

ASX Announcement**31st July 2019****COMPANY DETAILS****Davenport Resources Limited****ABN:** 64 153 414 852**ASX CODE:** DAV**ASX CODE (Options):** DAVO**FRANKFURT CODE:** A2DWXX**PRINCIPAL AND
REGISTERED OFFICE
(& Postal Address)**

Davenport Resources Limited
Level 1,
675 Murray Street,
West Perth WA 6005
PO Box 1088
West Perth WA 6872

W: www.davenportresources.com.au**E:** info@davenportresources.com.au**P:** +61 (08) 6145 0291**Capital Structure**

143.1M Ordinary Shares
16.6M Unlisted Options
34.4M Listed Options
3.1M Performance Rights

BOARD OF DIRECTORS**Patrick McManus**

(Non-Executive Chairman)

Dr Chris Gilchrist

(Managing Director)

Rory Luff

(Non-Executive Director)

Dr Reinout Koopmans

(Non-Executive Director)

Davenport Resources Exploration Report**June Quarter 2019****Highlights**

Davenport's portfolio of resources represents Western Europe's largest potash inventory and now comprises at least four potential, stand-alone projects.

- Preliminary studies on four potential projects within the Davenport portfolio have made excellent progress, one is complete, two are expected to be completed by end-August and the fourth will be delivered in October. These studies lay out the most attractive development path for each of the license areas and provide a basis for discussions with potential partners on project level in the months to come.
- An experienced German geologist has joined the Davenport team and is based in Thuringia.
- World potash price steady.

GERMANY – SOUTH HARZ PROJECTS

Ebeleben, Ohmgebirge and Mühlhausen-Nohra-Elende Perpetual Mining Licences.

Davenport holds perpetual Mining Licences for each of these three areas. The licences were purchased from the German Federal Government in 2016 and carry no rent or royalty, nor do they require Davenport to commit to any work schedules. Davenport owns a very extensive database from drilling programmes carried out in the 1960s and 1980s.

No further work was conducted on Ebeleben during the quarter.

During the reporting period, Davenport commissioned consultants, K-Utec AG based in Sondershausen (Figure 1) to conduct a technical and economic evaluation of the relatively shallow Ohmgebirge perpetual mining licence area. The area contains mostly Sylvinitite, but with some Carnallitite, and has potential for MOP production. The study has made satisfactory progress and will be reviewed internally during August.

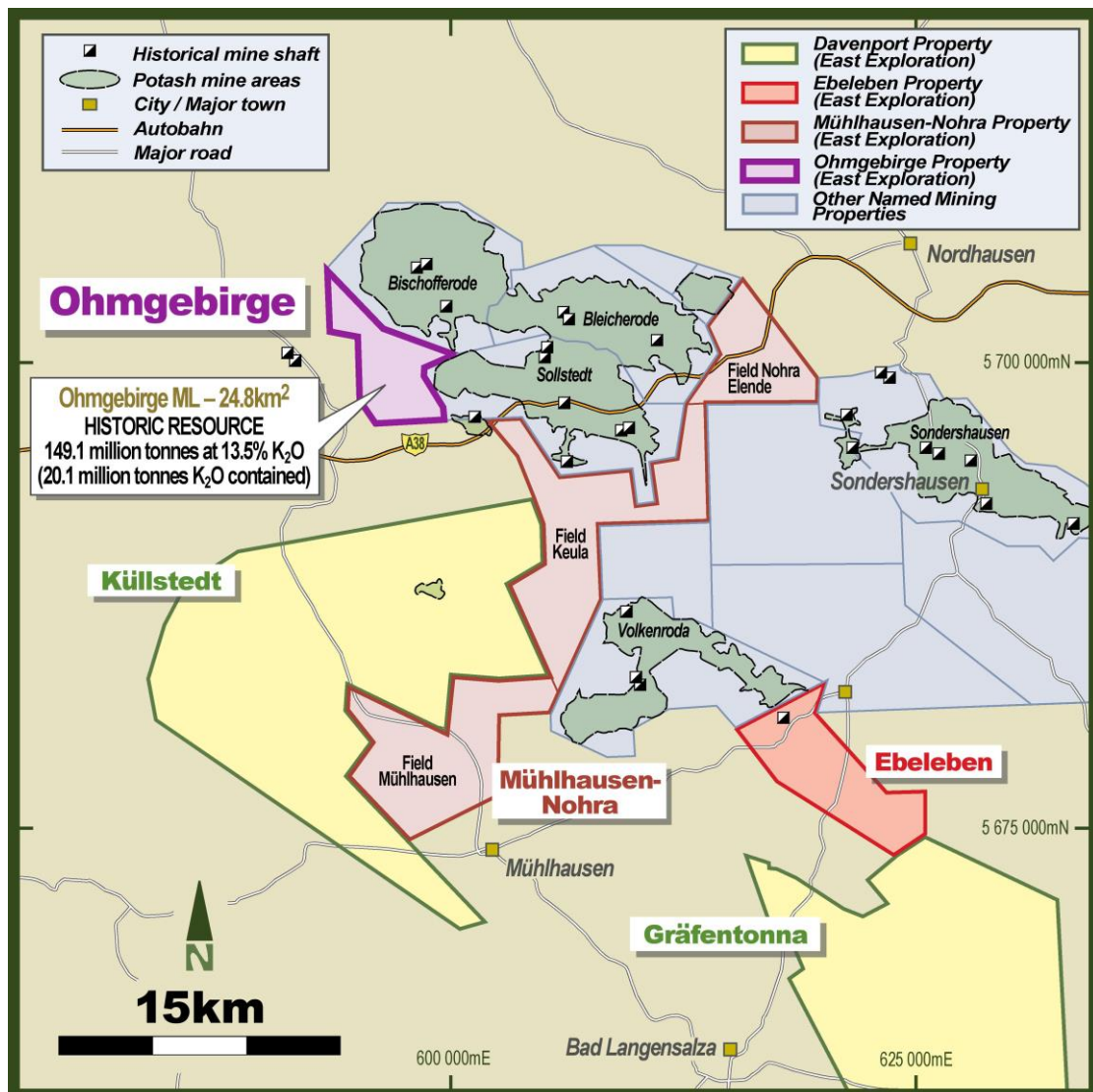


Figure 1 : Location of Ohmgebirge perpetual mining licence area in relation to Davenport's other mining and exploration licence areas (pink and yellow respectively) and showing the location of former potash mines (green).

A similar study was completed during the reporting period for the area “Field Mühlhausen”(Figure 1). As announced in late 2018 (ASX release 16 October 2018), this area contains an Inferred Resource of 1.13 Bt of which 834 Mt comprises Sylvinite grading 12.1% K₂O. Moreover, the Sylvinite layer contains exceptionally low levels of insoluble minerals (< 1%) which interfere with the metallurgical process and reduce recovery.

Seam thicknesses in the Upper Sylvinite layer, average 5.2 metres but can reach 15 metres in places. Given the magnitude and quality of the Sylvinite resource, this area would be expected to accommodate a large, long-life potash production operation which was confirmed by the results of K-Utec’s study.

A similar study for “Field Nohra-Elende” will be completed during October. This study will investigate the possible application of solution mining given the high incidence of extremely thick Carnallite in this area.

The total Mineral Resources (excluding Exploration Targets) held by Davenport to date is unchanged from the previous quarter as shown in Table 1 below.

Table 1: Total JORC 2012 Inferred Resources as at March 31st 2019 held by Davenport.

| Seam | Tonnage (Mt) | K ₂ O (%) | K ₂ O (Mt) |
|--|--------------|----------------------|-----------------------|
| Sylvinite | 324 | 15.6 | 50 |
| Carnallite | 252 | 7.5 | 19 |
| Total Ebeleben | 576 | 12.1 | 69 |
| Sylvinite | 834 | 12.1 | 101 |
| Carnallite | 296 | 8.2 | 24 |
| Total Mühlhausen-Keula | 1,130 | 11.1 | 125 |
| Sylvinite | 101 | 14.19 | 14 |
| Carnallite | 1,597 | 9.41 | 150 |
| Total Nohra-Elende | 1,698 | 9.69 | 164 |
| Sylvinite | 333 | 13.0 | 43 |
| Carnallite | 1,205 | 10.1 | 122 |
| Total Küllstedt | 1,538 | 10.7 | 165 |
| Total Davenport JORC Inferred Resources to Date | 4,942 | 10.6 | 523 |

Sylvinite is the preferred potash ore, as, typically, it contains the highest K₂O values. The Davenport assets currently includes 1,592 million tonnes Sylvinite grading at 13.1% K₂O.

Küllstedt and Gräfentonna Exploration Licence Areas

Fruitful discussions were held with the Thüringian Mining Authority (TLBA) in respect of extending the exploration licences for the two areas Küllstedt and Gräfentonna. This was followed up with formal correspondence.

Summary of Projects Portfolio

Davenport has recognized at least four potential projects within its portfolio of assets in the South Harz district. These are as follows:

Mühlhausen-Keula-Küllstedt

Contains a 2.7 billion tonne resource rich in sylvinite, as well as other K, Mg sulphate minerals. This has the potential for a large, long-life underground mine.

Nohra-Elende

Contains a 1.7 billion tonne resource with extremely thick (45m) carnallite seams, ideal for solution mining to produce MOP. An MOP solution mine has been operating for more than 20 years close to Nohra-Elende.

Ebeleben

Contains a 577 Mt high-grade resource with sylvinite intersections in excess of 25m thickness (ASX announcement April 2018).

Ohmgebirge

Contains a 150 Mt resource at relatively shallow depth which offers potentially shorter-term production and cashflow.

Marketing

In order to increase Davenport's profile in Europe, the Company has appointed Axino GmbH. Axino will assist in disseminating information to potential investors and stakeholders. Several corporate videos, articles and mailshots have already been produced and Axino will introduce Davenport to selected contacts during the next quarter.

Davenport executives attended the "121" two-day event held in London during May where short, back-to-back meetings were held with potential investors. The level of interest in Davenport was extremely high and several leads are being pursued as a result. Davenport also gave a formal presentation to the conference.

AUSTRALIA – Southern Cross Bore

No activity, the company is looking to dispose of this asset.

Activities for next reporting period

- Attend meetings with selected parties as arranged by the German Mining Networks group. Additional meetings have been scheduled for Zurich and Frankfurt.
- Conclude preliminary studies and hold discussions with interested JV partners at each project level.

- Complete the application for the extension of the two exploration licences currently held by Davenport.

Potash Market

Drought and other adverse weather conditions have hit, or are expected to hit, South Africa, Kenya, Australia, Thailand, Vietnam and the Philippines this year. These are regions that consume significant quantities of MOP. Commodity prices for crude palm oil (**CPO**) and soybeans indicate that farm margins are likely to be lower than 2018 levels and end users are therefore resisting any price increases. This is especially true in SE Asia where Malaysian CPO plantation owners have cut required potash tonnages rather than pay the offered price.

US agriculture experienced a poor spring season which has reduced demand for potash. There is still some upside to demand, however, as a positive autumn buying season could offset the slow start. US granular MOP prices are predicted to remain at forecast levels (Argus Media).

Notwithstanding short-term downtrends, as seen in H1 2019, which are normal within the agri-business industries, the longer-term view remains positive in terms of both demand and pricing.

Other activities

Davenport continues to work with London-based Bacchus Capital Advisers (ASX announcement 6th September 2018) for the provision of strategic, financial and corporate advisory services.

Davenport will consider a capital raising in near term and believes, given its history of successful capital raisings, that it is highly likely it will also be successful and therefore the Company will be able to continue its operations and meet its business objectives as planned.

Davenport conducted a site visit to its project areas in Thüringen and had fruitful meetings with one local authority mayor who is highly supportive of the Company's activities.

Tenements

Tenements held by the Company are as follows:

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

INVESTOR & MEDIA ENQUIRIES

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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

Name of entity

Davenport Resources Limited

ABN

64 153 414 852

Quarter ended ("current quarter")

30 June 2019

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|----------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | | 10 |
| 1.2 Payments for | | |
| (a) exploration & evaluation | (120) | (569) |
| (b) development | | |
| (c) production | | |
| (d) staff costs | (71) | (694) |
| (e) administration and corporate costs | (289) | (1,082) |
| 1.3 Dividends received (see note 3) | | |
| 1.4 Interest received | 5 | 17 |
| 1.5 Interest and other costs of finance paid | | |
| 1.6 Income taxes paid | | |
| 1.7 Research and development refunds | - | - |
| 1.8 Other – occupancy make good costs | - | (56) |
| – release of security deposit | - | 108 |
| – VAT refund | 26 | 26 |
| 1.9 Net cash from / (used in) operating activities | (449) | (2,240) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | | |
| (b) tenements (see item 10) | | |

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|----------------------------|--|
| (c) investments | | |
| (d) other non-current assets | | |
| 2.2 Proceeds from the disposal of: | | |
| (a) property, plant and equipment | | |
| (b) tenements (see item 10) | | |
| (c) investments | | |
| (d) other non-current assets | | |
| 2.3 Cash flows from loans to other entities | | |
| 2.4 Dividends received (see note 3) | | |
| 2.5 Other (provide details if material) | | |
| 2.6 Net cash from / (used in) investing activities | - | - |

| | | |
|---|---|-------|
| 3. Cash flows from financing activities | | |
| 3.1 Proceeds from issues of shares | - | 2,410 |
| 3.2 Proceeds from issue of convertible notes | | |
| 3.3 Proceeds from exercise of share options | | |
| 3.4 Transaction costs related to issues of shares, convertible notes or options | - | (199) |
| 3.5 Proceeds from borrowings | | |
| 3.6 Repayment of borrowings | | |
| 3.7 Transaction costs related to loans and borrowings | | |
| 3.8 Dividends paid | | |
| 3.9 Other (Equity Raising Costs) | | |
| 3.10 Net cash from / (used in) financing activities | - | 2,211 |

| | | |
|---|-------|---------|
| 4. Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 Cash and cash equivalents at beginning of period | 1,139 | 722 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | (449) | (2,240) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | - | - |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above) | - | 2,211 |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|--------------------------------------|---|----------------------------|--|
| 4.5 | Effect of movement in exchange rates on cash held | 4 | 1 |
| 4.6 | Cash and cash equivalents at end of period | 694 | 694 |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|-----|--|----------------------------|-----------------------------|
| 5.1 | Bank balances | 694 | 639 |
| 5.2 | Call deposits | | |
| 5.3 | Bank overdrafts | | |
| 5.4 | Other (short term deposit) | - | 500 |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 694 | 1,139 |

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

114

6.1 Director salaries and fees.

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

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

Mining exploration entity and oil and gas exploration entity quarterly report

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

8.2 Company Credit card facility cancelled

| 9. Estimated cash outflows for next quarter | \$A'000 |
|--|----------------|
| 9.1 Exploration and evaluation | 180 |
| 9.2 Development | |
| 9.3 Production | |
| 9.4 Staff costs | 120 |
| 9.5 Administration and corporate costs | 250 |
| 9.6 Other (provide details if material) | |
| 9.7 Total estimated cash outflows | 550 |

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

Compliance statement

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



Sign here:

(Director/~~Company secretary~~)

Date: 31 July 2019

Print name: Chris Gilchrist

Notes

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

DAVENPORT RESOURCES LIMITED

TENEMENT SCHEDULE

NORTHERN TERRITORY

The following tenement interests were held during the quarter ended 31 March 2019:

| Title Number | Interest held at start of quarter | Change in interest during the quarter | Interest held at end of quarter | Status (G - Grant, A - Appl'n) | Area Number of blocks |
|--------------|-----------------------------------|---------------------------------------|---------------------------------|--------------------------------|-----------------------|
| EL28045 | 100 | - | 100 | G | 23 |
| EL30090 | 100 | - | 100 | G | 138 |

GERMANY

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

Perpetual Mining Licences

- Mühlhausen-Nohra mining licence covering an area of 141km²,
- Ebeleben mining licence covering an area of 37km², and
- Ohmgebirge mining licence covering an area of 25km²,

Exploration Licences

- Küllstedt licence granted on 12 January 2015 covering an area of 241 km²
- Gräfentonna licence granted on 12 January 2015 covering an area of 216 km²

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