Australia and Germany. There have been no known breaches of regulations.

Directors report

Information on directors

Name:	**Mr Patrick McManus**
Title:	Non-Executive Chairman
Appointment Date:	9 January 2017
Experience and expertise:	Patrick McManus has a degree in mineral processing and an MBA. A mining professional for more than 30 years, his work has taken him to many sites within Australia and overseas, including Eneabba and the Murray Basin in Australia, and Madagascar, Indonesia and the United States. During that time, Patrick has worked in operational, technical and corporate roles for RioTinto, RGC Limited and Bemax Resources Limited. He was a founding director and, from January 2007 to March 2010, managing director of ASX-listed Corvette Resources Limited. Patrick McManus is the Managing Director of Parkway Minerals NL.
Other current directorships:	Parkway Minerals NL
Former directorships (in the last 3 years):	None
Name:	**Dr Chris Gilchrist**
Title:	Managing Director, appointed 01 March 2018
Appointment Date:	28 February 2017, Non-Executive Director up to 01 March 2018.
Experience and expertise:	Chris Gilchrist is a highly experienced international mining executive with over 35 years mining management and director level experience. He has successfully built and managed large mining operations in Europe and Africa. Dr Gilchrist has significant experience in potash mining, processing and marketing. He was General Manager and Operations Director for Cleveland Potash Limited (UK) now part of the Israel Chemicals group. From 2011 to 2014, he was a Non-Executive Director of South Boulder Mines (now Danakali Ltd) managing feasibility work on the Colluli potash project in Eritrea. More recently he has acted as Project Manager and adviser to Circum Minerals on their Ethiopian potash project.
Other current directorships:	None
Former directorships (in the last 3 years):	None

Directors report

Name:	**Mr Christopher Bain**
Title:	Non-Executive Director, previously Managing Director up to 01 March 2018
Appointment Date:	12 November 2015
Experience and expertise:	Christopher Bain is a geologist and mineral economist, with over 40 years experience including underground mining and exploration throughout Australia. He has lead mining research teams on both the buy and sell side and successfully managed a boutique resource equity investment fund. As a corporate advisor he has been instrumental in mining project divestitures and acquisitions, valuations, capital raisings and managed several initial public offers (IPOs) and ASX listings. Mr Bain is a member of the Australasian Institute of Mining and Metallurgy and graduate member of the Australian Institute of Company Directors.
Other current directorships:	None
Former directorships (in the last 3 years):	KGL Resources Limited, resigned 30 June 2018 Metalicity Limited, resigned 01 January 2018

Name:	**Mr Rory Luff**
Title:	Non-Executive Director
Appointment Date:	03 June 2016
Experience and expertise:	Rory Luff is the founder of BW Equities, a specialist Melbourne equities advisory firm and has over 15 years experience in the financial services industry. Rory has spent most of his career in the financial markets advising resources companies on capital raisings and financial markets strategy.
Other current directorships:	None
Former directorships (in the last 3 years):	None

Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Information on company secretary
Mr Rajan Narayanasamy – B Bus (Acct), CPA (Aust)

Rajan Narayanasamy has served more than 20 years in the resources industry, having engaged with both listed mineral exploration companies and producers. His experience covers finance, accounting and secretarial; and was previous CFO/Company Secretary of Saracen Mineral Holdings, a listed gold producer.

Directors' Meetings

	Attended	**Held**
Mr Patrick McManus	7	7
Dr Chris Gilchrist	6	7
Mr Christopher Bain	7	7
Mr Rory Luff	6	7

Held: represents the number of meetings held during the time the director held office.

Directors' Report

Remuneration report (audited)

The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the consolidated entity and the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation
E Additional information

A Principles used to determine the nature and amount of remuneration

Remuneration philosophy
The performance of the company depends upon the quality of its directors and executive officers. To prosper, the company must attract, motivate and retain highly skilled directors and executive officers.

The directors' remuneration is comparable to similar sized companies in the junior mining industry. There is no formal link between the consolidated entity's performance and the Directors' remuneration.

Remuneration Committee
Company does not have a separate Remuneration Committee at this stage and the Board as a whole performs the function of this Committee. A separate Remuneration Committee will be constituted when the Company achieves certain milestones in relation to its size and scale of operations.

Incentive Plans
Ultimately the shareholders approve any incentive plans however the Board is to:

(a) review and make recommendations concerning long-term incentive compensation plans, including the use of share options and other equity-based plans. Except as otherwise delegated, the Board will administer equity-based and employee benefit plans, and as such will discharge any responsibilities under those plans, including making and authorising issues of equity, in accordance with the terms of those plans;
(b) ensure that incentive plans are designed around appropriate and realistic performance targets, either at an individual or company level, that measure relative performance and provide rewards when they are achieved; and
(c) continually review and if necessary improve any existing benefit programs established for employees.

Authority and Resources
The Board may seek input from individuals on remuneration policies, but no individual should be directly involved in deciding their own remuneration. The Board may, when it considers it necessary or appropriate, obtain advice from external consultants or specialists in relation to remuneration related matters.

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

Non-executive directors remuneration
The constitution of the Company provides for a maximum aggregate amount that may be paid to non-executive

Directors' Report

Remuneration report (continued)

directors (referred to as a "non-executive director's remuneration pool") to be determined by shareholders at a general meeting. ASX requires the non- executive director's remuneration pool amount to be specified.

A maximum non-executive director's remuneration pool amount of $500,000 per annum was adopted at the 2016 General Meeting.

The non-executive director's remuneration pool is a maximum and does not mean that non-executive directors will be paid a total of $500,000 per annum. In the first two years following listing the non-executive directors remuneration pool is limited to no more than $160,000 per annum. The amount of each non-executive director's remuneration and allocations among non-executive directors within the pool limit are determined by the Board, and the process of determining non-executive director's remuneration is subject to compliance with corporate governance policies.

Payment to non-executive directors for specific services beyond the ordinary role of a non-executive director, such as consulting or professional services, are excluded from the total pool amount, as is reimbursement of expense.

Any future change to the non-executive director's remuneration pool will require a further shareholder approval.

Non-executive directors are eligible to participate in the Company's Employee Security Ownership Plan, upon obtaining shareholder approval. During the financial year, non-executive directors were granted performance rights as detailed in the table below.

Executive remuneration
The company aims to reward its executives with a level and mix of remuneration commensurate with their position and responsibilities within the consolidated entity, so as to reward executives for meeting or exceeding targets set by reference to appropriate benchmarks; align the interests of executives with those of shareholders; and ensure remuneration is competitive by market standards.

It is the Company's remuneration policy that employment contracts must be entered into with the Chief Executive Officer and senior executives. Remuneration presently consists only of fixed remuneration. The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and competitive in the market. Fixed remuneration is reviewed annually by the Board as part of an assessment on that executive's performance. Although the Board has access to external independent advice if necessary, no such advice was sought during the year.

Employee Security Ownership Plan
An employee incentive scheme ("the Employee Security Ownership Plan" or "the plan") was adopted at the 2016 General Meeting. The purpose of the Employee Security Ownership Plan is to enable eligible directors, officers and employees (including executive and non-executive directors of the Company or its subsidiaries) to receive shares, options to acquire shares in the Company or other securities or interests such as performance rights.

The objects of the Plan are to:
- provide participants (eligible persons within the meaning of the Plan) with an additional incentive to work to improve the performance of the company;
- attracting and retaining eligible persons essential for the continued growth and development of the Company;

Directors' Report

Remuneration report (continued)

- to promote and foster loyalty and support amongst eligible persons for the benefit of the Company; and
- to enhance the relationship between the Company and eligible persons for the long term mutual benefit of all parties.

No directors or their associates can or will participate in the Plan or receive any shares, options, other securities or interests such as performance rights unless and until further shareholder approval of specific issues to them is obtained.

During the year, non-executive directors and the managing director were granted two classes of Performance Rights as detailed in the table D below, upon obtaining shareholder approval at a general meeting held on 10 April 2018.

B Details of remuneration
Amounts of remuneration
Details of the remuneration of the directors, other key management personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity) and specified executives of Davenport Resources Limited are set out in the following tables.

2018	**Short-term Benefits**			**Post-employment Benefits**	**Share-based Payments**		
Name	**Fees and salary $**	**Consulting Fees $**	**Non-monetary $**	**Super-annuation $**	**Performance rights A $**	**Shares B $**	**Total $**
Directors							
P McManus	45,000	-	-	-	14,206	-	59,206
C Gilchrist *	136,667	5,722	-	-	28,411	-	170,800
C Bain **	121,667	13,906	-	11,083	-	-	146,656
R Luff	30,000	-	-	-	10,654	-	40,654
Other							
J Wilkinson ***	251,594	-	-	-	25,312	47,000	323,906
R Narayanasamy	-	71,100	-	-	6,328	-	77,428
	584,928	90,728	-	11,083	84,911	47,000	818,650

* Appointed Managing Director from 01 March 2018. Non-executive Director at the beginning of the financial year.
** Non-executive Director. Managing Director from 01 July 2017 to 01 March 2018.
*** Appointed 27 December 2017
A Share based payment performance rights issued to directors and officers. Mr Bain elected not to participate.
B Shares issued to J Wilkinson as a one-off part remuneration.

Directors' Report

Remuneration report (continued)

2017	Short-term Benefits			Post-employment Benefits	Share-based Payments		
Name	Fees and salary $	Consulting Fees $	Non-monetary $	Super-annuation $	Performance rights $	Shares $	Total $
Directors:							
P McManus*	22,500	-	-	-	-	-	22,500
C Gilchrist**	10,000	-	-	-	-	-	10,000
C Bain	79,073	18,563	-	5,935	-	-	103,671
R Luff	30,000	-	-	-	-		30,000
A Edgar***	30,000	-	-	-	-	-	30,000
Other:							
J Wilkinson	-	49,998	-	-	-	-	49,998
R Narayanasamy****	-	37,100	-	-	-	-	37,100
	171,573	105,661	-	5,935	-	-	283,169

* Appointed 09 January 2017
** Appointed 28 February 2017
*** Resigned 16 June 2017
**** Appointed 16 August 2016

C Service Agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Managing Director
On 15/12/2017 the Company entered into an agreement with Dr Chris Gilchrist for his services as Managing Director. Dr Gilchrist is entitled to an all-inclusive annual salary of A$350,000, subject to an annual review. The agreement is for an initial term of two years with an option to extend the term, by mutual agreement, to three years. The agreement can be terminated by either party giving three months written notice or, in the case of the Company, by paying three months' salary in lieu.

Project Director
On 27 December 2017, the Company entered into an employment agreement with Jason Wilkinson for his services as Project Director of the South Harz project in Germany. Mr Wilkinson is entitled to a gross remuneration 138,000 Euros.
In addition, Mr Wilkinson was entitled to a sign-on bonus of 85,000 Euros as compensation for contributions to the Company prior to entering into the employment agreement. Mr Wilkinson is a resident of Greece and the terms for either party terminating this agreement is governed by the provisions of the Greek employment legislation applicable at the time.

Directors' Report

Remuneration report (continued)

D Share-based compensation

Issue of Shares

On 26 April 2018, Mr J Wilkinson was issued 500,000 fully paid ordinary shares under the Employee Securities Option Plan as part compensation for his services prior to entering into a service agreement. The shares were valued at $47,000 at a deemed issued price of $0.094, being the closing trading price on 20 April 2018.

The value of the shares comprises 14.5% of remuneration.

Issue of Performance Rights

During the year the Company issued two classes of Performance Rights to directors and officers under the Employee Security Ownership Plan.

The terms and conditions of each grant of Rights over ordinary shares affecting remuneration of directors and key management personnel in this financial year or future reporting years are as follows:

Name	Number of Rights Granted	Grant Date	Class	Fair value per Right at grant date (cents)	Value of Rights Granted $
P McManus	500,000	10 April 2018	Series A	8.85	44,250
P McManus	500,000	10 April 2018	Series B	8.85	44,250
C Gilchrist	1,000,000	10 April 2018	Series A	8.85	88,500
C Gilchrist	1,000,000	10 April 2018	Series B	8.85	88,500
R Luff	375,000	10 April 2018	Series A	8.85	33,188
R Luff	375,000	10 April 2018	Series B	8.85	33,188
J Wilkinson	1,000,000	26 April 2018	Series A	9.48	94,800
J Wilkinson	1,000,000	26 April 2018	Series B	9.48	94,800
R Narayanasamy	250,000	26 April 2018	Series A	9.48	23,700
R Narayanasamy	250,000	26 April 2018	Series B	9.48	23,700
TOTAL	**6,250,000**				**568,876**

All Rights were granted over unissued fully paid ordinary shares in the Company. Rights vest based on the following performance conditions:

Series A:

- The Company, within 12 months of the date of issue, completing drilling of one (1) hole intersecting the potash horizon of the South Harz project (First Hurdle)

Series B:

- The Company, within 24 months of the date of issue and subject to satisfaction of the First Hurdle, completing drilling of two (2) holes intersecting the potash horizon of the South Harz project (Second Hurdle)

The performance rights in each series above convert automatically upon achievement of the Hurdle applicable to that series any without payment of any consideration.

The Performance Rights lapse upon the recipient ceasing to be an officer or executive, subject to the discretion of the Board.

Directors' Report

Remuneration report (continued)

In addition, the Performance Rights will convert automatically to shares upon the occurrence of:

- An offeror under a takeover offer in respect of the Company's shares announcing that it has achieved acceptances in respect of more than 50% of the Company's shares and that takeover bid becoming conditional;
- A person (alone or in conjunction with their associates) acquiring voting power (within the meaning of section 610 of the Corporations Act) of more than 50% of the ordinary shares in the Company;
- The Company disposes of all or a substantial part of its assets or undertaking; or
- A Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme or arrangement for the reconstruction of the Company or its amalgamation with any other company or companies.

There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such Rights.

Values of Performance Rights expensed, exercised and lapsed for directors and officers as part of compensation during the year ended 30 June 2018 are set out below:

Name	Value of Rights expensed during the year $	Value of Rights vested during the year $	Value of Rights lapsed during the year $	Remuneration consisting of options for the year %
P McManus	14,206	-	-	24.0%
C Gilchrist	28,411	-	-	16.6%
R Luff	10,654	-	-	26.2%
J Wilkinson	25,312	-	-	7.8%
R Narayanasamy	6,328	-	-	8.2%
TOTAL	**84,911**			

Shareholding

The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

2018	**Balance at the start of the year**	**Received as part of remuneration**	**Additions**	**Disposals/ Other (i)**	**Balance at the end of the year**
Ordinary shares					
P McManus	-	-	-	-	-
C Gilchrist	-	-	-	-	-
Mr C Bain	25,000	-	-	-	25,000
Mr R Luff	6,149,986	-	-	5,557,487	11,707,473
Mr J Wilkinson	-	500,000	-	-	500,000
Mr R Narayanasamy	-	-	-	-	-
	6,174,986	**500,000**	**-**	**5,557,487**	**12,232,473**

Directors' Report

Remuneration report (continued)

2017	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ Other (ii)	Balance at the end of the year
Ordinary shares					
P McManus	-	-	-	-	-
C Gilchrist	-	-	-	-	-
C Bain	-	-	25,000	-	25,000
R Luff	125,000	-	40,000	5,984,986	6,149,986
A Edgar	1,780,357	-	-	(1,780,357)	-
J Wilkinson	-	-	-	-	-
R Narayanasamy	-	-	-	-	-
	1,905,357	**-**	**65,000**	**4,204,629**	**6,174,986**

(i) Shares issued upon conversion of First Performance Milestone Shares into Ordinary shares upon satisfaction of the milestone condition.
(ii) Includes holding acquired by R Luff as vendor of East Exploration Pty Ltd.
Includes holding acquired by A Edgar as vendor of East Exploration Pty Ltd. Mr Edgar resigned as a Director on 16 June 2017

Performance Rights – Series A

2018	Balance at the start of the year	Received as part of remuneration	Value of rights vested during the year	Value of rights lapsed during the year	Balance at the end of the year
P McManus	-	500,000	-	-	500,000
C Gilchrist	-	1,000,000	-	-	1,000,000
C Bain	-	-	-	-	-
R Luff	-	375,000	-	-	375,000
J Wilkinson	-	1,000,000	-	-	1,000,000
R Narayanasamy	-	250,000	-	-	250,000
	-	**3,125,000**	**-**	**-**	**3,125,000**

Performance Rights – Series B

2018	Balance at the start of the year	Received as part of remuneration	Value of rights vested during the year	Value of rights lapsed during the year	Balance at the end of the year
P McManus	-	500,000	-	-	500,000
C Gilchrist	-	1,000,000	-	-	1,000,000
C Bain	-	-	-	-	-
R Luff	-	375,000	-	-	375,000
J Wilkinson	-	1,000,000	-	-	1,000,000
R Narayanasamy	-	250,000	-	-	250,000
	-	**3,125,000**	**-**	**-**	**3,125,000**

There were no performance rights issued to key management personnel as part of compensation during the year ended 30 June 2017

There were no options issued to key management personnel as part of compensation during the years ended 30 June 2018 or 30 June 2017.

No members of key management personnel have held options over ordinary shares in the parent entity during the year ended 30 June 2017.

Directors' Report

Shares under option

Unissued ordinary shares of Davenport Resources Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
19 January 2017	20 January 2020	$0.25	6,158,000
11 September 2018	31 July 2023	$0.20	33,221,680
11 September 2018	11 September 2023	$0.20	7,500,000

Shares issued on the exercise of options

No shares of Davenport Resources Limited were issued on the exercise of options during the year ended 30 June 2018.

Indemnity and insurance of officers

The company has indemnified the directors of the Company for costs incurred, in their capacity as a director, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor. During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor aside from as disclosed in Note 19 to the financial statements.

Officers of the company who are former audit partners of Advantage Advisors

There are no officers of the company who are former audit partners of Advantage Advisors.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors:

Christopher Bain

24 September 2018
Melbourne

walkerwaylandAdvantage

Chartered Accountants & Advisors

Walker Wayland Advantage Audit Partnership

Audit & Assurance Services

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AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF DAVENPORT RESOURCES LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018, there have been:

a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

Walker Wayland Advantage

WALKER WAYLAND ADVANTAGE AUDIT PARTNERSHIP
CHARTERED ACCOUNTANTS

BEN BESTER
PARTNER

Dated in Melbourne on this 24 day of September 2018

Independent Member

BKR INTERNATIONAL

Independent Member of Walker Wayland Australasia Limited,
a network of independent accounting firms.

Liability limited by a scheme approved under professional standards legislation.

Certified System Quality ISO 9001 SAI GLOBAL

Financial Report

General information

The financial report covers Davenport Resources Limited as a consolidated entity consisting of Davenport Resources Limited and the entities it controlled. The financial report is presented in Australian dollars, which is Davenport Resources Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Davenport Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 28
303 Collins Street
Melbourne VIC 3000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	Note	Consolidated 2018 $	2017 $
Revenue from continuing operations			
Other income	4	123,321	55,420
Expenses			
Administration and corporate expenses		(282,176)	(340,395)
Director fees and consulting		(361,544)	(131,570)
Depreciation and amortisation expense		(2,709)	(12,097)
Interest expense		(3,618)	
Impairment of assets		-	(22,867)
Investor relations		(191,057)	(13,662)
Foreign exchange gain/(loss)		(34,835)	12,175
Consulting expenses		(138,288)	(141,275)
Option fee expense		-	(250,000)
Listing fee expense	5	-	(1,825,364)
Occupancy costs		(129,149)	(55,824)
Occupancy make good costs		-	(50,000)
Remuneration (excluding share-based payment)		(266,906)	-
Share-based payment		(131,911)	-
Profit/(Loss) before income tax expense		(1,418,872)	(2,775,459)
Income tax expense	6	-	40,671
Profit/(Loss) after income tax expense for the year		(1,418,872)	(2,734,788)
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation reserve		129,198	524
Other comprehensive income / (loss) for the year, net of tax		129,198	524
Total comprehensive loss for the year		**(1,289,674)**	**(2,734,264)**

	Note	Consolidated 2018 Cents	2017 Cents
Earnings per share for loss attributable to the owners of Davenport Resources Limited			
Basic earnings per share	28	(1.72)	(5.64)
Diluted earnings per share	28	(1.72)	(5.64)

The financial statements should be read in conjunction with the accompanying notes.

Statement of financial position
As at 30 June 2018

	Note	Consolidated 2018 $	2017 $
Assets			
Current assets			
Cash and cash equivalents	7	721,862	4,318,245
Trade and other receivables	8	148,775	72,404
Monies held in trust - share application proceeds before cost	13	1,840,769	-
Prepayments		30,810	36,191
Total current assets		2,742,216	4,426,840
Non-current assets			
Trade and other receivables	9	66,855	144,394
Property, plant and equipment	10	2,516	1,974
Exploration and evaluation	11	2,706,033	254,332
Total non-current assets		2,775,404	400,700
Total assets		5,517,620	4,827,540
Liabilities			
Current liabilities			
Trade and other payables		292,641	275,721
Income tax payable		-	42,846
Share application funds	13	1,840,769	-
Provisions	12	62,000	62,000
Total current liabilities		2,195,410	380,567
Total liabilities		2,195,410	380,567
Net assets		3,322,210	4,446,973
Equity			
Issued capital	13	7,526,504	7,446,504
Reserves	14	213,326	(783)
Accumulated losses		(4,417,620)	(2,998,748)
Total equity		3,322,210	4,446,973

The financial statements should be read in conjunction with the accompanying notes.

Statement of changes in equity
For the year ended 30 June 2018

	Contributed equity $	Reserves $	Accumulated losses $	Total equity $
Consolidated				
Balance at 1 July 2017	7,446,504	(783)	(2,998,748)	4,446,973
Loss after income tax expense for the year	-	-	(1,418,872)	(1,418,872)
Other comprehensive income / (loss) for the year, net of tax	-	129,198	-	129,198
Total comprehensive income / (loss) for the year	-	129,198	(1,418,872)	(1,289,674)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	80,000	-	-	80,000
Share-based payments	-	84,911	-	84,911
Balance at 30 June 2018	7,526,504	213,326	(4,417,620)	3,322,210

	Contributed equity $	Reserves $	Accumulated losses $	Total equity $
Consolidated				
Balance at 1 July 2016	300,007	(1,307)	(263,960)	34,740
Loss after income tax expense for the year	-	-	(2,734,788)	(2,734,788)
Other comprehensive income for the year, net of tax	-	524	-	524
Total comprehensive income / (loss) for the year	-	524	(2,734,788)	(2,734,264)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	7,146,497	-	-	7,146,497
Balance at 30 June 2017	7,446,504	(783)	(2,998,748)	4,446,973

The financial statements should be read in conjunction with the accompanying notes.

Statement of cash flows
For the year ended 30 June 2018

	Note	Consolidated 2018 $	2017 $
Cash flows from operating activities			
Interest received		27,354	22,372
Receipts from customers		92,795	8,540
Payments to suppliers and employees		(1,399,300)	(619,619)
Income taxes and interest paid		(46,464)	-
Net cash (used in)/provided by operating activities	26	(1,325,615)	(588,707)
Cash flows from investing activities			
Payments for deposits		(6,116)	(21,323)
Payments for exploration and evaluation		(2,299,780)	(239,404)
Net proceeds of cash from acquisition		-	268,716
Payments for plant and equipment		(3,252)	(2,845)
Net cash from/(used in) investing activities		(2,309,148)	5,144
Cash flows from financing activities			
Proceeds from issue of shares		-	5,111,737
Payments for capital raising costs		-	(365,292)
Net cash from financing activities		-	4,746,445
Net increase in cash and cash equivalents		(3,634,763)	4,162,882
Cash and cash equivalents at the beginning of the financial year		4,318,245	154,838
Effects of foreign exchange cash movements		38,380	525
Cash and cash equivalents at the end of the financial year	8	721,862	4,318,245

The financial statements should be read in conjunction with the accompanying notes.

Notes to the financial statements
30 June 2018

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss and certain classes of property, plant and equipment.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Going concern
For the year ended 30 June 2018, the consolidated entity incurred an operating loss of $1,418,872 and incurred negative cash flows from operations of $1,325,615.

Having successfully raised approximately $2.41 million as described in Note 25, the directors believe that the consolidated entity will continue to operate as a going concern to effectively manage its operations and working capital requirements and that it is appropriate to prepare the financial statements on a going concern basis which assumes the realisation of assets and the extinguishment of liabilities in the normal course of business at the amounts stated in the financial statements.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 23.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Davenport Resources Limited ('company' or 'parent entity') as at 30 June 2018 and the results of all subsidiaries for the year then ended. Davenport Resources Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Notes to the financial statements
30 June 2018

Note 1. Significant accounting policies (continued)
Principles of consolidation (continued)

Reverse asset acquisition

On 9 January 2017, Davenport Resources Ltd ("Davenport Resources") completed the acquisition of German exploration licences holder East Exploration Pty Ltd and its subsidiary (together "East Exploration") ("Acquisition"). The Acquisition has been accounted for using the principles for reverse acquisitions in AASB 3 Business Combinations because, as a result of the Acquisition, the former shareholders of East Exploration obtained accounting control of the Davenport Resources (the legal parent).

The Acquisition did not meet the definition of a business combination in accordance with AASB 3 Business Combinations as the acquiree was deemed not to be a business for accounting purposes and, therefore, the transaction was not a business transaction using the principles of share based payment transactions in AASB 2, and in particular the guidance in AASB 2 that any difference between the fair value of the shares issued by the accounting acquirer (East Exploration) and the fair value of the accounting acquiree's (Davenport Resources) identifiable net assets represents a service received by East Exploration, including payment for a service of an ASX stock exchange listing which will be expensed through the consolidated entity's profit and loss statement in the 2017 financial year.

Accordingly, the consolidated financial report of Davenport Resources has been prepared as a continuation of the business and operations of East Exploration. As the deemed accounting acquirer has accounted for the acquisition from 9 January 2017. The comparative information for the 12 months ended 30 June 2016 presented in the financial report is that of East Exploration. The impact of the reverse asset acquisition on each of the primary statements is as follows:

Consolidated statement of comprehensive income:

- The statement for the period ended 30 June 2017 comprises 12 months of operating results of East Exploration and the operating results of Davenport Resources from 9 January 2017.

- The statement for the period to 30 June 2016 comprises 12 months of operating results of East Exploration.

Consolidated statement of financial position:

- The consolidated statement of financial position at 30 June 2017 contains the assets and liabilities of East Exploration and Davenport Resources as at that date.

- The consolidated statement of financial position at 30 June 2016 represents the assets and liabilities of East Exploration as at that date.

Statement of changes in equity:

- The consolidated statement of changes in equity for the period ended 30 June 2017 comprises the East Exploration balance at 1 July 2016, its loss for the 12 months and transactions with equity holders for 12 months. It also comprises Davenport Resources transactions with equity holders for the period from Acquisition to 30 June 2017 and the equity balances of East Exploration and Davenport Resources at 30 June 2017.

Notes to the financial statements
30 June 2018

Note 1. Significant accounting policies (continued)
Principles of consolidation (continued)

- The consolidated statement of changes in equity for the period to 30 June 2016 comprises 12 months of East Exploration's change in equity.

Statement of cash flows:

- The consolidated cash flow statement for the period ended 30 June 2017 comprises the cash balance of East Exploration, as at 1 July 2016, the cash transactions for the 12 months (12 months for East Exploration and the period from Acquisition to 30 June 2017 for Davenport Resources and the cash balances of East Exploration and Davenport Resources at 30 June 2017)

- The consolidated cash flow statement for the period ended 30 June 2016 comprises 12 months of East Exploration cash transactions.

References throughout the financial statements to "reverse acquisition" or "reverse takeover" are in reference to the above mentioned Acquisition and the accounting treatment described above.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign Currency Translation
Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Notes to the financial statements
30 June 2018

Note 1. Significant accounting policies (continued)
Foreign Currency Translation (continued)

The functional currencies of the Group are European Dollars (EURO) and Australian Dollars (AUD). The presentation currency is Australian Dollars (AUD).

As at reporting date the assets and liabilities of the subsidiaries are translated into the presentation currency of Davenport Resources at the rate of exchange ruling at the end of the reporting period and income and expenses are translated at the weighted average exchange rate for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Notes to the financial statements
30 June 2018

Note 1. Significant accounting policies (continued)

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Investments and other financial assets
Investments and other financial assets are measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been had the impairment not been recognised and is reversed to profit or loss.

Notes to the financial statements
30 June 2018

Note 1. Significant accounting policies (continued)

Property, plant and equipment

Plant and equipment is stated at historical cost base less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items

Depreciation is calculated on a diminishing value basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3 - 5 years
Leasehold improvements	10 years

Residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Employee Benefits

Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Equity settled compensation
The Group operates an employee share, share rights and option plan. Share-based payments to employees are measured at the fair value of the instruments at grant date and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amounts are recognised in the option reserve and statement of profit and loss respectively. The number of shares, share rights and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes to the financial statements
30 June 2018

Note 1. Significant accounting policies (continued)

Issued Capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Exploration and evaluation assets
Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Notes to the financial statements
30 June 2018

Note 1. Significant accounting policies (continued)

Business combinations (continued)

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Davenport Resources Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Comparative figures
When required by Accounting Standards, comparative figures have been restated or repositioned to conform to changes in presentation for the current period.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Notes to the financial statements
30 June 2018

Note 1. Significant accounting policies (continued)

New, revised or amending Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2018. The Consolidated Entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Consolidated Entity, are set out below.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2018. The impact of its adoption is yet to be assessed in detail by the consolidated entity but is not expected to have material impact on the consolidated entity.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019.
This standard:
- replaces AASB 117 Leases and some lease-related Interpretations;
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases;

Notes to the financial statements
30 June 2018

Note 1. Significant accounting policies (continued)
AASB 16 Leases (continued)

- provides new guidance on the application of the definition of lease and on sale and lease back accounting;
- largely retains the existing lessor accounting requirements in AASB 117;
- requires new and different disclosures about leases.

The consolidated entity will adopt this standard from 1 July 2019. The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the likely impact on the first time adoption of the Standard for the half year ending 31 December 2019 includes:

- there will be a significant increase in lease assets and financial liabilities recognised on the balance sheet;
- the reported equity will reduce as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities;
- EBIT in the statement of profit or loss and other comprehensive income will be higher as the implicit interest in lease payments for former off balance sheet leases will be presented as part of finance costs rather than being included in operating expenses; and
- Operating cash outflows will be lower and financing cash flows will be higher in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Income tax
The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Notes to the financial statements
30 June 2018

Note 2. Critical accounting judgements (continued)

Exploration and evaluation assets
The consolidated entity has recognised an asset for exploration and evaluation work conducted on projects in Germany and the Northern Territory. The directors have determined that the activities of the projects have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. The expenditure incurred has therefore been carried forward as an asset in accordance with the consolidated entity's accounting policy.

Note 3. Operating segments

Identification of reportable operating segments
The consolidated entity is organised into one operating segment being exploration operations. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

Notes to the financial statements
30 June 2018

Note 4. Revenue

	Consolidated	
	2018	2017
	$	$
From continuing operations		
Other revenue		
Interest	29,759	24,013
Rent income	93,562	31,407
Revenue from continuing operations	123,321	55,420

Note 5. Listing expense on reverse acquisition

	Consolidated	
	2018	2017
	$	$
Listing expense	-	1,825,364

The steps for calculating the acquisition account items reflect the following rationale:

- East Exploration Pty Ltd ("East Exploration") is deemed to make a share-based payment to acquire the existing shareholders' interest in the net assets of Davenport Resources Ltd ("Davenport Resources") following the Acquisition;
- The total consideration deemed to be paid by East Exploration at the Acquisition (by way of the share-based payment) is calculated as follows:
    - Nature of deemed consideration – shares in East Exploration;
    - Value of East Exploration shares – cannot be determined as no active market for East Exploration shares at time of acquisition;
    - Therefore assess value of East Exploration shares deemed to be issued by reference to the fair value of Davenport Resources assets acquired;
    - Fair value of Davenport Resources assets acquired (number of Davenport Resources shares on issue prior to Acquisition being 12,000,262 multiplied by the fair value of each Davenport Resources immediately prior to Acquisition being $0.20) (20 cents).

As the shares of Davenport Resources were not being traded at the time of the Acquisition there was no active market for those shares. Accordingly the fair values of the shares was determined as 20 cents per share, this being the price at which Davenport Resources shares had been issued pursuant to the Replacement Prospectus dated 24 October 2016 (as amended by the first and second supplementary prospectus), which was the last transaction for Davenport Resources shares immediately prior to the Acquisition.

The total consideration deemed to be paid by East Exploration was then compared to the net assets of Davenport Resources at the Acquisition, as calculated below. The excess of the consideration paid over the value of the net assets of Davenport Resources is expensed as a listing fee in the consolidated statement of profit or loss and other comprehensive income.

Notes to the financial statements
30 June 2018

Note 5. Listing expense on reverse acquisition (continued)
Calculation of listing expense on reverse acquisition

	Consolidated 2018	2017
Deemed fair value of consideration shares paid on acquisition (12,000,262 fully paid ordinary shares @ $0.20 (20 cents))	-	2,400,052
Cash and cash equivalents	-	(268,716)
Trade and other receivables	-	(161,979)
Prepayments	-	(74,944)
Other financial assets	-	(330,000)
Property, plant and equipment	-	(11,226)
Trade and other payables	-	219,506
Current tax liabilities	-	40,671
Provisions	-	12,000
Listing expense recognised on reverse acquisition	-	1,825,364

Note 6. Income tax expense
Numerical reconciliation of income tax expense and tax at the statutory rate
Loss before income tax expense from continuing operations

Tax at the statutory tax rate of 27.5% (2017: 27.5%)	390,190	763,251
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	(2,180)	(458)
Listing fee expense	-	(501,975)
Share based payments	(36,276)	
Tax losses not brought into account	(351,734)	(220,147)
Income tax expense	-	40,671
Current tax expense	(351,734)	40,671
Deferred tax expense	351,734	-
Income tax expense	-	40,671
Tax assets not recognised at 27.5% (2017: 27.5%)	-	-
Unused tax losses for which no deferred tax asset has been recognised	475,391	134,756
Temporary differences	164,942	268,142
Potential tax benefit	640,333	402,898

The above potential tax benefit for tax losses and temporary differences has not been recognised in the statement of financial position. Tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed. The above potential tax benefit not recognised relates to activities from the Australian operations only.

Notes to the financial statements
30 June 2018

Note 7. Current assets - cash and cash equivalents

	Consolidated 2018 $	2017 $
Cash at bank	721,862	4,318,245

Note 8. Current assets - trade and other receivables

	Consolidated 2018 $	2017 $
Trade receivables	-	22,867
Less provision for doubtful debts	-	(22,867)
Rental bond	106,728	-
Other receivables	42,047	72,404
	148,775	72,404

Impairment of receivables
An impaired asset of $22,867 was written off in the current year as the amount was determined to be unrecoverable. (FY 2017: The consolidated entity has recognised a loss of $22,867 in respect of impairment of receivables for the year)

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $nil as at 30 June 2018 ($nil as at 30 June 2017).

Note 9. Non-current assets - receivables

	Consolidated 2018 $	2017 $
Rental bond	-	104,212
Security deposits	66,855	40,182
	66,855	144,394

Notes to the financial statements
30 June 2018

Note 10. Non-current assets - property, plant and equipment

	Consolidated	
	2018	**2017**
	$	**$**
Leasehold improvements - at cost	25,270	25,270
Less: Accumulated depreciation	(25,270)	(25,270)
	-	-
Plant and equipment - at cost	5,506	2,254
Less: Accumulated depreciation	(2,989)	(280)
	2,517	1,974
	2,517	1,974

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Leasehold Improvements	Plant & Equipment	Total
	$	**$**	**$**
Consolidated			
Balance at 1 July 2017	-	1,974	1,974
Additions		3,252	3,252
Depreciation expense	-	(2,709)	(2,709)
Balance at 30 June 2018	-	2,517	2,517
Balance at 30 June 2016	-	-	-
Acquisition of East Exploration	11,226	-	11,226
Additions	-	2,254	2,254
Depreciation expense	(11,226)	(280)	(11,506)
Balance at 30 June 2017	-	1,974	1,974

Notes to the financial statements
30 June 2018

Note 11. Non-current assets - exploration and evaluation

	Consolidated	
	2018	2017
	$	$
Exploration and evaluation - at cost	2,706,033	254,332

Reconciliations at the beginning and end of the current and previous financial year are set out below:

	Exploration	Total
	$	$
Consolidated		
Balance at 1 July 2017	254,332	254,332
Additions	2,451,701	2,451,701
Balance at 30 June 2018	2,706,033	2 706 033
Balance at 1 July 2016	14,928	14,928
Additions	239,404	239,404
Balance at 30 June 2017	254,332	254,332

The ultimate recoupment of costs carried forward is dependent on the successful development and commercial exploitation or sale of the areas of interest.

Note 12. Current liabilities - provisions

	Consolidated	
	2018	2017
	$	$
Lease make good	62,000	62,000

Reconciliations at the beginning and end of the current and previous financial year are set out below:

	Make good provision	Total
	$	$
Consolidated		
Balance at 1 July 2016	12,000	12,000
Increase upon re-location	50,000	50,000
Balance at 30 June 2017	62,000	62,000
Movement	-	-
Balance at 30 June 2018	62,000	62,000

Notes to the financial statements
30 June 2018

Note 13. Equity - issued capital

	Consolidated		Consolidated	
	2018 Shares	2017 Shares	2018 $	2017 $
Ordinary shares - fully paid	108,701,449	74,017,282	7,526,504	7,446,504

Ordinary share capital

Details	Date	No of shares	Issue price	$
Balance	1 July 2017	74,017,282		7,446,504
Issue, share-based payment for investor relations services	25 August 2017	330 000	$0.10	33,000
Conversion of First Milestone Shares	3 April 2018	33,854,167	-	-
Employee Incentive Ownership Plan issue	26 April 2018	500 000	$0.094	47,000
Balance	30 June 2018	108,701,449	-	7,526,504

Monies held in trust – share applications
In June 2018, the Company received applications monies totalling $1,840,769 for a placement of shares. The applications were for 26,296,700 shares at $0.07 each were issued on 5 July 2018 and the monies transferred into the ownership of the Company.

Balance	1 July 2016	694,446	-	300,007
Elimination of issued shares of East Exploration at acquisition	9 January 2017	(694,446)	-	-
Existing Davenport shares on issue shares at acquisition	9 January 2017	12,000,262	-	-
Acquisition of East Exploration	9 January 2018	36,458,333	-	574,688
IPO issue of shares	9 January 2017	25,558,687	$0.20	5,111,737
Value deemed to be issued to existing DAV shareholders upon reverse acquisition	9 January 2017	-	-	1,825,364
Costs of capital raising				(365,292)
Balance	30 June 2017	74,017,282		7,446,504

Details of ordinary shares on issue

	Number	
	2018	2017
Quoted fully paid ordinary shares	36,933,592	36,103,592
Restricted fully paid ordinary shares	71,767,857	37,913,690
Total shares	**108,701,449**	**74,017,282**

Notes to the financial statements
30 June 2018

Note 13. Equity - issued capital (continued)

Performance Milestone Shares

As part consideration for the acquisition of East Exploration Pty Ltd effective 9 January 2017, the Company issued two tranches of 33,854,167 non-voting Milestone Performance Shares (67,708,334 in total). The performance Milestone shares convert into fully paid ordinary shares for nil consideration upon satisfying certain milestone conditions. Details of the milestone performance conditions are below

Details	Date	Issue	Convert into ordinary shares/ lapse	Number
First Milestone Shares				
Balance	1 July 2017			33,854,167
Conversion into ordinary shares	3 April 2018		(33,854,167)	(33,854,167)
Balance	30 June 2018	-	(33,854,167)	-
Balance	1 July 2016			
Issue to vendors of East Exploration	9 January 2017	33,854,167		33,854,167
Balance	30 June 2017	33,854,167	-	33,854,167
Second Milestone Shares				
Balance	1 July 2017			33,854,167
Cancellation of performance shares	26 April 2018		(33,854,167)	(33,854,167)
Balance	30 June 2018	-	(33,854,167)	-

At a general meeting held on 10 April 2018, holders of the Second Milestone Shares resolved to cancel the shares for nil consideration.

Balance	1 July 2016			
Issue to vendors of East Exploration	9 January 2017	33,854,167		33,854,167
Balance	30 June 2017	33,854,167	-	33,854,167

Milestone 1

The Milestones for the first performance shares are as follows:

The announcement to ASX by Davenport within four (4) years after 9 January 2017 of the first JORC Code compliant inferred resources of one of the following:

(a) 250 million tonnes of potash at or above 11.0% K_2O by content, or

Notes to the financial statements
30 June 2018

Note 13. Equity - issued capital (continued)

(b) 150 million tonnes of potash at or above 12.0% K_2O by content, or
(c) 100 million tonnes of potash at or above 13.0% K_2O by content, or
(d) 75 million tonnes of potash at or above 15.0% K_2O by content, or
(e) 50 million tonnes of potash at or above 18.0% K_2O by content.

Milestone 2

The Milestone for the second performance shares are as follows:

The announcement to ASX by Davenport within five (5) years after 9 January 2017 of satisfaction of all mining approvals and utility contracts required to construct and operate a minimum 500,000 tonnes per annum potash mine on the South Harz Project (including all government approvals, water and energy contracts necessary to operate the mine).

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.
The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses to maximise synergies.

Note 14. Equity - reserves

	Consolidated	
	2018	**2017**
	$	**$**
Foreign currency translation reserve	128,415	(783)
Performance rights reserve	84,911	-
	213,326	(783)

Foreign currency reserve
The reserve is used to recognise exchange differences arising on translation of the financial statements of foreign subsidiaries recorded in their functional currency (EURO) into presentation currency at balance date.

Notes to the financial statements
30 June 2018

Equity – reserves (continued)

Performance rights reserve
The reserve is to recognise the fair value of share-based remuneration granted under the Company's Employee Security Ownership Plan

Note 15. Equity - Options

Set out below are details of options on issue:

2018

Grant date	Expiry date	Exercise price	Balance at the start of the year	Other	Issued on IPO costs	Expired	Balance at the end of the year
19/01/2017	20/01/2020	$0.25	-	-	6,158,000	-	6,158,000

There were no movements on options since the previous financial year

Note 16. Share-based payments

Performance Rights
During the year, 6,250,000 Performance Rights were issued to Directors and Officers at a gross transactional value of $568,876 as identified in key management personnel disclosures in the remuneration report in the Directors' Report.

An Employee Security Ownership Plan was established by the Company and approved by shareholders at a general meeting held in September 2016, whereby the Company may grant rights over ordinary shares in the Company to Directors and Officers of the consolidated entity.

Set out below are summaries of Performance Rights granted under the plan:

2018

Grant date	Type	Expiry date	Granted	Balance at the end of the year	Probability of Vesting	Fair Value $	Expensed $
10/04/2018	Series A	26/04/2019	1,875,000	1,875,000	75%	165,938	35,278
10/04/2018	Series B	26/04/2020	1,875,000	1,875,000	75%	165,938	17,993
26/04/2018	Series A	26/04/2019	1,250,000	1,250,000	75%	118,500	21,103
26/04/2018	Series B	26/04/2020	1,250,000	1,250,000	75%	118,500	10,537
			6,250,000	6,250,000		568,876	84,911

All Rights were granted over unissued fully paid ordinary shares in the company. Rights vest based on the following performance conditions:

Series A:
The Company, within 12 months of the date of issue, completing drilling of one (1) hole intersecting the potash horizon of the South Harz project (First Hurdle)

Notes to the financial statements
30 June 2018

Note 16. Share-based payments (continued)

Series B:
The Company, within 24 months of the date of issue and subject to satisfaction of the First Hurdle, completing drilling of two (2) holes intersecting the potash horizon of the South Harz project (Second Hurdle)

The performance rights in each series above convert automatically upon achievement of the Hurdle applicable to that series without payment of any consideration.

The Performance Rights lapse upon the recipient ceasing to be an officer or executive, subject to the discretion of the Board.
In addition, the Performance Rights will convert automatically to shares upon the occurrence of prescribed events.
For the Performance Rights granted during the current financial year, the fair value at the grant date per Right was based on the volume weighted average share price (VWAP) for the 5 business days prior to the grant date.

Ordinary shares
On 26 April 2018, the Company issued 500,000 fully paid ordinary shares at no cost to Jason Wilkinson, a key management personnel. The shares were issued under the Employee Securities Ownership Plan as part remuneration for services provided by Mr Wilkinson. The shares were valued at $47,000 at a deemed issued price of $0.094, being the closing trading price on 20 April 2018, and is disclosed in the remuneration report in the Directors' Report

Note 17. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. Derivatives are not used as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks, ageing analysis for credit risk.

Risk management is carried out under policies approved by the Board of Directors ('Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

An impairment charge of $22,867 has been recognised in relation to trade receivables for the previous financial year

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature.

Notes to the financial statements
30 June 2018

Note 18. Key management personnel disclosures

Directors
The following persons were directors of Davenport Resources Limited during the financial year:

Mr Patrick McManus
Dr Chris Gilchrist
Mr Chris Bain
Mr Rory Luff

Other key management personnel
The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the 2018 financial year:

Mr Jason Wilkinson – project director, appointed full-time on 27 December 2017, previously consulting project director.
Mr Rajan Narayanasamy – company secretary.

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2018 $	2017 $
Short-term employee benefits	675,656	277,234
Post-employment benefits	11,083	5,935
Share-based payments	131,911	-
	818,650	283,169

Note 19. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the auditor of the company:

	Consolidated	
	2018 $	2017 $
Audit or review of the financial statements	29,800	24,500
Other audit services	-	21,950
	29,800	46,450

Notes to the financial statements
30 June 2018

Note 20. Contingent liabilities

The consolidated group has guaranteed a rental bond for leased premises. At 30 June 2018 the extent of possible consolidated group exposure is $104,212 (2017: $104,212).
The lease expired on 31 July 2018 and was not renewed. On 27 August 2018, the Company settled with the landlord the Company's make good obligations for $56,418.50 (excluding GST), with the guarantee for the rental bond subsequently released.

Note 21. Commitments

	Consolidated	
	2018	**2017**
	$	**$**
Exploration expenditure		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	89,650	217,022
	89,650	217,022
Operating leases		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	25,724	159,512
One to five years	-	15,796
	25,724	175,308

If the consolidated entity decides to relinquish certain exploration leases and/or does not meet its obligations, assets recognised in the statement of financial position may require review to determine the appropriateness of the carrying values. The sale, transfer and/or farm-out of explorations rights to third parties will reduce or extinguish these obligations.
Operating lease commitments are the non-cancellable operating lease on office space at Level 14, 31 Queen Street, Melbourne. This lease is effective from 1 August 2015 for a three-year term. Included in lease commitments and with effect from September 2017, is a lease entered into for 12 months for premises occupied by the Company at a business centre. At the same time, the Company sub-leased the larger premises at 31 Queen Street, Melbourne. The lease at the business centre was extended to expire in December 2018.

Note 22. Related party transactions

Parent entity
Davenport Resources Limited is the parent entity.
Transactions with related parties

	Consolidated	
	2018	**2017**
	$	**$**
Other income:	-	13,689
Rental and administrative expenses charged to Melbourne Capital Limited, an associated entity of Mr Angus Edgar. Mr Edgar resigned as a director in June 2017		

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Notes to the financial statements
30 June 2018

Note 23. Legal parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2018	**2017**
	$	**$**
Loss after income tax	991,756	1,119,147
Total comprehensive loss	991,756	1,119,147

Statement of financial position

Total current assets	694,737	3,866,921
Total assets	3,785,078	4,641,769
Total current liabilities	164,950	194,796
Total liabilities	164,950	194,796
Equity		
Issued capital	5,743,487	5,663,487
Reserves	84,911	-
Accumulated losses	(2,208,270)	(1,216,514)
Total equity	3,620,128	4,446,973

Contingent liabilities
The parent entity contingent liabilities as at 30 June 2018 and 30 June 2017 are disclosed in Note 20.

Commitments
Commitments of the parent are identical to those of the consolidated entity as disclosed in Note 21.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment

Notes to the financial statements
30 June 2018

Note 24. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries i accordance with the accounting policy described in note 1:

		Equity holding	
Name of entity	Country of incorporation	2018 %	2017 %
East Exploration Pty Ltd	Australia	100.00	100.00
East Exploration GmbH	Germany	100.00	100.00

Effective 9 January 2017, the Company acquired 100% of the issued capital of East Exploration Pty Ltd (“East Exploration”), completed a capital raising of $5.11 million (before costs) at 20 cents per share and listed on the Australian Stock Exchange (”ASX”) on 20 January 2017. East Exploration holds two exploration licences in Germany, together with three mining licences acquired in the current financial year, in the region referred to as the South Harz Project through a wholly owned and controlled German subsidiary.

Note 25. Events after the reporting period

i. On 5 July 2018, the Company issued 26,496,700 fully paid ordinary shares at $0.07 each under an Initial Placement raising $1,854,769 before costs, of which $1,840,769 were received in June 2018 and included the 30 June 2018 Statement of financial position as ‘Monies held in trust – share applications’.
ii. On 27 July 2018, the Company issued 4,085,693 fully paid ordinary shares at $0.07 each to subscribers of a share purchase plan raising $286,000 before costs.
iii. On 11 September 2018, the Company issued 3,853,571 fully paid ordinary shares at $0.07 each under a Second Placement (2,425,000 shares) and a placement (1,428,571 shares) to Rory Luff, a director of the Company, raising $269,750 before costs. The shares were issued after obtaining shareholder approval at a general meeting held on 30 August 2018.
iv. On 11 September 2018, the Company issued, and obtained official quotation, 33,221,680 options exercisable at $0.20 each, expiring 31 July 2023. The options were issued to eligible participants in the capital raising described in (i) to (iii) above who applied for the options pursuant to a prospectus dated 17 July 2018

No other matters or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Notes to the financial statements
30 June 2018

Note 26 Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2018	**2017**
	$	**$**
Loss after income tax expense for the year	(1,418,872)	(2,734,788)
Adjustments for:		
Depreciation and amortisation	2,709	12,097
Doubtful debt expense	4,228	22,867
Option fee expense	-	250,000
Share based payment – listing fee	-	1,825,364
Share based payment – other	164,911	-
FX loss/(gain) on currency translation	(58,296)	-
Change in operating assets and liabilities:		
(Increase) in trade and other receivables	(1,167)	(40,512)
Decrease in prepayments	6,798	38,752
(Decrease) in tax liability	(42,846)	(40,671)
Increase in trade and other payables	16,920	28,184
Increase in provisions	-	50,000-
Net cash used in operating activities	(1,325,615)	(588,707)

Note 27. Non-cash investing and financing activities

Acquisition of Controlled Entities

Effective 9 January 2017, the Company acquired 100% of the issued capital of East Exploration Pty Ltd ("East Exploration"), completed a capital raising of $5.11 million (before costs) at 20 cents per share and listed on the Australian Stock Exchange ("ASX") on 20 January 2017. East Exploration holds two exploration licences in Germany, referred to as the South Harz Project, through a wholly owned and controlled German subsidiary.

The acquisition of East Exploration (the legal subsidiary) by the Company (the legal parent) is deemed to be a reverse acquisition, since the substance of the transaction is such that the former shareholders of East Exploration have obtained substantial control of the Company.

Notes to the financial statements
30 June 2018

Note 28. Earnings per share

	Consolidated	
	2018	**2017**
	$	**$**
Earnings per share from continuing operations		
Loss after income tax attributable to the owners of Davenport Resources Limited	(1,418,872)	(2,738,788)
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	82,571,229	48,502,427
Basic earnings per share	(1.72)	(5.64)
Diluted earnings per share	(1.72)	(5.64)

In accordance with the principles of reverse acquisition accounting, the weighted average number of ordinary shares outstanding during the period ended 30 June 2017 has been calculated as the weighted average number of ordinary shares of Davenport Resources Limited outstanding during the period before acquisition multiplied by the exchange ratio established in the acquisition accounting, and the actual number of ordinary shares of Davenport Resources Limited outstanding during the period after acquisition.

Directors' declaration
30 June 2018

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors

Christopher Bain

24 September 2018
Melbourne

walker wayland Advantage

Chartered Accountants & Advisors

Walker Wayland Advantage Audit Partnership

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DAVENPORT RESOURCES LIMITED

Opinion

We have audited the accompanying financial report of Davenport Resources Limited and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DAVENPORT RESOURCES LIMITED (Continued)

Key audit matter	How our audit addressed the key audit matter
Capitalisation of exploration expenditures *Refer to Note 1 and Note 11 "Non-current Assets"*	
This is a key audit matter due to: • Davenport and its controlled entities incurred significant amount of exploration costs which were capitalised during the year. • As a result, the capitalised exploration and evaluation expenditure were required to be considered for impairment indicators in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources.	Our procedures included, amongst others: • Obtain schedules of the areas of interest held by the Group and assessing whether the rights to tenure remain current at balance date; • Review the Company's capitalisation of exploration expenditures in the current year, ensuring that it is consistent with the criteria as stated under AASB 6. This included discussions with management, reviewing Group exploration budgets, ASX announcements and director's minutes • Review and noted details of exploration costs and ensure that these costs are allowed to be capitalised in accordance with AASB 6 and consider whether any facts or circumstances existed to suggest impairment testing was required.

Other Information
The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

walkerwaylandAdvantage

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DAVENPORT RESOURCES LIMITED (Continued)

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

We identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DAVENPORT RESOURCES LIMITED (Continued)

We conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DAVENPORT RESOURCES LIMITED (Continued)

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 12 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Davenport Resources Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Walker Wayland Advantage

WALKER WAYLAND ADVANTAGE AUDIT PARTNERSHIP
CHARTERED ACCOUNTANTS

BEN BESTER
PARTNER

Dated in Melbourne on this 24 day of September 2018

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Tenements

Tenement	Location	Beneficial Holding
Ebeleben	South Harz, Thüringen, Germany	100%
Müehlhausen-Nohra	South Harz, Thüringen, Germany	100%
Ohmgebirge	South Harz, Thüringen, Germany	100%
Küllstedt	South Harz, Thüringen, Germany	100%
Gräfentonna	South Harz, Thüringen, Germany	100%
EL28045	Northern Territory, Australia	100%
EL30090	Northern Territory, Australia	100%

Shareholder information

The following additional information was applicable as at 3rd October 2018.

QUOTED SECURITIES

A. ORDINARY SHARES (ASX: DAV)

Substantial Shareholders

Holder	Securities	% of Ordinary Shares Issued
Parkway Minerals NL	44,267,700	32.7
Lufgan Nominees Pty Ltd	14,579,967	10.8
Rory Luff	11,707,473	8.7

Distribution of Shareholders

Range	Holders	Securities	% of Ordinary Shares Issued
1 – 1,000	198	36,941	0.03
1,001 – 5,000	122	301,398	0.21
5,001 – 10,000	129	1,136,701	0.79
10,001 – 100,000	166	7,187,033	5.02
100,001 & over	103	134,475,340	93.95
Total	**718**	**143,137,413**	**100.0**
Holders with less than marketable parcels	369	679,775	0.47

20 Largest Fully Paid Ordinary Shareholders

	Holder	Securities	% of Ordinary Shares Issued
1	East Exploration Holdings Pty Ltd	37,124,850	25.9
2	Lufgan Nominees Pty Ltd	14,579,967	10.2
3	East Exploration Holdings Pty Ltd	7,142,850	4.9
4	R L Holdings Pty Ltd <Airlie A/C>	6,074,985	4.2
5	ITA Nominees Pty Ltd	5,467,488	3.8
6	Delphi Unternehmensberatung AG	5,000,000	3.4
7	Oceanic Capital Pty Ltd	4,134,850	2.9
8	Melbourne Capital Limited	3,412,719	2.4
9	NSW Mineral Australia Pty Ltd	3,075,140	2.1
10	Taurus Corporate Services Pty Ltd	3,037,493	2.1
11	Equity Trustees Limited <Lowell Res Fund A/C>	2,855,000	2.0
12	AWD Consultants Pty Ltd	2,014,285	1.4
13	Dawkins, Jason	2,000,000	1.4
14	Redland Plains Pty Ltd <Brian B Rodan S/F A/C>	1,828,600	1.3
15	Dixtru Pty Ltd	1,725,000	1.2
16	ITA Nominees Pty Ltd	1,428,571	1.0
17	Bishopstone Proprietary Ltd	1,214,998	0.8
18	Pooky Corporation Pty Ltd <Garfield Family A/C>	1,150,000	0.8
19	Hall, David Ian & Denise Allison	1,135,000	0.8
20	Caves Road Investments Pty Ltd	1,100,000	0.8
	20 Largest Holders	**105,501,796**	**73.4**

Voting Rights

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

B. OPTIONS (ASX: DAVO) - exercisable at $0.20 each, expiring 31st July 2023

Distribution of Option holders

Range	Holders	Securities	% of Options Issued
1 – 1,000	0	0	-
1,001 – 5,000	0	0	-
5,001 – 10,000	0	0	-
10,001 – 100,000	28	1,442,883	4.3
100,001 & over	44	31,778,797	95.7
Total	**72**	**33,221,680**	**100.0**

20 Largest Option Holders

	Holder	Securities	% of Ordinary Shares Issued
1	East Exploration Holdings Pty Ltd	7,142,850	21.5
2	Delphi Unternehmensberatung AG	5,000,000	15.0
3	Equity Trustees Limited <Lowell Res Fund A/C>	2,855,000	8.6
4	Oceanic Capital Pty Ltd	1,625,000	4.9
5	Redland Plains Pty Ltd <Brian B Rodan S/F A/C>	1,428,600	4.3
6	ITA Nominees Pty Ltd	1,428,571	4.3
7	Smyth JC & Hogarth AN <Smyth Super A/C>	1,000,000	3.0
8	Dixtru Pty Ltd	1,000,000	3.0
9	Payzone Pty Ltd <St Barnabas Super A/C>	700,000	2.1
10	AWD Consultants Pty Ltd	614,285	1.8
11	Oska Nominees Pty Ltd <Sheppeard Family A/C>	500,000	1.5
12	Caves Road Investments Pty Ltd	500,000	1.5
13	Nikolovski, Oliver < Nikolovski Family A/C>	400,000	1.2
14	Highscene Investments Pty Ltd <Staltari Super A/C>	400,000	1.2
15	Hall, David Ian & Denise Allison	400,000	1.2
16	Merrett, OB & JR <Merrett Family A/C>	400,000	1.2
17	Buckminster Investments Pty Ltd	357,000	1.1
18	Pooky Corporation Pty Ltd <Garfield Family A/C>	350,000	1.0
19	Pooky Corporation P/L <KL Christensen Super A/C>	350,000	1.0
20	Arbor Super Pty Ltd <Arbor Centre Super A/C>	300,000	0.9
	20 Largest Holders	**26,751,306**	**80.3**

The options have no voting rights.

UNQUOTED SECURITIES

A. Options expiring 20th January 2020

i. There are 6,158,000 options on issue, exercisable at 25 cents per share and expiring on 20th January 2020. The options have no voting rights.

ii. Distribution of Holders

Range	Holders	Securities	% of Options Issued
100,001 & over	10	6,158,000	100.0
Total	**10**	**6,158,000**	**100.0**

iii. Holders with greater than 20% holding are as below:

Holder	Securities	% of Issued Securities
Australian Cayenne Holdings	2,000,000	32.5
Zenix Nominees Pty Ltd	2,000,000	32.5

B. Options expiring 11th September 2023

i. There are 7,500,000 options on issue, exercisable at 20 cents per share and expiring on 11th September 2023. The options have no voting rights.
ii. Zenix Nominees Pty Ltd holds all the options in this class.

C. Options expiring 5th September 2021

i. There are 3,000,000 options on issue, exercisable at 8.1 cents per share and expiring on 5th September 2021. The options have no voting rights.
ii. Bacchus Capital Advisers Limited holds all the options in this class.

D. Performance Rights

1) Series A Performance Rights issued on 26th April 2018.

i. There are 3,125,000 Series A Performance Rights on issue. The Performance Rights have no voting rights.
ii. The Performance Rights were granted under the Company's Employee Security Ownership Plan.
iii. The Performance Rights vest on 26th April 2019 and automatically convert into fully paid ordinary shares subject to the Company, within 12 months of the date of issue, completing drilling of one (1) hole intersecting the potash horizon of the South Harz project (First Hurdle).
iv. The Performance Rights convert automatically upon satisfaction of the First Hurdle without payment of any consideration.

2) Series B Performance Rights issued on 26th April 2018.

i. There are 3,125,000 Series B Performance Rights on issue. The Performance Rights have no voting rights.
ii. The Performance Rights were granted under the Company's Employee Security Ownership Plan.
iii. The Performance Rights vest on 26th April 2020 and automatically convert into fully paid ordinary shares subject to the Company, within 24 months of the date of issue and subject to satisfaction of the First Hurdle, completing drilling of two (2) holes intersecting the potash horizon of the South Harz project (Second Hurdle).
iv. The Performance Rights convert automatically upon satisfaction of the Second Hurdle without payment of any consideration.

3) Distribution of Performance Rights holders

Range	Holders in Each Series of A and B Performance Rights	Securities in Each Series of A and B Performance Rights	% in Each Series of A and B Performance Rights
100,001 & over	5	3,125,000	100.0
Total – Series A Performance Rights	**5**	**3,125,000**	**100.0**
Total - Series B Performance Rights	**5**	**3,125,000**	**100.0**

RESTRICTED SECURITIES

Security	Number Restricted	Date Escrow Period Ends
Fully Paid Ordinary Shares	71,767,857	20th January 2019
Options Expiring 20th January 2020	6,158,000	20th January 2019

OTHER ASX LISTING RULES INFORMATION

i. The name of the Company Secretary is Rajan Narayanasamy.
ii. The registered office and principal place of business is:
Level 28, 303 Collins Street, Melbourne, VIC 3000
Tel: + 61 (3) 9678 9104
iii. The Company's registers of securities are held at:
Security Transfer Australia Pty Ltd
Suite 913, Exchange Tower
530, Little Collins Street, Melbourne, VIC 3000
Tel: + 61 (3) 9628 2200
iv. There is no current on-market buy-back..
v. The Company's Corporate Governance Statement is available on the Company's website at:
www.davenportresources.com.au

ASX LISTING RULE 4.10.19

The Company states that it has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives

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