

**ASX Announcement**30<sup>th</sup> October 2018**COMPANY DETAILS****Davenport Resources Limited**

ABN: 64 153 414 852

ASX CODE: DAV

**PRINCIPAL AND  
REGISTERED OFFICE  
(& Postal Address)**

Davenport Resources Limited  
Level 28,  
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Melbourne VIC 3000

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**Capital Structure**

143.1M Ordinary Shares  
33.2M Listed Options  
16.7M Unlisted Options  
6.2M Performance Rights

**BOARD OF DIRECTORS****Patrick McManus**

(Non-Executive Chairman)

**Dr Chris Gilchrist**

(Managing Director)

**Chris Bain**

(Executive Director)

**Rory Luff**

(Non-Executive Director)

## Davenport Resources September Quarter 2018 Activities Report

### *On the Path to Declaring Europe's Largest Potash Resource*

**Highlights to 30<sup>th</sup> October 2018**

- Post quarter-end, an Inferred Resource of 1.13 Billion tonnes at 11.10% K<sub>2</sub>O declared for the Mühlhausen-Keula sub area of the Muhlhausen-Nohra Perpetual Mining Licence following a review of historic drill data by leading consultants Micon International Co. Ltd ("Micon").
- Davenport now controls over 1.7 billion tonnes (grading 11.4% K<sub>2</sub>O) of JORC Inferred Resource from its Ebeleben and the southern portion of its Mühlhausen-Nohra Mining Licences.
- Planning is at an advanced stage to conduct confirmatory drilling at several sites within Davenport's licence areas in early 2019. A drilling contractor has been identified and consultations have been held with local authorities and landowners.
- Davenport appointed Bacchus Capital Advisers for the provision of strategic, financial and advisory services (ASX announcement 6<sup>th</sup> September 2018).
- Improvements in the global potash market have recently elevated potash prices in excess of US\$300 per tonne in NW Europe, SE Asia and Brazil.

**Commenting on the quarter ended 30<sup>th</sup> September and the period up to 30<sup>th</sup> October 2018, Davenport Resources Managing Director Dr Chris Gilchrist said:**

*"It has been an exciting time for Davenport Resources with the confirmation of an extremely large and high-quality resource within the southern part of the Muhlhausen-Nohra Perpetual Mining Licence.*

*"We are on target to declaring Europe's largest potash resource with over 1.7Bt of JORC inferred resource grading at 11.4% K<sub>2</sub>O across Ebeleben and Muhlhausen-Nohra under our control.*

*"Our next steps are to release in coming weeks the results of a review of historic drill hole data from the northern portion of the Mühlhausen-Nohra Licence with an aim to convert historic resources to JORC 2012 compliant resource.*

*"We will also undertake a targeted drilling program in early 2019 to upgrade JORC inferred resources to indicated resources."*

## GERMANY – South Harz Potash Project

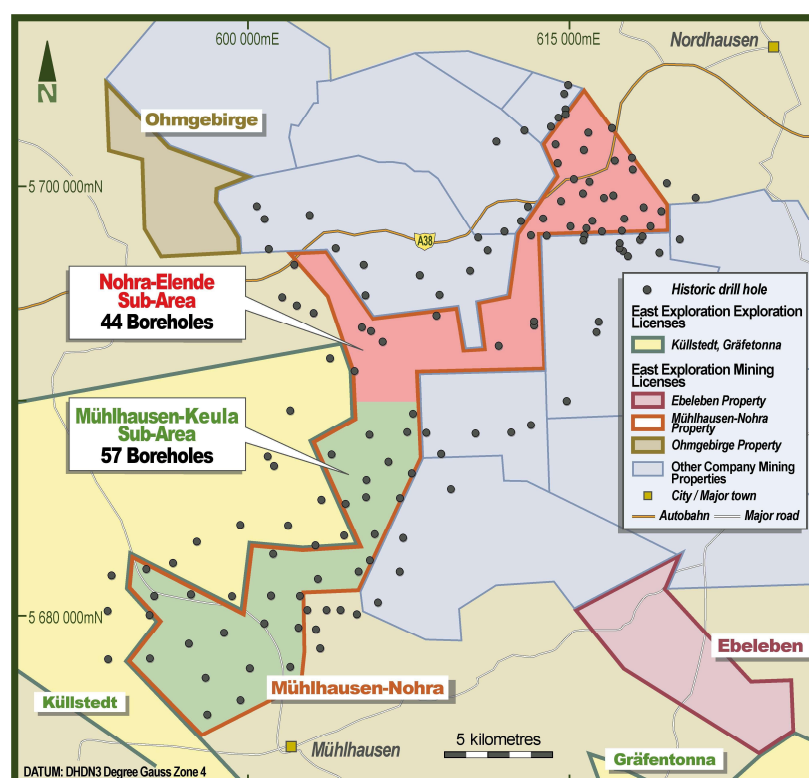
### Perpetual Mining Licence Areas

#### *Ebeleben*

As announced on 3<sup>rd</sup> April 2018, Micon confirmed an Inferred Resource of 577 Mt containing an average of 12.1% K<sub>2</sub>O within the Ebeleben area. Collaboration between the Company and its consultants has identified target areas for confirmatory drilling, the intention of which is to elevate the resource to a higher JORC category in preparation for economic studies in 2019. Numerous prospective drilling sites were visited during the reporting period and the final locations will be selected during the fourth quarter of 2018.

#### *Mühlhausen-Keula Sub-Area*

Owing to the increased volume of data generated by the discovery of information from drill holes which were located outside the licence area, the quantification of a JORC-compliant Inferred Resource for the Mühlhausen-Keula sub-area was delayed until the end of the reporting period and announced in early October 2018. Although the data from the additional drill holes did not influence the quantum of the resource within the licence area, it assisted Micon in their geological modelling process and provided further confidence in the final resource declaration. The approximate location of the drill holes is shown in Figure 1 below.



**Figure 1: The Mühlhausen-Nohra Perpetual Mining Licence comprises two sub-areas as follows: (a) Mühlhausen-Keula (Green) to the south and (b) Nohra-Elende (Red) to the north. The recent announcement refers solely to the JORC Inferred resource contained within the southern Mühlhausen-Keula sub-area (Green). The results of modelling within the Nohra-Elende sub-area (Red) is expected to be announced in the coming weeks.**

Following extensive modelling, Micon declared the Mühlhausen-Keula Inferred Resource to total 1.13 billion tonnes at an average grade of 11.1% K<sub>2</sub>O. The resource comprises four main potash-bearing horizons, two of which are dominated by Sylvinite but also contain sulphate and magnesium-bearing potash minerals such as Kieserite, Glaserite and Polyhalite. There is an increased focus on such minerals for the production of multi-nutrient fertilisers. There are also two Carnallite horizons; this resource contains a potassium-magnesium chloride which is generally of lower grade than Sylvinite but is nevertheless mined economically in many locations including Germany, Canada and Russia. The complete breakdown is shown in Table 1 below.

**Table 1: Mühlhausen-Keula Mineral Resources (JORC, 2012)**

Seam	JORC Category	ρ g/cm <sup>3</sup>	Geol Loss (%)	Tonnage (Mt)	K <sub>2</sub> O (%)	K <sub>2</sub> O (Mt)	Insols (%)	Mg (%)	Na (%)	SO <sub>4</sub> (%)
Upper Sylvinite	Inferred	2.26	20	660	12.69	84	0.97	1.32	20.87	16.00
Upper Carnallite	Inferred	1.88	20	233	8.53	20	0.67	4.89	18.09	6.52
Lower Carnallite	Inferred	1.88	20	63	6.88	4	0.66	3.55	22.55	5.27
Lower Sylvinite	Inferred	2.21	20	174	9.76	17	1.07	0.95	28.02	12.31
<b>Total Mühlhausen-Keula Sub-Area</b>	<b>Inferred</b>			<b>1,130</b>	<b>11.10</b>	<b>125</b>	<b>0.97</b>	<b>1.32</b>	<b>20.87</b>	<b>16.00</b>

Combining the above with the Inferred Resource which have already been announced for Ebeleben (ASX announcement April 2018), Davenport presently holds in excess of 1.7 billion tonnes within the Inferred category containing a total of 194.2 Mt K<sub>2</sub>O as shown in Table 2 below.

**Table 2: Total JORC 2012 Inferred Resource to 30<sup>th</sup> October 2018 held by Davenport.**

Seam	Tonnage (Mt)	K <sub>2</sub> O (%)	K <sub>2</sub> O (Mt)
Sylvinite	324.0	15.6	50.4
Carnallite	252.6	7.5	18.9
<b>Total Ebeleben</b>	<b>576.6</b>	<b>12.1</b>	<b>69.3</b>
Sylvinite	834.3	12.1	100.7
Carnallite	295.8	8.2	24.2
<b>Total Mühlhausen-Keula</b>	<b>1,130.1</b>	<b>11.1</b>	<b>124.9</b>
<b>Total Davenport JORC Inferred Resource to Date</b>	<b>1,706.7</b>	<b>11.4</b>	<b>194.2</b>

Work is ongoing to review the historic drill hole data from the northern portion of the Mühlhausen-Nohra Licence (refer Figure 1) with an aim to convert historic resources to JORC 2012 compliant resources. This work is nearing completion and is expected in the coming weeks. The historic resource for this area (ASX announcement 10<sup>th</sup> April 2018) was declared at over 0.8 billion tonnes containing close to 73 million tonnes K<sub>2</sub>O.

*Ohmgebirge sub-area*

No further work was conducted on the Ohmgebirge licence area since the announcement of a historic resource was made during the second quarter (ASX announcement 19<sup>th</sup> June 2018) as priority was given to the Mühlhausen areas.

#### *Other activities*

Davenport has appointed London-based Bacchus Capital Advisers (ASX announcement 6<sup>th</sup> September 2018) for the provision of strategic, financial and corporate advisory services. Davenport believes the appointment of Bacchus will assist in harnessing an increasing European interest in the South Harz potash project.

### **Exploration Licence Areas**

#### **Küllstedt**

The Company conducted a legal review of the commitments which are required in order to comply fully with the terms of its exploration licences and completed a report on the steps which will be necessary to permit and construct a potash mine in the region. The Thüringian regional permitting authority, TLBA, assisted the Company in this process and a meeting was held in order to verify the final report and its recommendations.

The Company has begun the process to collate and review new drill hole data from the Küllstedt Exploration Licence to identify areas that could meet JORC Inferred compliance. The Company's geologists believe that the spacing of 34 historic drill holes within 60% of the 241 km<sup>2</sup> licence area may be adequate for resource modelling purposes. Micon has been asked to review the data and advise if an Inferred Resource could be declared for part of this licence area where the drill holes are concentrated. An Exploration Target for the Küllstedt area was estimated by consultants ERCOSPLAN at 4-5 billion tonnes grading between 7.2% and 25% K<sub>2</sub>O (Davenport Resource Limited Replacement Prospectus 24<sup>th</sup> October 2016).

#### **Gräfentonna**

Potential drilling sites were visited and evaluated during the reporting period and further discussions will be held with consultants ERCOSPLAN in order to finalise target areas.

#### **Activities scheduled for next reporting period**

- Finalise Nohra-Elende resource.
- Investigate modelling of Küllstedt resource.
- Finalise exact location of drilling site in Küllstedt area and submit operational plan to permitting authority.
- Make logistic preparations for drilling in early 2019.

#### **Potash Market**

The Company is in discussions with Integer Research, a renowned fertiliser market intelligence provider, to give advice on market trends within the potash space. Current market conditions are

reported to be good as illustrated by the news in September that Belaruskali and a Chinese group had settled negotiations at an MOP price of US\$290/t which is US \$60/t higher than in 2017.

### **AUSTRALIA – Southern Cross Bore**

Nothing to report for this period.

### **Tenements**

Tenements held by the Company are as follows:

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

### **INVESTOR & MEDIA ENQUIRIES**

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## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

Davenport Resources Limited

### ABN

64 153 414 852

### Quarter ended ("current quarter")

30 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers – sub-tenants rent	10	10
1.2 Payments for		
(a) exploration & evaluation	(176)	(176)
(b) development		
(c) production		
(d) staff costs	(226)	(226)
(e) administration and corporate costs	(264)	(264)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other - occupancy make good costs	(56)	(56)
- release of security deposit	107	107
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(603)</b>	<b>(603)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
2.2	(d) other non-current assets Proceeds from the disposal of: (a) property, plant and equipment (b) tenements (c) investments (d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other –		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	2,410	2,410
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options	(169)	(169)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>2,241</b>	<b>2,241</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	722	722
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(603)	(603)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,241	2,241

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	2	2
4.6	<b>Cash and cash equivalents at end of period</b>	<b>2,362</b>	<b>2,362</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,254	1,254
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (short term deposit)	1,108	1,108
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,362</b>	<b>2,362</b>

**6. Payments to directors of the entity and their associates**

**Current quarter  
\$A'000**

6.1 Aggregate amount of payments to these parties included in item 1.2

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6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Director salaries and fees.

**7. Payments to related entities of the entity and their associates**

**Current quarter  
\$A'000**

7.1 Aggregate amount of payments to these parties included in item 1.2

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2



<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities		
8.2 Credit standby arrangements	10	1
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

8.2 – Company credit card facility, secured by term deposit

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	<b>508</b>
9.2 Development	
9.3 Production	
9.4 Staff costs	<b>235</b>
9.5 Administration and corporate costs	<b>290</b>
9.6 Other – Capital raising costs	<b>33</b>
<b>9.7 Total estimated cash outflows</b>	<b>1,066</b>

NB On 5 July 2018, Davenport completed a placement by the issue of 26.5M ordinary shares that raised approximately \$1.9M before costs.

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced		Refer to the attached tenement schedule.		
10.2 Interests in mining tenements and petroleum tenements acquired or increased		Refer to the attached tenement schedule.		

### **Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .....  
(Secretary)

Date: ..30 October 2018.....

Print name: .....Rajan Narayanasamy.....

### **Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

## DAVENPORT RESOURCES LIMITED

### TENEMENT SCHEDULE

#### NORTHERN TERRITORY

The following tenement interests were held during the quarter ended 30 September 2018:

Title Number	Interest held at start of quarter	Change in interest during the quarter	Interest held at end of quarter	Status (G - Grant, A - Appl'n)	Area sq kms
EL28045	100	-	100	G	73
EL30090*	100	-	100	G	444

\* The area held in EL 30090 reduced during the quarter resulting from statutory reduction of tenement holding.

#### GERMANY

East Exploration GmbH ("EE GmbH"), the Company's 100% controlled entity, holds the South Harz Project located in the northern part of the Federal State of Thuringia. Details of the licences held are:

##### Perpetual Mining Licences

- Mühlhausen-Nohra mining licence covering an area of 141km<sup>2</sup>,
- Ebeleben mining licence covering an area of 37km<sup>2</sup>, and
- Ohmgebirge mining licence covering an area of 25km<sup>2</sup>,

##### Exploration Licences

- Küllstedt licence granted on 12 January 2015 covering an area of 241 km<sup>2</sup>
- Gräfenonna licence granted on 12 January 2015 covering an area of 216 km<sup>2</sup>

Under the German Mining Law the exploration licences are granted for a term of 5 years with an option to renew for a further 3 years.