ASX Announcement

17 April 2018

COMPANY DETAILS

ABN: 62 147 346 334

PRINCIPAL AND REGISTERED OFFICE
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ASX CODE
PWN
FRANKFURT CODE
A1JH27

CORPORATE INFORMATION
17 April 2018
534M Ordinary shares
123M Partly paid shares
18M Listed Options
13M Unlisted options

BOARD OF DIRECTORS
Adrian Griffin
(Non-Executive Chairman)
Patrick McManus
(Managing Director)
Chew Wai Chuen
(Non-Executive Director)
Natalia Streltsova
(Non-Executive Director

Davenport announces significant increase in historical resources within Mühlhausen-Nohra Mining License

Highlights:

- **Parkway Minerals NL owns 37M shares of Davenport Resources Limited**
- **Davenport announced historic resources on Mühlhausen-Nohra, from Soviet era drilling, totaling 1.1B tonnes containing 115M tonnes of K_2O**
- **These add considerably to the recently announced JORC Inferred Resource on Ebeleben of 324M tonnes of Silvinite at 15.6% K_2O and 252M tonnes of Carnallatite at 7.5% K_2O**

Parkway Minerals NL (**Parkway**, or **The Company**) (ASX PWN) is pleased to update the market on a significant announcement by Davenport Resources Limited (**Davenport**).

On 10 April Davenport announced a Historic Resource for two additional sub-areas of the Mühlhausen-Nohra Mining License, part of the South Harz project area. This adds to the Historic Resources announced in November 2017 (ASX DAV 16 November 2017) for the Mülhausen sub-area. These resources were calculated in the 1980s and are classified as C2. The complete Davenport announcement is attached.

Parkway's Managing Director, Patrick McManus stated: "Following the recent (3 April 2018) announcement of an Inferred Resource on the Ebeleben Mining License, this work confirms the potential of the Mining Licenses within the South Harz project. Parkway now owns 37 M Davenport shares".

For further information contact:

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About Parkway Minerals

Parkway Minerals (ASX: PWN) is a company focused on developing fertiliser feedstock projects. The Company holds 1,900km² of exploration licenses and applications over Lake Barlee, where it is exploring a sulphate of potash project from the brines in the lake, north of Southern Cross in Western Australia.

The Company has a major land holding over one of the world's largest known glauconite deposits, with exploration licenses and applications covering an area of over 1,050km² in the greensand deposits of the Dandaragan Trough, in Western Australia's Perth Basin. The area is prospective for both phosphate and potash. A successful commercial outcome will allow the Company to become a major contributor to the potash and phosphate markets at a time of heightened regional demand.

The Company owns 37.15 M shares of Davenport Resources, which owns a potash exploration project in the South Harz region of Thuringia, in Central Germany. The region has been a potash producing area for over 100 years.

ASX Announcement
10th April 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
108.2M Ordinary shares
33.85M Second milestone shares
6.2M Unlisted options

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

Davenport announces historic potash resources evaluated for the Mühlhausen-Nohra Mining License

Highlights

- **The known historic resource base on the overall Mühlhausen-Nohra Mining License has been increased to 1.11 Bn tonnes containing 114.9 million tonnes K_2O through incorporation of the new Historic Resource estimates on the Nohra-Elende and Keula sub-areas.**
- **The Historic Resource on the Nohra-Elende sub-area Mining Licence stands at 816.1 million tonnes at 8.9% K_2O (72.8 million tonnes contained K_2O).**
- **The Historic Resource on the Keula sub-area Mining Licence stands at 65.2 million tonnes at 12.8% K_2O (8.3 million tonnes contained K_2O).**

Davenport Resources (ASX: DAV) ("Davenport", "the Company"), is pleased to announce a historic resource of **816.1 million tonnes at 8.9% K_2O (72.8 million tonnes contained K_2O), of predominantly Carnallitite** on its 100%-owned **Nohra-Elende sub-area**, and **65.2 million tonnes at 12.8% K_2O (8.3 million tonnes contained K_2O), of predominantly Hartsalz** on its 100%-owned **Keula sub-area.** These two sub-areas, together with the Mühlhausen sub-area make up the **Mühlhausen-Nohra** Mining Licence in the South Harz region of Germany (Figure 1).

Previous review work carried out on the Mühlhausen sub-area (ASX:DAV release on 16th Nov 2017) announced a historic resource of **234 million tonnes at 14.4% K_2O (33.8 million tonnes contained K_2O).** This brings the total of the known historic resources lying within the Mühlhausen-Nohra Mining License to **114.9 million tonnes of contained K_2O** (Table 1)**.**

Davenport Managing Director Dr Chris Gilchrist said: *"the ongoing data review has now identified three areas within Davenport's recently acquired Mühlhausen-Nohra Mining License that were drilled and evaluated to the level where historic resource estimates could be defined. This brings the known total contained K_2O tonnage within the Mühlhausen-Nohra Mining License to just under 115 million tonnes. As with the Ebeleben resource (press release ASX:DAV 3rd April 2018) where the historic drilling data were converted to a 2012 JORC Inferred Resource by Micon International Co., we have begun the process to likewise convert the Mühlhausen-Nohra data to a JORC-compliant form. This will also allow Davenport to make an informed decision as to which areas to prioritise for further exploration with the aim of establishing Davenport's assets as Europe's largest unmined potash field."*

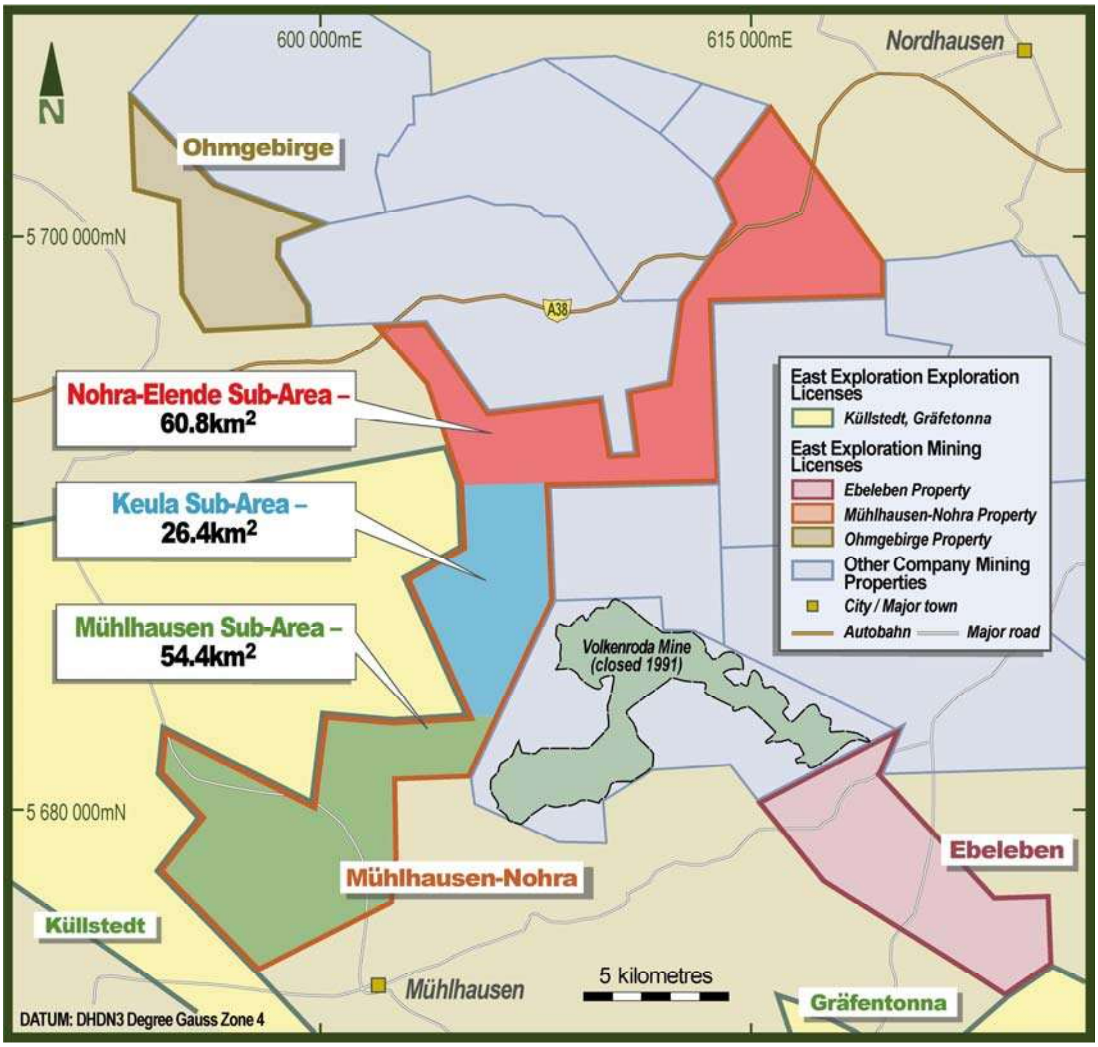

Figure 1 Location of the three Mühlhausen sub-areas totalling 141.6 km^2. The other Davenport mining license areas of Ohmgebirge (top left) and Ebeleben (bottom right) are also shown, together with the two exploration license areas Küllstedt and Gräfentonna (both in yellow)

Historic Resources - Total for Mühlhausen-Nohra Mining License			
Name of Sub-Area	Tonnage of Mineralised Rock (million tonnes)	**K_2O** Grade (%)	Tonnage of **K_2O** (million tonnes)
Mühlhausen SA	**234.0**	**14.4**	**33.8**
Keula SA	**65.2**	**12.8**	**8.3**
Nohra-Elende SA	**816.1**	**8.9**	**72.8**
Total	**1,115.3**	**10.3**	**114.9**

Table 1 Summary of Historic Resources located within the Mühlhausen-Nohra Mining License

An additional lower classification historic resource of 19.8 million tonnes at 17.0% K_2O (3.4 million tonnes contained K_2O) exists within the **Keula sub-area**, predominantly comprising of Carnallitite.

Mühlhausen-Nohra is one of three perpetual mining licences in the South Harz basin that Davenport recently acquired from German government agency Bodenverwertungs-und-verwaltungs GmbH (BVVG), (Figure 2). The resource on the Nohra-Elende sub-area was estimated in 1980 and given the classification of C2 under the former German Democratic Republic (GDR) system. The resource on the Keula sub-area was estimated in 1987 and given a classification of C2 for the hartsalz mineralisation and c2 for the Carnallitite mineralisation under the former German Democratic Republic (GDR) system. No known resource estimate has been made on the licence area since then.

Cautionary Note: The three resource estimates that have been identified within the Mühlhausen-Nohra Mining License are historical foreign estimates and are not reported in accordance with the JORC Code. A competent person has not yet performed sufficient work to classify these historical foreign estimates as mineral resources in accordance with the JORC code, and it is uncertain that following further exploration work that these historical foreign estimates will be able to be reported as mineral resources in accordance with the JORC Code.

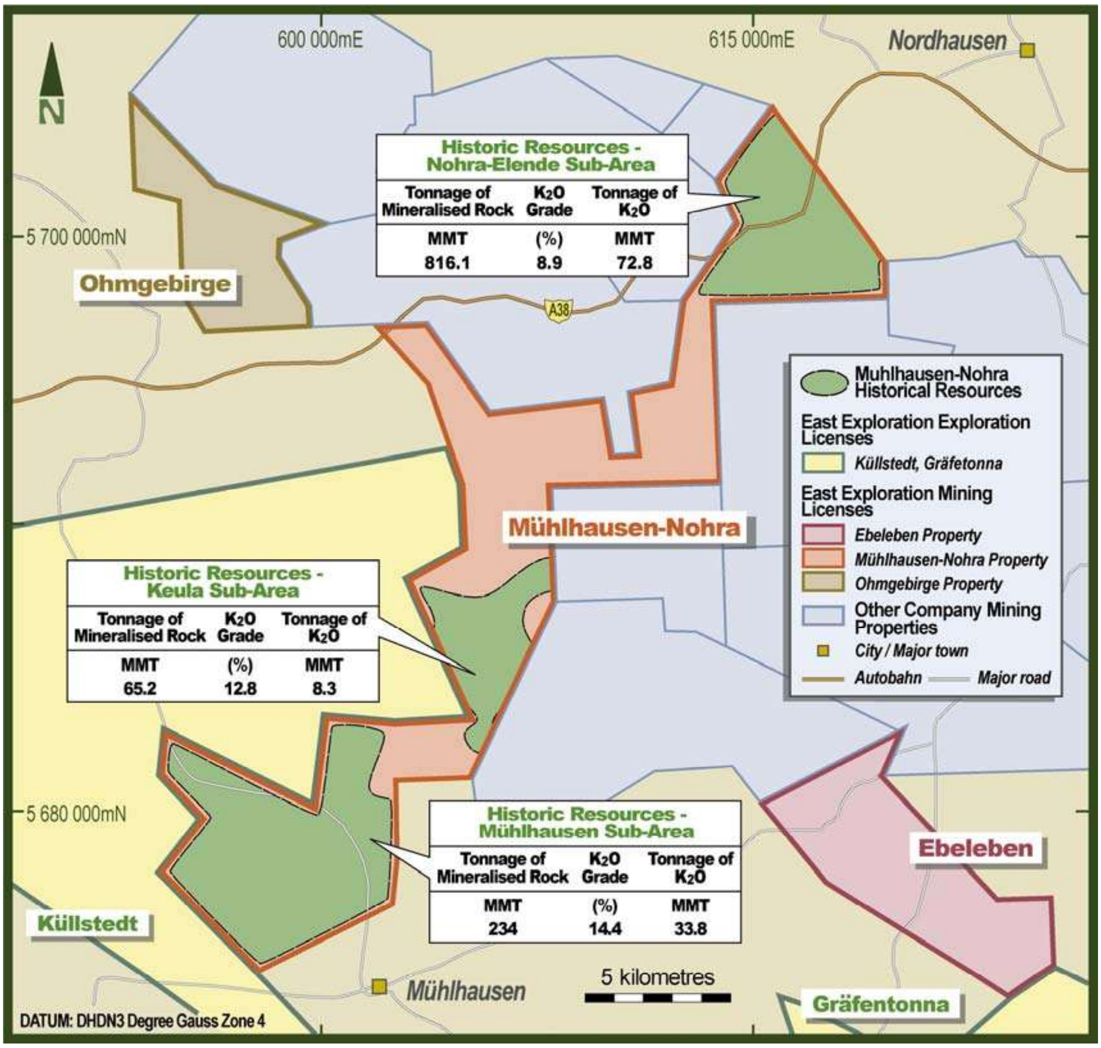

Figure 2 Mühlhausen-Nohra ML sub-areas with Historical Resource Numbers, South Harz potash project

Nohra-Elende Sub-Area

The Nohra-Elende sub-area covers 60.8km^2 over the northern part of the Mühlhausen-Nohra Mining Licence and adjoins the operating Deusa Kehmstedt Solution Mine.

This first discovery hole for potash-salts in Nohra-Elende was drilled in 1889, though comprehensive exploration only begun in 1959. Thirty-seven potash-focused drill holes were completed in two exploration phases between 1959 & 1960 and between, 1977 & 1979 (Figure 3). The aim of the exploration was to increase the resource base for the development of the potash industry of the former GDR. In addition to the drilling work, a 2D seismic survey was carried out between the first and second stages of exploration.

General lithostratigraphical summary logs are available for all potash drill holes, and a detailed lithological log is available for one drill hole. Geophysical well logs are available for 15 drillholes covering the entire potash bearing horizon. Cross-check analyses were conducted by independent laboratories to verify the assay results. Approximately 17% of the samples chemically analysed were checked by an internal and external cross-check analysis. In result, only minor differences occurred and chemical assay data was deemed to be correct. Additionally, every drill hole that was geophysically logged had the results independently interpreted regarding lithology and K_2O grade, which mostly matched the results of chemical assays. Full details of the available data are set out in the JORC Code Table 1, attached to this announcement.

Highest K_2O content in a single sample reaches 29.0% (0.66 m sample interval). The average K_2O grade per drill hole varies between 9.2% and 29.0% K_2O for the upper hartsalz layer with an average of about 17.14% K_2O, between 7.2% and 12.63% K_2O for the carnallitite layer with an average of about 9.45% K_2O, and between 7.6% and 11.0% K_2O for the lower hartsalz layer with an average of about 9.81% K_2O.

The historical drilling results show that the potash bearing horizon is distributed almost across the entire Nohra-Elende sub-area. The top varies between 396 m and 819 m below surface with increasing depth generally from NW to SE. The thickness ranges between about 0.00 and 81.81 m. Main minerals of the potash deposit are halite, carnallite, sylvite, and anhydrite with additional amounts of polyhalite and accompanying clay minerals. Based on the historical data within the Nohra-Elende sub-area, the potash-bearing horizon predominantly consists of carnallitite and/or hartsalz rock. Hartsalz is a common German miner's term for potash-bearing evaporite rocks, which show high hardness while drilling due to the admixtures of sulphate minerals. Sylvite (KCl) is commonly the main potassium-bearing mineral but can be replaced by potash-bearing sulphate minerals. Normally, the hartsalz occurs at the top and/or base of the carnallitite, if both rock types are present.

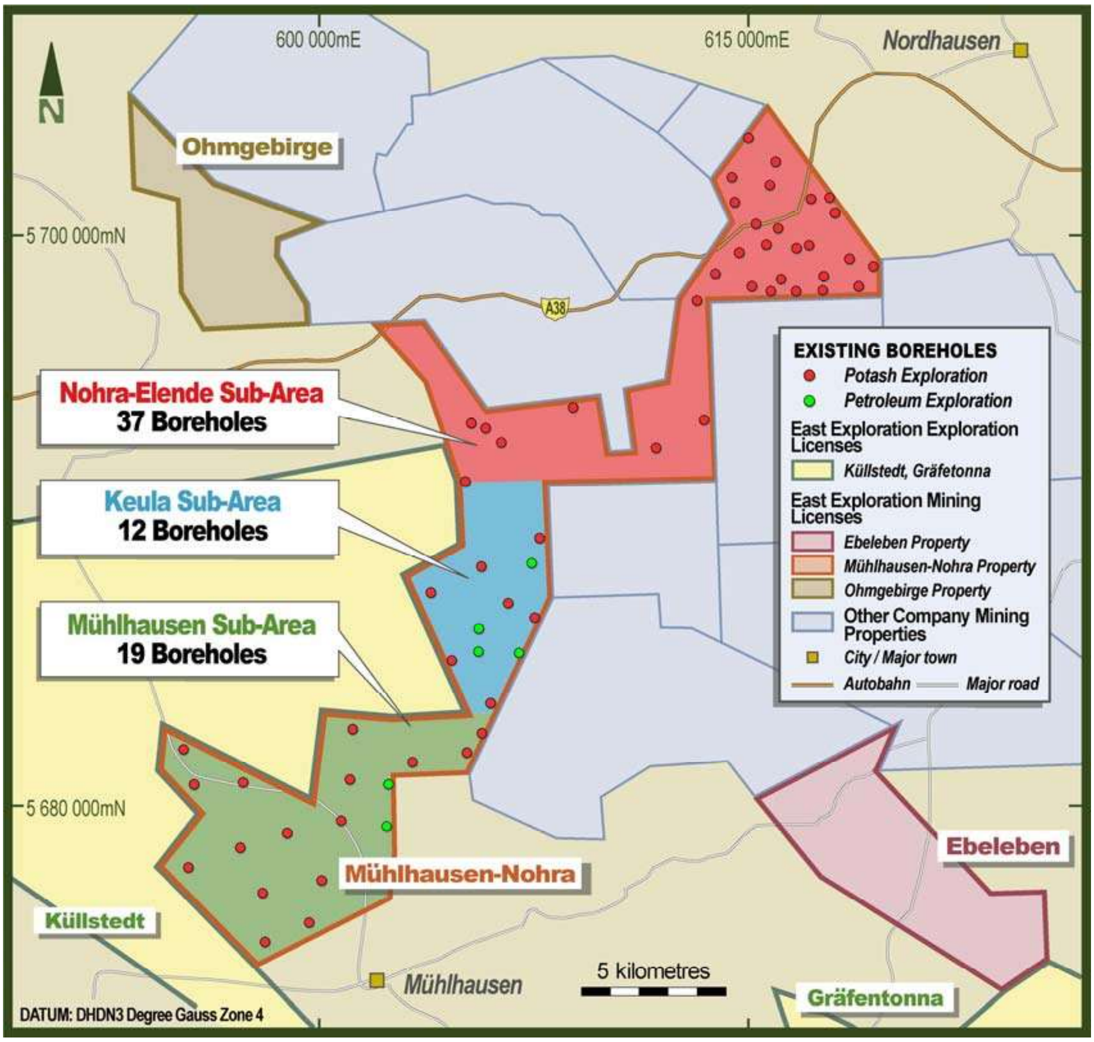

Figure 3 Mühlhausen-Nohra Mining Licence showing approximate historic drill hole locations within sub-areas

The hartsalz above the carnallitite (upper hartsalz) and the carnallitite are distributed almost over the entire Nohra-Elende sub-area. The hartsalz below the carnallitite (lower hartsalz) occurs more irregular with local absence. Subrosion of the evaporite rocks of the Zechstein Group within the Nohra-Elende sub-area is not known. The saliferous strata of the upper Zechstein cycles in the hanging wall of the potash horizon as well as the clayey-silty strata of the Buntsandstein in the overburden serve as an effective hydrogeological barrier.

Historic Resource

A historical resource estimate at Nohra-Elende was commissioned by the Ministry of Geology and prepared by the VEB Untergrundspeicher Mittenwalde in 1980 for an area covering approx. 26.5 km² of the current Nohra-Elende sub-area (Figure 2). The resource was completed using the GDR guidelines of the time based on the following parameters:

- Area of resource within Nohra-Elende sub-area (26.5km^2)
- Minimum content of the total resources of 5.1% K_2O of crude salt
- Minimum extraction height: 15.0m
- Maximum extraction height: n.d.
- Commodity coefficient: 0.6

- maintaining a roof beam of 30m of salt rocks above the mining horizon, usually of the lithostratigraphic unit Leine-Formation, thus providing a hydrogeological barrier from the overlying strata

Balanced resources for carnallitite has been estimated, assigned to a resource category C2 (Table 2) according to the formerly-applied resource estimation standard “3. Kali-Instruktion” of the former GDR.

	Resource Category	Tonnes (Million)	K_2O grade %	Contained K_2O (Million tonnes)
Mining horizon – Balance Resource	C2	816.1	8.9%	72.8
“Roof Beam” – Non-Balance Resource	c2	n.d	nd	nd

Table 2 Historic Resource Estimation for the Nohra-Elende sub-area in the Mühlhausen-Nohra Mining Licence area (Rockel et al., 1980)

There has been no mining in the Nohra-Elende sub-area and no known exploration since 1979. All adjacent conventional underground mines were closed down by the early 1990’s.

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

Reliability of the Historic Resource Estimate
In order to check the reliability of the historic resource Davenport’s consultants, ERCOSPLAN, undertook a thorough evaluation of the available historic data on the Nohra-Elende sub-area. This work included checking original drill hole data, information available on sampling and parameters used, and modelling the potash horizons (also described in JORC Table 1).

Exploration Target
An outcome of the evaluation of the historic data is that ERCOSPLAN has estimated an Exploration Target for the Nohra-Elende sub-area, set out in Table 3. The potential quantity and grade of the Exploration Target is conceptual in nature. There has been insufficient exploration to estimate a mineral resource and it is uncertain if further exploration will result in the estimation of a mineral resource.

The Exploration Target is estimated for the potash horizon across the Nohra-Elende sub-area above a cut-off grade of 5% K_2O. The potash bearing horizon was lithologically subdivided in an upper hartsalz layer, a carnallitite layer and a lower hartsalz layer in the footwall. All three layers were modelled individually. Based on the experience gained from adjacent mines, a factor of up to 20% for barren zones is assumed.

	Volume (million m^3)	Tonnage of mineralised rock (Million tonnes)		K_2O Grade (%)	Tonnage of K_2O (Million tonnes)	
		Minimum	Maximum	Mean	Minimum	Maximum
Upper Hartsalz	74	123	169	17.1	21	23
Carnallitite	1,000	1,830	2,612	9.5	173	247
Lower Hartsalz	6	10	15	9.8	1	1
Total	1,080	1,963	2,796	9.9	195	277

Table 3 Exploration Target for Nohra-Elende sub-area

Based on the K_2O mean grade of 9.45% K_2O for the carnallitite layer, an average tonnage of K_2O between 173 and 247 million metric tonnes of K_2O is estimated for this layer, which is higher than the historic resource estimation. This is due to the fact that the areas of the historical resource and the exploration target are not equal, plus mineable cut-off parameters were applied in the historical resource estimation. Therefore, a much smaller tonnage for carnallitite was estimated in the past.

The report on the Nohra-Elende sub-area of the Mühlhausen-Nohra Mining Licence prepared by ERCOSPLAN can be read on Davenport's website: https://davenportresources.com.au/technical-reports/.

Keula Sub-Area

The Keula sub-area covers 26.4km^2 over the central part of the Mühlhausen-Nohra Mining Licence and adjoins the south-eastern boundary of Davenport's Küllstedt Exploration Licence (Figure 1), close to the former Volkenroda potash mine, last operated in 1991.

A comprehensive exploration campaign was conducted within the sub-area between 1957-1984, with most of the drilling conducted during the 1970s. Eight drill holes within the licence targeting potash mineralization and four petroleum exploration holes are reported (Figure 3). General lithostratigraphical logs are available for all potash drill holes, and a detailed lithological log is available for one drill hole. Four of the available drill holes have detailed chemical analysis from cored sections in the potash bearing horizon, three drill holes have summarised K_2O grades of the potash bearing horizon, based on chemical analysis, and for four drill holes have K_2O grades derived from available geophysical logging. In addition, a 2D seismic survey has been conducted in the Keula sub-area. Full details of the available data are set out in the JORC Code Table 1, attached to this announcement.

In the Mühlhausen sub-area, different evaporite minerals occur in the potash horizon, changing with ratios both horizontally and vertically. The two main evaporative rock types are hartsalz and Carnallitite. Hartsalz is a German term referring to a harder mixed evaporite rock that includes various sulphates. The main mineral in hartsalz is Halite (NaCl) with Sylvite (KCl) the main potash mineral. In addition, Anhydrite ($CaSO_4$), Kieserite ($MgSO_4 \cdot H_2O$), Polyhalite ($K_2SO_4 \cdot MgSO_4 \cdot 2CaSO_4 \cdot H_2O$), Langbeinite ($K_2SO_4 \cdot 2MgSO_4$), Kainite ($KCl \cdot MgSO_4 \cdot 2.75H_2O$), Glaserite ($K_3Na(SO_4)^2$) and to a lesser degree clay occurs. Generally, there is a high to very high variability of mineralogy in hartsalz.

Normally, the hartsalz may occur at the top and/or base of the Carnallitite. The hartsalz above the Carnallitite (Upper Hartsalz), is distributed almost over the entire Keula sub-area, whereas the Carnallitite mainly occurs in the northern part of the Keula sub-area. The hartsalz below the Carnallitite (Lower Hartsalz) occurs more irregularly with local absence. The potash bearing horizon is developed over the entire Keula sub-area with varying thicknesses and K_2O grades. The bedding shows in general wide alternating synclines and anticlines, especially within the saliferous horizons, faults and folds as well as local thinning and thickening of the potash bearing horizon.

Historic Resource

A historical resource estimate for hartsalz at Keula was commissioned by the Ministry of Geology and prepared by "VEB Geologische Forschung und Erkundung Freiberg (VEB Geological Research and Exploration Freiberg) in 1987 using the GDR guidelines of the time for an area covering 18.0km^2. Approximately 13.7km^2 of the historic resource area lies inside the Keula sub-area (Figure 2). The following parameters were applied:

- Area of resource: 18.0km^2
- Area of resource within Keula sub-area (13.7km^2)
- Minimum content of the total resources of 13.11% K_2O of crude salt and 14.9% K_2O of in-situ mineralized rock
- Geological cut-off: 8.0% K_2O
- Maximum content of deleterious minerals for processing:
    - 3.0 % Kieserite, 1.8 % Glaserite, 3.0 % Anhydrite in mined raw salt
    - 2.4 % Kieserite, 2.8 % Glaserite, 2.0 % Anhydrite in-situ mineralised rock
- Minimum extraction height: 3.0 m
- Maximum extraction height: 7.0 m
- Commodity coefficient: 0.5
- Maintaining a roof beam above the mining horizon of 2.0 m rock salt to the overlying anhydrite and clay strata

The historic resource estimation focused on the hartsalz layer based on the parameters given above. Carnallitite was included to reach the minimum extraction height and was limited to meet the tolerance range of typical processing facilities of the period. For resource estimation, geological blocks were applied within an area of influence around drill holes after subtracting drill hole safety pillars. The average thickness per block was calculated as a weighted arithmetic mean based on drill holes with available drill cores and matching cut-off criteria. Average potash assay values in each drill hole were calculated as thickness-weighted mean and density values were calculated from mineralogical composition. The influence of any drill holes not matching the cut-off criteria (e.g. barren zones) was allowed for by applying the commodity coefficient across the entire resource based on mining experience at Volkenroda mine.

The hartsalz, referred to as the Mining horizon or Balance Resource, was classified as C2 according to the estimation standard "Kali-Instruktion" of the former GDR. Resources within the 2m roof beam were classified as c2. Historic resources as estimated in the 1987 report are shown in Table 5.

There has been no mining in the Keula sub-area and no known exploration since 1984. The Volkenroda mine closed in 1991.

	Resource Category	Tonnes (Million)	K_2O grade %	Contained K_2O (Million tonnes)
Mining horizon – Balance Resource	C2	65.2	12.8%	8.3
"Roof Beam" – Non-Balance Resource	c2	19.8	17.0%	3.4

Table 5 Historic Resource Estimation for the Keula sub-area in the Mühlhausen-Nohra Mining Licence area (Kästner et al., 1987)

Note on comparison between C2 Resources and JORC resource classification

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

Reliability of the Historic Resource Estimate

In order to check the reliability of the historic resource Davenport's consultants, ERCOSPLAN, undertook a thorough evaluation of the available historic data on the Keula sub-area and adjoining Küllstedt licence. This work included checking original drill hole data, information available on sampling and parameters used and modelling the potash horizons (also described in JORC Table 1).

Exploration Target

An outcome of the evaluation of the historic data is that ERCOSPLAN has estimated an Exploration Target for the Keula sub-area as set out in Table 6. The potential quantity and grade of the Exploration Target is conceptual in nature. There has been insufficient exploration to estimate a mineral resource and it is uncertain whether further exploration will result in the estimation of a mineral resource.

The Exploration Target is estimated for the potash horizon across the Keula sub-area above a cut-off grade of 5% K_2O. The potash bearing horizon was lithologically subdivided in an upper hartsalz layer, an underlying Carnallitite layer and a lower hartsalz layer in the footwall. All three layers were modelled individually. Based on the experience gained from adjacent mines, a factor of up to 20% for barren zones is assumed.

	Volume (million m^3)	**Tonnage of mineralised rock (Million tonnes)**		**K_2O Grade (%)**		**Tonnage of K_2O (Million tonnes)**	
		Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
Upper Hartsalz	67	118	149	9.9	16.4	12	24
Carnallitite	99	144	180	7.7	11.0	11	20
Lower Hartsalz	7	12	15	8.7	16.6	1	2
Total	173	274	344	8.7	13.6	24	46

Table 6 Exploration Target for Keula sub-area

Based on the mean K_2O grade of 13.14% K_2O for the upper hartsalz layer, an average tonnage of K_2O between 16 and 20 million metric tonnes of K_2O is estimated for this layer, which is higher than the historic resource estimation.

Davenport now holds exploration licences and perpetual mining licences covering well in excess of 650km^2 in the South Harz Potash District. In addition to the Küllstedt and Gräfentonna exploration licences, the three mining licences – Mühlhausen-Nohra, Ebeleben and Ohmgebirge (Figure 1) – are unique and valuable, being perpetual mining licences granted under the former GDR system.

The report on the Keula sub-area of the Mühlhausen-Nohra Mining Licence prepared by ERCOSPLAN can be read on Davenport's website: https://davenportresources.com.au/technical-reports/.

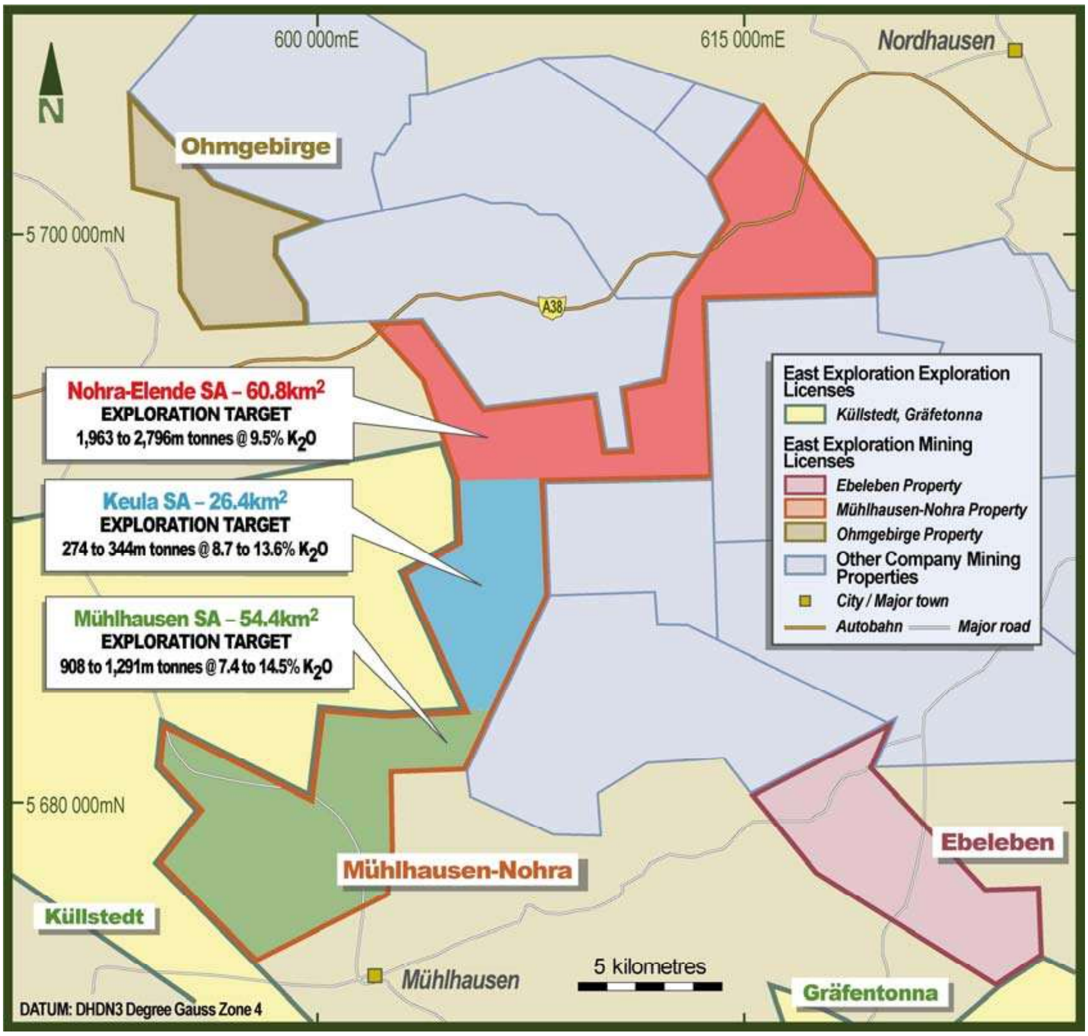

Figure 4 Exploration Target Numbers within the Mühlhausen-Nohra Mining Licence

Previous review work carried out on the Mühlhausen sub-area (ASX:DAV release on 16th Nov 2017) announced an Exploration Target for the Mühlhausen sub-area of between 908 and 1,291 million tonnes grading 7.4% to 14.5% K_2O. Together with the Keula and Nohra-Elende sub areas (Figure 4) this brings the total Exploration Target lying within the Mühlhausen-Nohra Mining License to between **3,145 and 4,431 million tonnes containing between 286 and 510 million tonnes of K_2O** (Table 7)**.**

Mühlhausen-Nohra Mining License (sub-areas) Exploration Targets according to recent ERCOSPLAN Reports						
Mühlhausen SA	Target Tonnage		Target Grade		Contained K_2O	
	Lower MMT	Upper MMT	Lower % K_2O	Upper % K_2O	Lower MMT	Upper MMT
Upper Sylvinite	401	583	10.2	18.4	41	107
Carnallitite	297	432	5.4	10.8	16	47
Lower Sylvinite	210	276	4.8	12.1	10	33
Sub-total	**908**	**1291**	**7.4**	**14.5**	**67**	**187**
Keula SA	Target Tonnage		Target Grade		Contained K_2O	
	Lower MMT	Upper MMT	Lower % K_2O	Upper % K_2O	Lower MMT	Upper MMT
Upper Sylvinite	118	149	9.9	16.4	12	24
Carnallitite	144	180	7.7	11.0	11	20
Lower Sylvinite	12	15	8.8	16.6	1	2
Sub-total	**274**	**344**	**8.7**	**13.6**	**24**	**46**
Nohra-Elende	Target Tonnage		Target Grade		Contained K_2O	
	Lower MMT	Upper MMT	Mean % K_2O		Lower MMT	Upper MMT
Upper Sylvinite	123	169	17.1		21	29
Carnallitite	1,830	2,612	9.5		173	247
Lower Sylvinite	10	15	9.8		1	1
Sub-total	**1,963**	**2,796**	**9.9**		**195**	**277**
TOTALS	Tonnage Lower MMT	Tonnage Upper MMT			Contained K_2O Lower MMT	Contained K_2O Upper MMT
Mühlhausen-Nohra	3,145	4,431			286	510
Grand Total	**3,145**	**4,431**			**286**	**510**

Table 7 Exploration Target Summary for Mühlhausen-Nohra Mining License

Planned Exploration

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

Once all data has been evaluated, Davenport intends to select priority areas with historic resources for additional evaluation and potential drill testing. Areas will be prioritised based on the quality of historic results and also on available access and approval requirements for new drilling. Not all areas will be subject to further evaluation.

If the Keula sub-area is considered a priority area, upgrading the Keula sub-area historic resource to JORC 2012 standard may require confirmatory drilling by twinning one or two of the eight historic drill holes drilled for potash within the resource area or a nearby hole, within Küllstedt Exploration License that was used as part of the historic resource evaluation. Similarly, if the Nohra-Elende sub-area is considered a priority area, upgrading the Nohra-Elende sub-area historic resource to JORC 2012 standard may also require confirmatory drilling by twinning one or two of the historic potash drill holes. Prior to acquisition of the Mühlhausen-Nohra Mining Licence from BVVG, Davenport had been planning to drill one hole in the Küllstedt exploration licence relatively close to the Keula sub area- Küllstedt boundary. This location will be reviewed once all new information is taken into consideration, and discussions with Davenport's consultants are finalised.

Confirmation drilling will allow collection of core material from the potash-bearing horizon for detailed description, chemical and mineralogical analyses. All confirmatory drill holes will need to be logged geophysically to cross-check against the historical data and to correlate the results with the chemical analyses. Upon successful confirmation drilling of the historic drillhole(s), Davenport's consultant, ERCOSPLAN, will consider whether there is sufficient information to potentially extend the area of confidence to other nearby drillholes, or to drillholes from the same historic drilling campaign. Subsequently this would allow adjacent holes and other holes from the historic drilling campaigns to define a JORC compliant Resource.

Planning, permitting, drilling and compilation of a new Resource Estimate will take approximately 12-18 months to complete. The cost of drilling varies depending on the depth to the potash horizon. Drilling costs are also influenced by conditions that may be mandated by the State mining regulator regarding establishment and access to drill sites. Davenport intends to initiate the approval process once sites are selected using existing working capital and will require new equity capital to fully fund a comprehensive drilling program.

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ASX Announcement

10th April 2018

Competent Person Statement

The information in this report that relates to Exploration Targets, is based on information compiled by Andreas Jockel, a Competent Person who is a Member of a 'Recognised Professional Organisation' (RPO), the European Federation of Geologists, and a registered "European Geologist" (Registration Number 1018). Andreas Jockel is a full-time employee of ERCOSPLAN Ingenieurgesellschaft Geotechnik und Bergbau mbH (ERCOSPLAN). Andreas Jockel has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Andreas Jockel consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

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JORC Code, 2012 Edition – Table 1

Mühlhausen–Nohra Mining Licence area, Nohra-Elende sub-area

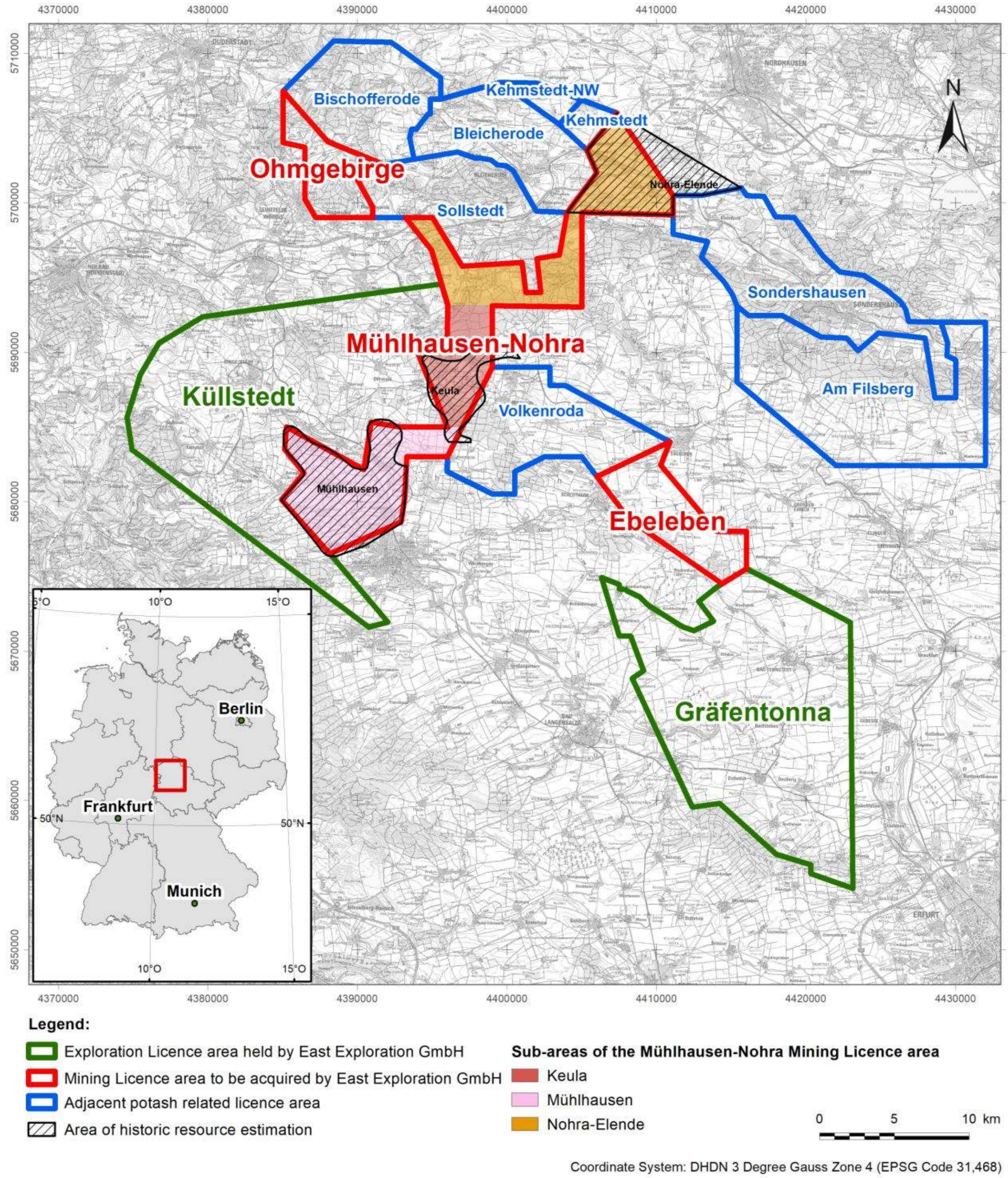

Figure 1 Potash related licence areas adjacent to the Mühlhausen-Nohra Mining Licence area

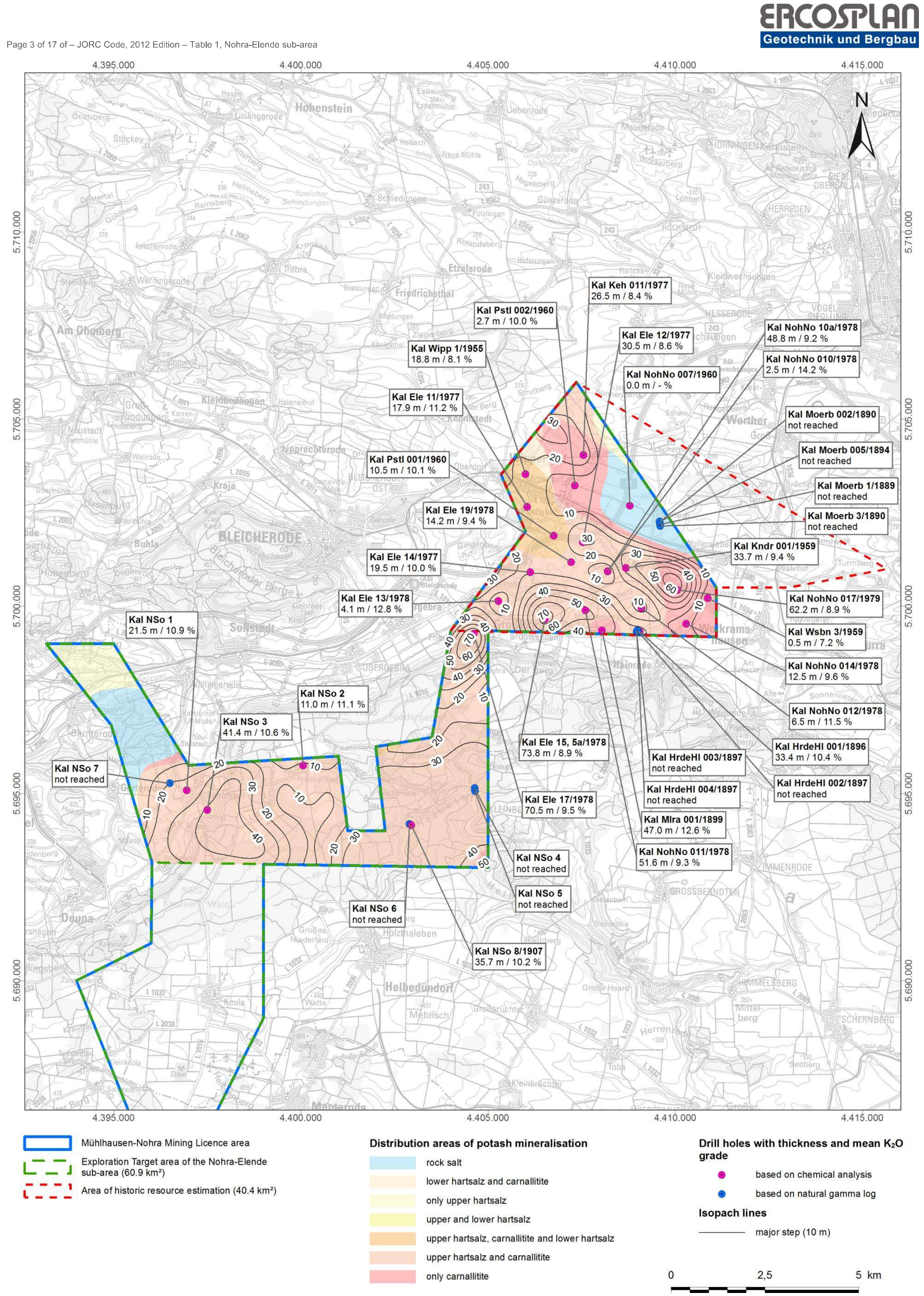

Figure 2 Isopach map and distribution of the potash mineralisation in the Nohra-Elende sub-area of the Mühlhausen-Nohra Mining Licence area

Section 1 Sampling Techniques and Data

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

Criteria	Commentary
Sampling techniques	Currently, only historical exploration data is available. Within the Nohra-Elende sub-area of the Mühlhausen-Nohra Mining Licence (cf. Figure 1) 37 potash exploration drill holes and no hydrocarbon exploration drill holes were drilled between 1890 and 1984. Sample intervals of the drill cores were defined based on petrographical changes as well as stratigraphical elements, sample lengths vary from 0.06 – 19.50 m. Axial drilling with spiral drill was conducted to obtain pulverized material for chemical and mineralogical analysis. Potassium was determined by flame-photometric analysis. No information is available for any drill hole about sample packing and sample transport to the laboratory for analysis.
Drilling techniques	The potash exploration drill holes were drilled by a Type T 50-A, Type T 50-B and a Type T 50 drilling rig. According to the available information, drilling started from the surface with tricone bits through the overburden and upper part of the Zechstein section into the transition zone of the lithostratigraphic units Leine-Anhydrit to Grauer Salzton and subsequently cored to final depth of the drill hole. The diameter of obtained drill cores were mainly 188.4 mm. Clay-/Bentonite mud or clear water was used as drilling fluid for the overburden section. Within the salt sections $MgCl_2$-brine was used, which was concentrated (> 350 g/l $MgCl_2$) before reaching the potash bearing horizon. Usually two casings were set in the overburden. The first below the lithostratigraphic unit Mittlerer Muschelkalk and the second below the Oberer Buntsandstein. The last casing was secured by a blowout preventer as gas hazard was expected. The abandoned drill holes were filled by cement.
Drill sample recovery	Based on geophysical logging results drilling/core depths were corrected as well as depth intervals of core loss determined. According to available information core recovery within the potash bearing horizon varied between 51.96 % and 100 %. The total core recovery within the potash bearing horizon was about 94 %.
Logging	Lithological logs are available for 26 drill holes; for 22 drill holes detailed logs, where a detailed lithological description as well as high-resolution stratigraphy of the potash bearing horizon and its adjacent units is provided, exist. For the remaining potash targeting drill holes general logs are available. The geophysical well logging data is only available as scanned graphs and nothing is known about the data processing. It has been documented that interpretations and correlations were additionally cross-checked by geologists comparing the logging results with

Criteria	Commentary
	results from other drill holes. Geophysical well logs are available for 15 drill holes covering the entire potash bearing horizon. They comprise mainly of calliper, natural gamma, temperature. Logging speed is stated as to be 3.0 m/min.
Sub-sampling techniques and sample preparation	Sub-sampling was conducted by axially drilling of the drill cores by a spiral drill. The gathered cuttings were homogenised, quartered and if applicable further reduced in sample size and subsequently chemically and partly mineralogically analysed according to standard procedures developed by the state authority of the former German Democratic Republic (GDR).
Quality of assay data and laboratory tests	The procedures conducted followed strict rules on execution, checking and evaluation of assay data. Quality control was ensured by independent state institutions. The quality of the analyses is considered to be satisfactory.
Verification of sampling and assaying	Cross-check analyses were conducted by independent laboratories to verify the assay results. About 17 % of the chemically analysed samples were checked by internal and external cross check analysis. In result, only minor differences occurred and chemical assay data was considered to be correct. Additionally, the drill holes were geophysically logged and the results independently interpreted regarding lithology and K_2O grade, which generally match with the results of chemical assays. No core or sample material is preserved.
Location of data points	Coordinates of drill holes were obtained from available historical documents and partly from state authorities. Historical drill hole locations were determined by survey and are given with centimetre to decimetre accuracy. General deviation data of the borehole tracks are available, given as total lateral deviation at final depth. The measured borehole deviation ranges from 1.00 m (inclination: 0.1°) to 26.69 m (inclination: 2.3°). Coordinate system is DHDN 3 Degree Gauss Krueger Zone 4 (EPSG-Code 31,468).
Data spacing and distribution	The drill holes used as data points for modelling are regularly distributed over the Nohra-Elende sub-area with higher drill hole density in the NE. Drill hole spacing ranges from < 0.1 km to 4.0 km.
Orientation of data in relation to geological structure	All drill holes are close to vertical. The bedding of the potash bearing horizon is in general more or less horizontal. The orientation of sampling in relation to geological structure is considered to be insignificant.
Sample security	No information is available about the sample storage until shipment to the laboratories in charge. Furthermore, no information is available, if special procedures were executed to preserve sample material.
Audits or reviews	ERCOSPLAN could not review analytical results, since no sample

Criteria	Commentary
	and core material is available from the historical exploration campaigns. However, the editors of the historical reports and the results they present therein are considered to be reliable. The reported comprehensive verification measures support that opinion. Therefore, the available data is acceptable for the present project status and the initial estimation of Exploration Targets.

Section 2 Reporting of Exploration Results

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

Criteria	Commentary
Mineral tenement and land tenure status	East Exploration GmbH (EAST EXPLORATION), a subsidiary of Davenport Resources Limited, is progressing with the acquisition of the three Mining Licences Mühlhausen-Nohra, Ebeleben and Ohmgebirge from the Bodenverwertungs- und -verwaltungs GmbH (BVVG) based on a contract dated 15 August 2017. The Mühlhausen-Nohra Mining Licence is located adjacent to EAST EXPLORATIONs Exploration Licences Gräfentonna and Küllstedt in the Federal State of Thuringia, Federal Republic of Germany, about 30 km northwest of the state capital, Erfurt (cf. Figure 1). The Mining Licence grants the mining of potash salts including occurring brine within the deposit. Based on three historical resource reports the Mühlhausen-Nohra Mining Licence area can be separated in the sub-areas Mühlhausen, Keula and Nohra-Elende more or less similar to the extent of the historical resource areas. The Nohra-Elende sub-area covers a total area of 60.85 km².
Exploration done by other parties	The first evidence of potash salts in the Nohra-Elende sub-area was provided by the drill hole *Kal Mörbach 5/1894* in 1894. However, comprehensive potash exploration only started in 1959 with the aim to increase the resource base for the perspective development of the potash industry of the former GDR. Taking into account the historical drill holes of the late 19th century a total of 37 potash exploration drill holes were drilled. In the 20th century two exploration stages can be distinguished. The first exploration stage on potash was conducted in 1959 and 1960. The second exploration stage was conducted between 1977 and 1979. Additionally, 2D seismic surveys were untertaken.
Geology	The Nohra-Elende sub-area is located at the S border of the South Harz Potash District, which covers the central and NW part of the Thuringian Basin. The South Harz Potash District reflects the extent of the potash deposit. Potash mineralisation occurs in the South Harz Potash District within the evaporite rocks of the Upper Permian succession, which are assigned to the Zechstein Group. The Zechstein Group is developed with seven cycles, where the second cycle (Staßfurt Formation) hosts the potash mineralisation. In the South Harz Potash District commercially mineable concentration of potassium salts occur normally within the lithostratigraphic unit Kaliflöz Staßfurt. However, the potash mineralisation has its onset already in the upper part of the evaporites of the lithostratigraphic unit Staßfurt-Steinsalz. The potash deposit is tectonically divided into three tectonic main levels consisting of the basement, the saliferous strata and the overburden. The tectonic influence on the potash deposit resulted in folding and faulting of the saliferous strata to various degrees. The bedding shows in general wide alternating syn- and anticlines with faults and folds as well as local thinning and thickening of the potash bearing horizon.

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Criteria	Commentary
	The historical drilling results show that the potash bearing horizon is distributed across the entire Nohra-Elende sub-area. The thickness is ranging between 0 m and 73.8 m. The top of the lithostratigraphic unit Kaliflöz Staßfurt (z2KSt) varies between -181.92 m above sea level (m asl) and -464.40 m asl with increasing depth generally from NW to SE. The thickness and mean K_2O grade of the occurring potash mineralisation are summarised in Figure 2. Main minerals of the potash deposit are Halite, Carnallite, Sylvite, and Anhydrite with additional amounts of Polyhalite and accompanying clay minerals. Based on the historical data within the Nohra-Elende sub-area the potash-bearing horizon consits predominantly of carnallitite and/or hartsalz rock. Hartsalz is in Germany a common miner's term for potash bearing evaporite rocks, which show high hardness while drilling due to the admixtures of sulphate minerals. Sylvite (KCl) is commonly the main potassium bearing mineral but can be replaced by potash bearing sulphate minerals. Normally, the hartsalz occurs at the top and/or base of the carnallitite, if both rock types are present. The hartsalz above the carnallitite (upper hartsalz) and the carnallitite are distributed almost over the entire Nohra-Elende sub-area. The hartsalz below the carnallitite (lower hartsalz) occurs more irregular with local absence (cf. Figure 2). Subrosion of the evaporite rocks of the Zechstein Group within the Nohra-Elende sub-area is not known. The saliferous strata of the upper Zechstein cycles in the hanging wall of the potash horizon as well as the clayey-silty strata of the Buntsandstein in the overburden serve as a effective hydrogeological barrier. Hydrocarbon bearing dolomites exist below the potash bearing horizon of the lithostratigraphic unit Kaliflöz Staßfurt. A potential hazard of hydrocarbon outbursts or brine intrusions from the footwall is present where the underlying rock salt, serving as a barrier horizon against these dolomites, is too thin.
Drill hole information	No drill holes were drilled recently in the licence area. In total 37 historical drill holes exist. All of the historical drill holes used for modelling intersected the entire thickness of the potash bearing horizon.

Drill Hole Short Name	Easting [m]	Northing [m]	Elevation [m asl]	Final Depth [m]	Dip/Azimut [°]	Depth Potash Intersection [m]
Kal Ele 11/1977	4,406,044.10	5,702,661.30	216.40	496.54	0.1 / 0.0	446.87 - 471.82
Kal Ele 12/1977	4,407,533.80	5,701,710.00	214.20	588.24	0 / 1.8	396.12 - 405.45 535.55 - 566.77
Kal Ele 13/1978	4,405,273.90	5,700,139.60	289.40	745.63	0.6 / 315	716.87 - 725.74
Kal Ele 14/1977	4,406,124.90	5,700,912.20	246.80	664.55	0.4 / 0.0	619.25 - 640.62
Kal Ele 15, 5a/1978	4,406,517.40	5,699,658.80	302.10	766.73	1.2 / 17.1	751.36 - 766.73
Kal Ele 17/1978	4,404,620.00	5,699,265.00	313.30	785.09	0.5 / 337.5	770.79 - 785.09
Kal Ele 19/1978	4,407,215.00	5,701,180.00	258.30	664.92	2.3 / 7.2	481.45 - 505.80 624.95 - 641.48

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Criteria	Commentary					
Kal Mlra 001/1899	4,408,040.00	5,699,360.00	256.64	680.00	n/a	619.25 - 666.30
Kal HrdeHl 001/1896	4,409,050.00	5,699,330.00	240.00	797.50	n/a	621.00 - 654.35
Kal HrdeHl 002/1897	4,409,010.00	5,699,330.00	240.00	462.52	n/a	
Kal HrdeHl 003/1897	4,408,970.00	5,699,320.00	240.00	463.36	n/a	
Kal HrdeHl 004/1897	4,408,980.00	5,699,360.00	240.00	462.31	n/a	
Kal Keh 011/1977	4,407,544.30	5,704,042.80	287.40	535.37	1.2 / 65.7	480.65 - 507.15
Kal Kndr 001/1959	4,408,678.94	5,701,024.42	215.78	591.80	2.0 / 26	515.22 - 550.20
Kal Moerb 1/1889	4,409,600.00	5,702,200.00	230.00	316.05	n/a	
Kal Moerb 002/1890	4,409,580.00	5,702,250.00	218.00	310.50	n/a	
Kal Moerb 3/1890	4,409,600.00	5,702,150.00	218.00	316.74	n/a	
Kal Moerb 005/1894	4,409,580.00	5,702,270.00	218.00	617.26	n/a	
Kal NohNo 007/1960	4,408,789.03	5,702,687.93	240.73	586.00	1.6 / 338	459.42 - 475.10
Kal NSo 1	4,396,950.00	5,695,080.00	328.40	686.70	n/a	643.10 - 664.60
Kal NSo 2	4,400,064.80	5,695,744.60	428.00	850.00	n/a	819.00 - 830.00
Kal NSo 3	4,397,500.00	5,694,560.00	366.80	742.82	n/a	660.33 - 701.23
Kal NSo 4	4,404,640.00	5,695,140.00	335.00	684.75	n/a	
Kal NSo 5	4,404,650.00	5,695,060.00	335.00	685.00	n/a	
Kal NSo 6	4,402,900.00	5,694,180.00	350.00	661.90	n/a	
Kal NSo 7	4,396,500.00	5,695,270.00	328.10	460.14	n/a	
Kal NSo 8/1907	4,402,950.00	5,694,150.00	350.00	856.60	n/a	814.98 - 850.70
Kal NohNo 010/1978	4,408,192.90	5,700,935.90	246.40	651.85	1.6 / 29.7	507.40 - 556.25 625.35 - 629.12
Kal NohNo 10a/1978	4,408,192.90	5,700,935.90	246.40	559.40	1.2 / 28.8	507.40 - 556.25
Kal NohNo 011/1978	4,407,599.00	5,699,888.10	242.30	815.59	0.6 / 6.3	641.23 - 695.97
Kal NohNo 012/1978	4,409,098.70	5,699,949.20	249.00	744.75	0.4 / 308.7	712.63 - 719.10
Kal NohNo 014/1978	4,410,287.70	5,699,533.60	236.20	661.95	1.3 / 45	582.96 - 606.80 613.37 - 615.13 619.99 - 634.24
Kal NohNo 017/1979	4,410,050.00	5,700,440.00	213.00	679.90	1.4 / 343.8	590.75 - 654.53
Kal Pstl 001/1960	4,406,755.41	5,701,885.90	216.76	581.30	n/a	568.5 - 579.00
Kal Pstl 002/1960	4,407,317.40	5,703,227.60	241.00	616.00	1.5 / 313.2	491.30 - 494.90 526.45 - 543.10
Kal Wipp 1/1955	4,405,997.60	5,703,533.70	223.70	574.40	n/a	479.15 - 500.70
Kal Wsbn 3/1959	4,410,869.96	5,700,220.65	214.67	493.80	1.3 / 331	401.20 - 415.20 469.88 - 470.45

Criteria	Commentary
Data aggregation methods	A minimum cut-off grade of 5 % K_2O has been used for delineation of upper and lower boundary of potash mineralisation interval. The average K_2O content per drill hole was calculated by sample length weighted average. Single low grade samples with < 5 % K_2O within the potash mineralisation interval have been incorporated.
Relationship between mineral-isation widths and intercept lengths	All drill holes are close to vertical. The bedding of the potash bearing horizon is in general more or less horizontal. The difference between down hole length to true thickness of the potash bearing horizon is considered to be insignificant for the Exploration Target estimation.
Diagrams	Refer to Figure 1 and Figure 2
Balanced reporting	The documented thicknesses based on available information from drill holes range from approx. 0.15 m to 7.45 m with an average of about 1.54 m for the upper hartsalz layer, from approx. 0.54 m to 73.09 m with an average of about 24.76 m for the carnallitite layer, and from approx. 0.35 m to 3.55 m with an average of about 1.76 m for the lower hartsalz layer. Highest K_2O content in a single sample reaches 29.0 % (0.66 m sample interval). The average K_2O grade per drill hole varies between 9.2 % K_2O and 29.0 % K_2O for the upper hartsalz layer with an average of about 17.14 % K_2O, between 7.2 % K_2O and 12.63 % K_2O for the carnallitite layer with an average of about 9.45 % K_2O, and between 7.6 % K_2O and 11.0 % K_2O for the lower hartsalz layer with an average of about 9.81 % K_2O.
Other substantive exploration data	Partly thin sections of the potash bearing horizon were prepared by dry preparation method. Regular bromium analyses in metre intervals have been conducted to support stratigraphical classification and the genetic evaluation of the onset of potash mineralisation. Additionally, sub-samples of drill cores were obtained for gas-, iron- and clay mineralogical analyses. The rest of the core material of the potash bearing horizon was used for processing test work. Core samples for geotechnical investigations were not taken from drill holes in the Nohra-Elende sub-area but from drill holes adjacent to the Nora-Elende sub-area (*Kal NohNo 15/1978, Kal Ele 16a/1978*). The results were transferred to the Nohra-Elende sub-area as conclusion by analogy. Moreover, 2D seismic surveys have been conducted. The data or results are not available to the authors of this memorandum but are incorporated in the isobath maps of the historical reports.
Further work	The data from the historical drill holes located within the Nohra-Elende sub-area should be checked via confirmation drilling. This will allow collection of core material from the potash bearing horizon for the purpose of detailed description and chemical and mineralogical analyses. All confirmation drill holes will need to be logged geophysically to cross-check against the historical data and to correlate the results with the chemical analyses, in addition to obtain independent and additional data from the new drill holes for assay and drill record confirmation.

Section 3 Estimation and Reporting of Mineral Resources

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

Criteria	Commentary
Database integrity	Summarised lithological and geophysical drill hole data in the licence area have been processed using Paradigms SKUA-GOCAD (Version 17), Microsoft Excel (Version 2010), RockWare RockWorks (Version 17) and ESRI ArcGIS (Version 10.5). Digitised data was cross-checked by other team members responsible for the Report. The database was internally validated comparing the results of the different data types (e.g. lithological description, chemical assay data, geophysical drill hole logs) while database development.
Site visits	A site visit was carried out by ERCOSPLAN and EAST EXPLORATION on 06 June 2016. The objectives of the site visit were to obtain an overview about the site situation, an inspection of closed shafts and a general geological introduction.
Geological interpretation	Confidence on the geological interpretation of the potash deposit and its overburden is very high as exploration activities as well as mining activities since more than 100 years in different areas have extended the overall and detailed knowledge tremendously. The data used is historical. Assumptions made are based on methods, which were applied for resource and reserve estimations in former times. Factors affecting the potash deposit are small-scale tectonic structures and variations in mineralisation, which cannot be investigated in detail by exploration drilling or other surficial exploration methods. The existence of these small-scale variations is proven by mining activities conducted in the deposit.
Dimensions	The potash bearing horizon spreads across the entire Nohra-Elende sub-area over a distance of about 13 km in N-S direction and over a distance of about 18 km in E-W direction (cf. Figure 2). The top of the lithostratigraphic unit Kaliflöz Staßfurt varies from about 396 m below surface to 819 m below surface. Its base varies from about 405 m below surface and 850 m below surface.
Estimation and modelling techniques	For the estimation of the Exploration Target tonnages, the modelling results of the software Paradigm SKUA-GOCAD (Version 17) with implemented Discrete Smooth Interpolation (DSI) algorithm (Mallet, 1992[1]) and a gridding cell size of 50x50 m were used. The underlying grid covers the whole Nohra-Elende sub-area. The following procedures were carried out (Exploration Target is given as mineralisation in place): (1) The geometry of the whole three dimensional model is represented by the base surfaces of each modelled lithostratigraphic unit. (2) All drill holes within the modelling area were used to build

[1] Mallet, J.L. (1992): Discrete Smooth Interpolation.- Computer Aided Design Journal, 24(4): p. 263–270.

Criteria	Commentary
	up the stratigraphic model. Additionally the geological surface map 1:200.000 (BGR, 2007[2]) was included to specify the border between the lithostratigraphic units Muschelkalk and Buntsandstein. Their geometry was calculated by depth interpolation. (3) The base surface of the underlying Zechstein strata is modelled afterwards by thickness interpolation of each lithostratigraphic unit and cumulative addition of the thicknesses below the base surface of the lithostratigraphic unit Buntsandstein. (4) The tectonically caused duplication of the potash bearing horizon in the drill holes Kal Elende 12/1977, Kal Elende 19/1978, Kal Nohra 10/1978, Kal Nohra 14/1978, Kal Pustleben 2 (Nohra 6)/1960 and Kal Wollersleben 3/1959 (Nohra 2) were not incorporated into the model. For modelling and interpolation the sequence was simplified and reduced to one potash bearing horizon by choosing the uppermost potash layer, where grade and thickness of potash mineralisation was interpreted as representative for lateral interpolation. (5) The potash bearing horizon was lithologically subdivided in an upper hartsalz layer, a carnallitite layer, and a lower hartsalz layer, all modelled individually. The thickness and K_2O grade distribution of these horizons, was also interpolated using the DSI algorithm. (6) The volumes of the three layers were calculated by summarizing the single cell volumes, derived from the average thickness of each cell of the above mentioned grid with a cell area of 2,500 m^2. (7) The calculated volumes of the three layers were multiplied by a tonnage factor depending on the mineralisation (density). As the three potash bearing layers show varying mineral compositions, resulting in a density range, the mean value was calculated for the density separately for each layer. This amounts to a range of tonnage of mineralised rock for the three layers of the potash bearing horizon within the Exploration Target area. (8) Based on the experience gained from adjacent mines, a factor of up to 20 % for barren zones is assumed. Therefore, the minimum tonnage of mineralised rock for the three layers has to be multiplied additionally by 0.8. (9) The K_2O grade was calculated by the mean value of each drill hole for the three layers. For the upper hartsalz layer the average K_2O grade is 17.14 %, for the carnallitite layer the average K_2O grade is 9.45 % and for the lower hartsalz layer the average K_2O grade is 9.81 %. (10) The tonnage range of K_2O was obtained by multiplying the minimum/maximum tonnage of mineralised rock with the K_2O grades of the three corresponding layers.

[2] BGR (2007): Digitale Geologische Übersichtkarte der Bundesrepublik Deutschland.- Bundesanstalt für Geowissenschaften und Rohstoffe, Hannover

Criteria	Commentary
Moisture	Considered not relevant for determination of tonnage of potash salts.
Cut-off parameters	For lateral differentiation as well as for delineation of the upper and lower boundary of the potash bearing horizon against barren zones, a minimum cut-off grade of 5 % was applied. Single low grade interbeds with < 5 % K_2O within the potash bearing horizon have been incorporated.
Mining factors or assumptions	Neither assumptions for preliminary processing concepts nor mining factors have been considered during the current Exploration Target estimation.
Metallurgical factors or assumptions	Neither assumptions for preliminary mining concepts nor metallurgical factors have been considered during the current Exploration Target estimation.
Environmental factors or assumptions	No environmental factors, which would have been relevant to the current Exploration Target estimation, have currently been considered.
Bulk density	In each drill hole the density for each chemical sample was calculated based on the derived mineralogical composition. By thickness weighted averaging an average density for the upper hartsalz layer, the carnallitite layer and the lower hartsalz layer of the potash bearing horizon was calculated individually for each drill hole. The total average density of the Nohra-Elende sub-area per layer was determined by arithmetic mean of the average densities of the drill holes. The density of the upper hartsalz layer varies between 2.07 t/m^3 and 2.27 t/m^3, with a derived mean density of 2.19 t/m^3. The density of the carnallitite layer varies between 1.77 t/m^3 and 2.02 t/m^3; the derived mean density is 1.89 t/m^3. The density of the lower hartsalz layer varies between 2.13 t/m^3 and 2.46 t/m^3, with a derived mean density of 2.26 t/m^3.
Classification	The potash mineralisation present in the potash bearing horizon can be correlated between the historical drill holes. The thickness is relatively uneven with local highs and lows due to halotectonic and dissolution processes. For the Exploration Target estimation, the following values have been calculated: • The volume of the upper hartsalz layer amounts to 74 million m^3, for the carnallitite layer to 1,000 million m^3 and for the lower hartsalz to 6 million m^3, **in total 1,080 million m^3**. • The tonnage of mineralised rock ranges for the upper hartsalz layer between 123 million metric tonnes and 169 million metric tonnes, for the carnallitite layer between 1,830 million metric tonnes and 2,612 million metric tonnes, and for the lower hartsalz layer between 10 million metric tonnes and 15 million metric tonnes, **in total between 1,963 million metric tonnes and 2,796 million metric tonnes of mineralised rock**. • The average K_2O grade is **17.14 %** for the **upper hartsalz layer**, **9.45 %** for the **carnallitite layer** and **9.81 %** for the **lower hartsalz layer.** • The tonnage of K_2O ranges for the upper hartsalz layer be-

Criteria	Commentary
	tween 21 million metric tonnes and 29 million metric tonnes, for the carnallitite layer between 173 million metric tonnes and 247 million metric tonnes, and for the lower hartsalz layer about 1 million metric tonnes, **in total between 195 million metric tonnes and 277 million metric tonnes of K_2O**. No Mineral Resources have been defined at present.
Audits or reviews	**Exploration Data** The historic resource estimate of 1980 was reviewed in detail as the exploration data of this report was reprocessed and represents the base for the current Exploration Target estimation. Based on the information provided about quality control and verification of data, the historical exploration results and resource estimation are considered to be consistent and satisfactory. **Conditions** The so-called conditions correlate with cut-off criteria in order to estimate the crude salt, which summarises the minable parts of the in-situ mineralised rock. • Minimum content of the total resources of 5.10 % K_2O of crude salt • Minimum extraction height: 15 m • Commodity coefficient: 0.6 • maintaining a roof beam above the mining horizon of 30 m salt rocks, usually of the lithostratigraphic unit Leine-Formation, providing a hydrogeological barrier towards the overlying strata **Historic Resource Estimation** Balance resources for carnallitite have been estimated, assigned to a resource category C_2 according to the formerly applied resource estimation standard "3. Kali-Instruktion" of the former GDR. The historical resources are shown in the following table.

	Resource category	Tonnage of Mineralised Rock [Mio. t]	Tonnage of K_2O [Mio. t]	K_2O Grade [%]
Balance Resources Mining horizon	C_2	816.1	72.8	8.9
Non-balance Resources Roof beam	c_2	n. d.	n. d.	n. d.

The estimated historical resources according to the resource estimation standard of the former GDR cannot be directly converted to

Criteria	Commentary
	resource categories according to recent international standards due to significant differences. This includes, amongst others, the assignment of resource areas to resource categories or incorporation of mining or metallurgical factors in resource estimation. Therefore, an Exploration Target estimation according to international standards has been prepared based on the historical exploration data. **Comparision to the recent Exploration Target Estimation** The area of both estimations (historical and recent) differs from one another in size and spatial extension (cf. Figure 2). Whereas the area of the historical resource (40.42 km^2) is focused on the area around Nohra, the area of the recent Exploration Target estimation (60.85 km^2) is further extended to the W. The historical resource area overlaps 26.50 km^2 of the Nohra-Elende sub-area, notably in the northeastern of the area. The historical resource estimation focused the carnallitite layer. Additionally, the mineable cut-off parameters (e.g. roof beam) were applied in the historical resource estimation. Therefore, a much smaller tonnage for carnallitite was estimated.
Discussion of relative accuracy/confidence	Will be applied at a later project stage.

Section 4 Estimation and Reporting of Ore Reserves

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

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

Section 5 Estimation and Reporting of Diamonds and Other Gemstones

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

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

JORC Code, 2012 Edition – Table 1

Mühlhausen–Nohra Mining Licence area, Keula sub-area

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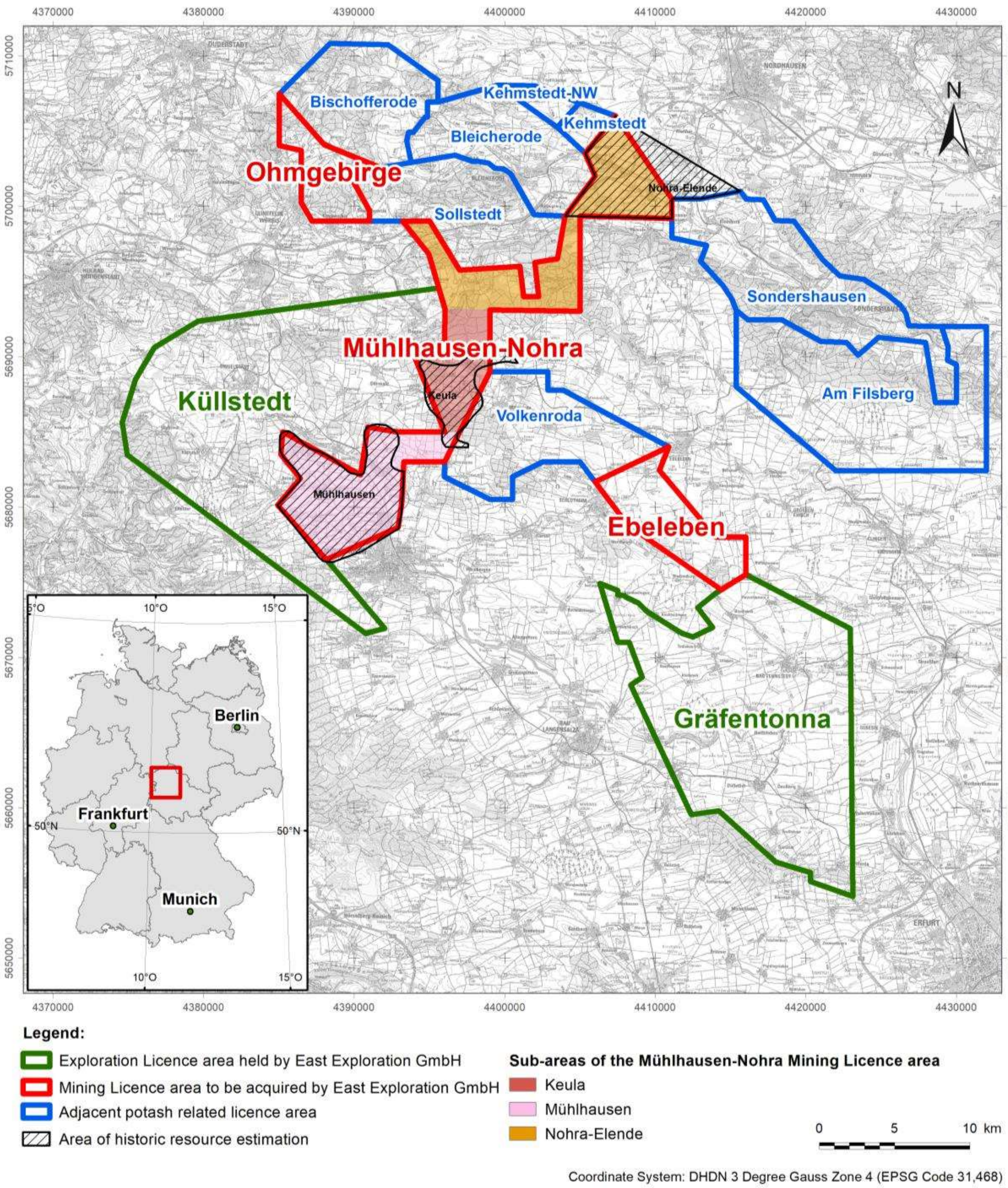

Figure 1 Potash related licence areas adjacent to the Mühlhausen-Nohra Mining Licence area

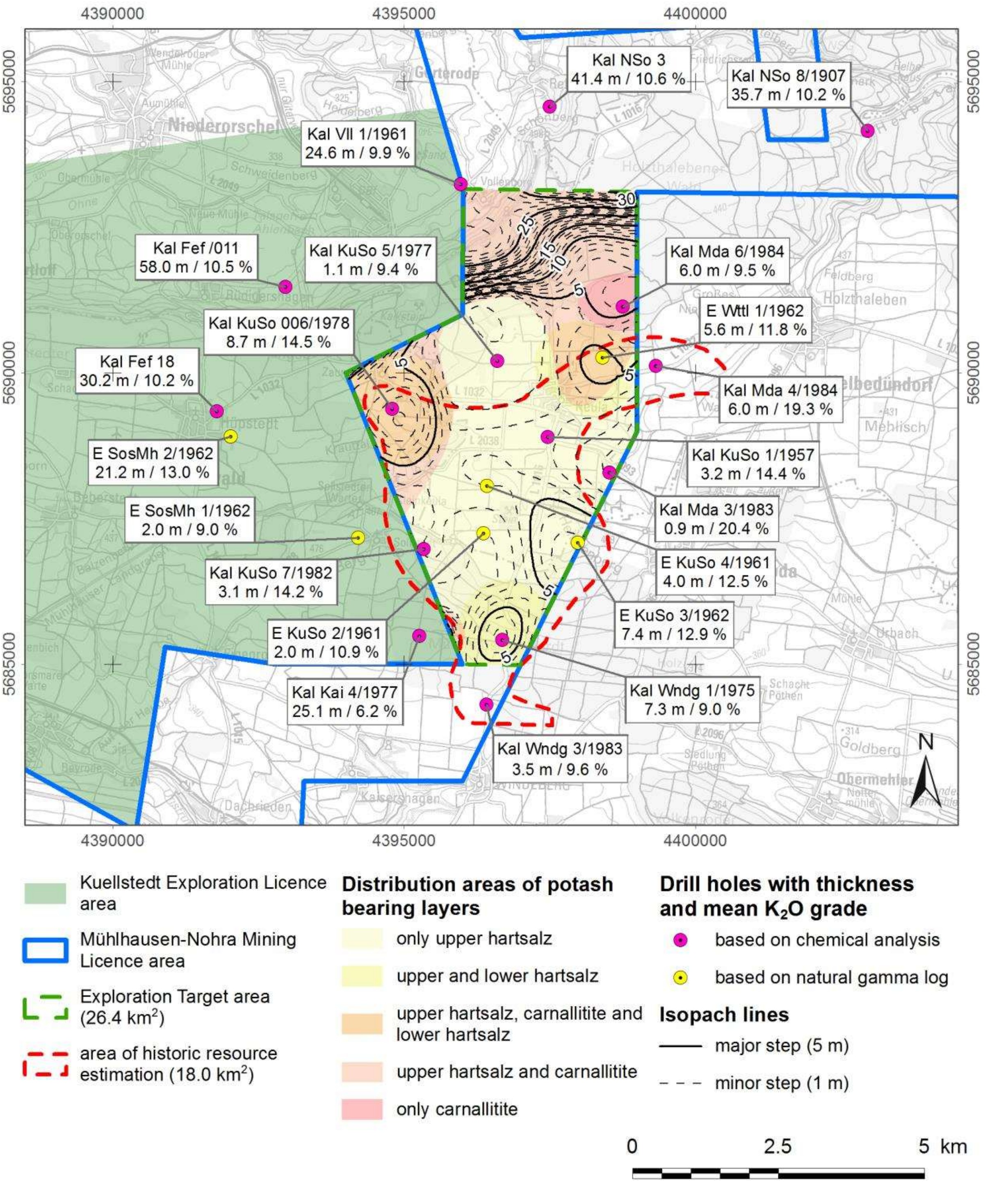

Figure 2 Isopach map and distribution of the potash bearing layers in the Keula sub-area of the Mühlhausen-Nohra Mining Licence area

Section 1 Sampling Techniques and Data

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

Criteria	Commentary
Sampling techniques	Currently, only historical exploration data are available. Within the Keula sub-area of the Mühlhausen-Nohra Mining Licence area (cf. Figure 1) eight potash exploration drill holes and four hydrocarbon exploration drill holes were drilled between 1957 and 1984. Drill cores were obtained only in the potash exploration drill holes. Sample intervals of the drill cores were defined based on petrographical changes as well as stratigraphical elements, sample lengths range from 0.06 m – 6.17 m. Axial drilling with spiral drill was conducted to obtain pulverized material for chemical and mineralogical analysis. Potassium was determined by flame-photometric analysis. Regarding all drill holes there is no knowledge about sample packing and sample transport to the laboratory for analysis. The four hydrocarbon exploration drill holes were destructively drilled in the potash bearing horizon without samples been taken. For these drill holes the estimated K_2O grade as well as stratigraphical and lithological interpretation bases on geophysical well logging.
Drilling techniques	The potash exploration drill holes were drilled by a Type Sif 1200 and a T 50-A drilling rig. According to the available information, drilling started from the surface with tricone bits through the overburden and upper part of the Zechstein section into the transition zone of the lithostratigraphic units Leine-Anhydrit to Grauer Salzton and subsequently cored to final depth of the drill hole. The diameter of obtained drill cores were mainly between 85 mm and 108 mm. Clay-/Bentonite mud or clear water was used as drilling fluid for the overburden section. Within the salt sections MgCl brine was used, which was concentrated (> 350 g/l $MgCl_2$) before reaching the potash bearing horizon. Usually two casings were set in the overburden. The first below the lithostratigraphic unit Mittlerer Muschelkalk and the second below the Oberer Buntsandstein. The last casing was secured by a blowout preventer as gas hazard was expected. The abandoned drill holes were filled by cement, partly with clay seals and in the overburden partly by fly ash. No information is available about the drilling technique of the hydrocarbon exploration drill holes.
Drill sample recovery	Based on geophysical logging results drilling/core depths were corrected as well as depth intervals of core loss determined. According to available information core recovery within the potash bearing horizon varied between 96 % and 100 %. The total core recovery within the potash bearing horizon was about 99 %.

Criteria	Commentary
Logging	Lithological logs are available for one drill hole as detailed log, where a detailed lithological description as well as high-resolution stratigraphy of the potash bearing horizon and its adjacent units is provided. For the remaining potash targeting drill holes only summary logs are available. The geophysical well logging data is only available as scanned graphs and nothing is known about the data processing. It has been documented that interpretations and correlations were additionally cross-checked by geologists comparing the logging results with results from other drill holes. Geophysical well logs are available for seven drill holes covering the entire potash bearing horizon. They comprise mainly of calliper, temperature and natural gamma measurements. Additionally, for one drill hole gamma-gamma, for four drill holes neutron-gamma and for two drill holes resistivity logs are available. Logging speed is stated between 2.5 m/min and 6 m/min.
Sub-sampling techniques and sample preparation	Sub-sampling was conducted by axially drilling of the drill cores by a spiral drill. The gathered cuttings were homogenised, quartered and if applicable further reduced in sample size and subsequently chemically and partly mineralogically analysed according to standard procedures developed by the state authority of the former German Democratic Republic (GDR).
Quality of assay data and laboratory tests	The procedures conducted followed strict rules on execution, checking and evaluation of assay data. Quality control was ensured by independent state institutions. The quality of the analyses is considered to be satisfactory.
Verification of sampling and assaying	Cross-check analyses were conducted by independent laboratories to verify the assay results. About 22 % of the samples chemically analysed were checked by internal and external cross check analysis. In result, only minor differences occurred and chemical assay data deemed to be correct. Additionally, every drill hole was geophysically logged and the results independently interpreted regarding lithology and K_2O grade, which generally match with the results of chemical assays. For the four non-cored hydrocarbon exploration drill holes only geophysical well logging data is available. The K_2O grade was derived from natural gamma ray. Lithology was interpreted on the base of all available measurements. Results were verified by comparison to adjacent drill holes. No core or sample material is preserved.
Location of data points	Coordinates of drill holes were obtained from available historical documents and partly from state authorities. Historical drill hole locations were determined by survey and are given with centimetre to decimetre accuracy. Except the four hydrocarbon exploration drill holes and one potash exploration drill hole, general deviation data of the borehole track is available, given as total lateral deviation at final depth. The measured borehole deviation ranges from 6.85 m (inclination: 0.5°) to 31.1 m (inclination: 1.9°).

Criteria	Commentary
	Coordinate system is DHDN 3 Degree Gauss Krueger Zone 4 (EPSG-Code 31,468).
Data spacing and distribution	The drill holes used as data points for modelling are regularly distributed over the Keula sub-area with higher drill hole density in the S. Drill hole spacing ranges from 0.8 km to 2.3 km with an average of about 1.5 km.
Orientation of data in relation to geological structure	All drill holes are close to vertical. The bedding of the potash bearing horizon is in general more or less horizontally. The orientation of sampling in relation to geological structure is deemed to be insignificant.
Sample security	No information is available about the sample storage until shipment to the laboratories in charge. Furthermore, no information is available, if special procedures were executed to preserve sample material.
Audits or reviews	ERCOSPLAN could not review analytical results, since no sample and core material are available from the historical exploration campaigns. However, the editors of the historical reports and the results they present therein are considered to be reliable. The reported comprehensive verification measures support that opinion. Therefore, the available data is acceptable for the present project status and the initial estimation of Exploration Targets.

Section 2 Reporting of Exploration Results

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

Criteria	Commentary
Mineral tenement and land tenure status	East Exploration GmbH (EAST EXPLORATION), a subsidiary of Davenport Resources Limited, is progressing with the acquisition of the three Mining Licences Mühlhausen-Nohra, Ebeleben and Ohmgebirge from the Bodenverwertungs- und -verwaltungs GmbH (BVVG) based on a contract dated 15 August 2017. The Mühlhausen-Nohra Mining Licence is located adjacent to EAST EXPLORATIONs Exploration Licences Gräfentonna and Küllstedt in the Federal State of Thuringia, Federal Republic of Germany, about 30 km northwest of the state capital, Erfurt (cf. Figure 1). The Mining Licence grants the mining of potash salts including occurring brine within the deposit. Based on three historical resource reports the Mühlhausen-Nohra Mining Licence area can be separated in the sub-areas Mühlhausen, Keula and Nohra-Elende more or less similar to the extent of the historical resource areas. The Keula sub-area covers a total area of 26.4 km².
Exploration done by other parties	The first evidence of potash salts in the Keula sub-area was provided by the drill hole *Kal Keula 1/1957* in 1957. However, comprehensive potash exploration only started in 1961 with the aim to increase the resource base for the perspective development of the potash industry of the former GDR. In two stages a total of eight potash exploration drill holes were drilled. The first exploration stage on potash was conducted in 1961 and 1962, whereas no drill hole of that time is located within the Keula sub-area. The second exploration stage was conducted between 1963 and 1965. Additionally, 2D seismic surveys were untertaken. The third exploration stage was conducted between 1975 and 1978. Drill holes were sunken to explore the southern part of the sub-area. During the last phase between 1982 and 1984 three drill holes were sunk, to densify drill hole pattern in the area. Independently, four hydrocarbon exploration drill holes were sunk in the early 1960s.
Geology	The Keula sub-area is located at the S border of the South Harz Potash District, which covers the central and NW part of the Thuringian Basin. The South Harz Potash District reflects the extent of the potash deposit. Potash mineralisation occurs in the South Harz Potash District within the evaporite rocks of the Upper Permian succession, which are assigned to the Zechstein Group. The Zechstein Group is developed with seven cycles, where the second cycle (Staßfurt Formation) hosts the potash mineralisation. In the South Harz Potash District commercially mineable concentration of potassium salts occur normally within the lithostratigraphic unit Kaliflöz Staßfurt. However, the potash mineralisation has its onset already in the upper part of the evaporites of the lithostratigraphic unit Staßfurt-Steinsalz. The potash deposit is tectonically divided into three tectonic main levels consisting of the basement, the saliferous strata and the overburden. The tectonic influence on the potash deposit resulted in

Criteria	Commentary
	folding and faulting of the saliferous strata to various degrees. The bedding shows in general wide alternating syn- and anticlines with faults and folds as well as local thinning and thickening of the potash bearing horizon. However, in general a more even and less complex structure is present. The historical drilling results show that the potash bearing horizon is distributed across the entire Keula sub-area. The top varies between -315 m above sea level (m asl) and -523 m asl with increasing depth generally from NW to SE. The thickness is ranging between about 0.89 m and 8.69 m (cf. Figure 2). Main minerals of the potash deposit are halite, carnallite, sylvite, and anhydrite with additional amounts of polyhalite and accompanying clay minerals. Based on the historical data within the Keula sub-area the potash bearing horizon consits predominantly of carnallitite and/or hartsalz rock. Hartsalz is in Germany a common miner's term for potash bearing evaporite rocks, which show high hardness while drilling due to the admixtures of sulphate minerals. Sylvite (KCl) is commonly the main potassium bearing mineral but can be replaced by potash bearing sulphate minerals, e.g. glaserite ($K_3Na(SO_4)_2$). Normally, the hartsalz occurs at the top and/or base of the carnallitite, if both rock types are present. The hartsalz above the carnallitite (upper hartsalz), is distributed almost over the entire Keula sub-area, whereas the carnallitite mainly occurs in the N part of the Keula sub-area. The hartsalz below the carnallitite (lower hartsalz) occurs more irregular with local absence (cf. Figure 2). Subrosion of the evaporite rocks of the Zechstein Group within the Keula sub-area is not known. The saliferous strata of the upper Zechstein cycles in the hanging wall of the potash horizon as well as the clayey-silty strata of the Buntsandstein in the overburden serve as a effective hydrogeological barrier. Below the potash bearing horizon of the lithostratigraphic unit Kaliflöz Staßfurt hydrocarbon bearing dolomites exists. A potential hazard of hydrocarbon outbursts or brine intrusions from the footwall is present where the underlying rock salt, serving as a barrier horizon against these dolomites, is too thin.
Drill hole information	No drill holes were drilled recently in the licence area. Only 12 historical drill holes exist. All of the 12 historical drill holes used for modelling intersected the entire thickness of the potash bearing horizon. Drill hole Kal KuSo 6a/1978 was a deflection from drill hole Kal KuSo 6/1978 to gain additional core material for rock mechanical investigations and is therefore not treated as a separate drill hole in the further Exploration Target estimation

Criteria	Commentary

Drill Hole Short Name	Easting [m]	Northing [m]	Elevation [m asl]	Final Depth [m]	Dip/Azimut [°]	Depth Potash Intersection [m]
Kal KuSo 1/1957	4397467.10	5688898.90	405.1	1006.5	n/a	892.30 - 895.55
E KuSo 2/1961	4396365.87	5687250.94	436.4	1037.2	n/a	835.60 - 839.00 / 877.50 - 879.00 / 903.20 - 905.20
E KuSo 3/1962	4397984.30	5687087.60	434.6	1546.6	n/a	870.00 - 877.40
E KuSo 4/1961	4396420.63	5688058.56	429.8	1056.4	n/a	900.20 - 904.20
Kal KuSo 5/1977	4396605.00	5690205.00	436.9	855.7	0.5 / 0	803.90 - 805.02
Kal KuSo 6/1978	4394801.06	5689381.62	435.7	916.0	0.5 / 338.4	751.63 - 753.47 / 864.33 - 873.02
Kal KuSo 6a/1978	4394801.06	5689381.62	435.7	879.7	0.7 / 318.6	
Kal KuSo 7/1982	4395336.95	5686977.11	469.1	948.3	1.0 / 315.9	892.30 - 895.55
Kal Mda 3/1983	4398526.50	5688286.20	406.3	953.6	1.9 / 257.4	918.10 - 918.99
Kal Mda 6/1984	4398749.70	5691131.50	418.7	924.7	1.5 / 357.3	880.05 - 886.10
E Wttl 1/1962	4398401.63	5690263.03	413.4	963.5	n/a	859.40 - 865.00
Kal Wndg 1/1975	4396690.00	5685415.00	402.8	967.1	1.5 / 27	930.45 - 937.72

Criteria	Commentary
Data aggregation methods	A minimum cut-off grade of 5 % K_2O has been used for delineation of upper and lower boundary of potash mineralisation interval. Average K_2O content per drill hole was calculated by sample length weighted average. Single low grade samples with < 5 % K_2O within the potash mineralisation interval have been incorporated.
Relationship between mineralisation widths and intercept lengths	All drill holes are close to vertical. The bedding of the potash bearing horizon is in general more or less horizontally. The difference between down hole length to true thickness of the potash bearing horizon is deemed to be insignificant for the Exploration Target estimation.
Diagrams	Refer to Figure 1 and Figure 2
Balanced reporting	The documented thicknesses based on available information from drill holes range from approx. 0.89 m to 7.40 m with an average of about 2.95 m for the upper hartsalz layer, from approx. 1.12 m to 6.05 m with an average of about 3.22 m for the carnallitite layer, and from approx. 1.00 m to 5.12 m with an average of about 2.58 m for the lower hartsalz layer. Highest K_2O content in a single sample reaches 27.8 % (0.17 m sample interval). The average K_2O grade per drill hole varies between 5.5 % K_2O and 20.4 % K_2O for the upper hartsalz layer with an average of about 13.14 % K_2O, between 7.0 % K_2O and 11.6 % K_2O for the carnallitite layer with an average of about 9.4 % K_2O, and between 7.7 % K_2O and 17.4 % K_2O for the lower hartsalz layer with an average of about 12.7 % K_2O.
Other substantive exploration data	Partly thin sections of the potash bearing horizon were prepared by dry preparation method. Regular bromium analyses in metre intervals have been conducted to support stratigraphical classification and the genetic evaluation of the onset of potash mineralisation.

Criteria	Commentary
	Additionally, sub-samples of drill cores were obtained for gas-, iron- and clay mineralogical analyses. The rest of the core material of the potash bearing horizon was used for processing test work. Core samples for geotechnical investigations were taken from the deflected drill hole *Kal Keula 6a/1978*. Moreover, 2D seismic surveys have been conducted. The data or results are not available to the authors of this memorandum but are incorporated in the isobath maps of the historical reports.
Further work	The data from the historical drill holes located within the Keula sub-area should be checked via confirmation drilling. This will allow collection of core material from the potash bearing horizon for the purpose of detailed description and chemical and mineralogical analyses. All confirmation drill holes will need to be logged geophysically to cross-check against the historical data and to correlate the results with the chemical analyses, in addition to obtain independent and additional data from the new drill holes for assay and drill record confirmation.

Section 3 Estimation and Reporting of Mineral Resources

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

Criteria	Commentary
Database integrity	Summarised lithological and geophysical drill hole data in the licence area have been processed using Paradigms SKUA-GOCAD (Version 17), Microsoft Excel (Version 2010), RockWare RockWorks (Version 17) and ESRI ArcGIS (Version 10.5). Digitised data were cross-checked by other team members responsible for the Report. The database was internally validated comparing the results of the different data types (e.g. lithological description, chemical assay data, geophysical drill hole logs) while database development.
Site visits	A site visit was carried out by ERCOSPLAN and EAST EXPLORATION on 06 June 2016. The objectives of the site visit were an overview of the site situation, an inspection of closed shafts and a general geological introduction.
Geological interpretation	Confidence on the geological interpretation of the potash deposit and its overburden is very high as exploration activities as well as mining activities since more than 100 years in different areas have extended the overall and detailed knowledge tremendously. The data used is historical. Assumptions made are based on methods, which were applied for resource and reserve estimations in former times. Factors affecting the potash deposit are small-scale tectonic structures and variations in mineralisation, which cannot be investigated in detail by exploration drilling or other surficial exploration methods. The existence of these small-scale variations is proven by mining activities conducted in the deposit.
Dimensions	The potash bearing horizon spreads across the entire licence area over a distance of about 8 km in N-S direction and over a distance of about 5 km in E-W direction (cf. Figure 2). The top of the potash bearing horizon ranges between about 753 m below surface and about 930 m below surface. Its base ranges between about 753 m below surface and about 938 m below surface.
Estimation and modelling techniques	For the estimation of the Exploration Target tonnages, the modelling results of the software Paradigm SKUA-GOCAD (Version 17) with implemented Discrete Smooth Interpolation (DSI) algorithm (Mallet, 1992[1]) and a gridding cell size of 50x50 m were used. The following procedures were carried out (Exploration Target is given as mineralisation in place): (1) The geometry of the whole three dimensional model is represented by the base surfaces of each modelled lithostratigraphic unit.

[1] Mallet, J.L. (1992): Discrete Smooth Interpolation.- Computer Aided Design Journal, 24(4): p. 263–270.

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Criteria	Commentary
	(2) All 11 drill holes within the modelling area were used to build up the stratigraphic model. Additionally the geological surface map 1:200.000 (BGR, 2007[2]) was included to specify the border between the lithostratigraphic units Muschelkalk and Buntsandstein, which are therefore the best explored lithostratigraphic units in the licence area. Their geometry was calculated by depth interpolation. (3) The tectonically caused duplication of the potash bearing horizon in the drill holes E Keula 2/1961, Kal Keula 6/1978 and Kal Menteroda 6/1984 was not incorporated in the model. For modelling and interpolation the sequence was simplified and reduced to one potash bearing horizon. In all three drill holes the uppermost block was chosen, where grade and thickness of potash bearing horizon was interpreted as representative for lateral interpolation. (4) The base surfaces of the underlying Zechstein strata is modelled afterwards by thickness interpolation of each lithostratigraphic unit and cumulative addition of the thicknesses below the base surface of the lithostratigraphic unit Buntsandstein. (5) The potash bearing horizon was lithologically subdivided in an upper hartsalz layer, a carnallitite layer, and a lower hartsalz layer, all modelled individually. The thickness and K_2O grade distribution of these horizons, was also interpolated using the DSI algorithm. (6) The volumes of the three layers were calculated by summarizing the single cell volumes, derived from the average thickness of each cell of the above mentioned grid with a cell area of 2,500 m^2. (7) The calculated volumes of the three layers were multiplied by a tonnage factor depending on the mineralisation (density). Hence the upper hartsalz layers shows varying mineral compositions, a density range was calculated for this layer. The density for the upper hartsalz layer varies between 2.19 t/m^3 and 2.21 t/m^3, the derived density for the carnallitite layer is 1.82 t/m^3 and the density for the lower hartsalz layer is 2.19 t/m^3. This amounts to a range of tonnage of mineralised rock for the three layers of the potash bearing horizon within the Exploration Target area. (8) Based on the experience gained from adjacent mines, a factor of up to 20 % for barren zones is assumed. Therefore, the minimum tonnage of mineralised rock for the three layers has to be multiplied additionally by 0.8. (9) The K_2O grade was calculated by the mean value and standard deviation of the average K_2O grades of each drill hole for the three layers. The minimum K_2O grade was determined by subtracting the standard deviation from the mean; the maximum K_2O grade by adding the standard deviation to the mean. For the upper hartsalz layer the average K_2O grade is 13.14 % with a standard deviation

[2] BGR (2007): Digitale Geologische Übersichtkarte der Bundesrepublik Deutschland.- Bundesanstalt für Geowissenschaften und Rohstoffe, Hannover

Criteria	Commentary
	of 3.24 %, for the carnallitite layer the average K_2O grade is 9.39 % with a standard deviation of 1.64 %, and for the lower hartsalz layer the average K_2O grade is 12.69 % with a standard deviation of 3.94 %. (10) The tonnage range of K_2O was obtained by multiplying the minimum/maximum tonnage of mineralised rock with the corresponding minimum/maximum K_2O grades of the three layers.
Moisture	Considered not relevant for determination of tonnage of potash salts.
Cut-off parameters	For lateral differentiation of the potash bearing horizon against barren zones a minimum cut-off grade of 5 % average K_2O of a cell for the carnallitite and the lower hartsalz layer was applied.
Mining factors or assumptions	Neither assumptions for preliminary processing concepts nor mining factors has been considered during the current Exploration Target estimation.
Metallurgical factors or assumptions	Neither assumptions for preliminary mining concepts nor metallurgical factors has been considered during the current Exploration Target estimation.
Environmental factors or assumptions	No environmental factors, which would have been relevant to the current Exploration Target estimation, have currently been considered.
Bulk density	In each drill hole the density for each chemical sample was calculated based on the derived mineralogical composition. By thickness weighted averaging an average density for the upper hartsalz layer, the carnallitite layer and the lower hartsalz layer of the potash bearing horizon was calculated individually for each drill hole. The total average density of the Keula sub-area per layer was determined by arithmetic mean of the average densities of the drill holes. Hence the upper hartsalz layer shows varying mineral compositions, a density range was calculated for this layer. The density for the upper hartsalz layer varies between 2.19 t/m^3 and 2.21 t/m^3, the calculated density for the carnallitite layer is 1.82 t/m^3 and the density for the lower hartsalz is 2.19 t/m^3.
Classification	The potash mineralisation present in the potash bearing horizon can be correlated between the historical drill holes. The thickness is relatively uneven with local highs and lows due to halotectonic and dissolution processes. For the Exploration Target estimation, the following values have been calculated: • The volume of the upper hartsalz layer amounts to 67 million m^3, for the carnallitite layer to 99 million m^3 and for the lower hartsalz to 7 million m^3, **in total 173 million m^3**. • The tonnage of mineralised rock ranges for the upper hartsalz layer between 118 million metric tonnes and 149 million metric tonnes, for the carnallitite layer between 144 million metric tonnes and 180 million metric tonnes, and for the lower hartsalz layer between 12 million metric

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Criteria	Commentary
	tonnes and 15 million metric tonnes, **in total between 274 million metric tonnes and 344 million metric tonnes of mineralised rock**. • The K_2O grade ranges for the upper hartsalz layer between 9.90 % and 16.38 % of K_2O, for the carnallitite layer between 7.74 % and 11.03 % of K_2O , and for the lower hartsalz layer between 8.75 % and 16.63 % of K_2O, **in total between 8.71 % and 13.57 % of K_2O**. • The tonnage of K_2O ranges for the upper hartsalz layer between 12 million metric tonnes and 24 million metric tonnes, for the carnallitite layer between 11 million metric tonnes and 20 million metric tonnes, and for the lower hartsalz layer between 1 million metric tonne and 2 million metric tonnes, **in total between 24 million metric tonnes and 46 million metric tonnes of K_2O**. No Mineral Resources have been defined at present.
Audits or reviews	**Exploration Data** The historic resource estimate of 1987 was reviewed in detail as the exploration data of this report was reprocessed and represents the base for the current Exploration Target estimation. Based on the provided data for quality control and verification the historical exploration results and resource estimation are considered to be consistent and satisfactory. **Conditions** The so-called conditions correlate with cut-off criteria in order to estimate the crude salt, which summarises the minable parts of the in-situ mineralised rock. • Geological cut-off content per drill hole: 8.0 % K_2O • Minimum content of the total resources of 13.11 % K_2O of crude salt • Minimum extraction height: 3.0 m • Commodity coefficient: 0.5 • Maintaining a roof beam above the mining horizon of 2.0 m rock salt to the overlying anhydrite and clay strata **Historic Resource Estimation** Balance resources for hartsalz has been estimated, assigned to a resource category C_2 according to the formerly applied resource estimation standard “4. Kali-Instruktion” of the former GDR. Additionally, non-balance resources within the 2 m roof beam, assigned to a resource category c_2, has been estimated. The historical resources are shown in the following table.

Criteria	Commentary

	Resource category	Tonnage of Mineralised Rock [Mio. t]	Tonnage of K_2O [Mio. t]	K_2O Grade [%]
Balance Resources Mining horizon	C_2	65.2	8.3	12.8
Non-balance Resources Roof beam	c_2	19.8	3.4	17.0

The estimated historical resources according the resource estimation standard of the former GDR cannot be directly converted to resource categories according to international standards as significant differences, amongst others, by the assignment of resource areas to resource categories or incorporation of mining or metallurgical factors in resource estimation exist. Therefore, an Exploration Target estimate according to international standards has been prepared based on the historical exploration data.

Comparision to this Exploration Target Estimation

The area of both estimations is similar, but not equal (cf. Figure 2). Whereas the area of the historical resource (18.0 km^2) is focused on the area west of Menteroda, the area of this Exploration Target estimation (26.4 km^2) is further extended to the N. The historical resource area overlaps 13.7 km^2 (52 %) of the Keule sub-area, notably in the southern and central part of the area.

The historical resource estimation focused the upper hartsalz layer with a higher geological cut-off content per drill hole of 8.0 % K_2O compared to this Exploration Target estimation (5 % K_2O). Additionally, the mineable cut-off parameters (e.g. roof beam) were applied in the historical resource estimation. Therefore, a much lesser tonnage for hartsalz was estimated.

Criteria	Commentary
Discussion of relative accuracy/confidence	Will be applied at a later project stage.

Section 4 Estimation and Reporting of Ore Reserves

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

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

Section 5 Estimation and Reporting of Diamonds and Other Gemstones

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

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